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NI 43-101 Technical Report and 2024 Mineral Resource Estimate for the Tepal Project, Michoacán, Mexico

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Prepared By:
William J. Lewis, P.Geo.
Chitrali Sarkar, P.Geo.
Richard Gowans, P.Eng.

DEFIANCE SILVER CORP.
Suite 2900, 550 Burrard Street
Vancouver, BC V6C 0A3
Tel: 1.604.343.4677

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1.0 SUMMARY

1.1 General

Defiance Silver Corp. (Defiance Silver) has retained Micon International Limited (Micon) to conduct a review of the database and information related to the Tepal Deposit Project (Tepal Project or the Project) in the State of Michoacán, Mexico and to conduct a mineral resource estimate based upon the current database. Defiance Silver has also requested Micon compile a Canadian National Instrument (NI) 43-101 Technical Report disclosing the results of the database review and mineral resource estimate.

The resource estimate disclosed in this report was completed by Micon, with input from the geological personnel of Defiance Silver.

William Lewis, P.Geo., and Chitrali Sarkar, P.Geo., who are independent of Defiance Silver and are Qualified Persons (QPs) within the meaning of NI 43-101, are responsible for the mineral resource estimate disclosed in this report.

A site visit was conducted from June 26 to July 1, 2024, by William Lewis of Micon, to independently verify the geology, mineralogy, drilling program results and the Quality Assurance/Quality Control (QA/QC) programs at the Tepal Project. The June, 2024 site visit was the first site visit to the Tepal Project by Mr. Lewis.

In conducting the mineral resource estimate, Micon's QPs used the following guidelines, published by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM):

1. The CIM Definitions and Standards for Mineral Resources and Reserves, adopted by the CIM council on May 10, 2014.

2. The CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines, adopted by the CIM Council on November 29, 2019.

This report discloses technical information, the presentation of which requires the Qualified Persons (QPs) to derive sub-totals, totals and weighted averages that inherently involve a degree of rounding and, consequently, introduce a margin of error. Where these occur, the QPs do not consider them to be material.

The conclusions and recommendations of this report reflect the QPs best independent judgment in light of the information available to them at the time of writing. Micon and the QPs reserve the right, but will not be obliged, to revise this report and conclusions if additional information becomes known to them, subsequent to the date of this report. Use of this report acknowledges acceptance of the foregoing conditions.

This report is intended to be used by Defiance Silver subject to the terms and conditions of its agreement with Micon. That agreement permits Defiance Silver to file this report as a Technical Report on SEDAR (www.sedar.com) pursuant to provincial securities legislation, or with the Securities and Exchange Commission (SEC) in the United States.

Neither Micon nor the individual QPs have, nor have they previously had, any material interest in Defiance Silver or related entities. The relationship with Defiance Silver is solely a professional association between the client and the independent consultants. This report has been prepared in return for fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

Micon and the QPs are pleased to acknowledge the helpful cooperation of Defiance Silver management, personnel and consulting field staff, all of whom made any and all data requested available and responded openly and helpfully to all questions, queries and requests for material.

This report supersedes and replaces all prior Technical Reports written for the Tepal Project.

1.2 PROPERTY LOCATION, DESCRIPTION AND OWNERSHIP

1.2.1 Property Location and Description

The Tepal Project is located in the municipality of Tepalcatepec, Michoacán State, in south-western Mexico. The Tepal property is centred at 19° 7’ 40” Latitude and 102° 56’ 8” Longitude or 2,116,257 mN and 717,161 mE, Zone 13Q (UTM - NAD 83).

The Tepal property consists of 6 concession titles covering a total area of 3,321 hectares. The concession location information is contained in the mineral title documents and has been verified against the data available in the Public Registry of Mining (Registro Público de Minería [RPM]) of the Dirección General de Minas [DGM] of Mexico. A legal opinion on the property titles was completed by Mauricio Heiras Garibay, Attorney at Law in the Republic of Mexico.

1.2.2 Property Ownership

Five of the concessions are 100% owned and duly registered in the name of Geologix Explorations Mexico S.A. de C.V. (Geologix), a Mexican subsidiary of Defiance Silver.

The Tepal Div. 1 concession is in the name of Minera Tepal S.A de C.V., with whom Geologix has an option to purchase agreement.

On January 27, 2021, Defiance Silver announced that it had entered into an option agreement with Minera Tepal to acquire the Tepal Div. 1 mining concession, which surrounds the central concessions of the original Tepal property acquisition. Defiance Silver agreed to pay the annual concession fees until a production decision has been made, at which point Defiance Silver will pay the vendor $2 million USD for 100% ownership of the Tepal Div. 1 mining concession.

During the period ending December 31, 2022, Defiance Silver renegotiated and extended the terms of its Tepal NSR repurchase option agreement by a year and a half from December 16, 2024 to June 30, 2026. An additional option payment of $100,000 USD was made on January 15, 2023, bringing the total consideration over the term of the agreement to $4.95 million USD.

Mining taxes for mining concessions in Mexico are based on the amount of time elapsed from the date the concession title was issued and the number of hectares covered by the concessions. These taxes are paid on a bi-annual basis.

Assessment work is calculated on the same basis as Property taxes. The assessment work commitment for the Property has been met for each year that Defiance Silver has owned the concessions and sufficient assessment work credits are available to meet the requirements for 2024.

The majority of surface rights for the property are owned by three individuals. Some of the peripheral areas of the concession are owned by several parceled landowners. Defiance Silver is currently in active negotiations with the surface rights holders to enter into a surface rights agreement.

1.3 Accessibility, Climate, Physiography, Local Resources and Infrastructure

1.3.1 Accessibility

The Tepal Project can be accessed year-round via the Carretera Federal 120 paved highway which traverses the southeastern portion of the property. The last 7.5 km to the centre of the property is on dirt roads.

A series of all-weather roads and the Morelia-Lazaro Cárdenas Autopista (tollway) can be used to reach the capital of Michoacán State, Morelia or Mexico's main west coast port of Lazaro Cárdenas within three and a half hours.

During the 2024 site visit, the Tepal Project was accessed by flying into the Miguel Hidalgo y Costilla Guadalajara International Airport (GDL) and driving approximately 5 hours to the Town of Tepalcatepec which is the closest town to the Project.

1.3.2 Climate

The annual rainy season is usually from June to October, while the dry season extends from late November to May. Heavy rains during the rainy season can limit access to the property by turning the dirt roads into mud and/or producing wash outs in various locations.

Average annual precipitation ranges from 500 to 700 mm. The daytime temperatures range from 27 to 40°C, with an average annual temperature between 28 to 30°C.

1.3.3 Physiography

The property lies within rugged terrain, part of the northeast side of the Mexican Coastal Range. The elevation on the property ranges from 500 to 700 m. There are large flat areas immediately south and northeast of the property that can be used for mining related infrastructure. A small relatively flat area between the three deposits has been considered in the past as a potential mill site.

Vegetation consists of thorny brush, small trees and occasional cacti.

1.3.4 Infrastructure and Local Resources

The closest town to the property is Tepalcatepec, which provides services including lodging, a number of small restaurants, gasoline stations, a variety of small hardware, grocery and retail stores, and an open-air market. Defiance Silver's Mexican subsidiary, Geologix, has a secure warehouse for core and reject sample storage in Tepalcatepec.

There is a three-phase power line located 7 km east of the deposits. A major power substation is located 2 km east of the town of Tepalcatepec. La Comisión Federal de Electricidad (CFE), the federal power authority in Mexico, has indicated that sufficient power is available to meet the needs of the Project. A power line between the substation and the Project could be constructed and power provided from the local electrical grid. However, at present there is no power supply at the Project.

There are a series of aqueducts and canals that provide irrigation water to the farms surrounding Tepalcatepec. These aqueducts are fed by several reservoirs in the region. Water for the mine may be available from this reservoir system; however, the Project water table appears to be shallow, based on the property wide drill hole information, and make-up water for the plant is envisioned to come from new water wells and run-off collection ponds. Several wells in the area of the Project indicate that the water table is generally located approximately 3 m below the surface.

The dominant land use centred around the three deposits is non-agricultural, due to the steep terrain and thick brush. However, some of the peripheral land is used for grazing cattle and goats. The crops grown in primary arable land, at the edges of the property, are sorghum and corn.

1.4 Historical Exploration Programs at the Tepal Project

The Tepal Project is located in the Coalcoman Mining Region in the State of Michoacán, near the border with the State of Jalisco which, since the 19th Century has been considered one of the state's most prospective regions. Over the years, exploration on the Tepal Project has concentrated on three main mineralized zones: the North Zone, the South Zone and the Tizate Zone.

The presence of a few small surface workings and several old generations of punto de partido, or concession survey monuments (beacons) in the area of the North and South Zones provide evidence of past exploration on the property, prior to the 1970s. However, there is no anecdotal or written evidence of any exploration work that may have been conducted on the mineral concessions.

1.4.1 1972 to 1974, International Nickel Company of Canada, Ltd (INCO)

In 1972, INCO identified the Tepal and the Tizate gossans and associated copper mineralization (Copper Cliff, 1974). INCO worked through its Mexican subsidiary DRACO, although the sole surviving report from this time period was prepared by Copper Cliff. Limited data remain from the INCO period.

INCO explored the Tepal property during the period from 1972 to 1974 by means of surface geochemistry, Induced Polarization (IP) geophysics and drilling. INCO developed a historic (pre-NI 43-101 guidelines) resource estimate which was used to attract investment by other companies but ultimately, INCO abandoned the Project. INCO, however, stressed, at the time, that further drilling was required to define the width of the mineralized zones.

1.4.2 1992 to 1994, Teck Resources Inc. (Teck)

Teck acquired the property in late 1992. Work completed by Teck included geologic mapping, the collection of rock samples for multi-element analysis, the construction of more than 60 km of grid lines, the collection of soil samples and rock chip samples from the grid, the construction of 15 km of access roads and the completion of 50 reverse circulation holes (RC) totalling 8,168 m in four phases of work. Teck also undertook some metallurgical testing.

In 1994, Teck completed an historic resource estimate (pre-NI 43-101 guidelines). The resource estimate was a polygonal block estimate based on the manual definition of polygonal blocks on computer drafted drill sections, using manual composited intercept intervals. This estimate was superseded by later NI 43-101 compliant estimates.

1.4.3 1996 to 1998, Minera Hecla S.A. de C.V. (Hecla)

In late 1996, Hecla visited the property and initiated a work program in the spring of 1997. Work by Hecla included the creation of a 1:2,000 scale topographic map from aerial photographs, a geologic mapping program, the collection of rock chip samples on a 50 m by 50 m grid, the re-analysis of pulps from the Teck reverse circulation drilling program, the completion of 17 RC drill holes totalling 1,506 m and the completion of a historic resource estimate (Gómez-Tagle, 1997 and 1998). Although all samples were analyzed for copper and gold, Hecla did not include copper in its resource estimate. The resource estimate was a polygonal block estimate based on the manual definition of polygonal blocks on computer drafted drill sections using manual composited intercept intervals.

1.4.4 2007 to 2009, Arian Silver de Mexico S.A. de C.V. (Arian)

In 2007, Arian undertook a diamond drill program consisting of 42 holes totalling 7,180 m. In April 2008, ACA Howe International Limited (ACA Howe) compiled a Mineral Resource estimate using an inverse distance weighted method to the third power (ID^3).

1.4.5 2010 to 2011, Geologix Explorations Inc. (Geologix)

In 2010, Geologix completed a 42-hole diamond drill program totalling 10,656 m. There were 26 holes that defined the North and South Zone deposits and 14 holes that targeted the Tizate Zone. Two additional holes were completed between the North/South Zones and the Tizate Zone.

A new mineral resource estimate was completed as part of a 2011 Preliminary Assessment Technical Report. This estimate included the North, South and Tizate Zones. There was a re-examination of all domains in the three deposits. New drilling results up to 2010 were included in the drill database upon which the resource was based.

In 2012, Micon completed an updated mineral resource estimate for Geologix. The updated mineral resource estimate was warranted, since Geologix completed over 40,000 m of infill diamond drilling in 2011.

1.4.6 Historical Mineral Resource Estimates

Various mineral resource estimates have been conducted on the Tepal Project, since INCO started exploration on the property in the 1970s. However, there is no current mineral resource estimate for the Tepal Project.

1.4.7 Defiance Silver Exploration Programs

On January 7, 2019, Defiance Silver and ValOro (formerly Geologix) announced that their friendly merger was completed as of December 31, 2018.

Defiance Silver has not conducted any physical exploration on the Tepal property since its merger with ValOro. Defiance Silver has been in the process of updating the exploration database for the Tepal property and has outlined a preliminary exploration program for the property.

1.5 GEOLOGICAL SETTING AND MINERALIZATION

1.5.1 Regional Geology

The Tepal Property is located within the Coastal Ranges of southwestern Mexico, south of the Neogene Trans-Mexican Volcanic Belt. Rocks consist of Cretaceous to early Tertiary intermediate composition intrusions and weakly metamorphosed sedimentary and volcanic rocks of Cretaceous to Early Tertiary age. The Jurassic to Cretaceous sedimentary and volcanic rocks are part of an accreted Mesozoic island arc volcano-sedimentary assemblage. Neogene basalts locally overlie basement rocks and represent outliers of the Trans-Mexican Volcanic Belt.

The property lies just south of the large Jilotlán Batholith, a Cretaceous to Early Tertiary batholith. The mineralized hypabyssal porphyry intrusions at the Tepal property are thought to be marginal phases of this batholith.

1.5.2 Property Geology

The property is underlain by intrusive, volcanic and sedimentary rocks. Intrusions dominate the central and northern areas of the property, and Tizate is located within the intrusive complex mapped at surface. The western and eastern parts of the Property are dominated by volcanic rocks, which vary from lapilli tuff, andesites and basalts. The North Zone and South Zone are located in the central western part of the property and hosted within dominantly volcanic rocks mapped at surface, though various porphyritic intrusions exist at depth, as noted in drill core. The southern part of the property is dominated by sediments, ranging from shales, limestones and siltstones. This sedimentary package is largely south-dipping. Post-mineral andesite and basalt dykes are present and crosscut the mineralized rocks.

Shonk (1994) noted that the intrusions in drill core display a wide variation in texture and phenocryst abundance, indicating diverse cooling histories and suggesting multiple intrusive events with relatively high levels of emplacement. His observations of local breccias showing chilled porphyritic to glassy porphyritic textures suggest the same. Subtle contacts of porphyritic intrusions in drill core within the deposits support a multi-phase history of intrusions, with early, inter-mineral and late mineralizing events. At present, the extents of different intrusive phases and their links to mineralization has not been mapped in the field or differentiated in drill core in detail.

1.5.3 Structure

The structures that dominate at the property and, to an extent regionally, are east-northeast striking, north-northwest striking, and northeast striking. These faults show clear separation of geological units at surface and appear to have juxtaposed different erosional levels. This is most evident with the dominantly intrusive rocks in the centre of the property, bounded by two north-northwest-striking faults, and the sedimentary rocks in the south of the property, south of east-northeast-striking faults.

Typically, within the deposits, east-northeast strikes are associated with wider faults and shear zones and appear to be later and longer lived than the north-northwest-striking faults. The north-northwest-striking faults appear to have had a control on the elongation of the plan-projected mineralization of the North Zone and South Zone. The northeast-striking faults likewise had a role in the elongation of the plan-projected mineralization of Tizate.

In the North Zone and South Zone, some generations of veinlets display a prominent 325° to 350° orientation parallel to the north-northwest fault trend. Dips are generally vertical to steep, either east or west dipping. Other prominent orientations also present include a set with a near east-west orientation and moderate south dip (Shonk, 1994). The attitude of vein sets in Tizate has not yet been accurately determined, but multiple surface measurements suggest dominantly northeast strikes.

1.5.4 Mineralization

Mineralization on the property consists of zones of stockwork quartz veinlets, sulphide veinlets and disseminated sulphide mineralization that are hosted within intrusive rocks, volcanic rocks and breccias. These sulphide-bearing zones contain significant concentrations of copper and gold and, to a lesser extent, molybdenum and silver. The mineralization is hosted in three distinct deposits: the North Zone and South Zone with relatively high-grade copper and gold, and Tizate with relatively lower-grade copper and gold, but higher-grade molybdenum.

Morphologically, two of the zones, the North Zone and Tizate Zone, are crudely tabular with shallow to moderate dips. Both have rough dimensions of approximately 1,100 by 600 m and thicknesses of up to 200 m. The South Zone has a smaller footprint, 600 by 500 m, but a greater vertical extent of up to 400 m and dipping steeply to the south.

There is an oxide horizon and a narrow transition layer present in all deposits on the Tepal property above the sulphide mineralization. The depth of oxidation ranges from 20 to 40 m on the hilltops and 0 to 20 m in the drainages. The transition zone may be up to 15 m thick; however, it is usually significantly less than this and, in some cases, is absent altogether. The transition is identified by the overlapping presence of iron oxides and sulphide mineralization.

Primary sulphide mineralization consists dominantly of chalcopyrite and pyrite, with locally significant bornite and molybdenite. The highest consistent grades of copper and gold mineralization are associated with low pyrite: chalcopyrite ratios and increasing bornite. Local areas of very high-grade gold are associated with thicker veins that cross-cut Tizate, and contain pyrrhotite, sphalerite, galena, silver sulphides, as well as chalcopyrite and pyrite.

Micron-sized native gold is usually associated with the chalcopyrite either as grains attached to the surface or fracture fillings within copper sulphides (Duesing, 1973), although free grains can also occur. Copper mineralization typically occurs as disseminated chalcopyrite and bornite within veinlets and disseminated within altered porphyritic groundmass (Shonk, 1994). Molybdenum mineralization occurs as molybdenite.

Several different generations of veinlets are associated with copper-gold mineralization, and future work will refine this paragenesis. The earlier veinlet group of granular dark grey quartz with fine-grained sulphides, as well as granular subhedral to euhedral quartz in the groundmass with fine-grained disseminated sulphides, is the assemblage most associated with copper and gold mineralization.

Intensity of mineralization is strongly related to the density of veining (Shonk 1994). In North Zone and South Zone, copper and gold values are relatively synchronous. Silver and molybdenum values are also somewhat elevated in the core areas, but distribution is more erratic and is not always coincident with gold or copper values.

In Tizate, copper and gold values are, on average, lower than averages in the North Zone and South Zone. Grade distribution, however, is very even. Both the silver and molybdenum values are more significant at Tizate than in the other deposits, and they show greater coincidence with gold and copper, particularly with respect to molybdenum.

1.6 METALLURGICAL TESTWORK

Metallurgical testwork has been completed using oxide and sulphide mineralized samples from Tepal North Zone (NZ), Tepal South Zone (SZ) and the Tizate Zone.

Initial metallurgical testing was undertaken on samples from the two Tepal zones (NZ and SZ) in 1973 by INCO Ltd and Teck-Cominco Corporation. The INCO testwork mainly focused on developing a sulphide flotation circuit to produce a copper concentrate, while the Teck testwork program was directed on cyanide leaching of oxide mineralization to recover gold.

Further metallurgical tests were performed between 2009 and 2013, using representative oxide and sulphide samples by G&T Metallurgical Services, Limited (G&T) of Kamloops, British Columbia, (now ALS Metallurgy) and at McClelland Laboratories, Inc. (MLI) of Sparks, Nevada.

The scope of the testwork completed to date on oxide mineralization includes column and bottle roll cyanide leach tests, gravity separation, flotation and acid leaching to recover acid soluble copper. Sulphide testwork has mainly focused on flotation to recover a copper concentrate with precious metal credits, with cyanide leaching of scavenged pyrite. A variability program has also been completed to test flotation performance against comminution variability throughout the deposit.

The flowsheet selected for the sulphide mineralization from all three zones comprises a conventional grinding and flotation circuit to produce a copper concentrate containing acceptable copper grades (>23% Cu) and payable gold and silver values. Cyanide leaching to recover additional precious metals from the cleaner tailings and scavenged pyrite concentrate from the copper rougher tailings is also proposed for inclusion into the overall sulphide process flowsheet.

Flotation locked cycle tests (LCT) have been undertaken using composite samples from all sulphide mineralized zones. These tests suggest copper and gold recoveries into a 23% Cu concentrate of 86% and 54% for the North/South Zones and 84% and 50% for the Tizate Zone mineralization.

The concentrates produced contained no significant quantities of deleterious elements.

Sequential pyrite rougher flotation of the copper rougher tailings determined that an additional 20% of the silver and 30% of the gold can be recovered into a combined copper cleaner tailings and pyrite concentrate. Cyanide leaching extracted about 75% of the silver and 70% of this gold from this combined stream.

Multiple comminution tests showed an average Bond Ball Work Index for sulphide mineralization of 14.4 kWh/t with an 80 percentile of 16.1 kWh/t based on 42 samples tested. The average Drop Weight Index was 7.4 kWh/m^3 with 80 percentiles of 9.0 kWh/m^3. JKTech rated the samples to be moderately hard to very hard.

There is potential to recover gold from the oxidized mineralization by using cyanide heap leaching or agitation leaching. Encouraging results were achieved for all the mineralized zones tested.

1.7 Tepal Project Mineral Resource Estimate

1.7.1 Methodology

The 2024 Tepal Project MRE discussed herein covers the Tepal North, Tepal South and Tizate deposits.

The main steps in the methodology were as follows:

- Compiling and validating the diamond drill hole database used for mineral resource estimation.
- Interpretation of the mineralized domain, based on lithological and assay information.
- Capping outlier values and compositing the database, for the purpose of geostatistical analysis, and performing variography.
- Generating the block model and grade interpolation.
- Calculation and validation of NSR value.
- Validating the criteria for mineral resource classification.
- Assessing the mineral resources with “reasonable prospects for eventual economic extraction” by selecting appropriate cut-off grades and a producing a reasonable “resource-level” optimized pit-shell.
- Generating a Mineral Resource Estimate statement.
- Assessing and identifying the factors that could affect the mineral resource estimate.

While the Tepal North, Tepal South and Tizate deposits are part of the same Project, the three deposits have been estimated separately.

1.7.2 Resource Database and Wireframing

The database was provided by Defiance Silver and was verified by Micon's QP, prior to use for geological modelling and resource estimation purposes.

1.7.2.1 Database

The Tepal Project database consists of 341 diamond drill (DD) holes and 100 reverse circulation (RC) holes, totalling 82,624.12 m of drilling with 46,427 individual samples. The database includes location co-ordinates, survey, lithology and assay results. The digital database contains the detailed information for the 441 holes drilled during the different drilling programs. Micon's QPs have extensively verified and compiled the database to be used for the current MRE. All historical drill hole information has been incorporated.

1.7.2.2 Topography

The Tepal Project topography was provided by Defiance Silver as a digital terrain model (DTM) in DXF format. The topography was used to clip the mineralized zones (as applicable) to the surface. However, it has been observed that a few drill hole collars do not exactly match with the available topography surface. Micon's QPs suggest that Defiance Silver conducts a fresh topographic survey of the Project area, so that the drill hole collars can be adjusted accordingly.

1.7.2.3 Mineralized Wireframes

Micon's QPs have interpreted the mineralized domains for the Tepal North, Tepal South and Tizate zones. Although the Tepal North and South zones appear to be part of the same mineral deposit, due to the physical disposition of the zones with an area devoid of mineralization or very low-grade mineralization separating them, they have been considered to be two separate zones for the purposed of exploration and interpretation. Both Cu and Au assay values have been considered when identifying the two domains. The mineralization wireframes take into consideration all of the historic drill hole information. A preliminary cut-off grade of 0.1% Cu was considered to represent the overall deposit mineralization when constructing the wireframe. Copper grades below 0.1% were considered to be internal dilution, in order to maintain the overall grade continuity within the wireframes. Additionally, two separate high-grade zones have been identified within the Tepal North and South zones. The high-grade zones have been defined using a cut-off grade of 0.5% Cu. No high-grade zone could be identified for the Tizate zone at this time.

The Tepal mineralized area shows an overall strike direction of north-south. The north zone is horizontal to very slightly dipping towards south-east. The south zone exhibits a sharp dip towards south-east end. The high-grade zones are fully confined inside relatively low-grade zone. The Tizate mineralized zone shows an overall strike direction of north-east to south-west and is horizontal to slightly dipping towards south-east.

According to the weathering zone information available from the lithology data, the mineralized domains have further been divided into sulphide and oxide zone. The surface between these two zones has been provided by Defiance Silver and has been applied to the current mineralized domains for both the Tepal and Tizate zones.

A number of fault planes have been identified by field geologists on the Project. However, there is insufficient structural information available at this time to confirm that they influence the mineralization spatially. As a result, the faults have not been considered to have any influence in the current MRE. Leapfrog Geo software has been used for the whole mineralization interpretation exercise.

Micon's QPs suggest performing a detailed structural study to understand whether any displacement of mineralization has occurred along the fault zones and incorporating this information into future MREs.

1.7.3 Compositing, Capping Outliers and Variography

1.7.3.1 Composites

The composite length for the interpolation was determined by analyzing the sampled intervals within the mineralized zones. Since 1.8 m is the average of all the sampled intervals, 2 m composites have been calculated within all mineralized envelops. The minimum length has been chosen to be 1 m and the residual lengths are to be distributed equally within the previous intervals.

1.7.3.2 Capping Compositing Values

The Cu, Au, Ag and Mo composite values were analyzed to identify outliers which would have an effect of biasing the overall estimation process. The outlier values were identified for all four elements, using Supervisor software. Histogram, Log probability and Cumulative Metal Plots have been analyzed for this exercise.

1.7.3.3 Variography

The spatial distribution of Cu, Co, Ag and Ag were evaluated through variographic analysis for the mineralized domain. Downhole variograms has been analyzed to calculate the nugget value and then spherical variograms were fitted to model the semi-variogram.

All variogram analyses and modelling were performed in Leapfrog Edge Software. Primary directions and orientations of the variograms were observed in the data and visually in 3D space. These orientations were then examined statistically, within the mineralized zone, to ensure that they represented the best possible fit of the geology and grade continuity.

1.7.4 Rock Density

As no new specific gravity (SG) analyses have been performed pertaining to the current MRE, this sub-section has been taken from the previous technical report on the mineral resources of the Tepal Gold-Copper Project, Michoacán State, Mexico, 2012.

Specific gravity samples were collected approximately every 50 metres in the sulphide zone from all available Arian and Geologix core from the three deposits. Samples were taken from mineralized and non-mineralized core (i.e. ore and waste). The oxide samples were collected from as many Arian holes as possible and from the 2010 Geologix core. There were also oxide samples taken from two 2011 Tizate holes (TIZ-11-001 to TIZ-11 037). A total of 1,053 samples have had SG determinations.

1.7.5 Block Model and Grade Interpolation

1.7.5.1 Block Model

Two block models were constructed to represent the volume and attributes of rock density and grade within the Tepal and Tizate zones. The Tepal North and South zones have been considered to part of a single block model as they represent the same mineral deposit.

1.7.5.2 Search Strategy and Interpolation

The search parameters derived from the variographic analysis were used to interpolate the capped composite grades within each mineralized zone. This process has been performed with the help of Leapfrog Edge Software. The Ordinary Kriging (OK) method has been used for the entire interpolation.

All four elements, Cu, Au, Ag and Mo, have been estimated individually within the block model using the Ordinary Kriging interpolation. Primarily, three passes have been used to interpolate the grades into the blocks contained within the mineralized zone. However, an additional pass (P4) has been used to interpolate Cu, Au, Ag and Mo in order to inform all blocks within Tepal South Zone. The Variable Orientation function has been considered for all passes to make sure that the search direction is pertinent to the reference surface of the mineralized envelope.

After interpolating the block models, the NSR value was calculated to demonstrate economics assuming the criteria summarized in Table 1.1.

Table 1.1
Summary of the Economic Assumptions used for the NSR Cut-Off for Tepal Project 2024 MRE

Item	Unit	Value	Notes
Exchange Rate Assumption			
CAD to USD		NA	
Metal Price Assumptions			
Copper (Cu)	USD/lb	4.8	
Silver	USD/oz	30.0	
Gold (Au)	USD/oz	2,300.0	
Metallurgical Recoveries			
Tizate Zone - Oxide			Assume crush, grind, CIP, ADR process to produce doré.
Copper recovery	%	-	
Gold recovery to doré	%	88.30	Based on KM3568 (2013) -1% ADR losses.

Item	Unit	Value	Notes
Silver recovery to doré	%	83.10	Based on KM3568 (2013) -1% ADR losses.
Tizate Zone - Sulphide			Assume crush. Grind, Cu float, Py float, Py cyanide leach.
Copper recovery to Cu concentrate	%	84.00	Based on average LCT results.
Gold recovery to Cu concentrate	%	49.00	Based on average LCT results.
Silver recovery to Cu concentrate	%	56.00	Based on average LCT results.
Copper concentrate grade	%Cu	23.00	Based on average LCT results.
Gold recovery to doré (based on plant feed)	%	22.00	Based on average LCT and leach test results.
Silver recovery to doré (based on plant feed)	%	14.00	Based on average LCT and leach test results.
Tepal Zone - Oxide			Assume crush, grind, CIP, ADR process to produce doré.
Copper recovery	%	-	
Gold recovery to doré	%	92.20	Based on KM3568 (2013) -1% ADR losses.
Silver recovery to doré	%	82.10	Based on KM3568 (2013) -1% ADR losses.
Tepal Zone - Sulphide			Assume crush. Grind, Cu float, Py float, Py cyanide leach.
Copper recovery to Cu concentrate	%	86.00	Based on average LCT results.
Gold recovery to Cu concentrate	%	54.00	Based on average LCT results.
Silver recovery to Cu concentrate	%	32.00	Based on average LCT results.
Copper concentrate grade	%Cu	23.00	Based on average LCT results.
Gold recovery to doré (based on plant feed)	%	15.00	Based on average LCT and leach test results.
Silver recovery to doré (based on plant feed)	%	9.00	Based on average LCT and leach test results.
Copper Concentrate NSR Parameters			
Payable Copper	%	96.50	
Copper Minimum Deduction	%	1.00	
Payable Gold	%	95.00	
Gold Minimum Deduction	g/t	1.00	
Payable Silver	%	90.00	
Silver Minimum Deduction	g/t	30.00	
Copper Treatment Charge	US$/dmt concentrate	75.00	
Copper Refining Charge	US$/payable lb	0.08	
Gold Refining Charge	US$/payable oz	5.00	
Silver Refining Charge	US$/payable oz	0.50	
Concentrate Transportation	US$/dmt	100.00	
Doré NSR Parameters			

Item	Unit	Value	Notes
Payable Gold	%	99.90	
Gold Refining Charge	US$/payable oz	7.50	
Payable Silver	%	97.00	
Silver Refining Charge	US$/payable oz	1.40	
Cut-off parameters/Operating Costs			
NSR	USD/t	1.00	
Mining Recovery	%	100.00	Acceptable at Resource level.
Mining Dilution	%	-	Acceptable at Resource level.
Mining Waste	USD/t	2.00	Micon assumption, other projects in Mexico.
OP Mining Ore	USD/t	2.00	Micon assumption, other projects in Mexico.
Processing Oxides	USD/t	10.00	Micon assumption, industry typical.
Processing Sulphides	USD/t	12.00	Micon assumption, industry typical.
G&A	USD/t	3.00	Micon assumption, other projects in Mexico.
Economic Cut-off Cost Parameters			
Oxide	$/tonne of rock	13.00	
Sulphide OP	$/tonne of rock	15.00	
Mining Method Parameters			
OP overall slope angle	Degree	45.00	
OP bench height	metre	10.00	

The formula that was used to calculate the NSR $ value is:

$$NSR(x_1, x_2, \ldots, x_n) = x_1 r_1 p_1 \ (V_1 - R_1) + x_2 r_2 p_2 \ (V_2 - R_2) + \ldots + x_n r_n p_n \ (V_n - R_n) - \frac{C_s}{K} - \frac{C_t}{K}$$

Where the index of the variables is summarized in Table 1.2.

Table 1.2
Index for the Variables used in the NSR Formula

Variable	Definition
x	Grade of each metal in deposit
r	Process recovery of each metal
R	Refining cost of each metal
p	Smelting recovery of each metal
V	Market sale value of each metal
K	Tonnes of material required to produce 1t of concentrate
C_s	Smelter cost per tonne of concentrate
C_t	Transportation costs per tonne of concentrate

Although all four elements, Cu, Au, Ag and Mo have been interpolated into the block models, Mo estimated grades have not been considered during the calculation of NSR, due to insufficient metallurgical testwork to determine the applicable process recovery. Therefore, Mo is not reported as part of the mineral resource estimate at this time.

1.7.6 Block Model Validation

The resource block model was validated using a variety of methods, including visual inspection of the model grades and grade distributions compared to the informing composite samples, statistical comparisons of informing composites to the model and swath plots to compare the grade distribution along easting, northing and vertical directions.

1.7.7 Mineral Resource Estimate

1.7.7.1 Reasonable Prospects for Economic Extraction

The CIM Standards require that an estimated mineral resource must have reasonable prospects for eventual economic extraction. The mineral resource discussed herein has been constrained by reasonable mining shapes, using economic assumptions appropriate for an open pit mining scenario. The potential mining shapes are preliminary and conceptual in nature.

For the Tepal Project, three different pit-shells were optimized, based on NSR values calculated using a set of economic parameters, depending on the material and mining method, which are summarized in Table 1.1. The Tepal North zone, South zone and the Tizate zone have been treated separately for the Pit Optimization exercise which has been carried out using Datamine Studio OP software. Tepal North and South zones are part of the same mineral deposit but, due to the physical disposition of the mineralization, the pit optimization has been conducted separately.

The calculated economic cut-off grade of 13 $/t NSR met the definition of potential eventual economic extraction for oxide zone and a cut-off grade of 15 $/t NSR met the criterion for the sulphide zone. No underground resource has been estimated at this time.

1.7.7.2 Mineral Resource Classification

Micon's QP has classified the mineral resources for the Tepal Project in the Measured, Indicated and Inferred categories for the Tepal North Zone resources and the Indicated and Inferred categories for Tepal South and Tizate Zone resources. While assessing the categorization Micon's QPs has followed the following criteria:

- Resource Blocks that meet the COG criteria of 13$/t NSR for oxidized zone and 15 $/t NSR for sulphide zone, and which lie within the optimized pit-limit.
- Blocks demonstrating grade continuity based on the distance between closest samples throughout the deposit.
- Blocks that are estimated during first pass of interpolation which is derived from variography analysis.
- Elimination of spotted dog effect.

1.7.7.3 Mineral Resource Estimate

The MRE for the Tepal Project is summarized in Table 1.3. The MRE has an effective date of October 30, 2024. The 2024 Tepal Project MRE is considered to be a reasonable representation of the mineral resources for the Tepal Project, based on the currently available data and geological knowledge.

1.7.8 Grade Sensitivity Analysis

For the 2024 Tepal Project MRE, a grade sensitivity analysis has been conducted on the basis of different NSR $/t cut-off values. Table 1.4, Table 1.5 and Table 1.6 show the cut-off grade sensitivity analysis for Tepal North Zone, Tepal South Zone and Tizate Zone, respectively. The reader should be cautioned that the figures provided in Table 1.4, Table 1.5 and Table 1.6 should not be interpreted as a mineral resource statement. Figure 1.1 shows the graphical representation of the relationship between different NSR $/t cut-off grades and tonnages for the Tepal Project MRE. Micon's QP has reviewed the MRE cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at varying metal prices or other underlying parameters used to calculate the cut-off grade.

1.7.9 Potential for Underground Resources in the Tepal South Zone

While performing the interpretation for the Tepal South Zone mineralization, it was noticed that the mineralized zone is dipping sharply towards the south to south-east end. The high-grade material inside the low grade envelops also follows a similar trend. It is believed that there could be an underground resource potential for this area. Micon's QPs suggest performing a combination of open pit and underground mining methods for future resource estimates.

Table 1.3
Tepal Project Mineral Resource Estimate as of October 30, 2024

Open Pit Model	Resource Category	Weathering Zone	Tonnage	Average Grade NSR	Average Grade Cu	Average Grade Au	Average Grade Ag	Content Metal NSR	Content Metal Cu	Content Metal Au	Content Metal Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand oz	thousand oz
In-Pit Tepal North Zone	Measured	Oxide	2.71	31.16	0.31	0.45	1.03	84	18,818	39	90
		Sulphide	21.21	38.04	0.24	0.39	0.92	807	111,170	269	627
	Indicated	Oxide	3.85	17.51	0.19	0.25	0.80	67	16,508	31	99
		Sulphide	28.51	25.35	0.18	0.23	1.22	723	110,322	213	1,114
	M+I	Oxide	**6.56**	**23.15**	**0.24**	**0.33**	**0.90**	**152**	**35,327**	**70**	**189**
		Sulphide	**49.72**	**30.77**	**0.20**	**0.30**	**1.09**	**1,530**	**221,492**	**481**	**1,741**
		Total	**56.28**	**29.88**	**0.21**	**0.30**	**1.07**	**1,682**	**256,818**	**551**	**1,930**
	Inferred	Oxide	2.60	12.91	0.15	0.18	1.17	34	8,750	15	97
		Sulphide	26.73	23.82	0.17	0.21	1.21	637	101,909	177	1,040
		Total	**29.33**	**22.86**	**0.17**	**0.20**	**1.21**	**670**	**110,659**	**192**	**1,137**
In-Pit Tepal South Zone	Indicated	Oxide	1.22	28.27	0.22	0.40	1.29	34	5,922	16	50
		Sulphide	10.78	36.63	0.24	0.36	1.13	395	57,569	124	392
		Total	**11.99**	**35.78**	**0.24**	**0.36**	**1.15**	**429**	**63,492**	**140**	**443**
	Inferred	Oxide	1.48	10.25	0.11	0.14	0.87	15	3,635	7	41
		Sulphide	35.84	35.02	0.18	0.41	1.29	1,255	145,779	477	1,481
		Total	**37.32**	**34.04**	**0.18**	**0.40**	**1.27**	**1,270**	**149,414**	**484**	**1,523**
In-Pit Tizate Zone	Indicated	Oxide	4.10	11.50	0.13	0.16	1.79	47	11,493	21	236
		Sulphide	39.30	22.52	0.16	0.17	2.35	885	142,057	214	2,970
		Total	**43.40**	**21.47**	**0.16**	**0.17**	**2.30**	**932**	**153,549**	**235**	**3,206**
	Inferred	Oxide	4.55	9.58	0.14	0.12	2.19	44	14,450	18	321
		Sulphide	53.16	21.15	0.15	0.17	1.67	1,124	176,488	292	2,853
		Total	**57.71**	**20.24**	**0.15**	**0.17**	**1.71**	**1,168**	**190,938**	**310**	**3,174**
In-Pit Total Tepal+Tizate	**Measured**	**Oxide + Sulphide**	23.92	37.26	0.25	0.40	0.93	891	129,988	308	717
	Indicated		87.75	24.52	0.18	0.22	1.72	2151	343,872	618	4,861
	M+I		**111.67**	**27.25**	**0.19**	**0.26**	**1.55**	**3,043**	**473,860**	**926**	**5,578**
	Inferred		**124.36**	**25.00**	**0.16**	**0.25**	**1.46**	**3,109**	**451,011**	**985**	**5,834**

Resource Estimate Notes:

1. The effective date of the MRE is October 30, 2024.
2. The Mineral Resource Estimate has been stated using a NSR $/t value cut-off grade. As per the economic assumption the cut-off grade is 13 $/t NST for the oxide zone and 15 $/t for the sulphide zone.
3. William Lewis P.Geo., and Chitrali Sarkar M.Sc., P.Geo., of Micon are the QPs responsible for the MRE, as defined in Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
4. The mineral resources disclosed in this report were estimated using the CIM standards for mineral resource and reserve definitions and the CIM best practices guidelines for resource estimation.
5. The mineral resources reported are contained within the boundaries of a pit-shell derived from the open pit optimizer, assuming surface mining methods with an overall slope angle of 45 degrees and with the original block model re-blocked to 20m x 20m x 20m. Mineralized blocks outside of the pit-shell are not considered to be part of the MRE.
6. An open pit cut-off grade of 13 $/t NST for the oxide zone and 15 $/t for sulphide zone was calculated for the MRE, using a gold price of US$ 2,300/oz, a silver price of US$30/oz and a copper price of US$4.8/lb, mining cost US$2.0/t, processing cost US$10/t for oxide and US$12/t for sulphide, G&A costs of US$3/t. and relevant treatment and refining charges (TCRCs).
7. Mo has not been considered to be part of NSR calculation at this time due to insufficient metallurgical testwork to determine the applicable process recovery.
8. The MRE has been classified according to CIM definitions of Measured, Indicated and Inferred Resources for Tepal North Zone and Indicated and Inferred for Tepal South and Tizate Zones. The Mineral Resource classification has also been visually reviewed to eliminate any 'Spotted Dog' effect, commonly seen in computer-generated models.
9. The mineral resource results are presented in-situ within the optimized pit.
10. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
11. Geological modelling and the MRE have been completed using Leapfrog Geo and Edge software.
12. The tonnes and metal contents are rounded to reflect that the numbers are an estimate and any discrepancies in the totals are due to the rounding effects.
13. Micon has not identified any legal, political, environmental, or other factors that could materially affect the potential development of the mineral resource estimate.

Table 1.4
Grade Sensitivity Analysis at Different NSR $/t Cut-Off Grades for Tepal North Zone

Tepal North Zone	Category	NSR cut-off grade $/t	Cumulative Tonnage	Weighted Average Value				Cumulative Material Content			
				NSR	Cu	Au	Ag	NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand t. oz	thousand t. oz
In Pit	M+I	1	56.3	29.89	0.21	0.30	1.07	1,684	256,968	552	1,934
		3	56.2	29.98	0.21	0.31	1.07	1,683	256,657	552	1,930
		5	55.7	30.20	0.21	0.31	1.07	1,681	255,580	551	1,920
		7	54.8	30.57	0.21	0.31	1.08	1,676	253,722	549	1,899
		9	53.5	31.14	0.21	0.32	1.08	1,665	250,783	546	1,864
		11	51.6	31.90	0.22	0.33	1.09	1,646	246,508	540	1,814
		13	49.0	32.95	0.22	0.34	1.10	1,615	239,715	530	1,741
		15	46.1	34.17	0.23	0.35	1.12	1,574	231,200	518	1,659
		16	44.5	34.84	0.23	0.36	1.13	1,549	226,374	510	1,612
		17	42.8	35.55	0.23	0.36	1.14	1,522	221,372	502	1,565
	Inferred	1	29.1	22.84	0.17	0.20	1.21	664	109,432	190	1,128
		3	28.8	23.03	0.17	0.21	1.21	663	109,059	190	1,123
		5	28.2	23.42	0.17	0.21	1.22	661	108,308	189	1,109
		7	27.5	23.89	0.18	0.21	1.23	656	107,121	188	1,086
		9	26.2	24.65	0.18	0.22	1.24	646	104,701	185	1,046
		11	24.5	25.63	0.19	0.23	1.26	629	100,997	180	995
		13	22.7	26.74	0.19	0.24	1.28	607	96,682	174	934
		15	20.7	27.97	0.20	0.25	1.30	579	91,709	167	868
		16	19.7	28.64	0.21	0.26	1.32	563	88,880	162	833
		17	18.6	29.35	0.21	0.26	1.33	545	85,687	157	796

Notes: The reported quantities and grade estimates at different cut-off grades are presented for the sole purpose of demonstrating the sensitivity of the mineral resource model to varying NSR $/t cut-off grades. Micon's QP has reviewed the varying NSR $/t cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at the cut-off grades used.

Table 1.5
Grade Sensitivity Analysis at Different NSR $/t Cut-Off Grades for Tepal South Zone

Tepal South Zone	Category	NSR cut-off grade $/t	Cumulative Tonnage	Weighted Average Value				Cumulative Material Content			
				NSR	Cu	Au	Ag	NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand t. oz	thousand t. oz
In Pit	M+I	1	11.99	35.83	0.24	0.36	1.15	430	63,588	140	443
		3	11.97	35.89	0.24	0.36	1.15	430	63,566	140	443
		5	11.94	35.97	0.24	0.36	1.15	430	63,500	140	442
		7	11.91	36.04	0.24	0.36	1.15	429	63,440	140	441
		9	11.87	36.15	0.24	0.37	1.15	429	63,289	139	440
		11	11.74	36.43	0.24	0.37	1.16	428	62,910	139	437
		13	11.56	36.80	0.24	0.37	1.16	426	62,358	139	433
		15	11.32	37.29	0.25	0.38	1.17	422	61,542	138	426
		16	11.19	37.53	0.25	0.38	1.17	420	61,102	138	422
		17	11.01	37.89	0.25	0.39	1.18	417	60,407	137	417
	Inferred	1	37.24	34.08	0.18	0.40	1.27	1,269	149,237	483	1,520
		3	36.90	34.38	0.18	0.41	1.28	1,269	148,957	483	1,515
		5	36.42	34.78	0.18	0.41	1.29	1,267	148,479	482	1,506
		7	35.70	35.36	0.19	0.42	1.30	1,262	147,679	480	1,492
		9	34.67	36.17	0.19	0.43	1.32	1,254	146,281	477	1,468
		11	33.33	37.22	0.20	0.44	1.34	1,241	144,206	473	1,434
		13	31.80	38.44	0.20	0.46	1.36	1,222	141,473	467	1,391
		15	30.08	39.83	0.21	0.47	1.39	1,198	137,880	459	1,340
		16	29.21	40.56	0.21	0.48	1.40	1,185	135,940	455	1,312
		17	28.31	41.32	0.21	0.49	1.41	1,170	133,838	450	1,280

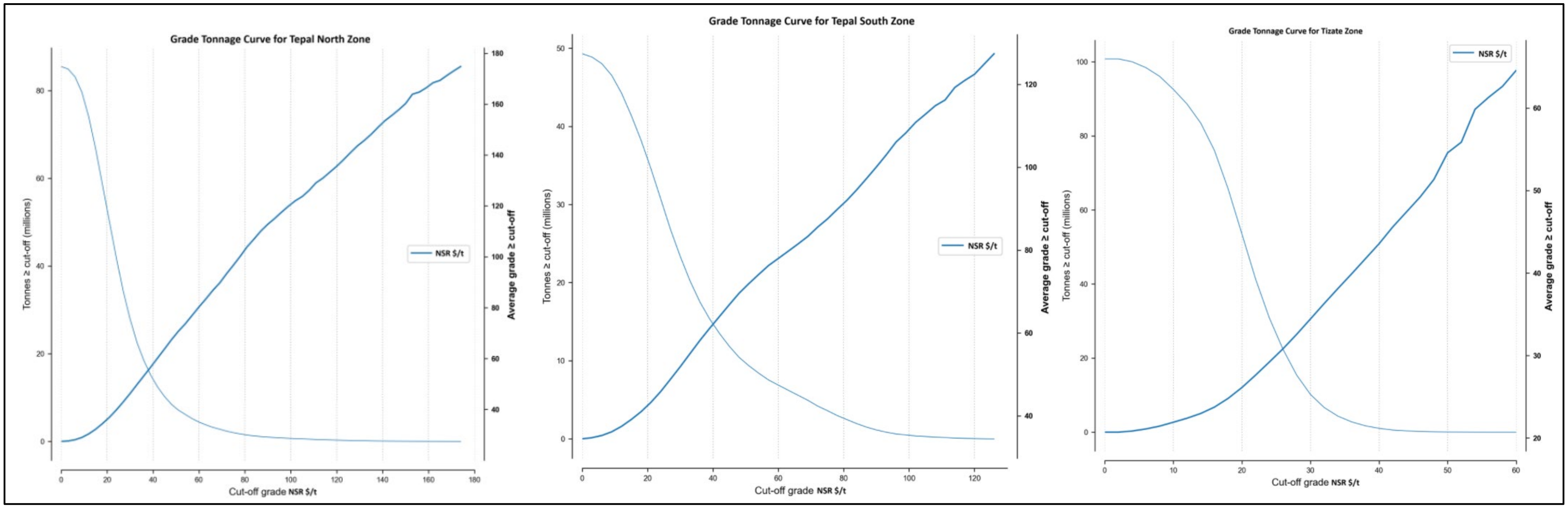
Notes: The reported quantities and grade estimates at different cut-off grades are presented for the sole purpose of demonstrating the sensitivity of the mineral resource model to varying NSR $/t cut-off grades. Micon's QP has reviewed the varying NSR $/t cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at the cut-off grades used.

Table 1.6
Grade Sensitivity Analysis at Different NSR $/t Cut-Off Grades for Tizate Zone

Tizate Zone	Category	NSR cut-off grade $/t	Cumulative Tonnage	Weighted Average Value				Cumulative Material Content			
				NSR	Cu	Au	Ag	NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand t. oz	thousand t. oz
In Pit	M+I	1	43.47	21.44	0.16	0.17	2.30	932	153,534	235	3,208
		3	43.38	21.48	0.16	0.17	2.30	932	153,442	235	3,207
		5	42.74	21.74	0.16	0.17	2.32	929	152,717	234	3,189
		7	41.96	22.04	0.16	0.17	2.34	925	151,526	232	3,157
		9	40.56	22.45	0.17	0.17	2.37	911	148,767	228	3,087
		11	39.46	22.85	0.17	0.18	2.39	902	146,865	225	3,037
		13	36.91	23.46	0.17	0.18	2.43	866	140,378	216	2,885
		15	35.23	24.00	0.18	0.19	2.46	846	136,659	211	2,792
		16	33.60	24.41	0.18	0.19	2.49	820	132,129	205	2,695
		17	31.62	24.91	0.18	0.19	2.53	788	126,396	197	2,569
	Inferred	1	57.32	20.15	0.149	0.167	1.71	1,155	188,892	307	3,149
		3	57.21	20.19	0.150	0.167	1.71	1,155	188,766	307	3,147
		5	56.58	20.37	0.150	0.168	1.71	1,152	187,662	306	3,117
		7	55.43	20.66	0.151	0.170	1.72	1,145	184,832	304	3,061
		9	53.53	21.11	0.153	0.173	1.72	1,130	180,992	299	2,966
		11	51.18	21.61	0.156	0.177	1.73	1,106	176,127	291	2,843
		13	48.42	22.16	0.159	0.181	1.74	1,073	169,748	282	2,712
		15	44.81	22.82	0.163	0.187	1.77	1,022	160,567	269	2,544
		16	42.45	23.22	0.165	0.191	1.78	986	154,186	261	2,433
		17	39.62	23.70	0.167	0.196	1.80	939	146,308	249	2,290

Notes: The reported quantities and grade estimates at different cut-off grades are presented for the sole purpose of demonstrating the sensitivity of the mineral resource model to varying NSR $/t cut-off grades. Micon's QP has reviewed the varying NSR $/t cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at the cut-off grades used.

Figure 1.1
Grade Tonnage Curve for Tepal Project MRE



1.7.10 Factors that Could Affect the Mineral Resource Estimate

All estimation models have a degree of uncertainty associated with them, due to the assumptions used in their development. These uncertainties lead to risks in the relative accuracy of the models. In the development of the 2024 MRE model for the Tepal Project, Micon's team members have used industry best practice guidelines and have reasonably mitigated much of the potential risks.

It is the QP's opinion that the factors set out below could affect the mineral resource estimate.

- The geological interpretations and assumptions used to generate the estimation domain.
- Mineralization and geologic geometry and continuity of the mineralized zones.
- Estimates of mineralization and grade continuity.
- The grade interpolation methods and estimation parameter assumptions.
- The confidence assumptions and methods used in the mineral resource classification.
- The density and the methods used in the estimation of density.
- Metal price and other economic assumptions used in the cut-off grade determination.
- Input and design parameter assumptions that pertain to the open pit mining constraints.
- Assumptions as to the continued ability to access the test mine site, retain mineral and surface rights titles, maintain the operation within environmental and other regulatory permits, and maintain the social license to operate.
- Currently there are no environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors known to the QPs that would materially affect the estimation of Mineral Resources, other that those discussed previously in this report.

1.8 CONCLUSIONS

This report is the first Technical Report on the Tepal Project since Defiance Silver and ValOro (formerly Geologix) announced that their friendly merger was completed as of December 31, 2018.

The overall increase in mineralized material is primarily due to the reinterpretation of the mineralized zone that has been conducted during 2024 MRE. However, no new drilling in the mineralized zones has been carried out since 2012 MRE was completed. The current 2024 MRE has been presented on the basis of an NSR $/t value, which takes into account Cu, Au and Au interpolated values. Although the block models have been individually interpolated with Mo values, Mo has not been considered as part of NSR calculation due to the insufficient metallurgical testwork to determine the process recovery. Micon's QPs recommends carrying out suitable testwork for Mo recovery, specially for Tizate Zone, so that the Mo value could be accounted for during future resource estimates. Moreover, further infill and expansion drilling programs could increase the classification confidence of the future mineral resources.

However, under all circumstances, Defiance Silver will need to conduct further exploration and metallurgical testwork to define the extent of the mineralization as it advances the Tepal Project.

1.8.1 Risks and Opportunities

All mineral resource projects have a degree of uncertainty or risk associated with them which can be due to several factors, such as, technical, environmental, permitting, legal, title, taxation, socio-economic, marketing or political risk, among others. All mineral resource projects also present their own opportunities. Table 1.7 outlines some of the Tepal Project risks, their potential impact and possible ways of mitigation. Table 1.7 also outlines some of the Tepal Projects opportunities and potential benefits.

Table 1.7
Risks and Opportunities at the Tepal Project

Risk	Description and Potential Impact	Possible Risk Mitigation
Local grade continuity issues	Poor grade forecasting.	Undertake further infill drilling to establish continuity of mineralization.
Local density variability	Misrepresentation of the in-situ tonnes, which also affects the in-situ metal content estimate.	It is recommended to develop a procedure of collecting density measurements spatially throughout the deposit at regular intervals in all rock/alteration types and implement their use in future mineralization models.
Geologic Interpretation.	If geologic interpretation and assumptions (geometry and continuity) used are inaccurate, then there is a potential lack of grade or continuity.	Continue infill drilling to upgrade the confidence in the grade of continuity of the mineralization.
Metallurgical recoveries are based on limited testwork.	Recovery might be lower than what is currently being assumed or vary with rock type.	Conduct additional metallurgical tests on all rock types.
Difficulty in attracting experienced professionals.	Technical work quality will be impacted and/or delayed.	Refine recruitment and retention planning and/or make use of consultants.
Geological structural or other geotechnical information is not complete	Mining methods and dimensions selected might be different than what is currently being assumed.	Incorporate more comprehensive geotechnical data from drilling. Conduct additional geotechnical assessment and analysis.
Environmental or Social Issues	Mining may not advance due to environmental or social issues	Conduct meetings with all potential stake holders throughout the exploration and advanced development stages. Hire locals whenever possible
Opportunities	**Explanation**	**Potential Benefit**
Surface exploration drilling.	Potential to identify additional prospects and mineralized zones.	Adding further mineralized zones can potentially increase the economic value of the Project.
Potential improvement in metallurgical recoveries.	Additional metallurgical testwork can be performed to determine if recovery can be improved through sorting, flotation or cyanidation.	Lower capital and operating costs.

Risk	Description and Potential Impact	Possible Risk Mitigation
Potential improvement in mining assumptions.	Geotechnical analysis may determine if the assumed mining methods and dimensions can be improved.	Improved mining productivity and lower costs.

1.9 TEPAL PROJECT BUDGET AND FURTHER RECOMMENDATIONS

1.9.1 Tepal Project Budget

The budget presented in Table 1.8 summarizes the estimated costs for completing further exploration programs, a current mineral resource estimate and, potentially, a Preliminary Economic Assessment (PEA) on the Tepal Project. The budget is a cost estimate for two phases of work culminating in a current mineral resource estimate and PEA after the second phase.

Table 1.8
Tepal Project, Recommended Budget for Further Work

Phase	Activity	Cost (USD)
Phase I	Maintenance	$100,000
	Surface mapping and sampling of road cuts	$125,000
	Relogging	$50,000
	Alteration modelling	$30,000
	Geophysical reprocessing	$25,000
	Drilling (6,000 m)	$1,500,000
	Permitting, Community Relations	$100,000
	Lidar	$50,000
	Support (food, accommodation, trucks)	$100,000
	Contingencies (15%)	$312,000
	Total Phase I	**$2,392,000**
Phase II	PEA (includes metallurgical studies)	$250,000
	Drilling (15,000 m exploration targets)	$3,750,000
	Relogging (outside resource area)	$20,000
	Surface mapping (outside targets)	$20,000
	Soil sampling (outside targets)	$30,000
	Support (food, accommodation, trucks	$100,000
	Permitting, Community Relations	$150,000
	Contingencies (15%)	$648,000
	Total Phase II	**$4,968,000**
	Total for both Phases	**$7,360,000**
Ancillary Costs	Concessions fees (per year)	$40,000
	Property payments (royalty repurchase)	$1,500,000
	Surface access agreement (per year)	$150,000
	Total Ancillary Costs	**$1,690,000**

Table provided by Defiance Silver.

It is the opinion of the Micon QPs that all of the recommended work noted in the budget is warranted. Micon and its QPs recognize that the nature of the programs and expenditures may change as further studies are undertaken, and that the final expenditures and results may not be the same as originally proposed.

Micon's QPs are of the opinion that Defiance Silver's recommended two phase work program and proposed expenditures are appropriate and well thought out. The Micon QPs believe that the proposed budget reasonably reflects the type and amount of the activities required to advance the Tepal Project, with the second phase culminating in the publication of a PEA.

1.9.2 Tepal Project Further Recommendations

Micon's QPs recommend further exploration and development of the Tepal Project. It is recommended that Defiance Silver continues with exploration at the Tepal deposit. It is also recommended that Defiance Silver continues to conduct further metallurgical testwork at the Tepal Project. To that end, Micon QPs make the following recommendations for the Tepal Project.

1) Phase 1 Exploration Programs
    - Undertake a Lidar topographic survey of the Tepal Project, concentrating on those areas covered by the mineral deposits, as well as any areas that would be potentially used for mine infrastructure.
    - Undertake further mapping and sampling across the mineral deposits, paying particular attention to changes in alteration and geology.
    - Conduct fairly continuous channel sampling along the road cuts on the Tepal Project, especially in the areas of the current mineral deposits, as this information could be potentially incorporated into future mineral resource estimates.
    - Conduct detailed relogging of a number of drill holes to review the geological units and alteration types for each of the mineralized deposits.
    - Conduct further density sampling to see if there is any variation between the mineralized zones or geological units.
    - Use the information in the Tepal database and the survey monument near drill hole collar IN- 57002 to locate the other INCO drill hole collars.
    - Complete a reprocessing exercise on the historical geophysical program completed in prior years.
    - Complete further resource infill and expansion drilling.
2) Phase II Exploration Program
    - Metallurgical testwork should be further conducted on each of the mineral deposits separately, to see if the metallurgical recoveries are different, either per zone or rock type.
    - Conduct further exploration, including soil sampling outside of the current resource areas.
    - Conduct further diamond drill testing of the exploration targets outlined since 2017.
    - Conduct acid/base testwork on the mineralized and non-mineralized material.

- Conduct a mine trade-off study on Tepal South Zone between underground and open pit mining methods.
- Complete a Preliminary Economic Assessment (PEA).

2.0 INTRODUCTION

2.1 TERMS OF REFERENCE

Defiance Silver Corp. (Defiance Silver) has retained Micon International Limited (Micon) to conduct a review of the database and information related to the Tepal Deposit Project (Tepal Project or the Project) in the State of Michoacán, Mexico and to conduct a mineral resource estimate bases upon the current database. Defiance Silver has also requested Micon compile a Canadian National Instrument (NI) 43-101 Technical Report disclosing the results of the database review and mineral resource estimate.

The resource estimate disclosed in this report was completed by Micon, with input from the geological personnel of Defiance Silver.

William Lewis, P.Geo., and Chitrali Sarkar, P.Geo., who are independent of Doubleview and are Qualified Persons (QPs) within the meaning of NI 43-101, are responsible for the mineral resource estimate disclosed in this report.

A site visit was conducted from June 26 to July 1, 2024, by William Lewis of Micon, to independently verify the geology, mineralogy, drilling program results and the Quality Assurance/Quality Control (QA/QC) programs at the Tepal Project. The June, 2024 site visit was the first site visit to the Tepal Project by Mr. Lewis.

In conducting the mineral resource estimate, Micon's QPs used the following guidelines, published by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM):

1. The CIM Definitions and Standards for Mineral Resources and Reserves, adopted by the CIM council on May 10, 2014.

2. The CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines, adopted by the CIM Council on November 29, 2019.

This report discloses technical information, the presentation of which requires the Qualified Persons (QPs) to derive sub-totals, totals and weighted averages that inherently involve a degree of rounding and, consequently, introduce a margin of error. Where these occur, the QPs do not consider them to be material.

The conclusions and recommendations of this report reflect the QPs best independent judgment in light of the information available to them at the time of writing. Micon and the QPs reserve the right, but will not be obliged, to revise this report and conclusions if additional information becomes known to them, subsequent to the date of this report. Use of this report acknowledges acceptance of the foregoing conditions.

This report is intended to be used by Defiance Silver subject to the terms and conditions of its agreement with Micon. That agreement permits Defiance Silver to file this report as a Technical Report on SEDAR (www.sedar.com) pursuant to provincial securities legislation, or with the Securities and Exchange Commission (SEC) in the United States.

Neither Micon nor the individual QPs have, nor have they previously had, any material interest in Defiance Silver or related entities. The relationship with Defiance Silver is solely a professional association between the client and the independent consultants. This report is prepared in return for fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

Micon and the QPs are pleased to acknowledge the helpful cooperation of Defiance Silver management, personnel and consulting field staff, all of whom made any and all data requested available and responded openly and helpfully to all questions, queries and requests for material.

This report supersedes and replaces all prior Technical Reports written for the Tepal Project.

2.2 Discussions, Meetings, Site Visits and Qualified Persons

Discussions with Defiance Silver personnel regarding the Tepal Project kicked off on May 23, 2024, with topics related to the geology, mineralization, deposit type and parameters for the geological model. Numerous discussions were held prior to and subsequent to the site visit regarding the Tepal database and mineral deposits to assist with understanding the complexities and nuances of the geological and resource models.

The site visit was conducted by Mr. Lewis, to independently verify the geology, mineralogy, drilling program results and the Quality Assurance/Quality Control (QA/QC) programs at the Tepal Project.

The following personnel from Defiance Silver and its subsidiary contributed to the discussions contained within this report: George Cavey, Stephanie Sykora, Alejandro Mendoza, Armando Vazquez, Jonhatan Davila, Claudia Marin, Jennifer Roskowski and Douglas Cavey.

The QPs responsible for the preparation of this report and their areas of responsibility and site visits are summarized in Table 2.1.

Table 2.1
Micon Qualified Persons, Areas of Responsibility and Site Visits

Qualified Person	Title	Area of Responsibility	Site Visit
William J. Lewis, P.Geo.	Principal Geologist	All Sections except for Section 1.7, 12.3, 13, 14.4 to 14.9, 14.10.3 and 14.10.4	June 26, to July 1, 2024
Chitrali Sarkar, P.Geo.	Senior Geologist	Sections 12.3, 14.4 to 14.9, 14.10.3 and 14.10.4.	None
Richard Gowans, P.Eng.	Principal Metallurgist	Sections 1.7 and 13	None
NI 43-101 Sections not applicable to this report		15,16,17,18,19,20,21 and 22	

2.3 Sources of Information

The update of the Tepal Project by Micon QPs was based on published material researched by the QPs, as well as data, professional opinions and unpublished material submitted by the professional staff of Defiance Silver and/or its consultants. Much of these data came from reports prepared by or for

Defiance Silver and provided to Micon. The information and reference sources for this report are identified in Section 28.0.

The descriptions of geology, mineralization and exploration used in this report are taken from reports prepared by various organizations and companies or their contracted consultants, as well as from various government and academic publications. The conclusions of this report use, in part, data available in published and unpublished reports supplied by the companies which have conducted exploration on the property, and information supplied by Defiance Silver. The information provided to Defiance Silver was supplied by reputable companies and the QPs have no reason to doubt its validity. Micon's QPs have used the information where it has been verified through its own review and discussions.

Some of the figures and tables for this report were reproduced or derived from reports on the property written by various individuals and/or supplied to the QPs by Defiance Silver. A number of the photographs were taken by Mr. Lewis during his June, 2024 site visit. In cases where photographs, figures or tables were supplied by other individuals or Defiance Silver, the source is referenced below that item. Figures or tables generated by Micon QPs are unreferenced.

2.4 UNITS OF MEASUREMENT AND ABBREVIATIONS

All currency amounts are stated in Canadian dollars, unless otherwise stated. Quantities are generally stated in metric units, the standard Canadian and international practice, including metric tonnes (t) and kilograms (kg) for mass, kilometres (km) or metres (m) for distance, hectares (ha) for area, grams (g) and grams per metric tonne (g/t) for gold and silver grades (g/t Au, g/t Ag). Precious and base metal grades may be expressed in parts per million (ppm) or parts per billion (ppb) and their quantities may also be reported in troy ounces (ounces, oz) for precious metals and in pounds (lbs) for base metals, a common practice in the mining industry.

Table 2.2 provides a list of abbreviations that are used in this report. Appendix 1 contains a glossary of mining and other related terms that are used in this report.

Table 2.2
List of Abbreviations

Name	Abbreviation
Above mean sea level	amsl
ACA Howe International Limited	ACA Howe
Adsorption/desorption/reactivation	ADR
ALS Minerals or ALS Geochemistry	ALS
American Geological Institute	AGI
Arian Silver de Mexico S.A. de C.V.	Arian
Atomic Absorption Spectrometry	AAS
Australian Geostats Pty Ltd	Australian Geostats
Australian Ore Research & Exploration P/L	OREAS
Brunton® Standard Transit compass	Brunton® compass
Canadian Centre for Mineral and Energy Technology	CANMET
Canadian Institute of Mining, Metallurgy and Petroleum	CIM

Name	Abbreviation
Canadian National Instrument 43-101	NI 43-101
Canadian Securities Administrators	CSA
Carbonate replacement deposit	CRD
CDN Resource Laboratories Ltd.	CDN Resource
Centimetre(s)	cm
Chartered Professional(s)	CP(s)
Committee for Mineral Reserve International Reporting Standards	CRIRSCO
Cubic feet per second	cfs
Defiance Silver Corp.	Defiance Silver
Degree(s), Degrees Celsius, Degrees Fahrenheit	º ,ºC, ºF
Deswik Stope Optimizer	DSO
Diamond Drill Holes	DDH
Digital elevation model	DEM
Dissolved oxygen	DO
Dry Metric Tonne	dmt
Electronic Data Gathering, Analysis and Retrieval	EDGAR
Geologix Explorations Inc.	Geologix
Geologix Explorations Mexico, S.A. de C.V.	Geologix Explorations Mexico
Geotechnica, Igenieria y Construction, S.A. de C.V.	GICSA
Grams per metric tonne	g/t
Hectare(s)	ha
Hour	h
Identification(s)	ID(s)
Inch(es)	in
Induced Polarization	IP
Inductively Coupled Plasma – Emission Spectrometry	ICP-ES
Intercore Perforaciones S. De R.L. de C.V.	Intercore Perforaciones
Internal rate of return	IRR
International Electrotechnical Commission	IEC
International Nickel Company of Canada, Ltd.	INCO
International Organization for Standardization	ISO
Inverse Distance Squared	ID^2
Kilogram(s)	kg
Kilometre(s)	km
Kriging neighbourhood analyses	KNA
La Comisión Federal de Electricidad	CFE
Layne Christensen Company	Layne
Large Mine Operations	LMO
Litre(s)	L
Major Drilling International Inc.	Major Drilling
Matrix matched standard	MMS
Metre(s)	m
Micon International Limited	Micon
Million (eg million tonnes, million ounces, million years)	M (Mt, Moz, Ma)
Milligram(s)	mg
Millimetre(s)	mm
Minera Hecla S.A. de C.V.	Hecla

Name	Abbreviation
Minera Tepal S.A. de C.V.	Minera Tepal
Mineral resource estimate	MRE
Nearest Neighbour	NN
Net present value, at discount rate of 8%/y	NPV, NPV8
Net smelter return	NSR
North American Datum	NAD
Not available/applicable	n.a.
Notice of Intent	NOI
Ordinary kriging	OK
Ore Research and Exploration Pty Ltd.	OREAS
Ounces (troy)/ounces per year	oz, oz/y
Parts per billion, part per million	ppb, ppm
Percent(age)	%
Qualified Person	QP
Quality Assurance/Quality Control	QA/QC
Reverse Circulation	RC
Short tons (US)	ST
Short-wavelength infrared	SWIR
Specific gravity	SG
Square kilometre(s)	km^2
SRK Consulting (Global) Limited	SRK
Standard Reference Material(s)	SRM(s)
System for Electronic Document Analysis and Retrieval	SEDAR
Teck Resources Inc.	Teck
Three-dimensional	3D
Tonne (metric), tonnes per day, tonnes per hour	t, t/d, t/h
Tonne-kilometre	t-km
Two-dimensional	2D
United States Dollar(s)	USD
US Geological Survey	USGS
US Securities and Exchange Commission	SEC
Universal Transverse Mercator	UTM
Year	y

2.5 Previous Technical Reports

A number of previous Technical Reports have been written for the Tepal Project and these are listed in Section 28 of this Technical Report.

3.0 RELIANCE ON OTHER EXPERTS

In this Technical Report, discussions in Sections 1.0 and 4.0 regarding royalties, permitting, taxation and environmental matters have relied on the representations and documentation provided by Defiance Silver.

All data used in this report were originally provided by Defiance Silver and its subsidiary. The QPs have reviewed and analyzed these data and have drawn their own conclusions therefrom.

The QPs and Micon offer no legal opinion as to the validity of the title to the mineral concessions claimed by Defiance Silver and have relied on information provided by Defiance Silver. Defiance Silver has provided to Micon a copy of a legal opinion on the property titles which was completed by Mauricio Heiras Garibay, Attorney at Law in the Republic of Mexico.

Information related to royalties, permitting, taxation and environmental matters has been updated by Defiance Silver through personal communication with the QPs. Previous NI 43-101 Technical Reports, as well as other references are listed in Section 28.0.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 General Description and Location

The Tepal Project is located in the municipality of Tepalcatepec, Michoacán State, in south-western Mexico. The Tepal property is centred at 19° 7’ 40” Latitude and 102° 56’ 8” Longitude or 2,116,257 mN and 717,161 mE, Zone 13Q (UTM - NAD 83). The average elevation is 550 amsl. Figure 4.1 illustrates the location of the Tepal Project and the infrastructure surrounding it.

Figure 4.1
Location Map of the Tepal Property

Source: 2012 Micon Technical Report.

4.2 Land Tenure, Agreements, Mineral Rights and Ownership

4.2.1 Land Tenure and Mining Concessions

In Mexico mining concessions are valid for 50 years from the date the title number is granted. To maintain a concession in good standing, concession holders must pay annual fees during the life of the concession. These fees (in Mexican pesos) are payable to the Federal government in January and July of each calendar year and are based upon the size of the mining concession. Failure to pay these fees may result in the cancellation of the mining concession.

The Tepal property consists of 6 concession titles covering a total area of 3,321 hectares, details which are provided in Table 4.1, Figure 4.2 and Figure 4.3. The concession location information is contained in the mineral title documents and has been verified against the data available in the Public Registry of Mining (Registro Público de Minería [RPM]) of the Dirección General de Minas [DGM] of Mexico. A legal opinion on the property titles was completed by Mauricio Heiras Garibay, Attorney at Law in the Republic of Mexico. The primary mineral concession monument is shown in Figure 4.4.

Five of the concessions are 100% owned and duly registered in the name of Geologix Explorations Mexico S.A. de C.V. (Geologix), a Mexican subsidiary of Defiance Silver Corp.

The Tepal Div. 1 concession is in the name of Minera Tepal S.A de C.V., with whom Geologix has an option to purchase agreement.

4.2.2 Agreements, Mineral Rights and Ownership History

4.2.2.1 Agreements and Ownership

Arian Silver de Mexico S.A. de C.V. (Arian) originally optioned the internal concessions (La Esperanza Fracción 1, Tepal, Tepal Fracción 1, Tepal Fracción 2, Tepal Fracción 3) from Minera Tepal S.A. de C.V. (Minera Tepal) for USD 5M to gain 100% interest in the property, subject to a 2.5% net smelter return royalty (NSR).

By April 4, 2011, Geologix had completed the purchase of the internal concessions from Arian along with Arian's obligations to Minera Tepal, subject to the 2.5% NSR. There is a first-right-of-refusal on the Minera Tepal NSR royalty should Minera Tepal elect to sell the royalty.

On April 16, 2018, Geologix announced its intention to change its name to ValOro Resources Inc. (ValOro). Along with the name change Geologix consolidated its common shares on the basis of one post consolidation share for every 10 pre-consolidation shares.

On November 5, 2018, Defiance Silver and ValOro signed a Definitive Arrangement Agreement to complete a transaction whereby Defiance Silver acquired all of the issued and shares of outstanding ValOro shares (the "Transaction").

On December 31, 2018, Defiance Silver completed the Transaction under the Business Corporations Act (British Columbia). Former ValOro shareholders received 0.71 Defiance Silver shares for each ValOro share held.

As consideration, the Defiance Silver issued 15,421,520 common shares at a value of $3,855,380. As part of the arrangement, all unexercised ValOro stock options and warrants were replaced with 1,371,011 stock options and 1,357,708 warrants of Defiance Silver at the exchange ratio of 0.71. Defiance Silver incurred $27,409 in transaction costs and $260,630 in severance costs relating to the acquisition, and these costs were capitalized as part of the acquisition. The acquisition of ValOro and its Mexican subsidiary, Geologix, has been treated as an acquisition of exploration and evaluation assets.

Table 4.1
Summary of the Tepal Mineral Concessions

Mineral Concession Name	Title Number	Area (ha)	Title Date	Expiry Data	Mexican Bi-Annual Payments (MXP $)	Title Holder
Tepal	219924	986	2003-06-05	2053-05-06	$209,389	Geologix Explorations Mexico S.A. de C.V.
Tepal Fracc. 1	216874	140	2002-06-05	2053-08-17	$29,732	Geologix Explorations Mexico S.A. de C.V.
Tepal Fracc. 2	216875	70	2002-06-05	2053-08-17	$14,866	Geologix Explorations Mexico S.A. de C.V.
Tepal Fracc. 3	216876	90	2002-06-05	2053-08-17	$19,113	Geologix Explorations Mexico S.A. de C.V.
La Esperanza Fracc. 1	216873	120	2002-06-05	2053-06-05	$25,483	Geologix Explorations Mexico S.A. de C.V.
Tepal Div.	246522	1,15	218-06-23	2053-06-27	$400,687	Minera Tepal S.A. de C.V.
Total:		**3,321**			**$705,270**	

Table supplied by Defiance Silver, August, 2024

Figure 4.2
Tepal Property Mineral Concession Map in relation to the Town of Tepalcatepec

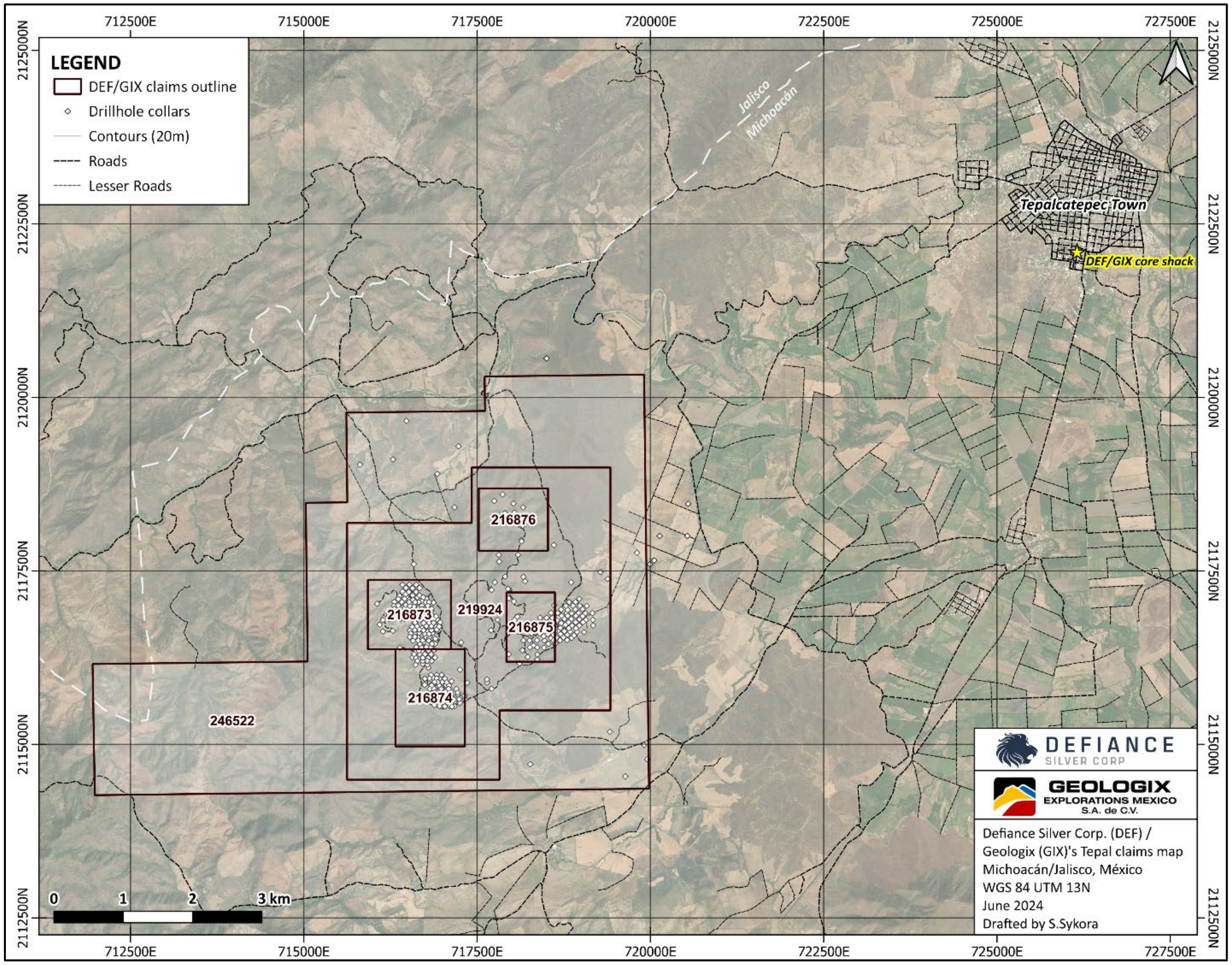


Figure supplied by Defiance Silver, June, 2024.

Figure 4.3
Close-up View of the Tepal Property Concessions

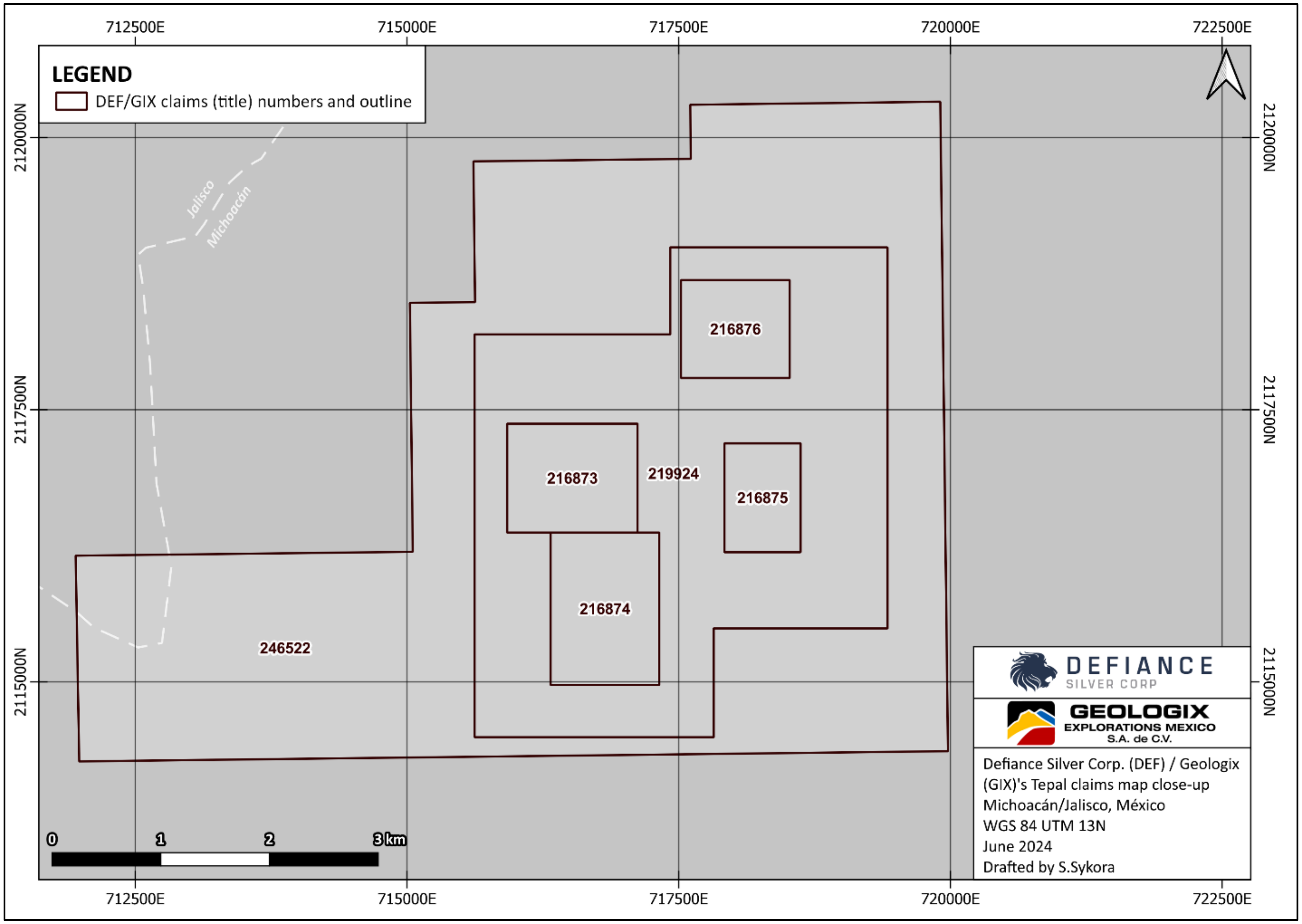


Figure supplied by Defiance Silver, June, 2024.

Figure 4.4
Views of the Primary Mineral Concession Monument for the Tepal Project

Micon 2024 site visit.

On January 7, 2019, Defiance Silver Corp. (Defiance) and ValOro announced that their friendly merger had been completed as of December 31, 2018.

On December 16, 2020, Defiance Silver announced that Geologix Explorations Mexico, S.A. de C.V. (Geologix Explorations Mexico), a subsidiary of Defiance Silver, had acquired an option to repurchase the royalty on its Tepal Project from Minera Tepal. Defiance Silver has the option to acquire the existing 2.5% NSR from Minera Tepal over four years for total consideration of USD $4.85 million. Payments may be accelerated at the option of the purchaser.

On January 27, 2021, Defiance Silver announced that it had entered into an option agreement with Minera Tepal to acquire the Tepal Div. 1 mining concession, which surrounds the central concessions of the original Tepal property acquisition. Defiance Silver agreed to pay the annual concession fees until a production decision has been made, at which point Defiance Silver will pay the vendor $2 million USD for 100% ownership of the Tepal Div. 1 mining concession.

On June 24, 2022, Defiance Silver announced that it had become aware that certain mineral concessions of its Tepal Project had been illegally and fraudulently transferred to a third-party individual without its knowledge or consent.

On October 27, 2022, Defiance Silver announced that the case initiated against the illegal and fraudulent transfer of those mineral concessions had been admitted for trial by a District Court in Michoacán, Mexico.

During the period ending December 31, 2022, Defiance Silver renegotiated and extended the terms of its Tepal NSR repurchase option agreement by a year and a half from December 16, 2024 to June 30, 2026. An additional option payment of $100,000 USD was made on January 15, 2023, bringing the total consideration over the term of the agreement to $4.95 million USD.

On February 15, 2024, Defiance Silver announced the favourable ruling of the Mexican Court, dated February 13, 2024, to restore its ownership to the illegally transferred mining concessions forming part of the Tepal Project.

In its judgement, the Court confirmed the nullity of the transfer of the concessions, ordered the cancellation of the transfer of title and recognized Geologix Explorations Mexico, a subsidiary of Defiance Silver, as the legitimate and the rightful owner of the concessions. The judgement was fully enforceable at the expiration of a 9-day appeal process period which expired on February 27, 2024.

On March 6, 2024, Defiance Silver reported that no appeal had been filed in connection with the favourable ruling of the Mexican Court restoring Defiance Silver's rightful ownership to the mining concessions forming part of the Tepal Project. As a result, Geologix Explorations Mexico is now confirmed as the legitimate and rightful owner of the concessions.

4.2.2.2 Mineral Rights

Taxes for mining concessions in Mexico are based on the amount of time elapsed from the date the concession title was issued and the number of hectares covered by the concessions. These taxes are paid twice per year and Table 4.1, included previously, summarized the current taxes in Mexican Pesos that are paid bi-annually.

Assessment work is calculated on the same basis as property taxes. The assessment work commitment for the property has been met for each year that Defiance Silver has owned the concessions and sufficient assessment work credits are available to meet the requirements for 2024.

4.2.2.3 Surface Rights

The majority of surface rights for the property are owned by three individuals. Some of the peripheral areas of the concession are owned by several parceled land-owners. Defiance Silver is currently in active negotiations with the surface rights holders to enter into a surface rights agreement.

4.3 PERMITTING AND ENVIRONMENTAL LIABILITIES

4.3.1 Permitting

Exploration and mining activities in Mexico are regulated by the General Law of Ecological Equilibrium and Environmental Protection (Ley General de Equilibrio Ecologico y Proteccion al Ambiente [LGEEPA]), and the regulations pertaining to the Environmental Impact Assessment [REIA]. Laws pertaining to mining and exploration activities are administered by SEMARNAT and the Federal Attorney for Environmental Protection (Procuraduria Federal de Proteccion al Ambiente [PROFEPA]) enforces SEMARNAT laws and policy.

Defiance Silver is allowed to carry out exploration activities in areas in which the environment has been previously impacted, such as existing dirt roads or zones devoid of vegetation. The Project is not located within any specially protected, federally designated, ecological zones, known as Áreas Naturales Protegidas (ANP).

Exploration activities that are expected to generate impacts to the physical or social environment that are assessed as potentially of low significance by the regulators are regulated under Norma Oficial Mexicana-120-SEMARNAT-1997 (NOM-120-SEMARNAT-1997), and its subsequent modifications.

SEMARNAT authorizes activities that fall below the specified threshold under Article 31 of the LGEEPA, and requires the submission a report known as Informe Preventivo. Defiance Silver plans to acquire the appropriate permits to conduct further exploration on the property through the submission of an Informe Preventivo report.

4.3.2 Environmental Considerations

The operations of Defiance Silver are subject to environmental regulations promulgated by government agencies. 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. In addition, certain types of operations require the submission and approval of environmental impact assessments.

Environmental legislation is evolving in a manner which imposes stricter standards, and more stringent enforcement fines and penalties for non-compliance. Future legislation and regulations could result in additional expenses, capital expenditures, restrictions, liabilities, and delays in the development of Defiance Silver's properties, the extent of which cannot be predicted. 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.

4.4 MICON QP COMMENTS

Micon and the QPs are not aware of any significant factors or risks besides those discussed in this report that may affect access, title or right or ability to perform work on the property by Defiance Silver or any of its contractors. It is the QPs' understanding that further permitting and environmental studies would be required if the Project were to advance beyond the current exploration stage.

The Tepal Project is currently an exploration property and has no outstanding environmental liabilities from prior mining activities. The Tepal Project area is large enough to accommodate the necessary infrastructure to support a mining operation, should the economics of the mineral deposits be sufficient to warrant production.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 ACCESSIBILITY

The Tepal Project can be accessed year-round via the Carretera Federal 120 paved highway which traverses the southeastern portion of the property. The last 7.5 km to the centre of the property are on dirt roads.

A series of all-weathered roads and the Morelia-Lazaro Cárdenas Autopista (tollway) can be used to reach the capital of Michoacán State, Morelia, or Mexico's main west coast port of Lazaro Cárdenas within three and a half hours.

Two international airports service the area. The General Francisco J. Mujica International Airport located in Morelia is approximately a four-and a half hour drive northeast of the Project, while the Ixtapa Zihuatanejo International Airport located in Zihuatanejo, Guerrero, is approximately five hours south of the Project. The closest domestic airport to the Project is the Pablo L. Sidar Airport located in Apatzingán, which is approximately one hour drive southeast of the Project area.

5.2 CLIMATE

The annual rainy season is usually from June to October while the dry season extends from late November to May. Heavy rains during the rainy season can limit access to the property by turning the dirt roads into mud and/or producing wash outs in various locations.

Average annual precipitation ranges from 500 to 700 mm (Murphy et al, 2011). The daytime temperatures range from 27 to 40°C, with an average annual temperature between 28 to 30°C.

5.3 PHYSIOGRAPHY

The Tepal property lies within rugged terrain, part of the northeast side of the Mexican Coastal Range. The elevation on the property ranges from 500 to 700 m. The elevation immediately around the deposit ranges from 550 to 650 m. There are large flat areas immediately south and northeast of the property that can be used for mine related infrastructure. A small relatively flat area between the three deposits has been considered in the past as a potential mill site. Figure 5.1 and Figure 5.2 are views of portions of the Tepal property.

Vegetation consists of thorny brush, small trees and occasional cacti.

Figure 5.1
A View of the Tepal Project

Micon 2024 site visit.

Figure 5.2
A Second View of the Tepal Project

Micon 2024 site visit.

5.4 INFRASTRUCTURE AND LOCAL RESOURCES

The closet town to the property is Tepalcatepec, with a population of approximately 30,000 inhabitants. Services available in Tepalcatepec include lodging, a number of small restaurants, gasoline stations, a variety of small hardware, grocery, and retail stores, and an open-air market. Defiance Silver's Mexican subsidiary Geologix has a secure warehouse for core and rejects sample storage in Tepalcatepec. Figure 5.3 is a view of the warehouse.

Figure 5.3
Geologix Secure Warehouse in Tepalcatepc

Micon 2024 site visit.

Apatzingán, located approximately 55 km southeast of Tepalcatepec, has a population of approximately 90,000. It is the closest town with scheduled domestic air service from Pablo L. Sidar Airport.

Morelia is the capital of Michoacán State and has a population of approximately 550,000. All regional government and utility offices are located in Morelia. Morelia has an international airport with daily connections to Mexico City and the United States. Morelia is connected to the autopista highway system, and both Guadalajara and Mexico City can be reached within half a day's drive.

There is a three-phase power line located 7 km east of the deposits. A major power substation is located 2 km east of the town of Tepalcatepec. La Comisión Federal de Electricidad (CFE), the federal power authority in Mexico, has indicated that sufficient power is available to meet the needs of the Project. A power line between the substation and the Project could be constructed and power provided from the local electrical grid. However, at present, there is no power supply at the Project.

There are a series of aqueducts and canals that provide irrigation water to the farms surrounding Tepalcatepec. These aqueducts are fed by several reservoirs in the region. Water for the mine may be available from this reservoir system; however, the Project water table appears to be shallow, based on the property wide drill hole information and, therefore, make-up water for the plant is envisioned to come from new water wells and run-off collection ponds. Several wells in the area of the Project indicate that the water table is generally located approximately 3 m below the surface.

The dominant land use centred around the three deposits is non-agricultural, due to the steep terrain and thick brush. However, some of the peripheral land is used for grazing cattle and goats. The crops grown in primary arable land, at the edges of the property, are sorghum and corn.

5.5 Micon QP Comments

Mexico is a major mining jurisdiction so finding a workforce for a mining operation should not be difficult. The QP believes that sufficient water and power sources are available, either on site or within a short distance, to service any mining operation at the Project, should sufficient mineral resources be located on the property. The QP notes the mineral property is sufficiently large, with a number of flat areas, such that construction of further infrastructure at the Project should not be hindered by lack of space.

6.0 HISTORY

It should be noted that the historical resource estimates referenced in this section are not being relied upon nor are they considered current by either Defiance Silver or the QPs of this Technical Report. Additionally, a qualified person has not done sufficient work to classify these historical resource estimates as current. The historical mineral resource estimates are referred to here for the sole purpose of demonstrating the extent of the historical work conducted at the Tepal Project.

The Tepal Project is located in the Coalcoman Mining Region in the State of Michoacán near the border with the State of Jalisco which, since the 19th Century, has been considered one of the state's most prospective regions. Over the years, exploration on the Tepal Project has concentrated on three main mineralized zones: the North Zone, the South Zone and the Tizate Zone.

The presence of a few small surface workings and several old generations of punto de partido, or concession survey monuments (beacons), in the area of the North and South Zones provide evidence of past exploration on the property prior to the 1970s. However, there is no anecdotal or written evidence of exploration work that may have been conducted on the mineral concessions.

6.1 HISTORICAL EXPLORATION AND MINERAL RESOURCE ESTIMATION WORK 1970S TO 1990S

6.1.1 1972 to 1974, International Nickel Company of Canada, Ltd (INCO)

In 1972, INCO identified the Tepal and the Tizate gossans and associated copper mineralization (Copper Cliff, 1974). INCO worked through its Mexican subsidiary DRACO, although the sole surviving report from this time period was prepared by Copper Cliff. Limited data remains from the INCO period.

The Tepal and Tizate gossans were originally considered as separate entities but were eventually evaluated by a single soil grid. Soil samples were analyzed for copper, molybdenum, zinc and gold and anomalous copper zones were identified. In early 1973, six diamond drill holes (DDH) (57001 to 57006) were drilled in the Tepal gossan. Geologic mapping and an Induced Polarization (IP) survey were completed during the winter of 1973 to 1974. IP anomalies were found to be generally confined to geochemically anomalous copper zones. According to Shonk (1994), a summary map showing the extent and strength of interpreted anomalous IP response along each line, in conjunction with molybdenum in soil anomalies, drill hole locations, and photocopies of contoured IP sections were all available. The summary map indicated a strong to moderate IP response over and peripheral to the North Zone, a moderate IP response just south of the South Zone, and a number of lines with weak to strong IP anomalies coinciding with the broad zone of soil geochemical anomalies on the east side of the property. At the time that Shonk (1994) prepared his report, many of the IP anomalies had not been drilled.

Between 1973 and 1974, INCO drilled at least 21 diamond drill holes (DDH), utilizing a Longyear 38 core rig from Boyles Brothers Drilling. Holes were collared with NX (core - 54.7 mm) and reduced to BX (42.0 mm). Sample intervals ranged from 0.2 to 3.0 m and averaged 2.0 m. INCO drilled the North and Tizate

Zones since the South Zone had not been identified at that time. The total number of drill holes is unknown, as is the total length of the entire drill program, due to incomplete documentation.

INCO developed a historic (pre-NI 43-101 guidelines) resource estimate of 27 Mt averaging 0.33% Cu and 0.65 g/t Au during this time. The methodology used to develop the estimate is unknown. This estimate was used to attract investment by other companies to the property but, ultimately, INCO abandoned the Project. INCO, however, stressed, at the time, that further drilling was required to define the width of the mineralized zones.

6.1.2 1992 to 1994, Teck Resources Inc. (Teck)

Teck acquired the property in late 1992. Work completed by Teck included geologic mapping, the collection of over 200 rock samples for multi-element analysis, the construction of more than 60 km of grid lines, the collection of 1,268 soil samples and 50 rock chip samples from the grid, the construction of 15 km of access roads and the completion of 50 reverse circulation holes (RC) totalling 8,168 m in four phases of work. Teck also undertook some metallurgical testing.

Only very limited data on the property remain from the Teck period on the property. There is one report, a variety of hand-drafted maps, drill logs and sample pulps from the drilling program. No duplicate samples or coarse rejects are available for review or analysis and there are no original assay certificates for data verification purposes.

Initial mapping on the property was conducted by Richard L. Nielsen, a Denver-based consultant. Nielsen mapped the property at a scale of 1:5,000 and collected 165 samples for multi-element analysis. The west side and portions of the east side of the property were subsequently remapped by another consultant at scales of 1:2,000 and 1:1,000 on a grid base.

The early grid covered the western part of the mineralized area and part of the eastern half with a line spacing of 100 m and a station spacing of 50 m over areas of known mineralization and alteration and a station spacing of 100 m outside areas of known mineralization and alteration.

In late 1993 and early 1994, Teck completed a soil sampling program. Grid lines were generally spaced 200 m apart and sample spacing was 100 m in non-anomalous areas. Over anomalous areas, line spacing was reduced to 100 m and sample spacing to 50 m. A total of 1,268 soil samples and 50 rock chip samples were collected from all phases of soil sampling. Soil samples were analyzed for copper and gold and most rock chip samples were analyzed using multi-element Inductively Coupled Plasma (ICP). According to Shonk (1994), values from both soil and rock samples showed a strong positive correlation.

While the North Zone was known from previous INCO drilling, soil geochemistry as well as geologic mapping by Teck delineated the South Zone as a new target. Both the North and South Zones occur as well-defined coherent anomalies. A broad zone of less coherent anomalous copper values covers a 1.5 x 2.0 km area on the east side of the property with three poorly defined highs. Gold values show the same general pattern, though anomalies are more subdued on the east side of the sampling grid.

There are no surviving contoured soil geochemistry maps of the property based on the Teck data. There is a map prepared by Minera Hecla S.A. de C.V. (Hecla), showing the Teck soil sample locations and values in conjunction with their own, but the Teck data had not been contoured.

In 1994, Teck drilled 50 RC drill holes totalling 8,169 m. The drilling contractor employed by Teck is unknown, as are the drilling procedures.

The majority of Teck's drill holes were drilled in the North and South Zones, although a few holes were drilled in the Tizate area. A differential GPS survey was conducted in late January, 1994, to locate the INCO holes and the first 24 Teck holes, as well as roads, key grid points, concession monuments and planned drill holes. Compass and tape surveys were used to establish coordinates of later drill holes and map access roads constructed after the survey.

Samples were collected approximately every 2 m (3 per 20-foot drill rod) for the first 24 holes and every 1.5 m (5 ft intervals) for holes T-25 through T-50. A duplicate analytical sample was collected every tenth sample interval. All drill samples were analyzed for copper and gold at Chemex (now ALS Chemex or ALS). An additional 123 samples from selected intervals were analyzed for silver, cobalt, copper, iron, manganese, molybdenum, nickel, lead and zinc using a multi-element Inductively Coupled Plasma (ICP) procedure.

Drilling at Tepal generally indicated that the best values were present within 150 m of the surface. Significant intercepts at greater depths were confined to the cores of the North and South Zones resource area.

Preliminary metallurgical tests were also conducted on a few selected intervals of mineralized intercepts from drill hole IN57002.

In 1994, Teck completed an historic resource estimate (pre-NI 43-101 guidelines). The resource estimate was a polygonal block estimate, based on the manual definition of polygonal blocks on computer drafted drill sections, using manual composited intercept intervals. The total for all categories was 78.8 Mt grading 0.40 g/t gold and 0.25% copper, with drill indicated resources totalling 55.8 Mt grading 0.51 g/t gold and 0.26% copper. The South Zone had a drill indicated resource of 24.3 Mt, averaging 0.55 g/t gold and 0.25% copper. The North Zone had a drill indicated resource of 31.6 Mt, averaging 0.49 g/t gold and 0.27% copper. It should be noted that the historical resource categories defined by Teck were drill indicated, drill Inferred and projected, and do not directly correspond to the current categories of Mineral Resources defined in the CIM Definition Standards on Mineral Resources and Reserves (Canadian Institute of Mining, Metallurgy and Petroleum, 2014).

6.1.3 1996 to 1998, Minera Hecla S.A. de C.V. (Hecla)

In late 1996, Hecla visited the property and initiated a work program in the spring of 1997. Hecla's expenditures on the property are unknown; however, Hecla's primary focus on the property was to define a large tonnage, low-grade gold target.

Work by Hecla included the creation of a 1:2,000 scale topographic map from aerial photographs, a geologic mapping program, the collection of nearly 900 rock chip samples on a 50 m by 50 m grid, the re-analysis of 298 pulps from the Teck reverse circulation drilling program, the completion of 17 RC drill holes totalling 1,506 m. All but three of the Hecla holes were drilled in the North Zone. The remaining three were drilled in the South Zone. Sample interval for the Hecla reverse circulation drilling program was 1.0 m.

The work completed by Hecla is the best documented of all the previous work. There are two reports prepared by the project geologist, assay data in digital form and some documentation for the resource estimate. Hand-written drill logs are also available. Most of the maps generated by Hecla remain, at least in electronic form. Sample splits and chip trays are available from the Hecla drilling. Four of the sample splits were re-sampled by ACA Howe for grade verification purposes.

Hecla mapped the property at a scale of 1:2,000. Mapping was intended to define lithologic units and the type, intensity and extent of mineralization and hydrothermal alteration. There is no mention in the Hecla reports as to whether geologic mapping was done on the rock chip sampling grid. Roads were located using a compass and tape.

In 1997, Hecla collected 895 rock chip samples from trenches, road cuts and constructed a north-south grid on the property. The grid covered an area measuring approximately 1,000 m in a north-south direction and 750 m in an east-west direction. Grid lines were spaced 50 m apart.

Hecla defined a large copper anomaly with the concave portion of the anomaly open to the southwest. The anomaly was defined by copper values in excess of 301 ppm copper in rock. This anomaly measured approximately 1,100 m in length and 125 m in width and was open to the northeast and the south. Within this large anomaly were three strongly anomalous areas defined by copper values exceeding 1,000 ppm. The largest of these strong anomalies measured approximately 300 m by 230 m and generally defined the North Zone.

The gold anomaly defined by Hecla was more restricted in aerial extent. The anomaly was defined by gold values in excess of 200 ppb or 0.2 g/t Au in rock and was open to the south and southeast. The anomaly trended 320° and measured approximately 700 m by 215 m. Within this anomaly was a smaller, very strong anomaly in which all values exceed 910 ppb or 0.91 g/t Au. This anomaly measured approximately 230 m by 80 m and generally corresponded to the North Zone.

In order to confirm the analytical results from the Teck drilling, Hecla re-analyzed 298 pulps from some of the Teck DDH (i.e. T-9, T-13, T-23, T-24, T-25 and T-30). Results of the Hecla re-analysis indicated that the values obtained by Hecla were 7% higher than those obtained by Teck. Since Hecla's primary focus was gold, ACA Howe presumed that this difference was for gold values only.

Hecla's work included the completion of a historic resource estimate (Gómez-Tagle, 1997 and 1998). Although all samples were analyzed for copper and gold, Hecla did not include copper in its resource estimate. The resource estimate was a polygonal block estimate based on manual definition of polygonal blocks on computer drafted drill sections, using manual composited intercept intervals. The total resource for oxide and sulphide material in the North and South Zones was 9.1 Mt averaging 0.90 g/t Au and containing 262 koz of gold.

6.1.4 Micon QP Comments (1972 to 1998 Historical Resource Estimates)

The historical estimates prepared by INCO, Teck and Hecla are believed to have been conducted using best practices at the time they were completed. However, these historical estimates are no longer relevant, and they are presented in this report as a reference to the extent of the historical work conducted on the Tepal Project. Neither Micon's QPs nor Defiance Silver are treating the historical estimates prepared by INCO, Teck and Hecla as current and a qualified person has not done sufficient work to classify these historical resource estimates as current. Section 6.3 contains a further discussion regarding historical mineral resource classification categories, versus the current acceptable mineral resource classification categories.

6.2 HISTORICAL EXPLORATION AND MINERAL RESOURCE ESTIMATE WORK 2007 TO 2011

6.2.1 2007 to 2009, Arian Silver de Mexico S.A. de C.V. (Arian)

6.2.1.1 2007 to 2009 Exploration Programs

The Phase 1 diamond drilling campaign was completed in June, 2008, consisting of 42 holes totalling 7,180 m. Drilling was carried out using two Boart Longyear 38 drill rigs owned and operated by Geotechnica, Igenieria y Construction, S.A. de C.V. (GICSA), of Paseos de Taxquena, Mexico, D.F, Mexico.

The majority of the initial diamond drilling was carried out using HQ drill steel (core - 63.5 mm) and reduced, if required to NQ (core - 47.6 mm). Drill core was not oriented for the Phase 1 program.

6.2.1.2 2007 to 2009 Mineral Resource Estimates

In April, 2008, ACA Howe International Limited (ACA Howe) compiled a Mineral Resource estimate using an inverse weighted method to the third power (ID^3). The constrained +0.18 g/t Au mineralized zones at Tepal were interpolated to have a total Inferred Mineral Resource of 78.8 Mt grading 0.47 g/t Au and 0.24% Cu at a zero cut-off grade for approximately 1.18 M oz Au and 421.5 M lbs Cu.

In September, 2008, ACA Howe undertook a NI 43-101 Technical Report, which included a Mineral Resource estimate. A block model was created and constrained by interpreted geological wireframe solids of the North and South Zones. The blocks were interpolated using ID^3. The North and South Zones were estimated to contain an Indicated Mineral Resource of 25 Mt grading 0.54 g/t Au and 0.27% Cu and an Inferred Mineral Resource of 55 Mt grading 0.41 g/t Au and 0.22% Cu, constrained by a 0.18 ppm Au envelope that honoured geology. This resource estimate did not include the Tizate Zone.

Micromine software was used to generate a wireframe restricted, linear block model resource estimate of contained gold and copper over the Project, using ID^3.

6.2.2 2010 to 2011, Geologix Explorations Inc. (Geologix)

6.2.2.1 2010 to 2011 Exploration Programs

In 2010, Geologix completed a 42-hole diamond drill program totalling 10,656 m. There were 26 holes that defined the North and South Zone deposits and 14 holes that targeted the Tizate Zone. Two additional holes were completed between the North/South Zones and the Tizate Zone.

Geologix continued to drill the Tepal (North and South Zones) and the Tizate Zones throughout 2011. In 2011, 202 drill holes were completed, totalling 41,248 m. The focus of this diamond drill program was to infill the three deposits, thereby upgrading the mineral resource categories.

In addition to the infill drill holes, there were a series of wide-spaced condemnation and geotechnical holes that were completed on the property. There were seven in-pit geotechnical drill holes totalling 1,354 m and a total of six condemnation holes totalling 298 m.

6.2.2.2 2010 to 2011 Historical Mineral Resource Estimates

SRK completed a Preliminary Economic Assessment Technical Report (PEA) on October 8, 2010, and a Preliminary Assessment Technical Report (PA) on April 29, 2011. A new mineral resource estimate was completed as part of the 2011 Preliminary Assessment Technical Report (Murphy et. al., 2011). This estimate included the North, South and Tizate Zones. There was a re-examination of all domains in the three deposits. New drilling results up to 2010 were included in the drill database.

New models were constructed by Geologix, using envelopes that utilized a US$8.70 equivalent cut-off based on prices of US$900/oz for gold and US$2.75/lb for copper. The cut-off used in the models corresponded closely with the primary economic limits of the mineralization and was based on geological observations on the type and intensity of alteration, veining and sulphide or oxide mineralization.

A digital terrain model (DTM) was created for each deposit to represent the base of the oxide zone which usually corresponded to the base of the hematite mineralization. There is a transition zone in the deposits, but it is generally narrow (i.e. 1 to 2 m), so a separate domain was not created for this zone.

Minimal top cuts were made for copper and gold after an outlier review was made of the data. The cumulative frequency inflection point method was used to determine the capping level.

A two-metre composite was chosen as the optimum length for the drill hole data. Variography was used to define the directions of grade anisotropy and spatial continuity of gold and copper grades. This data was used as input parameters for grade interpolation. There was insufficient data to generate correlograms for silver and molybdenum, therefore, the range and orientation parameters were taken from the corresponding copper correlograms.

Two block models were generated for Tepal (North and South) Zones and the Tizate Zone. A block size of 10 x 10 x 5 m was selected. There was no sub-blocking in the models. Gold and copper grades were interpolated on respective domains for Tepal and Tizate deposits, using the Ordinary Kriging interpolation method. Silver and molybdenum grades were only generated for the Tizate deposit. These grades were interpolated using the Inverse Distance Squared (ID^2) method.

In order to determine the quantities of material offering "reasonable prospects for economic extraction" (CIM definition) from an open pit, SRK used the Whittle pit optimizer to evaluate the profitability of each resource block based on certain optimization parameters selected from comparable projects. The optimization parameters include waste mining costs of US$1.00/t; mining and processing costs of US$5.60/t milled; overall pit slope angles of 45°; metallurgical recoveries of 60% and 78% were applied for gold in sulphide and oxide respectively and recoveries of 87% and 14% were applied for copper in sulphide and oxide. Appropriate dilution and off-site costs and royalties were also considered and applied where appropriate. A gold price of US$1,200/oz and a copper price of US$3.00/lb were used (Murphy et. al. 2011).

Based on the above, SRK estimated that the Tepal and Tizate deposits contained 57.8 Mt of Indicated Mineral Resources grading 0.42 g/t Au and 0.24% Cu, at a cut-off grade of US$5.00 equivalent value. The deposits contained an additional 93.2 Mt grading 0.28 g/t Au and 0.20% Cu classified as Inferred Mineral Resource at a cut-off grade of US$5.00 equivalent value (Murphy et. al. 2011).

6.2.2.3 2012 Mineral Resource Estimate

In 2012, Micon was retained by Geologix to update the 2011 SRK mineral resource estimate for the Tepal Project. The 2012 mineral resource estimate update was warranted, since Geologix had completed more than 40,000 m of infill diamond drilling in 2011.

The 2012 mineral resource estimate had an effective date of March 29, 2012 and was, at the time, classified in accordance with CIM (2010) Definition Standards and was prepared and disclosed in compliance with the disclosure requirements for mineral resources or reserves set out in the NI 43-101 Standards of Disclosure for Mineral Projects (2011) when originally disclosed by Geologix.

Table 6.1 summarizes the 2012 measured and indicated mineral resource estimate for the Tepal Project, while Table 6.2 summarizes the 2012 inferred mineral resource estimate. The 2012 mineral resource estimates cover 3 known zones of mineralization (North, South and Tizate) at the Tepal Project. The total measured and indicated resources are 187,766 kt grading 0.30 g/t gold, 0.20 % copper, 1.54 g/t silver and 0.004 % molybdenum, containing 1,804 koz gold and 813 mlb copper. The total inferred resources are 35,743 kt grading 0.16 g/t gold, 0.15 % copper, 1.68 g/t silver and 0.006 % molybdenum, containing 181.7 koz gold and 120.4 mlb copper.

The 2012 mineral resource was estimated using the Ordinary Kriging method. A pit shell for each deposit, that provided the limit for defining material, was created based on metal price of USD 1,300/oz of gold and USD 3.30/lb of copper. The 2012 mineral resources were reported using a US $5/t equivalent value cut-off.

Table 6.1
2012 Measured and Indicated Mineral Resources*

Deposit	Resource Category	Tonnage (kt)	Average Grade				Contained Metal	
			Au (g/t)	Cu (%)	Ag (g/t)	Mo (%)	Au (koz)	Cu (Mlb)
Tepal North	Measured	14,067	0.50	0.29	0.78	0.002	228	89
	Indicated	55,320	0.30	0.21	1.01	0.002	533	525
	M + I	69,387	0.34	0.22	0.96	0.002	761	341
Tepal South	Measured	20,011	0.47	0.22	1.07	0.002	300	96
	Indicated	20,993	0.45	0.20	1.17	0.002	305	91
	M + I	41,005	0.46	0.21	1.12	0.002	605	187
Tizate	Measured							
	Indicated	77,375	0.18	0.17	2.29	0.006	438	285
	M + I	77,375	0.18	0.17	2.29	0.006	438	285
Total	**Measured**	**34,078**	**0.48**	**0.25**	**0.95**	**0.002**	**528**	**185**
	Indicated	**153,688**	**0.26**	**0.19**	**1.67**	**0.004**	**1,276**	**628**
	M + I	**187,766**	**0.30**	**0.20**	**1.54**	**0.004**	**1,804**	**813**

*Notes for Table 6.1 and Table 6.2 have been combined and added after Table 6.2.

Table 6.2
2012 Inferred Mineral Resources*

Deposit	Resource Category	Tonnage (kt)	Average Grade				Contained Metal	
			Au (g/t)	Cu (%)	Ag (g/t)	Mo (%)	Au (koz)	Cu (Mlb)
Tepal North	Inferred	906	0.22	0.21	1.21	0.003	6.5	4.2
Tepal South	Inferred	412	0.40	0.16	0.95	0.002	5.3	1.5
Tizate	Inferred	34,426	0.15	0.15	1.70	0.007	169.8	114.8
Total	**Inferred**	**35,743**	**0.16**	**0.15**	**1.68**	**0.006**	**181.7**	**120.4**

*Notes for Table 6.1 and Table 6.2 have been combined and added after Table 6.2.

The following notes describe the data and methodology used to derive the 2012 resource estimate:

- Mineral resources were estimated in conformance with the 2010 CIM Mineral Resource and Mineral Reserve definitions referred to in NI 43-101, Standards of Disclosure for Mineral Projects (2011).
- The Tepal property 2012 mineral resource estimate was based on the data obtained from 353 drill holes.
- The dominant sample interval length is 2 m and, accordingly, the samples were composited to 2 m, honouring domain contacts. The minimum composite length was 1 m, with remnants and less than 1 m intervals added to the previous composite.
- Specific gravity (SG) samples were collected approximately every 50 m in the sulphide zone from all available Arian and Geologix core from the three deposits. Samples were taken from

mineralized and non-mineralized core for a total of 1,053 samples. SG determination for each sample was performed by ALS, Vancouver, BC, with the SG measurements derived by gravimetric methods. As a result, both the mineralized and unmineralized material in the oxide and sulphide domains for each of the three deposits was assigned a specific gravity measurement.

- The methods used to identify the level of capping were Decile Analysis and Log Probability plots. Capping was completed for gold, copper, silver and molybdenum for the oxide and sulphide domains for each of the mineralized deposits/zones at the Tepal Project. Capping was completed after generating the 2 metre composites.
- Geologix established a comprehensive QA/QC program consisting of Certified Reference Material standards, the inclusion of field blanks and pulp blanks, and the inclusion of field duplicates and externally assayed pulp duplicates. Approximately 20% of all samples submitted to the laboratory were quality control samples.
- Geologix undertook a program of historical pulp duplicate re-analysis on available pulp samples, to verify historical drill sample assay results. A total of 103 Hecla pulps and 1,688 Teck pulps were selected and sent for re-assay. Results of the re-assay program returned very similar results to the original data entered in the database for the historical drill holes, in most cases.
- In 2012, only INCO drill hole IN-57002 had been located by Arian and Geologix. Therefore, a lack of evidence for the INCO drilling on the ground suggested at the time that the INCO co-ordinates for the INCO drilling listed in the historical database were incorrect and the holes were removed from the 2012 resource study.
- Micon's QP obtained the Adobe Acrobat assay certificates of the drill hole assay database and verified approximately 5% of the drill hole assays. There were only minor errors in transferring some of the peripheral multi-element ICP data to the database which were then amended by Geologix. None of the main elements reported in the mineral resource were affected by these minor errors.
- Mineralogical models were generated by Geologix and used to constrain the grade estimation. Datamine Studio V3 mining software data was used to create block models of the three deposits. Grades were interpolated using the ordinary kriging method. The data were converted to Surpac V6.2 mining software to generate a pit shell for each deposit that provided the limit for defining material which offered a reasonable prospect for ultimate economic extraction.
- A cut-off equivalent value of US$ 5.00 per tonne was used to select a break-even mining cost for an open pit type operation. No underground resources were reported at the Tepal Project.
- Assumptions used to calculate soft pit constraint were Au Price US$ 1300/oz, Cu Price US$ 3.30/lb and Tizate Oxide Au Recovery - 68.8%, Cu Recovery - 6.8%, Tizate Sulphide Au Recovery - 66.2%, Cu Recovery - 85.3%, Tepal Oxide Au Recovery - 78.4%, Cu Recovery - 14.3% and Tepal Sulphide Au Recovery - 60.7%, Cu Recovery - 87.4%.
- The mineral resource classification was based on variography and the resulting search passes. For North and South Tepal, search pass 1 represented the Measured category, search pass 2 represented the Indicated category and search pass 3 represented the Inferred category. For

the Tizate, search pass 1 represented the Indicated category and search pass 2 represented the Inferred category. There are no Measured blocks in Tizate.

- Both Measured and Indicated categories were forced to look for 2 drill holes (maximum 4 composites per hole) and 5 composites in total. The Inferred category needed 1 drill hole (maximum 4 composites per hole) and 4 composites in total.
- The 2012 mineral resource estimate was conducted by David K. Makepeace, M.Eng., P.Eng. a Senior Geologist with Micon International Limited who has since retired.

The 2012 mineral resource estimate had an effective date of March 29, 2012 and, at the time, was classified in accordance with CIM (2010) Definition Standards and was prepared and disclosed in compliance with the disclosure requirements for mineral resources or reserves set out in the NI 43-101 Standards of Disclosure for Mineral Projects (2011) when disclosed by Geologix.

The 2012 mineral resources were used as the basis for the 2017 JDS PEA, however, there is no discussion in the 2017 JDS PEA Technical Report as to how the 2012 resources met the revised 2014 standards when the resource estimate was not revised to take into account lower metal prices and increased production costs in the intervening five years.

The 2012 mineral estimate has been superseded by the 2024 mineral resource estimate described in Section 14 of this Technical Report and will not be discussed further in this report.

6.3 DIFFERENCES IN HISTORICAL VERSUS CURRENT RESOURCE CLASSIFICATION DEFINITIONS

This section discusses the differences in the historical pre-CIM resource classification definitions described earlier in Section 6, as well as the differences in CIM resource classification definitions from 2000 to 2014.

6.3.1 Historical Pre – JORC or CIM Definitions

In the period before the current standardization of mineral resource and reserve classification definitions, a number of classification definitions could be applied to mineral resources or reserves. These generally depended upon the professional's training and experience, as well as the particular glossary or dictionary being used. Examples from the three commonly used glossaries or dictionaries are discussed below:

1. A Glossary of the Mining and Mineral Industry by Albert H. Fay (Fay's Glossary), first published in 1918 and reprinted in 1947, was for the longest time the standard authoritative reference work for technical and specialized terms related to mining and mineral industries. This Glossary defined the terms:
    - Prospective Ore: "Ore that cannot be included as proved or probable, nor definitely known or stated in terms of tonnage. See Possible ore, also Ore expectant. (*H.C. Hover, p.19*)."
    - Possible Ore: "Ore which may exist below the lowest workings, or beyond the range of actual vision. (*Min. and Met. Soc. Of Am. Bull.64, p. 262*)."

- Probable Ore: Any blocked ore not certain to be "in sight" and all ore that is exposed for sampling, but of which the limits and continuity have not been proved by blocking. Also, it includes any undiscovered ore of which there is a strong probability of existence. Ore that is exposed on either two or three sides. Whether two or three sides be taken as the basis will depend on the character of the deposit. (*Min. and Met. Soc. Of Am. Bull.64, pp. 258 and 262*).
- Positive Ore: "Ore exposed on four sides in blocks of a size variously prescribed. See Ore developed also Proved ore (H.C. Hoover, p. 17). Ore which is exposed and properly sampled on four sides, in blocks of reasonable size, having in view the nature of the deposit as regards uniformity of value per ton and of the third dimension, or thickness. (*Min. and Met. Soc. Of Am. Bull.64, p. 262*)."
- Proved Ore: "Ore where there is practically no risk of failure of continuity (*H.C. Hoover, p. 19*). See also Positive ore."
- Ore developed: Ore exposed on four sides in blocks variously prescribed. See Positive ore, also Proved ore. (H.C. Hoover, p. 17).
- Ore developing: Ore exposed on two sides. See Probable ore. (H.C. Hoover, p. 17).
- Ore expectant: The whole or any part of the ore below the lowest level or beyond the range of vision. See Possible ore, also Prospective ore (H.C. Hoover p. 17).

A number of other more archaic terms were also defined in the glossary such as "Ore-in-sight" which will not be described further here.

2. A Dictionary of Mining, Mineral and Related Terms by Paul W. Thrush and the Staff of the Bureau of Mines (U.S. Department of the Interior) was first published in 1968 and updated by the American Geological Institute (AGI) in 1997. This dictionary started out as an update to Fay's Glossary but the development of new mining and related technologies, as well as the expansion of the mineral industry, resulted in an updated and more comprehensive work of mining terminology. The dictionary defined the terms and, in some cases, where they were derived from, as follows:
    - Inferred Ore: "**a.** Ore for which quantitative estimates are largely based on broad knowledge of the geological character of the deposit and for which there are few, if any, samples of measurements. The estimates are based on an assumed continuity or repetition for which there is geologic evidence; this evidence may include comparison with deposits of similar type. Bodies that are completely concealed may be included if there is specific geologic evidence of their presence. Estimates of inferred ore should include a statement of the special limits within which the inferred ore may lie. (*Forrester, P.553*). **b.** Used essentially in the same sense as possible ore and extension ore (*A.G.I.*)"
    - Indicated Ore: "Ore for which tonnage and grade are computed partly from specific measurements, samples, or production data and partly from projection for a reasonable distance on geological evidence. The sites available for inspection, measurement and sampling are too widely or otherwise inappropriately spaced to outline the ore completely or to establish its grade throughout (*Forrester, p.553*)"

- Measured Ore: "Ore for which tonnage is computed from dimensions revealed in outcrops, trenches, workings and drill holes and for which the grade is computed from the results of detailed sampling. The sites for inspection, sampling, and measurement are so closely spaced and the geologic character is so well defined that the size, shape and mineral content are well established. The computed tonnage and grade are judged to be accurate within limits which are stated, and no such limit is judged to differ from the computed tonnage or grade by more than 20 percent. (*Forrester, pp. 552-553*)"
- Possible Ore: "**a.** A class of ore whose existence is a reasonable possibility, as based primarily upon the strength and continuity of geologic-mineralogic relationships and upon the extent of ore bodies already developed, and a measure of whose continuity is therefore available as a criterion of what may be expected as mining excavations progress into further reaches. Because of the comparative absence of mine workings which would reveal assay values, possible ore cannot be assigned a grade with any practicable certainty, nor can the quantity be expressed as a definite absolute amount. Also called extension ore. (*Forrester, p. 554*). Called future ore by some engineers. **b.** Ore exposed on only one side, its other dimensions being a matter of reasonable projection. Some engineers use an arbitrary extension of 50 to 100 feet. Others assume extension for half the exposed dimension. (*McKinstry, p. 470*). **c.** Ore which may exist below the lowest workings, or beyond the range of actual vision. (*Fay*)"
- Probable Ore: "**a.** A class of ore whose occurrence is to all essential purposes reasonably assured but not absolutely certain. A definite grade can be assigned to the tons thus classified, but mining excavations have not progressed to the stage where probable tons are available to current mining, although the tonnage could become ready for withdrawal in a relatively short time. The grade assigned to many probable ore blocks may be the grade determined for continuous developed blocks. Some probable ore thus distinguished may be the essential counterpart of some measured ore as classified under the governmental plan. (*Forrester, p. 554*). **b.** Ore partly exposed by development, sampling, driving or drilling, but not fully blocked out (that is, exposed in panels). Usually, such ore ranks as probable when exposed and sampled on two or three sides. (*Pryor, 3*)."
- Proved Ore: "Ore where there is practically no risk of failure of continuity. See also positive pre. (*Fay*)."
- Developed Ore: "Ore is so completely exposed that its yield with respect to tonnage and tenor is essentially certain and which, in addition, is available to immediate withdrawal by the mining method being employed. (*Forrester, p. 553*)"
- Probable Reserves: "Areas of coal or mineral lying beyond the developed reserves but still close enough to be considered proved within ordinary probability. Where the acreage of probable reserves is known from maps and surveys….."
- Proved Reserves: "Ore Deposit which has been reliably established as to its volume, tonnage and quality by approved sampling, valuing and testing methods supervised by a suitably qualified person. The proved reserve is the over-ridingly important asset of the mine, and by its nature is a wasting one from the start of exploitation save insofar

as it is increased by further development. (*Pryor, 3*). See also developed reserves. (*Nelson*)."

- Developed Reserves: "**a.** The tonnage of ore which has been developed, sampled and blocked out, or exposed on at least three sides. In coal mining, the tonnage of coal known to exist by development headings. Also called assured mineral (Nelson). b. Mineral reserves proved by underground penetration. (*Truscott, p. 177*)."

3. Glossary of Geology edited by Robert L. Bates and Julia A Jackson (Third Edition, 1987) defined the following terms:
    - Inferred Ore: "Ore for which there are quantitative estimates of tonnage and grade made only in a general way, based on geologic relationships and on past mining experience, rather than on specific sampling."
    - Indicated Ore: "Ore for which there are quantitative estimates of tonnage and grade, made partly from inference and partly from specific sampling. Cf: inferred ore; possible ore; potential ore. Syn: probable ore."
    - Probable Ore; **a.** A syn. Of Indicated ore. b. A mineral deposit adjacent to developed ore but not yet proven by development. Cf: extension ore.
    - Proved Ore: "Proved reserves"
    - Hypothetical Resources: Undiscovered mineral resources that we may still reasonably expect to find in known mining districts (*Brobst & Pratt, 1973, p. 4*). Cf: identified resources; speculative resources.
    - Speculative Resources: Undiscovered mineral resources that may occur either in known types of deposit in a favourable geologic setting where no discoveries had yet been made, or in as-yet-unknown types of deposit that remain to be recognized (*Brobst & Pratt, 1973, p. 2*). Cf: hypothetical resources; identified resources.
    - Identified Resources: "Specific bodies of mineral bearing rock whose existence and location are known (*Brobst & Pratt, 1973, p. 3*). They may or may not be evaluated as to extent and grade. Identified resources include reserves and identified subeconomic resources. Cf: hypothetical resources; speculative resources."
    - Identified subeconomic resources: "Mineral resources that are not reserves, but that may become reserves as a result of changes in economic or legal conditions (*Brobst & Pratt, 1974, p. 2*). Syn: conditional resources. See also: identified resources."
    - Proved reserves: "Reserves of metallic and nonmetallic minerals, and of oil and gas, for which reliable quantity and quality estimates have been made. Cf: developed reserves; positive ore. Syn. Proved ore.

From the three volumes noted above, it can be seen that, prior to the implementation of standard resource and reserve classifications as defined by CIM and JORC, among others, there was a wide variety of terms used to classify resource and reserve estimations. The various historical nomenclatures have been rendered obsolete now that the resource and reserve definitions have been largely standardized across several jurisdictions worldwide.

6.3.2 Differences in the Historical 2000, 2005 and 2010 CIM Resource Definitions Versus Current 2014 CIM Resource Definitions

6.3.2.1 Differences 2000 to 2005 CIM Definition Standards

On August 20, 2000, the CIM Council approved the CIM Standards on “Mineral Resources and Reserves – Definitions and Guidelines”. The CIM Definition Standards established definitions and guidelines for the reporting of exploration information, mineral resources and mineral reserves in Canada. The Mineral Resource and Mineral Reserve definitions were incorporated, by reference, in NI 43-101, which became effective February 1, 2001.

Subsequent to the publishing of the 2000 CIM Definition Standards, various CIM committees compiled and published more extensive documentation on mining industry standard practices for estimating mineral resources and mineral reserves. These standard practices provided more detailed guidance than that contained in the 2000 CIM Definition Standards. In November, 2004, the CIM Council adopted an update to the CIM Definition Standards to reflect the more detailed guidance available and to effect certain editorial changes required to maintain consistency with the regulations at the time. The new version of the CIM Definition Standards (adopted formally in December, 2005) also included further editorial changes required to maintain compatibility with the new version of NI 43-101 which became effective at the end of 2005. NI 43-101 was subsequently updated as of June 24, 2011.

6.3.2.2 Differences in Historical 2005 and 2010 CIM Resource Definitions Versus Current 2014 CIM Resource Definitions

The CIM Definition Standards for Mineral Resource and Reserve Estimates were updated in 2014 to harmonize Canadian definitions with other members of the Committee for Mineral Reserve International Reporting Standards (CRIRSCO). The revised Canadian standard also incorporates industry, Canadian Securities Administrators (CSA) and international requests for clarification and guidance.

The previous 2005 and 2010 Canadian definitions of a mineral resource differed from the definitions of other CRIRSCO members in two key aspects: the inclusion of “solid material” and the exclusion of the word “eventual” from the phrase “reasonable prospects for eventual economic extraction”.

The Canadian definition always included the word “solid” but, until 2011, other CRIRSCO members omitted it. In 2011, it was adopted by the other CRIRSCO members to address the reporting of lithium brines as mineral resources. In a similar fashion, the CIM definitions historically excluded the word “eventual” from the phrase “reasonable prospects for eventual economic extraction” which the other members of CRIRSCO had adopted. The CIM committee added the word “eventual” to the 2014 Standards with guidance regarding its interpretation.

6.4 HISTORIC MINE PRODUCTION OR DEVELOPMENT

There has been no historical mine production or development at the Tepal Project.

7.0 GEOLOGICAL SETTING AND MINERALIZATION

7.1 Regional Geology

The Tepal property is located within the Coastal Ranges of southwestern Mexico, south of the Neogene Trans-Mexican Volcanic Belt. Rocks consist of Cretaceous to early Tertiary intermediate composition intrusions and weakly metamorphosed sedimentary and volcanic rocks of Cretaceous to Early Tertiary age. The Jurassic to Cretaceous sedimentary and volcanic rocks are part of an accreted Mesozoic Island arc volcano-sedimentary assemblage. At least some of the intrusive rocks are coeval with the volcanic units. Neogene basalts locally overlie basement rocks and represent outliers of the Trans-Mexican Volcanic Belt.

The property lies just south of the large Jilotlán Batholith (Figure 7.1), a Cretaceous to Early Tertiary batholith that ranges from mafic (gabbroic) to dominantly felsic (granitic) composition (Ortega-Gutíerrez et al., 2014). The mineralized hypabyssal porphyry intrusions at the Tepal property are thought to be marginal phases of this batholith (Shonk, 1994).

7.2 Property Geology

The geology in the immediate vicinity of the North Zone, South Zone and Tizate Zone was mapped by Teck geologists in the early 1990s and Geologix geologists in 2011 and 2017.

The property is underlain by intrusive, volcanic and sedimentary rocks (Figure 7.2). Intrusions are granites, granodiorites, diorites and tonalites. These intrusions dominate the central and northern areas of the property, and Tizate Zone is located within the intrusive complex mapped at surface. The western and eastern parts of the property are dominated by volcanic rocks, which vary from lapilli tuff, andesites and basalts. The North Zone and South Zone are located in the central western part of the property and hosted within dominantly volcanic rocks mapped at surface, though various porphyritic intrusions exist at depth, as noted in drill core. The southern part of the property is dominated by sediments, ranging from shales, limestones and siltstones. This sedimentary package is largely south-dipping. Post-mineral andesite and basalt dykes are present and crosscut the mineralized rocks.

Shonk (1994) noted that the intrusions in drill core display a wide variation in texture and phenocryst abundance, indicating diverse cooling histories and suggesting multiple intrusive events with relatively high levels of emplacement. His observations of local breccias showing chilled porphyritic to glassy porphyritic textures suggest the same. Subtle contacts of porphyritic intrusions in drill core within the deposits support a multi-phase history of intrusions, with early, intermineral and late mineralizing events. At present, the extents of different intrusive phases and their links to mineralization has not been mapped in the field or differentiated in drill core in detail.

Figure 7.1
Regional Geology Map for the Tepal Project

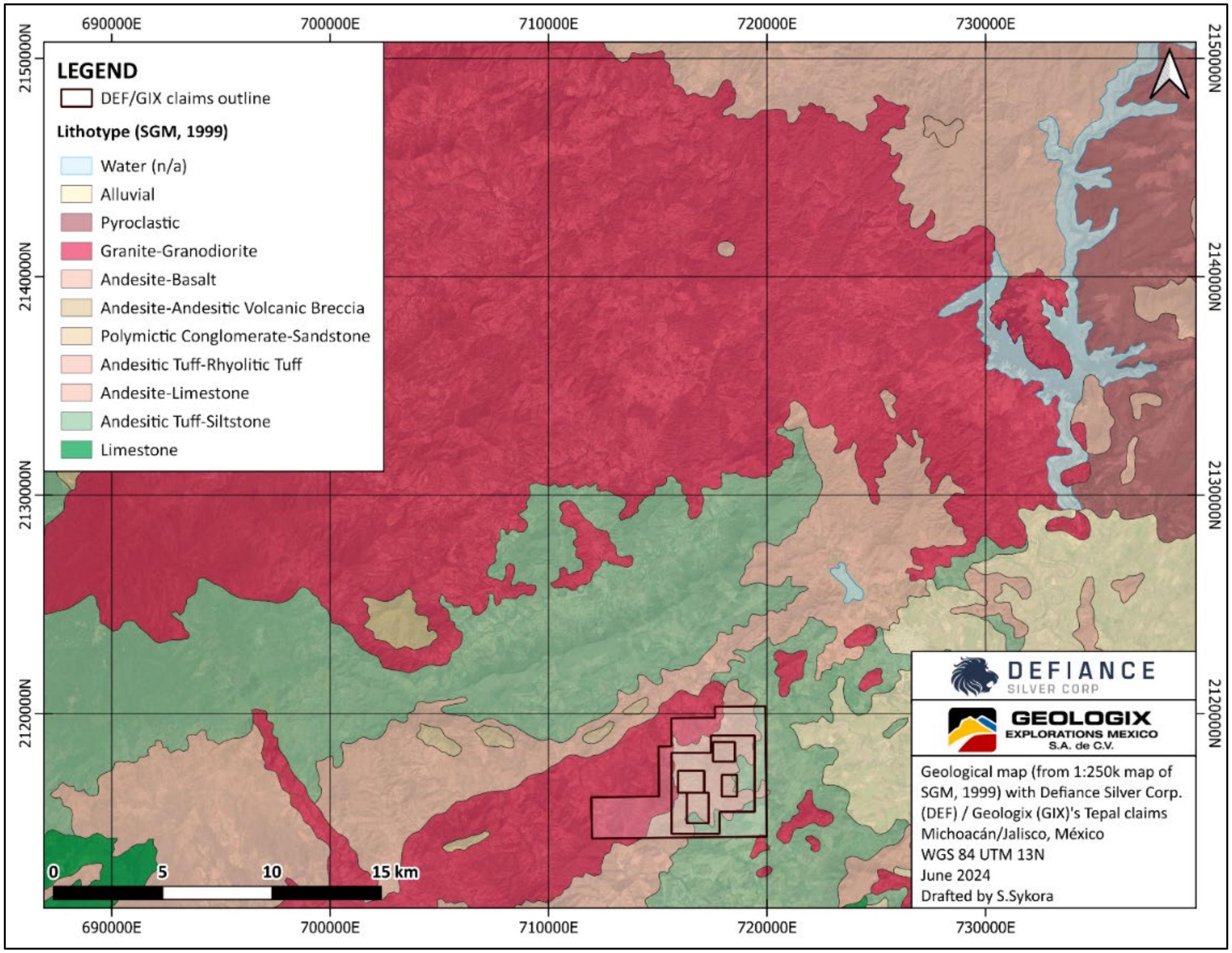


Figure supplied by Defiance Silver, June, 2024.

Figure 7.2
Local Geological Map of the Tepal Property

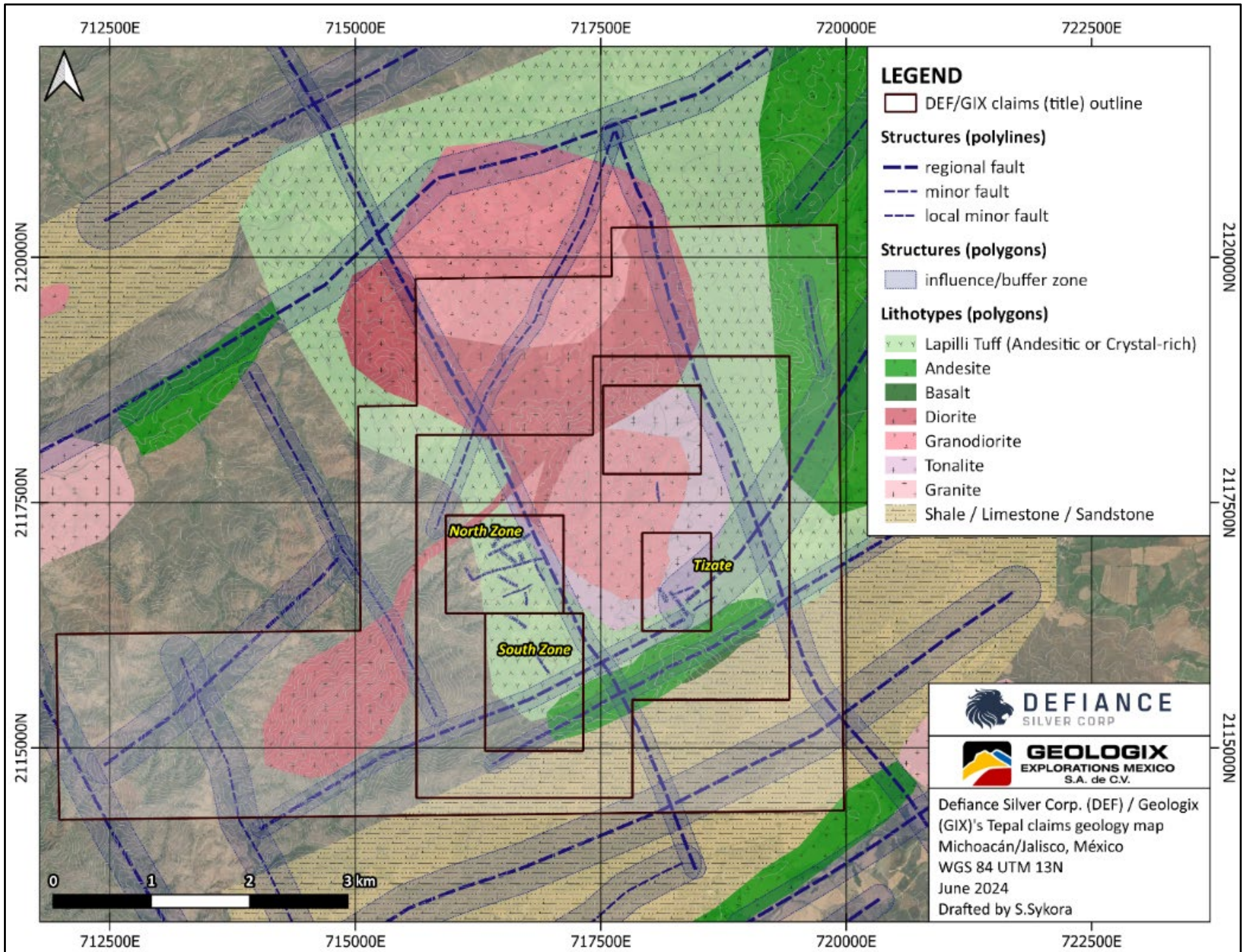


Figure supplied by Defiance Silver, June, 2024.

7.3 Structure

The structures that dominate at the property and, to an extent, regionally, are east-northeast striking, north-northwest striking, and northeast striking. These faults show clear separation of geological units at surface and appear to have juxtaposed different erosional levels. This is most evident with the dominantly intrusive rocks in the centre of the property, bounded by two north-northwest-striking faults, and the sedimentary rocks in the south of the property, south of east-northeast-striking faults (Figure 7.2).

Typically, within the deposits, east-northeast strikes are associated with wider faults and shear zones and appear to be later and longer lived than the north-northwest-striking faults. The north-northwest-striking faults appear to have had a control on the elongation of the plan-projected mineralization of the North Zone and South Zone. The northeast-striking faults likewise had a role in the elongation of the plan-projected mineralization of the Tizate Zone.

In the North Zone and South Zone, some generations of veinlets display a prominent 325° to 350° orientation, parallel to the north-northwest fault trend. Dips are generally vertical to steep, either east or west dipping. Other prominent orientations also present include a set with a near east-west orientation and moderate south dip (Shonk, 1994). The attitude of vein sets in Tizate has not yet been accurately determined, but multiple surface measurements suggest dominantly northeast strikes.

7.4 Mineralization

Mineralization on the property consists of zones of stockwork quartz veinlets, sulphide veinlets and disseminated sulphide mineralization that are hosted within intrusive rocks, volcanic rocks and breccias (Figure 7.3). These sulphide-bearing zones contain significant concentrations of copper and gold, and to a lesser extent, molybdenum and silver. The mineralization is hosted in three distinct deposits: the North Zone and South Zone with relatively high-grade copper and gold, and the Tizate Zone with relatively lower-grade copper and gold, but higher-grade molybdenum.

Morphologically, two of the zones, the North Zone and the Tizate Zone, are crudely tabular with shallow to moderate dips. Both have rough dimensions of approximately 1,100 by 600 m and thicknesses of up to 200 m. The South Zone has a smaller footprint, 600 by 500 m, but a greater vertical extent of up to 400 m and dipping steeply to the south.

There is an oxide horizon and a narrow transition layer present above the sulphide mineralization in all deposits on the Tepal property. The depth of oxidation ranges from 20 to 40 m on the hilltops and 0 to 20 m in the drainages. Minerals in the oxidized zone include malachite, chalcocite, azurite, tenorite and minor chrysocolla. Shonk (1994) indicated that a very thin supergene-enriched layer exists locally at the base of the oxide horizon and consists of chalcocite and covellite coatings on sulphide grains and local areas of poddy, massive chalcocite. While minor chalcocite has been noted in drill core, drill hole assays do not indicate any leaching of copper from the oxide horizon or any local copper enrichment zones at the oxide-sulphide interface. The transition zone may be up to 15 m thick; however, it is usually significantly less than this and in some cases is absent altogether. The transition is identified by the overlapping presence of iron oxides and sulphide mineralization.

Primary sulphide mineralization consists dominantly of chalcopyrite and pyrite, with locally significant bornite and molybdenite. The highest consistent grades of copper and gold mineralization are associated with low pyrite:chalcopyrite ratios and increasing bornite. Local areas of very high-grade gold are associated with thicker veins that cross-cut Tizate, and contain pyrrhotite, sphalerite, galena, silver sulphides, as well as chalcopyrite and pyrite.

Micron-sized native gold is usually associated with the chalcopyrite, either as grains attached to the surface or fracture fillings within copper sulphides (Duesing, 1973), although free grains can also occur. Copper mineralization typically occurs as disseminated chalcopyrite and bornite within veinlets and disseminated within altered porphyritic groundmass (Shonk, 1994). Molybdenum mineralization occurs as molybdenite.

Several different generations of veinlets are associated with copper-gold mineralization, and future work will refine this paragenesis. These include early granular dark grey quartz veinlets with sulphides and locally magnetite, thin chlorite-sulphide veinlets, light grey to white quartz-sulphide veinlets, sulphide-only veinlets and sulphide veinlets with chlorite-biotite-muscovite halos. Late-stage unmineralized calcite-dolomite-ankerite veinlets and gypsum-only veinlets cross-cut the mineralized veinlets. The earlier veinlet group of granular dark grey quartz with fine-grained sulphides, as well as granular subhedral to euhedral quartz in the groundmass with fine-grained disseminated sulphides, is the assemblage most associated with copper and gold mineralization (Figure 7.3A, B).

Figure 7.3
Drill Core Example of the Mineralization at the Tepal Property

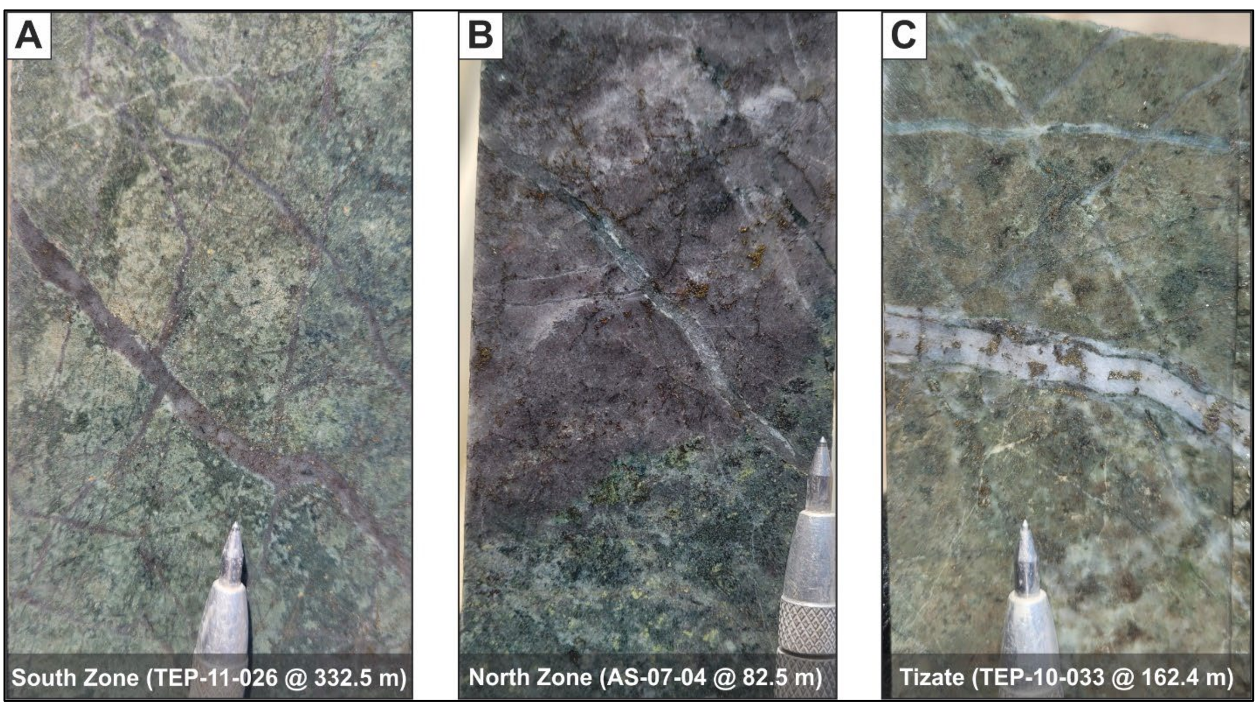


Figure supplied by Defiance Silver, June, 2024.

Intensity of mineralization is strongly related to the density of veining (Shonk 1994). In the North Zone and South Zone, copper and gold values are relatively synchronous. Silver and molybdenum values are also somewhat elevated in the core areas, but distribution is more erratic and is not always coincident with gold or copper values.

In Tizate, copper and gold values are on average, lower than averages in the North Zone and South Zone. Grade distribution, however, is very even. Both the silver and molybdenum values are more significant at Tizate than in the other deposits, and they show greater coincidence with gold and copper, particularly with respect to molybdenum.

7.5 ALTERATION

Alteration in and around the deposits shows features that are typically associated with copper-gold porphyry systems (e.g., alteration facies of potassic and inner propylitic zones within the core with peripheral propylitic halos, and retrograde alteration facies of phyllic and argillic alteration). The type and intensity of these alteration facies varies between the deposits, likely due to a function of depth in the mineralizing system. The overall geometries and thicknesses of these alteration zones are not well defined and future work remains to be done.

Surface alteration from mapping and short-wave infrared spectral analysis (Figure 7.4) shows the North Zone to have a broad propylitic alteration halo (chlorite-epidote) with inner mixed propylitic-sericite (chlorite-epidote-white micas) alteration. More proximal to the deposit is just sericitic alteration (white mica) as well as discrete local zones of argillic-sericitic (mixed clays and white micas) and advanced argillic (alunite-pyrophyllite±vuggy quartz) alteration.

The South Zone at surface has a similar broad propylitic alteration halo as the North Zone; however, the inner propylitic-sericite alteration is much smaller, and the alteration is elongated to the west with a larger argillic-sericitic alteration zone (Figure 7.4). To the northwest of the South Zone is an area of hot advanced argillic alteration (pyrophyllite-white micas) within the wide argillic zone. This advanced argillic alteration zone could be the roots of lithocap related to the South Zone, or it could be related to a different source altogether.

The Tizate Zone has an alteration halo quite different than the North Zone and South Zone (Figure 7.4). It sits in broad argillic (clay) alteration with east-northeast to northeast-striking elongated sericitic alteration zones with only some very small discrete advanced argillic alteration areas. Further north of Tizate is a zone of potential greisen and sodic-calcic (albitic) alteration, potentially associated with the large batholith to the north.

In the south of the property, south of the east-northeast-striking fault, there is a block of dominantly sediments, with little to no alteration (Figure 7.4), except for local skarn-like alteration reported in limestone packages (Shonk, 1994). Likewise, there are relatively unaltered rocks in the far north of the property. Little is known about the alteration in the east of the property due to shallow cover, or to the far west due to lack of mapping and sampling.

Figure 7.4
Local Alteration Map of the Tepal Property

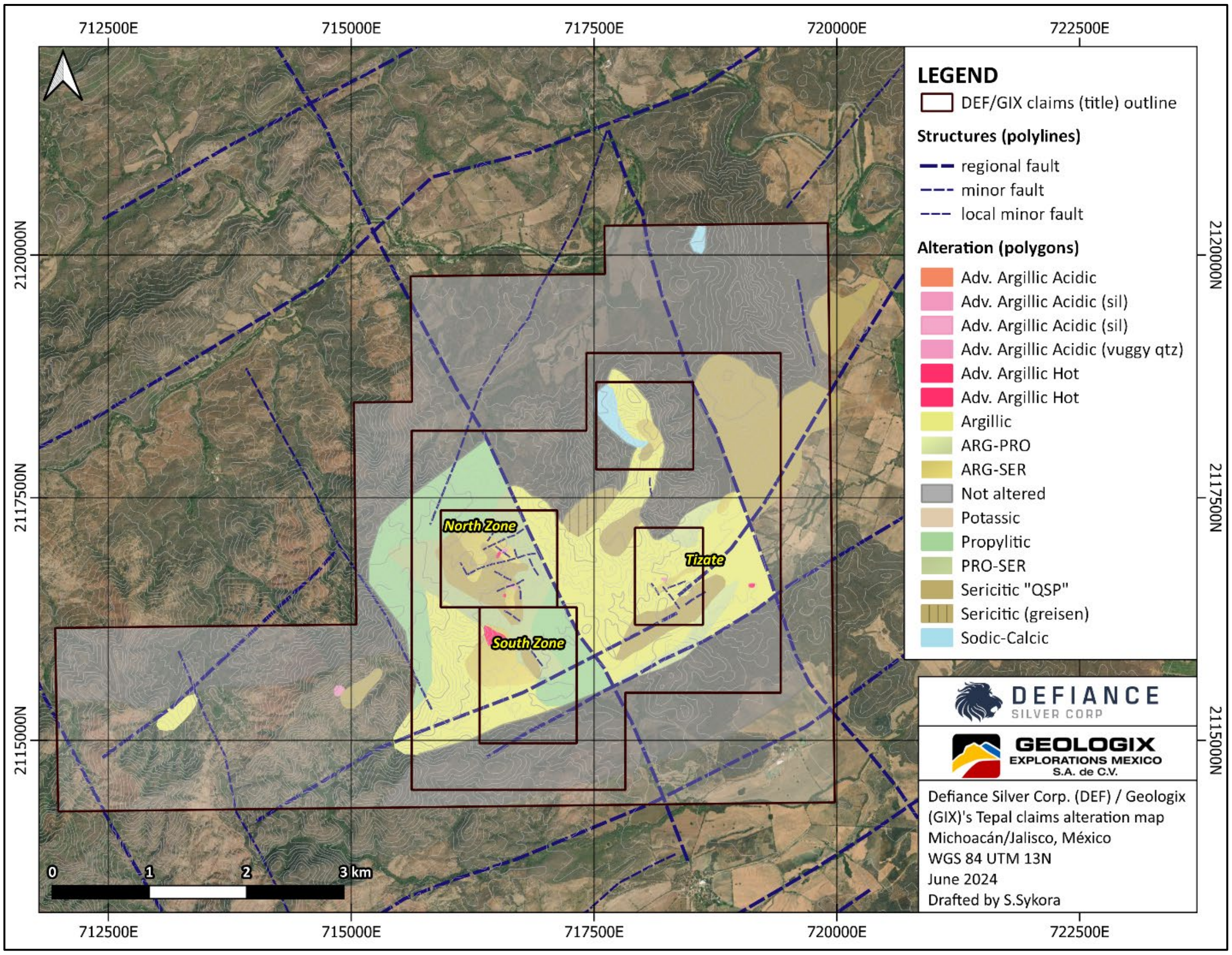


Figure supplied by Defiance Silver, June, 2024.

At the deposit scale, potassic alteration is only weakly developed in the cores of the North Zone and South Zone, but more extensively developed in Tizate. At Tizate, potassium feldspar is locally present but uncommon to rare. Instead potassic alteration is characterized by secondary biotite replacement of mafic crystal and more diffuse replacement in the groundmass which imparts a distinct brownish tinge to the rock (Shonk, 1994). It is most often mineralized; however, un-mineralized examples do exist, mainly at depth.

As opposed to Tizate, the most proximal alteration at North Zone and South Zone is more akin to inner propylitic alteration, with strong development of dark chlorite alteration. This hosts the bulk of the mineralization, particularly in the high-grade cores. It may be transitional from potassic alteration, with chlorite after secondary biotite. Other alteration minerals include carbonate, magnetite, albite, epidote, sericite, silica, clinozoisite, leucoxene, hematite, tourmaline, apatite, rutile and gypsum after anhydrite (Shonk, 1994). There is a rapid transition from the inner propylitic to the outer propylitic zone, which consists of weak to moderate chlorite, epidote and carbonate alteration with weak disseminated pyrite.

Phyllic and argillic alteration appears to be retrograde at the property, locally overprinting mineralization and the inner propylitic zone in the North Zone and South Zone, and quite extensively overprinting mineralization and potassic alteration in Tizate. This alteration assemblage consists of sericite, pyrite, silica (flooding and veinlets), carbonate and clays. Anomalous to lower-grade gold and copper values are often associated with this type of alteration but higher-grade mineralization is absent unless it is noticeably overprinting earlier mineralized alteration facies. In addition, there are examples of phyllic altered intrusions that are barren.

8.0 DEPOSIT TYPES

Mineralization on the Tepal property is characteristic of porphyry copper-gold-molydbenum systems. This is interpreted based on its porphyritic host rocks, its alteration, its copper-gold with minor molybdenum (and silver) signature, and its quartz-dominated stockwork veinlets and disseminations associated with sulphide mineralization.

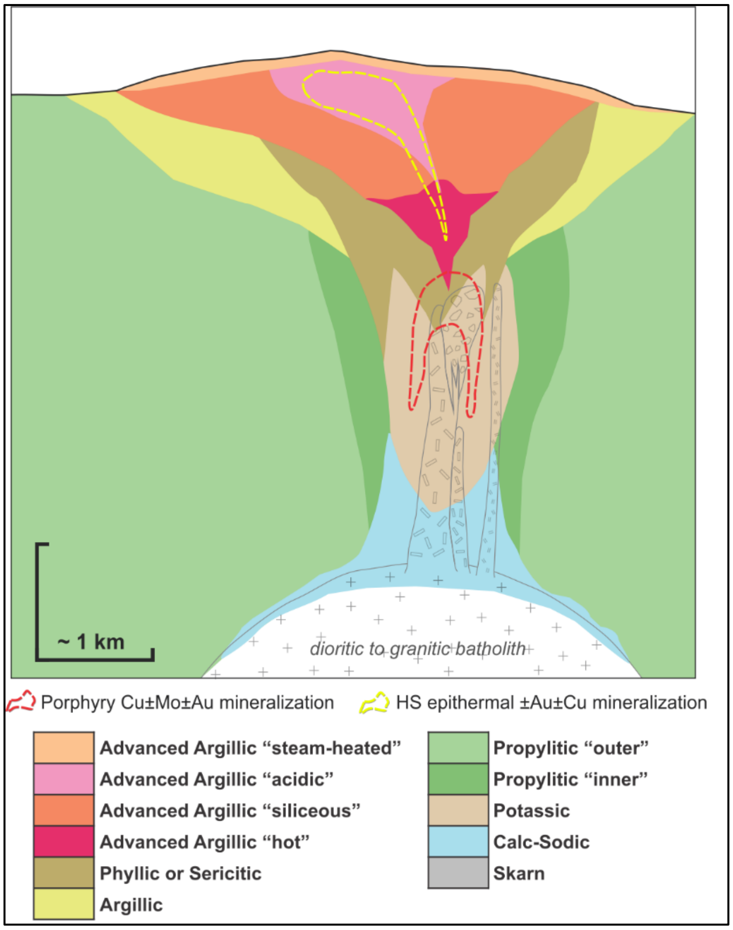
Porphyry copper ± molybdenum ± gold deposits in Mexico are abundant and dominantly occur within a belt on the western side of the country (Valencia-Moreno et al., 2007). The majority are in northwest Mexico, such as the giant Cananea and La Caridad deposits in Sonora. However, multiple porphyry deposits occur in the south, and these, in general, appear to be more copper-gold dominated, with island-arc related signatures (Valencia-Moreno et al., 2007). An example of a porphyry-style deposit nearby to Tepal is La Verde in Michoacán.

Porphyry copper ± molybdenum ± gold deposits are low-grade, large-tonnage mineral deposits with disseminated and veinlet-hosted mineralization (Seedorff, 2005; Cooke et al., 2005; Sillitoe, 2010). They are large volumes of hydrothermally altered rock closely related to, or centred on, vertically elongated porphyry stocks or dikes or breccias that originate from their underlying composite plutons. It is common to have multiple porphyry deposits, or clusters, in a porphyry system. These may attain 5 to 30 km across or in length, respectively (Sillitoe, 2010). At the Tepal property, the North Zone, South Zone and Tizate represent a cluster of three deposits. Exploration potential remains for other deposits as part of this cluster.

Alteration and mineralization in porphyry copper ± molybdenum ± gold systems are typically zoned outwards, with an inverted cone of mineralization associated with potassic alteration around a barren unmineralized core (Figure 8.1). Sulphide species typically are more proximal bornite and chalcopyrite in the mineralized core, trending towards more chalcopyrite and pyrite in the peripheries, and eventually pyrite-only in outboard halos. Outwards and upwards from the potassic alteration assemblages include phyllic alteration with various white mica minerals, argillic alteration with various clay minerals, and distal propylitic alteration with chlorite, epidote and carbonate minerals. Advanced argillic alteration is found above, either directly or adjacent, to the mineralized centre, and may be in the form of a large lithocap (Figure 8.1).

Surface oxidation commonly modifies the distribution of mineralization in weathered environments. Normally acidic meteoric waters generated by the oxidation of pyrite leach copper from soluble copper minerals and re-deposit it as secondary chalcocite and covellite immediately below the water table in tabular zones of supergene enrichment. Only a thin supergene enrichment has been observed at Tepal property (Shonk, 1994), but largely it is absent and variable copper and gold grades remains in the oxide zone.

Figure 8.1
Schematic Diagram of a Porphyry Cu-Au-Mo System with Alteration and Mineralization



Note: Figure modified from Seedorff (2005), Sillitoe (2010), Halley et al. (2015) and Arribas & Hedenquist (2021).
Figure supplied by Defiance Silver, June, 2024.

Tepal is most akin to copper-gold porphyries. These types of porphyry systems differ slightly from copper ± molybdenum porphyries in the following ways (though these features are not all present at Tepal):

- They can be associated with high-K calc-alkaline or alkaline intrusions.
- Copper-gold porphyries do not typically contain economically recoverable Mo. They typically contain < 100 ppm Mo but also contain elevated gold (> 0.3 g/t) and silver (>2 g/t).
- They are commonly associated with abundant hydrothermal magnetite, which is commonly associated with higher gold grades.
- They are shallowly emplaced, with vapour-rich fluid inclusions in quartz veinlets and locally banded quartz veinlets.
- Copper and gold may or may not be associated with zones of quartz veining (depending on degree of silica saturation), in contrast to most calc-alkaline copper ± molybdenum porphyry systems where quartz veining is normal.

- Supergene enrichment can be restricted due to the general sulphide-poor nature of the alteration.
- The lateral, peripheral hypogene alteration footprint is typically smaller than calc-alkaline copper ± molybdenum porphyry systems.

Porphyry copper-gold deposits range from very large, low-grade deposits such as Bingham Canyon in the United States which contains 3,228 Mt averaging 0.88% Cu and 0.50 g/t Au (Cooke et al., 2005) to small high-grade deposits such as Ridgeway in Australia which contains 54 Mt averaging 0.77% Cu and 2.5 g/t Au, and is only one of the deposits in the Cadia cluster that has ~ 50 Moz Au and ~ 9.5 Mt Cu in reserves, resources and past production (Wilson et al., 2003). The average of 112 porphyry deposits from around the world is 200 Mt averaging 0.44% Cu, 0.4 g/t Au, 0.002% Mo and 1.4 g/t Ag (Singer et al., 2005).

It should be noted that mineralization on these or any other properties in this class of deposit around the world is not necessarily indicative of the mineralization on the Tepal property.

9.0 EXPLORATION

Historical exploration programs prior to the work by Geologix are discussed in Section 6 of this Technical Report.

9.1 GEOLOGIX

During the due diligence period commencing in the fourth quarter of 2009 and continuing into the first quarter of 2010, Geologix initiated additional metallurgical testwork, utilizing core from historical drill programs, and carried out an IP survey over the main mineral concessions covering 1,526 ha, including geology, mineralization and alteration studies and preliminary economic studies, as they pertain to the viability of the Tepal Project.

By the end of the first quarter of 2010, the geophysical survey had been completed, with a total of 78.4 line-km of surveying.

On June 16, 2010, an extensive diamond drill testing program was initiated on the Tepal Project. The drill program was geared to evaluate the "near resource" potential of additional mineralization being located near the Arian Silver/ACA Howe resource outlines, and to test for additional mineralization on the remainder of the property. Targets on the remainder of the property were defined by geological, geochemical and geophysical anomalies, as outlined in historic surveys as well as by the geophysical survey completed by Geologix in 2010. By the end of 2010, a total of 10,656 m of drilling in 42 holes had been completed by two drilling rigs, including 26 holes around the resource area at Tepal (North and South Zones), 14 holes in the Tizate Zone, where no previous resources had been outlined, and two holes on other exploration targets on the property.

Drilling continued with seven drill rigs in 2011. In addition, Geologix initiated detailed geological mapping, prospecting, a soil geochemical grid survey, silt sampling programs and an airborne geophysics survey which included magnetics, radiometrics and EM to cover the entire 172 km^2 land package. A total of 1,551 line-km was flown, with 1,421 line-km flown at a flight line spacing of 150 m over the entire concession. A more detailed survey over 19 km^2 (130 line-km) was flown over the known deposit area at 75 m spacing.

Exploration activities in 2012 concentrated on the seven anomalous areas outlined by the 2011 airborne geophysical survey. All seven anomalies received additional mapping, trenching and continuous chip sampling, as well as soil sampling in areas devoid of outcrop. A total of 1,064 soil samples and 1,263 rock chip samples were collected, resulting in the prioritization of five geophysical anomalies to a drill testing stage. To test these, Geologix drilled 34 RC holes totalling 4,906 m. None of this drilling was carried out on the known mineralized zones and it was not included in the 2012 mineral resource estimate.

9.2 DEFIANCE SILVER EXPLORATION PROGRAM

On January 7, 2019, Defiance Silver and ValOro (formerly Geologix) announced that their friendly merger was completed as of December 31, 2018.

9.2.1 2000 to 2003

Defiance Silver has not conducted any physical exploration programs on the Tepal property since its merger with ValOro. However, between 2000 and 2023, Defiance Silver conducted a desktop review of the Tepal Project. Work relied on historic data and interpretations, utilizing raw data and incomplete previous work. Aims were to understand the deposit and allow for new exploration ideas, including clear targets and proposed work programs.

Work included the creation of a new alteration map, utilizing all historic surface short-wavelength infrared (SWIR) measurements, all historic alteration maps (including via remote sensing) and surface observations. A new structural interpretation was made using various historic data, including surface observation from mapping, topography, DTMs, magnetics, historic structural interpretation and government geological maps.

The Company reviewed and cleaned up the old database of all 448 holes at Tepal. A new evaluation of the deposit styles at Tepal was made using historic data. This included quick re-logging via core photos, review of detailed petrography reports, drill core geochem values and new interpolant shells, and historic comments. From this data, it is clear that the North Zone and South Zone are higher-grade (than Tizate), shallow-level Cu-Au calc-alkalic porphyries, whereas Tizate is a lower-grade, moderate-level Cu-Mo calc-alkalic porphyry with several higher-grade (size unknown) polymetallic veins.

Additionally, historical surface rock and soil surface geochemical data was compiled and grouped into typical porphyry and epithermal “pathfinder” element isolines. Maps were made with these, to highlight areas of interest in the Tepal property. Defiance Silver also reviewed the historic geophysics from the 2011 airborne survey, which was then re-processed resulting in new plan maps with multiple filters made for magnetics, as well as new radiometric plan maps. A 3D inversion of the magnetics from 2017 was also re-evaluated, and discrete magnetic bodies were further modeled from this. Historic 2011 EM data was also reprocessed to 2D and 3D products.

The extensive and detailed computer study from all the work (i.e., alteration map, structural map, new clean database, deposit knowledge, geochemical map and geophysical reprocessed work) generated multiple (11) new targets on the Tepal property. Targets include extensions and exploration of the existing mineralized bodies, and many green fields exploration untested zones. Target areas were ranked based on probability for success, and a new work proposal of diamond drilling and additional infill surface sample collection was made.

In 2024, Defiance Silver noted that, based on the computer desktop work completed to date, the Tepal Project has been sub-divided into 3 structural and alteration domains. Within these structural domains, 11 exploration targets have been identified. Criteria that have been used for target selection include: rock and soil geochem (pathfinder elements and anomalous metals), geophysical survey (aeromagnetics, 3D inversions of aeromagnetics, IP survey chargeability and resistivity, 3D inversion of resistivity, radiometics), alteration (new short-wave infrared processing and interpretation, historic mapping), geology (from historic government work), structures (new interpretation from previous various data sets), drilling (geochem and metal distribution, ore deposit styles), terrain, and others.

9.3 Defiance Silver, Tepal Property Exploration Targets

From its initial review of the Tepal Project, Defiance Silver believes that the Tepal property has excellent exploration upside to increase the size of the mineralization, by both expanding the known mineralization of North Zone, South Zone and Tizate, and by discovering new deposits within the property. A series of targets have been defined based on geological, geochemical, geophysical, alteration and structural information. These targets include, but are not limited to, the following:

- Clear areas of open, untested plunges of high-grade porphyry-style mineralization at depth in known deposits.
- Various adjacent and distal untested to poorly tested targets with similar porphyry-style signatures, defined by multiple exploration criteria within the property.
- Cross-cutting and/or superimposed different deposit styles (e.g., high-grade polymetallic intermediate-sulphidation epithermal-style veins, high-sulphidation epithermal-style potential under advanced argillic alteration, etc.).

Preliminary targets are presented in Table 9.1, along with comments on initial interpretation. These targets are all represented on Figure 9.1. Some highlighted targets are discussed below.

The “South Zone Deep” target represents one of several zones open to mineralization, within the known deposits. Figure 9.2 shows the rough synchronous relationship of higher-grade copper and gold mineralization and the interpreted porphyry stock. The deepest intercept of TEP-11-026 yielded 150.85m @ 0.41% Cu, 1.21 g/t Au and 1.27 g/t Ag. This has yet to be followed-up with drilling, and mineralization observed in TEP-11-026 appears similar to or better than (i.e., higher density of veinlets) than mineralization in shallower holes. The North Zone and Tizate likewise have untested areas of mineralization that remain open at depth (e.g., “North Zone Deep”), though these targets are not as clear as those within the South Zone, and future work remains to better define the plunges of mineralization. The style of known porphyry deposits at Tepal is more akin to the copper-gold than copper-molybdenum porphyries, which are the same style of porphyries that exist at Red Chris in BC, Canada, and Cadia in New South Wales (NSW), Australia, albeit that those deposits are more akin to the alkalic to high-K calc-alkaline field than is Tepal. These world-class districts all contain a cluster of deposits, some of which were blind at surface and over 1 km deep. These examples emphasize the potential of the Tepal property to be explored in a similar manner, with the aim of finding similar new deposits in the cluster.

The “Mid Zone” and “NW Zone” targets represent areas of advanced argillic and argillic alteration with corresponding geophysical anomalies. Likewise, the “North Tizate” target represents an area of anomalous geochemical samples with the most similar geophysical signature to the known deposits. The “Far W Tepal” likewise shows a significant geophysical anomaly, and previous reconnaissance sampling noted magnetite and hematite veinlets. These targets have not been mapped, sampled and/or sufficiently drill tested. They may represent undiscovered similar porphyry Cu-Au-Mo deposits similar to the North Zone, South Zone and Tizate Zone, or they could be other styles of deposits such as High-Sulphidation Epithermal Cu-Au or Iron-oxide Cu-Au, which remain undiscovered.

Figure 9.1
Map of the Exploration Targets on the Tepal Property

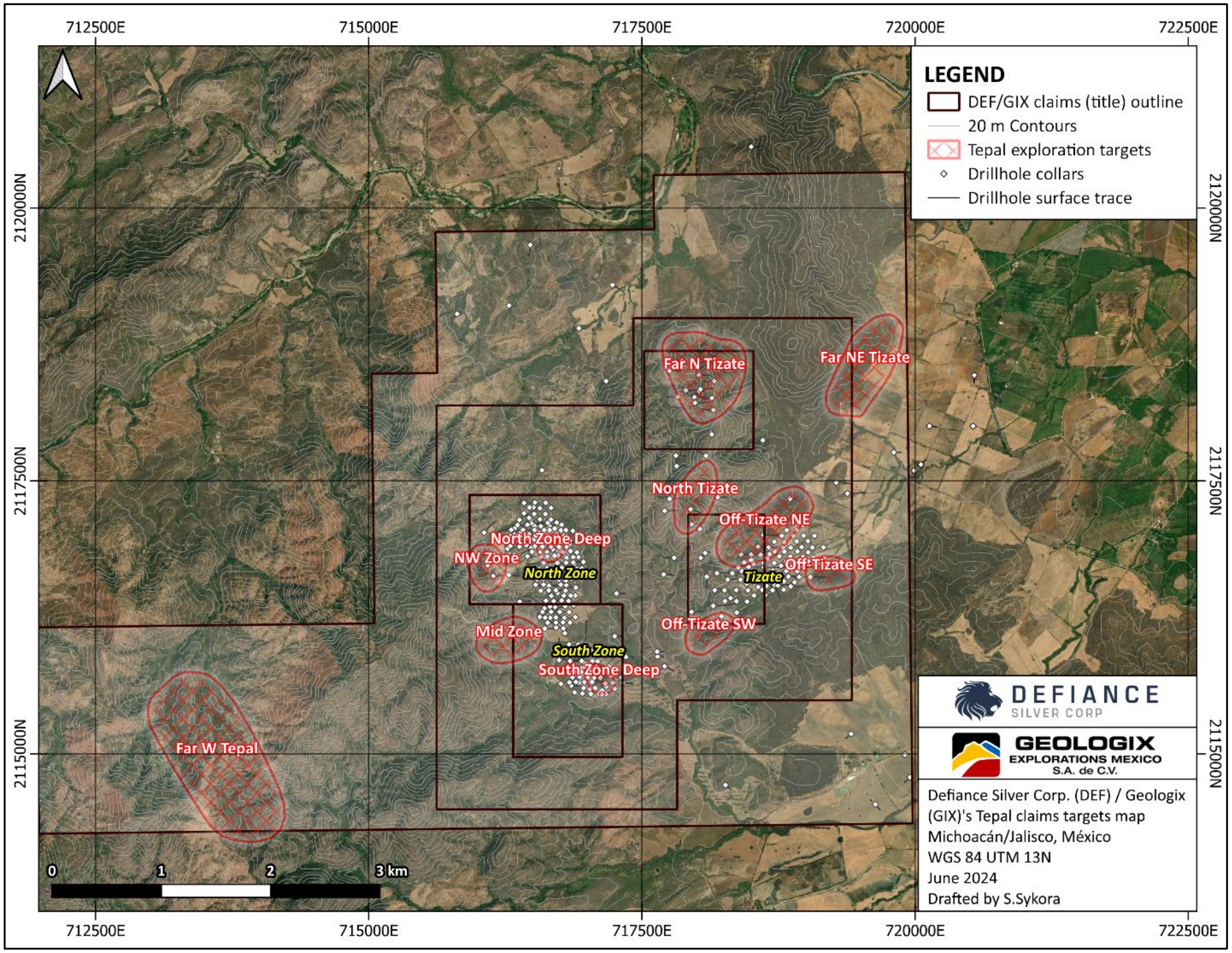


Figure supplied by Defiance Silver, June, 2024.

Table 9.1
Summary of Exploration Targets on the Tepal Property

Target Name	Rank	Surface Geochemical Signature	Geophysical (Magnetics) Signature	Geophysical (Chargeability Signature)	Geophysical (Resistivity-Conductivity) Signature	Alteration Signature	Target Style	Comments
South Zone Deep	#1	Cu-Au-Mo-Ag	moderate	moderate	resistivity moderate	Sericitic-propylitic, propylitic, sericitic	Porphyry Cu-Au	Untested down-plunge continuation of high-grade Cu-Au core of the South Zone, plunging steeply to the south. Nearby hole TEP-11-026 intercepted 150.85 m @ 0.41% Cu, 1.21 g/t Au and 1.27 g/t Ag.
Mid Zone	#2	n/a Mo?-W?-As	moderate-low, (similar to SZ)	moderate-high (at depth more-so)	conductivity moderate	Advanced argillic (hot with vuggy silica) Argillic-Sericitic; Argillic	Porphyry Cu-Au-Mo or High sulphidation epithermal Au-Cu	Advanced argillic (hot with vuggy silica) alteration. Poor geochemical anomalies (only As but overall lack of surface samples in area). Several prominent geophysical anomalies. Could represent the roots of lithocap, close to a mineralized porphyry centre, or be the off-centre lithocap of the North Zone or South Zone.
North Tizate	#3	Pb-Zn-Mo-Cu-W-Au-Ag	Moderate-high (similar to NZ and SZ)	high (N-striking)	conductivity moderate	Sericitic; Argillic	Porphyry Cu-Au-Mo	Best Magnetic geophysical target outside of the known deposits with multiple elements with geochemical anomalies. Previously drill tested but missed magnetic high. Might be another Cu-Au porphyry like North zone and South zone due to strikingly similar magnetic response.
Off-Tizate NE	#4	Pb-Zn-Mo-Cu-W-Au-Ag-As	Moderate-high	high (N-striking)	resistivity high	Argillic; unknown	Intermediate-sulphidation. Epithermal Polymetallic veins	High-grade polymetallic intermediate-sulphidation epithermal-style veins in several holes with apparent low-angle dip to west. Best intercept is TIZ-11-018 with 1.42 m @ 25.30 g/t Au, 565.00 g/t Ag, 0.30% Cu, 0.61% Pb, 4.28% Zn and 0.96% As. Geochemical (As-Au-Ag-Mo-Cu) and geophysical (mag., charge. And res. Anomalies.
North Zone Deep	#5	Cu-Au-Mo-As-Ag	moderate	high	resistivity high	sericitic; Argillic-sericitic; Propylitic-Sericitic	Porphyry Cu-Au	Extension of high-grade Cu-Au core at depth. Several porphyry dykes chopped up by faults with extensions at depth undefined. Several drill holes here ended in mineralization.
Far NE Tizate	#6	Pb-Zn-Au-Ag-As	moderate	moderate (might relate to charge in west)	resistivity high	sericitic	Intermediate-sulphidation. Epithermal Polymetallic veins	Elongated along a northeast striking fault with several Geochem. Overlaps (shallow and distal anomalies). Sericitic alteration but mostly covered (fault-related phyllic?). Not drill tested and might be structurally controlled polymetallic intermediate-sulphidation epithermal veins.
NW Zone	#7	Cu?-Au?-Ag?-Mo?	reversed, moderate	very high	conductivity high	sericitic	Porphyry Cu-Au-Mo or High sulphidation epithermal Au-Cu	Prominent chargeable-conductive circular high with striking surface colour anomaly. Geochem. Not good but limited sampling to the west. Shallow-level Sericitic alteration. Poorly drill tested in east only. Might be a sulphide-rich epithermal (?) portion of the North Zone system, or a phyllic halo with abundant pyrite.
Far W Tepal	#8	n/a	moderate (disruption of mag)	n/a	n/a	n/a	Porphyry Cu-Au-Mo or Iron Oxide Cu-Au	At prominent structural intersection of several features such as the north-northwest striking faults with magnetic anomaly. Previous prospecting reports of magnetite and hematite veinlets and potential porphyry dikes. Lack of sampling and mapping.
Off-Tizate SW	#9	Cu-Au-As-Mo?	low	high	resistivity moderate		Porphyry Cu-Au-Mo or intermediate-sulphidation epithermal polymetallic veins	High crystallinity white mica, could represent a feeder zone to structurally controlled mineralization related to the Tizate deposit.
Off Tizate SE	#10	Pb-Mo-Cu-Au-Ag ?-As ?	none- (low)	moderate	conductivity high		Porphyry Cu-Au-Mo or high-sulphidation epithermal Au-Cu	Southeast edge of current Tizate Zone is outlined. Advanced argillic (hot+ with vuggy silica) alt. Along prominent faults with unknown alt. around. Contrasting cond. high to Tizate Zone. Poorly drill tested. Could be a lower level lithocap to another porphyry stock, ot the peripheral root of lithocap to the Tizate deposit.
Far N Tizate	#11	Pb-Zn-Mo-Cu—W-Au-Ag-As	edge of high	moderate-high (partly, N-striking)	resistivity high	Advanced Argillic (silica); Sericitic “greisen”; Sodic-Calcic; Potassic	Porphyry Cu-Au-Mo	Adjacent to mapped large batholith intrusion. Lots of overlapping geochemistry. (proximal and distal). Possible sodic-calcic and Sericitic greisen alteration. Drill tested in past. Could be weak(?) mineralization related to the large batholith in the north.

Table supplied by Defiance Silver, July, 2024.

Figure 9.2
Deep South Zone Target Cross Section (~ 100 m thick)

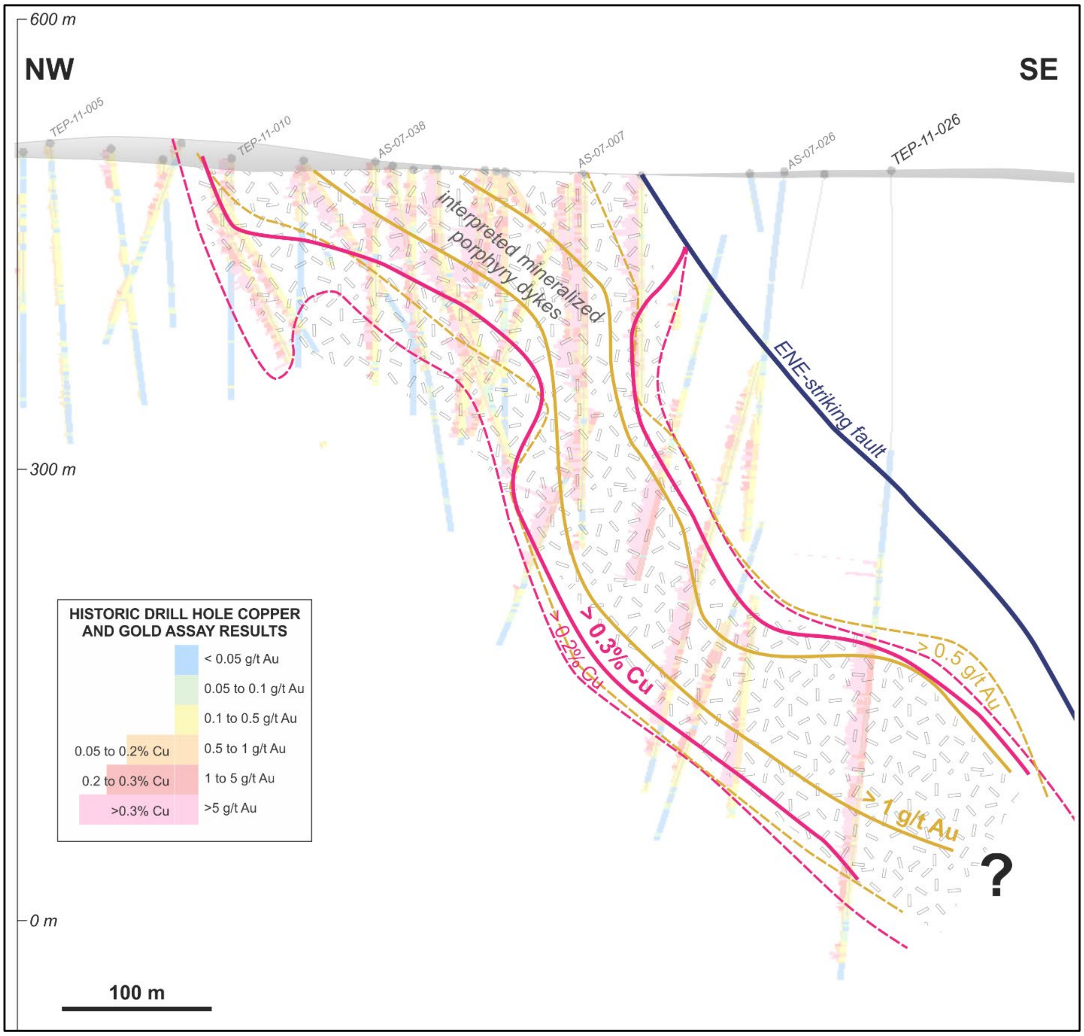


Figure supplied by Defiance Silver, June, 2024.

The "Off-Tizate NW" target represents a potential zone for another different deposit style at the property that has not yet been properly explored for or defined. In drill core, veins that show characteristics of intermediate-sulphidation epithermal-style of mineralization have been intersected in TIZ-11-018, TIZ-11-037, and others. Preliminary work shows along-strike continuity of the veins with moderate dips to the west. The best intercept is TIZ-11-018, with 1.42m @ 25.30 g/t Au, 565.00 g/t Ag, 0.30% Cu, 0.61% Pb, 4.28% Zn and 0.96% As. Likewise there appear to be several parallel high-grade polymetallic veins nearby, but future exploration work remains to identify the geometries and test along strike and down dip potential.

Future work by Defiance Silver will continue to refine and test these targets.

10.0 DRILLING

Historical drill programs prior to the work by Geologix, are discussed in Section 6 of this Technical Report.

10.1 GEOLOGIX DRILLING PROGRAMS

10.1.1 2010 Drilling Program

Geologix carried out a diamond drilling program on the Tepal property in 2010, consisting of 42 drill holes totalling 10,542.40 m. The drill program utilized two diamond drilling rigs. The purpose of the drill program was to evaluate the "near resource" potential for additional mineralization located near the Arian Silver/ACA Howe resource outlines and to test for additional mineralization on the remainder of the property. No drilling in 2010 was completed within the mineralized zones which had been subjected to resource estimates, therefore there are no significant assays to report.

Geologix drilled 26 core holes which targeted the peripheral area of the Tepal (North and South Zone) and 15 holes that targeted the Tizate Zone. Two holes tested exploration targets in the area between Tepal and Tizate. The 2010 drill core recovery was good and averaged better than 90% in most areas. As none of the 2010 drilling was conducted on the known mineralized zones, there are no significant mineralized intersections for these drill holes.

Table 10.1 summarizes the 2010 Geologix drilling program by mineral zone.

Table 10.1
Summary of the Drill Hole Collar Information for the 2010 Geologix Drilling Program

Drill Hole ID	Drill Collar Coordinates			Drill Hole Details		
	Easting	Northing	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
TEP-10-001	716139.85	2116628.52	675	215.6	90	-70
TEP-10-002	716283.43	2116637.77	658	302.4	90	-70
TEP-10-003	716140.77	2116791.42	643	189.6	90	-60
TEP-10-004	716372.6	2116941.26	567	227.3	0	-90
TEP-10-005	718403	2116594.95	493	258.25	90	-50
TEP-10-006	716770.88	2116942.65	578	214.7	0	-90
TEP-10-007	716847.75	2116856.79	542	202.3	0	-90
TEP-10-008	718858.51	2116807.23	433	206.35	0	-90
TEP-10-009	718745.05	2116542	438	202.7	90	-50
TEP-10-010	717954.93	2116299.98	505	215.2	90	-50
TEP-10-011	717795.78	2116795.79	523	189.25	270	-60
TEP-10-012	716919.4	2116801.85	532	204.7	0	-90
TEP-10-013	717699.44	2116643.19	540	187	90	-60
TEP-10-014	716890.98	2116449.69	514	163.45	0	-90
TEP-10-015	716383.02	2116393.86	593	250.5	90	-65
TEP-10-016	716876.57	2116361.38	513	146.15	300	-60

Drill Hole ID	Drill Collar Coordinates			Drill Hole Details		
	Easting	Northing	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
TEP-10-017	716607.49	2116332.67	540	274.95	85	-70
TEP-10-018	717131.92	2115910.61	496	156.45	0	-90
TEP-10-019	716661.83	2116245.75	526	218.05	80	-70
TEP-10-020	717221.71	2115716.73	489	286	270	-70
TEP-10-021A	716574.91	2116493.98	556	278.8	90	-70
TEP-10-022	716852.98	2115624.32	509	197.2	90	-70
TEP-10-023	716742.36	2115858.52	531	190.5	80	-70
TEP-10-024	716529.06	2116641.8	613	207.25	0	-90
TEP-10-025	716056.82	2117026.63	591	223.85	45	-50
TEP-10-026	716453.34	2116808.82	629	252.5	90	-70
TEP-10-027	716702.36	2117063.77	547	251.2	0	-90
TEP-10-028	716905.99	2116695.92	543	133.95	0	-90
TEP-10-029	718579.75	2116642.18	459	256.15	0	-90
TEP-10-030	716566.21	2116253.44	532	317.2	90	-70
TEP-10-031	718652.92	2116786.06	443	398.1	0	-90
TEP-10-032	718883.25	2116998.5	436	368	0	-90
TEP-10-033	718774.22	2116722.07	436	389.25	90	-50
TEP-10-034	718758.51	2116807.62	436	379.45	0	-90
TEP-10-035	718862.6	2116533.28	435	267.4	90	-50
TEP-10-036	718757.48	2116629.91	436	278.45	90	-50
TEP-10-037A	718641.23	2116538.44	455	355.15	90	-70
TEP-10-038	718476.84	2116712.29	483	308.7	90	-60
TEP-10-039	718617.18	2116707.95	448	345.75	90	-50
TEP-10-040	718791.17	2116889.1	437	339.55	0	-90
TEP-10-041	716612.59	2116146.66	524	274	90	-70
TEP-10-042	716714.97	2116157.36	517	219.1	90	-70
Total:				**10,542.40**		

10.1.2 2011 Drilling Program

Geologix continued to drill the Tepal (North and South Zones) and the Tizate Zones throughout 2011. In 2011, 201 drill holes were completed, totalling 41,197.75 m. The drill program utilized seven diamond drilling machines from Major Drilling International Inc. (Major Drilling) and Intercore Perforaciones S. De R.L. de C.V. (Intercore Perforaciones). The focus of this diamond drill program was to infill the three deposits, thereby upgrading the mineral resource categories. The 2011 drill core recovery was good and averaged better than 90% in most areas.

Table 10.2 summarizes the 2011 Geologix drilling program by mineral zone. Due the number of 2011 drill holes, the complete version of Table 10.2 is located in Appendix II of this report. A summary of Table 10.2 is included below.

Table 10.2
Summary of the Geologix 2011 Drilling Program by Mineral Zone

Zone/Deposit	Number of Drill Holes	Total Length of Drill Holes (m)
Tepal (North and South)	131	23,024
Tizate	70	18,173
Total:	**201**	**41,197**

Table from Geologix, 2011.

In addition to the infill drill holes, there were a series of wide-spaced condemnation and geotechnical holes that were completed on the property. There were seven in-pit geotechnical drill holes totalling 1,354 m and a total of six condemnation holes totalling 298 m.

Table 10.3 summarizes the significant mineralized intervals obtained during the 2011 drill program. Due to the nature of the drilling and porphyry mineralization, the drilling intersections noted in Table 10.3 are core length not true width. The tabular nature of the mineralized zones means that a number of proximal drill holes are generally needed to derive the true width of the mineralization and, thus the true width of the mineralization can only be identified once the drilling for a particular zone is interpreted. The true width of a zone will also vary based upon the economic cut-off grade applied during the interpretation process.

Table 10.3
Summary of the 2011 Significant Mineralized Intervals

Drill Hole No.	Zone/Deposit	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)
TEP-11-010	South	0	64.05	64.05	0.3	0.67	0.8
TEP-11-012	South	146.5	425.9	279.45	0.26	0.54	1.3
	including	301.4	403.85	102.45	0.38	0.86	0.9
	including	303.4	370.95	67.55	0.42	1.01	1
TEP-11-015	South	0	91.1	91.1	0.25	0.67	1
TEP-11-016	South	6.2	86.1	79.9	0.26	0.88	1.4
TEP-11-018	South	0	140	140	0.27	0.59	1.4
TEP-11-020	South	0	213.4	213.4	0.21	0.39	0.5
TEP-11-026	South	309.2	498	188.8	0.4	1.04	2.7
	including	317.2	422	104.8	0.44	1.45	1.3
TEP-11-033	North	0	41.9	41.9	0.58	0.29	5.9
TEP-11-043	South	152	294.55	142.55	0.35	0.91	1.3
	including	162	274	112	0.38	1.04	1.2
TEP-11-060	North	0	96	96	0.26	0.43	2.3
TEP-11-063	North	4	67.4	63.4	0.26	0.36	1
TEP-11-064	North	0	54.5	54.5	0.29	0.43	2.1
TEP-11-065	North	0	29.95	29.95	0.39	0.41	0.5
	and	54.4	77.25	22.85	0.42	0.43	0.8
TEP-11-068	North	52.5	93.5	41	0.37	0.74	1.1
TEP-11-072	North	0	76	76	0.59	0.77	1

Drill Hole No.	Zone/Deposit	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)
TEP-11-075	North	0	140.7	140.7	0.36	0.87	1.4
	and	162.75	188.9	26.15	0.23	0.53	0.8
TEP-11-084	North	0	31.5	31.5	0.3	0.14	0.7
TEP-11-089	North	0	41	41	0.78	0.45	1.8
TEP-11-093	North	0	67.95	67.95	0.64	0.67	0.9
TEP-11-094	North	18.65	224.7	206.05	0.19	0.42	0.6
TEP-11-102	North	0	137	137	0.23	0.47	0.7
TEP-11-110	North	0	78	78	0.32	0.3	1.4
TEP-11-113	North	0	179.35	179.35	0.24	0.54	1.1
TEP-11-115	North	0	54.45	54.45	0.32	0.73	1.3
TEP-11-120	North	0	119.6	119.6	0.19	0.3	1.2
TEP-11-125	North	0	122.05	122.05	0.25	0.6	0.9
TEP-11-128	South	316	437.4	121.4	0.18	0.72	2.1
	including	318	401	83	0.2	0.89	2.3
TEP-11-130	South	149.75	253.7	103.95	0.12	0.22	2.5
	and	284.25	439.2	154.95	0.24	0.41	1.2
TIZ-11-003	Tizate	25.9	154	128.1	0.2	0.13	3.2
TIZ-11-006	Tizate	182	255	73	0.2	0.13	2.9
TIZ-11-007	Tizate	0	41	41	0.15	0.08	3.3
TIZ-11-011	Tizate	5.25	100.95	95.7	0.13	0.21	1.4
TIZ-11-013	Tizate	76.8	173.4	96.6	0.16	0.13	2.4
	and	218	320	102	0.22	0.14	4
TIZ-11-017	Tizate	60.4	301.04	240.65	0.2	0.18	2.3
TIZ-11-019	Tizate	87	148.55	61.55	0.18	0.15	1.3
TIZ-11-021	Tizate	123.9	229	105.1	0.2	0.16	1.5
TIZ-11-023	Tizate	0	97.75	97.75	0.2	0.17	1.4
TIZ-11-025	Tizate	6	106.8	100.8	0.19	0.08	1.2
TIZ-11-027	Tizate	0	42	42	0.16	0.15	1.4
TIZ-11-035	Tizate	0	63	63	0.24	0.27	5.1
TIZ-11-037	Tizate	0	63.1	63.1	0.2	0.23	3.9
TIZ-11-050	Tizate	0	85	85	0.18	0.34	1.7
TIZ-11-056	Tizate	0	92.15	92.15	0.31	0.21	1.8
TIZ-11-057	Tizate	0	107.9	107.9	0.17	0.21	2.5
TIZ-11-061	Tizate	0	140.65	140.65	0.19	0.26	1.9
TIZ-11-062	Tizate	4	230.05	226.05	0.15	0.32	1
TIZ-11-063	Tizate	52.2	193.6	141.4	0.21	0.19	2
TIZ-11-065	Tizate	5.15	238	232.85	0.14	0.32	1.2

Source: Geologix 2011 and 2012 press releases.

10.1.3 2012 Drilling

Exploration activities in 2012 concentrated on the seven anomalous areas outlined by the 2011 airborne geophysical survey. All seven anomalies received additional mapping, trenching and continuous chip sampling, as well as soil sampling in areas devoid of outcrop. A total of 1,064 soil samples and 1,263 rock chip samples were collected, resulting in the prioritization of five geophysical anomalies to a drill testing stage. To test these, Geologix drilled 34 RC holes totalling 5,058.0 m (Table 10.4). None of this drilling was carried out on the known mineralized zones and these drill holes were not included in either the 2012 mineral resource estimate or the current 2024 estimate disclosed in Section 14.

The recovery for the 2012 RC holes was deemed to be better than 90%. As none of the 2012 drilling was conducted on the known mineralized zones, there are no significant mineralized intersections for these drill holes.

Table 10.4
Summary of the Drill Hole Collar Information for the 2012 Geologix Drilling Program

Drill Hole ID	Drill Collar Coordinates			Drill Hole Details		
	Easting	Northing	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
TEP-12-132	717868	2118602	620	150	190	-60
TEP-12-133	718023	2118470	605	172	90	-50
TEP-12-134	718036	2118339	609	180	90	-50
TEP-12-135	717986	2118215	589	198	90	-50
TEP-12-136	717946	2117241	606	162	110	-50
TEP-12-137	720532	2118002	400	132	0	-90
TEP-12-138	720132	2118003	421	102	90	-50
TEP-12-139	720543	2118468	401	102	180	-50
TEP-12-140	719993	2117595	410	102	45	-50
TEP-12-141	720054	2117650	414	102	45	-50
TEP-12-142	719806	2117761	415	102	90	-50
TEP-12-143	719415	2115182	436	102	225	-50
TEP-12-144	719637	2114537	437	102	140	-50
TEP-12-145	719955	2114785	437	102	225	-50
TEP-12-146	718266	2114714	474	102	130	-50
TEP-12-147	717708	2115801	496	150	115	-50
TEP-12-148	718038	2116795	536	150	60	-50
TEP-12-149	717754	2117335	703	186	90	-50
TEP-12-150	717708	2117225	664	198	90	-50
TEP-12-151	717748	2118507	566	168	90	-50
TEP-12-152	717819	2117635	589	150	90	-50
TEP-12-153	717983	2118266	616	180	90	-50
TEP-12-154	718162	2118415	589	198	270	-50
TEP-12-155	718607	2117872	477	102	250	-50
TEP-12-156	717231	2119295	459	150	120	-50
TEP-12-157	716479	2119662	469	150	180	-50
TEP-12-158	718501	2120561	522	150	90	-50
TEP-12-159	717955	2117104	630	198	90	-60
TEP-12-160	718157	2118152	591	170	270	-50
TEP-12-161	718142	2118258	610	150	270	-50

Drill Hole ID	Drill Collar Coordinates			Drill Hole Details		
	Easting	Northing	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
TEP-12-162	717902	2118330	562	150	90	-50
TEP-12-163	718088	2117731	642	198	300	-50
TEP-12-164	717812	2117414	668	150	90	-50
TEP-12-165	718167	2117208	527	198	270	-50
Total:				**5,058.00**		

Source: Defiance Silver database.

10.2 DEFIANCE SILVER DRILLING PROGRAM

Defiance Silver has not conducted any drilling programs on the Tepal property since its merger with ValOro. Currently, Defiance is in the process of reviewing the drilling database for the Tepal property and may undertake further drilling programs once it has completed its review.

Several brief visits to the Tepalcatepec core shack by Defiance Silver personnel were made in May, June and August, 2024. This included cleaning, maintenance and initial inventory of the drill core and RC chips, as well as pulps and rejects. Drill hole TEP-11-031 was previously identified in the database as a hole that did not have any geochemical assays but was drilled during the 2011 drilling program. During a core shack visit, it was confirmed that the hole was not sampled, however, it had been previous cut in half. Defiance Silver conducted a quick re-log of the drill hole and samples were sent to at ALS Limited's Zacatecas, Mexico, preparation facility with the prepared pulps sent to ALS Limited's Vancouver, Canada, analytical facility for geochemical assay sampling. The results are currently pending for drill hole TEP-11-031. The assay results will be reported once they are available and have been reviewed with QA/QC protocols.

11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

11.1 INTRODUCTION

The following Section was derived from observations made during the site visit and from a thorough review of the database by both Defiance Silver as well as by Micon's QPs.

11.2 HISTORIC SAMPLE PREPARATION, ANALYSIS AND SECURITY

11.2.1 INCO

No information is known regarding the sample preparation, analysis and security methods employed by INCO, nor is it known whether INCO employed a quality control/quality assurance program for their drill programs.

11.2.2 Teck

No information is available regarding the security employed by Teck, nor is it known whether Teck employed a full quality control/quality assurance program. Shonk (1994) indicates that every tenth sample submitted for analysis by Teck was a duplicate.

All samples collected by Teck were analyzed by ALS Chemex (ALS) in Vancouver. The analytical methods utilized by Teck for gold consisted of a standard fire assay, followed by an atomic absorption finish. The method requires that a sample weighing about 30 g mixed in a crucible with lead oxide, a reducing agent and fluxes. The sample is then fired in a furnace. In the furnace, the complete content of the crucible is melted. After cooling, the metallic lead button at the bottom of the mold is separated from the glassy slag which is discarded.

The metallic lead button is placed into a cupel and into a cupelling furnace. In the "cupelling" process lead metal is oxidized and volatilizes away from the precious metals and soaks into the bone ash cupel, leaving the precious metals as a metallic speck, called a "bead" on the bottom of the cupel.

The bead of precious metals that is recovered in the cupel after the lead has been removed is dissolved in aqua regia. The resulting solution is then analyzed by atomic absorption spectrometry, allowing the grade of gold and silver in the original sample to be back calculated. High-grade samples are typically re-analyzed, using fire assay with a gravimetric finish.

Teck assayed all samples for copper using an aqua regia digestion followed by ICP analysis. Samples collected from the oxide were analyzed for non-sulphide copper minerals by digestion in dilute sulphuric acid and AA finish.

Micon's QP is not aware of any specific certification that ALS had in the mid-1990s. However, most commercial laboratories used internal standards, duplicate assays and conducted round robins to ensure that their clients could have confidence that they were receiving accurate assays for the samples they submitted to ALS. ALS is currently certified to ISO/IEC 17025:2017 standards.

Micon's QP has reviewed the limited check sampling program that Geologix conducted on the Teck drill core in 2010. The program consisted of re-assaying a total of 234 pulps at ALS in Vancouver. The results of the re-assay program corroborated the original Teck assay results.

11.2.3 Hecla

No information is available regarding sample preparation, analysis and security methods during the Hecla drill programs. It is also not known whether Hecla employed a quality control/quality assurance program.

All samples were analyzed by ALS in Vancouver. Gold content was determined by fire assay with an atomic adsorption finish, following similar procedures to the Teck analyses discussed above. Copper and 30 other elements were determined by ICP.

11.2.4 Arian

Arian geologists typically used 2 m sample intervals within the mineralized zones, apart from where broken ground and/or specific geological conditions determined otherwise.

Sampling intervals ranged from 0.25 to 5.95 m (which represents an inter-zone waste composite sample), with most intervals in the 1.5 to 2 m range.

Core was transported from site to the processing facility in Tepalcatepec, 15 km northeast of the Tepal Project. In the warehouse, the areas of core that had been marked for sampling were cut in half using a diamond-bladed core-saw. One half of the core was replaced into the core-box, and the other half was bagged. Inside the bags were placed sample tickets with a unique sample ID number, and the same sample number was written on the outside of the plastic bag with permanent markers. The bag was then sealed on-site.

After the core has been logged and photographed, all information was entered into an Access Database (Booth, 2007b). The samples (in groups of ten samples) are placed inside nylon rice bags and sealed with a cable-tie to prevent access. There were 3,532 samples of NQ size. Samples were sent to Inspectorate Laboratories (Inspectorate) in Durango, Mexico for sample preparation and the pulps were then shipped to Inspectorate in Reno, Nevada for analysis.

Sampling issues were identified by ACA Howe. Certified reference material (CRM) that was assayed at Inspectorate using the three-acid digestion and ICP finish method returned copper results that were generally erratic and higher than expected.

To address this, a full review of Inspectorate analytical techniques was undertaken. It was recognized through this review that sample preparation for the three-acid digestion and ICP finish method was inadequate. Based on these findings, it was agreed that re-analysis for copper and gold for all Phase 1 holes would be undertaken, using the more reliable method of aqua regia digest with atomic adsorption finish.

Once re-analysis was complete, the CRM and duplicate results were greatly improved for gold and were presented in the April, 2008 report. It was found that the gold re-assay results undertaken at Inspectorate, on the whole, were sufficient to be suitable for confident use in resource estimation. Micon's QP notes that this remains the case and, based upon the QP's past experience, any project using Inspectorate in Reno should have its 2007 to 2009 samples re-assayed by a second independent assay laboratory.

Copper control results remained poor, and it was agreed that all Phase 1 assays would have to be re-analyzed by ALS Chemex Laboratories (ALS) Canada. To ensure an adequate level of confidence in assay results used in resource estimation, the majority of samples beyond Sample 143422, hole AS-07-023, were sent to ALS for gold and copper analysis, in place of Inspectorate. The sampling preparation and analytical methods employed by each laboratory are described in the following sections.

11.2.4.1 Inspectorate

Samples sent to Inspectorate for analysis were collected from Arian's warehouse every two weeks by Inspectorate personnel who transported the samples to their preparation facility in Durango, Durango State, Mexico.

The entire half-core was crushed to 75% passing 2 mm, followed by the pulverization of a 150 g split in a chromium steel crusher to 85% passing 75 microns. The pulp samples were then air freighted to Inspectorate's analytical laboratories in Reno, Nevada, for analysis.

Gold analysis for samples below 3 ppm Au used an aqua regia digestion with an AAS finish (detection range was 0.005 to 10 ppm Au). Samples over 3 ppm Au used the fire assay method with a gravimetric finish (detection range was 0.005 to 100 ppm Au).

Copper analysis used an aqua regia digestion with an AAS finish (detection range was 0.2 to 10,000 ppm Cu).

11.2.4.2 ALS

Samples analyzed by ALS were collected from Arian's warehouse and transported the samples to ALS's sample preparation facility in Guadalajara, Jalisco State, Mexico. It is uncertain whether ALS personnel collected the samples at Arian's warehouse or whether the samples were couriered via a private company.

Once the samples were received by ALS, the entire half-core was crushed and pulverized to 85% passing 75 microns. The pulps were then air freighted to the ALS analytical laboratories in Vancouver, Canada, for analysis.

Gold analysis for samples below 3 ppm Au used an aqua regia digestion with an AAS finish (detection range was 0.005 to 10 ppm Au). Samples over 3 ppm Au used the fire assay method with a gravimetric finish (detection range was 0.005 to 100 ppm Au).

Copper analysis for samples below 10,000 ppm Cu used a three-acid digestion with an ICP analysis (detection range was 0.2 to 10,000 ppm Cu). Samples over 10,000 ppm Cu used an aqua regia digestion with an AAS finish (detection range was 0.01 to 3% Cu).

Results were received from the laboratories via email and hardcopy certificate. For each laboratory used, the sample dispatch routines, security, preparation and analysis are considered consistent with satisfactory working practices for this type of deposit and type of exploration work.

11.3 Geologix Sample Preparation, Analysis and Security

Geologix geologists typically used 2 m sample intervals within the mineralized zones, except for where broken ground and/or specific geological conditions determined otherwise. Sampling intervals ranged from 0.25 to 5.95 m (which represents an inter-zone waste composite sample), with most intervals in the 1.5 to 2 m range.

In 2010, core was transported from site to the processing facility, located in Tepalcatepec. In the warehouse, the areas of core that had been marked for sampling were cut in half using a diamond-bladed core-saw. One half of the core was replaced into the core-box, and the other half was bagged. Inside the bags were placed sample tickets with a unique sample number and the same sample number was written on the outside of the respective bag. Each bag was then sealed on-site. The sample bags in groups of ten were placed inside nylon rice bags and sealed with a cable-tie to prevent access.

In 2011, Geologix built a new covered core logging facility and secure storage area within the new exploration camp facilities on the Tepal property, south of the South Zone. The identical sample procedure was used at this new facility as at the old one. This facility was dismantled once the exploration program was completed, and the material was moved to a secure warehouse facility in Tepalcatepec where it was viewed during the 2024 site visit. The remains of the core logging facility at the exploration camp site were inspected during the 2024 site visit and could be rehabilitated if needed.

In 2011, a QA/QC program was implemented to ensure that all core and sample handling procedures were in accordance with the best practices. The assay protocol included the insertion of standards, blanks and duplicates into the sample stream on an average basis of one standard, one blank and one duplicate sample for every 30 samples. At no time after the rice bags were sealed, were the samples handled by Geologix personnel or contractors working for Geologix.

After the core has been logged and photographed, all information was entered into a Microsoft Access Database.

Samples were analyzed by ALS. The samples were collected from Geologix's warehouse and transported to ALS's sample preparation facility in Guadalajara, Jalisco State. The analytical work was completed at ALS's laboratory facilities in North Vancouver, BC.

All samples were assayed for gold by aqua regia digest with AAS finish on a 30 g sample and by ICP-AES for 33 elements, including copper, using a four acid "near total" digestion. High-grade gold (>10.0 g/t) samples were re-analyzed using fire assay with a gravimetric finish. High-grade (>10,000 ppm) copper samples were re-analyzed on a single element basis, using a mineralized material grade four acid digestion with Inductively Coupled Plasma atomic emission spectroscopy (ICP-AES) finish.

Results were received from the lab via email, along with hardcopy certificates.

In 2011, ALS was an ISO 9001 and ISO 17025:2005 accredited facility and it is currently certified to ISO/IEC 17025:2017 standards. Based upon a review of the previous reports and database, Micon's QP believes that the sampling, transportation, preparation and analysis by Geologix were consistent with exploration best practices for this type of deposit and, therefore, that the results obtained from the exploration programs continue to be acceptable for use as the basis of a mineral resource estimation.

11.4 Historic Quality Assurance/Quality Control (QA/QC) Programs

11.4.1 Arian Verification

A quality assurance and quality control (QA/QC) program was implemented during the 2007 and 2008 drilling campaign at Tepal in order to provide adequate confidence that sample and assay data could be used in resource estimation.

An assessment of QA/QC samples submitted to Inspectorate was completed (White, 2008, 2009). On the whole, Inspectorate gold results were sufficient to be confident in assay precision and accuracy.

The review of sampling and assaying procedures indicates that an adequate system was in place to maximize the quality of drill hole samples and to accept the reliability, accuracy and precision of subsequent assay data for use in resource estimation.

The QA/QC program consisted of:

- The inclusion of Certified Reference Material standards (CRM's) in sample batches sent to both Inspectorate and ALS, to assess analytical accuracy (four per 100 samples).

- The inclusion of field blanks and pulp blanks to assess laboratory sample preparation and analytical accuracy (three per 100 samples).

- The inclusion of field duplicates and externally assayed pulp duplicates to assess sample preparation and precision (three per 100 samples).

Based upon their review of the work conducted by Arian, Micon's QPs continues to believe that the QA/QC program implemented during the 2007 and 2008 drilling campaign was sufficient to allow the results to be used as the basis for a mineral resource estimate.

11.4.1.1 Arian Certified Reference Material Samples

Certified Reference Material (CRM) samples were prepared from mineral matrices that contain gold and copper values similar to the grade of the mineralization at the Tepal Project. CRM samples were routinely submitted for assaying with core at a ratio of up to 1:60, totalling 2% of all samples. Three CRM's used by Arian were CU139, CU150 and OX14, with the particulars for the CRM's summarized in Table 11.1. The CRM's were prepared by WCM Minerals, Burnaby, BC and Rock Labs, New Zealand.

Table 11.1
Arian CRM Sample Statistics

CRM	Recommended Values		Standard Deviation	
	Au (ppm)	Cu (%)	Au (ppm)	Cu (%)
CU139	0.55	0.43	0.031	0.007
CU150	0.79	0.59	0.033	0.012
Ox14	1.22	N/A	0.057	N/A

Table sourced from 2012 Micon Technical Report.

11.4.1.2 Arian Blank Samples

Field blanks were prepared from samples of un-mineralized tonalite taken from a quarry near Arian's San Jose property and submitted along with the core samples. All pulp blanks were prepared from the un-mineralized tonalite at the Inspectorate sample preparation facility.

Blanks were typically inserted at the end of an expected high-grade run, after vein intersections that contained significant sulphides. Blanks were inserted with core samples at a ratio of 1:54 and totalled 2% of all samples. A total of 144 blanks were submitted including 33 field blanks and 33 pulp blanks.

Gold grades in field blanks submitted to ALS indicated that only three results returned values marginally greater than the lower limit of detection 0.5 ppm Au and were well within tolerance limits, returning values of up to 0.009 ppm Au. Copper grades in field blanks were, on the whole, acceptable with 67% returning values below one standard deviation of 0.002% Cu based on all samples. There were two copper outliers of 0.007% and 0.008% however, Micon's QP believes that these are insignificant and within tolerance limits.

As part of the Phase 1 quality control sample resubmission, 33 pulp blanks, prepared by Inspectorate, were submitted for re-analysis. Gold grades for pulp blanks showed that 67% of returned grades were below the limit of detection. Of the remaining samples eight returned values greater than 0.01 ppm Au, including one outlier, sample 145521, at 0.08 ppm Au. Copper values were much more variable with only 52% returning values below one standard deviation of 0.007% Cu based on all samples, with the majority of samples returning grades of 0.009% Cu. There was one outlier, again sample 145521, which returned a grade of 0.04% which is considered beyond acceptable limits.

On the whole, Micon's QP considered the results of Arian's blank sample analysis to be generally acceptable. However, Micon's QP noted that there were some anomalous assays for both field and pulp blanks. Field blanks were acceptable, indicating that there were no significant contamination issues in field sample preparation. Pulp samples demonstrated limited but significant values over acceptable limits for gold and copper, indicating a potential error in the numbering of sample 145521 or contamination during sample preparation. Micon's QP acknowledges that there are times that potential errors do creep into a QA/QC program, due to contamination or errors and mix-ups in sample numbering sequences and these should always be followed up at the time that the program is conducted.

11.4.1.3 Arian Duplicate Samples

Arian re-analyzed and compared sixty-nine (69) duplicate samples which accounted for 2% of all samples.

The duplicates were either obtained from a coarse reject sample comprising a 1 kg or 25% split taken from a randomly selected coarse reject sample that had been returned from Inspectorate or from a pulp reject sample comprising a 100 g sample taken from a randomly selected pulp reject sample that had been returned from Inspectorate after analysis.

There was a good correlation for pulp and coarse reject duplicates for gold, indicated by the correlation coefficients of 0.9319 and 0.9717 respectively. There was a good level of precision between original assays and duplicate assays. A total of 44% of the gold duplicate assays were within 10% of the original assay value.

A lesser level of precision between original and duplicate assays was shown for the copper analysis. There appears to be some significant overestimating of coarse duplicates, particularly at higher grades, with one anomaly indicating a 102% difference in copper grade and this sample was flagged for reassessment. However, Micon's QP notes that the correlation coefficients of 0.8112 and 0.867 indicate a reasonable level of precision for Arian's duplicate samples.

11.4.1.4 Arian Historic Duplicates

Arian undertook a program of historical pulp duplicate re-analysis on available pulp samples to verify historical drill sample assay results. Pulps were available for a number of Teck and Hecla drill holes.

Pulp duplicate assessment shows that repeatability of historical Au assay data is reasonable, with correlation coefficients of 0.94 and 0.91 for Teck and Hecla samples respectively. Pulp duplicate assessment of Cu values returned equally satisfactory correlation coefficient values of 0.93 and 0.98 respectively.

As part of the Phase 1 diamond drill program, Arian also twinned a number of historical drill holes for data verification purposes. Identification of twin holes by Arian was done by reference to historical collar coordinates in the historical database.

Arian was unable to locate evidence on the ground to confirm the accurate location of all but one of the INCO drill holes (IN-57002). It was previously deemed that the lack of evidence for the INCO drilling on the ground suggested that the coordinates for the INCO drilling listed in the historical database were incorrect. However, during the 2024 Micon site visit, it was noted that the INCO drill hole was located close to a Mexican government survey point, and that this survey point could be used to potentially assist in locating the remaining INCO drill hole collars in the future, if the metal rods were left in the other INCO holes as was the case for IN-57002; therefore, the INCO holes should be considered as part of the database. Micon's QP notes that, in the case of historical drilling where the drill collars were left low to or somewhat even with the ground, these collars tend to get buried quickly if a metal rod is not attached that sticks up several feet in the air. The use of a metal detector could most likely locate the other INCO collars if they are aligned with the government survey point located near the IN-57002 drill collar.

Arian geologists indicated poor correlation between Arian diamond drill hole results and historical Hecla RC drill grades. The 'average' difference for Au was 19% and for copper 16% (with maximums of 72% and 142% respectively). Micon's QP notes that the poor correlation can be the result of the drilling methods used, as well as the different sampling widths or methods employed. For this reason, Micon's QP believes that the historic assay results provided by Hecla should remain in the Tepal database, but not used if core drilling data is available; however, they can be used in part to verify geology and may be used, in certain cases, to indicate if an area is mineralized or not which then can be followed up by further drilling at a later date.

11.5 GEOLOGIX QA/QC PROGRAM

Geologix established a QA/QC program for the drilling at the Tepal and Tizate mineralized zones in an attempt to provide adequate confidence that sample and assay data could be used in resource estimation. Procedural documentation pertaining to sample collection, field preparation, sample dispatch, assay laboratory sample preparation, sample analysis and collation of assay results was presented and reviewed.

The review of sampling and assaying procedures indicates that an adequate system is in place to maximize the quality of drill hole samples and to assess the reliability, accuracy and precision of subsequent assay data for use in resource estimation.

The QA/QC program consisted of:

- The inclusion of CRM's in sample batches sent to ALS to assess analytical accuracy (1 per 30 samples).
- The inclusion of field blanks and pulp blanks to assess laboratory sample preparation and analytical accuracy (1 per 30 samples).
- The inclusion of field duplicates and externally assayed pulp duplicates to assess sample preparation and precision (1 per 30 samples).

Approximately 20% of all samples submitted to the laboratory were quality control samples.

Micon's QP has reviewed the QA/QC program established by Geologix and believes that the QA/QC program implemented was of sufficient quality to allow the results to be used as the basis for a mineral resource estimate.

11.5.1 Geologix Certified Reference Material Samples

CRM samples were prepared from mineral matrices that contain gold and copper values similar to the grades found in the zones at the Tepal Project. Standard statistical techniques were used to assign a recommended assay value with associated 95% confidence interval (Table 11.2). The CRM's were prepared by CND Laboratories Langley, BC and Ore Research and Exploration Pty Ltd. of Australia

Table 11.2
Geologix CGM Sample Statistics

CRM	Recommended Values		Three Standard Deviations		Failures	
	Au (ppm)	Cu (%)	Au (ppm)	Cu (%)	Au	Cu
CDN-CGS-21	0.99	1.3	0.265	0.252	2	0
CDN-CGS-23	0.218	0.182	0.108	0.03	3	3
Oreas 50Pb	0.841	0.744	0.19	0.126	1	3
Oreas 52Pb	0.307	0.334	0.104	0.046	0	2
Oreas 53Pb	0.623	0.546	0.128	0.081	2	6
Oreas 52c	0.346	0.344	0.1	0.057	2	7
Oreas 151	0.043	0.166	0.014	0.031	2	5
Oreas 152a	0.116	0.385	0.03	0.057	5	15
Oreas 153a	0.311	0.712	0.069	0.151	2	1

Table sourced from Geologix 2016.

CRM samples were routinely submitted for assaying with core at a ratio of up to 1:30, totalling 4% of all samples. Initial drilling utilized CDNCGS-21, CDNCGS-23, 50pb and 52pb, while the 2011 used 52c, 151a, 152a and 153a. Error plots for each CRM for gold and copper are presented in the following pages (Figures 11.1 to 11.18). Failures are identified as yellow squares in each plot.

Figure 11.1
CRM - CDN-CGS-21 - Au Values

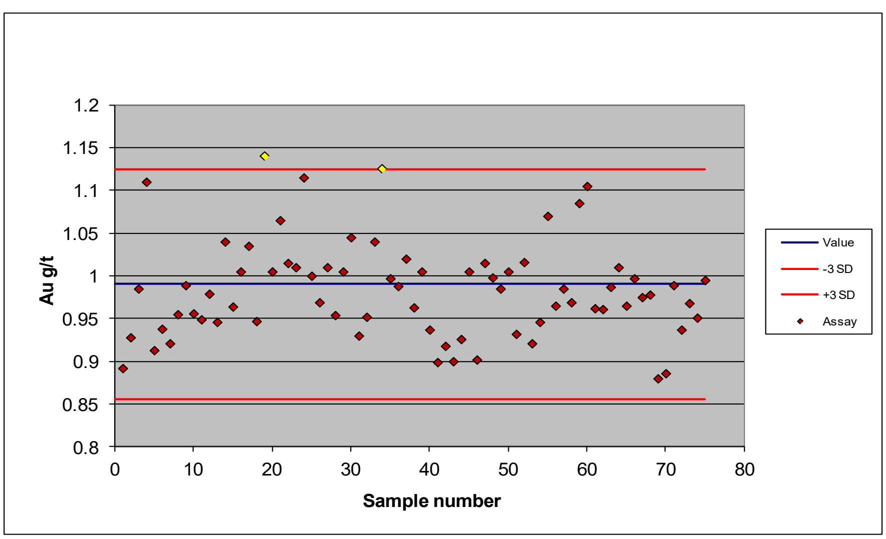


Figure sourced from 2012 Micon Technical Report.

Figure 11.2
CRM - CDN-CGS-21 - Cu Values

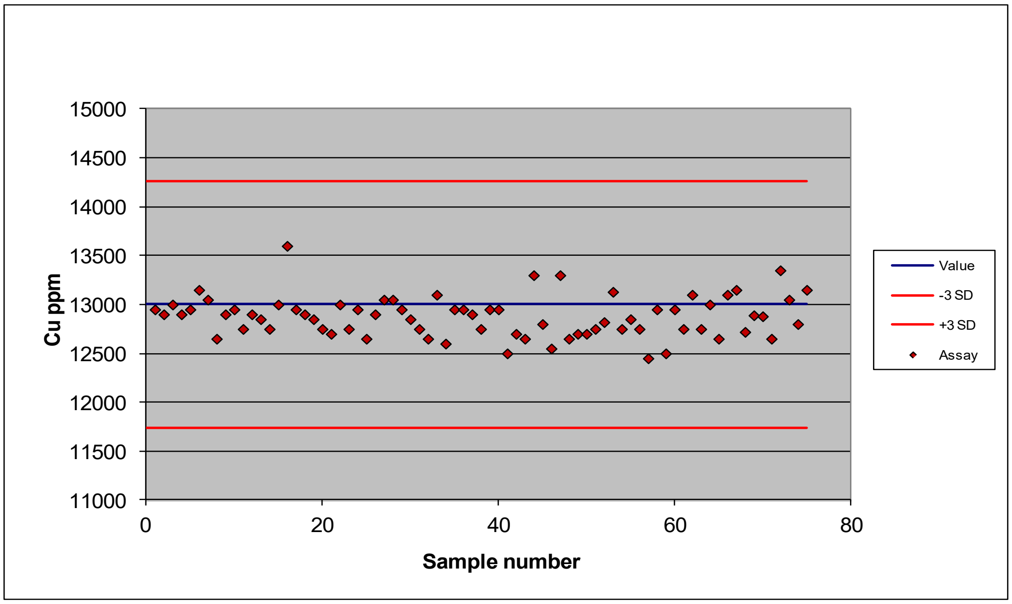


Figure sourced from 2012 Micon Technical Report.

Figure 11.3
CRM - CDN-CGS-23 - Au Values

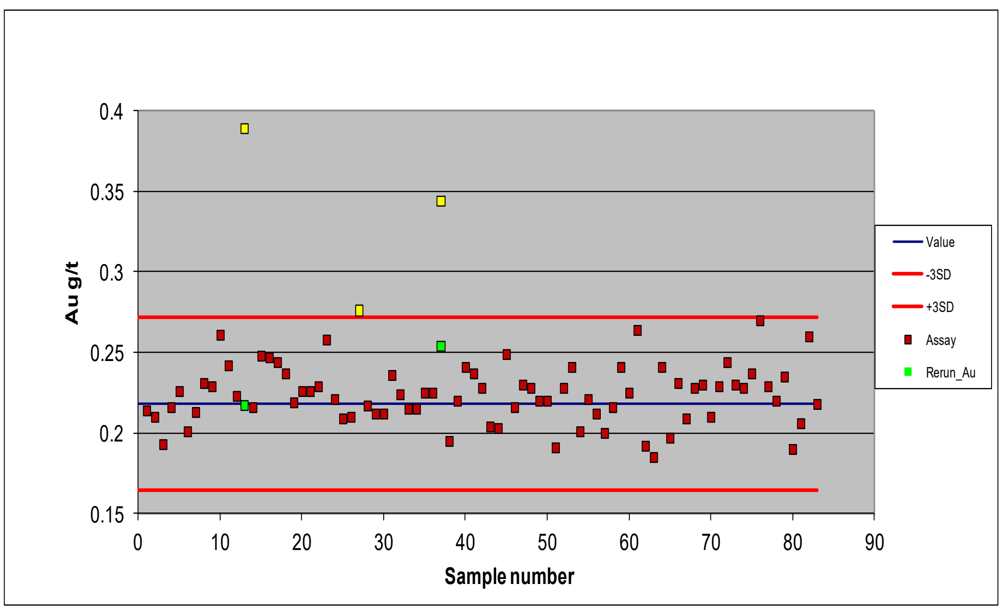


Figure sourced from 2012 Micon Technical Report.

Figure 11.4
CRM - CDN-CGS-23 - Cu Values

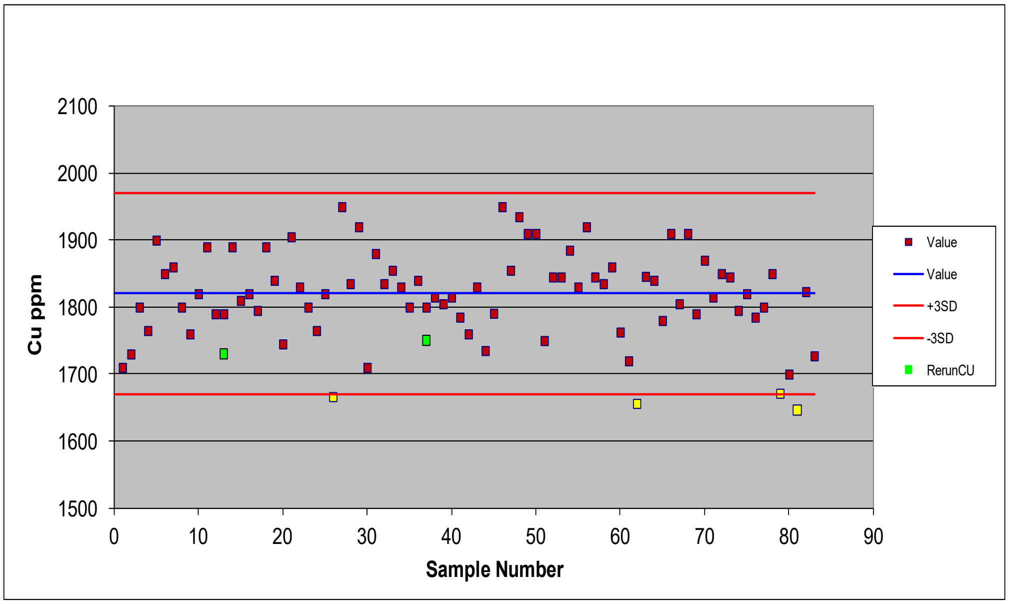


Figure sourced from 2012 Micon Technical Report.

Figure 11.5
CRM - Oreas-50Pb - Au Values

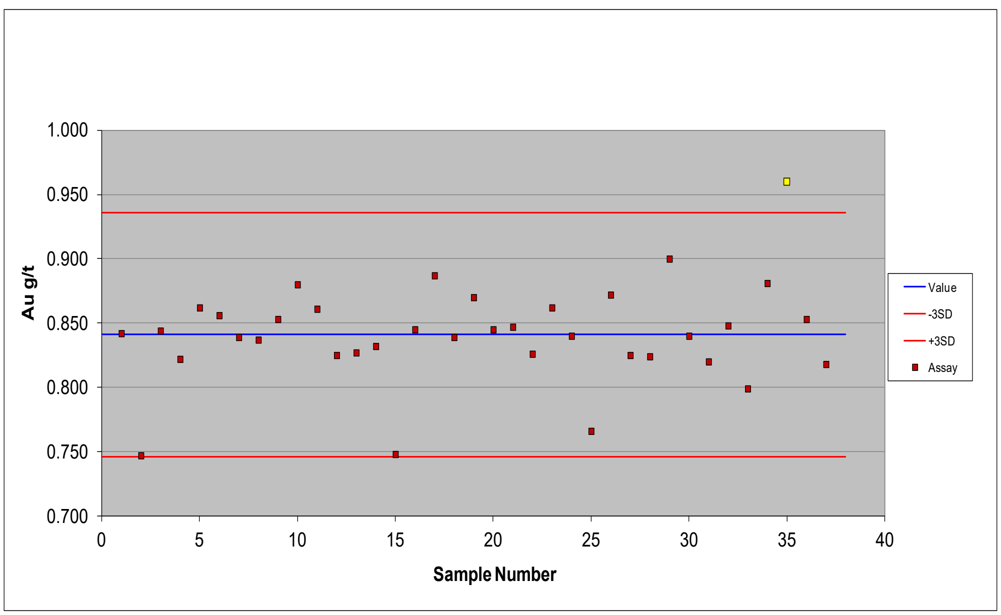


Figure sourced from 2012 Micon Technical Report.

Figure 11.6
CRM - Oreas-50Pb - Cu Values

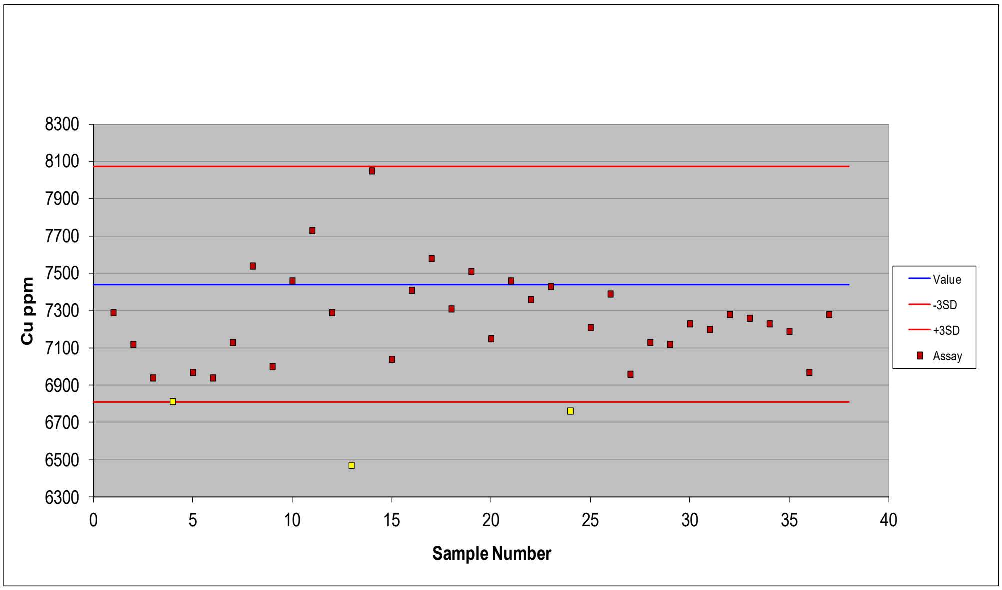


Figure sourced from 2012 Micon Technical Report.

Figure 11.7
CRM - Oreas-52Pb - Au Values

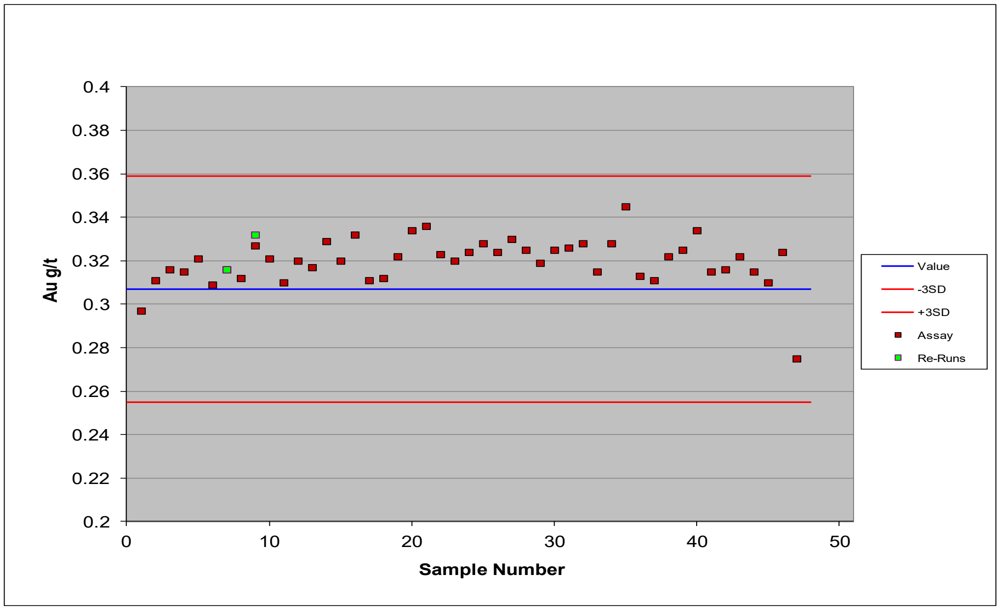


Figure sourced from 2012 Micon Technical Report.

Figure 11.8
CRM - Oreas-52Pb - Cu Values

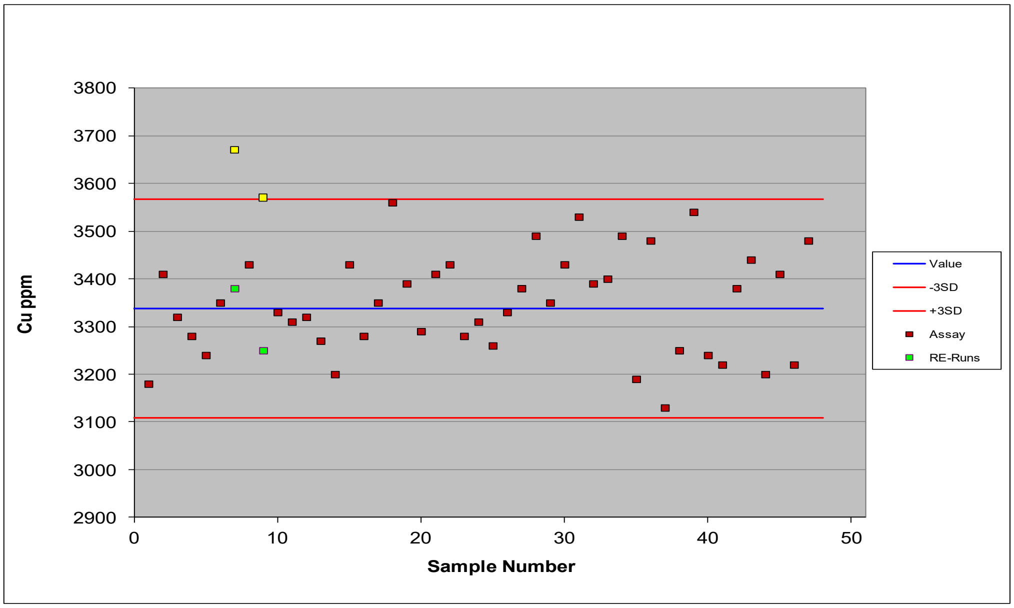


Figure sourced from 2012 Micon Technical Report.

Figure 11.9
CRM - Oreas-53Pb - Au Values

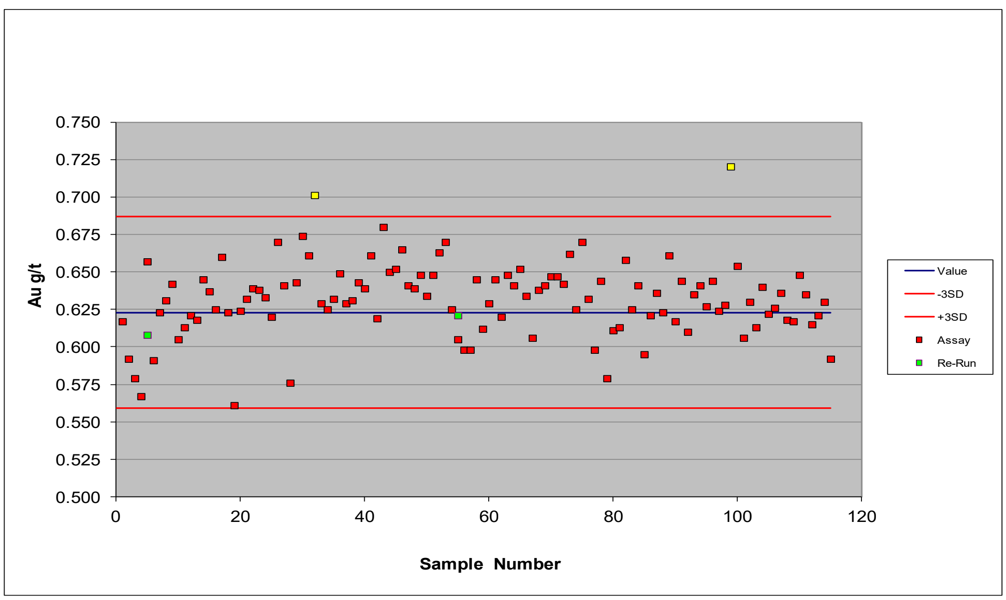


Figure sourced from 2012 Micon Technical Report.

Figure 11.10
CRM - Oreas-53Pb - Cu Values

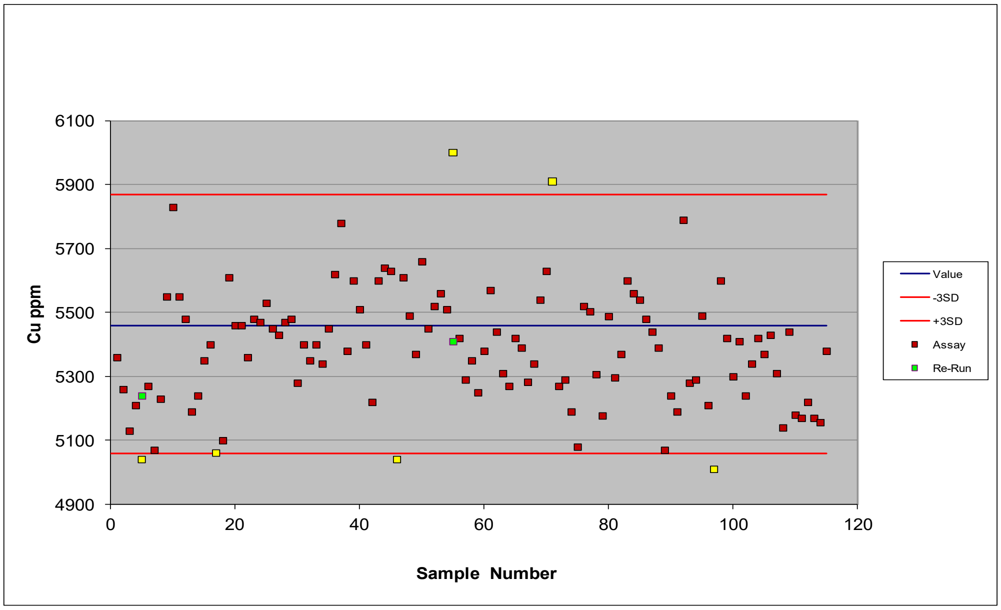


Figure sourced from 2012 Micon Technical Report.

Figure 11.11
CRM - Oreas-52c - Au Values

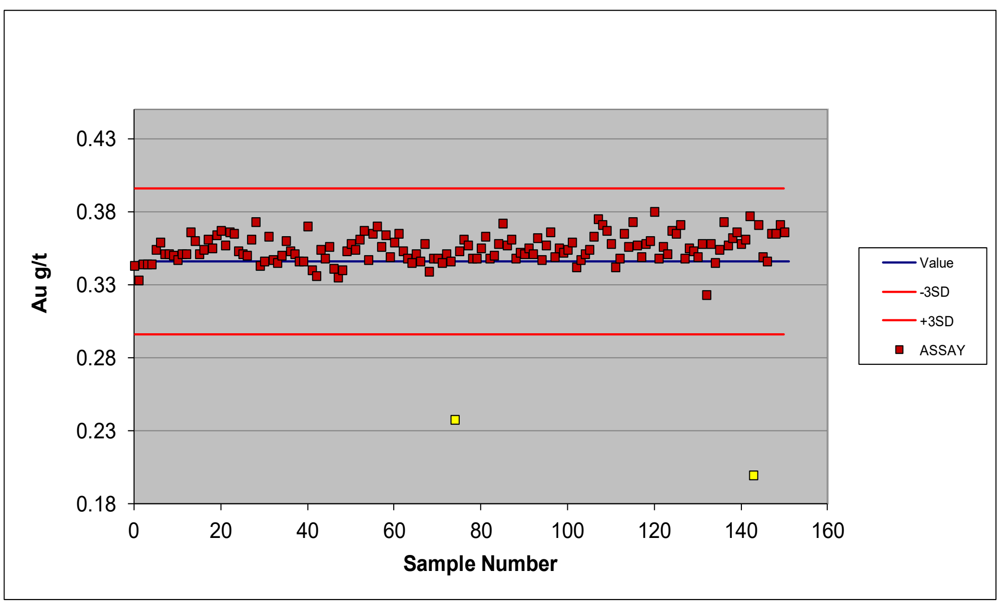


Figure sourced from 2012 Micon Technical Report.

Figure 11.12
CRM - Oreas-52c - Cu Values

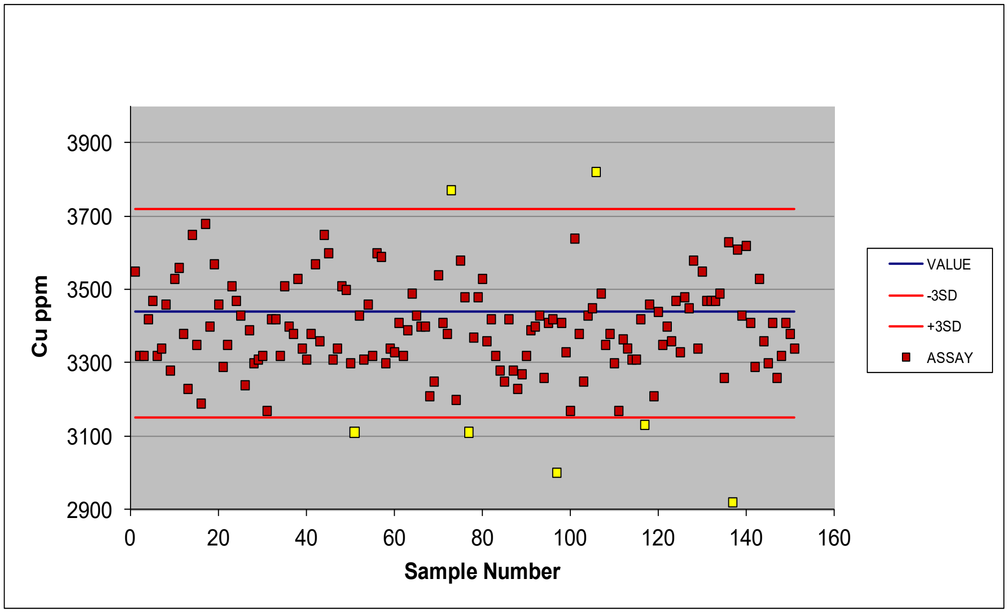


Figure sourced from 2012 Micon Technical Report.

Figure 11.13
CRM - Oreas-151a - Au Values

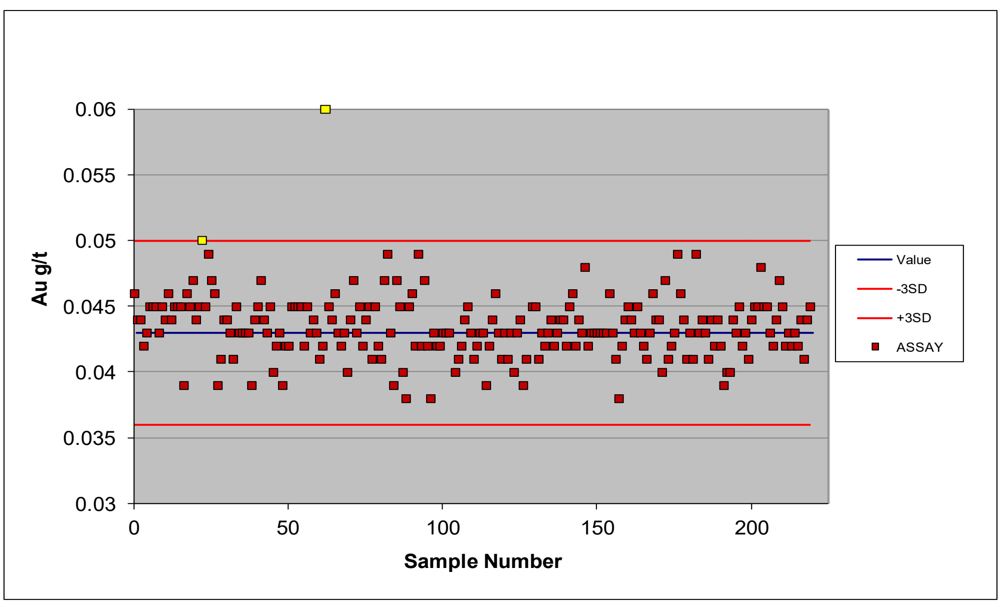


Figure sourced from 2012 Micon Technical Report.

Figure 11.14
CRM - Oreas-151a - Cu Values

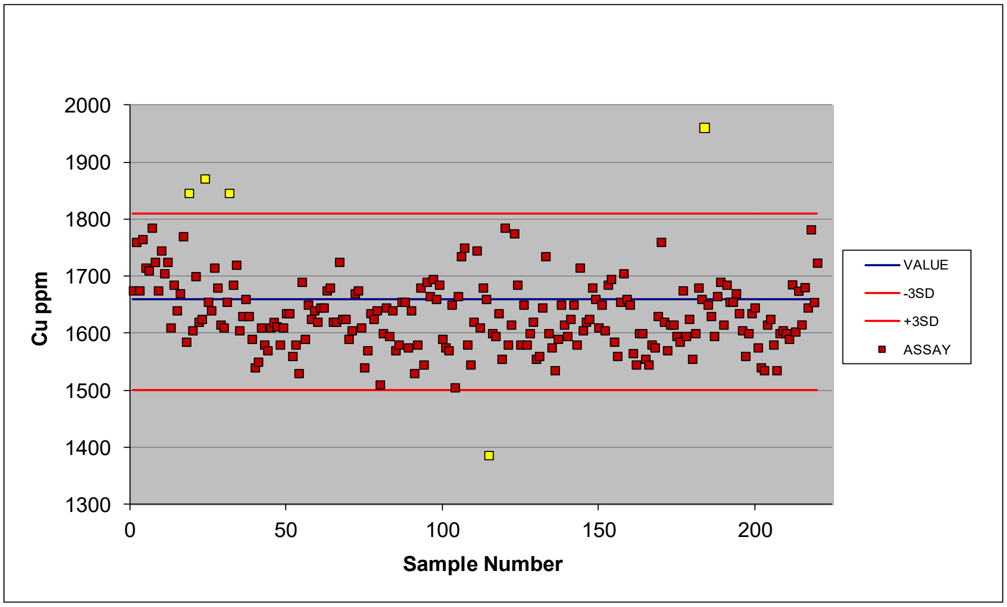


Figure sourced from 2012 Micon Technical Report.

Figure 11.15
CRM - Oreas-152a - Au Values

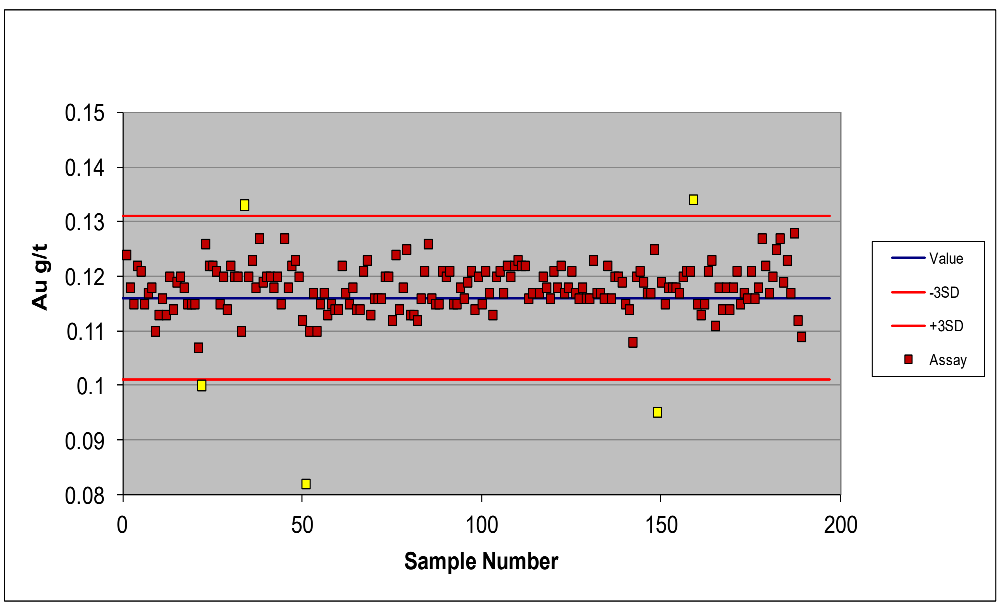


Figure sourced from 2012 Micon Technical Report.

Figure 11.16
CRM - Oreas-152a - Cu Values

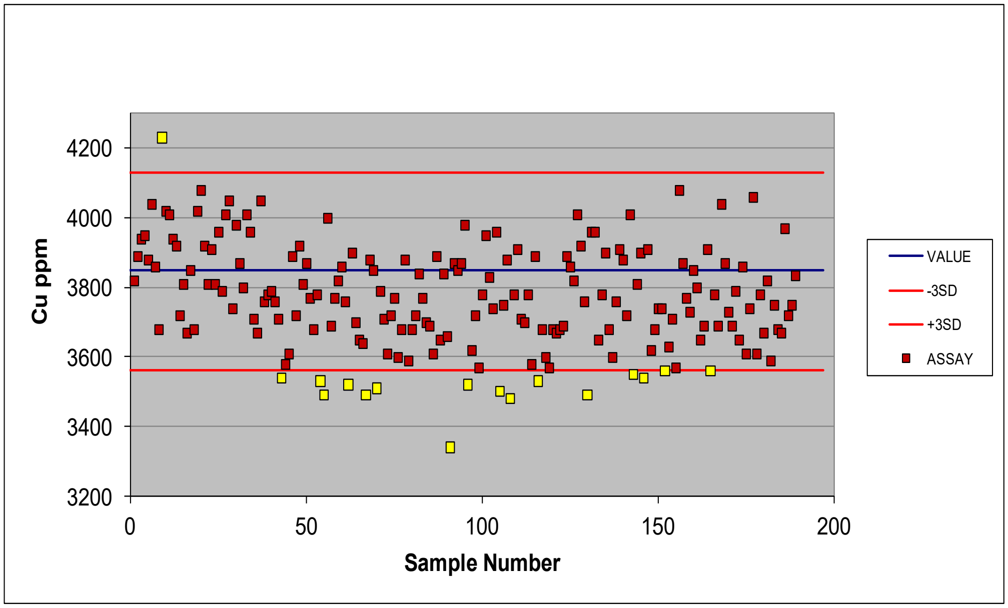


Figure sourced from 2012 Micon Technical Report.

Figure 11.17
CRM - Oreas-153a - Au Values

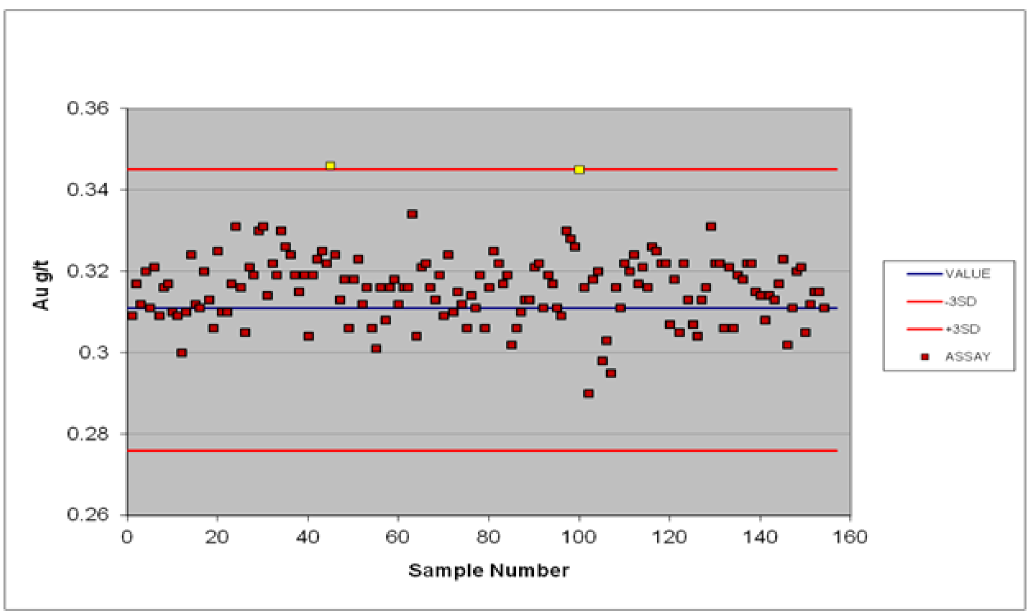


Figure sourced from 2012 Micon Technical Report.

Figure 11.18
CRM - Oreas-153a - Cu Values

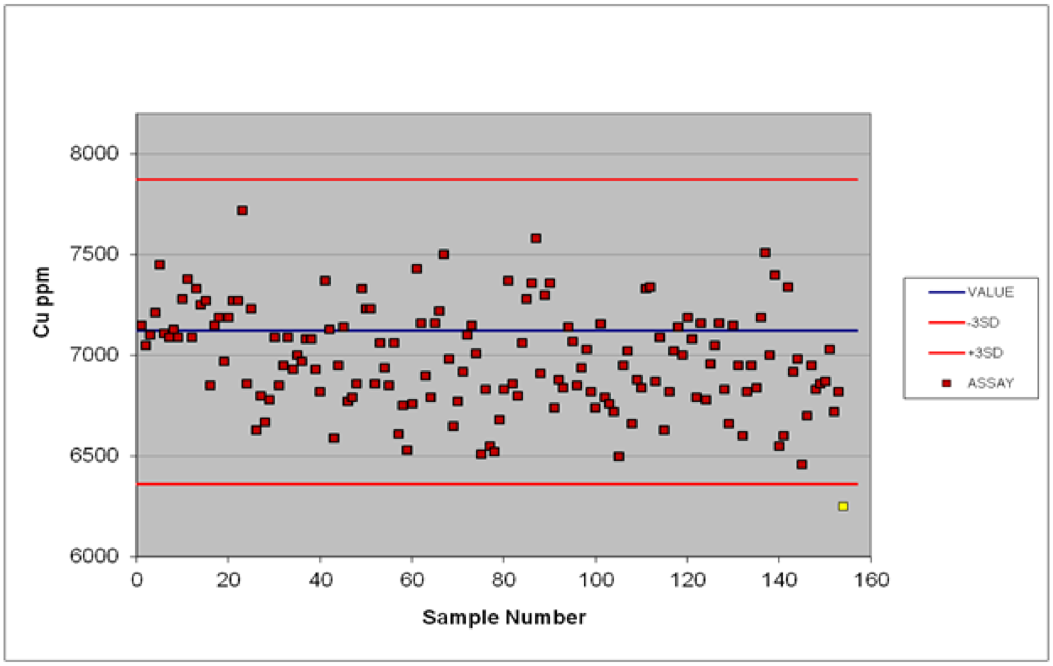


Figure sourced from 2012 Micon Technical Report.

The majority of the CRM for both gold and copper fell well within the ±2 standard deviations of the expected value. Of the failed CRMs (±3 standard deviations), there were a total of 733 samples that were associated with the failed CRMs.

Out of that total, there were 377 samples within the mineralized zones and 356 samples considered to be waste. These samples have been sent for re-assay. Assay results from roughly two-thirds of the samples have shown little change in their respective original assays. The re-assay data were entered in the database.

In general, the submitted standard samples showed good repeatability for both low and high gold and copper grades. Standards CGS-23, 52Pb, 53Pb, 52c, 152a and 153a appeared to consistently report above the expected value for gold, but well within the accepted value for each of the standards. Standard CGS-23 also appeared to consistently report above the expected value for copper. Standards 52c and 153a seem to have a very narrow range for gold while CGS-21 to have a very narrow range for copper but well within the accepted value for each of the standards.

Micon's QP reviewed the procedures that were in place for the Geologix CRMs and believes that they were to industry standards and the resultant assays reflect the mineralization within the Tepal deposits.

11.5.2 Geologix Blank Samples

Blanks monitor the calibration of analytical equipment and potential sample contamination during sample handling and preparation. Geologix blanks were inserted with the core samples at a ratio of approximately 1:30.

Geologix obtained the blanks from two locations within the Tepal concessions but away from the known deposits (Location 1: 720954 E, 2115284 N and Location 2: 719423 E, 2115012 N). The blanks were identified as non-mineralized porphyritic andesite and non-mineralized granodiorite.

There were 1,067 blank samples inserted into the sample stream. Table 11.3 documents the outliers with respect to gold and copper. Figure 11.19 and Figure 11.20 show the results for the gold and copper blank analysis, respectively.

Table 11.3
Geologix Blank Failures

Outliers	Percentage (%)
11	1.03
18	1.69

Table sourced from 2012 Micon Technical Report.

Figure 11.19
Blank – Analyses Au (g/t)

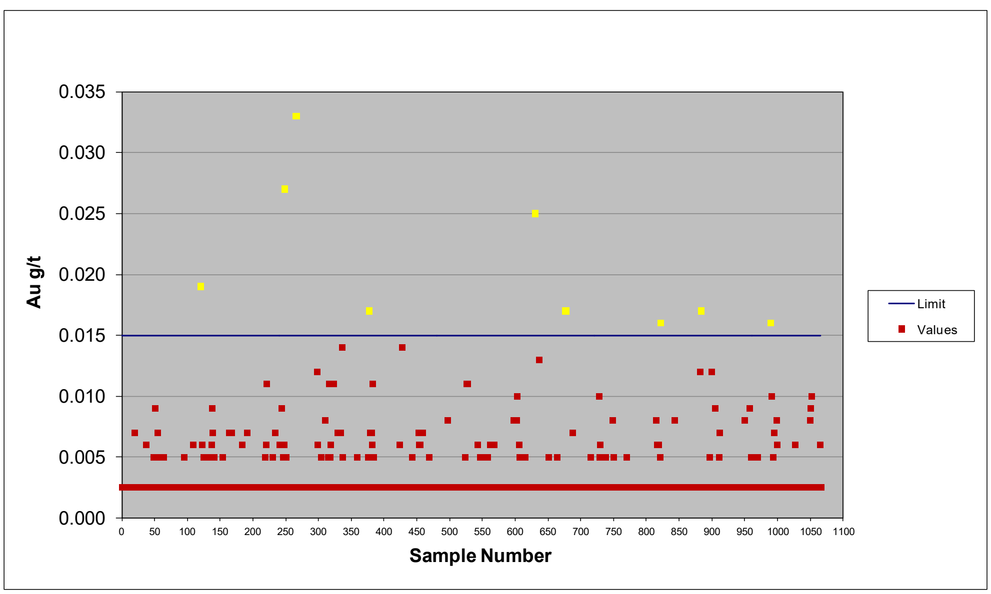


Figure sourced from 2012 Micon Technical Report.

Figure 11.20
Blank - Analyses Cu (ppm)

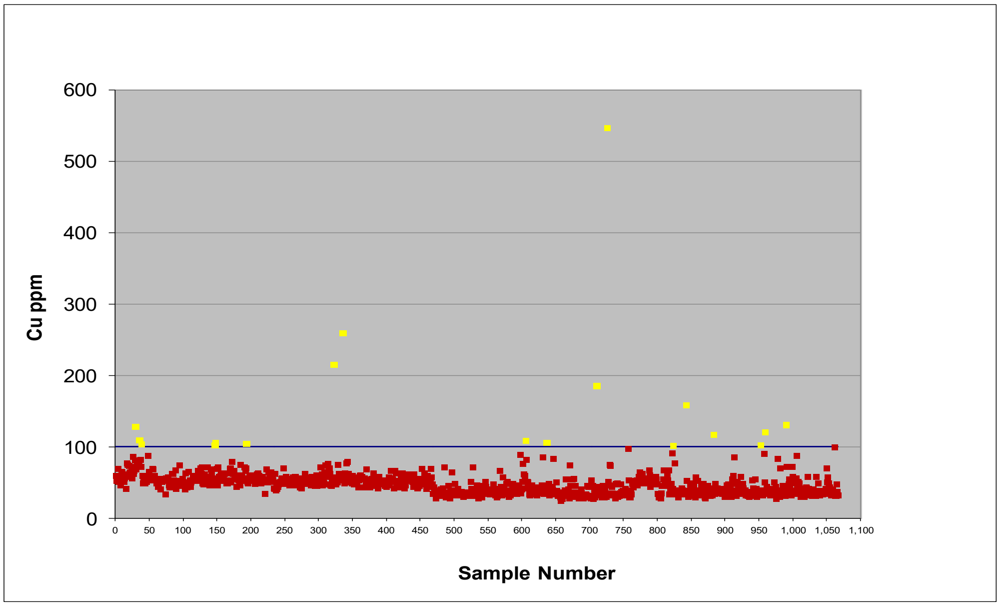


Figure sourced from 2012 Micon Technical Report.

Micon's QP believes that, in general, the results of blank sample analysis are acceptable, indicating that there are no significant contamination issues in field sample preparation. However, Micon's QP believes that a certified blank could be added to future Defiance Silver QA/QC programs which would also assist in detecting sample preparation cross-contamination. The use of local lithologies for a source of blanks is good but can lead to misleading readings if the material is at all locally mineralized. Local material from any location should initially be thoroughly analyzed at several different laboratories prior to being used as a blank.

11.5.3 Geologic Duplicate Samples

There were 1,048 duplicate core samples assayed in the sample stream. Duplicates samples were prepared by sawing the core in half and sending both halves of the core for assay. Assays were part of the ALS sample stream. There is a very good correlation for both gold and copper for the duplicate assays from coarse reject (Figure 11.21 and Figure 11.22). Micon's QP notes that there is a good level of precision between original assays and duplicate assays.

Figure 11.21
Tepal Core Duplicates - Au

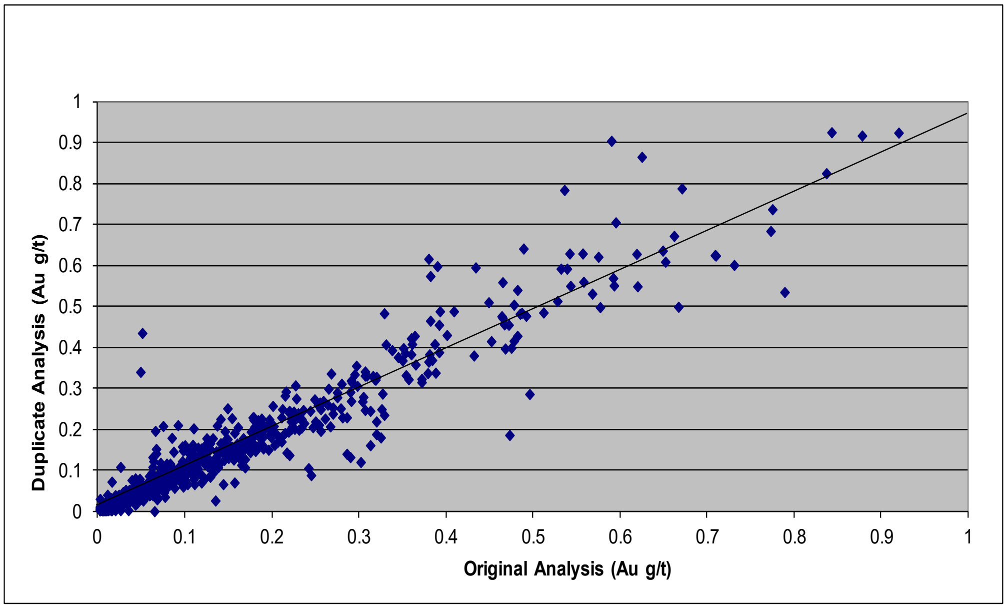


Figure sourced from 2012 Micon Technical Report.

Figure 11.22
Tepal Core Duplicates - Cu

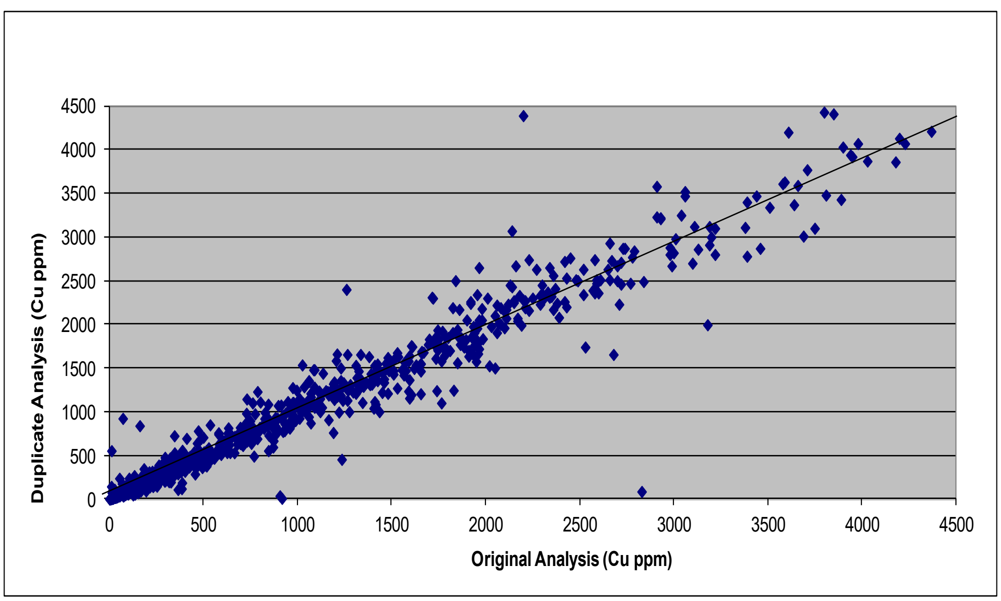


Figure sourced from 2012 Micon Technical Report.

11.5.4 Geologix Check Assays

Geologix selected 603 samples for re-assay to Acme Analytical Laboratories (Acme) as a check on the primary laboratory. Samples were selected from pulp rejects from ALS and forwarded to Acme for re-assay. Acme is a well-recognized laboratory based in Vancouver and maintains ISO 9001:2000 and has been approved for ISO/IEC 17025:2005 accreditation. In 2012, Acme was acquired by Bureau Veritas became Bureau Veritas Commodities Canada Ltd in 2014, part of the global trade name Bureau Veritas Minerals (BVM). Currently Bureau Veritas is an ISO/IEC 17025:2017 accredited laboratory.

The results from the pulp re-assay program for gold, copper, silver and molybdenum are illustrated in Figure 12.23 to Figure 12.26, respectively. Micon's QP noted that the results seem to indicate that ALS was reporting slightly higher than Acme for silver and that the values for gold, copper and molybdenum appear to correlate very well between the ALS and Acme.

Figure 11.23
Geologix Gold Check Assays

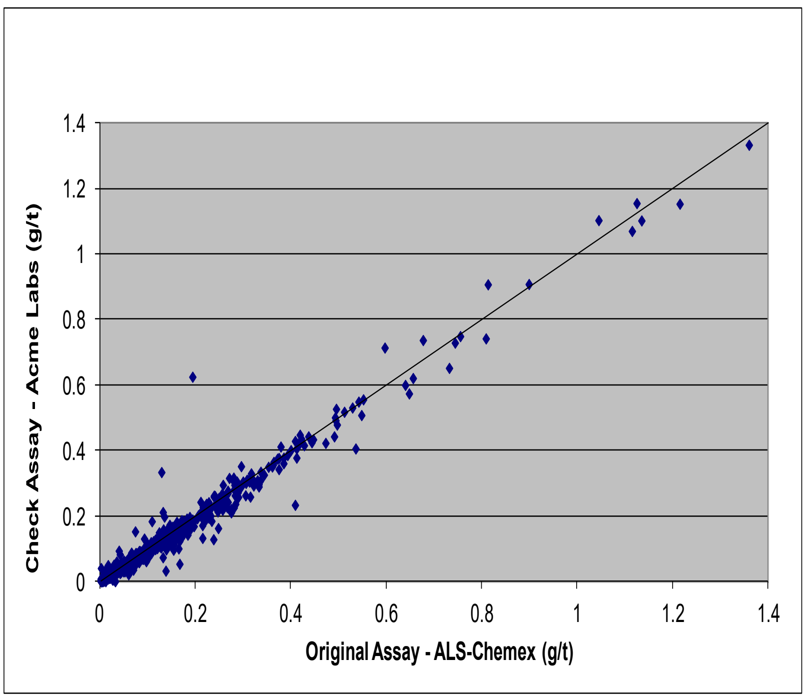


Figure sourced from 2012 Micon Technical Report.

Figure 11.24
Geologix Copper Check Assays

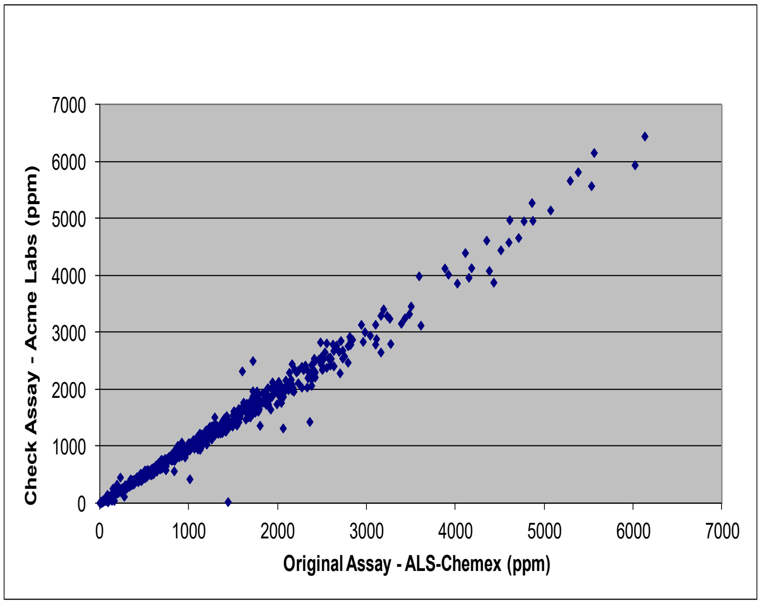


Figure sourced from 2012 Micon Technical Report.

Figure 11.25
Geologix Silver Check Assays

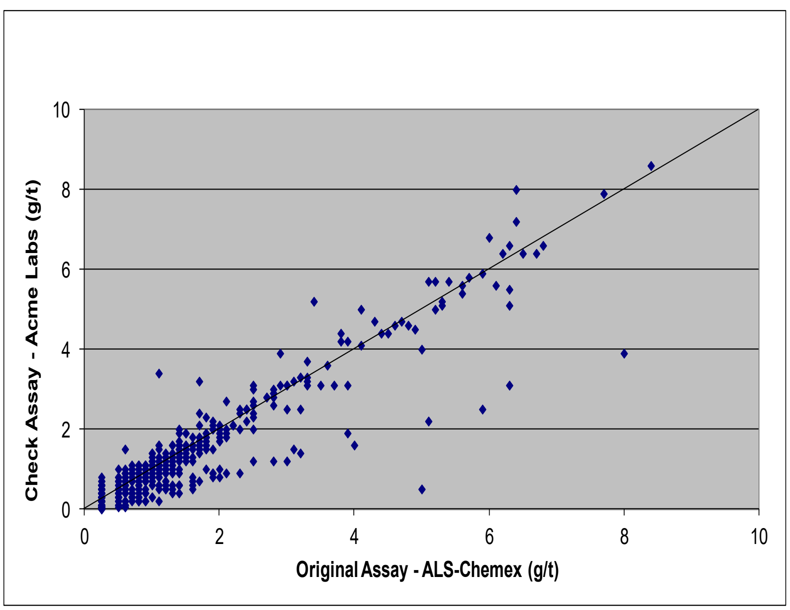


Figure sourced from 2012 Micon Technical Report.

Figure 11.26
Geologix Molybdenum Check Assays

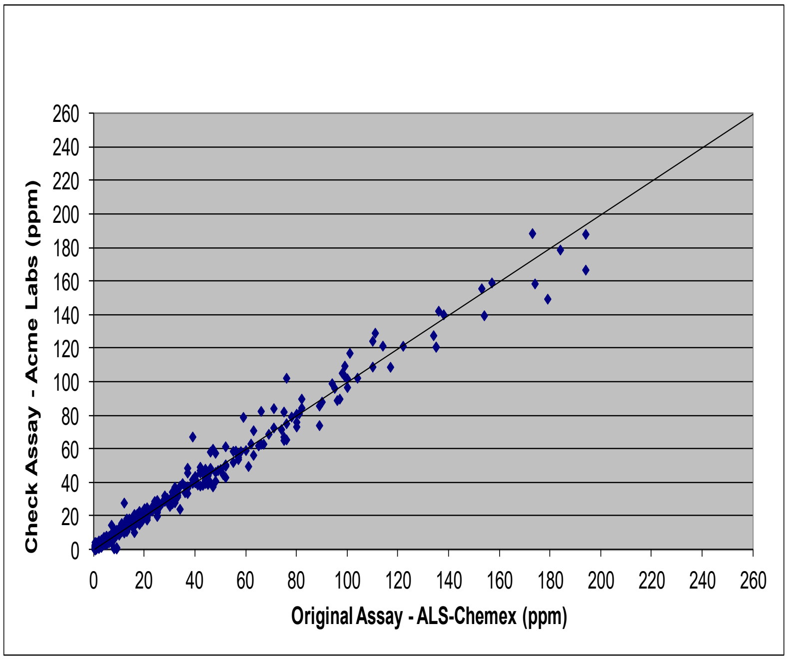


Figure sourced from 2012 Micon Technical Report.

11.5.5 Geologix Historic Hecla and Teck Check Assays

Geologix undertook a program of historical pulp duplicate re-analysis on available pulp samples to verify historical drill sample assay results. A total of 103 Hecla pulps were selected and sent for re-assay. The Hecla pulp re-assays were carried out by Acme. Figure 12.27 and Figure 12.28 illustrate the comparison of the Hecla check assays.

There were 1,688 Teck pulps selected and sent for re-assay. The Teck re-assays were carried out by ALS laboratories. Figure 12.29 and Figure 12.30 illustrate the comparison of the Teck check assays.

Results of the Geologix re-assay program returned very similar results to the original data entered in the database for the historical drill holes in the majority of cases. There was a wider scatter of Teck gold values than Teck copper values. As the grades increased, especially for gold, there was some scatter of data, but Micon's QP notes that this is to be expected if there is a potential nugget effect in the deposits.

Figure 11.27
Geologix Historic Hecla Gold Check Assays

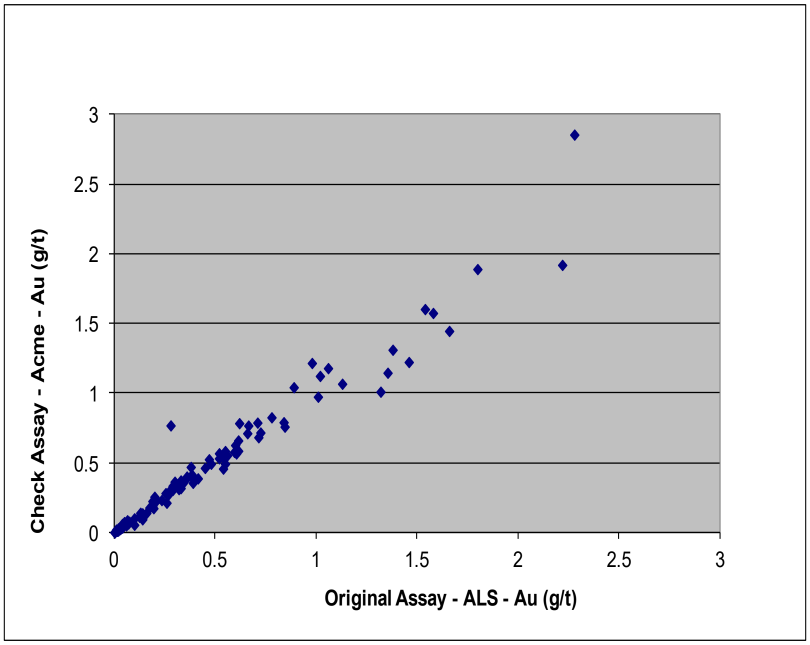


Figure sourced from 2012 Micon Technical Report.

Figure 11.28
Geologix Historic Hecla Copper Check Assays

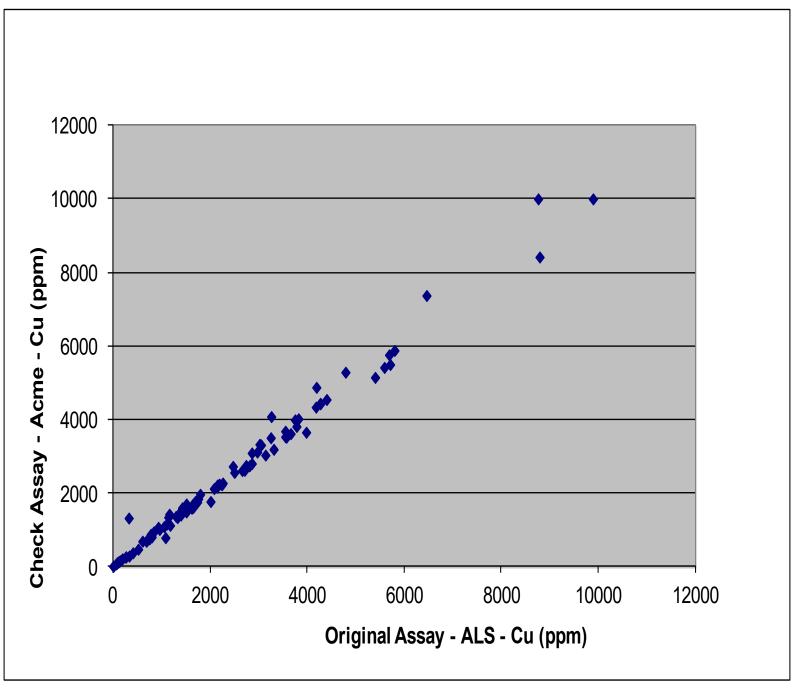


Figure sourced from 2012 Micon Technical Report.

Figure 11.29
Geologix Historic Teck Gold Check Assays

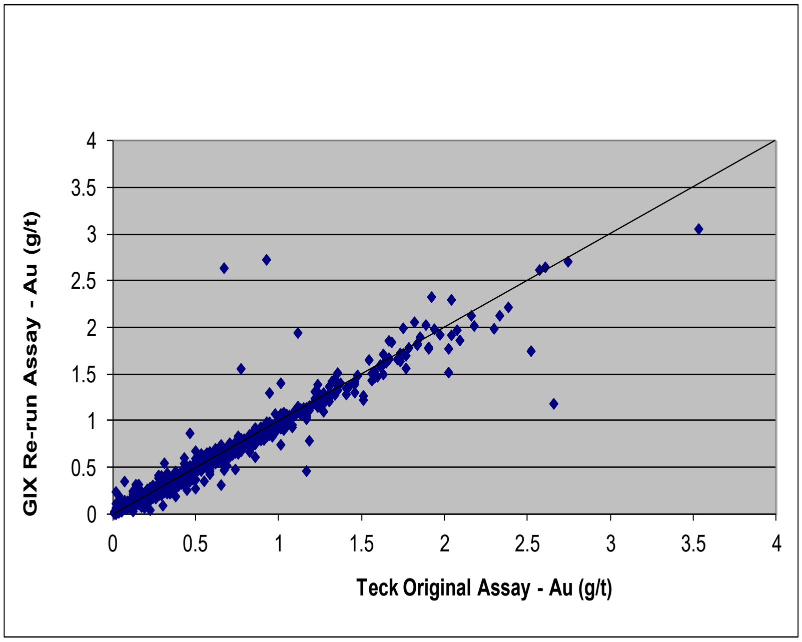


Figure sourced from 2012 Micon Technical Report.

Figure 11.30
Geologix Historic Teck Copper Check Assays

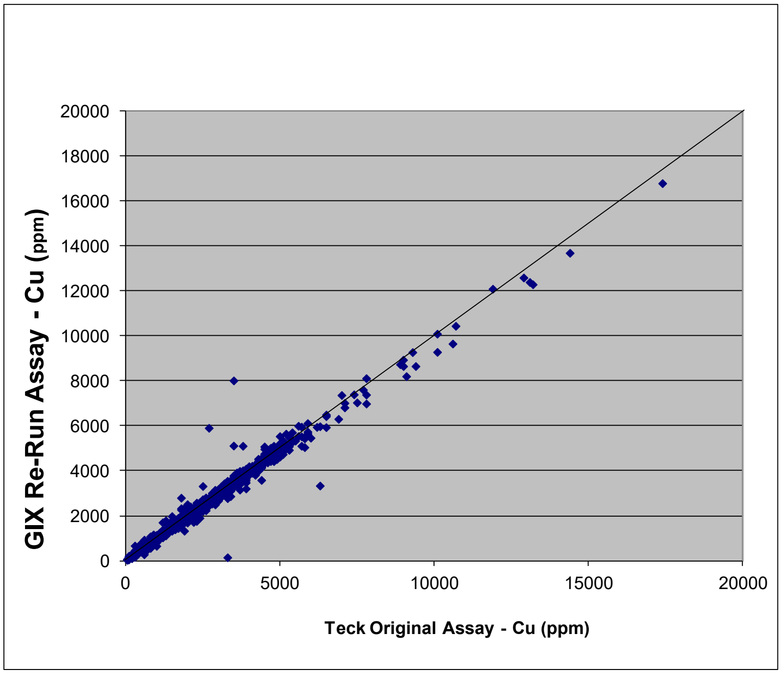


Figure sourced from 2012 Micon Technical Report.

11.6 Historic Drill Holes

Only INCO drill hole IN-57002 has been previously located by Arian and Geologix and the lack of evidence for the INCO drilling on the ground previously appeared to suggest that the coordinates for the INCO drilling listed in the historical database were incorrect. Historically, due to the inability to accurately locate and verify the INCO hole data, these holes were removed from the data verification assessment and prior resource study. However, during the 2024 site visit, it was noted that, located close to both the INCO drill hole IN-57002 and its twin holes Arian drill hole AS 07-006 and Geologix Met Hole MZ001 (Geologix), there was a yellow survey benchmark. Therefore, Micon's QP believes that the previous INCO hole collars could be located using this benchmark and a metal detector. Since the metal INCO drill hole collar IN-57002 was located low to the ground, it is very likely that the other INCO collars remain in place but have become partly or wholly buried, as it is very unlikely the other metal casing was pulled when IN-57002 was not. By using the survey benchmark and INCO collar location for IN-57002, Defiance Silver should be able to locate other INCO drill collars and confirm their location in relation to the later drill holes.

The geology in the Hecla drill holes indicated a good correlation with Arian's drill holes. There was an excellent correlation between the original Hecla assays and the Geologix re- assay program. Therefore, Micon's QP continued to include the Hecla drill holes in the drill hole database.

11.7 Defiance Silver Database QA/QC Validation

An extensive compilation of assay results was completed and validated by Defiance Silver in 2024. Sampling intervals were compiled from original Excel file logs where possible, and previously digitized compilations of historic intervals were validated and included. All original assay certificates were imported into MX Deposit to rebuild the database, except for certificates from historic INCO drill holes, for which there were no original certificates available. A series of minor errors consisting of small overlaps and mislabeled control samples were corrected. Most data related to Quality Control samples was located, with the exception of Arian drill holes AS-007-33 through 42. Arian drill holes AS-007-33 through 42 have QA/QC data included but Defiance Silver has been unable to validate the QA/QC samples at this time.

Compilations for collar location, down-hole survey, lithology, RQD, specific gravity, oxide-sulphide zones were completed as well.

Micon's QPs also conducted their own database QA/QC validation, independent of Defiance Silver's. Micon's database validation is discussed in Section 12 of this Technical Report.

11.8 Micon QP Comments

Micon's QP has extensively reviewed the QA/QC data from the historical exploration conducted on the Tepal Project. Micon's QP believes that the extensive check sampling and confirmation sampling of the previous drill data by companies, prior to Geologix and by Geologix itself, allows for the use of the historic drilling data in a future mineral resource estimate, once Defiance Silver has completed conducting its own review of the database.

As exploration and drilling programs have not been conducted at the Tepal Project since the previous 2012 mineral resource estimate was completed, further work is recommended by Micon QPs later in this Technical Report to verify, infill and expand on the historic data contained in the database.

12.0 DATA VERIFICATION

12.1 GENERAL DISCUSSION

Defiance Silver is in the process of completing a review of the previous data it acquired regarding the Tepal Project when it merged with ValOro at the end of 2018.

12.2 2024 SITE VISIT

Discussions with Defiance Silver personnel regarding the Tepal Project kicked off on May 23, 2024 with topics related to the geology, mineralization, deposit type, parameters for the geological model and potential dates for the site visit.

The site visit was conducted from June 26 to July 1, 2024, by William Lewis, a Principal Geologist with Micon, to independently verify the geology, mineralogy, drilling program results and the Quality Assurance/Quality Control (QA/QC) programs at the Tepal Project.

During the site visit, a day was spent in the field reviewing the geology along road cuts and outcrops for all three zones (North, South and Tizate). A number of drill collars were located from the various drilling campaigns to verify the collar locations, and a few collar locations were found to have been disturbed, as the local ranch had enlarged its agricultural fields since the last drilling campaign.

Mineral samples were taken, by the QP, from road cuts and outcrops located on all three zones with the samples identified in Table 12.1. The samples were secured by the QP and returned to Toronto. These samples were sent to Activation Laboratories Ltd (Actlabs) in Ancaster, Ontario for assaying. Actlabs is an accredited mineral laboratory with ISO 17025:2017 accreditation. The following analytical packages were requested; 1A3-Ag (QOP AA-Au (Au, Ag-Fire Assay Gravimetric)), 8-4 Acid Total Digestion (QOP Total Assay (Code 8-4 Acid Total Digestion Assays)) and UT-6M (QOP Total/QOP Ultratrace- 4acid Digest (Total Digestion ICPOES/ICPMS)), with the results of from the Actlabs assaying is contained in Table 12.2.

During the site visit, one and a half days were spent reviewing mineralized core intervals from the three zones at Defiance Silver's secure storage facility in Tepalcatepec. The drill hole intervals examined during the site visit are recorded in Table 12.3.

Discussions related to QA/QC programs, further verification of previous drill samples, further surface sampling and mapping, as well as other exploration related programs were discussed throughout the site visit.

Mr. Lewis was accompanied on the site visit by the following Defiance Silver/Geologix personnel George Cavey, Stephanie Sykora, Alejandro Mendoza, Armando Vazquez and Jonhatan Davila.

Table 12.1
Samples taken by Micon QP during the Site Visit

Deposit/Zone	Sample Number	Sample Type	Description of Location	Assay For
North Zone	75151	Grab Sample	Sample take approximately 10 m from the collar of drill hole AS 07004	Cu, Au, Ag, Mo
North Zone	75152	Grab Sample	Sample take from road cut containing a high concentration of small veinlets	Cu, Au, Ag, Mo
Tizate Zone	75153	Grab Sample	Sample taken at outcrop near DDH TEP-10-005	Cu, Au, Ag, Mo
Tizate Zone	75154	Chip/Grab Sample	Sample taken over 1 m interval near historic metal sample tag 210141	Cu, Au, Ag, Mo
Tizate Zone	75155	Grab Sample	Sample taken from outcrop on road bed.	Cu, Au, Ag, Mo
South Zone	75156	Chip/Grab Sample	Sample over 2 m area with copper staining and multiple small, mineralized stringer veins.	Cu, Au, Ag, Mo

Table 12.2
Assays for the Samples taken by Micon QP during the Site Visit

	Assays					
Actlab Method Code	TD-MS	4 Acid ICPOES	FA-GRA	FA-GRA	TD-MS	TD-MS
Sample Number	Cu (ppm)	Cu (%)	Au (g/t)	Ag (g/t)	Ag (ppm)	Mo (ppm)
75151	>10,000	1.90	0.67	<3	1.32	4.03
75152	2,140		0.63	<3	2.96	8.74
75153	95.0		<0.03	13	0.10	111
75154	1,280		0.27	4	3.77	13.7
75155	8,040		0.47	4	3.63	36.3
75156	>10,000	2.15	0.17	21	1.88	7.90

Note: 1 ppm = 1 g/t = 1,000 ppb and 10,000 ppm = 1%

Table 12.3
Drill Hole Intersections Examined at the Geologix Explorations/Defiance Silver Core Shack During the Site Visit

Company	Deposit/Zone	Drill Hole Number	Drill Interval Reviewed	
			From (m)	To (m)
Arian	North	AS-07-004	48.00	102.00
Geologix	North	TEP-11-113	0.00	55.05
Geologix	Tizate	TIZ-11-067	48.15	101.65
Geologix	Tizate	TEP-10-033	138.60	202.00
Geologix	Tizate	TIZ-11-037	217.00	248.00
Geologix	Tizate	TIZ-11-018	276.00	290.00
Geologix	South	TEP-11-043	227.00	262.00
Geologix	South	TEP-11-026	298.75	405.60

The results of the grab and chip sampling conducted by Micon during the site visit are in line with the reported mineral values for the Tepal Project.

Figures 12.1 to Figure 12.4 shows views of a number of historical drill holes located during the 2024 site visit.

Figure 12.1
Drill Hole Collar TEP-11-112 in the North Zone

Figure 12.2
Drill Hole Collars 57002 (Inco), AS 07-006 (Arian) Met Hole MZoo1 (Geologix) and Yellow Survey Benchmark in Foreground

Figure 12.3
Drill Hole Collar TEP-10-005

Figure 12.4
Drill Hole Collar TEP-11-026

Figures 12.5 is one view of the interior of the Geologix Explorations core storage warehouse and Figure 12.6 is a view of some core boxes for the drill hole TEP-11-113 interval which was examined during the site visit.

Figure 12.5
View of the Interior of the Geologix Explorations Core Storage Warehouse

Figure 12.6
A View of Some Core Boxes for Drill Hole TEP-11-113

12.3 MICON QP TEPAL DATABASE DISCUSSION

The historic database has been provided to Micon's QPs via an online shared platform by Defiance Silver. The database contains information regarding drill hole location, survey, assay, lithology and alteration for Tepal and Tizate area. Additionally, there is information about the weathering profile for Tepal and Tizate mineralization area.

A compilation of assay results was completed and validated by Defiance in 2024. Sampling intervals were compiled from original excel file logs where possible, and previously digitized compilations of historic intervals were validated and included. All original assay certificates were imported into MX Deposit to rebuild the database, except for certificates from historic INCO drill holes, for which there were no original certificates available. A series of minor errors consisting of small overlaps and mislabeled control samples were corrected. Most data related to Quality Control samples was located, with the exception of Arian drill holes AS-007-33 through AS-007-42, for which the nature of QAQC could not be located.

Micon's QPs have also independently verified the existing information. The preliminary basic statistical analysis reveals that there is a potential of identifying relatively high Cu grade mineralization for Tepal North and Tepal South Zone. Micon and Defiance jointly decided to keep all the historical drillhole information into the current project database. Multiple assay results were available for different drilling programm. Hence, a compilation table has been prepared to keep track on the detailed information for future reference. The table has been included in Section 14, Table 14.1.

12.4 MICON QP COMMENTS

Micon's QPs have conducted their own review of the information contained in the Tepal Database and have reviewed the QA/QC programs and verification programs conducted at the Tepal Project by various recent operators. Micon's QPs also believe that Defiance Silver should undertake a confirmation exploration program to enhance and confirm the existing information in the Geologix database and, if the information is sufficient, should proceed to the next phase by conducting a Preliminary Economic Assessment (PEA) of the mineralization contained within the three zones at the Tepal Project.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Metallurgical testwork has been completed using oxide and sulphide mineralized samples from Tepal North Zone (NZ), Tepal South Zone (SZ) and the Tizate Zone.

Metallurgical testing was first undertaken on samples from the two Tepal Znes (NZ and SZ) in 1973 by INCO Ltd at its J. Roy Gordon Research Laboratory, Mississauga, Ontario and in the mid-1990's at Lakefield Research, Peterborough, Ontario, on behalf of Teck-Cominco Corporation. The INCO testwork mainly focused on developing a sulphide flotation circuit to produce a copper concentrate, while the Teck testwork program was directed on cyanide leaching of oxide mineralization to recover gold.

Further metallurgical tests were performed in 2009 and 2010 to support a Preliminary Economic Assessment (PEA) by SRK Consulting Inc. (SRK) for Geologix Explorations Inc. (Geologix). This work, using sulphide and oxide drill core composites from the two Tepal Zones (NZ and SZ), comprised a sulphide flotation development program at G&T Metallurgical Services, Limited (G&T) of Kamloops, British Columbia, (now ALS Metallurgy) and oxide cyanide leaching testing, including column tests, at McClelland Laboratories, Inc. (MLI) of Sparks, Nevada.

The most recent work included flotation testwork at G&T/ALS in 2012 and 2013, using a blended mineralized composite sample from the NZ and SZ Zones and a sulphide composite sample from the Tizate Zone. Also in 2012, oxide composite samples from all three zones (Tepal NZ, SZ and Tizate) were tested by MLI to assess cyanide leach amenability to recover gold and silver.

13.1 SUMMARY OF HISTORICAL INCO AND TECK TESTWORK RESULTS

Initial metallurgical tests were performed on samples from the Tepal mineral deposits, starting in 1973 by INCO Ltd. Minor testing continued until 2009 when further float and leach tests were commissioned by Geologix Explorations Inc. to support a PEA. Details of these historical metallurgical studies were included in the 2011 PEA Technical Report (SRK, April 2011).

The INCO study comprised preliminary grinding and copper flotation batch tests followed by two flotation locked cycle tests (LCT) using a mineralized composite sample from Tepal NZ drill core with an average head grade of 0.43% Cu, 1.3 g/t Au and 1.25 g/t Ag. The LCT results showed copper, gold and silver recoveries into a low grade final cleaner concentrate (13% Cu) of around 74%-76% and molybdenum recovery of about 62%. The introduction of a re-grinding step was recommended to improve the overall metallurgical performance.

The tests conducted by Teck in 1993 focused on extracting gold using cyanide leaching. The work completed by SGS-Lakefield comprised bottle roll tests using four drill core oxide samples grading 1.07 to 1.36 g/t Au that were blended into two composites (one fine one coarse) with an estimated average grade of 1.21 g/t Au, and 0.48% Cu (79% of copper was acid soluble).

Fine-grind (100% passing 225 microns) bottle roll tests gave best results of 95% gold extraction, about 5% copper extraction and cyanide consumption of around 0.9 kg/t.

Coarse-grind (-12.5 mm) bottle roll leach tests, used as a preliminary assessment for heap leaching amenability, averaged 84% gold extraction after 3 days, with 0.75 kg/t cyanide consumption. The corresponding copper extraction was 5.5%.

Acid leach testing of the coarse-grind oxide composite was also undertaken by SGS-Lakefield. Using sulphuric acid and a solution pH maintained at pH 1.5, approximately 60% of the copper was extracted in two days with an acid consumption of 20 kg/t.

13.2 Sulphide Mineralization Flowsheet Development Testwork

Geologix commissioned flotation and leach tests between 2009 and 2012. G&T Metallurgical Services in Kamloops, Canada conducted the sulphide flotation recovery tests. Oxide feed cyanide leach and column tests were conducted by McClelland Laboratories Inc. in Sparks, USA.

The sulphide flotation results are reported in the following reports:

- G&T Metallurgical Services Ltd., Metallurgical Assessment of the Tepal Project, Geologix Explorations Inc., Michoacàn State Mexico, KM2663, August 6, 2010 (G&T, August 2010).
- G&T Metallurgical Services Ltd., Metallurgical Assessment of the Tepal Tizate Zone, Michoacàn State Mexico, KM2903, May 10, 2011 (G&T, May 2011).
- G&T Metallurgical Services Ltd., Variability Metallurgical Assessment Tepal., Michoacàn State Mexico, KM2944, February 8, 2012 (G&T, February 2012).
- ALS Metallurgy Kamloops, Metallurgical Testing of Tepal Sulphide Ore., Michoacàn State Mexico, KM3578, May 2, 2013 (ALS, May 2013).

13.2.1 Tepal Sulphide North and South Zone 2010 Metallurgical Programs

The testwork program at G&T commenced in late May, 2010 and was completed by July, 2010. The metallurgical investigation on two composite samples representing the Tepal NZ and SZ included chemical and mineralogical characterization, and flotation circuit development testing comprising rougher, cleaner and locked cycle flotation tests.

A total of 28 x ½ drill core sulphide mineralization samples with a total weight of around 142 kg were delivered to G&T in May 2010. Fourteen samples, which were selected from 10 different drill holes from Tepal NZ, were blended into a composite designated NSX-3, while the remaining 14 samples from 9 drill holes were combined to form SSX-2, the Tepal SX composite.

The average grades of the NSX-3 and SSX-2 composites are summarized in Table 13.1.

The mineral content of the two samples, determined by QEMSCAN, are presented in Table 13.2.

Table 13.1
2010 Tepal NZ and SZ Sulphide Testwork Composite Sample Head Grades

Sample ID	Analyses (% or g/t)					
	Cu	Fe	Ag	Au	S	C
SSX-2	0.26	4.1	2	0.60	1.69	0.81
NSX-3	0.27	4.0	2	0.47	2.23	0.26

Table 13.2
2010 Tepal NZ and SZ Sulphide Testwork Composite Sample Mineral Content

Minerals	SSX-2 (%)	NSX-3
Copper sulphides	0.85	0.73
Pyrite	2.25	2.73
Hematite	1.67	1.80
Quartz	38.5	32.7
Feldspars	17.9	27.6
Chlorite	10.2	10.2
Micas	18.1	17.9
Calcite	4.77	1.11
Epidote	0.17	0.96
Kaolinite	0.47	0.33
Garnet	1.52	1.65
Rutile	0.78	0.66
Apatite	0.31	0.31
Amphibole	0.67	0.77
Tourmaline	0.17	0.06
Others	1.79	0.57

Over 98% of the contained copper was present as chalcopyrite for both samples.

The main gangue minerals contained in the SSX-2 and NSX-3 composite samples were quartz, feldspars, micas, and chlorite with proportionally higher feldspars and lower quartz in the NSX sample compared to the SSX sample.

The flotation testwork included batch rougher and cleaner tests followed by locked cycle tests.

A total of nine rougher tests were conducted on each of the two composites to investigate variables such as grind size, pH, and type of collector. Six cleaner tests were conducted on each of the two samples to investigate variables such as regrind size, cleaner circuit pH levels, and alternative reagents. The optimium test conditions from these batch tests were adopted for the locked cycle tests.

The selected test conditions for the LCT program included target primary grind of 134 to 138 µm, rougher concentrate regrind size of 19 to 23 µm, rougher pH 10.5 with lime addition, and three stages of cleaning. A summary of the three LCT results is included in Table 13.3.

Table 13.3
Summary of 2010 Tepal NZ and SZ Sulphide Flotation LCT Test Results

KM2663-32 SSX-2	Wt%	Grade (% or g/t)					Distribution (%)				
Product		Cu	Fe	S	Ag	Au	Cu	Fe	S	Ag	Au
Flotation feed	100	0.26	4.4	1.68	1.3	0.55	100	100	100	100	100
Bulk Ro Con	7.5	3.06	13.2	11.6	6.1	5.0	88.0	22.5	51.8	34.4	68.8
1st Cl con	4.5	5.42	17.5	17.2	11	9.2	93.6	17.8	46.2	35.6	76.3
2nd Cl con	2.2	10.7	25.1	27.3	18	17.1	91.1	12.7	36.4	30.3	69.6
3rd Cl con	1.1	19.6	33.7	38.3	28	28.1	85.1	8.6	25.9	23.7	58.3
KM2663-33 SSX-2	**Wt%**	**Cu**	**Fe**	**S**	**Ag**	**Au**	**Cu**	**Fe**	**S**	**Ag**	**Au**
Flotation feed	100	0.27	4.2	1.7	1.5	0.55	100	100	100	100	100
Bulk Ro Con	6.3	3.86	13.7	11.5	9.8	5.59	88.5	20.5	42.5	40.8	63.5
1st Cl con	2.5	9.77	19.4	19.0	21	13.7	90.1	11.7	28.3	34.5	62.8
2nd Cl con	1.2	19.5	26.8	29.1	34	25.5	86.9	7.8	20.9	27.3	56.3
3rd Cl con	0.9	26.1	31.2	35.4	40	32.7	83.9	6.5	18.3	23.4	52.0
KM2663-34 NSX-3	**Wt%**	**Cu**	**Fe**	**S**	**Ag**	**Au**	**Cu**	**Fe**	**S**	**Ag**	**Au**
Flotation feed	100	0.28	5	2.3	1.5	0.49	100	100	100	100	100
Bulk Ro Con	6.9	3.77	12.5	9.7	8.4	5.2	92.1	17.5	29.4	38.6	74
1st Cl con	2.3	11.3	20.9	19.4	23	15	92.5	9.7	19.6	35.1	71
2nd Cl con	1.2	20.9	29	30.1	39	26.8	91.2	7.2	16.3	31.6	68
3rd Cl con	0.9	27.0	32.4	34.8	47	33.8	89.9	6.2	14.4	29.1	65

The results from this test program suggested that good quality copper flotation concentrates (>26% Cu) can be produced from Tepal north and south domains, containing significant values of gold. Copper recoveries to these higher copper containing products were around 90% for the Tepal north composite sample and around 84% for the Tepal south composite sample.

13.2.2 Tepal Tizate Zone 2011 Metallurgical Program

The testwork program at G&T commenced in February, 2011 and was completed by May, 2011. The metallurgical investigation on one composite sample representing the Tizate Zone was similar to the previous work completed on the Tepal North and South Zone samples which is reported above.

A total of 39 x ½ drill core sulphide mineralization samples from 13 drill holes, with a total weight of around 231 kg, were delivered to G&T in January, 2011. These samples were crushed, combined and homogenized to produce a single composite designated TIZSX-01. The average grade of the composite is summarized in Table 13.4.

The mineral content of the samples, determined by QEMSCAN, is presented in Table 13.5.

Table 13.4
2011 Tepal Tizate Sulphide Testwork Composite Sample Head Grades

Sample ID	Analyses (% or g/t)					
	Cu	Fe	Ag	Au	S	Mo
TIZSX-01	0.20	4.25	3	0.19	1.99	0.006

Table 13.5
2011 Tepal Tizate Sulphide Testwork Composite Sample Mineral Content

Minerals	TIZSX-01
Copper sulphides	0.61
Pyrite	4.47
Iron Oxides	1.99
Quartz	29.6
Feldspars	16.9
Chlorite	10.9
Micas	22.7
Calcite	7.85
Epidote	0.55
Kaolinite	0.47
Garnet	1.35
Rutile	0.61
Apatite	0.46
Amphibole	0.54
Tourmaline	0.05
Others	0.95

Similar to the Tepal samples previous tested, over 98% of the contained copper was present as chalcopyrite. Also, the main gangue minerals were mainly quartz, feldspars, micas and chlorite although the Tizate sample contained more calcite (7.85% vs 1.11% to 4.77%) and more pyrite (4.47% vs 2.25% to 2.73%).

The flotation testwork included batch rougher and cleaner tests followed by locked cycle tests.

The selected test conditions for the LCT program were derived from the batch rougher and cleaner test results. These selected conditions included target primary grind of 147 µm, rougher concentrate regrind size of 16 to 17 µm, rougher pH 11 and cleaner pH 10 and 11 with lime addition, and three stages of cleaning. A summary of the LCT results is included in Table 13.6.

Table 13.6
Summary of 2011 Tepal Tizate Sulphide Flotation LCT Test Results

KM2903-14 Product	Wt %	Grade (% or g/t)						Distribution (%)					
		Cu	Mo	Fe	S	Ag	Au	Cu	Mo	Fe	S	Ag	Au
Flotation feed	100	0.23	0.01	4.1	2.03	3.5	0.17	100	100	100	100	100	100
Bulk Ro Con	8.3	2.4	0.08	8.9	6.96	26.3	1.6	87.7	87.8	18	28.6	63.1	77.4
1st Cl con	2.1	9.67	0.3	19.8	19.7	101	5.8	88.2	82.3	10	20.1	60.1	70.4
2nd Cl con	0.9	21.2	0.61	33.5	34.4	212	12.3	86.8	76.2	7.6	15.8	56.9	66.7
3rd Cl con	0.8	25.1	0.68	35.3	36	248	14.6	85.7	70.6	6.7	13.8	55.5	66.2
KM2903-15	Wt %	Cu	Mo	Fe	S	Ag	Au	Cu	Mo	Fe	S	Ag	Au
Flotation feed	100	0.22	0.01	4.5	1.98	3	0.2	100	100	100	100	100	100
Bulk Ro Con	7.2	2.67	0.07	8.1	6.77	29	1.54	87.5	84.1	13	24.6	70.3	54.4
1st Cl con	1.9	10.2	0.25	15.7	16	107	5.7	87.6	82.2	6.6	15.3	67.9	52.9
2nd Cl con	0.8	22.7	0.52	27.4	29.1	232	12.2	86.6	73.9	5.1	12.3	65.2	50.2
3rd Cl con	0.7	28.7	0.59	30.5	34.3	288	15.4	86	66.4	4.5	11.4	63.8	49.7

A mineralogical modal analysis was carried out on the first cleaner tailings, bulk concentrate and bulk rougher tailing streams produced in Test 15. On average, 12% of the copper in the feed was rejected into the rougher tail stream while 2% was lost to the cleaner tailings. The majority of the copper losses to the bulk rougher tails occurred as binary particles with non-sulphide gangue. Most of these particles were coarser than 80% passing 106µm. Liberated copper sulphides, typically finer than 14µm, accounted for 10 percent of the copper losses.

The results from this test program suggested that good quality copper flotation concentrates (>25% Cu) can be produced from Tepal Tizate domain, containing significant values of gold, silver and molybdenum. Copper recoveries to these higher copper containing products were around 86%, gold and silver recoveries about 60% and molybdenum around 70%.

13.2.3 Tepal Sulphide 2012 Metallurgical Programs

The testwork program at ALS Kamloops commenced in late November, 2012, and was ended in January, 2013. The metallurgical investigation on two composite samples Tepal (blended NZ and SZ) and Tizate, included ore hardness, chemical and mineralogical characterization, flotation circuit development testing comprising rougher, cleaner and locked cycle flotation tests, and cyanidation testing of pyrite concentrate to increase overall gold recovery.

An initial batch of 842 x ½ drill core sulphide mineralization samples from Tepal N/S Zone, with a total weight of around 7,600 kg, were delivered to ALS in September, 2012. Approximately 300 kg of this sample was selected to prepare a composite for the bench scale program.

A second batch of samples comprising around 3,500 kg of bulk samples contained in boxes from the Tizate Zone were also delivered to the laboratory in September, 2012. Similarly, 300 kilograms of sample were removed for metallurgical bench scale testwork.

The average grades of the two composites are summarized in Table 13.7.

Table 13.7
2012 Tepal N/S and Tizate Sulphide Testwork Composite Sample Head Grades

Sample ID	Analyses (% or g/t)					
	Cu	Fe	Ag	Au	S	Mo
N/S Zone	0.21	3.92	1	0.40	2.56	0.003
Tizate	0.18	4.40	2	0.20	2.00	0.006

The mineral content of the samples, determined by QEMSCAN, is presented in Table 13.8.

Table 13.8
2012 Tepal N/S and Tizate Sulphide Testwork Composite Sample Mineral Content

Minerals	Tepal N/S	Tizate
Copper sulphides	0.64	0.58
Molybdenite	0.00	0.02
Pyrite	4.04	4.31
Iron Oxides	0.49	0.66
Quartz	34.0	29.7
Feldspars	20.4	22.7
Chlorite	12.2	13.6
Micas	18.8	18.1
Calcite	5.13	5.63
Epidote	0.50	0.67
Kaolinite	0.85	0.95
Garnet	1.09	0.95
Rutile/anatase	0.41	0.34
Apatite	0.33	0.42
Amphibole	0.35	0.36
Others	0.72	0.93

Similar to the previous metallurgical studies completed on samples of Tepal North, South and Tizate zones, over 98% of the contained copper was present as chalcopyrite, although traces of covellite were detected (mainly in the N/S Zone). Also, the main gangue minerals were mainly quartz, feldspars, micas, chlorite and calcite.

“Ore” hardness for the samples was measured using a Bond abrasion index for both composite samples and the Bond low impact crusher work index determinations for just the Tizate Zone composite. The abrasion index determinations were 0.056 g and 0.048 g for Tepal N/S and Tizate, respectively; these values suggest that both these samples are relatively non-abrasive. The Tizate sample crusher work index was 11.4 kWh/t which is considered soft with respect to crushing energy requirements.

The flotation testwork, using previous programs as a basis, included batch rougher and cleaner tests followed by locked cycle tests.

The selected test conditions for the LCT program were derived from the batch rougher and cleaner test results. These selected conditions for both composite samples included target primary grind of 150 µm, rougher concentrate regrind size of 22 to 24 µm, rougher and cleaner pH 11 with lime addition, and three stages of cleaning. The circuit also included a pyrite scavenger circuit to recovery pyrite from the rougher tailings stream. A summary of the three LCT results is included in Table 13.9.

Table 13.9
Summary of 2012 Tepal N/S and Tizate Sulphide Flotation LCT Test Results

KM3578-17 N/S Zone	Wt %	Grade (% or g/t)						Distribution (%)					
Product		Cu	Mo	Fe	S	Ag	Au	Cu	Mo	Fe	S	Ag	Au
Flotation feed	100	0.22	0.002	4.2	2.33	1	0.35	100	100	100	100	100	100
Bulk Ro Con	9.2	2.1	0.014	9.1	7.36	8	2.41	87.6	66.9	19.9	28.9	56.7	63
1st Cl con	3.3	5.78	0.024	11.1	9.36	23	5.93	86.6	41.7	8.7	13.2	56.8	55.7
2nd Cl con	0.9	19.6	0.043	20.8	22.6	67	15.6	84.3	21.8	4.7	9.2	46.5	42
3rd Cl con	0.6	29.3	0.044	27.6	31.9	91	22	81.6	14.3	4	8.4	40.8	38.2
Py Ro. Con.	6.6	0.1	0.002	16.3	19.3	2.5	1.14	3	6.5	25.7	54.6	12.4	21.4
KM3578-18 Tizate	**Wt %**	**Cu**	**Mo**	**Fe**	**S**	**Ag**	**Au**	**Cu**		**Fe**	**S**	**Ag**	**Au**
Flotation feed	100	0.18	0.006	4.5	2.16	2	0.21	100	100	100	100	100	100
Bulk Ro Con	8.3	1.81	0.054	7.1	4.94	17	1.17	83.9	77.9	13.2	19	62.3	46.2
1st Cl con	3	4.9	0.123	9.2	7.7	53	2.55	81.3	64.1	6.1	10.5	70.7	36.1
2nd Cl con	1	14.6	0.332	17	19.1	115	7.07	79.4	56.7	3.7	8.6	50.9	32.9
3rd Cl con	0.6	24.1	0.499	24.3	30.2	180	11.4	77.2	50	3.1	8	46.5	31
Py Ro. Con.	8.3	0.12	0.006	15	18.1	5	0.8	5.6	9.3	27.8	69.7	18.8	31.8

The results from this test program confirmed previous results in that good quality copper flotation concentrates (>25% Cu) can be produced from both the Tepal North/South Zones and the Tizate Zone, containing significant values of gold and silver. Copper recoveries to these higher copper containing products were around 82% for the N/S zone and 77% for Tizate. Silver recoveries for both samples to the higher-grade concentrates were around 41% to 46% while gold recoveries were about 31% to 38%.

Sequential pyrite rougher flotation of the bulk rougher tailings determined that an additional 21% to 32% of the gold can be recovered into a pyrite rougher concentrate.

In order to try and improve overall gold recoveries, a series of cyanide leach tests on re-ground pyrite concentrates and bulk first cleaner tailings were undertaken by ALS. This testwork using non-optimized conditions showed an additional 25% to 32% gold recovery.

13.2.4 Sulphide Flotation Concentrate Quality

A summary of the LCT final concentrate multi-element analyses from the various testwork programs discussed above is provided in Table 13.10.

Table 13.10
Summary of Tepal Project LCT Final Concentrate Analyses

Element	Unit	Tepal SZ KM2663 Test 32	Tepal NZ KM2663 Test 34	Tepal N/S KM3578 Test-17	Tizate KM2903 Test 14	Tizate KM3578 Test 18
Aluminum	%	0.80	0.62	0.90	0.36	1.66
Antimony	g/t	129	33	40	61	60
Arsenic	g/t	238	55	70	398	640
Bismuth	g/t	54	25	<2	<20	<2
Cadmium	g/t	12	<10	10	60	178
Calcium	%	0.34	0.29	0.44	0.19	1.06
Cobalt	g/t	132	80	38	152	44
Copper	%	19.6	27.0	29.5	25,1	24.5
Fluorine	g/t	125	141	130	61.0	190
Gold	g/t	28.1	33.8	23.7	14.6	11.9
Iron	%	33.7	32.4	27	35.3	24
Lead	%	0.0	0.0	0.28	0.06	0.79
Magnesium	%	0.23	0.19	0.24	0.07	0.39
Mercury	g/t	<1	<1	<1	<1	<1
Manganese	%	0.01	0.01	0.02	0.002	0.02
Molybdenum	%	0.09	0.06	0.04	0.68	0.57
Nickel	g/t	172	172	250	68.0	118
Palladium + platinum	g/t	-	-	0.71	0.027	1.46
Phosphorus	g/t	110	99	131	47.6	183
Selenium	g/t	89	123	110	75.5	97
Silicon	%	2	1	2.0	0.78	3.56
Silver	g/t	28	47	89	248	178
Sulphur	%	38.3	34.8	32.1	36.0	30.2
Zinc	%	0.02	0.02	0.14	1.27	0.11

None of the concentrates produced contained amounts of deleterious elements that would typically induce a penalty from the downstream smelters and refiners.

All of the concentrates contained payable values of gold, although Tepal North/South Zone products tend to be higher than Tizate. Silver should also be payable, especially for Tizate concentrates, which have higher values.

Concentrates from the Tizate Zone mineralized samples contain molybdenum in amounts (around 0.6% Mo) that could justify investigating the production of separate copper and molybdenum concentrate products. Also, one of the Tizate Zone concentrates includes PGE values of interest and further investigation should be considered as part of future work programs.

13.3 OXIDE MINERALIZATION FLOWSHEET DEVELOPMENT TESTWORK

Metallurgical testing of oxide mineralization from Tepal North, South and Tizate Zones has included diagnostic leaching as well as bottle roll and column cyanide leach tests in 2010 and 2012 at McClelland Laboratories, Inc. (MLI), and scoping level flotation, gravity, cyanide leaching and acid leaching tests by ALS in 2012/2013.

The oxide metallurgical test results are reported in the following reports:

- McClelland Laboratories, Inc., Heap Leach Cyanidation Testing – Tepal Drill Core Composites MLI Job No. 3431, September 28, 2010 (MLI, September 2010).
- McClelland Laboratories, Inc., Heap Leach Cyanidation Testing – Tepal Drill Core Composites MLI Job No. 3598, June 8, 2012 (MLI, June 2012).
- ALS Metallurgy Kamloops, Metallurgical Testing of Tepal Sulphide Ore., Michoacàn State Mexico, KM3578, May 2, 2013 (ALS, May 2013).

13.3.1 Cyanide Leach Testing (MLI)

In 2010, a total of 47 drill core interval samples were received by MLI for cyanide leach testing. Eleven of these intervals were selected for bottle roll tests while the remaining 36 were combined to produce three oxide composites for column leaching identified as “North-North Zone (NOXCL-01), “North-South Zone (NOXCL-02)” and “South Zone (SOXCL=01).”

Each of the eleven bottle roll composites and split from each column composite (total of 14 bottle roll test samples) were crushed to 80% passing (P_{80}) 1.7 mm and leached for 96 hours. Pulp density used was 40% solids and pH and cyanide were maintained at 11.0 and 1.0 g NaCN/L, respectively. A summary of the final bottle roll test results for the three mineralized zones is presented in Table 13.11.

Table 13.11
Summary of Average 2010 Tepal Project Oxide Bottle Roll Test Results

Description	Unit	North-North	North-South	South	Average
No. of Tests	-	6	3	5	14
Head-Au	g/t	0.50	0.52	0.46	0.49
Recovery-Au	%	80.4	82.0	79.7	80.5
Head-Ag	g/t	2	1	2	2
Recovery-Ag	g/t	26.4	17.2	24.3	23.7
Head-Cu	%	0.266	0.108	0.240	0.223
Recovery-Cu	g/t	9.7	7.2	7.4	8.3
Lime	Kg/t	3.7	6.2	3.0	4.0
NaCN	Kg/t	1.02	0.47	0.60	0.75

Column leach tests using 10 cm diameter by 3 m high columns were completed by MLI using the three composite samples crushed to a P_{80} size of 12.5 mm. For all three column tests, 0.5 gNaCN/L solution was applied for 80 days at a rate of 0.20 Lpm/m2 (0,005 gpm/ft2). A summary of the column test results is provided in Table 13.12.

Table 13.12
Summary of Average 2010 Tepal Project Oxide Column Leach Test Results

Description	Unit	North-North NOXCL-01	North-South NOXCL-02	South SOXCL-01	Average
Head-Au	g/t	0.47	0.38	0.54	0.46
80-day Recovery-Au	%	75.6	86.1	72.5	78.1
Head-Ag	g/t	1.6	0.9	4.0	2.2
80-day Recovery-Ag	g/t	12.5	11.1	30.0	17.9
Head-Cu	%	0.306	0.147	0.272	0.24
80-day Recovery-Cu	g/t	21.8	11.2	8.9	14.0
Lime	Kg/t	3.9	3.9	2.3	3.4
NaCN	Kg/t	1.99	1.38	1.39	1.59

In 2011, a total of 49 drill core interval samples and 6 buckets of bagged samples were sent by Geologix to MLI. The drill core intervals were used to prepare 18 different bottle roll test composites, representing the three mineralized zones (North, South and Tizate). The bulk bucket samples were combined to form a single composite representing Tizate oxide mineralization for column leach testing.

Duplicate 96-hour bottle roll leach tests were completed on the 18 drill core composites, crushed to P_{80} size of 1.7 mm. Duplicate tests were also completed using six composites crushed to a P_{80} size of 12.5 mm. Pulp density used was 40% solids and pH and cyanide were maintained at 11.0 and 1.0 gNaCN/L, respectively. A summary of the final bottle roll test results for the three mineralized zones is presented in Table 13.13.

Table 13.13
Summary of Average 2011 Tepal Project -1.7 mm Oxide Bottle Roll Test Results

Description	Unit	North	South	Tizate	Average
No. of Tests	-	14	12	10	36
Head-Au	g/t	0.39	0.58	0.17	0.39
Recovery-Au	%	81.5	77.4	69.0	76.4
Head-Cu	%	0.116	0.25	0.157	0.173
Recovery-Cu	g/t	6.3	18.1	4.8	9.8
Lime	Kg/t	5.1	2.8	5.0	4.3
NaCN	Kg/t	0.34	1.32	0.27	0.65

Comparing the 12.5 mm bottle roll test results to the corresponding 1.7 mm tests, their results were very similar, with only the Tizate samples showing a small increase in gold extraction at the finer crush size.

A single column leach test using 15 cm diameter by 3 m high column was completed by MLI using the Tizate composite sample crushed to a P_{80} size of 12.5 mm. For the column test, 0.5 g NaCN/L solution was applied for 75 days at a rate of 0.20 Lpm/m2 (0,005 gpm/ft2). A summary of the column test results is provided in Table 13.14.

Table 13.14
Summary of the 2011 Tepal Project Tizate Zone Oxide Column Leach Test Results

Description	Unit	Average
Head-Au	g/t	0.29
75-day Recovery-Au	%	63.5
Head-Ag	g/t	<2
75-day Recovery-Ag	g/t	-
Head-Cu	%	0.181
75-day Recovery-Cu	g/t	6.0
Lime	Kg/t	2.9
NaCN	Kg/t	1.50

As part of the 2011 test program at MLI, a series of sequential diagnostic leach tests were undertaken using three composite samples, each representing one of the three mineralized zones (North, South and Tizate). The measured cyanide amenable gold for the three composites ground to 106 µm were 86.9%, 87.5% and 83.3% for North, South and Tizate, respectively. Most of the remaining gold for all three samples was determined to be locked in gold.

13.3.2 ALS Oxide Tests (2012/13)

The oxide testwork program at ALS commenced in late October, 2012 and was completed by January 2013. The metallurgical investigation on two oxide composite samples representing the Tepal North/South Zone and Tizate Zone included chemical and mineralogical characterization, and scoping level flotation gravity, cyanide leaching and acid leaching tests.

Assay rejects with a total weight of around 186 kg were blended into two composites, one representing North and South Zone designated NSOX, and one representing the Tizate Zone (TOX).

The average grades of the TOX MC and NSOX MC composites are summarized in Table 13.15.

Table 13.15
2012/13 Tepal Oxide Testwork ALS Composite Sample Head Grades

Sample ID	Analyses (% or g/t)						
	Cu(t)	Cu(ox)	Cu(CN)	Fe	S	Au	Ag
TOX MC	0.20	0.05	0.02	5.0	0.07	0.26	2
NSOX MC	0.21	0.08	0.03	3.9	0.29	0.40	<1

The mineral content of the two samples, determined by QEMSCAN, are presented in Table 13.16.

Table 13.16
2012/13 Tepal Oxide Testwork ALS Composite Sample Mineral Content

Minerals	NSOX	TOX
Chalcopyrite	0.15	0.04
Chalcocite/covellite	0.03	0.00
Malachite/azurite	0.02	0.00
CuMnO	0.02	0.05
Pyrite	0.55	0.12
Iron Oxides	2.45	4.81
Quartz	35.1	36.7
Feldspars	21.2	16.7
Chlorite	10.6	10.0
Micas	26.6	28.1
Calcite	1.07	0.05
Epidote	0.23	0.10
Kaolinite	0.97	2.01
Garnet	0.29	0.49
Rutile/anatase	0.29	0.32
Apatite	0.19	0.16
Amphibole	0.09	0.16
Others	0.25	0.15

Approximately 77% of the contained copper in the TOX composite sample was present as Cu-goethite/limonite, about 10 in chlorite and 7% as chalcopyrite.

About 49% of the copper in the NSOX sample was present as Cu-goethite/limonite, 23% as chalcopyrite 14% in chlorite and 8% as Chalcocite/Covellite and Tennantite.

The main gangue minerals for both oxide composites were quartz, feldspars, micas and chlorite.

To estimate the deportment of gold in the samples, gravity concentrates were analyzed with Automated Digital Imaging System (ADIS). From 750,000 particles searched for each sample six gold occurrences were located for the NSOX Composite and 19 for the TOX Composite. For the NSOX Composite, most of the gold occurrences were located as either liberated particles or adhesions to other minerals, which suggests that this sample would only respond marginally to flotation but should leach relatively well. Conversely, the gold in the TOX Composite appeared more finely disseminated, with most of the gold occurring as tiny inclusions in other minerals or associated with goethite. This suggests that the gold in TOX would be difficult to recover by either flotation or cyanide leaching.

Flotation of the oxide composite samples was investigated to recover both copper and gold. The testwork investigated simple sulphide flotation as well as controlled potential flotation of copper oxide and copper carbonate minerals. The recoveries of copper and gold into a low-grade bulk concentrate (<1% Cu and <2 g/t Au) were low for both composites, with 37% Cu and 59% Au recovery for NSOX, and 15% Cu and 39% Au recovery for TOX.

Gold recovery to a gravity concentrate grading less than 5 g/t Au was about 6% for both oxide composites.

Cyanide leaching achieved 83% and 89% gold extraction for TOX and NSOX composite, respectively. The best results were achieved at a primary P_{80} grind size of 95 µm. Average cyanide consumptions levels were 1.5 and 0.5 kg/t for the NSOX and TOX samples, respectively. These results are similar to the bottle roll leach test results achieved by MLI.

The acid leach tests, which investigated copper dissolution, were not very successful, with 29% and 18% copper extraction achieved from the NSOX and TOX composites, respectively.

13.4 Variability Test Program

A metallurgical variability program was completed by G&T in 2012. The investigation included 42 X ½-core and full core variability samples representing the North, South and Tizate Zones at Tepal. The samples originated from 29 drill holes. Six samples were identified as “transition” while the remaining 36 were classified as “sulphide.” G&T noted that the transition samples contained elevated levels of non-sulphide copper and secondary copper minerals. The weak acid digestion procedure was found to be a good prediction of performance; as the percentage of weak acid soluble copper increased, flotation performance decreased.

The program included elemental and mineral analyses, comminution tests and bench scale rougher-cleaner flotation tests.

The composites ranged in copper feed grade from about 0.05% to 0.42%, and the average grades were 0.25%, 0.21% and 0.20% Cu for the North, South and Tizate Zones, respectively. Gold contained in the samples was also highly variable, ranging from 0.05 g/t to 1 g/t and averaging 0.41, 0.43, and 0.24 g/t Au for the North, South and Tizate Zones, respectively. Molybdenum levels were very low for the North and South Zones, although the average content of the Tizate Zone samples was 0.006% Mo.

It was reported that, mineralogically, the sulphide samples were very similar across the three zones. Typically, pyrite was the most abundant sulphide mineral and copper occurred almost exclusively as chalcopyrite. There were indications that the South Zone had slightly poorer chalcopyrite liberation at the standard grind size of 80% passing 150 µm.

A summary of the variability comminution test results is presented in Table 13.17.

Table 13.17
Summary of the Tepal Variability Comminution Test Results

Description	BBWI (kWh/t)	SMC Test Data								
		DWi (kWh/m3)	DWi (%)	Mia (kWh/t)	Mih (kWh/t)	Mic (kWh/t)	A	b	SG	ta
North Zone – 13 variability samples										
Average	14.30	6.48	59.15	19.14	14.14	7.31	68.98	0.69	2.65	0.45
Std.Dev.	2.10	1.91	23.07	4.58	4.11	2.13	8.83	0.35	0.04	0.19
High	17.20	9.00	86.00	24.70	19.30	10.00	84.20	1.51	2.70	0.91
Low	11.10	2.86	15.00	10.30	6.40	3.30	58.20	0.37	2.58	0.29
South Zone – 14 variability samples										
Average	14.39	6.68	60.29	19.06	14.21	7.35	70.74	0.71	2.73	0.45
Std.Dev.	2.08	2.25	25.04	5.29	4.80	2.49	14.07	0.40	0.22	0.20
High	18.40	10.59	93.00	28.10	22.80	11.80	100.00	1.71	3.47	0.96
Low	10.30	2.69	14.00	9.50	5.90	3.00	57.60	0.25	2.56	0.24
Tizate – 15 variability samples										
Average		8.72	81.00	23.73	18.53	9.59	79.97	0.42	2.73	0.31
Std.Dev.		1.62	12.47	3.34	3.30	1.71	13.29	0.14	0.03	0.06
High		11.72	96.00	29.90	24.70	12.80	100.00	0.74	2.77	0.47
Low		5.54	48.00	16.90	12.00	6.20	60.50	0.23	2.66	0.22
Total – 42 variability samples										
Average	14.37	7.35	67.33	20.75	15.73	8.14	73.49	0.60	2.70	0.40
80 percentile	**16.08**	**8.94**	**85.60**	**24.58**	**19.18**	**9.94**	**81.62**	**0.69**	**2.74**	**0.46**
Std.Dev.	2.03	2.15	22.68	4.89	4.52	2.34	13.05	0.33	0.13	0.17
High	18.40	11.72	96.00	29.90	24.70	12.80	100.00	1.71	3.47	0.96
Low	10.30	2.69	14.00	9.50	5.90	3.00	57.60	0.23	2.56	0.22

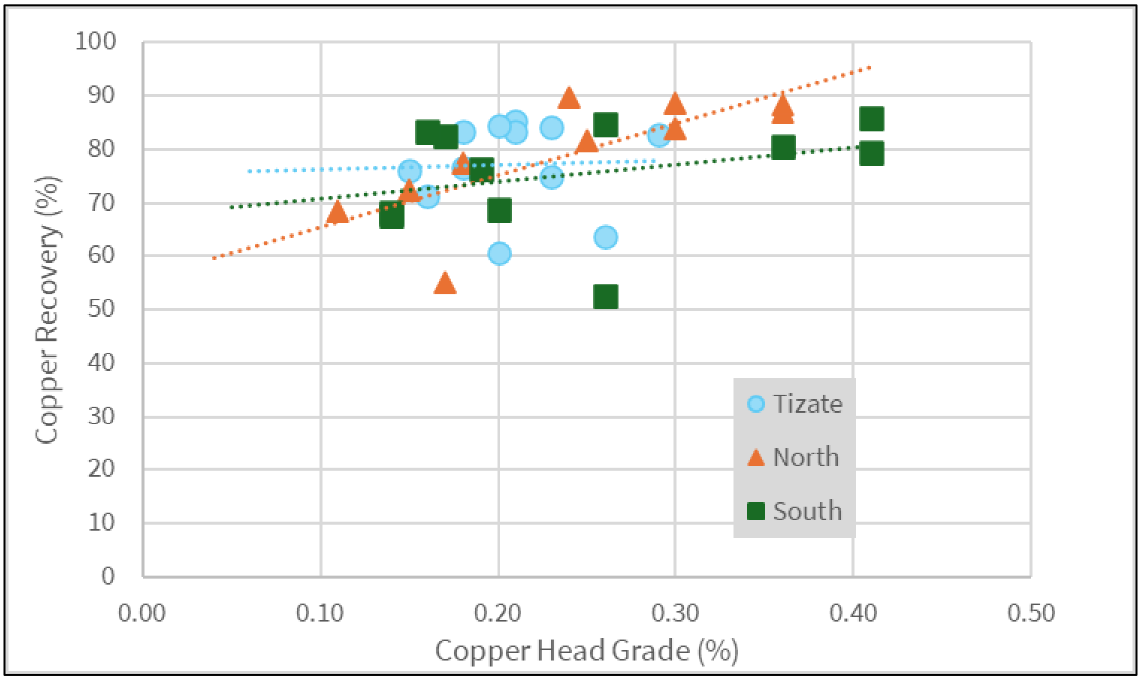
The metallurgical responses of the variability samples were assessed by batch rougher and cleaner flotation tests. The test protocol, which was developed from previous test programs, comprised a primary grind of 80% passing 150 µm and a rougher regrind P_{80} target of 20 µm. The flotation pH was adjusted to 11 with lime addition, copper collector was Cytec 3418A and fuel oil was also added to enhance molybdenite flotation. The copper collector additions during the tests were varied slightly based on copper feed grade and froth conditions.

The results of the sulphide sample variability flotation tests are illustrated in Figure 13.1.

All of the sulphide samples tested had copper concentrate grades of 23% Cu or better. Discounting tests for samples grading less than 0.1% Cu, the average copper flotation recoveries, into a cleaner concentrate grading about 27% Cu were 79%, 75%, and 77% for the North, South and Tizate Zones, respectively. The general trend was for higher copper recovery with higher copper feed grades.

Average flotation gold recoveries were 61%, 42% and 44% for North, South and Tizate Zones, respectively. Average gold grades of the copper concentrates were approximately 35 g/t for the North Zone, 32 g/t for the South Zone and 18 g/t for the Tizate Zone.

Figure 13.1
Variability Flotation Test Results (Copper)



Average flotation silver recoveries were 27%, 18% and 49% for North, South and Tizate Zones, respectively. Average grades of silver in the final concentrates were 83 g/t for the North Zone, 69 g/t for the South Zone and 267 g/t for the Tizate Zone.

13.5 Conclusions and Recommendations

Metallurgical testwork has been completed using samples that represent the Tepal North, Tepal South and Tepal Tizate mineralized zones and mineral resource estimates. This work has included flowsheet development of both the sulphide and oxide as well as a variability program.

The flowsheet selected for the sulphide mineralization from all three zones comprises a conventional grinding and flotation circuit to produce a copper concentrate containing acceptable copper grades (>23% Cu) and payable gold and silver values. Cyanide leaching to recover additional precious metals from the cleaner tailings and scavenged pyrite concentrate from the copper rougher tailings is also proposed for inclusion into the overall sulphide process flowsheet.

The molybdenum content of the copper concentrate product derived from Tizate mineralization is considered high enough that could justify investigating the production of separate copper and molybdenum concentrate products. An additional investigation to produce a separate molybdenum concentrate is recommended.

Locked cycle tests (LCT) have been undertaken using composite samples from all mineralized zones. A summary of the average results from four LCT completed on North and South composites and three LCT on Tizate samples is provided in Table 13.18.

Table 13.18
Summary of the Average Tepal North/South and Tizate Flotation LCT Results

Tepal Zone	Wt. %	Concentrate Grade				Recovery to Concentrate			
		Cu-%	Mo-%	Ag-g/t	Au-g/t	Cu %	Mo %	Ag %	Au %
North and South Zone	1.0	23.1	-	49.4	26.4	86.1	-	31.8	54.3
Tizate Zone	0.8	22.7	0.54	12.2	12.2	83.6	65.6	56.5	49.5

The concentrates produced contained no significant quantities of deleterious elements.

The results from the LCT performed to date will provide a good basis for a future techno-economic study. However, it is recommended to undertake additional tests using near cut-off grade material.

There may be potential to improve the response of the South Zone by using a finer primary grind size. Additional optimization should be considered, particularly since this zone may have softer “ore”.

Sequential pyrite rougher flotation of the copper rougher tailings determined that an additional 20% of the silver and 30% of the gold can be recovered into a combined copper cleaner tailings and pyrite concentrate. Cyanide leaching extracted about 75% of the silver and 70% of this gold from this combined stream.

Multiple comminution tests showed an average Bond Ball Work Index for sulphide mineralization of 14.4 kWh/t with the 80 percentile of 16.1 kWh/t based on 42 samples tested. The average Drop Weight Index was 7.4 kWh/m^3 with the 80 percentiles of 9.0 kWh/m^3. JKTech rated the samples to be moderately hard to very hard.

There is potential to recover gold from the oxidized mineralization by using heap leaching or agitation leaching.

Column leach tests resulted in gold recoveries of 73% to 85%, for 88 days of leaching and rinsing, for Tepal North-South composite samples crushed to 80% passing 12.5 mm. A corresponding test using Tizate mineralization gave a gold extraction of 64% in 82 days.

Bottle roll leach tests using -1.7 mm feed samples gave average final gold extractions of 82%, 78% and 69% for North Zone, South Zone and Tizate Zone samples, respectively. Leach tests using North/South and Tizate composite samples, and a P_{80} grind size of 95 µm, gave gold extractions around 89% and 83%.

14.0 MINERAL RESOURCE ESTIMATE

14.1 INTRODUCTION

Defiance Silver Corp. (Defiance Silver) has retained Micon International Limited (Micon) to conduct a review of the database and information related to the Tepal Project and to conduct a mineral resource estimate bases upon the current database. This section discloses the results of the mineral resource estimate.

The resource estimate disclosed in this report was completed by Micon, with input from the geological personnel of Defiance Silver.

This report discloses technical information, the presentation of which requires the Micon QPs to derive sub-totals, totals and weighted averages that inherently involve a degree of rounding and, consequently, introduce a margin of error. Where these occur, the Micon QPs do not consider them to be material.

14.2 CIM MINERAL RESOURCE DEFINITIONS AND CLASSIFICATIONS

If a company is a reporting Canadian entity, all resource and reserve estimates presented in a Technical Report should follow the current CIM definitions and standards for mineral resources and reserves. The latest edition of the CIM definitions and standards was adopted by the CIM council on May 10, 2014, and includes the resource definitions reproduced below:

> *Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.*
>
> *A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.*
>
> *The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.*
>
> *Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals.*
>
> *The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of Modifying Factors.*

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Inferred Mineral Resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101.

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 are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Pre-Feasibility Study which can serve as the basis for major development decisions.

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 estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

> *A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.*

Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade or quality of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability of the deposit. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit

14.3 CIM Estimation of Mineral Resources Best Practices Guidelines

Micon and its QPs have used the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines which were adopted by the CIM Council on November 29, 2019, in estimating the mineral resources contained within the Tepal Project. The November, 2019 guidelines supersede the 2003 CIM Best Practice Guidelines.

14.4 Methodology

The 2024 Tepal Project MRE discussed herein covers the Tepal North, Tepal South and Tizate deposits.

The main steps in the methodology were as follows:

- Compiling and validating the diamond drill hole database used for mineral resource estimation.
- Interpretation of the mineralized domain, based on lithological and assay information.
- Capping outlier values and compositing the database, for the purpose of geostatistical analysis and performing variography.
- Generating the block model and grade interpolation.
- Calculation and validation of NSR value.
- Validating the criteria for mineral resource classification.
- Assessing the mineral resources with "reasonable prospects for eventual economic extraction" by selecting appropriate cut-off grades and a producing a reasonable "resource-level" optimized pit-shell.
- Generating a Mineral Resource Estimate statement.
- Assessing and identifying the factors that could affect the mineral resource estimate.

While the Tepal North, Tepal South and Tizate deposits are part of the same Project, the three deposits have been estimated separately.

14.5 Resource Database and Wireframing

The database was provided by Defiance Silver and was verified by Micon's QP, prior to use for geological modelling and resource estimation purposes.

14.5.1 Database

The Tepal Project database consists of 341 diamond drill (DD) holes and 100 reverse circulation (RC) holes, totalling 82,624.12 m of drilling with 46,427 individual samples. The database includes location co-ordinates, survey, lithology and assay results. The digital database contains the detailed information for the 441 holes drilled during the different drilling programs. Micon's QPs have extensively verified and compiled the database to be used for the current MRE. All historical drill hole information has been incorporated. Table 14.1 summarizes the detailed assay information.

Table 14.1
Tepal Project Database

Element	Drilling Program	No of Samples	No of Available Assay	Assay Method
Cu	INCO Holes	1,566	1,566	Unknown
	Teck Holes	4,955	4,936	Cu %301 and Cu PPM 2532
	Hecla Holes	1,502	1,491	Cu ppm 2128
	Arian Holes	3,750	3,747	ICP and ME-ICP41
	Exploration Holes by Geologix	34,318	34,318	ME-ICP61
	Metallurgical and Geotechnical holes by Geologix	336	336	ME-ICP61
Total		**46,427**	**46,394**	
Au	INCO Holes	1,566	1,566	Unknown
	Teck Holes	4,955	4,941	Au ppb 983 and Au ppm 877
	Hecla Holes	1,502	1,491	Au ppb 983
	Arian Holes	3,750	3,747	Au-AA23 and FAA
	Exploration Holes by Geologix	34,318	34,317	AA23 and AA24
	Metallurgical and Geotechnical holes by Geologix	336	336	AA23
Total		**46,427**	**46,398**	
Ag	INCO Holes	1,566	-	NA
	Teck Holes	4,955	-	NA
	Hecla Holes	1,502	1,491	Ag ppm 2118
	Arian Holes	3,750	3,746	ICP and ME-ICP41
	Exploration Holes by Geologix	34,318	34,312	ME-ICP61
	Metallurgical and Geotechnical holes by Geologix	336	336	ME-ICP61
Total		**46,427**	**39,885**	
Mo	INCO Holes	1,566	-	NA
	Teck Holes	4,955	-	NA

Element	Drilling Program	No of Samples	No of Available Assay	Assay Method
	Hecla Holes	1,502	1,491	Mo ppm 2136
	Arian Holes	3,750	3,746	ICP and ME-ICP41
	Exploration Holes by Geologix	34,318	34,318	ME-ICP61
	Metallurgical and Geotechnical holes by Geologix	336	336	ME-ICP61
Total		**46,427**	**39,891**	

Figure 14.1 is an Orthogonal View (looking to north-east) of the Tepal Project drill hole database. For the Tepal Project MRE two mineralized areas, the Tepal Zone and Tizate Zone have been considered, with the Tepal Zone divided into the Tepal North and South Zones. The drill holes which are outside the mineralized areas have not been considered as a part of the current MRE, although they remain included into the Project database.

14.5.2 Topography

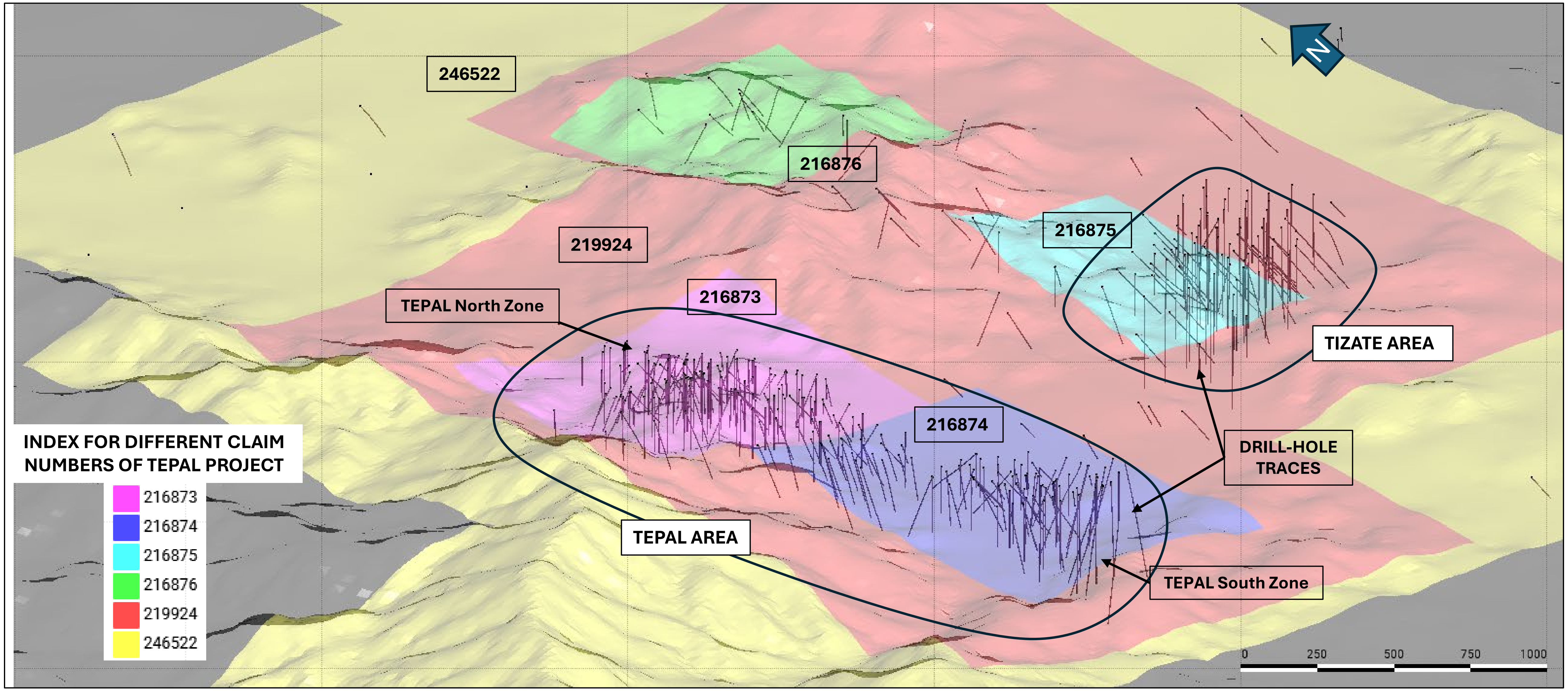
The Tepal Project topography was provided by Defiance Silver as a digital terrain model (DTM) in DXF format. The topography was used to clip the mineralized zones (as applicable) to the surface. However, it has been observed that a few drill hole collars do not exactly match with the available topography surface. Micon's QPs suggest that Defiance Silver conducts a fresh topographic survey of the Project area so that the drill hole collars can be adjusted accordingly.

14.5.3 Mineralized Wireframes

Micon's QPs have interpreted the mineralized domains for the Tepal North, Tepal South and Tizate Zones. Although the Tepal North and South Zones appear to be part of the same mineral deposit, due to the physical disposition of the zones with an area devoid of mineralization or very low-grade mineralization separating them, they have been considered to be two separate zones for the purpose of exploration and interpretation. Both Cu and Au assay values have been considered when identifying the two domains. The mineralization wireframes take into consideration all of the historic drill hole information. A preliminary cut-off grade of 0.1% Cu was considered to represent the overall deposit mineralization when constructing the wireframe. Copper grades below 0.1% were considered to be internal dilution, in order to maintain the overall grade continuity within the wireframes. Additionally, two separate high-grade zones have been identified within the Tepal North and South Zones. The high-grade zones have been defined using a cut-off grade of 0.5% Cu. No high-grade zone could be identified for the Tizate Zone at this time. The following abbreviations are used to define the low and high-grade zones for the three mineral deposits at the Tepal Project.

- Tepal North Zone Low-grade: TP NZ LG.
- Tepal North Zone High-grade: TP NZ HG.
- Tepal South Zone Low-grade: TP SZ LG.
- Tepal South Zone High-grade: TP SZ HG.
- Tizate Zone Low-grade: TZ LG.

Figure 14.1
Orthogonal View (Looking North-East) of Tepal Project Area Showing the Drill Hole Locations and Different Claim Boundaries



The Tepal mineralized area shows an overall strike direction of north-south. The North Zone is horizontal to very slightly dipping towards south-east. The South Zone exhibits a sharp dip towards south-east end. The high-grade zones are fully confined inside relatively low-grade zones. The Tizate Zone mineralization shows an overall strike direction of north-east to south-west and is horizontal to slightly dipping towards south-east.

According to the weathering zone information available from the lithology data, the mineralized domains have further been divided into sulphide and oxide zones. The surface between these two zones has been provided by Defiance Silver and has been applied to the current mineralized domains for both the Tepal and Tizate Zones. Figure 14.2 and Figure 14.3 show the 3D perspective view of the geological interpretation of the Tepal Project area.

A number of fault planes have been identified by field geologists on the Project. However, there is insufficient structural information available at this time to confirm that they influence the mineralization spatially. As a result, the faults have not been considered to have any influence in the current MRE. Leapfrog Geo software has been used for the whole mineralization interpretation exercise.

Micon's QPs suggest performing a detailed structural study to understand whether any displacement of mineralization has occurred along the fault zones and incorporating this information into future MREs.

Figure 14.2
3D Perspective of the Interpreted Mineralized Zone of Tepal North and South Zone

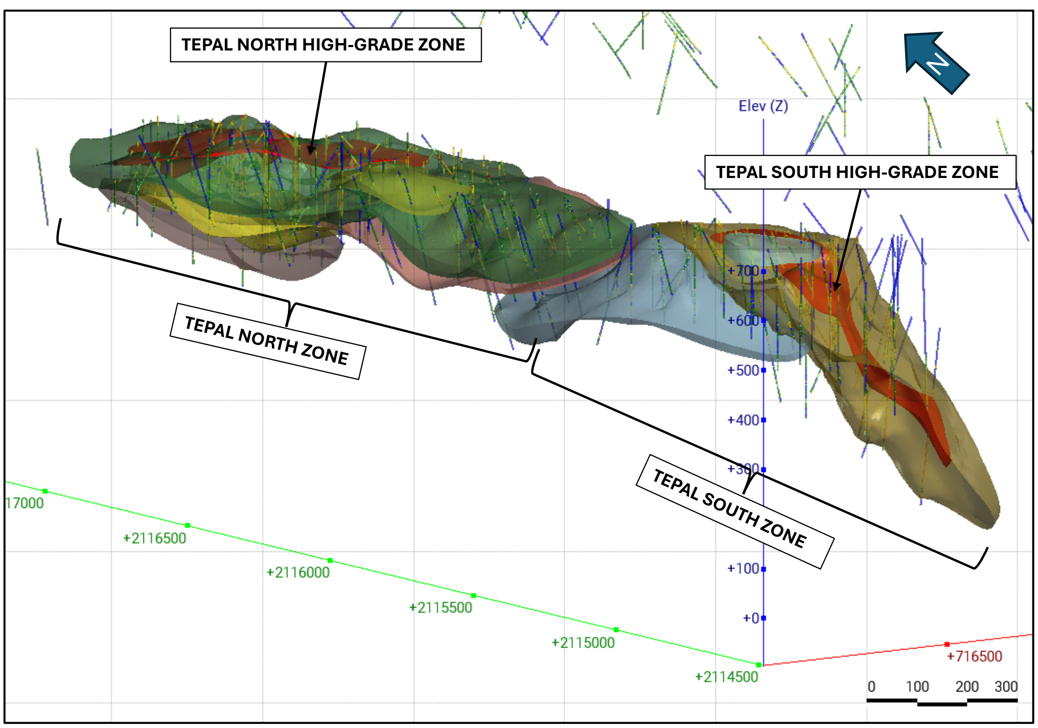
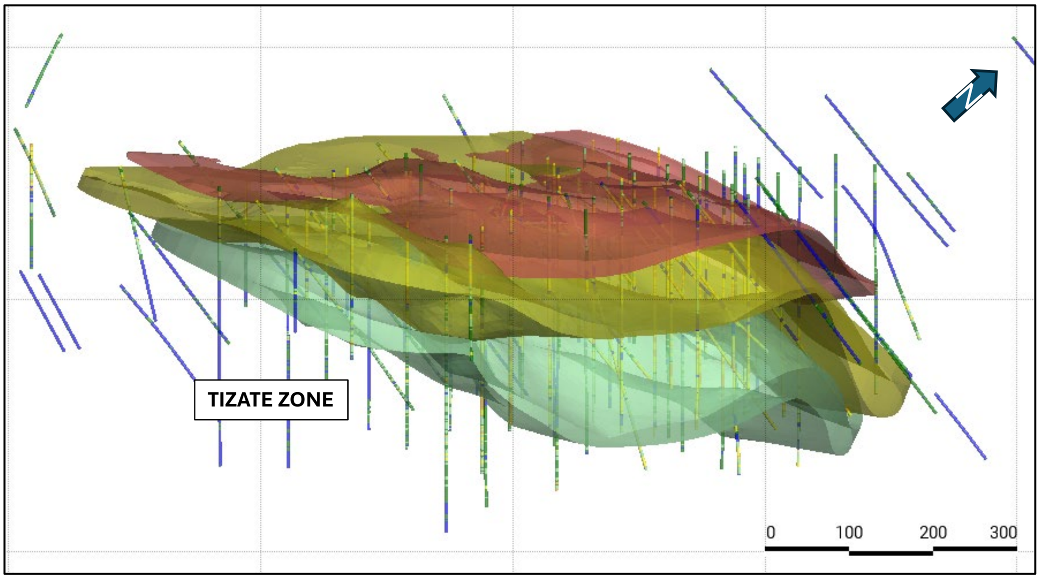


Figure 14.3
3D Perspective of the Interpreted Mineralized Zone of Tizate Zone



14.6 COMPOSITING, CAPPING OUTLIERS AND VARIOGRAPHY

14.6.1 Composites

The composite length for the interpolation was determined by analysing the sampled intervals within the mineralized zones. Since 1.8 m is the average of all the sampled intervals, 2 m composites have been calculated within all mineralized envelops. The minimum length has been chosen to be 1 m and the residual lengths are to be distributed equally within the previous intervals. The basic statistical analyses of raw and composited assay values for the Cu, Au, Ag and Mo are summarized below in Table 14.2.

14.6.2 Capping Composited Values

The Cu, Au, Ag and Mo composite values were analyzed to identify outliers which would have an effect of biasing the overall estimation process. The outlier values were identified for all four elements, using Supervisor software. Histogram, Log probability and Cumulative Metal Plots have been analyzed for this exercise. The example plots for Cu ppm composites within each mineralized zones are depicted in Figures 14.4 to 14.6. The effect of the capping has been summarized in Table 14.3.

Figure 14.4
Log Probability Plots for Cu ppm Values within Tepal NZ LG (left) and Tepal NZ HG (right) Mineralized Zones

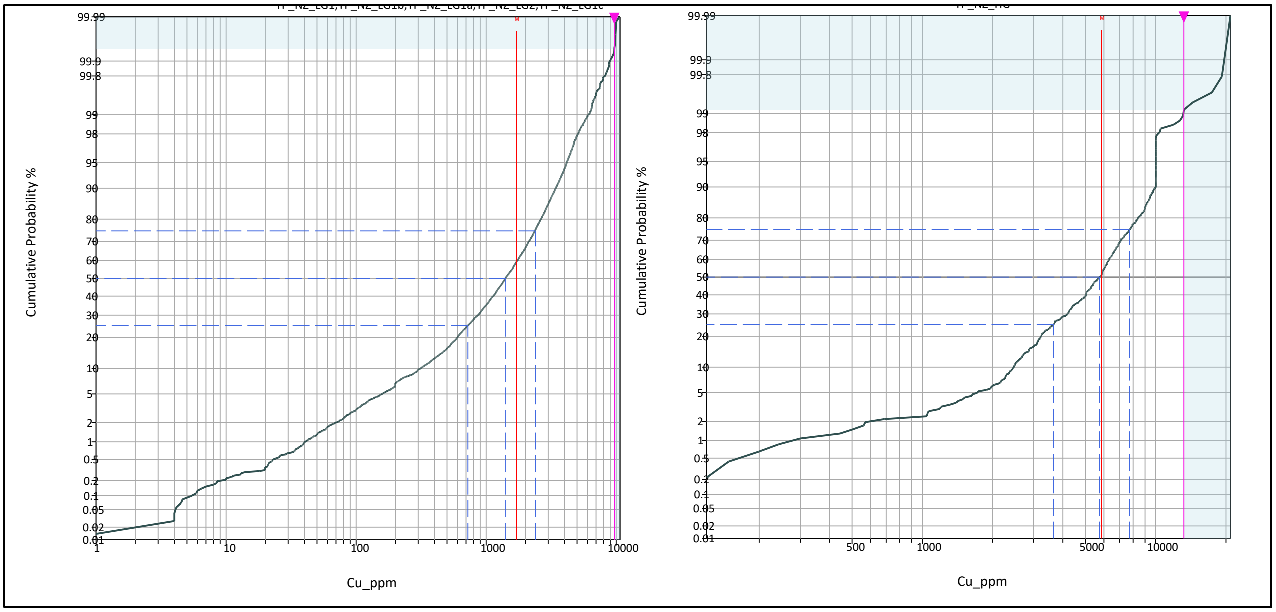


Figure 14.5
Log Probability Plot for Cu_ppm Values within Tepal SZ LG (left) and Tepal SZ HG (right) Mineralized Zones

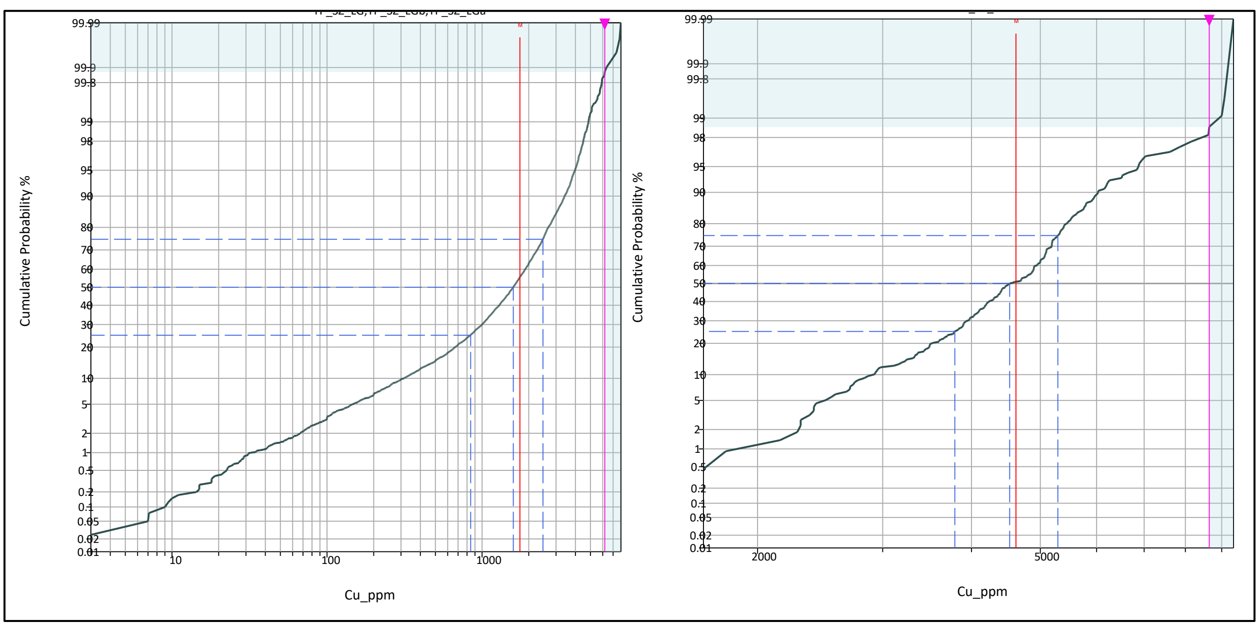


Figure 14.6
Log Probability Plot for Cu_ppm Values within Tizate Mineralized Zone

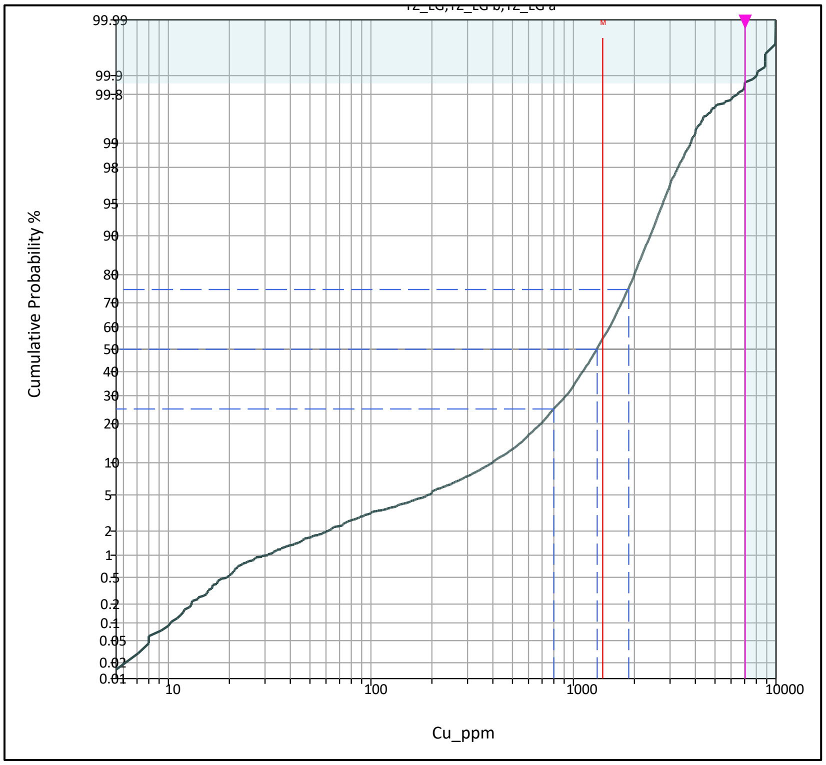


Table 14.2
Summary of the Basic Statistics for Raw and 2 m Composites

Element	Sample Description	Zone	Count	Length	Mean	Standard deviation	Coefficient of variation	Variance	Minimum	Lower quartile	Median	Upper quartile	Maximum
Cu_ppm	Raw	TP NZ HG	541	897	5,854	3,014	0.51	9,081,787	95.00	3,550	5,640	7,840	20,900
		TP NZ LG	8046	14,241	1,716	1,378	0.80	1,897,822	0.00	690	1,400	2,400	10,700
		TP SZ HG	231	430	4,605	1,376	0.30	1,894,628	99.00	3,800	4,510	5,320	9,350
		TP SZ LG	4070	7,751	1,780	1,212	0.68	1,468,412	1.00	863	1,600	2,500	10,000
		TZ LG	7625	13,347	1,393	911	0.65	829,998	0.00	781	1,305	1,885	10,000
	2 m Composites	TP NZ HG	461	897	5,854	2,896	0.49	8,385,515	119.00	3,620	5,771	7,728	20,900
		TP NZ LG	7203	14,241	1,716	1,322	0.77	1,747,985	1.00	725	1,417	2,395	10,700
		TP SZ HG	218	430	4,605	1,318	0.29	1,737,826	1680.00	3,780	4,527	5,300	9,350
		TP SZ LG	4016	7,751	1,780	1,178	0.66	1,386,635	3.00	882	1,623	2,500	7,857
		TZ LG	6730	13,347	1,393	860	0.62	738,997	5.53	800	1,310	1,876	10,000
Au_ppm	Raw	TP NZ HG	541	897	0.69	0.79	1.15	0.63	0.00	0.12	0.31	1.06	4.20
		TP NZ LG	8046	14,241	0.24	0.33	1.35	0.11	0.00	0.04	0.14	0.32	8.15
		TP SZ HG	231	430	0.96	0.68	0.71	0.47	0.01	0.40	0.98	1.43	3.45
		TP SZ LG	4070	7,751	0.32	0.36	1.10	0.13	0.00	0.06	0.21	0.47	4.10
		TZ LG	7625	13,347	0.13	0.18	1.40	0.03	0.00	0.04	0.09	0.18	7.08
	2 m Composites	TP NZ HG	461	897	0.69	0.77	1.12	0.59	0.00	0.13	0.33	1.09	3.92
		TP NZ LG	7203	14,241	0.24	0.31	1.28	0.10	0.00	0.04	0.14	0.32	4.63
		TP SZ HG	218	430	0.96	0.68	0.71	0.46	0.01	0.45	0.97	1.44	3.41
		TP SZ LG	3901	7,751	0.32	0.35	1.07	0.12	0.00	0.06	0.22	0.47	2.41
		TZ LG	6730	13,347	0.13	0.16	1.25	0.03	0.00	0.04	0.09	0.18	5.97
Ag_ppm	Raw	TP NZ HG	417	650	1.57	2.11	1.35	4.46	0.10	0.60	1.10	1.80	28.40
		TP NZ LG	6340	10,962	1.10	2.91	2.65	8.45	0.05	0.25	0.70	1.20	100.00
		TP SZ HG	183	345	1.42	0.86	0.61	0.75	0.25	0.90	1.30	1.80	7.40
		TP SZ LG	3359	6,539	1.12	2.96	2.63	8.77	0.05	0.25	0.70	1.20	100.00
		TZ LG	7166	12,555	2.13	2.34	1.10	5.47	0.05	0.80	1.50	2.80	57.80
	2 m Composites	TP NZ HG	336	650	1.57	1.96	1.25	3.84	0.10	0.58	1.10	1.80	20.42
		TP NZ LG	5555	10,962	1.10	2.68	2.44	7.18	0.05	0.26	0.70	1.21	100.00
		TP SZ HG	174	345	1.42	0.84	0.59	0.70	0.25	0.90	1.30	1.80	7.40
		TP SZ LG	3293	6,539	1.12	2.92	2.60	8.55	0.05	0.25	0.70	1.20	100.00
		TZ LG	6332	12,555	2.13	2.11	0.99	4.47	0.07	0.90	1.54	2.80	44.10
Mo_ppm	Raw	TP NZ HG	452	723	46.06	193.85	4.21	37,578	0.50	6.00	12.00	25.00	2,480
		TP NZ LG	6694	11,740	25.37	40.17	1.58	1,614	0.50	7.00	14.00	30.00	797
		TP SZ HG	183	345	23.83	15.07	0.63	227	0.50	14.00	21.00	28.00	121
		TP SZ LG	3359	6,539	20.93	27.12	1.30	736	0.50	8.00	14.00	25.00	504
		TZ LG	7359	12,932	55.80	81.27	1.46	6,604	0.50	15.00	37.00	71.00	3,400
	2 m Composites	TP NZ HG	373	723	46.06	189.16	4.11	35,781	0.50	6.10	13.00	26.00	2,369
		TP NZ LG	5947	11,741	25.36	37.92	1.50	1,438	0.50	7.00	14.80	30.65	769
		TP SZ HG	174	345	23.83	14.64	0.61	214	4.00	14.00	21.35	28.00	113
		TP SZ LG	3293	6,539	20.93	25.80	1.23	666	0.50	8.00	14.00	24.94	448
		TZ LG	6523	12,934	55.80	70.25	1.26	4,935	0.50	17.00	38.95	72.08	1,782

Table 14.3
Capping Summary of 2 m Composites of Tepal Project

Element	Zone	Capped Grade	Change Due to Capping		
			Number	Proportion (%)	Metal (%)
Cu_ppm	TP NZ HG	13,200	4	0.9	0.7
	TP NZ LG	9,676	4	0.1	0
	TP SZ HG	8,644	3	1.4	0.1
	TP SZ LG	6,185	5	0.1	0.1
	TZ LG	7,050	9	0.1	0.2
Au_ppm	TP NZ HG	-	-	-	-
	TP NZ LG	2.99	4	0.1	0.2
	TP SZ HG	2.17	5	2.3	1.3
	TP SZ LG	-	-	-	-
	TZ LG	1.67	5	0.1	1
Ag_ppm	TP NZ HG	9.2	4	1.2	4.1
	TP NZ LG	43.0	3	0.1	2.1
	TP SZ HG	2.9	4	2.3	3.2
	TP SZ LG	21.3	5	0.1	5.2
	TZ LG	25.0	5	0.1	0.4
Mo_ppm	TP NZ HG	250	10	2.7	43
	TP NZ LG	515	5	0.1	0.4
	TP SZ HG	69	2	1.1	2
	TP SZ LG	268	4	1.1	0.7
	TZ LG	886	4	0.1	0.5

14.6.3 Variography

The spatial distribution of Cu, Co, Ag and Ag were evaluated through variographic analysis for the mineralized domain. Downhole variograms has been analyzed to calculate the nugget value and then spherical variograms were fitted to model the semi-variogram. As an example, the modelled variograms for Cu are presented in Figures 14.7 to 14.11 for TP NZ HG, TP NZ LG, TP SZ HG, TP SZ LG and TZ LG respectively.

All variogram analyses and modelling were performed in Leapfrog Edge Software. Primary directions and orientations of the variograms were observed in the data and visually in 3D space. These orientations were then examined statistically, within the mineralized zone, to ensure that they represented the best possible fit of the geology and grade continuity. Table 14.4 summarises the variogram directions for all four elements to be interpolated.

Figure 14.7
Variography for Cu within TP NZ HG

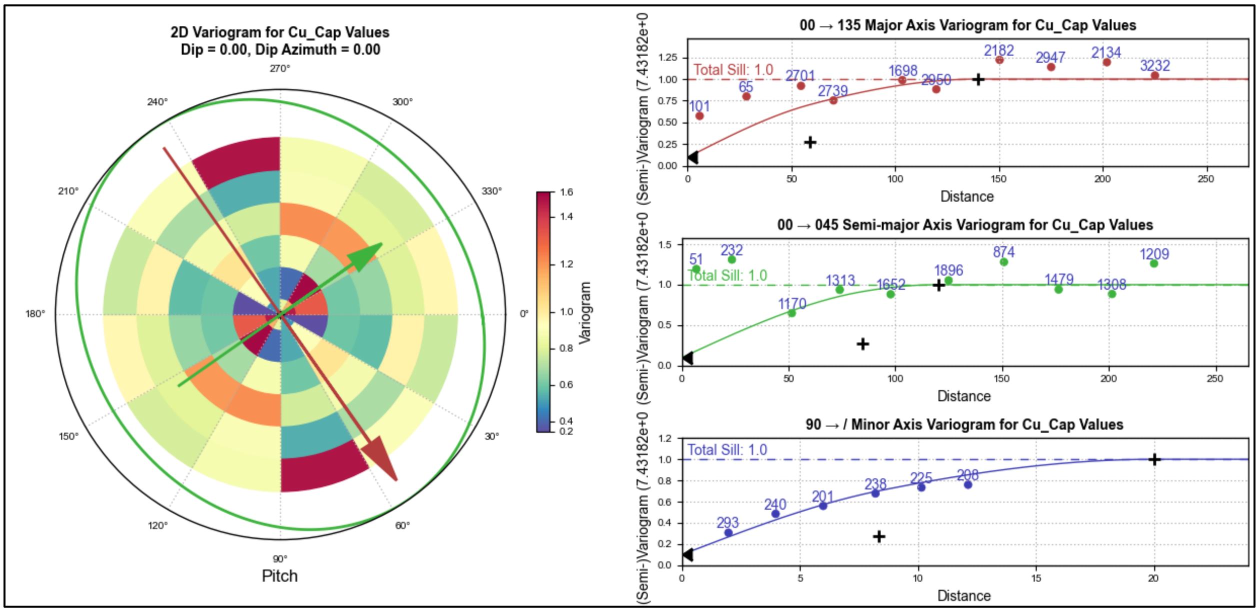


Figure 14.8
Variography for Cu within TP NZ LG

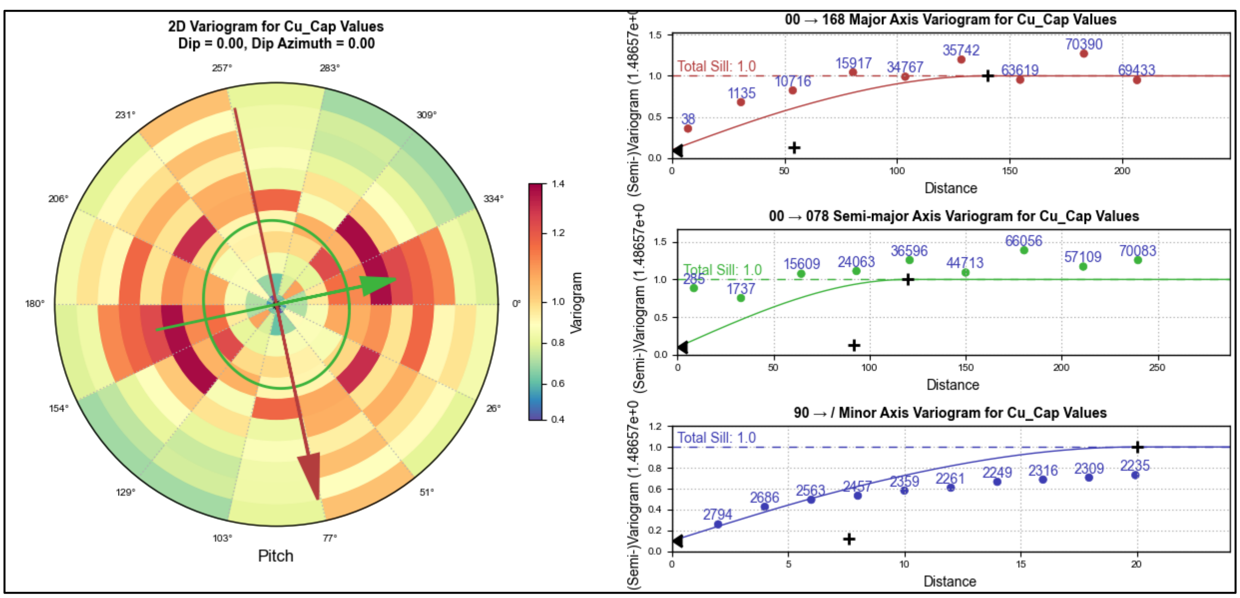


Figure 14.9
Variography for Cu within TP SZ HG

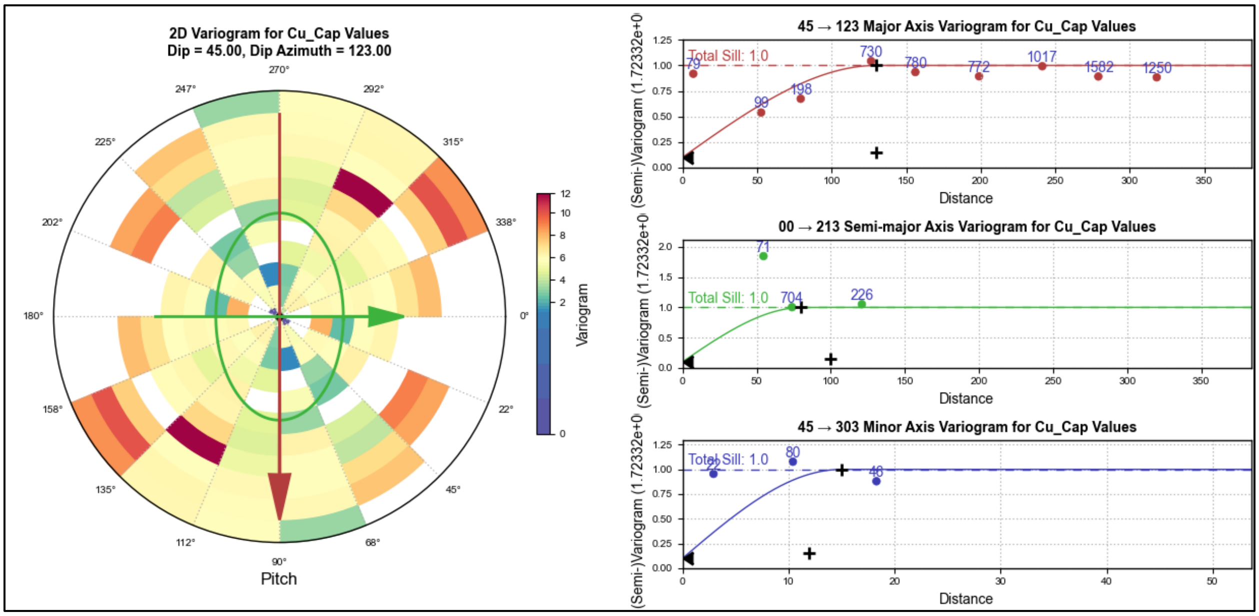


Figure 14.10
Variography for Cu within TP SZ LG

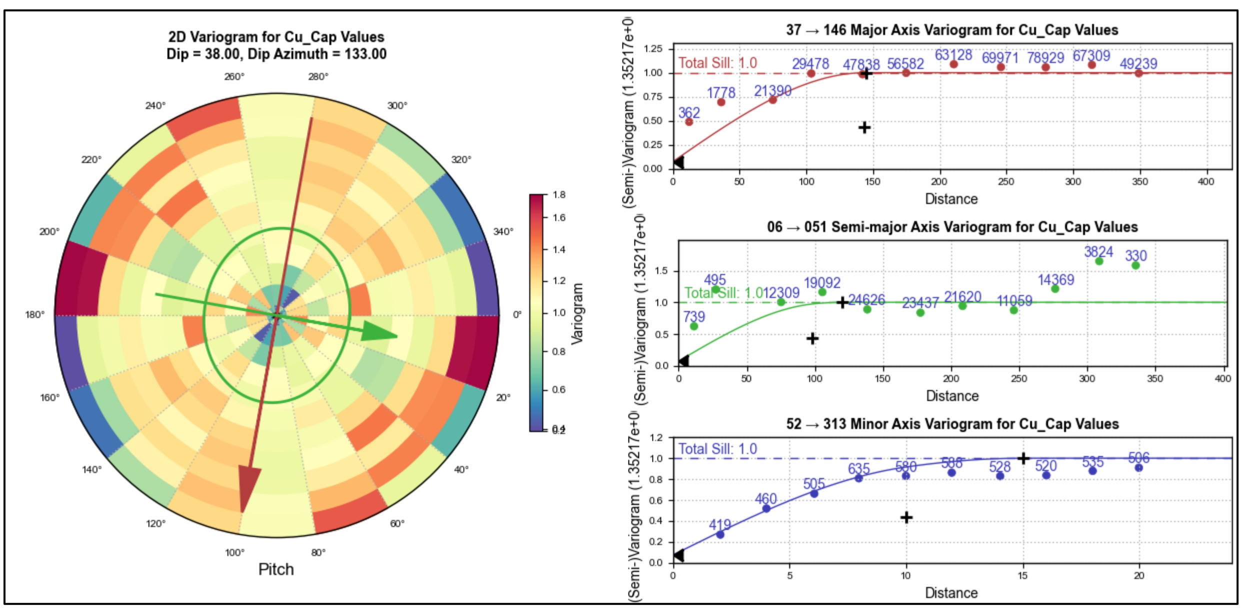


Figure 14.11
Variography for Cu within TZ LG

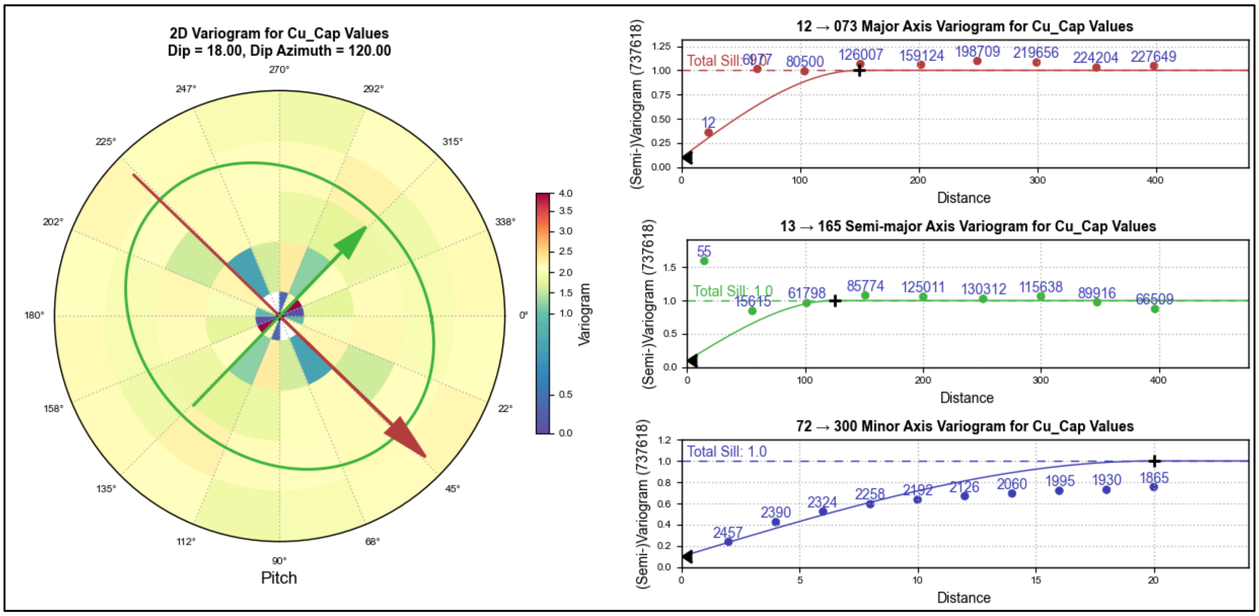


Table 14.4
Mineralized Zone-Wise Summary of Variogram Direction for All the Elements

Element	Zone	Range (m)		
		Major Direction	Semi-major Direction	Minor Direction
Cu_ppm	TP NZ HG	140	12	20
	TP NZ LG	140	12	20
	TP SZ HG	130	80	15
	TP SZ LG	145	20	15
	TZ LG	150	125	20
Au_ppm	TP NZ HG	225	87	20
	TP NZ LG	150	120	25
	TP SZ HG	100	100	15
	TP SZ LG	150	90	15
	TZ LG	120	175	50
Ag_ppm	TP NZ HG	200	125	10
	TP NZ LG	100	130	10
	TP SZ HG	125	80	8
	TP SZ LG	180	120	10
	TZ LG	225	180	20
Mo_ppm	TP NZ HG	140	120	20
	TP NZ LG	140	120	20
	TP SZ HG	130	100	12
	TP SZ LG	145	120	15
	TZ LG	200	200	30

14.7 ROCK DENSITY

As no new specific gravity (SG) analyses have been performed pertaining to the current MRE, this sub-section has been taken from the previous technical report on the mineral resources of the Tepal Gold-Copper Project, Michoacán State, Mexico, 2012.

Specific gravity samples were collected approximately every 50 metres in the sulphide zone from all available Arian and Geologix core from the three deposits. Samples were taken from mineralized and non-mineralized core (i.e. "Min" and waste). The oxide samples were collected from as many Arian holes as possible and from the 2010 Geologix core. There were also oxide samples taken from two 2011 Tizate holes (TIZ-11-001 to TIZ-11 037). A total of 1,053 samples have had SG determinations. SG determination for each sample was performed by ALS, Vancouver, BC. SG measurements were derived by gravimetric methods. Core was covered in a paraffin wax coating and weighed. The sample was then weighed while it was suspended in water and the SG determined by measuring the volumetric displacement of the rock in water and dividing the weight of rock by the volume. Table 14.5 lists the average specific gravity for each zone and domain used in the block model.

Table 14.5
Specific Gravity Information for Tepal North, South and Tizate Zone

Zone	Domain	Category	Density	No of Samples
Tepal North Zone	Oxide	"Min"	2.42	13
	Sulphide	"Min"	2.7	86
	Oxide	Waste	2.45	14
	Sulphide	Waste	2.73	229
Tepal South Zone	Oxide	"Min"	2.46	4
	Sulphide	"Min"	2.72	81
	Oxide	Waste	2.45	16
	Sulphide	Waste	2.73	109
Tizate Zone	Oxide	"Min"	2.49	4
	Sulphide	"Min"	2.74	169
	Oxide	Waste	2.39	10
	Sulphide	Waste	2.73	318
Total:				**1,053**

Note: "Min" refers to the material within mineralization envelops, and Waste refers to the material outside mineralization envelopes

The number of oxide ore sample determinations is low compared to sulphide determinations. Micon's QPs recommend that additional oxide "Min" samples be sent to ALS for SG determination, to obtain a more representative average oxide SG in each deposit.

14.8 BLOCK MODEL AND GRADE INTERPOLATION

14.8.1 Block Model

Two block models were constructed to represent the volume and attributes of rock density and grade within the Tepal and Tizate Zones. The Tepal North and South Zones have been considered to part of a single block model as they represent same mineral deposit. A summary of the block model definition for both zones is presented in Table 14.6.

Table 14.6
Summary of Block Model Definition

Description	Value for Tepal Zone Block Model	Value for Tizate Zone Block Model
Number of parent blocks:	171 × 107 × 137 = 2,506,689	134 × 117 × 49 = 768,222
Sub-blocks per parent:	2 × 2 × 2 = 8	2 × 2 × 2 = 8
Base point:	715,900, 211,5270, 635	717,960, 211,6060, 542
Parent block size:	10, 20, 5	10, 10, 10
Minimum sub-block size:	5, 10, 2.5	5, 5, 5
Leapfrog Rotation:	None	None
Boundary size:	1,710, 2,140, 685	1,340, 1,170, 490
Minimum X:	715,900	717,960
Minimum Y:	2,115,270	2116060
Minimum Z:	50	52
Maximum X:	717,610	719,300
Maximum Y:	2,117,410	2,117,230
Maximum Z:	635	542

14.8.2 Search Strategy and Interpolation

The search parameters derived from the variographic analysis were used to interpolate the capped composite grades within each mineralized zone. This process has been performed with the help of Leapfrog Edge Software. The Ordinary Kriging method has been used for the entire interpolation. The search parameters for all elements are presented in Table 14.7 and Table 14.8 for Tepal and Tizate, respectively.

All four elements, Cu, Au, Ag and Mo have been estimated individually within the block model using Ordinary Kriging interpolation. Primarily three passes have been used to interpolate the grades into the blocks contained within the mineralized zone. However, an additional pass (P4) has been used to interpolate Cu, Au, Ag and Mo in order to inform all blocks within Tepal South Zone. The Variable Orientation function has been considered for all passes to make sure that the search direction is pertinent to the reference surface of the mineralized envelope.

Table 14.7
Summary of Ordinary Kriging Parameters for All Elements for Tepal Zone Block Model

General			Search Ellipsoid Ranges			Number of Samples		Max Samples per Hole
Numeric Values	Domain/Zone	Kriged Interpolant Name (Pass)	Maximum	Intermediate	Minimum	Minimum	Maximum	
Cu_Cap	TP_NZ_HG	P1 OK, in TP_NZ_HG	70	60	10	16	24	4
		P2 OK, in TP_NZ_HG	140	120	20	12	20	4
		P3 OK, in TP_NZ_HG	210	180	30	8	12	4
	TP_NZ_LG1	P1 OK, in TP_NZ_LG	70	60	10	16	24	4
		P2 OK, in TP_NZ_LG	140	120	20	12	20	4
		P3 OK, in TP_NZ_LG	210	150	30	8	12	4
	TP_SZ_HG	P1 OK, in TP_SZ_HG	65	40	15	16	24	4
		P2 OK, in TP_SZ_HG	130	80	15	12	20	4
		P3 OK, in TP_SZ_HG	200	120	25	4	12	4
	TP_SZ_LG	P1 OK, in TP_SZ LG	70	60	15	16	24	4
		P2 OK, in TP_SZ LG	145	120	15	12	20	4
		P3 OK, in TP_SZ LG	250	200	30	4	12	4
Ag_Cap	TP_NZ_HG	P1 OK, in TP_NZ_HG	100	65	10	16	24	4
		P2 OK, in TP_NZ_HG	200	125	10	12	20	4
	TP_NZ_LG1	P1 OK, in TP_NZ_LG	50	65	10	16	24	4
		P2 OK, in TP_NZ_LG	100	130	10	12	20	4
		P3 OK, in TP_NZ_LG	200	200	20	4	12	4
	TP_SZ_HG	P1 OK, in TP_SZ_HG	125	80	8	12	20	4
		P2 OK, in TP_SZ_HG	190	120	15	8	12	4
	TP_SZ_LG	P1 OK, in TP_SZ_LG	90	60	10	16	24	4
		P2 OK, in TP_SZ_LG	180	120	10	12	20	4
		P3 OK, in TP_SZ_LG	270	180	15	8	12	4
		P4 OK, in TP_SZ_LG	360	240	20	4	12	4
Au_Cap	TP_NZ_HG	P1 OK, in TP_NZ_HG	75	50	10	16	24	4
		P2 OK, in TP_NZ_HG	145	100	20	12	20	4
		P3 OK, in TP_NZ_HG	215	150	30	8	12	4
	TP_NZ_LG1	P1 OK, in TP_NZ_LG	75	60	15	16	24	4
		P2 OK, in TP_NZ_LG	150	120	25	12	20	4
		P3 OK, in TP_NZ_LG	225	180	35	8	12	4
	TP_SZ_HG	P1 OK, in TP_SZ_HG	100	60	20	16	24	4
		P2 OK, in TP_SZ_HG	200	120	40	12	20	4
		P3 OK, in TP_SZ_HG	300	180	60	8	12	4
	TP_SZ_LG	P1 OK, in TP_SZ LG	75	45	15	16	24	4
		P2 OK, in TP_SZ LG	145	90	15	12	20	4
		P3 OK, in TP_SZ LG	225	135	30	8	12	4
		P4 OK, in TP_SZ LG	350	250	100	1	12	4
Mo_Cap	TP_NZ_HG	P1 OK, in TP_NZ_HG	70	60	10	16	24	4
		P2 OK, in TP_NZ_HG	140	120	20	12	20	4
	TP_NZ_LG1	P1 OK, in TP_NZ_LG	70	60	10	16	24	4
		P2 OK, in TP_NZ_LG	70	120	30	12	20	4

General			Search Ellipsoid Ranges			Number of Samples		Max Samples per Hole
Numeric Values	Domain/Zone	Kriged Interpolant Name (Pass)	Maximum	Intermediate	Minimum	Minimum	Maximum	
		P3 OK, in TP_NZ_LG	210	180	30	8	12	4
	TP_SZ_HG	P1 OK, in TP_SZ_HG	65	50	12	16	24	4
		P2 OK, in TP_SZ_HG	130	100	11.89	12	20	4
		P3 OK, in TP_SZ_HG	200	150	18	8	12	4
	TP_SZ_LG	P1 OK, in TP_SZ_LG	70	60	15	16	24	4
		P2 OK, in TP_SZ_LG	145	120	15	12	20	4
		P3 OK, in TP_SZ_LG	215	180	25	8	12	4

*Note: _cap refers to capped composited value, OK refers to Ordinary Kriging.

Table 14.8
Summary of Ordinary Kriging Parameters for All Elements for Tizate Zone Block Model

General			Search Ellipsoid Ranges			Number of Samples		Max Samples per Hole
Numeric Values	Domain/Zone	Kriged Interpolant Name (Pass)	Maximum	Intermediate	Minimum	Minimum	Maximum	
Cu_ppm	TZ LG	P1 OK, in TZ_LG	75	65	10	16	24	4
		P2 OK, in TZ_LG	150	125	20	12	20	4
		P3 OK, in TZ_LG	225	190	30	4	12	4
Au_ppm	TZ LG	P1 OK, in TZ_LG	60	85	25	16	24	4
		P2 OK, in TZ_LG	120	175	50	12	20	4
		P3 OK, in TZ_LG	180	265	75	4	12	4
Ag_ppm	TZ LG	P1 OK, in TZ_LG	110	90	10	16	24	4
		P2 OK, in TZ_LG	225	180	20	12	20	4
		P3 OK, in TZ_LG	335	270	30	4	12	4
Mo_ppm	TZ LG	P1 OK, in TZ_LG	100	100	15	16	24	4
		P2 OK, in TZ_LG	200	200	30	12	20	4
		P3 OK, in TZ_LG	350	350	45	8	12	4

After interpolating the block models, the NSR value was calculated to demonstrate economics, assuming the criteria summarized in Table 14.9.

Table 14.9
Summary of the Economic Assumptions used for the NSR Cut-off for Tepal Project 2024 MRE

Item	Unit	Value	Notes
Exchange Rate Assumption			
CAD to USD		NA	
Metal Price Assumptions			
Copper (Cu)	USD/lb	4.8	
Silver	USD/oz	30.0	
Gold (Au)	USD/oz	2,300.0	
Metallurgical Recoveries			
Tizate Zone - Oxide			Assume crush, grind, CIP, ADR process to produce doré.
Copper recovery	%	-	
Gold recovery to doré	%	88.30	Based on KM3568 (2013) -1% ADR losses.
Silver recovery to doré	%	83.10	Based on KM3568 (2013) -1% ADR losses.
Tizate Zone - Sulphide			Assume crush. Grind, Cu float, Py float, Py cyanide leach.
Copper recovery to Cu concentrate	%	84.00	Based on average LCT results.
Gold recovery to Cu concentrate	%	49.00	Based on average LCT results.
Silver recovery to Cu concentrate	%	56.00	Based on average LCT results.
Copper concentrate grade	%Cu	23.00	Based on average LCT results.
Gold recovery to doré (based on plant feed)	%	22.00	Based on average LCT and leach test results.
Silver recovery to doré (based on plant feed)	%	14.00	Based on average LCT and leach test results.
Tepal Zone - Oxide			Assume crush, grind, CIP, ADR process to produce doré.
Copper recovery	%	-	
Gold recovery to doré	%	92.20	Based on KM3568 (2013) -1% ADR losses.
Silver recovery to doré	%	82.10	Based on KM3568 (2013) -1% ADR losses.
Tepal Zone - Sulphide			Assume crush. Grind, Cu float, Py float, Py cyanide leach.
Copper recovery to Cu concentrate	%	86.00	Based on average LCT results.
Gold recovery to Cu concentrate	%	54.00	Based on average LCT results
Silver recovery to Cu concentrate	%	32.00	Based on average LCT results.
Copper concentrate grade	%Cu	23.00	Based on average LCT results.

Item	Unit	Value	Notes
Gold recovery to doré (based on plant feed)	%	15.00	Based on average LCT and leach test results.
Silver recovery to doré (based on plant feed)	%	9.00	Based on average LCT and leach test results.
Copper Concentrate NSR Parameters			
Payable Copper	%	96.50	
Copper Minimum Deduction	%	1.00	
Payable Gold	%	95.00	
Gold Minimum Deduction	g/t	1.00	
Payable Silver	%	90.00	
Silver Minimum Deduction	g/t	30.00	
Copper Treatment Charge	US$/dmt concentrate	75.00	
Copper Refining Charge	US$/payable lb	0.08	
Gold Refining Charge	US$/payable oz	5.00	
Silver Refining Charge	US$/payable oz	0.50	
Concentrate Transportation	US$/dmt	100.00	
Doré NSR Parameters			
Payable Gold	%	99.90	
Gold Refining Charge	US$/payable oz	7.50	
Payable Silver	%	97.00	
Silver Refining Charge	US$/payable oz	1.40	
Cut-off parameters/Operating Costs			
NSR	USD/t	1.00	
Mining Recovery	%	100.00	Acceptable at Resource level.
Mining Dilution	%	-	Acceptable at Resource level.
Mining Waste	USD/t	2.00	Micon assumption, other projects in Mexico.
OP Mining Ore	USD/t	2.00	Micon assumption, other projects in Mexico.
Processing Oxides	USD/t	10.00	Micon assumption, industry typical.
Processing Sulphides	USD/t	12.00	Micon assumption, industry typical.
G&A	USD/t	3.00	Micon assumption, other projects in Mexico.
Economic Cut-off Cost Parameters			
Oxide	$/tonne of rock	13.00	
Sulphide OP	$/tonne of rock	15.00	
Mining Method Parameters			
OP overall slope angle	Degree	45.00	
OP bench height	metre	10.00	

The formula that was used to calculate the NSR $ value is:

$$NSR(x_1, x_2, \ldots, x_n) = x_1 r_1 p_1\ (V_1 - R_1) + x_2 r_2 p_2\ (V_2 - R_2) + \ldots + x_n r_n p_n\ (V_n - R_n) - \frac{C_s}{K} - \frac{C_t}{K}$$

Where the index of the variables is summarized in Table 14.10.

Table 14.10
Index for the Variables used in the NSR Formula

Variable	Definition
x	Grade of each metal in deposit
r	Process recovery of each metal
R	Refining cost of each metal
p	Smelting recovery of each metal
V	Market sale value of each metal
K	Tonnes of material required to produce 1t of concentrate
C_s	Smelter cost per tonne of concentrate
C_t	Transportation costs per tonne of concentrate

Although all four elements, Cu, Au, Ag and Mo have been interpolated into the block models, Mo estimated grades have not been considered during the calculation of NSR, due to insufficient metallurgical testwork to determine the applicable process recovery. Therefore, Mo is not reported as part of the mineral resource estimate, at this time.

14.9 Block Model Validation

The resource block model was validated using a variety of methods, including visual inspection of the model grades and grade distributions compared to the informing composite samples, statistical comparisons of informing composites to the model and swath plots to compare the grade distribution along easting, northing and vertical directions.

14.9.1 Visual Inspection

The block model was validated using visual comparison of the composite values and the block model values. Different sectional views were considered for this validation for each element. Two example sections are presented in Figure 14.12 to compare the values for Cu ppm, and Figure 14.13 to compare the values for Au ppm.

Figure 14.12
A Typical East-West Section (Looking North) Showing the Comparison between Composite and Estimated Grades for Cu ppm

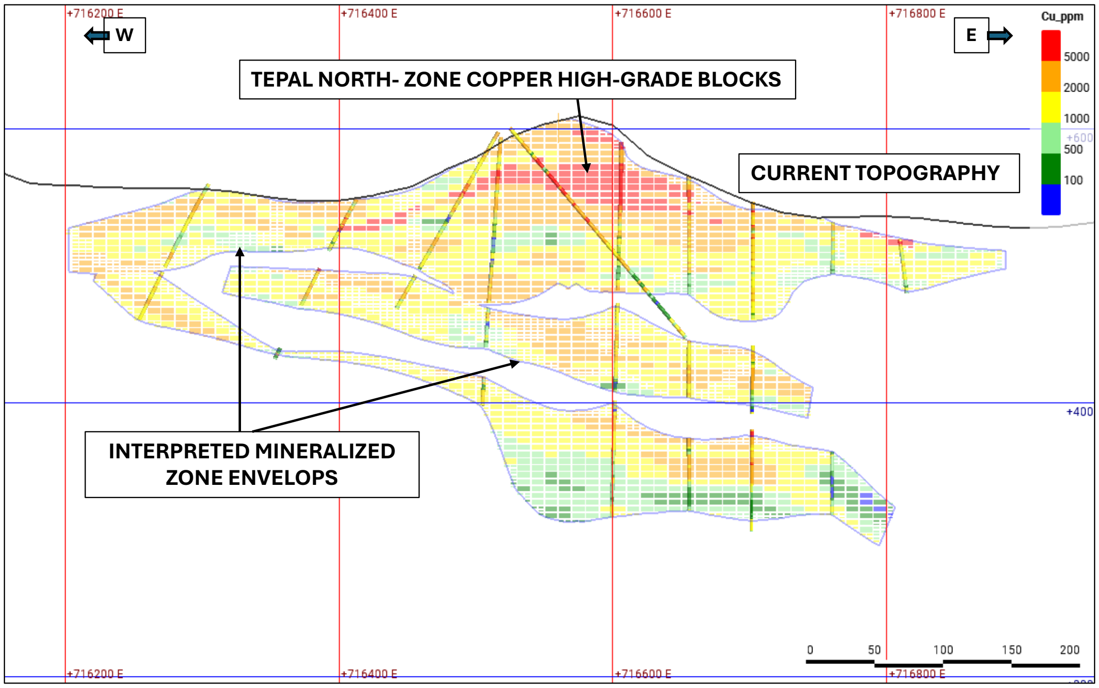
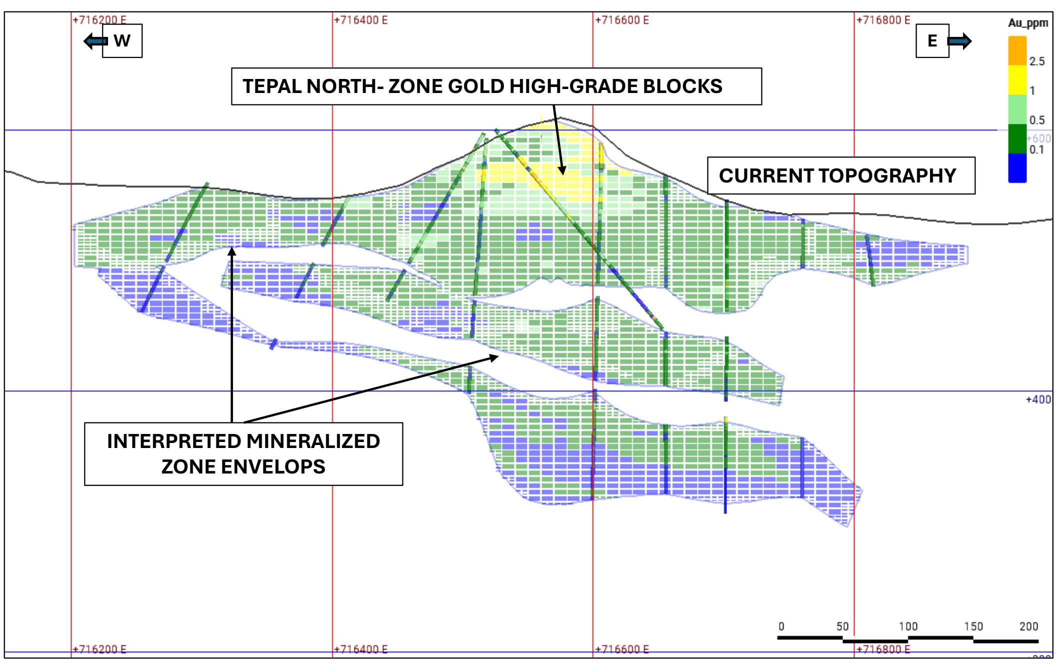


Figure 14.13
A Typical East-West Section (Looking North) Showing the Comparison between Composite and Estimated Grades for Au ppm



14.9.2 Statistical Comparison

Ordinary kriging (OK), and Nearest Neighbour (NN) interpolations were performed to check for local and global bias in the models. All comparisons show reasonable agreement between the input data and the output estimates for the entire block model. Table 14.11 summarizes the global statistical comparison between the 2 m composite grade and block estimated grade.

Table 14.11
Global Statistical Comparison Between 2 m Composite Grade and Block Estimated Grade

Zone	Name	2 m Composites Mean	Estimated OK Mean	Estimated NN Mean
Tepal Zone	Cu_%	0.19	0.17	0.17
	Au_ppm	0.29	0.27	0.28
	Ag_ppm	1.13	1.10	1.04
	Mo_ppm	25.52	24.70	25.37
Tizate Zone	Cu_%	0.14	0.13	0.13
	Au_ppm	0.13	0.12	0.12
	Ag_ppm	2.12	1.99	1.99
	Mo_ppm	55.54	53.36	54.95

14.9.3 Swath Plots

Micon's QPs have also performed model validation by using swath plots for each element in all directions. The plots for Cu (as an example) are presented in easting, northing and vertical directions for both block models in Figure 14.14 and Figure 14.15, respectively.

The blue colour refers to the trend using the nearest neighbour method and the green color refers to the trend using ordinary kriging method. The two different methods of interpolation follow a similar trend and the differences in the estimated values are within reasonable limits.

14.10 Mineral Resource Estimate

14.10.1 Reasonable Prospects for Economic Extraction

The CIM Standards require that an estimated mineral resource must have reasonable prospects for eventual economic extraction. The mineral resource discussed herein has been constrained by reasonable mining shapes, using economic assumptions appropriate for an open pit mining scenario. The potential mining shapes are preliminary and conceptual in nature.

For the Tepal Project, three different pit-shells were optimized, based on NSR values calculated using a set of economic parameters, depending on the material and mining method, which are discussed in Table 14.9. The Tepal North Zone, South Zone and the Tizate Zone has been treated separately for the Pit Optimization exercise which has been carried out using Datamine Studio OP software. However, Tepal North and South Zones are part of the same mineral deposit. Due to the physical disposition of the mineralization, the pit optimization has been conducted separately.

Figure 14.14
Tepal Block Model Swath Plot for Cu along Easting, Northing and Depth at Three Blocks Interval

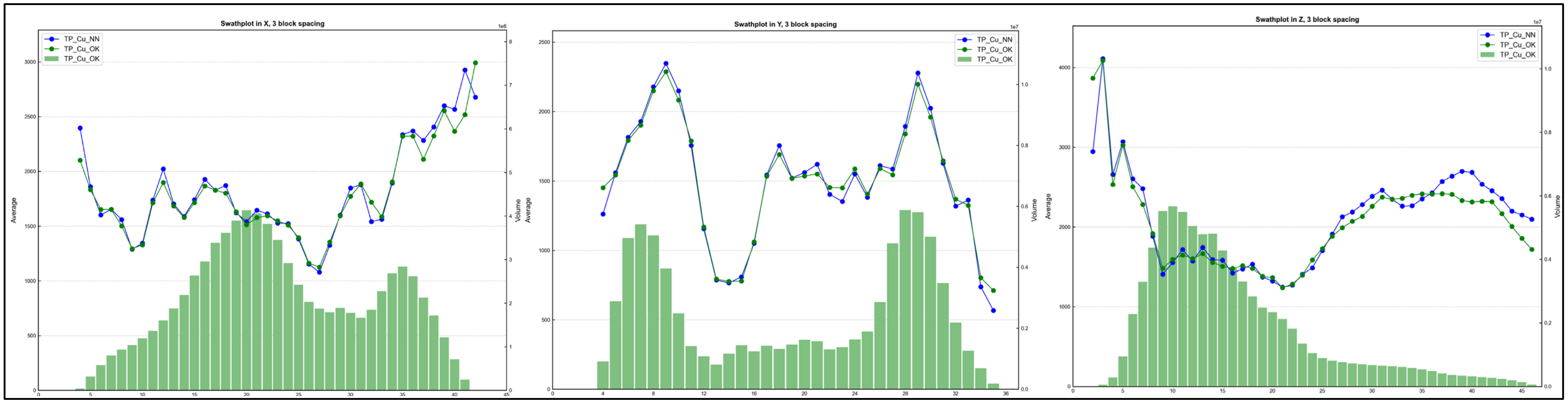
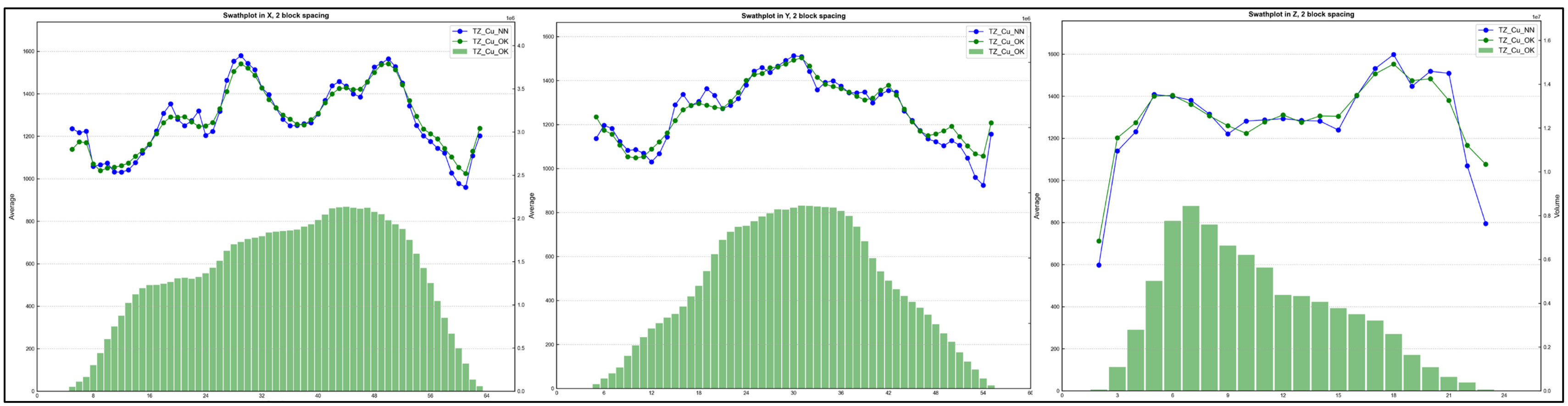


Figure 14.15
Tizate Block Model Swath Plot for Cu along Easting, Northing and Depth at Three Blocks Interval



The calculated economic cut-off grade of 13 $/t NSR met the definition of potential eventual economic extraction for oxide zone and 15 $/t NSR for sulphide zone. No underground resource has been estimated at this time.

14.10.2 Mineral Resource Classification

Micon's QP has classified the mineral resources for the Tepal Project in the Measured, Indicated and Inferred categories for the Tepal North Zone resources and the Indicated and Inferred categories for Tepal South and Tizate Zone resources. While assessing the categorization Micon's QPs has followed the following criteria:

- Resource Blocks that meet the COG criteria of 13$/t NSR for oxidized zone and 15 $/t NSR for sulphide zone, and which lie within the optimized pit-limit.
- Blocks demonstrating grade continuity based on the distance between closest samples throughout the deposit.
- Blocks that are estimated during first pass of interpolation which is derived from variography analysis.
- Elimination of spotted dog effect.

14.10.3 Mineral Resource Estimate

The MRE for the Tepal Project is summarized in Table 14.12. The MRE has an effective date of October 30, 2024. The 2024 Tepal Project MRE is considered to be a reasonable representation of the mineral resources for the Tepal Project, based on the currently available data and geological knowledge. Figure 14.16 and Figure 14.17 depict the sectional views for the optimized open pit-shell and the block model for the Tepal North and South Zones. Figure 14.18 depicts the sectional views for the optimized open pit-shell and the block model for the Tizate Zone.

Table 14.12
Tepal Project Mineral Resource Estimate as of October 30, 2024

Open Pit Model	*Resource Category*	*Weathering Zone*	Tonnage	*Average Grade* NSR	Cu	Au	Ag	*Content Metal* NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand oz	thousand oz
In-Pit Tepal North Zone	Measured	Oxide	2.71	31.16	0.31	0.45	1.03	84	18,818	39	90
		Sulphide	21.21	38.04	0.24	0.39	0.92	807	111,170	269	627
	Indicated	Oxide	3.85	17.51	0.19	0.25	0.80	67	16,508	31	99
		Sulphide	28.51	25.35	0.18	0.23	1.22	723	110,322	213	1,114
	M+I	Oxide	**6.56**	**23.15**	**0.24**	**0.33**	**0.90**	**152**	**35,327**	**70**	**189**
		Sulphide	**49.72**	**30.77**	**0.20**	**0.30**	**1.09**	**1,530**	**221,492**	**481**	**1,741**
		Total	**56.28**	**29.88**	**0.21**	**0.30**	**1.07**	**1,682**	**256,818**	**551**	**1,930**
	Inferred	Oxide	2.60	12.91	0.15	0.18	1.17	34	8,750	15	97
		Sulphide	26.73	23.82	0.17	0.21	1.21	637	101,909	177	1,040
		Total	**29.33**	**22.86**	**0.17**	**0.20**	**1.21**	**670**	**110,659**	**192**	**1,137**
In-Pit Tepal South Zone	Indicated	Oxide	1.22	28.27	0.22	0.40	1.29	34	5,922	16	50
		Sulphide	10.78	36.63	0.24	0.36	1.13	395	57,569	124	392
		Total	**11.99**	**35.78**	**0.24**	**0.36**	**1.15**	**429**	**63,492**	**140**	**443**
	Inferred	Oxide	1.48	10.25	0.11	0.14	0.87	15	3,635	7	41
		Sulphide	35.84	35.02	0.18	0.41	1.29	1,255	145,779	477	1,481
		Total	**37.32**	**34.04**	**0.18**	**0.40**	**1.27**	**1,270**	**149,414**	**484**	**1,523**
In-Pit Tizate Zone	Indicated	Oxide	4.10	11.50	0.13	0.16	1.79	47	11,493	21	236
		Sulphide	39.30	22.52	0.16	0.17	2.35	885	142,057	214	2,970
		Total	**43.40**	**21.47**	**0.16**	**0.17**	**2.30**	**932**	**153,549**	**235**	**3,206**
	Inferred	Oxide	4.55	9.58	0.14	0.12	2.19	44	14,450	18	321
		Sulphide	53.16	21.15	0.15	0.17	1.67	1,124	176,488	292	2,853
		Total	**57.71**	**20.24**	**0.15**	**0.17**	**1.71**	**1,168**	**190,938**	**310**	**3,174**
In-Pit Total Tepal+Tizate	**Measured**	**Oxide + Sulphide**	23.92	37.26	0.25	0.40	0.93	891	129,988	308	717
	Indicated		87.75	24.52	0.18	0.22	1.72	2151	343,872	618	4,861
	M+I		**111.67**	**27.25**	**0.19**	**0.26**	**1.55**	**3,043**	**473,860**	**926**	**5,578**
	Inferred		**124.36**	**25.00**	**0.16**	**0.25**	**1.46**	**3,109**	**451,011**	**985**	**5,834**

Resource Estimate Notes:

1. The effective date of the MRE is October 30, 2024.
2. The Mineral Resource Estimate has been stated using a NSR $/t value cut-off grade. As per the economic assumption the cut-off grade is 13 $/t NST for the oxide zone and 15 $/t for the sulphide zone.
3. William Lewis P.Geo., and Chitrali Sarkar M.Sc., P.Geo., of Micon are the QPs responsible for the MRE, as defined in Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").
4. The mineral resources disclosed in this report were estimated using the CIM standards for mineral resource and reserve definitions and the CIM best practices guidelines for resource estimation.
5. The mineral resources reported are contained within the boundaries of a pit-shell derived from the open pit optimizer, assuming surface mining methods with an overall slope angle of 45 degrees and with the original block model re-blocked to 20m x 20m x 20m. Mineralized blocks outside of the pit-shell are not considered to be part of the MRE.
6. An open pit cut-off grade of 13 $/t NST for the oxide zone and 15 $/t for sulphide zone was calculated for the MRE, using a gold price of US$ 2,300/oz, a silver price of US$30/oz and a copper price of US$4.8/lb, mining cost US$2.0/t, processing cost US$10/t for oxide and US$12/t for sulphide, G&A costs of US$3/t. and relevant treatment and refining charges (TCRCs).
7. Mo has not been considered to be part of NSR calculation at this time due to insufficient metallurgical testwork to determine the applicable process recovery.
8. The MRE has been classified according to CIM definitions of Measured, Indicated and Inferred Resources for Tepal North Zone and Indicated and Inferred for Tepal South and Tizate Zones. The Mineral Resource classification has also been visually reviewed to eliminate any 'Spotted Dog' effect, commonly seen in computer-generated models.
9. The mineral resource results are presented in-situ within the optimized pit.
10. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
11. Geological modelling and the MRE have been completed using Leapfrog Geo and Edge software.
12. The tonnes and metal contents are rounded to reflect that the numbers are an estimate and any discrepancies in the totals are due to the rounding effects.
13. Micon has not identified any legal, political, environmental, or other factors that could materially affect the potential development of the mineral resource estimate.

Figure 14.16
Long Section Along Tepal North Zone Block Model and the Optimized Pit

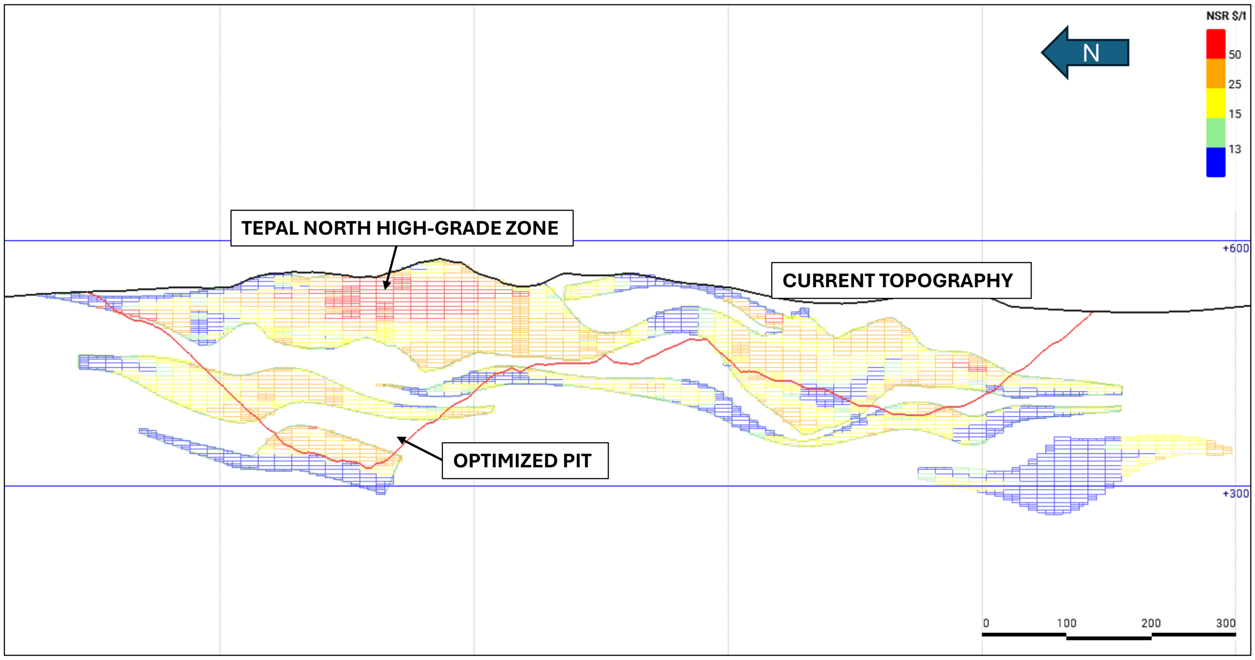


Figure 14.17
Transverse Section Along Tepal South Zone Block Model and the Optimized Pit

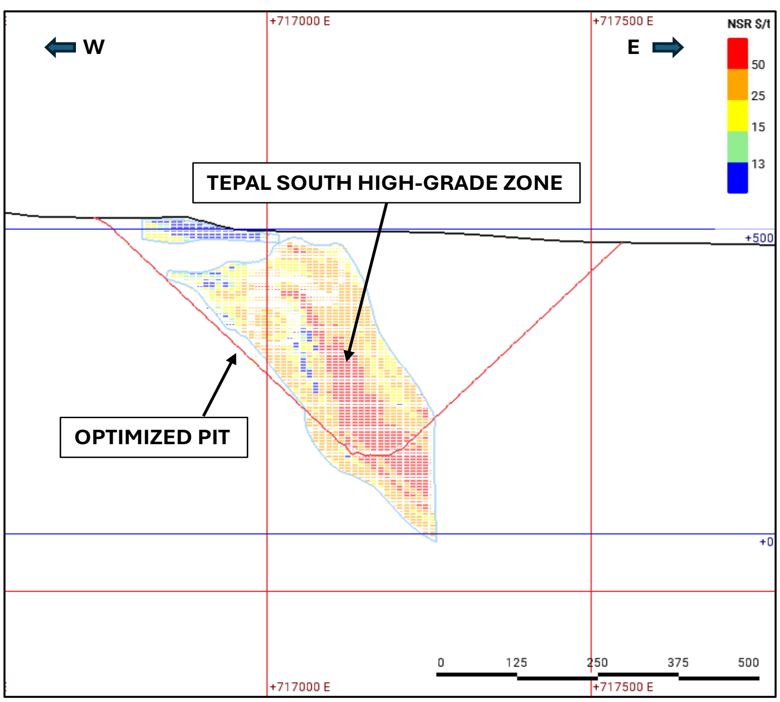
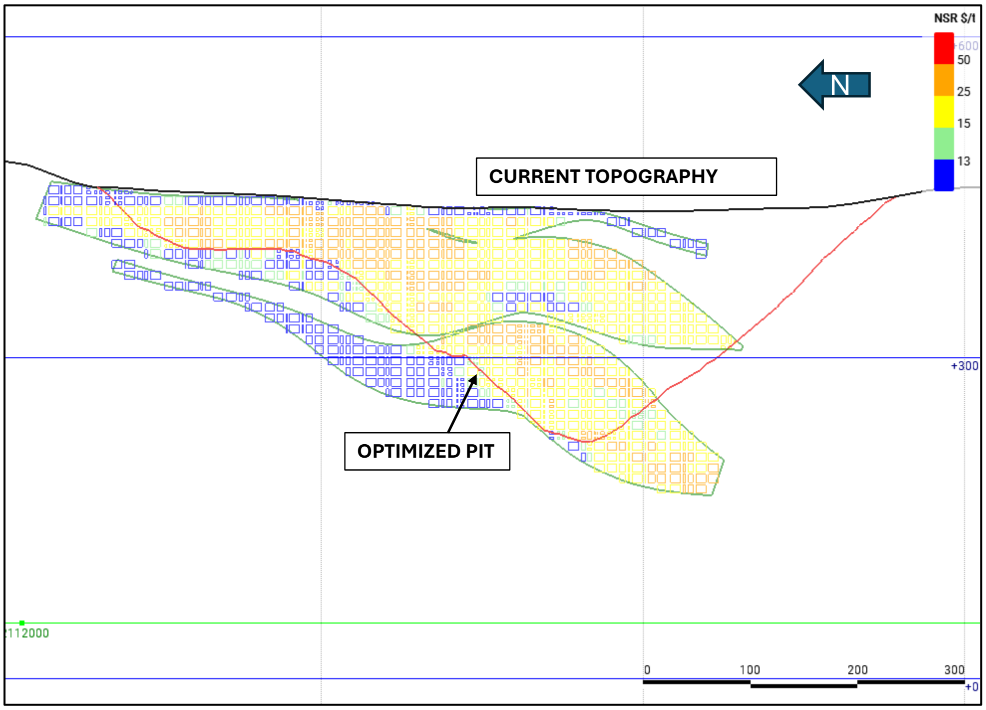


Figure 14.18
Transverse Section Along Tizate Zone Block Model and the Optimized Pit



14.10.4 Grade Sensitivity Analysis

For the 2024 Tepal Project MRE, a grade sensitivity analysis has been conducted on the basis of different NSR $/t value cut-off. Table 14.13, Table 14.14 and Table 14.15 show the cut-off grade sensitivity analysis for Tepal North Zone, Tepal South Zone and Tizate Zone, respectively. The reader should be cautioned that the figures provided in Table 14.13, Table 14.14 and Table 14.15 should not be interpreted as a mineral resource statement. Figure 14.19 shows the graphical representation of the relationship between different NSR $/t cut-off grades and tonnages for the Tepal Project MRE. Micon's QP has reviewed the MRE cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at varying metal prices or other underlying parameters used to calculate the cut-off grade.

14.11 Responsibility for the 2024 Tepal Project Mineral Resource Estimate

The geologic and resource modelling for the Tepal deposit has been completed by William J. Lewis, P.Geo., and Chitrali Sarkar, M.Sc., P.Geo., of Micon. Mr. Lewis and Ms. Chitrali Sarkar are the QPs responsible for the 2024 MRE as defined in Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

Table 14.13
Grade Sensitivity Analysis at Different NSR $/t Cut-Off Grades for Tepal North Zone

Tepal North Zone	Category	NSR cut-off grade $/t	Cumulative Tonnage	Weighted Average Value				Cumulative Material Content			
				NSR	Cu	Au	Ag	NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand t. oz	thousand t. oz
In Pit	M+I	1	56.3	29.89	0.21	0.30	1.07	1,684	256,968	552	1,934
		3	56.2	29.98	0.21	0.31	1.07	1,683	256,657	552	1,930
		5	55.7	30.20	0.21	0.31	1.07	1,681	255,580	551	1,920
		7	54.8	30.57	0.21	0.31	1.08	1,676	253,722	549	1,899
		9	53.5	31.14	0.21	0.32	1.08	1,665	250,783	546	1,864
		11	51.6	31.90	0.22	0.33	1.09	1,646	246,508	540	1,814
		13	49.0	32.95	0.22	0.34	1.10	1,615	239,715	530	1,741
		15	46.1	34.17	0.23	0.35	1.12	1,574	231,200	518	1,659
		16	44.5	34.84	0.23	0.36	1.13	1,549	226,374	510	1,612
		17	42.8	35.55	0.23	0.36	1.14	1,522	221,372	502	1,565
	Inferred	1	29.1	22.84	0.17	0.20	1.21	664	109,432	190	1,128
		3	28.8	23.03	0.17	0.21	1.21	663	109,059	190	1,123
		5	28.2	23.42	0.17	0.21	1.22	661	108,308	189	1,109
		7	27.5	23.89	0.18	0.21	1.23	656	107,121	188	1,086
		9	26.2	24.65	0.18	0.22	1.24	646	104,701	185	1,046
		11	24.5	25.63	0.19	0.23	1.26	629	100,997	180	995
		13	22.7	26.74	0.19	0.24	1.28	607	96,682	174	934
		15	20.7	27.97	0.20	0.25	1.30	579	91,709	167	868
		16	19.7	28.64	0.21	0.26	1.32	563	88,880	162	833
		17	18.6	29.35	0.21	0.26	1.33	545	85,687	157	796

Notes: The reported quantities and grade estimates at different cut-off grades are presented for the sole purpose of demonstrating the sensitivity of the mineral resource model to varying NSR $/t cut-off grades. Micon's QP has reviewed the varying NSR $/t cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at the cut-off grades used.

Table 14.14
Grade Sensitivity Analysis at Different NSR $/t Cut-Off Grades for Tepal South Zone

Tepal South Zone	Category	NSR cut-off grade $/t	Cumulative Tonnage	Weighted Average Value				Cumulative Material Content			
				NSR	Cu	Au	Ag	NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand t. oz	thousand t. oz
In Pit	M+I	1	11.99	35.83	0.24	0.36	1.15	430	63,588	140	443
		3	11.97	35.89	0.24	0.36	1.15	430	63,566	140	443
		5	11.94	35.97	0.24	0.36	1.15	430	63,500	140	442
		7	11.91	36.04	0.24	0.36	1.15	429	63,440	140	441
		9	11.87	36.15	0.24	0.37	1.15	429	63,289	139	440
		11	11.74	36.43	0.24	0.37	1.16	428	62,910	139	437
		13	11.56	36.80	0.24	0.37	1.16	426	62,358	139	433
		15	11.32	37.29	0.25	0.38	1.17	422	61,542	138	426
		16	11.19	37.53	0.25	0.38	1.17	420	61,102	138	422
		17	11.01	37.89	0.25	0.39	1.18	417	60,407	137	417
	Inferred	1	37.24	34.08	0.18	0.40	1.27	1,269	149,237	483	1,520
		3	36.90	34.38	0.18	0.41	1.28	1,269	148,957	483	1,515
		5	36.42	34.78	0.18	0.41	1.29	1,267	148,479	482	1,506
		7	35.70	35.36	0.19	0.42	1.30	1,262	147,679	480	1,492
		9	34.67	36.17	0.19	0.43	1.32	1,254	146,281	477	1,468
		11	33.33	37.22	0.20	0.44	1.34	1,241	144,206	473	1,434
		13	31.80	38.44	0.20	0.46	1.36	1,222	141,473	467	1,391
		15	30.08	39.83	0.21	0.47	1.39	1,198	137,880	459	1,340
		16	29.21	40.56	0.21	0.48	1.40	1,185	135,940	455	1,312
		17	28.31	41.32	0.21	0.49	1.41	1,170	133,838	450	1,280

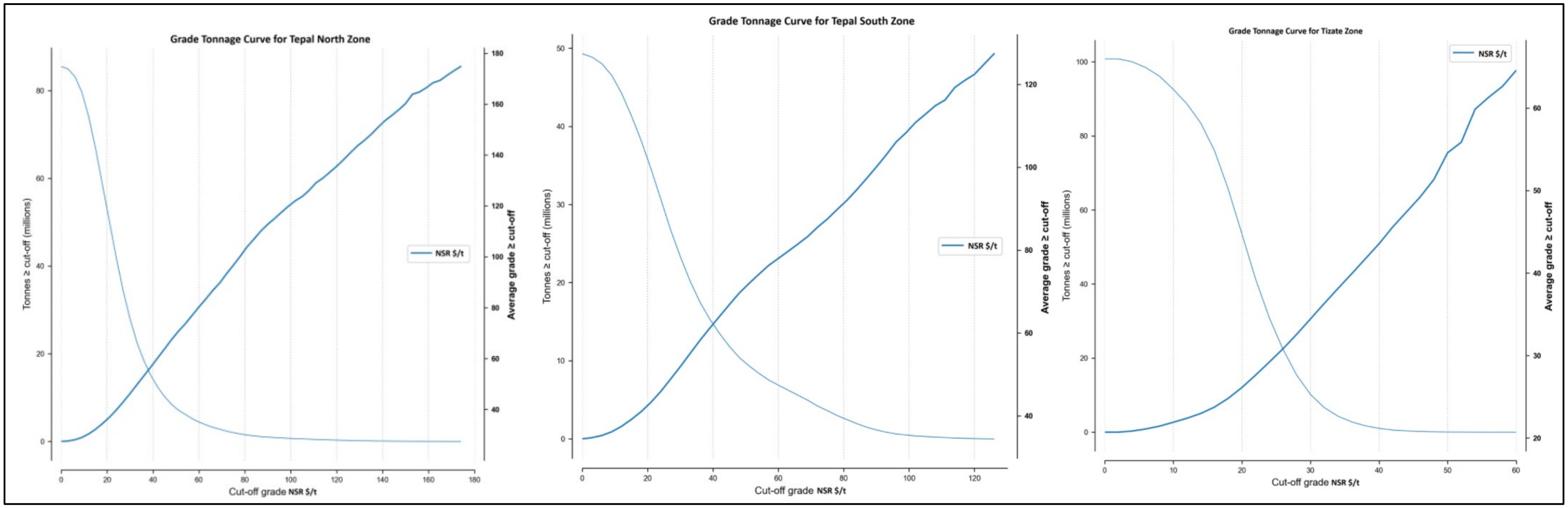
Notes: The reported quantities and grade estimates at different cut-off grades are presented for the sole purpose of demonstrating the sensitivity of the mineral resource model to varying NSR $/t cut-off grades. Micon's QP has reviewed the varying NSR $/t cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at the cut-off grades used.

Table 14.15
Grade Sensitivity Analysis at Different NSR $/t Cut-Off Grades for Tizate Zone

Tizate Zone	Category	NSR cut-off grade $/t	Cumulative Tonnage	Weighted Average Value				Cumulative Material Content			
				NSR	Cu	Au	Ag	NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand t. oz	thousand t. oz
In Pit	M+I	1	43.47	21.44	0.16	0.17	2.30	932	153,534	235	3,208
		3	43.38	21.48	0.16	0.17	2.30	932	153,442	235	3,207
		5	42.74	21.74	0.16	0.17	2.32	929	152,717	234	3,189
		7	41.96	22.04	0.16	0.17	2.34	925	151,526	232	3,157
		9	40.56	22.45	0.17	0.17	2.37	911	148,767	228	3,087
		11	39.46	22.85	0.17	0.18	2.39	902	146,865	225	3,037
		13	36.91	23.46	0.17	0.18	2.43	866	140,378	216	2,885
		15	35.23	24.00	0.18	0.19	2.46	846	136,659	211	2,792
		16	33.60	24.41	0.18	0.19	2.49	820	132,129	205	2,695
		17	31.62	24.91	0.18	0.19	2.53	788	126,396	197	2,569
	Inferred	1	57.32	20.15	0.149	0.167	1.71	1,155	188,892	307	3,149
		3	57.21	20.19	0.150	0.167	1.71	1,155	188,766	307	3,147
		5	56.58	20.37	0.150	0.168	1.71	1,152	187,662	306	3,117
		7	55.43	20.66	0.151	0.170	1.72	1,145	184,832	304	3,061
		9	53.53	21.11	0.153	0.173	1.72	1,130	180,992	299	2,966
		11	51.18	21.61	0.156	0.177	1.73	1,106	176,127	291	2,843
		13	48.42	22.16	0.159	0.181	1.74	1,073	169,748	282	2,712
		15	44.81	22.82	0.163	0.187	1.77	1,022	160,567	269	2,544
		16	42.45	23.22	0.165	0.191	1.78	986	154,186	261	2,433
		17	39.62	23.70	0.167	0.196	1.80	939	146,308	249	2,290

Notes: The reported quantities and grade estimates at different cut-off grades are presented for the sole purpose of demonstrating the sensitivity of the mineral resource model to varying NSR $/t cut-off grades. Micon's QP has reviewed the varying NSR $/t cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at the cut-off grades used.

Figure 14.19
Grade Tonnage Curve for Tepal Project MRE



14.12 Potential for Underground Resources in the Tepal South Zone

While performing the interpretation for the Tepal South Zone mineralization it's been noticed that the mineralized zone is dipping sharply towards south to south-east end. The high-grade material inside the low grade envelops also follows a similar trend. It is believed to have an underground resource potential for the area. Micon's QPs suggest performing a combination of open pit and underground mining methods for future resource estimates.

14.13 Factors that Could Affect the Mineral Resource Estimate

All estimation models have a degree of uncertainty associated with them, due to the assumptions used in their development. These uncertainties lead to risks in the relative accuracy of the models. In the development of the 2024 MRE model for the Tepal Project, Micon's team members have used industry best practice guidelines and have reasonably mitigated much of the potential risks.

It is the QP's opinion that the factors set out below could affect the mineral resource estimate.

- The geological interpretations and assumptions used to generate the estimation domain.
- Mineralization and geologic geometry and continuity of the mineralized zones.
- Estimates of mineralization and grade continuity.
- The grade interpolation methods and estimation parameter assumptions.
- The confidence assumptions and methods used in the mineral resource classification.
- The density and the methods used in the estimation of density.
- Metal price and other economic assumptions used in the cut-off grade determination.
- Input and design parameter assumptions that pertain to the open pit mining constraints.
- Assumptions as to the continued ability to access the test mine site, retain mineral and surface rights titles, maintain the operation within environmental and other regulatory permits, and maintain the social license to operate.
- Currently there are no environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors known to the QPs that would materially affect the estimation of Mineral Resources, other that those discussed previously in this report.

14.14 Conclusion

The overall increase in mineralized material is primarily due to the reinterpretation of the mineralized zone that has been conducted during 2024 MRE. However, no new drilling in the mineralized zones has been carried out since 2012 MRE was completed. The current 2024 MRE has been presented on the basis of an NSR $/t value, which takes into account Cu, Au and Au interpolated values. Although the block models have been individually interpolated with Mo values, it has not been considered as part of NSR calculation due to the insufficient metallurgical testwork to determine the process recovery. Micon's QPs recommends carrying out suitable testwork for Mo recovery specially for Tizate Zone, so that the Mo value could be accounted for during future resource estimates. Moreover, further infill and expansion drilling programs could increase the classification confidence of the future mineral resources.

TECHNICAL REPORT SECTIONS NOT REQUIRED

The following sections which form part of the NI 43-101 reporting requirements for advanced projects or properties are not relevant to the current Technical Report.

15.0 MINERAL RESERVE ESTIMATES

16.0 MINING METHODS

17.0 RECOVERY METHODS

18.0 PROJECT INFRASTRUCTURE

19.0 MARKET STUDIES AND CONTRACTS

20.0 ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

21.0 CAPITAL AND OPERATING COSTS

22.0 ECONOMIC ANALYSIS

23.0 ADJACENT PROPERTIES

23.1 GENERAL INFORMATION

Micon's QPs are unaware of any adjacent mineral properties which impact the Tepal Project. The mineral deposits mentioned in this Technical Report are all located within the boundaries of the Tepal property. A number of other mineralized targets, which need further work, are also located within the property boundaries.

24.0 OTHER REVEVANT DATA AND INFORMATION

Other than the information already contained in this Technical Report, there is no other relevant data or information related to the scope of this report for the Tepal Project.

25.0 INTERPRETATION AND CONCLUSIONS

25.1 GENERAL INFORMATION

This report is the first Technical Report on the Tepal Project since Defiance Silver and ValOro (formerly Geologix) announced that their friendly merger was completed as of December 31, 2018.

Historical exploration has outlined three mineral deposits or zones on the Tepal property, and there are enough sporadic exploration results outside of the three deposits to believe that the zones could be expanded and/or other zones could be located on the property.

25.2 2024 TEPAL MINERAL RESOURCE ESTIMATE

25.2.1 Methodology

The 2024 Tepal Project MRE discussed herein covers the Tepal North, Tepal South and Tizate deposits.

The main steps in the methodology were as follows:

- Compiling and validating the diamond drill hole database used for mineral resource estimation.
- Interpretation of the mineralized domain, based on lithological and assay information.
- Capping outlier values and compositing the database, for the purpose of geostatistical analysis and performing variography.
- Generating the block model and grade interpolation.
- Calculation and validation of NSR value.
- Validating the criteria for mineral resource classification.
- Assessing the mineral resources with "reasonable prospects for eventual economic extraction" by selecting appropriate cut-off grades and a producing a reasonable "resource-level" optimized pit-shell.
- Generating a Mineral Resource Estimate statement.
- Assessing and identifying the factors that could affect the mineral resource estimate.

While the Tepal North, Tepal South and Tizate deposits are part of the same Project, the three deposits have been estimated separately.

25.2.2 Resource Database and Wireframing

The database was provided by Defiance Silver and was verified by Micon's QP, prior to use for geological modelling and resource estimation purposes.

25.2.2.1 Database

The Tepal Project database consists of 341 diamond drill (DD) holes and 100 reverse circulation (RC) holes, totalling 82,624.12 m of drilling with 46,427 individual samples. The database includes location co-ordinates, survey, lithology and assay results. The digital database contains the detailed information for the 441 holes drilled during the different drilling programs. Micon's QPs have extensively verified and compiled the database to be used for the current MRE. All historical drill hole information has been incorporated.

25.2.2.2 Topography

The Tepal Project topography was provided by Defiance Silver as a digital terrain model (DTM) in DXF format. The topography was used to clip the mineralized zones (as applicable) to the surface. However, it has been observed that a few drill hole collars do not exactly match with the available topography surface. Micon's QPs suggest that Defiance Silver conducts a fresh topographic survey of the Project area so that the drill hole collars can be adjusted accordingly.

25.2.2.3 Mineralized Wireframes

Micon's QPs have interpreted the mineralized domains for the Tepal North, Tepal South and Tizate Zones. Although the Tepal North Zone and South Zone appear to be part of the same mineral deposit, due to the physical disposition of the zones with an area devoid of mineralization or very low-grade mineralization separating them, they have been considered to be two separate zones for the purposed of exploration and interpretation. Both Cu and Au assay values have been considered when identifying the two domains. The mineralization wireframes take into consideration all of the historic drill hole information. A preliminary cut-off grade of 0.1% Cu was considered to represent the overall deposit mineralization when constructing the wireframe. Copper grades below 0.1% were considered to be internal dilution, in order to maintain the overall grade continuity within the wireframes. Additionally, two separate high-grade zones have been identified within the Tepal North and South Zones. The high-grade zones have been defined using a cut-off grade of 0.5% Cu. No high-grade zone could be identified for the Tizate Zone at this time.

The Tepal mineralized area shows an overall strike direction of north-south. The north zone is horizontal to very slightly dipping towards south-east. The south zone exhibits a sharp dip towards south-east end. The high-grade zones are fully confined inside relatively low-grade zones. The Tizate Zone mineralization shows an overall strike direction of north-east to south-west and is horizontal to slightly dipping towards south-east.

According to the weathering zone information available from the lithology data, the mineralized domains have further been divided into sulphide and oxide zone. The surface between these two zones has been provided by Defiance Silver and has been applied to the current mineralized domains for both the Tepal and Tizate Zones.

A number of fault planes have been identified by field geologists on the Project. However, there is insufficient structural information available at this time to confirm that they influence the mineralization spatially. As a result, the faults have not been considered to have any influence in the current MRE. Leapfrog Geo software has been used for the whole mineralization interpretation exercise.

Micon's QPs suggest performing a detailed structural study to understand whether any displacement of mineralization has occurred along the fault zones and incorporating this information into future MREs.

25.2.3 Compositing, Capping Outliers and Variography

25.2.3.1 Composites

The composite length for the interpolation was determined by analysing the sampled intervals within the mineralized zones. Since 1.8 m is the average of all the sampled intervals, 2 m composites have been calculated within all mineralized envelops. The minimum length has been chosen to be 1 m and the residual lengths are to be distributed equally within the previous intervals.

25.2.3.2 Capping Compositing Values

The Cu, Au, Ag and Mo composite values were analyzed to identify outliers which would have an effect of biasing the overall estimation process. The outlier values were identified for all four elements, using Supervisor software. Histogram, Log probability and Cumulative Metal Plots have been analyzed for this exercise.

25.2.3.3 Variography

The spatial distribution of Cu, Co, Ag and Ag were evaluated through variographic analysis for the mineralized domain. Downhole variograms has been analyzed to calculate the nugget value and then spherical variograms were fitted to model the semi-variogram.

All variogram analyses and modelling were performed in Leapfrog Edge Software. Primary directions and orientations of the variograms were observed in the data and visually in 3D space. These orientations were then examined statistically, within the mineralized zone, to ensure that they represented the best possible fit of the geology and grade continuity.

25.2.4 Rock Density

As there is no new specific gravity analyses have been performed pertaining to the current MRE, this sub-section has been taken from the previous technical report on the mineral resources of the Tepal Gold-Copper Project, Michoacán State, Mexico, 2012.

Specific gravity samples were collected approximately every 50 metres in the sulphide zone from all available Arian and Geologix core from the three deposits. Samples were taken from mineralized and non-mineralized core (i.e. ore and waste). The oxide samples were collected from as many Arian holes as possible and from the 2010 Geologix core. There were also oxide samples taken from two 2011 Tizate holes (TIZ-11-001 to TIZ-11 037). A total of 1,053 samples have had SG determinations.

25.2.5 Block Model and Grade Interpolation

25.2.5.1 Block Model

Two block models were constructed to represent the volume and attributes of rock density and grade within the Tepal and Tizate Zones. The Tepal North and South Zones have been considered to part of a single block model as they represent same mineral deposit.

25.2.5.2 Search Strategy and Interpolation

The search parameters derived from the variographic analysis were used to interpolate the capped composite grades within each mineralized zone. This process has been performed with the help of Leapfrog Edge Software. The Ordinary Kriging method has been used for the entire interpolation.

All four elements, Cu, Au, Ag and Mo, have been estimated individually within the block model using Ordinary Kriging interpolation. Primarily three passes have been used to interpolate the grades into the blocks contained within the mineralized zone. However, an additional pass (P4) has been used to interpolate Cu, Au, Ag and Mo in order to inform all blocks within Tepal South Zone. The Variable Orientation function has been considered for all passes to make sure that the search direction is pertinent to the reference surface of the mineralized envelope.

After interpolating the block models, the NSR value was calculated to demonstrate economics, assuming the criteria summarized in Table 25.1.

Table 25.1
Summary of the Economic Assumptions used for the NSR Cut-Off for Tepal Project 2024 MRE

Item	Unit	Value	Notes
Exchange Rate Assumption			
CAD to USD		NA	
Metal Price Assumptions			
Copper (Cu)	USD/lb	4.8	
Silver	USD/oz	30.0	
Gold (Au)	USD/oz	2,300.0	
Metallurgical Recoveries			
Tizate Zone - Oxide			Assume crush, grind, CIP, ADR process to produce doré.
Copper recovery	%	-	
Gold recovery to doré	%	88.30	Based on KM3568 (2013) -1% ADR losses.
Silver recovery to doré	%	83.10	Based on KM3568 (2013) -1% ADR losses.
Tizate Zone - Sulphide			Assume crush. Grind, Cu float, Py float, Py cyanide leach.
Copper recovery to Cu concentrate	%	84.00	Based on average LCT results.
Gold recovery to Cu concentrate	%	49.00	Based on average LCT results.
Silver recovery to Cu concentrate	%	56.00	Based on average LCT results.

Item	Unit	Value	Notes
Copper concentrate grade	%Cu	23.00	Based on average LCT results.
Gold recovery to doré (based on plant feed)	%	22.00	Based on average LCT and leach test results.
Silver recovery to doré (based on plant feed)	%	14.00	Based on average LCT and leach test results.
Tepal Zone - Oxide			Assume crush, grind, CIP, ADR process to produce doré.
Copper recovery	%	-	
Gold recovery to doré	%	92.20	Based on KM3568 (2013) -1% ADR losses.
Silver recovery to doré	%	82.10	Based on KM3568 (2013) -1% ADR losses.
Tepal Zone - Sulphide			Assume crush. Grind, Cu float, Py float, Py cyanide leach.
Copper recovery to Cu concentrate	%	86.00	Based on average LCT results.
Gold recovery to Cu concentrate	%	54.00	Based on average LCT results.
Silver recovery to Cu concentrate	%	32.00	Based on average LCT results.
Copper concentrate grade	%Cu	23.00	Based on average LCT results.
Gold recovery to doré (based on plant feed)	%	15.00	Based on average LCT and leach test results.
Silver recovery to doré (based on plant feed)	%	9.00	Based on average LCT and leach test results.
Copper Concentrate NSR Parameters			
Payable Copper	%	96.50	
Copper Minimum Deduction	%	1.00	
Payable Gold	%	95.00	
Gold Minimum Deduction	g/t	1.00	
Payable Silver	%	90.00	
Silver Minimum Deduction	g/t	30.00	
Copper Treatment Charge	US$/dmt concentrate	75.00	
Copper Refining Charge	US$/payable lb	0.08	
Gold Refining Charge	US$/payable oz	5.00	
Silver Refining Charge	US$/payable oz	0.50	
Concentrate Transportation	US$/dmt	100.00	
Doré NSR Parameters			
Payable Gold	%	99.90	
Gold Refining Charge	US$/payable oz	7.50	
Payable Silver	%	97.00	
Silver Refining Charge	US$/payable oz	1.40	
Cut-off parameters/Operating Costs			
NSR	USD/t	1.00	
Mining Recovery	%	100.00	Acceptable at Resource level
Mining Dilution	%	-	Acceptable at Resource level

Item	Unit	Value	Notes
Mining Waste	USD/t	2.00	Micon assumption, other projects in Mexico
OP Mining Ore	USD/t	2.00	Micon assumption, other projects in Mexico
Processing Oxides	USD/t	10.00	Micon assumption, industry typical
Processing Sulphides	USD/t	12.00	Micon assumption, industry typical
G&A	USD/t	3.00	Micon assumption, other projects in Mexico
Economic Cut-off Cost Parameters			
Oxide	$/tonne of rock	13.00	
Sulphide OP	$/tonne of rock	15.00	
Mining Method Parameters			
OP overall slope angle	Degree	45.00	
OP bench height	metre	10.00	

The formula that was used to calculate the NSR $ value is:

$$NSR(x_1, x_2, \ldots, x_n) = x_1 r_1 p_1 \ (V_1 - R_1) + x_2 r_2 p_2 \ (V_2 - R_2) + \ldots + x_n r_n p_n \ (V_n - R_n) - \frac{C_s}{K} - \frac{C_t}{K}$$

Where the index of the variables is summarized in Table 25.2.

Table 25.2
Index for the Variables used in the NSR Formula

Variable	Definition
x	Grade of each metal in deposit
r	Process recovery of each metal
R	Refining cost of each metal
p	Smelting recovery of each metal
V	Market sale value of each metal
K	Tonnes of material required to produce 1t of concentrate
C_s	Smelter cost per tonne of concentrate
C_t	Transportation costs per tonne of concentrate

Although all four elements, Cu, Au, Ag and Mo, have been interpolated into the block models, Mo estimated grades have not been considered during the calculation of NSR, due to insufficient metallurgical testwork to determine the applicable process recovery. Therefore, Mo is not reported as part of the mineral resource estimate at this time.

25.2.6 Block Model Validation

The resource block model was validated using a variety of methods, including visual inspection of the model grades and grade distributions compared to the informing composite samples, statistical comparisons of informing composites to the model and swath plots to compare the grade distribution along easting, northing and vertical directions.

25.2.7 Mineral Resource Estimate

25.2.7.1 Reasonable Prospects for Economic Extraction

The CIM Standards require that an estimated mineral resource must have reasonable prospects for eventual economic extraction. The mineral resource discussed herein has been constrained by reasonable mining shapes, using economic assumptions appropriate for an open pit mining scenario. The potential mining shapes are preliminary and conceptual in nature.

For the Tepal Project, three different pit-shells were optimized, based on NSR values calculated using a set of economic parameters, depending on the material and mining method, which are discussed in Table 25.1. The Tepal North Zone, South Zone and Tizate Zone has been treated separately for the Pit Optimization exercise which has been carried out using Datamine Studio OP software. However, Tepal North and South Zones are part of the same mineral deposit. Due to the physical disposition of the mineralization, the pit optimization has been conducted separately.

The calculated economic cut-off grade of 13 $/t NSR met the definition of potential eventual economic extraction for oxide zone and a cut-off grade of 15 $/t NSR met the criterion for the sulphide zone. No underground resource has been estimated at this time.

25.2.7.2 Mineral Resource Classification

Micon's QP has classified the mineral resources for the Tepal Project in the Measured, Indicated and Inferred categories for the Tepal North Zone resources and the Indicated and Inferred categories for Tepal South Zone and Tizate Zone resources. While assessing the categorization Micon's QPs has followed the following criteria:

- Resource Blocks that meet the COG criteria of 13$/t NSR for oxidized zone and 15 $/t NSR for sulphide zone, which lie within the optimized pit-limit.
- Blocks demonstrating grade continuity based on the distance between closest samples throughout the deposit.
- Blocks that are estimated during first pass of interpolation which is derived from variography analysis.
- Elimination of spotted dog effect.

25.2.7.3 Mineral Resource Estimate

The MRE for the Tepal Project is summarized in Table 25.3. The MRE has an effective date of October 30, 2024. The 2024 Tepal Project MRE is considered to be a reasonable representation of the mineral resources for the Tepal Project, based on the currently available data and geological knowledge.

25.2.8 Grade Sensitivity Analysis

For the 2024 Tepal Project MRE, a grade sensitivity analysis has been conducted on the basis of different NSR $/t value cut-off. Table 25.4, Table 25.5 and Table 25.6 show the cut-off grade sensitivity analysis for Tepal North Zone, Tepal South Zone and Tizate Zone, respectively. The reader should be cautioned that the figures provided in Table 25.4, Table 25.5 and Table 25.6 should not be interpreted as a mineral resource statement. Figure 25.1 shows the graphical representation of the relationship between different NSR $/t cut-off grades and tonnages for the Tepal Project MRE. Micon's QP has reviewed the MRE cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at varying metal prices or other underlying parameters used to calculate the cut-off grade.

25.2.9 Potential for Underground Resources in the Tepal South Zone

While performing the interpretation for the Tepal South Zone mineralization it's been noticed that the mineralized zone is dipping sharply towards south to south-east end. The high-grade material inside the low grade envelops also follows a similar trend. It is believed to have an underground resource potential for the area. Micon's QPs suggest performing a combination of open pit and underground mining methods for future resource estimates.

Table 25.3
Tepal Project Mineral Resource Estimate as of October 30, 2024

Open Pit Model	Resource Category	Weathering Zone	Tonnage	Average Grade NSR	Cu	Au	Ag	Content Metal NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand oz	thousand oz
In-Pit Tepal North Zone	Measured	Oxide	2.71	31.16	0.31	0.45	1.03	84	18,818	39	90
		Sulphide	21.21	38.04	0.24	0.39	0.92	807	111,170	269	627
	Indicated	Oxide	3.85	17.51	0.19	0.25	0.80	67	16,508	31	99
		Sulphide	28.51	25.35	0.18	0.23	1.22	723	110,322	213	1,114
	M+I	Oxide	**6.56**	**23.15**	**0.24**	**0.33**	**0.90**	**152**	**35,327**	**70**	**189**
		Sulphide	**49.72**	**30.77**	**0.20**	**0.30**	**1.09**	**1,530**	**221,492**	**481**	**1,741**
		Total	**56.28**	**29.88**	**0.21**	**0.30**	**1.07**	**1,682**	**256,818**	**551**	**1,930**
	Inferred	Oxide	2.60	12.91	0.15	0.18	1.17	34	8,750	15	97
		Sulphide	26.73	23.82	0.17	0.21	1.21	637	101,909	177	1,040
		Total	**29.33**	**22.86**	**0.17**	**0.20**	**1.21**	**670**	**110,659**	**192**	**1,137**
In-Pit Tepal South Zone	Indicated	Oxide	1.22	28.27	0.22	0.40	1.29	34	5,922	16	50
		Sulphide	10.78	36.63	0.24	0.36	1.13	395	57,569	124	392
		Total	**11.99**	**35.78**	**0.24**	**0.36**	**1.15**	**429**	**63,492**	**140**	**443**
	Inferred	Oxide	1.48	10.25	0.11	0.14	0.87	15	3,635	7	41
		Sulphide	35.84	35.02	0.18	0.41	1.29	1,255	145,779	477	1,481
		Total	**37.32**	**34.04**	**0.18**	**0.40**	**1.27**	**1,270**	**149,414**	**484**	**1,523**
In-Pit Tizate Zone	Indicated	Oxide	4.10	11.50	0.13	0.16	1.79	47	11,493	21	236
		Sulphide	39.30	22.52	0.16	0.17	2.35	885	142,057	214	2,970
		Total	**43.40**	**21.47**	**0.16**	**0.17**	**2.30**	**932**	**153,549**	**235**	**3,206**
	Inferred	Oxide	4.55	9.58	0.14	0.12	2.19	44	14,450	18	321
		Sulphide	53.16	21.15	0.15	0.17	1.67	1,124	176,488	292	2,853
		Total	**57.71**	**20.24**	**0.15**	**0.17**	**1.71**	**1,168**	**190,938**	**310**	**3,174**
In-Pit Total Tepal+Tizate	**Measured**	**Oxide + Sulphide**	23.92	37.26	0.25	0.40	0.93	891	129,988	308	717
	Indicated		87.75	24.52	0.18	0.22	1.72	2151	343,872	618	4,861
	M+I		**111.67**	**27.25**	**0.19**	**0.26**	**1.55**	**3,043**	**473,860**	**926**	**5,578**
	Inferred		**124.36**	**25.00**	**0.16**	**0.25**	**1.46**	**3,109**	**451,011**	**985**	**5,834**

Resource Estimate Notes:
1. The effective date of the MRE is October 30, 2024.
2. The Mineral Resource Estimate has been stated using a NSR $/t value cut-off grade. As per the economic assumption the cut-off grade is 13 $/t NST for the oxide zone and 15 $/t for the sulphide zone.
3. William Lewis P.Geo., and Chitrali Sarkar M.Sc., P.Geo., of Micon are the QPs responsible for the MRE, as defined in Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”).
4. The mineral resources disclosed in this report were estimated using the CIM standards for mineral resource and reserve definitions and the CIM best practices guidelines for resource estimation.
5. The mineral resources reported are contained within the boundaries of a pit-shell derived from the open pit optimizer, assuming surface mining methods with an overall slope angle of 45 degrees and with the original block model re-blocked to 20m x 20m x 20m. Mineralized blocks outside of the pit-shell are not considered to be part of the MRE.
6. An open pit cut-off grade of 13 $/t NST for the oxide zone and 15 $/t for sulphide zone was calculated for the MRE, using a gold price of US$ 2,300/oz, a silver price of US$30/oz and a copper price of US$4.8/lb, mining cost US$2.0/t, processing cost US$10/t for oxide and US$12/t for sulphide, G&A costs of US$3/t. and relevant treatment and refining charges (TCRCs).
7. Mo has not been considered to be part of NSR calculation at this time due to insufficient metallurgical testwork to determine the applicable process recovery.
8. The MRE has been classified according to CIM definitions of Measured, Indicated and Inferred Resources for Tepal North Zone and Indicated and Inferred for Tepal South and Tizate Zones. The Mineral Resource classification has also been visually reviewed to eliminate any ‘Spotted Dog’ effect, commonly seen in computer-generated models.
9. The mineral resource results are presented in-situ within the optimized pit.
10. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
11. Geological modelling and the MRE have been completed using Leapfrog Geo and Edge software.
12. The tonnes and metal contents are rounded to reflect that the numbers are an estimate and any discrepancies in the totals are due to the rounding effects.
13. Micon has not identified any legal, political, environmental, or other factors that could materially affect the potential development of the mineral resource estimate.

Table 25.4
Grade Sensitivity Analysis at Different NSR $/t Cut-Off Grades for Tepal North Zone

Tepal North Zone	Category	NSR cut-off grade $/t	Cumulative Tonnage	Weighted Average Value				Cumulative Material Content			
				NSR	Cu	Au	Ag	NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand t. oz	thousand t. oz
In Pit	M+I	1	56.3	29.89	0.21	0.30	1.07	1,684	256,968	552	1,934
		3	56.2	29.98	0.21	0.31	1.07	1,683	256,657	552	1,930
		5	55.7	30.20	0.21	0.31	1.07	1,681	255,580	551	1,920
		7	54.8	30.57	0.21	0.31	1.08	1,676	253,722	549	1,899
		9	53.5	31.14	0.21	0.32	1.08	1,665	250,783	546	1,864
		11	51.6	31.90	0.22	0.33	1.09	1,646	246,508	540	1,814
		13	49.0	32.95	0.22	0.34	1.10	1,615	239,715	530	1,741
		15	46.1	34.17	0.23	0.35	1.12	1,574	231,200	518	1,659
		16	44.5	34.84	0.23	0.36	1.13	1,549	226,374	510	1,612
		17	42.8	35.55	0.23	0.36	1.14	1,522	221,372	502	1,565
	Inferred	1	29.1	22.84	0.17	0.20	1.21	664	109,432	190	1,128
		3	28.8	23.03	0.17	0.21	1.21	663	109,059	190	1,123
		5	28.2	23.42	0.17	0.21	1.22	661	108,308	189	1,109
		7	27.5	23.89	0.18	0.21	1.23	656	107,121	188	1,086
		9	26.2	24.65	0.18	0.22	1.24	646	104,701	185	1,046
		11	24.5	25.63	0.19	0.23	1.26	629	100,997	180	995
		13	22.7	26.74	0.19	0.24	1.28	607	96,682	174	934
		15	20.7	27.97	0.20	0.25	1.30	579	91,709	167	868
		16	19.7	28.64	0.21	0.26	1.32	563	88,880	162	833
		17	18.6	29.35	0.21	0.26	1.33	545	85,687	157	796

Notes: The reported quantities and grade estimates at different cut-off grades are presented for the sole purpose of demonstrating the sensitivity of the mineral resource model to varying NSR $/t cut-off grades. Micon's QP has reviewed the varying NSR $/t cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at the cut-off grades used.

Table 25.5
Grade Sensitivity Analysis at Different NSR $/t Cut-Off Grades for Tepal South Zone

Tepal South Zone	Category	NSR cut-off grade $/t	Cumulative Tonnage	Weighted Average Value				Cumulative Material Content			
				NSR	Cu	Au	Ag	NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand t. oz	thousand t. oz
In Pit	M+I	1	11.99	35.83	0.24	0.36	1.15	430	63,588	140	443
		3	11.97	35.89	0.24	0.36	1.15	430	63,566	140	443
		5	11.94	35.97	0.24	0.36	1.15	430	63,500	140	442
		7	11.91	36.04	0.24	0.36	1.15	429	63,440	140	441
		9	11.87	36.15	0.24	0.37	1.15	429	63,289	139	440
		11	11.74	36.43	0.24	0.37	1.16	428	62,910	139	437
		13	11.56	36.80	0.24	0.37	1.16	426	62,358	139	433
		15	11.32	37.29	0.25	0.38	1.17	422	61,542	138	426
		16	11.19	37.53	0.25	0.38	1.17	420	61,102	138	422
		17	11.01	37.89	0.25	0.39	1.18	417	60,407	137	417
	Inferred	1	37.24	34.08	0.18	0.40	1.27	1,269	149,237	483	1,520
		3	36.90	34.38	0.18	0.41	1.28	1,269	148,957	483	1,515
		5	36.42	34.78	0.18	0.41	1.29	1,267	148,479	482	1,506
		7	35.70	35.36	0.19	0.42	1.30	1,262	147,679	480	1,492
		9	34.67	36.17	0.19	0.43	1.32	1,254	146,281	477	1,468
		11	33.33	37.22	0.20	0.44	1.34	1,241	144,206	473	1,434
		13	31.80	38.44	0.20	0.46	1.36	1,222	141,473	467	1,391
		15	30.08	39.83	0.21	0.47	1.39	1,198	137,880	459	1,340
		16	29.21	40.56	0.21	0.48	1.40	1,185	135,940	455	1,312
		17	28.31	41.32	0.21	0.49	1.41	1,170	133,838	450	1,280

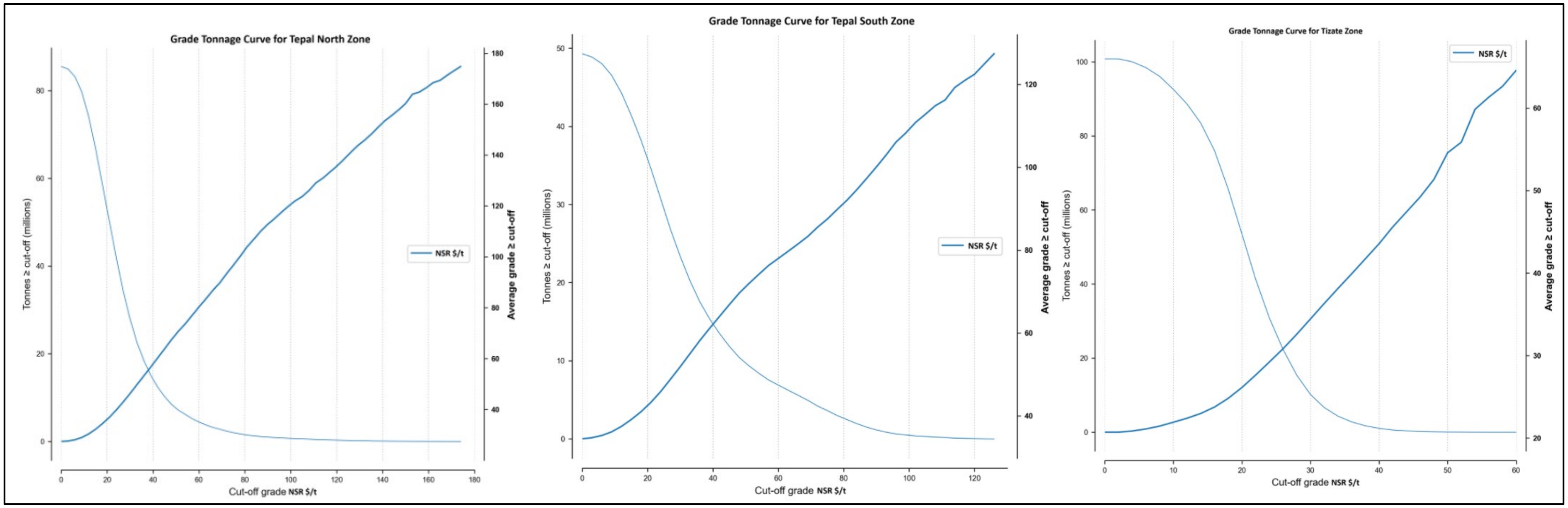
Notes: The reported quantities and grade estimates at different cut-off grades are presented for the sole purpose of demonstrating the sensitivity of the mineral resource model to varying NSR $/t cut-off grades. Micon's QP has reviewed the varying NSR $/t cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at the cut-off grades used.

Table 25.6
Grade Sensitivity Analysis at Different NSR $/t Cut-Off Grades for Tizate Zone

Tizate Zone	Category	NSR cut-off grade $/t	Cumulative Tonnage	Weighted Average Value				Cumulative Material Content			
				NSR	Cu	Au	Ag	NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand t. oz	thousand t. oz
In Pit	M+I	1	43.47	21.44	0.16	0.17	2.30	932	153,534	235	3,208
		3	43.38	21.48	0.16	0.17	2.30	932	153,442	235	3,207
		5	42.74	21.74	0.16	0.17	2.32	929	152,717	234	3,189
		7	41.96	22.04	0.16	0.17	2.34	925	151,526	232	3,157
		9	40.56	22.45	0.17	0.17	2.37	911	148,767	228	3,087
		11	39.46	22.85	0.17	0.18	2.39	902	146,865	225	3,037
		13	36.91	23.46	0.17	0.18	2.43	866	140,378	216	2,885
		15	35.23	24.00	0.18	0.19	2.46	846	136,659	211	2,792
		16	33.60	24.41	0.18	0.19	2.49	820	132,129	205	2,695
		17	31.62	24.91	0.18	0.19	2.53	788	126,396	197	2,569
	Inferred	1	57.32	20.15	0.149	0.167	1.71	1,155	188,892	307	3,149
		3	57.21	20.19	0.150	0.167	1.71	1,155	188,766	307	3,147
		5	56.58	20.37	0.150	0.168	1.71	1,152	187,662	306	3,117
		7	55.43	20.66	0.151	0.170	1.72	1,145	184,832	304	3,061
		9	53.53	21.11	0.153	0.173	1.72	1,130	180,992	299	2,966
		11	51.18	21.61	0.156	0.177	1.73	1,106	176,127	291	2,843
		13	48.42	22.16	0.159	0.181	1.74	1,073	169,748	282	2,712
		15	44.81	22.82	0.163	0.187	1.77	1,022	160,567	269	2,544
		16	42.45	23.22	0.165	0.191	1.78	986	154,186	261	2,433
		17	39.62	23.70	0.167	0.196	1.80	939	146,308	249	2,290

Notes: The reported quantities and grade estimates at different cut-off grades are presented for the sole purpose of demonstrating the sensitivity of the mineral resource model to varying NSR $/t cut-off grades. Micon's QP has reviewed the varying NSR $/t cut-off grades used in the sensitivity analysis, and it is the opinion of the QP that they meet the test for reasonable prospects of eventual economic extraction at the cut-off grades used.

Figure 25.1
Grade Tonnage Curve for Tepal Project MRE



25.2.10 Factors that Could Affect the Mineral Resource Estimate

All estimation models have a degree of uncertainty associated with them, due to the assumptions used in their development. These uncertainties lead to risks in the relative accuracy of the models. In the development of the 2024 MRE model for the Tepal Project, Micon's team members have used industry best practice guidelines and have reasonably mitigated much of the potential risks.

It is the QP's opinion that the factors set out below could affect the mineral resource estimate.

- The geological interpretations and assumptions used to generate the estimation domain.
- Mineralization and geologic geometry and continuity of the mineralized zones.
- Estimates of mineralization and grade continuity.
- The grade interpolation methods and estimation parameter assumptions.
- The confidence assumptions and methods used in the mineral resource classification.
- The density and the methods used in the estimation of density.
- Metal price and other economic assumptions used in the cut-off grade determination.
- Input and design parameter assumptions that pertain to the open pit mining constraints.
- Assumptions as to the continued ability to access the test mine site, retain mineral and surface rights titles, maintain the operation within environmental and other regulatory permits, and maintain the social license to operate.
- Currently there are no environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors known to the QPs that would materially affect the estimation of Mineral Resources, other that those discussed previously in this report.

25.3 Risks and Opportunities

All mineral resource projects have a degree of uncertainty or risk associated with them, due to several factors which can be technical, environmental, permitting, legal, title, taxation, socio-economic, marketing or political risk, among others in nature. All mineral resource projects also present their own opportunities. Table 25.7 outlines some of the Tepal Project risks, their potential impact and possible ways of mitigation. Table 25.7 also outlines some of the Tepal Projects opportunities and potential benefits.

Table 25.7
Risks and Opportunities at the Tepal Project

Risk	Description and Potential Impact	Possible Risk Mitigation
Local grade continuity issues	Poor grade forecasting.	Undertake further infill drilling to establish continuity of mineralization.

Risk	Description and Potential Impact	Possible Risk Mitigation
Local density variability	Misrepresentation of the in-situ tonnes, which also affects the in-situ metal content estimate.	It is recommended to develop a procedure of collecting density measurements spatially throughout the deposit at regular intervals in all rock/alteration types and implement their use in future mineralization models.
Geologic Interpretation.	If geologic interpretation and assumptions (geometry and continuity) used are inaccurate, then there is a potential lack of grade or continuity.	Continue infill drilling to upgrade the confidence in the grade of continuity of the mineralization.
Metallurgical recoveries are based on limited testwork.	Recovery might be lower than what is currently being assumed or vary with rock type.	Conduct additional metallurgical tests on all rock types.
Difficulty in attracting experienced professionals.	Technical work quality will be impacted and/or delayed.	Refine recruitment and retention planning and/or make use of consultants.
Geological structural or other geotechnical information is not complete	Mining methods and dimensions selected might be different than what is currently being assumed.	Incorporate more comprehensive geotechnical data from drilling. Conduct additional geotechnical assessment and analysis.
Environmental or Social Issues	Mining may not advance due to environmental or social issues	Conduct meetings with all potential stake holders throughout the exploration and advanced development stages. Hire locals whenever possible
Opportunities	**Explanation**	**Potential Benefit**
Surface exploration drilling.	Potential to identify additional prospects and mineralized zones.	Adding further mineralized zones can potentially increase the economic value of the Project.
Potential improvement in metallurgical recoveries.	Additional metallurgical testwork can be performed to determine if recovery can be improved through sorting, flotation or cyanidation.	Lower capital and operating costs.
Potential improvement in mining assumptions.	Geotechnical analysis may determine if the assumed mining methods and dimensions can be improved.	Improved mining productivity and lower costs.

25.4 Conclusions

The overall increase in mineralized material is primarily due to the reinterpretation of the mineralized zone that has been conducted during 2024 MRE. However, no new drilling in the mineralized zones has been carried out since 2012 MRE was completed. The current 2024 MRE has been presented on the basis of an NSR $/t value, which takes into account Cu, Au and Au interpolated values. Although the block models have been individually interpolated with Mo values, it has not been considered as part of NSR calculation due to the insufficient metallurgical testwork to determine the process recovery. Micon's QPs recommends carrying out suitable testwork for Mo recovery specially for Tizate Zone, so that the Mo value could be accounted for during future resource estimates. Moreover, further infill and expansion drilling programs could increase the classification confidence of the future mineral resources.

However, under all circumstances, Defiance Silver will need to conduct further exploration and metallurgical testwork to refine the extent of the mineralization as it advances the Tepal Project.

26.0 RECOMMENDATIONS

26.1 EXPLORATION BUDGET AND OTHER EXPENDITURES

The budget presented in Table 26.1 summarizes the estimated costs for completing further exploration programs, a current mineral resource estimate and, potentially, a Preliminary Economic Assessment (PEA) on the Tepal Project. The budget is a cost estimate for two phases of work culminating in a current mineral resource estimate and PEA after the second phase.

Table 26.1
Tepal Project, Recommended Budget for Further Work

Phase	Activity	Cost (USD)
Phase I	Maintenance	$100,000
	Surface mapping and sampling of road cuts	$125,000
	Relogging	$50,000
	Alteration modelling	$30,000
	Geophysical reprocessing	$25,000
	Drilling (6,000 m)	$1,500,000
	Permitting, Community Relations	$100,000
	Lidar	$50,000
	Support (food, accommodation, trucks)	$100,000
	Contingencies (15%)	$312,000
	Total Phase I	**$2,392,000**
Phase II	PEA (includes metallurgical studies)	$250,000
	Drilling (15,000 m exploration targets)	$3,750,000
	Relogging (outside resource area)	$20,000
	Surface mapping (outside targets)	$20,000
	Soil sampling (outside targets)	$30,000
	Support (food, accommodation, trucks	$100,000
	Permitting, Community Relations	$150,000
	Contingencies (15%)	$648,000
	Total Phase II	**$4,968,000**
	Total for both Phases	**$7,360,000**
Ancillary Costs	Concessions fees (per year)	$40,000
	Property payments (royalty repurchase)	$1,500,000
	Surface access agreement (per year)	$150,000
	Total Ancillary Costs	**$1,690,000**

Table provided by Defiance Silver.

It is the opinion of the Micon QPs that all of the recommended work noted in the budget is warranted. Micon and its QPs appreciate that the nature of the programs and expenditures may change as the further studies are undertaken, and that the final expenditures and results may not be the same as originally proposed.

Micon's QPs are of the opinion that Defiance Silver's recommended two phase work program and proposed expenditures are appropriate and well thought out. The Micon QPs believe that the proposed budget reasonably reflects the type and amount of the activities required to advance the Tepal Project, with the second phase culminating in the publication of a PEA.

26.2 Further Recommendations

Micon's QPs recommend further exploration and development of the Tepal Project. It is recommended that Defiance Silver continues with exploration at the Tepal deposit. It is also recommended that Defiance Silver continues to conduct further metallurgical testwork at the Tepal Project. To that end, Micon QPs make the following recommendations for the Tepal Project.

1) Phase 1 Exploration Programs
    - Undertake a Lidar topographic survey of the Tepal Project, concentrating on those areas covered by the mineral deposits as well as any areas that would be potentially used for mine infrastructure.
    - Undertake further mapping and sampling across the mineral deposits paying particular attention to changes in alteration and geology.
    - Conduct fairly continuous channel sampling along the road cuts on the Tepal Project, especially in the areas of the current mineral deposits, as this information could be potentially incorporated into future mineral resource estimates.
    - Conduct detailed relogging of a number of drill holes to review the geological units and alteration types for each of the mineralized deposits.
    - Conduct further density sampling to see if there is any variation between the mineralized zones or geological units.
    - Use the information in the Tepal database and the survey monument near drill hole collar IN- 57002 to locate the other INCO drill hole collars.
    - Complete a reprocessing exercise on the historical geophysical program completed in prior years.
    - Complete further resource infill and expansion drilling.
2) Phase II Exploration Program
    - Metallurgical testwork should be further conducted on each of the mineral deposits separately, to see if the metallurgical recoveries are different either per zone or rock type.
    - Conduct further exploration, including soil sampling outside of the current resource areas.
    - Conduct further diamond drill testing of the exploration targets outlined since 2017.
    - Conduct acid/base testwork on the mineralized and non-mineralized material.
    - Conduct a mine trade-off study on Tepal South Zone between underground and open pit mining methods.
    - Complete a Preliminary Economic Assessment (PEA).

27.0 DATE AND SIGNATURE PAGE

The independent Qualified Persons for this report are as follows:

MICON INTERNATIONAL LIMITED

"William J. Lewis" {signed and sealed as of the report date}

William J. Lewis, P.Geo. — Report Date November 29, 2024.
Principal Geologist — Effective Date: October 30, 2024.

"Chitrali Sarkar" {signed and sealed as of the report date}

Chitrali Sarkar, P.Geo. — Report Date: November 29, 2024.
Senior Geologist — Effective Date: October 30, 2024.

"Richard M. Gowans" {signed and sealed as of the report date}

Richard M. Gowans, P.Eng. — Report Date: November 29, 2024.
Principal Metallurgist — Effective Date: October 30, 2024.

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Defiance Silver Corp.: https://defiancesilver.com/

29.0 CERTIFICATES OF QUALIFIED PERSONS (AUTHORS)

CERTIFICATE OF AUTHOR
William J. Lewis, P.Geo.

As the co-author of this report for Defiance Silver Corp. entitled "NI 43-101 Technical Report for the Tepal Project, Michoacán, Mexico" dated November 29, 2024, with an effective date of October 30, 2024, I, William J. Lewis do hereby certify that:

1. I am employed as a Principal Geologist by, and carried out this assignment for, Micon International Limited, Suite 601, 90 Eglinton Avenue East, Toronto, Ontario M4P 2Y3, tel. (416) 362-5135, e-mail wlewis@micon-international.com.
2. I hold the following academic qualifications:

   B.Sc. (Geology) University of British Columbia 1985.
3. I am a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of Manitoba (membership # 20480); as well, I am a member in good standing of several other technical associations and societies, including:
   - Association of Professional Engineers and Geoscientists of British Columbia (Membership # 20333).
   - Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories (Membership # 1450).
   - Professional Association of Geoscientists of Ontario (Membership # 1522).
4. I have worked as a geologist in the minerals industry for over 35 years.
5. I am familiar with NI 43-101 and, by reason of education, experience and professional registration, I fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes 4 years as an exploration geologist looking for gold and base metal deposits, more than 11 years as a mine geologist in underground mines and 20 years as a surficial geologist and consulting geologist on precious and base metals and industrial minerals.
6. I have read NI 43-101, and this Technical Report has been prepared in compliance with the instrument.
7. I have visited the Tepal Project for two days between June 26 to July 1, 2024.
8. This is the first Technical Report I have written or co-authored for the mineral property that is the subject of this Technical Report.
9. I am independent of Defiance Silver Corp. and its subsidiaries according to the definition described in NI 43-101 and the Companion Policy 43-101 CP.
10. I am responsible for all sections except for Sections 1.7, 12.3, 13, 14.4 to 14.9, 14.10.3 and 14.10.4 of this Technical Report with Sections 15 through 22 not applicable to this Technical Report.
11. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading.

Report Dated this 29th day of November, 2024 with an effective date of October 30, 2024.

"William J. Lewis" {signed and sealed as of the report date}

William J. Lewis, B.Sc., P.Geo.
Principal Geologist, Micon International Limited

CERTIFICATE OF AUTHOR
Chitrali Sarkar, P.Geo.

As the co-author of this report for Defiance Silver Corp. entitled "NI 43-101 Technical Report for the Tepal Project, Michoacán, Mexico" dated November 29, 2024, with an effective date of October 30, 2024, I, Chitrali Sarkar do hereby certify that:

1. I am employed as a Senior Geologist by Micon International Limited, Suite 601, 90 Eglinton Avenue East, Toronto, Ontario M4P 2Y3, tel. (416) 362-5135, e-mail csarkar@micon-international.com.
2. I hold a Master's Degree in Applied Geology from Indian School of Mines (IIT), India, 2012.
3. I am a Registered Professional Geoscientist of Ontario (membership # 3584).
4. I am familiar with NI 43-101 and, by reason of education, experience and professional registration, fulfil the requirements of a Qualified Person as defined in NI 43-101. My work experience includes more than 10 years in the metal mining industry, including approx. 5 years as an exploration and production geologist in open pit and underground mines and more than 4 years as a resource geologist.
5. I have read NI 43-101, and this Technical Report has been prepared in compliance with the instrument
6. I have not visited the Tepal Project.
7. This is the first Technical Report I have written or co-authored for the mineral property that is the subject of this Technical Report.
8. As of the date of this certificate to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this report not misleading.
9. I am independent of Defiance Silver Corp. and its subsidiaries according to the definition described in NI 43-101 and the Companion Policy 43-101 CP.
10. I am responsible for the preparation of Sections 12.3, 14.4 to 14.9, 14.10.3 and 14.10.4. of this Technical Report with Sections 15 through 22 not applicable to this Technical Report.

Report Dated this 29th day of November, 2024 with an effective date of October 30, 2024.

"Chitrali Sarkar" {signed and sealed as of the report date}

Chitrali Sarkar, P.Geo.
Senior Geologist, Micon International Limited

CERTIFICATE OF AUTHOR
Richard M. Gowans, P.Eng.

As the co-author of this report for Defiance Silver Corp. entitled "NI 43-101 Technical Report for the Tepal Project, Michoacán, Mexico" dated November 29, 2024, with an effective date of October 30, 2024, I, Richard Gowans do hereby certify that:

1. I am employed as Principal Metallurgist by, and carried out this assignment for, Micon International Limited, Suite 601, 90 Eglinton Avenue East, Toronto, Ontario M4P 2Y3, tel. (416) 362-5135, e-mail rgowans@micon-international.com.
2. I hold the following academic qualifications:

   B.Sc. (Hons) Minerals Engineering, The University of Birmingham, U.K.1980.
3. I am a registered Professional Engineer of Ontario (membership number 90529389); as well, I am a member in good standing of the Canadian Institute of Mining, Metallurgy and Petroleum.
4. I am familiar with NI 43-101 and, by reason of education, experience and professional registration, fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes over 30 years of the management of technical studies and design of numerous metallurgical testwork programs and metallurgical processing plants.
5. I have read NI 43-101, and this Technical Report has been prepared in compliance with the instrument.
6. I have not visited the Tepal Project.
7. I have not participated in the preparation of prior Technical Reports on the Tepal Project.
8. I am independent of Defiance Silver Corp. and its related entities, as defined in Section 1.5 of NI 43-101.
9. I am responsible for Section 1.7 and 13 of this Technical Report with Sections 15 through 22 not applicable to this Technical Report.
10. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading.

Report Dated this 29th day of November, 2024 with an effective date of October 30, 2024.

"Richard M. Gowans" {signed and sealed as of the report date}

Richard Gowans P.Eng.
Principal Metallurgist, Micon International Limited

APPENDIX I

GLOSSARY OF MINING AND OTHER RELATED TERMS

The following is a glossary of general mining terms that may be used in this Technical Report.

A

Ag	Symbol for the element silver.
Assay	A chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained.
Au	Symbol for the element gold.

B

Base metal	Any non-precious metal (e.g. copper, lead, zinc, nickel, etc.).
Bulk mining	Any large-scale, mechanized method of mining involving many thousands of tonnes of ore being brought to surface per day.
Bulk sample	A large sample of mineralized rock, frequently hundreds of tonnes, selected in such a manner as to be representative of the potential orebody being sampled. The sample is usually used to determine metallurgical characteristics.
Bullion	Precious metal formed into bars or ingots.
By-product	A secondary metal or mineral product recovered in the milling process.

C

Channel sample	A sample composed of pieces of vein or mineral deposit that have been cut out of a small trench or channel, usually about 10 cm wide and 2 cm deep.
Chip sample	A method of sampling a rock exposure whereby a regular series of small chips of rock is broken off along a line across the face.
CIM	The Canadian Institute of Mining, Metallurgy and Petroleum.
CIM Standards	The CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council from time to time. The most recent update adopted by the CIM Council is effective as of May 10, 2014.
Concentrate	A fine, powdery product of the milling process containing a high percentage of valuable metal.
Contact	A geological term used to describe the line or plane along which two different rock formations or rock types meet.
Core	The long cylindrical piece of rock, about an inch in diameter, brought to surface by diamond drilling.
Core sample	One or several pieces of whole or split parts of core selected as a sample for analysis or assay.

Cross-cut A horizontal opening driven from a shaft and (or near) right angles to the strike of a vein or other orebody. The term is also used to signify that a drill hole is crossing the mineralization at or near right angles to it.

Cu Symbol for the element copper.

Cut-off grade The lowest grade of mineralized rock that qualifies as economic grade in a given deposit, and is also used as the lowest grade below which the mineralized rock currently cannot be profitably exploited. Cut-off grades vary between deposits depending upon the amenability of the mineralization to extraction and upon costs of production (mining, processing and general and administrative costs).

D

Deposit An informal term for an accumulation of mineralization or other valuable earth material of any origin.

Defiance Silver

Defiance Silver Corp., including, unless the context otherwise requires, the Company's subsidiaries.

Development drilling

Drilling to establish accurate estimates of mineral resources or reserves usually in an operating mine or advanced project.

Dilution Rock that is, by necessity, removed along with the mineralization in the mining process, subsequently lowering the grade of the economic mineralization.

Dip The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.

Doré A semi refined alloy containing sufficient precious metal to make recovery profitable. Crude precious metal bars, ingots or comparable masses produced at a mine which are then sold or shipped to a refinery for further processing.

E

Epithermal Hydrothermal mineral deposit formed within one kilometre of the earth’s surface, in the temperature range of 50 to 200°C.

Epithermal deposit

A mineral deposit consisting of veins and replacement bodies, usually in volcanic or sedimentary rocks, containing precious metals or, more rarely, base metals.

Exploration Prospecting, sampling, mapping, diamond drilling and other work involved in searching for economic mineralization.

F

Face	The end of a drift, cross-cut or stope in which work is taking place.
Fault	A break in the Earth's crust caused by tectonic forces which have moved the rock on one side with respect to the other.
Fold	Any bending or wrinkling of rock strata.
Footwall	The rock on the underside of a vein or mineralized structure or deposit.
Fracture	A break in the rock, the opening of which allows mineral-bearing solutions to enter. A "cross-fracture" is a minor break extending at more-or-less right angles to the direction of the principal fractures.

G

g/t	Abbreviation for gram(s) per metric tonne.
g/t	Abbreviation for gram(s) per tonne.
Grade	Term used to indicate the concentration of an economically desirable mineral or element in its host rock as a function of its relative mass. With gold, this term may be expressed as grams per tonne (g/t) or ounces per tonne (opt).
Gram	One gram is equal to 0.0321507 troy ounces.

H

Hanging wall	The rock on the upper side of a vein or mineral deposit.
High grade	Rich mineralization or ore. As a verb, it refers to selective mining of the best ore in a deposit.
Host rock	The rock surrounding an mineral deposit.
Hydrothermal	Processes associated with heated or superheated water, especially mineralization or alteration.

I

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 are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration."

Intrusive — A body of igneous rock formed by the consolidation of magma intruded into other

K

km — Abbreviation for kilometre(s). One kilometre is equal to 0.62 miles.

L

Leaching — The separation, selective removal or dissolving-out of soluble constituents from a rock or ore body by the natural actions of percolating solutions.

Level — The horizontal openings on a working horizon in a mine; it is customary to work mines from a shaft, establishing levels at regular intervals, generally about 50 m or more apart.

M

m — Abbreviation for metre(s). One metre is equal to 3.28 feet.

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 estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

Metallurgy — The science and art of separating metals and metallic minerals from their ores by mechanical and chemical processes.

Metamorphic — Affected by physical, chemical, and structural processes imposed by depth in the earth's crust.

Mill — A plant in which ore is treated and metals are recovered or prepared for smelting; also a revolving drum used for the grinding of ores in preparation for treatment.

Mine — An excavation beneath the surface of the ground from which mineral matter of value is extracted.

Mineral — A naturally occurring homogeneous substance having definite physical properties and chemical composition and, if formed under favourable conditions, a definite crystal form.

Mineral Concession

That portion of public mineral lands which a party has staked or marked out in accordance with federal or state mining laws to acquire the right to explore for and exploit the minerals under the surface.

Mineralization — The process or processes by which mineral or minerals are introduced into a rock, resulting in a valuable or potentially valuable deposit.

Mineral Resource

- A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource. The term mineral resource used in this report is a Canadian mining term as defined in accordance with NI 43-101 – Standards of Disclosure for Mineral Projects under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM), Standards on Mineral Resource and Mineral Reserves Definitions and guidelines adopted by the CIM Council on December 11, 2005, updated as of November 27, 2010 and more recently updated as of May 10, 2014(the CIM Standards).

N

Net Smelter Return

A payment made by a producer of metals based on the value of the gross metal production from the property, less deduction of certain limited costs including smelting, refining, transportation and insurance costs.

NI 43-101

	National Instrument 43-101 is a national instrument for the Standards of Disclosure for Mineral Projects within Canada. The Instrument is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. This includes foreign-owned mining entities who trade on stock exchanges overseen by the Canadian Securities Administrators (CSA), even if they only trade on Over the Counter (OTC) derivatives or other instrumented securities. The NI 43-101 rules and guidelines were updated as of June 30, 2011.

O

Open Pit/Cut	A form of mining operation designed to extract minerals that lie near the surface. Waste or overburden is first removed, and the mineral is broken and loaded for processing. The mining of metalliferous ores by surface-mining methods is commonly designated as open-pit mining as distinguished from strip mining of coal and the quarrying of other non-metallic materials, such as limestone and building stone.
Outcrop	An exposure of rock or mineral deposit that can be seen on surface that is, not covered by soil or water.
Oxidation	A chemical reaction caused by exposure to oxygen that result in a change in the chemical composition of a mineral.
Ounce	A measure of weight in gold and other precious metals, correctly troy ounces, which weigh 31.2 grams as distinct from an imperial ounce which weigh 28.4 grams.
oz	Abbreviation for ounce.

P

Plant	A building or group of buildings in which a process or function is carried out; at a mine site it will include warehouses, hoisting equipment, compressors, maintenance shops, offices and the mill or concentrator.
Pyrite	A common, pale-bronze or brass-yellow, mineral composed of iron and sulphur. Pyrite has a brilliant metallic luster and has been mistaken for gold. Pyrite is the most wide-spread and abundant of the sulphide minerals and occurs in all kinds of rocks.

Q

Qualified Person	Conforms to that definition under NI 43-101 for an individual: (a) to be an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, related to mineral exploration or mining; (b) has at least five years' experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (c) to have experience relevant to the subject matter of the mineral project and the technical report; (d) is in good standing

with a professional association; and (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgement; and (ii) requires (A.) a favourable confidential peer evaluation of the individual's character, professional judgement, experience, and ethical fitness; or (B.) a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining.

R

Reclamation	The restoration of a site after mining or exploration activity is completed.

S

Shoot	A concentration of mineral values; that part of a vein or zone carrying values of economic grades.
Strike	The direction, or bearing from true north, of a vein or rock formation measure on a horizontal surface.
Stringer	A narrow vein or irregular filament of a mineral or minerals traversing a rock mass.
Sulphides	A group of minerals which contains sulphur and other metallic elements such as copper and zinc. Gold and silver are usually associated with sulphide enrichment in mineral deposits.

T

Tonne	A metric ton of 1,000 kilograms (2,205 pounds).

V

Vein	A fissure, fault or crack in a rock filled by minerals that have travelled upwards from some deep source.

W

Wall rocks	Rock units on either side of an orebody. The hanging wall and footwall rocks of a mineral deposit or orebody.
Waste	Unmineralized, or sometimes mineralized, rock that is not minable at a profit.
Working(s)	May be a shaft, quarry, level, open-cut, open pit, or stope etc. Usually noted in the plural.

Z

Zone	An area of distinct mineralization.

APPENDIX II

2011 DRILL HOLE COLLAR DETAILS

Summary of the Drill Hole Collar Information for the 2011 Geologix Drilling Program

Drill Hole ID	Drill Collar Coordinates			Drill Hole Details		
	Easting	Northing	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
TEP-11-001	716834.59	2116001	509	170.8	0	-90
TEP-11-002	716986.52	2116000	504	121.6	0	-90
TEP-11-003	716986.53	2116002	504	300.85	0	-45
TEP-11-004	716917.63	2116000	508	131.15	0	-90
TEP-11-005	716812.12	2115950	519	201.25	90	-85
TEP-11-006	717034.21	2115949	498	69.85	0	-90
TEP-11-007	717058.98	2115894	499	90.15	0	-90
TEP-11-008	716993.6	2115899	501	130.75	0	-90
TEP-11-009	716916.27	2115952	509	112.85	90	-85
TEP-11-010	716929.39	2115899	514	161.65	0	-90
TEP-11-011	716885.69	2115900	518	150.15	270	-65
TEP-11-012	717135.96	2115548	510	451.4	0	-65
TEP-11-013	717105.14	2115551	511	350.75	0	-90
TEP-11-014	717095.6	2115846	495	75.8	90	-60
TEP-11-015	717085.7	2115800	495	200.9	0	-90
TEP-11-016	717086.53	2115800	495	86.1	90	-50
TEP-11-017	716817.39	2115799	523	231.8	90	-60
TEP-11-018	716981.74	2115797	507	249.8	90	-75
TEP-11-019	716877.51	2115799	517	97.6	90	-55
TEP-11-020	717002.26	2115701	496	353.8	0	-90
TEP-11-021	716864.92	2115700	523	207.4	0	-90
TEP-11-022	717174	2115549	510	350.75	0	-90
TEP-11-023	716966.69	2115602	505	283.35	90	-80
TEP-11-024	716890.68	2115754	518	353	90	-75
TEP-11-025	717045.69	2115657	496	283.4	0	-90
TEP-11-026	717249.97	2115597	502	542.3	0	-90
TEP-11-027	716567.48	2117148	583	161.65	0	-90
TEP-11-028	717073.42	2115602	502	385.5	0	-90
TEP-11-029	716930.03	2115703	507	261.8	0	-90
TEP-11-030	716467.75	2117162	567	100.65	0	-90
TEP-11-031	717323.78	2115651	494	460.55	90	-75
TEP-11-032	716668.45	2117146	542	100.65	0	-90
TEP-11-033	716421.8	2117203	547	100.65	0	-90
TEP-11-034	716956.01	2115552	514	252.9	0	-90
TEP-11-035	716514.59	2117197	592	122	0	-90
TEP-11-036	716836.7	2115654	505	152.5	0	-90
TEP-11-037	716617.19	2117196	556	146.4	0	-90
TEP-11-038	717033.1	2115547	510	300.45	0	-90
TEP-11-039	716472.07	2117256	580	152.5	0	-90
TEP-11-040	716897.69	2115657	503	170.85	0	-90

Drill Hole ID	Drill Collar Coordinates			Drill Hole Details		
	Easting	Northing	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
TEP-11-041	717165.31	2115644	497	40.6	90	-75
TEP-11-042	716567.13	2117249	567	100.65	0	-90
TEP-11-043	717220.04	2115747	488	350.25	270	-65
TEP-11-044	716669.26	2117253	537	118.95	0	-90
TEP-11-045	716781.53	2116149	513	112.85	90	-70
TEP-11-046	716362.74	2117096	544	91.5	270	-55
TEP-11-047	716422.06	2117298	558	102.15	0	-90
TEP-11-048	716522.3	2117302	566	143.35	0	-90
TEP-11-049	716615.93	2116248	525	201.05	90	-70
TEP-11-050	716842.57	2116202	510	81.55	90	-70
TEP-11-051	716620	2117300	551	103.7	0	-90
TEP-11-052A	716778.79	2116204	514	137.25	90	-70
TEP-11-053	716766.27	2117098	531	250.1	270	-60
TEP-11-054	716453.61	2117098	569	140.3	270	-55
TEP-11-055	716835.23	2116298	514	69.7	90	-70
TEP-11-056	716748.1	2116300	527	161.65	90	-70
TEP-11-057	716304.93	2117052	560	131.15	270	-60
TEP-11-058	716713.78	2116203	519	201.3	90	-70
TEP-11-059	716767.33	2117098	531	240.95	0	-90
TEP-11-060	716299.59	2116996	571	122	270	-60
TEP-11-061	716758.64	2116549	537	115.85	90	-70
TEP-11-062	716655.43	2117049	566	259.25	0	-90
TEP-11-063	716785.93	2116449	518	125.15	0	-90
TEP-11-064	716361.91	2117002	546	112.85	0	-90
TEP-11-065	716808.98	2116547	541	91.5	90	-65
TEP-11-066	716807.67	2116751	534	80.3	0	-90
TEP-11-067	716638	2116201	523	240.95	90	-70
TEP-11-068	716469.07	2117009	569	103.7	90	-70
TEP-11-069	716760.51	2117048	532	250.1	0	-90
TEP-11-070	716668.99	2116301	531	192.15	90	-70
TEP-11-071	716297.26	2116905	565	70.15	0	-90
TEP-11-072	716606.13	2117050	591	274.5	0	-90
TEP-11-073	716721.39	2117118	540	30.5	270	-60
TEP-11-074	716622.4	2116402	529	189.1	90	-65
TEP-11-075	716527.96	2116997	596	231.8	0	-90
TEP-11-076	716828.91	2116400	515	67.1	90	-65
TEP-11-077	716693.61	2116398	523	161.65	90	-65
TEP-11-078	716671.79	2116447	525	185.55	0	-90
TEP-11-079	716805.47	2117049	543	71.25	90	-80
TEP-11-080	716379.76	2116897	577	200.25	0	-90
TEP-11-081	716801.44	2116495	524	76.25	90	-65
TEP-11-082	716648.93	2116496	533	176.5	90	-65

Drill Hole ID	Drill Collar Coordinates			Drill Hole Details		
	Easting	Northing	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
TEP-11-083	716659.38	2116349	531	179.95	90	-65
TEP-11-084	716701.06	2116997	544	176.9	90	-80
TEP-11-085	716848.33	2116449	517	72.9	0	-90
TEP-11-086	716524.13	2116901	599	265.3	0	-90
TEP-11-087	716740.82	2116595	547	136.95	0	-90
TEP-11-088	716766.13	2116405	519	100.65	90	-65
TEP-11-089	716787.11	2116996	555	173.85	0	-90
TEP-11-090	716599.11	2116600	575	152.2	0	-90
TEP-11-091	716600.08	2116550	560	192.15	90	-65
TEP-11-092	716725.71	2116644	554	152.35	0	-90
TEP-11-093	716700.9	2116949	569	149.45	90	-70
TEP-11-094	716592.02	2116898	592	239.95	0	-90
TEP-11-095	716855.76	2116604	521	51.85	0	-90
TEP-11-096	716840	2116647	520	100.15	0	-90
TEP-11-097	716841.95	2116954	538	179.35	0	-90
TEP-11-098	716805.45	2116589	538	100.65	0	-90
TEP-11-099	716664.13	2116656	564	127.6	0	-90
TEP-11-100	716632.31	2116701	577	183	0	-90
TEP-11-101	716598.3	2116648	589	164.2	0	-90
TEP-11-102	716666.56	2116896	577	189.1	0	-90
TEP-11-103	716561.99	2116694	612	201.3	0	-90
TEP-11-104	716542.37	2116598	596	182.5	0	-90
TEP-11-105	716905.43	2116845	521	51.85	0	-90
TEP-11-106	716739.45	2116895	595	228.75	90	-85
TEP-11-107	716777.4	2116848	578	112.85	0	-90
TEP-11-108	716915.99	2116655	533	51.35	0	-90
TEP-11-109	716950.6	2116698	527	109.8	90	-75
TEP-11-110	716808.74	2116896	568	82.35	0	-90
TEP-11-111	716872.18	2116801	542	91	0	-90
TEP-11-112	716839.18	2116703	526	122	0	-90
TEP-11-113	716631.81	2116850	584	190.15	0	-90
TEP-11-114	716493.89	2116849	630	260.05	0	-90
TEP-11-115	716518.27	2117051	595	200.9	270	-85
TEP-11-116	716714.81	2116249	535	200.8	90	-65
TEP-11-117	716589.92	2116300	530	200.8	90	-70
TEP-11-118	716413.05	2117051	549	131.55	270	-60
TEP-11-119	716575.21	2116801	585	192.15	0	-90
TEP-11-120	716713.11	2116498	536	152.5	90	-65
TEP-11-121	716603.56	2116753	585	134.1	0	-90
TEP-11-122	716767.22	2116703	530	140.3	0	-90
TEP-11-123	716301.54	2116953	574	150	270	-50
TEP-11-124	716872.29	2116753	553	122	0	-90

Drill Hole ID	Drill Collar Coordinates			Drill Hole Details		
	Easting	Northing	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
TEP-11-125	716634.56	2116807	557	140.3	0	-90
TEP-11-126	716727.15	2116748	530	152.5	90	-65
TEP-11-127	716528.43	2116548	569	220.65	90	-70
TEP-11-128	717315.76	2115699	489	475.75	270	-70
TEP-11-129	717238.71	2115651	501	79.3	270	-75
TEP-11-130	717135.51	2115545	510	445.3	0	-75
TEP-11-131	716746.81	2115947	520	277.55	350	-65
TIZ-11-001	719043.22	2116618	430	219.15	90	-50
TIZ-11-002	718973.18	2117098	430	159.55	0	-90
TIZ-11-003	718963.4	2116893	431	352.3	0	-90
TIZ-11-004	718973.88	2116712	431	326.2	90	-50
TIZ-11-005	719080.78	2116997	427	300	0	-90
TIZ-11-006	719069.68	2116794	428	359.95	0	-90
TIZ-11-007	718780.09	2116997	441	338.8	0	-90
TIZ-11-008	719173.19	2116713	425	97.35	90	-50
TIZ-11-009	718939.88	2116620	432	362.7	90	-50
TIZ-11-010	718565.87	2116895	447	295	90	-50
TIZ-11-011	718869.37	2116711	433	371.3	90	-50
TIZ-11-012	718980.58	2116998	431	85.2	0	-90
TIZ-11-013	718974.26	2116802	429	359.3	0	-90
TIZ-11-014	718862.42	2116888	435	296.8	0	-90
TIZ-11-015A	719060.77	2116890	427	291.05	0	-90
TIZ-11-016	718612.55	2117003	457	251.55	90	-50
TIZ-11-017	718518.67	2116587	496	358	90	-50
TIZ-11-018	718408.43	2116826	456	357.25	90	-50
TIZ-11-019	718471.44	2116498	477	292.6	0	-90
TIZ-11-020	718383.59	2116709	468	331.45	90	-50
TIZ-11-021	718463.67	2116394	445	298.2	0	-90
TIZ-11-022	718187.47	2116655	530	301.7	90	-50
TIZ-11-023	718366.26	2116397	456	301.7	0	-90
TIZ-11-024	718369.16	2116294	452	356.55	0	-90
TIZ-11-025	718285.75	2116596	500	357.35	90	-50
TIZ-11-026	719381.67	2117384	419	253.85	90	-50
TIZ-11-027	718364.9	2116500	462	270.1	0	-90
TIZ-11-028	718256.2	2116497	477	323.8	0	-90
TIZ-11-029	719169.1	2116795	425	276.35	0	-90
TIZ-11-030	718167.15	2116498	497	336.45	0	-90
TIZ-11-031	719162.74	2116891	425	150.15	0	-90
TIZ-11-032	718260.23	2116399	484	241.7	0	-90
TIZ-11-033	718148	2116357	500	346.1	90	-50
TIZ-11-034	719277.88	2117486	444	214.65	90	-50
TIZ-11-035	718661.78	2116893	442	63	90	-50

Drill Hole ID	Drill Collar Coordinates			Drill Hole Details		
	Easting	Northing	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
TIZ-11-036	718585.68	2116822	447	264	90	-50
TIZ-11-037	718500.75	2116825	451	361.15	90	-50
TIZ-11-038	718825.54	2117049	441	213.8	0	-90
TIZ-11-039	718919.17	2117051	436	152.1	0	-90
TIZ-11-040	718917.23	2116946	434	227.5	0	-90
TIZ-11-041	718712.2	2116944	444	151.4	0	-90
TIZ-11-042	718805.45	2116938	438	227.5	0	-90
TIZ-11-043	719020.44	2116949	429	250	0	-90
TIZ-11-044	718717.98	2116851	439	150.8	0	-90
TIZ-11-045	718805.75	2116852	436	211.5	0	-90
TIZ-11-046	718923.7	2116853	432	328.55	0	-90
TIZ-11-047	719021.47	2116846	428	303.6	0	-90
TIZ-11-048	718436.85	2116752	468	152	0	-90
TIZ-11-049	718612.89	2116751	449	150.15	0	-90
TIZ-11-050	718522.41	2116742	464	136.1	0	-90
TIZ-11-051	718712.73	2116748	439	150.25	0	-90
TIZ-11-052	718818.79	2116759	434	251.9	0	-90
TIZ-11-053	718922.49	2116760	431	288.1	0	-90
TIZ-11-054	719025.22	2116760	429	296.6	0	-90
TIZ-11-055	718416.45	2116672	483	180.7	0	-90
TIZ-11-056	718499.72	2116672	474	201.25	0	-90
TIZ-11-057	718699.15	2116678	442	201.35	0	-90
TIZ-11-058	718822.06	2116674	434	300.85	0	-90
TIZ-11-059	718460	2116558	498	223.7	0	-90
TIZ-11-060	718923.45	2116673	432	350.3	0	-90
TIZ-11-061	718622.44	2116628	450	231.9	0	-90
TIZ-11-062	718799.63	2116579	436	230.05	0	-90
TIZ-11-063	718601.55	2116578	464	259.3	0	-90
TIZ-11-064	718602.23	2116501	458	277.05	0	-90
TIZ-11-065	718897.36	2116571	434	239.9	0	-90
TIZ-11-066	718702.59	2116589	441	271.5	0	-90
TIZ-11-067	718696.49	2116498	440	270.85	0	-90
TIZ-11-068	718527.39	2116450	454	258.1	0	-90
TIZ-11-069	718798.14	2116503	437	271.3	0	-90
TIZ-11-070	718473.97	2116630	502	240.95	0	-90
Total:				**41,197.75**		