Independent Technical Report for the Coneto Gold-Silver Project, Durango, Mexico

Report Prepared for

Orex Minerals Inc.

Report Prepared by

SRK Consulting (Canada) Inc.
3CC053.000
October 20, 2021

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Cover: Panoramic view of the Coneto property

IMPORTANT NOTICE

This report was prepared as a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* Technical Report for Orex Minerals Inc. (Orex) by SRK Consulting (Canada) Inc. (SRK). The quality of information, conclusions, and estimates contained herein are consistent with the quality of effort involved in SRK's services. The information, conclusions, and estimates contained herein are based on: i) information available at the time of preparation, ii) data supplied by outside sources, and iii) the assumptions, conditions, and qualifications set forth in this report. This report is intended for use by Orex subject to the terms and conditions of its contract with SRK and relevant securities legislation. The contract permits Orex to file this report as a Technical Report with Canadian securities regulatory authorities pursuant to National Instrument 43-101. Except for the purposes legislated under provincial securities law, any other uses of this report by any third party is at that party's sole risk. The responsibility for this disclosure remains with Orex. The user of this document should ensure that this is the most recent Technical Report for the property as it is not valid if a new Technical Report has been issued.

Executive Summary

Introduction

The Coneto Project is an advanced stage gold-silver exploration project, located in the municipality of Coneto de Comonfort, Durango State, Mexico. The Coneto Project is owned by Exploraciones y Desarrollos Mineros Coneto, SAPI de CV (EDMC), a joint venture between Fresnillo plc (Fresnillo), which owns 55%, and Orex Minerals Inc. (Orex) owning the remaining 45%.This technical report is prepared for Orex.

This technical report documents a Mineral Resource Statement for the Coneto Project prepared by Fresnillo and audited and validated by SRK Consulting (Canada) Inc. (SRK). This report was prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1. The Mineral Resource Statement reported herein was prepared in conformity with generally accepted CIM *Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines* (November, 2019).

In accordance with National Instrument 43-101 guidelines, Mr. Alfonso Soto, CPG (AIPG#11938) undertook a visit to the Coneto Project on July 13 and July 14, 2021, accompanied by Mr. Ricardo Antonio Ojeda Rodríguez, Fresnillo´s District Geologist and Head of the Coneto Project, and Mr. Bernardo Olvera Picón, Fresnillo´s Regional Exploration Manager.

Property Description and Ownership

The Coneto Gold-Silver Project is located in the municipality of Coneto de Comonfort, in the State of Durango, northcentral Mexico. The Project is approximately 150 kilometres by road north of Victoria de Durango. The property surrounds the town of Coneto de Comonfort, which is a historic mining town with a population of 4,400.

The Coneto Project covers approximately 5,000 hectares, comprising 19 mineral concessions. EDMC holds the rights for exploration of these concessions.

Geology and Mineralisation

The Coneto Project occurs in the Mesa Central physiographic subprovince on the eastern flank of the Sierra Madre Occidental. The Mesa Central subprovince is a volcanic-sedimentary highland of Tertiary age that rest on a basement of Cretaceous and earlier calcareous and metasedimentary rocks. The volcanic-sedimentary rocks have been divided in two series, the Lower Volcanic Group and the Upper Volcanic Group.

Mineralisation in the Coneto Project occurs as low to intermediate sulphidation epithermal veins mainly hosted in silicified andesite-breccias of the Eocene-Oligocene lower volcanic group. Economical gold and silver mineralisation appear in hydrothermal quartz plus calcite veins that formed in pre-mineralization faults. This fault system corresponds to a distensive event that allowed the introduction of hydrothermal fluids. There are over 40 veins recognized in the Coneto property, but only six of them comprise part of the current mineral resource estimate.

Exploration Status

Between 2010 and 2017, Orex and EDMC conducted geological mapping, rock and soil geochemical sampling, airborne geophysical surveys, and diamond drilling documented by detailed core logging. A total of 106 core boreholes (38,515 metres) were drilled throughout the Coneto Project by Orex and EDMC. The drilling pattern was designed to intersect the gold-silver mineralisation orthogonally. SRK is of the opinion that the drilling and sampling procedures adopted are consistent with generally recognized industry best practices. The resultant drilling pattern is sufficiently dense to confidently establish the continuity of the gold-silver mineralisation.

Sample Preparation, Analyses, Security, and Data Verification

The exploration work conducted by Orex and EDMC was carried out using a quality assurance and quality control program meeting industry best practices. Standardized procedures were used in all aspects of the exploration data acquisition and management including mapping, surveying, drilling sampling security, assaying and database management.

Orex and EDMC employed analytical quality control measures as part of the routine standard core sampling procedures since drilling began on the Coneto Project in 2010. Analytical quality control measures included the regular insertion of blank and certified reference materials.

SRK reviewed the field procedures and analytical quality control measures used by Orex and EDMC. The analysis of the analytical quality control data is presented in Section 11 below. In the opinion of SRK, Orex and EDMC personnel used care in the collection and management of the field and assaying exploration data.

In the opinion of SRK, the sampling preparation, security and analytical procedures used by Orex and EDMC are consistent with industry best practices and are, therefore, adequate for the purpose of informing a mineral resource estimate.

Mineral Resource and Mineral Reserve Estimates

The resources wireframing and the grade estimation was completed by the Exploration and Mineral Resources departments of Fresnillo and audited and validated by Dr. David Machuca, PEng (PEO #100508889) from SRK. The mineral resources database, the wireframes and the mineral resources model were received by SRK on June 1, 2021.

The database includes data from 108 diamond boreholes obtained by Orex and EDMC from 2010 to 2017. The mineral resource domains correspond to 6 veins named, from north to south, La Bufa, Santo Niño, Loma Verde, Descubridora, Promontorio and Impulsora.

Sample lengths were regularized to a target length of 1.50 metres and composite gold and silver grades were capped per domain. The mineral resources model comprises four block models with parent cells of 24 metres by 6 metres by 12 metres size in the X, Y and Z axes, respectively, and subcells of 1 metre by 1 metre by 1 metre resolution. The block models are rotated to better align to the geometry of the veins. The block model was populated within the mineralisation domains with gold and silver grades and specific gravity values using inverse distance interpolation to a power of two in three increasingly large passes.

SRK audited and validated the model through visual inspection and geostatistical methods, such as statistical comparisons between informing data and estimates, swath plots and change of support analysis. After these checks SRK is satisfied that the mineral resources model generated by Fresnillo is an adequate representation of the mineralisation grade and tonnage given the current level of information and geological knowledge of the Coneto Project. The location of the samples and the assay data are sufficiently reliable to support an initial resource evaluation. However, the current drilling spacing does not provide sufficient level of confidence in the estimates to allow for appropriate application of technical and economic parameters to support mine planning and to allow evaluation of the economic viability of the deposit. Therefore, all mineral resources in the Coneto Project are appropriately classified in the Inferred category.

SRK considers that the Coneto Project is primarily amenable to underground extraction. The cut-off mineral value of US$74.30 per tonne is based on the mining and processing costs of similar deposits mined by underground methods in Mexico. The cut-off mineral value for the mineral resources estimates is based on a gold price of US$1,500 per troy ounce, a silver price of US$21.50 per troy ounce and per-vein gold and silver recoveries according to the most recent metallurgical test results ranging from 66% to 98% for gold and 69% to 90% for silver.

SRK is satisfied that the mineral resources were estimated in conformity with the widely accepted CIM *Estimation of Mineral Resource and Mineral Reserve Best Practices Guidelines (November 2019)* and are reported in accordance with the Canadian Securities Administrators' National Instrument 43-101. The mineral resources may be affected by further infill and exploration drilling that may result in increases or decreases in subsequent mineral resource estimates. The mineral resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic, and other factors. The Mineral Resource Statement for the Coneto Project is presented in Table i.

The effective date of the Mineral Resource Statement for the Coneto Project is August 30, 2021.

Table i: Mineral Resource Statement*, Coneto Gold-Silver Project, Durango, Mexico, SRK Consulting (Canada) Inc., August 30, 2021

Category	Quantity Tonnes (000s)	Grade Gold (g/t)	Grade Silver (g/t)	Grade Au. Eq. (g/t)	Contained Metal Gold Ounces (000s)	Contained Metal Silver Ounces (000s)	Contained Metal Au. Eq. Ounces (000s)
Inferred Mineral Resource							
La Bufa	264	2.44	85	3.34	21	717	28
Santo Niño	901	1.10	163	3.17	32	4,718	92
Loma Verde	1,920	1.32	165	3.58	81	10,148	220
Descubridora	280	0.91	141	2.69	8	1,266	24
Promontorio	690	2.31	50	3.13	51	1,108	69
Impulsora	1270	2.28	28	2.57	93	1,154	105
Total Inferred	**5,325**	**1.67**	**112**	**3.15**	**286**	**19,111**	**538**

* Mineral resources are not mineral reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Composites have been capped where appropriate. Mineral Resources are reported at a cut-off mineral value of US$74.30 per tonne. In-situ mineral values and gold equivalent grades are based on prices of US$1,500 per troy ounce of gold and US$21.50 per troy ounce of silver and metal recoveries specific to each vein ranging from 66% to 98% for gold and 69% to 90% for silver.

Conclusion and Recommendations

SRK is satisfied that the geological modelling honours the current geological information and knowledge. The sampling information was acquired primarily by core drilling spaced on average at 150 metres. The location of the samples and the assay data are sufficiently reliable to support an initial resource evaluation and the classification of these resources in the Inferred category.

SRK is unaware of any other significant factors and risks that may affect access, title, or the right or ability to perform the exploration work recommended for the Coneto Project.

The geological setting, character of the gold-silver mineralization delineated, and the exploration results to date are of sufficient merit to justify additional exploration and technical study expenditures. The main recommendations for the following phase of work include:

- Additional exploration diamond drilling in the area of Consuelo and El Indio veins.
- Infill and step-out diamond drilling in the currently estimated veins to expand their mineral resources and upgrade their classification
- The use of oriented cores to gather structural geology information of optimal quality.
- A structural geology study to improve the understanding and characterisation of the structural controls of mineralisation
- A fluid inclusion study to assess the in-depth potential of the veins

The total cost of the recommended work program is estimated at C$6,215,000.

Table of Contents

List of Tables

List of Figures

1 Introduction and Terms of Reference

The Coneto Project is an advanced stage gold-silver exploration project located in the municipality of Coneto de Comonfort, Durango State, Mexico. The Coneto Project is owned by Exploraciones y Desarrollos Mineros Coneto, SAPI de CV (EDMC), a joint venture with 55% ownership to Fresnillo plc and 45% to Orex Minerals Inc.

In May 2021, Orex commissioned SRK Consulting (Canada) Inc. (SRK) to audit and validate the mineral resource model for the Coneto Project, inclusive of a site visit to the property and the preparation of a technical report. The services were rendered between June and August 2021, leading to the preparation of the mineral resource statement reported herein.

This technical report documents the maiden mineral resource statement for the Coneto Project prepared by SRK. It was prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1. The mineral resource statement reported herein was prepared in conformity with generally accepted CIM *Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines*.

1.1 Scope of Work

The scope of work, as defined in a letter of engagement executed on May 6, 2021 between EDMC and SRK includes the audit and validation of a mineral resource model for the low to intermediate sulphidation epithermal gold-silver mineralisation delineated by drilling on the Coneto Project and the preparation of an independent technical report in compliance with National Instrument 43-101 and Form 43-101F1 guidelines. This work involved the assessment of the following aspects of this Project:

- Topography, landscape, access
- Regional and local geology
- Exploration history
- Audit of exploration work carried out on the Project
- Geological modelling
- Mineral resource estimation audit and validation
- Preparation of a Mineral Resource Statement
- Recommendations for additional work

1.2 Work Program

The mineral resource statement reported herein is a collaborative effort between Fresnillo and SRK personnel. The exploration database was compiled and maintained by Fresnillo and was audited by SRK. The outlines for the gold-silver mineralisation were constructed by Fresnillo from borehole intersects using implicit modelling techniques. In the opinion of SRK, the mineralisation model is a reasonable representation of the distribution and volume of the targeted mineralisation at the current level of sampling. The mineral resources model completed by Fresnillo and audited and validated by

SRK during the months of June to August 2021. The audited mineral resource statement reported herein was completed on August 30, 2021.

The Mineral Resource Statement reported herein was prepared in conformity with the generally accepted CIM *Exploration Best Practices Guidelines* (November 2018) and CIM *Estimation of Mineral Resource and Mineral Reserves Best Practices Guidelines* (November 2019). This technical report was prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1.

The technical report was assembled in SRK Toronto office during the months of June to August 2021.

1.3 Basis of Technical Report

This report is based on information collected by SRK during a site visit undertaken between July 13 and 14, 2021 and on additional information provided by Fresnillo and Orex throughout the course of SRK's investigations. SRK has no reason to question the reliability of the information provided by Fresnillo and Orex. Other information was obtained from the public domain. This technical report is based on the following sources of information:

- Discussions with Fresnillo personnel
- Inspection of the Coneto Project area, including outcrops and drill core
- Review of exploration data collected by Fresnillo and Orex.
- Review, audit and validation of the three-dimensional models of the mineralisation provided by Fresnillo
- Review, audit and validation of the mineral resources estimates provided by Fresnillo
- Additional information from public domain sources

1.4 Qualifications of SRK and SRK Team

The SRK Group comprises more than 1,400 professionals, offering expertise in a wide range of resource engineering disciplines. The independence of the SRK Group is ensured by the fact that it holds no equity in any project it investigates and that its ownership rests solely with its staff. These facts permit SRK to provide its clients with conflict-free and objective recommendations. SRK has a proven track record in undertaking independent assessments of mineral resources and mineral reserves, project evaluations and audits, technical reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies, and financial institutions worldwide. Through its work with a large number of major international mining companies, the SRK Group has established a reputation for providing valuable consultancy services to the global mining industry.

The resource audit and validation work and the compilation of this technical report was completed by David F. Machuca Mory, PEng (PEO# 100508889), with the support of Steven Mancell, PGeo (APGO#48433). Additional contributions were provided by Luis Alfonso Soto Contreras (CPG#11938), who visited the Coneto Project. By virtue of their education, membership to a

recognized professional association and relevant work experience, Dr. Machuca Mory, Mr. Mancell and Mr. Soto Contreras are independent Qualified Persons as this term is defined by National Instrument 43-101.

Mr. Glen Cole, PGeo (APGO #1416), a Practice Leader with SRK, reviewed drafts of this technical report prior to their delivery to Orex as per SRK internal quality management procedures. Mr. Cole did not visit the Project.

1.5 Site Visit

In accordance with National Instrument 43-101 guidelines, Luis Alfonso Soto Contreras visited the Coneto Project on July 13 and 14, 2021. During the site visit, Mr. Soto Contreras was accompanied by Mr. Ricardo Antonio Ojeda Rodríguez, District Geologist and Head of the Coneto Project, and Mr. Bernardo Olvera Picón, Regional Exploration Manager, of Fresnillo.

The purpose of the site visit was to review the digitalization of the exploration database and validation procedures, review exploration procedures, define geological modelling procedures, examine drill core, interview project personnel, and collect all relevant information for the preparation of a revised mineral resource model and the compilation of a technical report.

The site visit also aimed at investigating the geological and structural controls on the distribution of the gold-silver mineralisation in order to validate the three-dimensional gold-silver mineralisation domains.

SRK was given full access to relevant data and conducted interviews with project personnel to obtain information regarding procedures used to collect, record, store and analyze historical and current exploration data.

1.6 Acknowledgement

SRK would like to acknowledge the support and collaboration provided by project personnel for this assignment. Their collaboration was greatly appreciated and instrumental to the success of this Project.

1.7 Declaration

SRK’s opinion contained herein and effective August 30, 2021 is based on information collected by SRK throughout the course of SRK’s investigations. The information in turn reflects various technical and economic conditions at the time of writing this report. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently, actual results may be significantly more or less favourable.

This report may include technical information that requires subsequent calculations to derive subtotals, totals, and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

SRK is not an insider, associate or an affiliate of Fresnillo or Orex. Neither SRK nor any affiliate has acted as advisor to Fresnillo or Orex, their subsidiaries or their affiliates in connection with this Project. The results of the technical review by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

2 Reliance on Other Experts

SRK has not performed an independent verification of land title and tenure information as summarized in Section 3 of this report. SRK did not verify the legality of any underlying agreement(s) that may exist concerning the permits or other agreement(s) between third parties, but has relied on Kunz Abogados S.C. as expressed in a legal opinion provided to Fresnillo on September 13, 2021. A copy of the title opinions is provided in Appendix A. The reliance applies solely to the legal status of the rights disclosed in Sections 3.1 and 3.2 below.

SRK was informed by EDMC that there are no known litigations potentially affecting the Coneto Project.

3 Property Description and Location

The Coneto Gold-Silver Project is located in the municipality of Coneto de Comonfort, in the State of Durango, northcentral Mexico, at 24° 58’ 30” North latitude and 104° 46’ 00” West longitude. The Project is situated approximately 150 kilometres north of Victoria de Durango (Durango City), the capital of Durango State (Figure 1). The Coneto property surrounds the town of Coneto de Comonfort, which is a historic mining town with a population of 4,400.

Figure 1: Location Map for the Coneto Project, Durango, Mexico

3.1 Mineral Tenure

The Coneto Project is comprised of 19 contiguous mineral concessions encompassing approximately 4,997 hectares. Fresnillo and Orex jointly own the Project through the joint venture company, EDMC, which was formed through an association agreement dated February 2, 2012. The Project is managed by a joint technical committee involving both partners. EDMC is the current operator responsible for exploring the Project.

Mineral concession fees are paid bi-annually to the federal government of Mexico. The annual fee amount accrues in Mexican Pesos and is based on the number of hectares comprising the concession and the date of the concession title. EDMC reports that all applicable concession payments of mining duties and work commitments are in good standing by Mexican mining law. The mineral resources discussed here are located within 7 of the 19 concessions (Soledad, La Bufa, Ampl. De la Bufa, 3 en 1, 3 en 1 F2, Unificacion la Palma, and Lomas 2).

A summary of the mineral concessions is presented in Table 1: Mineral Tenure Summary of the Coneto Property. A plan showing these concessions is provided in Figure 2.

Table 1: Mineral Tenure Summary of the Coneto Property

Registered Owner	Lot Name	Title	Registration Date	Expiry Date	No. Claims	Area (Ha)	Mineral Resource
EDM Coneto	LA NOVEDAD	212373	4/10/2000	3/10/2050	1	364.71	
EDM Coneto	SAMARITANO	212374	4/10/2000	3/10/2050	1	20.00	
EDM Coneto	SOLEDAD	212593	7/11/2000	6/11/2050	1	443.41	Yes
EDM Coneto	SAMARITANO	213495	18/05/2001	17/05/2051	1	490.59	
EDM Coneto	NOVEDAD IV	214353	6/9/2001	5/9/2051	1	189.03	
EDM Coneto	AMPL. DE LA BUFA*	215734	12/3/2002	4/12/2040	1	44.00	Yes
EDM Coneto	EL ROSARIO*	216062	9/4/2002	28/10/2049	1	6.00	
EDM Coneto	EL REY*	216118	9/4/2002	30/03/2050	1	21.00	
EDM Coneto	LA BUFA*	216119	9/4/2002	2/8/2049	1	12.00	Yes
EDM Coneto	EL INDIO	216803	28/05/2002	27/05/2052	1	37.35	
EDM Coneto	3 EN 1	227109	9/5/2006	8/5/2056	1	126.00	Yes
EDM Coneto	3 EN 1 F1	227110	9/5/2006	8/5/2056	1	66.36	
EDM Coneto	3 EN 1 F2	227111	9/5/2006	8/5/2056	1	140.33	Yes
EDM Coneto	LOMAS FRACCION*	231637	28/03/2008	27/03/2058	1	0.20	
EDM Coneto	UNIFICACION LA PALMA*	231900	14/05/2008	17/05/2067	1	376.96	Yes
EDM Coneto	HUECO 1	233483	10/3/2009	9/3/2059	1	0.34	
EDM Coneto	HUECO 2	233649	31/03/2009	30/03/2059	1	2.28	
EDM Coneto	LOMAS 2*	234056	26/05/2009	27/03/2058	1	1,801.10	Yes
EDM Coneto	LOMAS 3*	245390	16/12/2016	29/03/2060	1	855.34	
				Totals	**19**	**4,997.00**	

* Originally belonging to Compañia Minera San Miguel de Coneto S.A. de C.V. and Compañia Minera Cima S.A. de C.V, and subject to royalty payments to these companies.

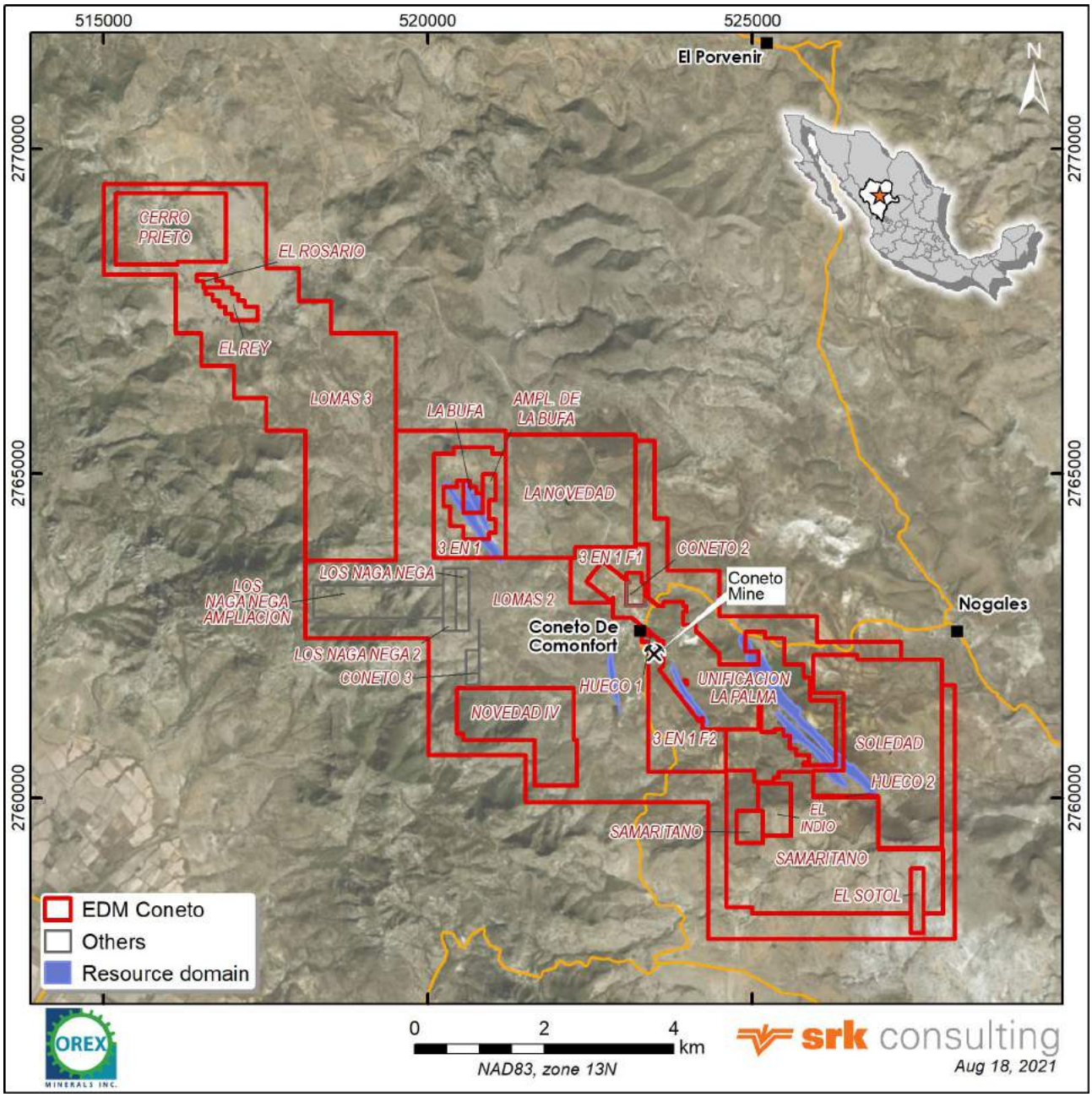


Figure 2: Land Tenure Map for the Coneto Project, Durango, Mexico with the projection of resource domains to surface

3.2 Underlying Agreements

The Association Agreement between Orex and Fresnillo was signed on February 2, 2012 creating EDMC to hold and explore the mineral concessions of the Coneto Gold-Silver Project. A joint technical committee, with both Orex and Fresnillo representation, manages the Project.

A net smelter return (NSR) royalty of 1.0% for Minera Cima, S.A. de C.V. and 1.5% for Minera San Miguel de Coneto, S.A. de C.V. is still in force for the lots originally owned by these companies (see Table 1).

EDMC entered into a contract of use for valuable title with the community of the Municipality of Coneto de Comonfort, State of Durango, Mexico. The five-year contract began on April 30, 2018 and concludes on April 29, 2023.

The terms and conditions of the contract are as follows:

- Five-year contract to develop exploration activities, including drilling, geophysics and access roads in the Project area.
- Annual payments of $230,000.00 ($MX) plus 16% VAT.
- At the signing of the agreement, the Company paid $460,000.00 ($MX) plus 16% VAT, which corresponds to the first two years.
- After the third year, the amount increases following the National Consumer Price Index (NCPI) published annually by the Instituto Nacional de Estadística y Geografía (INEGI).
- Payments are made during the first 10 calendar days of the corresponding annuity

The approval of these agreements was carried out with the majority approval of the members of La Comunidad del Coneto de Comonfort in a legally convened general assembly held on April 14, 2018.

3.3 Permits and Authorization

An environmental permit was granted for a period of two years beginning October 19, 2016, and expired on October 19, 2018. There are currently no environmental permits in force by the Secretaría del Medio Ambiente y Recursos Naturales (SEMERNAT) to carry out exploration studies that produce an environmental impact.

The company completed a report for the closure of activities corresponding to the Project "Exploración Minera Coneto 2016" dated December 07, 2018. The expired environmental permit and filing announcement for the closure of activities report are presented in Appendix A.

3.4 Environmental Considerations

There are no environmental records regarding the Coneto Project that could potentially affect the exploration activities. Additionally, there are no records of anthropological sites by the Instituto Nacional de Antropología e Historia (INAH), natural areas protected by the Mexican government or interests of indigenous groups reported in the concession area.

3.5 Mining Rights in Mexico

Mining and exploration rights in Mexico are controlled by the Federal Government. Prior to 2006, exploration and mining rights were assigned to private Mexican individuals and companies incorporated under Mexican laws, including those companies fully financed by foreign investment, by the granting of “exploration” and “exploitation” concessions, each with differing validity periods and tax and assessment obligations.

The mining law reform of April 2005 simplified the concession regime, and all new concessions are now “mining concessions”, which are valid for a 50-year period and are renewable for an additional 50-year period. Upon enactment of the mining law reform, all previously issued “exploration” and “exploitation” concessions were automatically converted to “mining concessions” without changing the effective date of the title.

Mining concessions are administered by the Dirección General de Minas (DGM), a subsecretariat of the Subsecretaría de Minería under the cabinet-level Secretaria de Economia. To maintain concessions in good legal standing, concession holders are obligated to pay semi-annual duties and to file annual documentation of exploration or development work (a minimum investment as provided in applicable Mexican mining legislation) on the concession. Concession holders are also obligated to file production reports for statistical purposes. Both the semi-annual duties and the minimum investment increase each year in accordance with rates published by the Mexican Government in the official gazette: the older the mining concession, the higher the duties payable and the amount to be invested. When the concessions are in their 7th year of issuance or greater, the amount to be invested reaches the maximum rate applicable; when the concessions are in their 11th year of issuance or greater, the amount of payable taxes reaches the maximum rate applicable.

In addition, as part of the obligations derived from titles of mining concessions, concessionaires have the obligation to file after the sixth year of the term of the concession: (i) production reports on mineral obtained from the concessions; and, (ii) technical reports on works carried out by the concessionaires, this last obligation must be fulfilled only once after the sixth year of the term of the mining concession.

4 Accessibility, Climate, Local Resources, Infrastructure, and Physiography

4.1 Accessibility

The Coneto Project is accessed by two different routes from the city of Durango. The first route provides eastern access to the property by an all-season paved road along highway 45 from Durango to Parral for approximately 106 kilometres. The highway crosses through the communities of Cerro Gordo, José María Huerto Andrade and Donato Guerra. The highway connects to a road approximately 9 kilometres north of San Juan del Rio and extends northwest for 57 kilometres to Coneto de Comonfort. The road crosses the junctions to the San Agustin and El Castillo mines operated by Argonaut Gold.

The second route option provides western access to the property by highway 45 from Durango to Parral, connecting to highway 23 at Guadalupe Aguilera. Highway 23, which runs from Guadalupe Aguilera to Santiago Papasquiero, meets a road at Guatimape after 105 kilometres. From Guatimape, the paved road passes Laguna Santiaguillo, over the Sierra de Coneto for 42 kilometres to Coneto de Comonfort.

4.2 Local Resources and Infrastructure

With a population of about 700,000, the city of Durango is a major mining centre in the region. As a result, Durango provides a source for labour and specialized tradespeople, and most of the required equipment and parts for exploration programs are found there. The village of Coneto de Comonfort has a population of approximately 4,400 people and is a source of local labour, many of whom have worked for mining ventures in the past. The village also has a public medical unit for emergencies and inter-urban bus transit (Estrella Blanca) with daily service to and from Durango.

Surficial activities on the property include ranching and farming of the land. Infrastructure in the area is advanced. There are paved roads to Coneto de Comonfort and gravel and dirt roads throughout the ranching and farming portions of the Coneto property. The village connects to the public electrical grid. There are water catchment dams in several areas of the property, which can serve as sources for diamond drilling water. Large aquifers also exist in the fault-controlled basins to the east. A secure mine complex, consisting of a mechanic shop, assay laboratory, office, and accommodations, is available and has been offered for leasing to Orex in the past. There is a small 150 tons per day capacity decommissioned flotation mill on the property.

4.3 Climate

The climate is classified as semi-dry temperate and is generally dry with sporadic, heavy rainfall in rainstorms during the hot summer months. The average precipitation in the property area ranges between 400 and 600 millimetres per year, mainly falling between May and October. The winter

months are cool and dry. Snow is rare but nighttime temperatures below the freezing mark are typical in higher elevations. Yearly average temperatures range between 16º to 20º Celsius.

Grasses and small shrubs along with several varieties of cacti make up most of the vegetation on the steep hillsides, with larger bushes and mesquite trees near springs and streams, as well as pine trees on the higher slopes. The main flora of the Project are nopales, huisaches, mesquites, palms, cactus, pasture, cardenches, and palo blanco. The fauna in the area includes deer, rabbits, hares, raccoons, and a variety of birds.

4.4 Physiography

On the broader scale, Coneto lies near the eastern side of the Sierra Madre Occidental on the western edge of the Mexican Altas Llanuras. The Altas Llanuras is also known as the Mesa Central, which is an extensive volcanic plateau characterized by narrow, northwest-trending fault-controlled ranges separated by generally flat-floored basins. The basins range in elevation between 1,900 to 2,100 metres, with higher peaks rising to 3,000 metres. The western area of the Coneto Project is a high ridge region called Sierra de Coneto, which reaches over 2,700 metres. The central and eastern areas consist of smaller hills and valleys with elevations of 2,000 to 2,200 metres. Figure 3 shows the typical landscape and vegetation on the Coneto property.

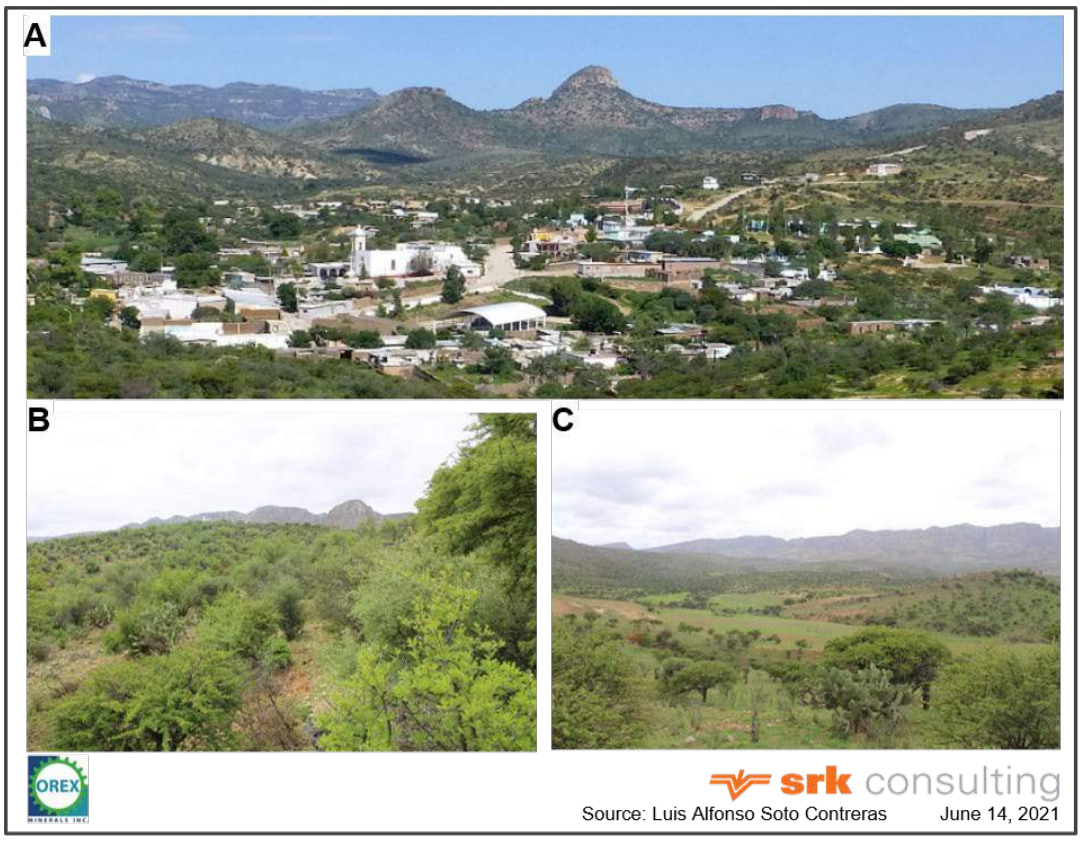


Figure 3: Typical Landscape in the Project Area
A: Town of Coneto de Comonfort
B: Huisache plants and terrain around the Coneto Property
C: Agricultural land near the Coneto Property

5 History

5.1 Exploration and Ownership History

This section is largely sourced from the Whiting and Gunning (2009) and modified to include subsequent exploration programs and additional information provided by Fresnillo. A summary of previous operators is tabulated in Table 2.

Table 2: Historical Operators at the Coneto Project

Period	Operator	Exploration Activity
1552-1790	Real de Coneto	Prospecting. Underground mining of gold and silver minerals.
1800-1910	Various Foreign Companies	Underground mine dewatering. Tin exploration.
1960-1973	American Company	200 tpd mill construction.
1972	Servicios Administrativos Frisco S.A. de C.V	Drilling (amount unknown).
1976-1990	Compañía Minera Comonfort S.A. de C.V. and Consejo de Recursos Minerales	Ramp construction, underground development. 38 boreholes (4,428 m). Preliminary mineral resource estimate.
1990-1996	Ejido Council of Coneto de Comonfort	-
1996-	Avino Silver and Gold Mines Ltd.	Structural analysis. Drilling (amount unknown) targeting Durazno and Impulsora areas. Preliminary mineral resource estimate.
Early 2000's-2007	Compañia Minera San Miguel de Coneto S.A. de C.V.	Mining of industrial mineral fluorite in the Durazno and Impulsora Mines.
2007-2009	Pan American Silver Corp.	Metallurgical testwork.
2009-2010	Orex Minerals Inc.	21 boreholes (5,006 metres).

Discovery of gold in the Coneto camp occurred as early as 1552, when prospectors visited the area and recorded mineralisation on La Bufa. Early mining activities in the Coneto mining district began in 1572 when a group of Spaniards founded the Real de Coneto. Smelting of gold and silver minerals was performed in Castilian furnaces (coal) of simple construction, and later an amalgamation process was added to extract the ore. The Spaniards left the mines in 1790 due to water in the underground workings (Ponce-Sibaje et al., 1978).

In the 19th century, various foreign companies had initiated operations on the Sauce and Palma veins (currently on Orex's Unificacion La Palma mineral concession), installing steam engines to pump out mine water. Tin exploration also took place in the rhyolites to the east of Coneto de Comonfort (Anon., 1888). These activities were suspended in 1910 due to the Mexican Revolution.

In 1960, an USA company installed the first mill with a flotation system of 200 tons per day capacity, but their operations were suspended in 1973. Compañía Minera Comonfort S.A. de C.V. operated in the property between 1976 to 1990, including the Palma and Sauce vein areas.

A report prepared for the Comision de Fomento Minero described a part of a drilling program conducted in 1972 targeting the Durazno Vein by Servicios Administrativos Frisco S.A. de C.V. (Veytia-Barba, 1974). The report focused more on the structure and groundwater fluorite potential but included a portion of the drill logs with gold and silver assays.

Between 1976 and 1981, the Consejo de Recursos Minerales (CRM) worked on the Coneto Project and constructed ramp access to the main mine workings with the portal located near the old Fortuna Tiro (shaft). Over three years (1978 to 1980) CRM excavated 3,429 metres of underground development, drilled 4,428 metres in 38 boreholes and took 4,862 channel and core samples, of which 633 samples were of core (Guzman and Alba, 1981). Evaluation of their results is not possible without access to the data. The CRM also conducted a resource and reserve estimate, but the equivalencies of methodology to the current CIM standards is unknown. Furthermore, in the 1980s, uranium exploration was in vogue and Uranio Mexicano explored the hills west of Coneto de Comonfort. Their work focused mainly on the uranium potential in the Upper Volcanic Group but referred to the geologic setting of the Gold-Silver veins in Coneto (Reyes-Cortes, 1985).

Following the 1990 closure of operations due to the low silver prices, the Ejido Council of Coneto de Comonfort filed for lack of severance pay for workers. It was awarded the property from Compañía Minera Comonfort S.A. de C.V. In 1996, Compañia Minera Mexicana de Avino S.A. de C.V., a subsidiary of Avino Silver and Gold Mines Ltd. (Avino), obtained the mineral concessions in the central part of the camp from the Ejido Council. Avino contracted ERA-Maptec Ltd. to conduct a structural analysis of the Coneto Camp. Avino produced estimates of potential tonnage for a series of veins in the Coneto mining camp, but the methodology did not conform to the current CIM standards. There is also evidence (the remains of drill core found in a building near Tiro Norte) that Avino conducted a small drilling program in the late 1990s in the Durazno and Impulsora areas, the extent of which is not known. The amount of drilling was in the order of 1,000 metres, but the core storage was poor, and the information on the results has not been found.

In the early 2000s, Compañia Minera San Miguel de Coneto S.A. de C.V. obtained the multitude of small mineral concessions of the Avino ground in the central part of the Coneto mining camp. Many of these concessions, centred around Coneto de Comonfort, were combined to form a more significant mineral concession, “Unificacion La Palma.” By sub-licensing, the concession owners allowed mining activity to proceed for the industrial mineral fluorite CaF2 in the Durazno and Impulsora Mines on the east side of the concessions. For a fluorite operation to be viable, the product must be relatively pure from deleterious elements. Sulphide and metal content within the fluorite was considered high, and the fluorite operation was shut down in 2007.

In 2007, Plata Panamericana S.A. de C.V., a wholly-owned subsidiary of Pan American Silver Corp., conducted a property examination of the Coneto mining camp, which included a metallurgical test. This test was performed only on quartz breccia material sampled from the surface in the Calaveras area of the Coneto Project and resulted in 85% silver recovery and 60% gold recovery. These recovery factors were considered preliminary as the testing methods were not been optimized for

Coneto and represented only one style of mineralisation. Nevertheless, these results were used in various internal and external evaluations, including the 2009 NI 43-101 Technical Report (Whiting and Gunning, 2009). These metallurgical recoveries are currently superseded by the new metallurgical testing completed in July 2021.

In 2007, Pan American was also re-evaluating their corporate approach for acquiring new assets, and they were moving toward more advanced development opportunities. Coneto was described as a promising exploration project, but without current reserves/resources, it did not satisfy Pan American's corporate thresholds. Management of Orex Minerals Inc. had been interested in Coneto for several years. In April 2009, a property examination was conducted by Orex Minerals (Whiting, 2009b). An announcement of the formal acquisition of all mineral concessions belonging to Compañia Minera San Miguel de Coneto S.A. de C.V. and Compañia Minera Cima S.A. de C.V. in the Coneto mining camp was released on July 16, 2009 (Orex news release).

After acquiring the concessions, Orex Minerals initiated exploration with 21 boreholes (5,006 metres) in 2010. Between 2011 and 2013 Fresnillo plc and Orex Minerals formed a Joint Venture to explore the Coneto claims and drilled 33 boreholes (11,998 metres). Subsequent exploration between 2014-2015 through the joint venture targeted the main structures through 41 boreholes (16,327 metres). The most recent drilling program on the Coneto claims was executed between 2016 and 2017 with 11 boreholes (5,215 metres).

5.2 Production History

At the Coneto Mine, silver and gold production records are mostly absent. There is one reference to production in 1989 and 1990 by Compañia Minera Comonfort, S.A. de C.V., documenting tonnage processed and recovered grades. This reference is reproduced in Table 3.

Table 3: Coneto Mine Production (1989-1990)

Year	Tonnes	Au (kg)	Ag (kg)	Recovered Grades	
				Au (g/t)	Ag (g/t)
1989	42,244	33	5297	0.8	126
1990	31,532	22	4372	0.7	138

6 Geological Setting and Mineralisation

The following subsections rely on information sourced from the Whiting and Gunning (2009), Whiting and Davila (2010), 2021 presentation material from Fresnillo, and the SRK site visit conducted in July 2021.

6.1 Regional Geology

The Coneto property is located in the Mesa Central geological subprovince (also known as Altas Llanuras or High Plains) on the eastern flank of the Sierra Madre Occidental. The elevations vary from 1,980 metres in the Santiaguillo Lagoon valley to 2,740 metres in the Sierra de Coneto.

The Mesa Central subprovince is a volcanic-sedimentary highland. The volcanics are mainly Tertiary (Paleocene) to Quaternary (Pleistocene) sequences of andesite, dacite-rhyolite and basalt. The present basin and range topography reflect north- to northwest-trending linear grabens along the range fronts. The volcanic rocks in the Sierra Madre Occidental rest on a basement of Cretaceous and earlier calcareous and metasedimentary rocks and have been divided in two series, the Lower Volcanic Group and the Upper Volcanic Group. The Lower Volcanic Group overlays the Cretaceous rocks basement and consists of andesitic composition rocks, including tuffs, tuffaceous sandstones, andesite lava flows, and andesite breccias of Paleocene-Eocene age. The upper volcanic series is a thick ignimbritic package formed by acidic rocks of Oligocene-Pliocene age.

In the region extending north of the city of Durango, the exposure of metasedimentary rocks of Cretaceous age is evident in small windows through the Tertiary volcanic rock cover. These comprise of mudstone, shale, limestone, and polylithic conglomerate with volcanic, sedimentary and limestone clasts. While conglomerates are not widely exposed, they form an important unit below such mining camps as La Preciosa and La Pitarrilla. These correspond to the rocks exposed in most of the central part of Coneto and the underground workings. In the hills to the west, known as Sierra de Coneto, the Lower Volcanic Group underlies thick sequences of rhyolite and dacite ignimbrite, tuff, felsic intrusives and volcanic breccia of the Oligocene-age Upper Volcanic Group. Some basins and parts of the lower hills are covered with varying thicknesses of Pliocene to Pleistocene basalt. The basalts erupted from numerous vents now marked by small volcanic cones and domes dotting the plains. Figure 4, shows a regional map of the surface geology around the Coneto property.

Structurally, three regional blocks trending northwest-southeast converge at depth to regional faults of the same orientation. These blocks correspond to the Coneto-Canas-Lajas sierras in the east, the Laguna Santiaguillo tectonic trench in the central-south and north-west areas, and the Sierra Epazote in the south-west sector. Normal northwest-southeast trending faults with strike lengths of 1 to 5 kilometres affect all the lithological units. These faults also correspond to veins whereby fluids have utilized structural conduits.

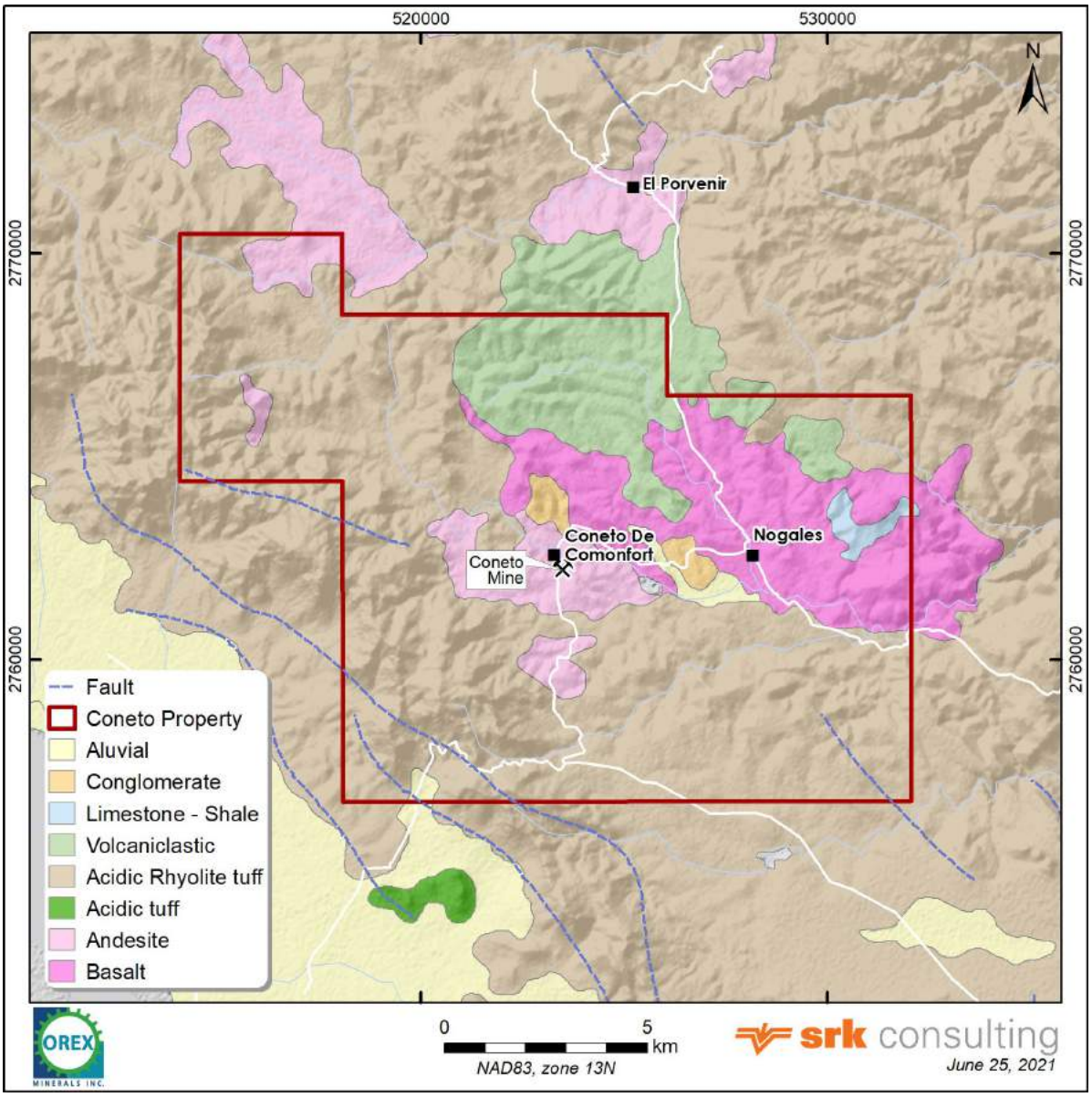


Figure 4: Regional Geology Setting of the Coneto Property

6.2 Property Geology

The host rock to the Gold-Silver bearing veins is primarily the Lower Volcanic Group andesites. The andesites outcrop through an erosional window and are Eocene-Oligocene in age. Lowest in the sequence and not exposed directly in the Coneto mining camp are the Cretaceous sedimentary units described by Reyes (1985). During his broader area mapping, he recorded a basement unit of sandstones, tuffaceous sandstones and mudstones, with some folding, followed by increasingly tuffaceous sandstone and conglomeratic units, with minor limestone lenses.

Overlying these sedimentary-dominated units is the Tertiary aged Lower Volcanic Group. These are composed of andesite lava flows, andesite agglomerate and andesite breccias. Near the top of the Lower Volcanic Group, the rocks become progressively more felsic. The Lower Volcanic Group may be 300 metres thick in the Coneto area, based on comparisons to other similar camps.The Tertiary aged Upper Volcanic Group, dominated by rhyolites, ignimbrites and felsic intrusive, overlies unconformably. The contact is evident along the access road south of Coneto. Most of the Sierra de Coneto to the west is composed of the Upper Volcanic Group. A Pleistocene post-mineralisation conglomerate is exposed mainly along the northeastern margin of the Coneto mining camp, along with younger basalt and basaltic andesite units.

The volcanics, mostly rocks of the Lower Volcanic Group, comprise 95% of the study area and constitute the bedrock of the known structures. The upper sections are rocks of rhyolitic composition, dominantly tuffs and ignimbrites. Veins hosted in the Lower Volcanic Group have variable degrees of hydrothermal alteration associated with the mineralisation structures. These alterations include kaolinitisation, silicification, and pyritisation. In addition, later meteoric waters oxidize the upper levels of the vein systems. Figure 5 presents a map of the local geological context of the Coneto Project. A simplified stratigraphic column for the property is shown in Figure 6.

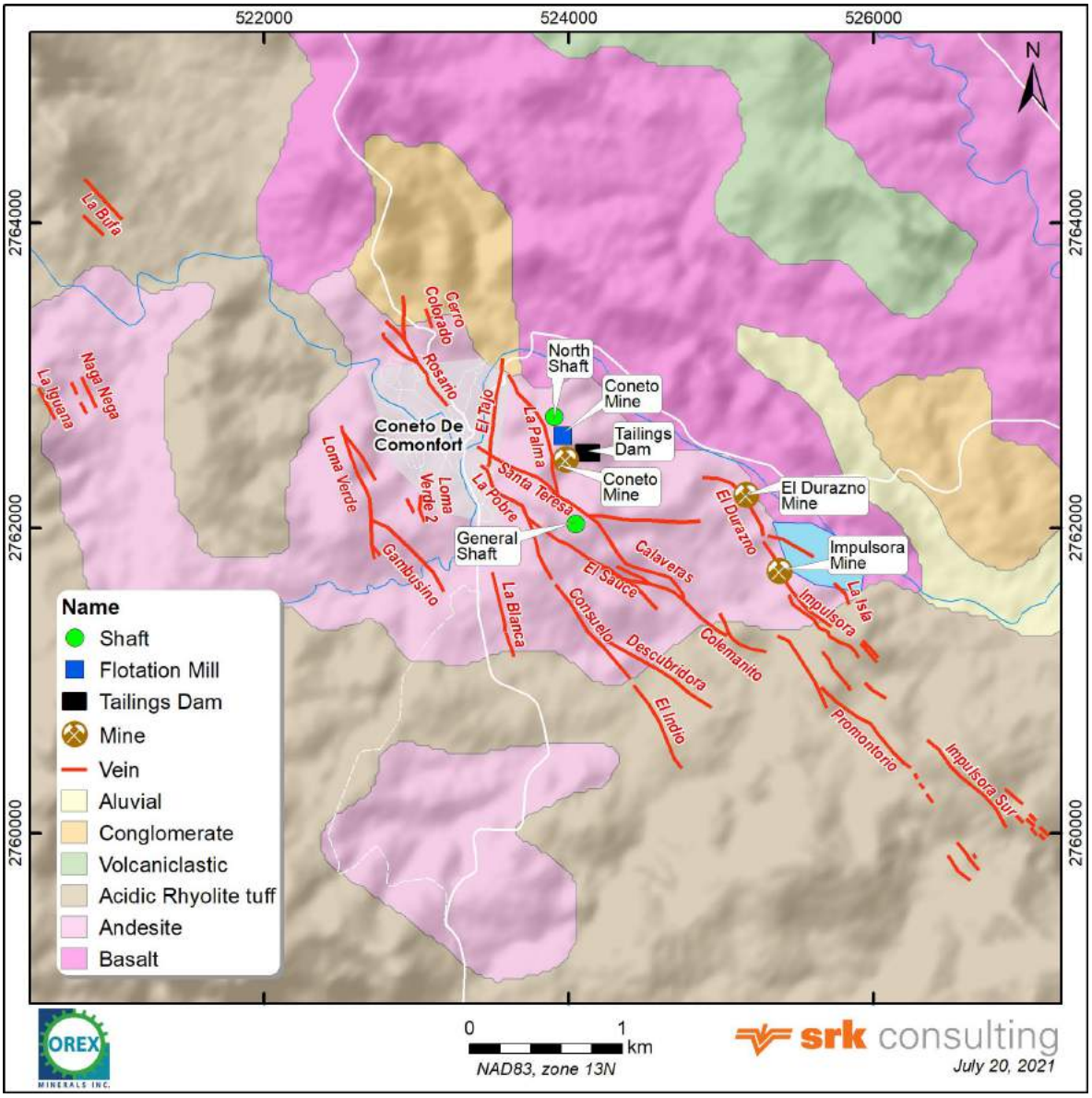


Figure 5: Local Geology Setting of the Coneto Property

Source: Modified from Fresnillo plc

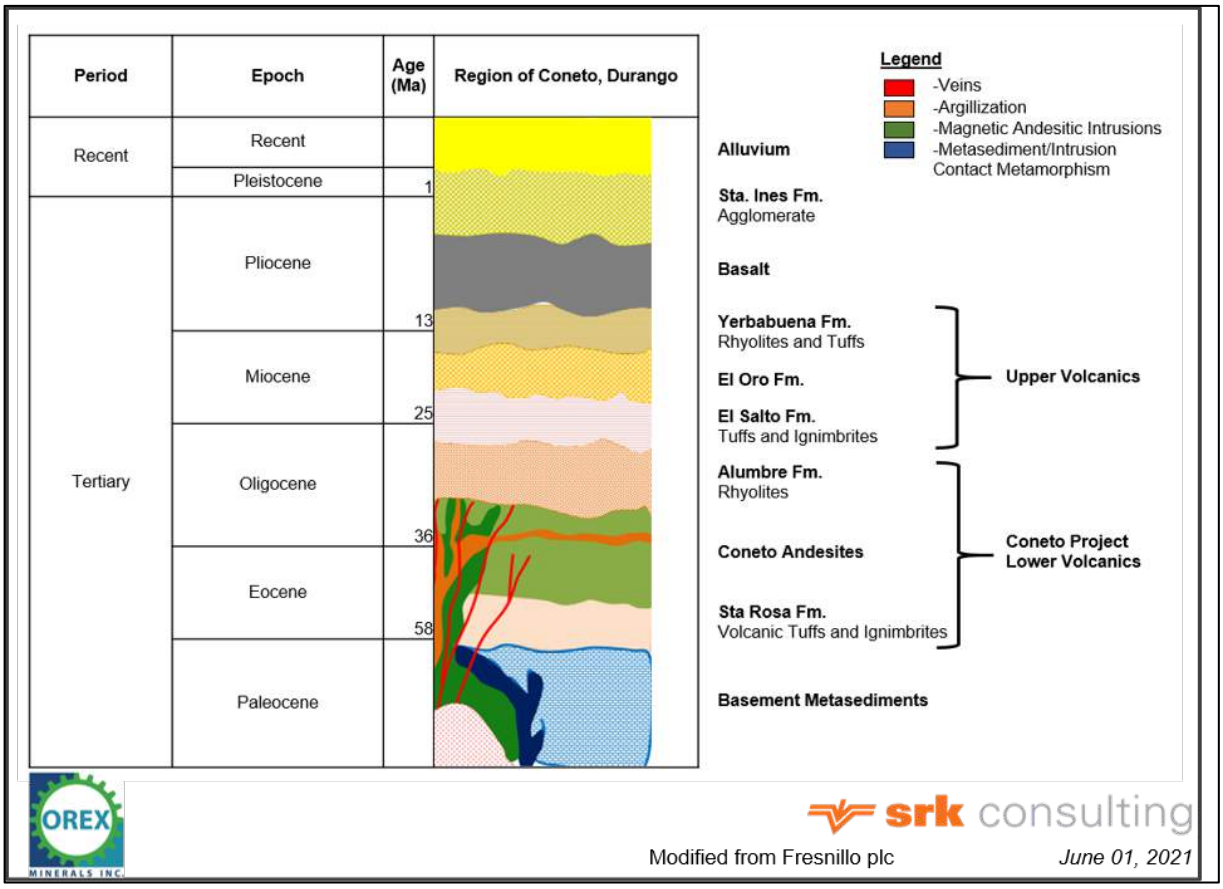


Figure 6: Stratigraphic Column for the Coneto Property

6.3 Mineralisation

Mineralisation in the Coneto Project appears as low to intermediate sulphidation epithermal veins. The zonation of mineralisation is indicative of the lower levels of an epithermal system. The following six phases provide a general description of the mineralisation paragenetic sequence:

Phase 1. Sparse, fine-grained pyrite crystals and epidote, chlorite and kaolinite are emplaced. The fluids related to this phase are part of the system that caused propylitisation.

Phase 2. Quartz-calcite veins are emplaced with pyrite, silver minerals, and gold. Sulphide mineralisation includes tetrahedrite, argentite, chalcopyrite, and pyrite. This is the main gold and silver emplacement mineralisation stage.

Phase 3. Initial fluorite emplacement occurs in the cryptocrystalline and banded form. Botryoidal fluorite is emplaced in the waning stages and is associated with a potential sharp drop in temperature. This phase is sterile.

Phase 4. Sterile quartz phase precipitated on calcite and mylonitised zones forming secular quartz.

Phase 5. A second phase of crystallized fluorite and calcite emplacement.

Phase 6. Oxidation of chalcopyrite, covellite, and formation of silver halides along with possible remobilization of calcite.

The ore mineralogy is hosted in silicified andesite breccias cemented by quartz. Gold, silver and fluorite minerals are present. Flourite is found as matrix replacement in the breccias and along contacts with the host rocks. Silver minerals identified through petrographic studies of thin sections include Polybacite, Pearcite, Prousite, Pyrargerite, and Argentite, with the additional presence of free gold.

Mineralisation controls are primarily structural and secondarily lithological. Economical gold and silver mineralisation appear in hydrothermal quartz plus calcite veins that formed in pre-mineralization faults. This fault system corresponds to a distensive event that allowed the introduction of hydrothermal fluids. Pre and post mineralisation lithologies can be found within the area of the Project. The post-mineralisation rocks include ignimbrites, rhyolites and felsic intrusives belonging to the upper volcanic group. The mineralisation is hosted in rocks of the Lower Volcanic Group, which is composed of a series of volcanic rocks including tuffs, agglomerates and breccias. Gold and silver mineralisation occurs in veins, veinlets and stockwork.

There are over 40 veins documented in the Coneto property. Some individual veins have been mapped for over 2 kilometres along strike and vary from 1 to 20 metres thick. In addition, there are quartz stockwork and breccias in both hanging and footwall zones of significant veins. Quartz veins and breccias, which tend to be more resistant to weathering than the host rocks, often appear as outcrops (see Figure 7). The veining and associated hydrothermal alteration corridor extend approximately 16 kilometres in an northwest-southeast direction, the dominant strike direction of the veins, and 4 kilometres in an southwest-northeast direction.

Table 4 presents a general description of the geometry of the six veins comprising the bulk of the gold and silver mineralization. They strike northwest and dip steeply to the northeast or southwest. The thickness of the epithermal veins is smallest at Santo Niño at 80 centimetres and is up to 500 centimetres at Promontorio. More detailed descriptions of these veins and other mineralised structures within the project not included in the current mineral resources estimates are presented next.

Table 4: Description of Veins Included in the Mineral Resources Estimate for the Coneto Project

Name	Orientation		Dimensions		
	Strike	Dip	Thickness (m)	Strike (m)	Dip (m)
La Bufa	NW 25° SE	70-80° NE	1.00	800	500
Santo Niño	NW 30° SE	75° NE	0.80	1,500	500
Loma Verde	NW 20° SE	80-85° NE	1.00	1,500	500
Descubridora	NW 30° SE	70° SW	1.00 to 1.50	1,500	300
Promontorio	NW 45° SE	70° SW	5.00	1,500	400
Impulsora	NW 45° SE	70° SW	1.50 to 3.00	3,000	500

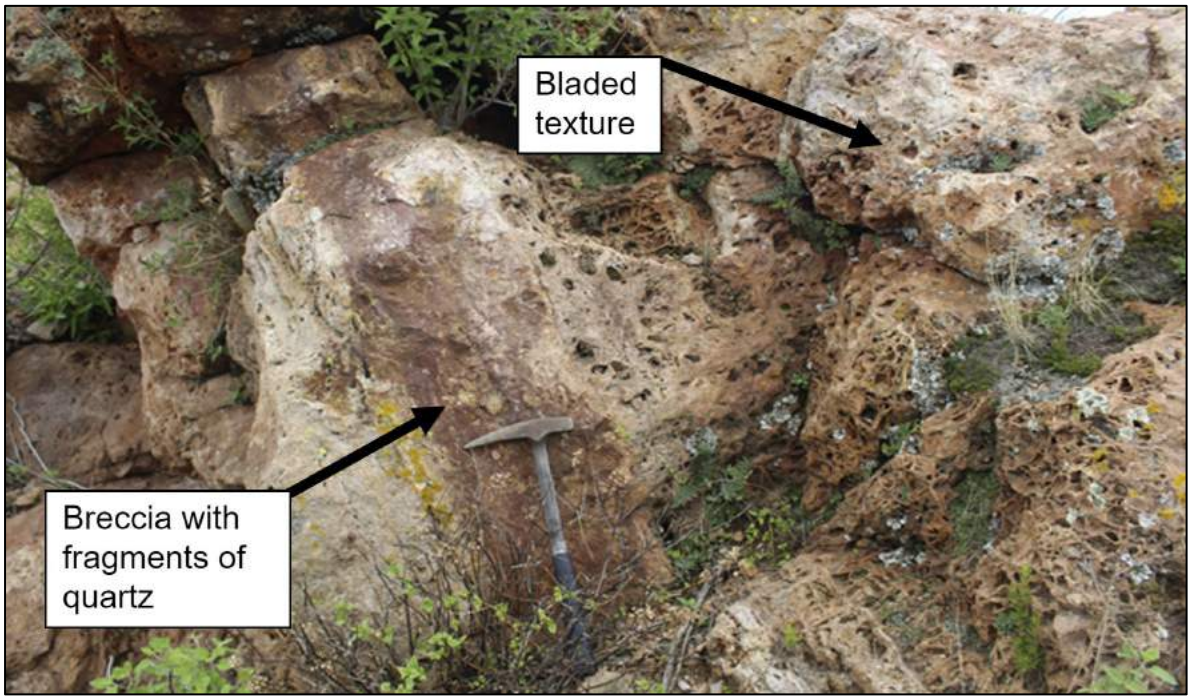


Figure 7: Coneto Vein, Breccia with Associated Bladed Texture Prominently Exposed Due to Preferential Weathering

Source: Luis Alfonso Soto Contreras

6.3.1 La Bufa and Santo Niño Area

La Bufa and Santo Niño veins are located in the northwestern “3 en 1”, La Bufa, and Amplicacion La Bufa concessions, 3 kilometres northeast of the town of Coneto of Comonfort. These and other veins in the area have been historically mined for gold in small workings. Paragenetic Stages 1 and 2 have been recognized in the Santo Niño Vein. Eastwards this vein is La Bufa vein and its splays. Paragenetic Stages 1 to 4 have been described along its length. The intensity of veining in La Bufa package and the shear zone contacts may reflect changes in host rock lithology, from andesite at the base to more rhyolitic near the top. Figure 8 shows a geological map of La Bufa Area, and Figures 9 and 10 present related cross-sections. La Bufa splays are not included in the current mineral resources model; neither is the El Reliz Vein west of Santo Niño vein and the Elizabeth Vein, which is located obliquely between El Reliz and Santo Niño.

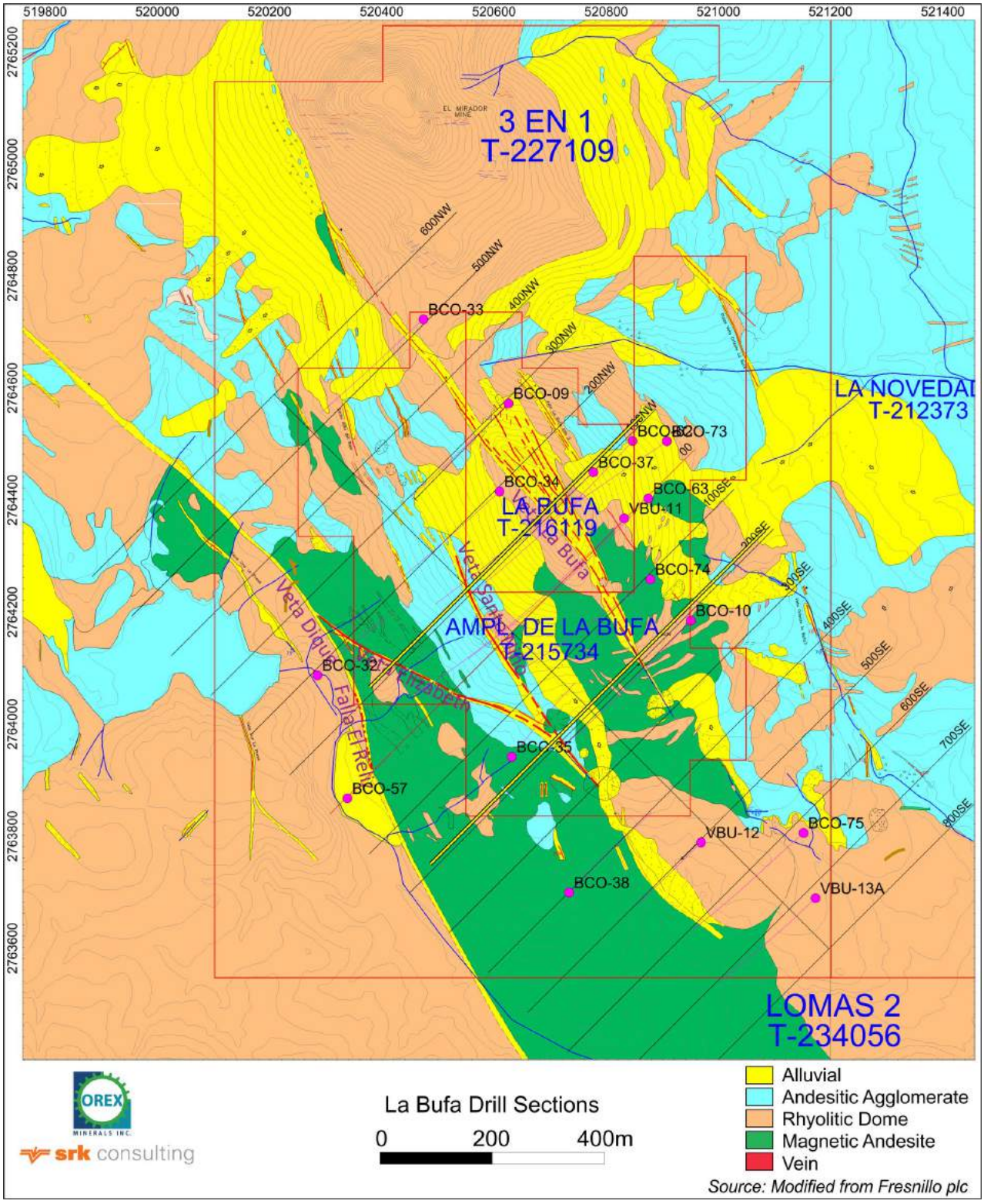


Figure 8: Geological Plan Map of La Bufa and Santo Niño Showing Section Lines

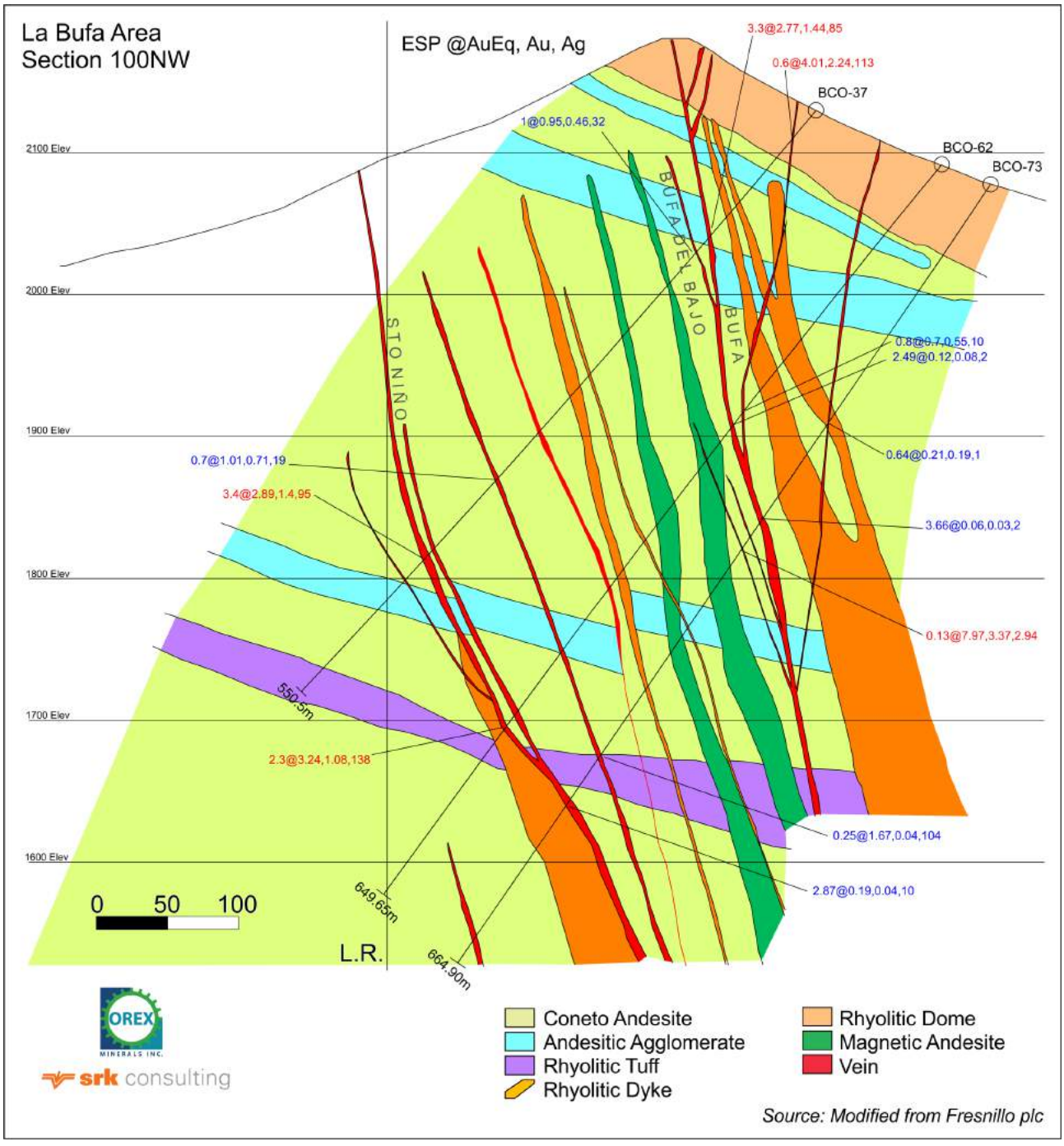


Figure 9: Geological Cross-Section 100NW through La Bufa and Santo Niño Veins

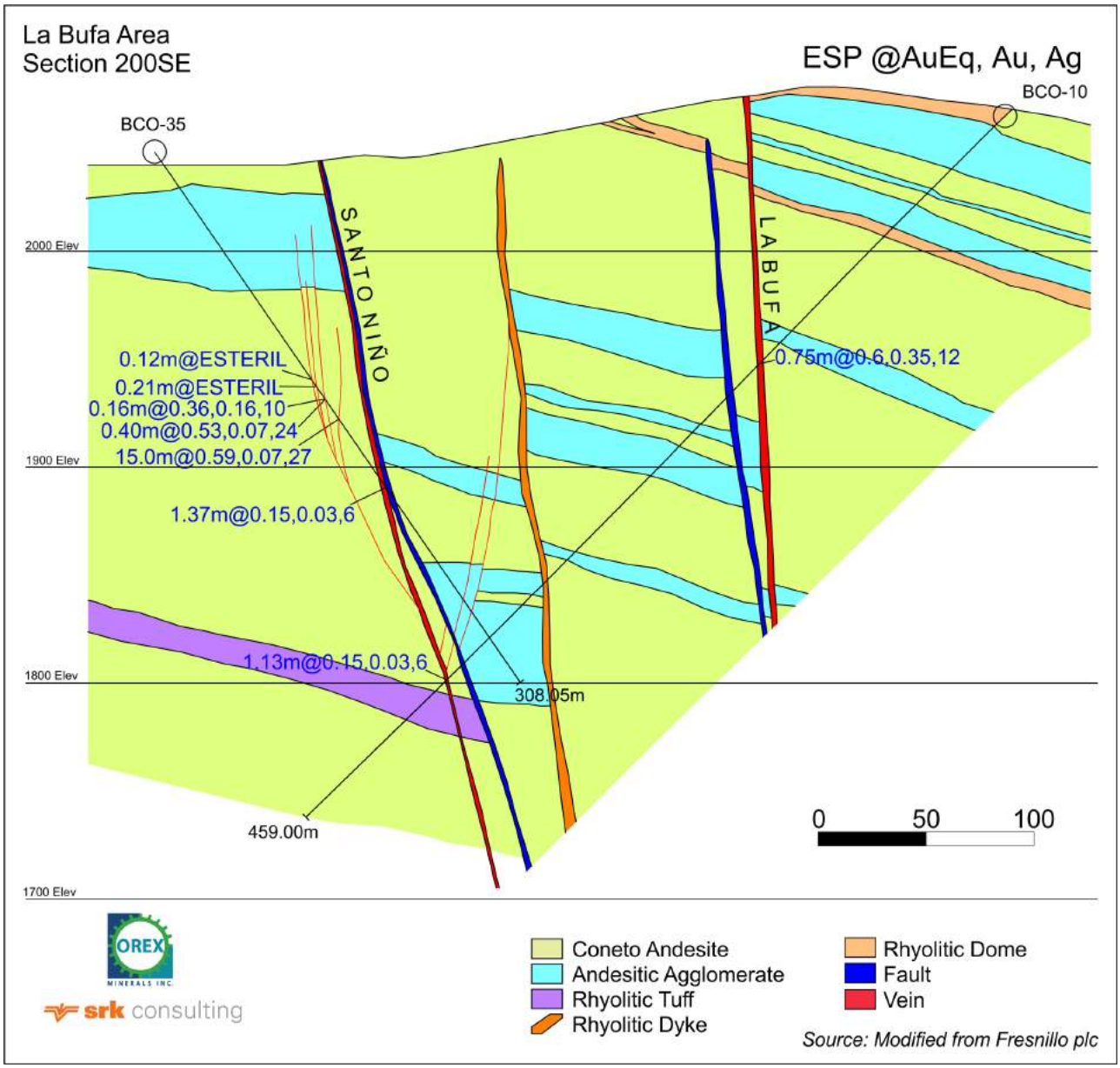


Figure 10: Geological Cross-Section 200SE through La Bufa and Santo Niño veins

6.3.2 Las Lomas - Descubridora Area

Southeast of the La Bufa Concession is the Lomas 2 concession which contains the Loma Verde 1, two veins and its splays. This group is located 1 kilometre west of the Coneto of Comonfort town. All paragenetic stages are present in this group. There is also extensive limonite and kaolinite alteration south of Loma Verde. Historical references describe a 3.15-metre borehole intersecting Loma Verde 1 with 2.35 g/t gold and 224 g/t silver. This intersection has not been corroborated by SRK. From this group, only the Loma Verde 1 vein is included in the current mineral resources estimates. A geological plan map and associated cross-sections for the Loma Verde vein are in Figure 11.

An outcrop of the Loma Verde vein is shown in Figure 12. Geological cross sections through the Loma Verde vein are illustrated in Figure 13 and Figure 14.

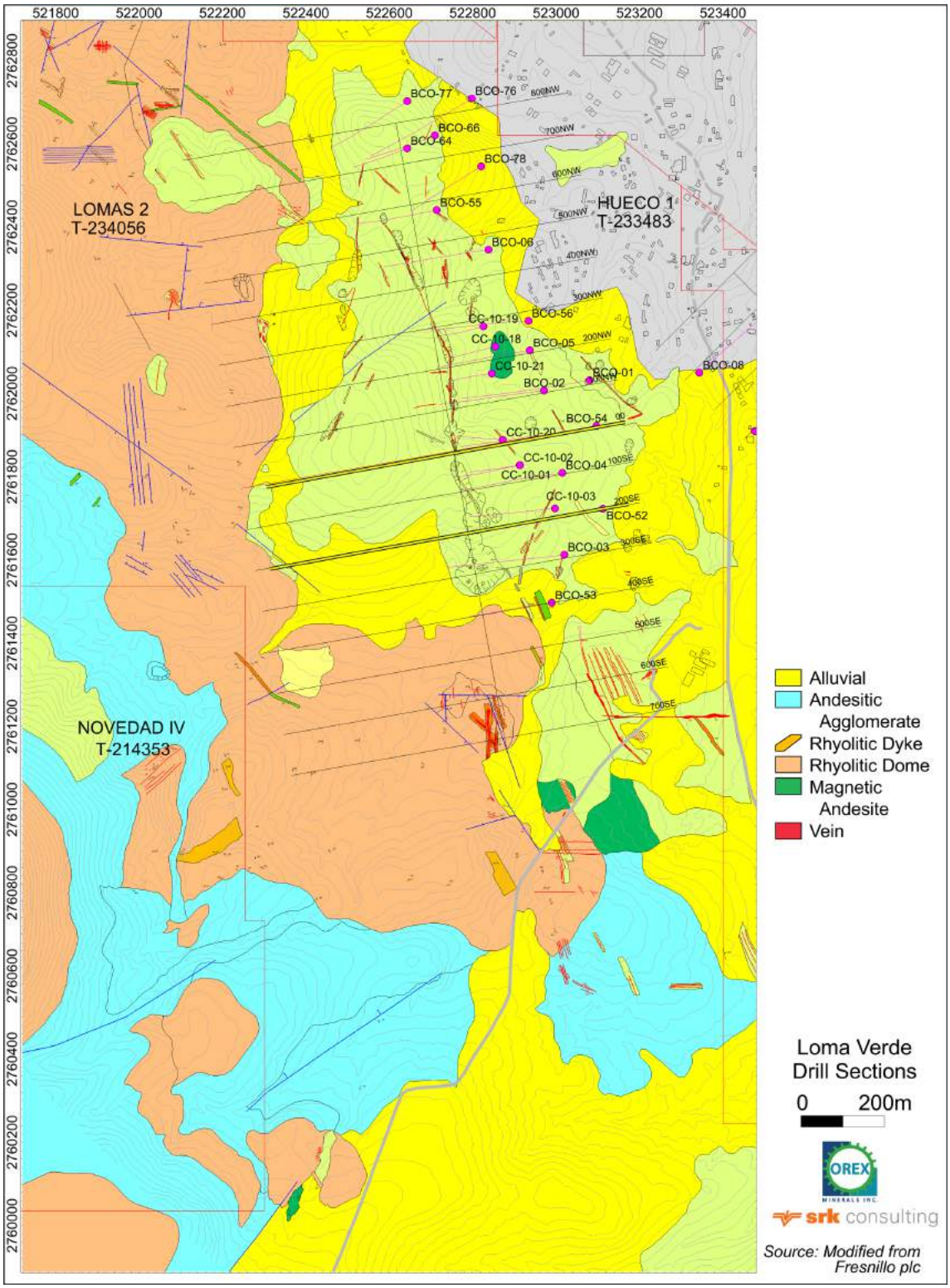


Figure 11: Geological plan map of Loma Verde Vein and Associated Section Lines

Figure 12: Loma Verde Vein Outcrop

Source: Luis Alfonso Soto Contreras

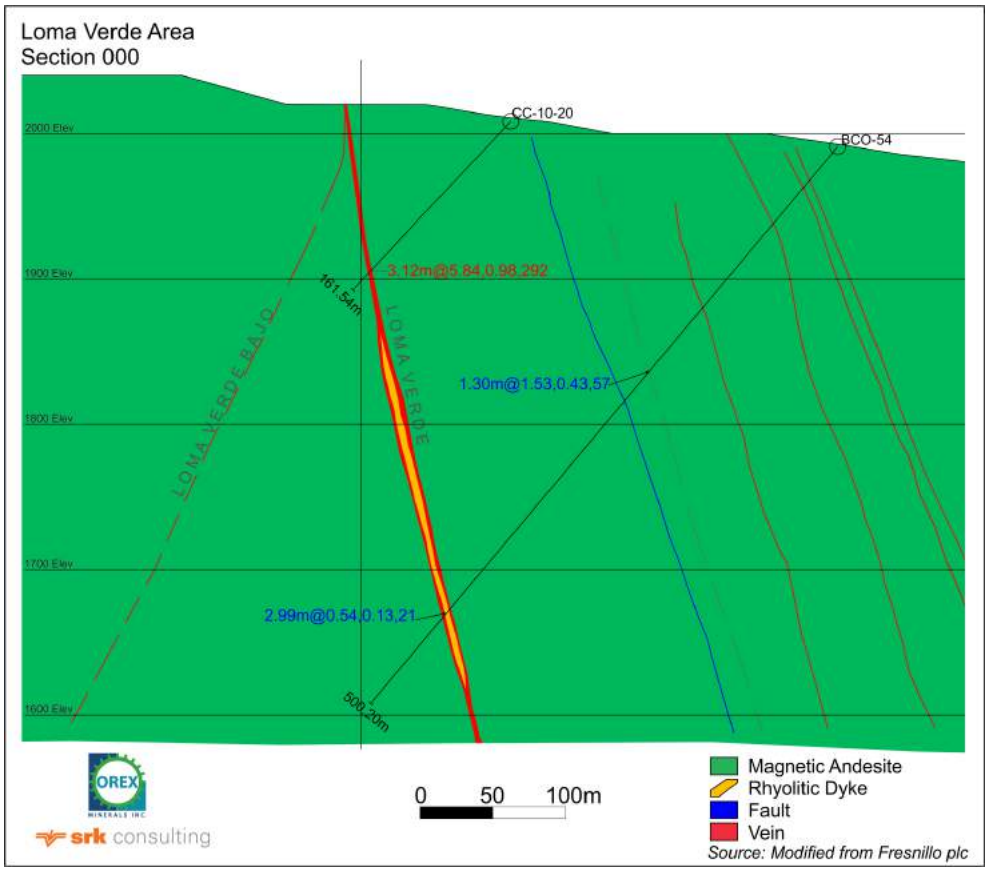


Figure 13: Geological Cross-Section 000 Through Loma Verde Vein

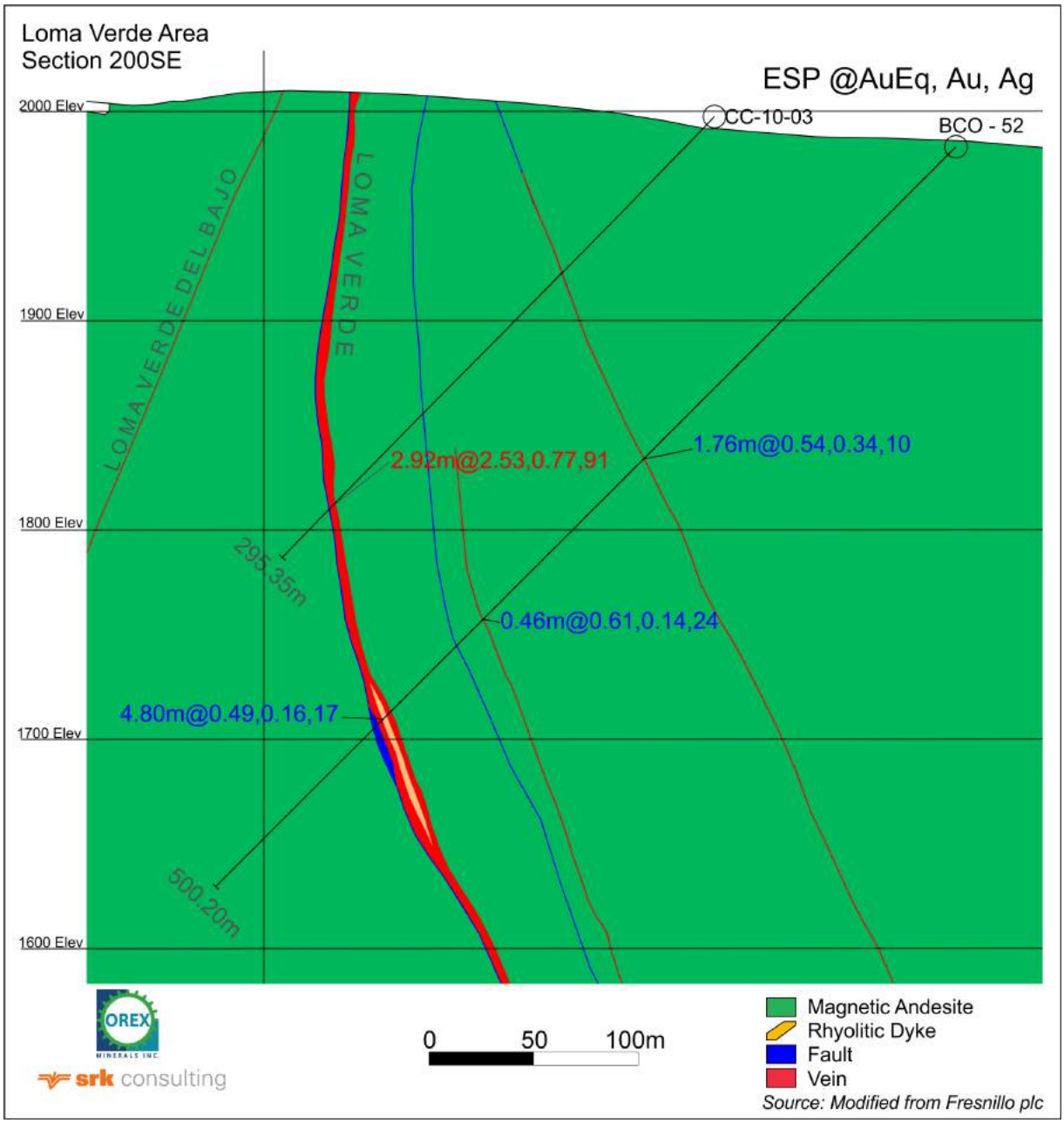


Figure 14: Geological Cross-Section 200SE through Loma Verde Vein

The Descubridora vein is located 2 kilometres southeast of Coneto the Comonfort town, within the Unification La Palma concession.. This vein is an eastern branch of the alignment formed by La Pobre, Consuelo and Indio vein, which are not included in the current mineral resources estimates. Despite several exposures of the Consuelo and Indio veins present in the area, these veins remain largely unexplored. The Descubridora vein and local geology in plan view are in illustrated in Figure 15, with associated cross-sections provided in Figure 16 and Figure 17.

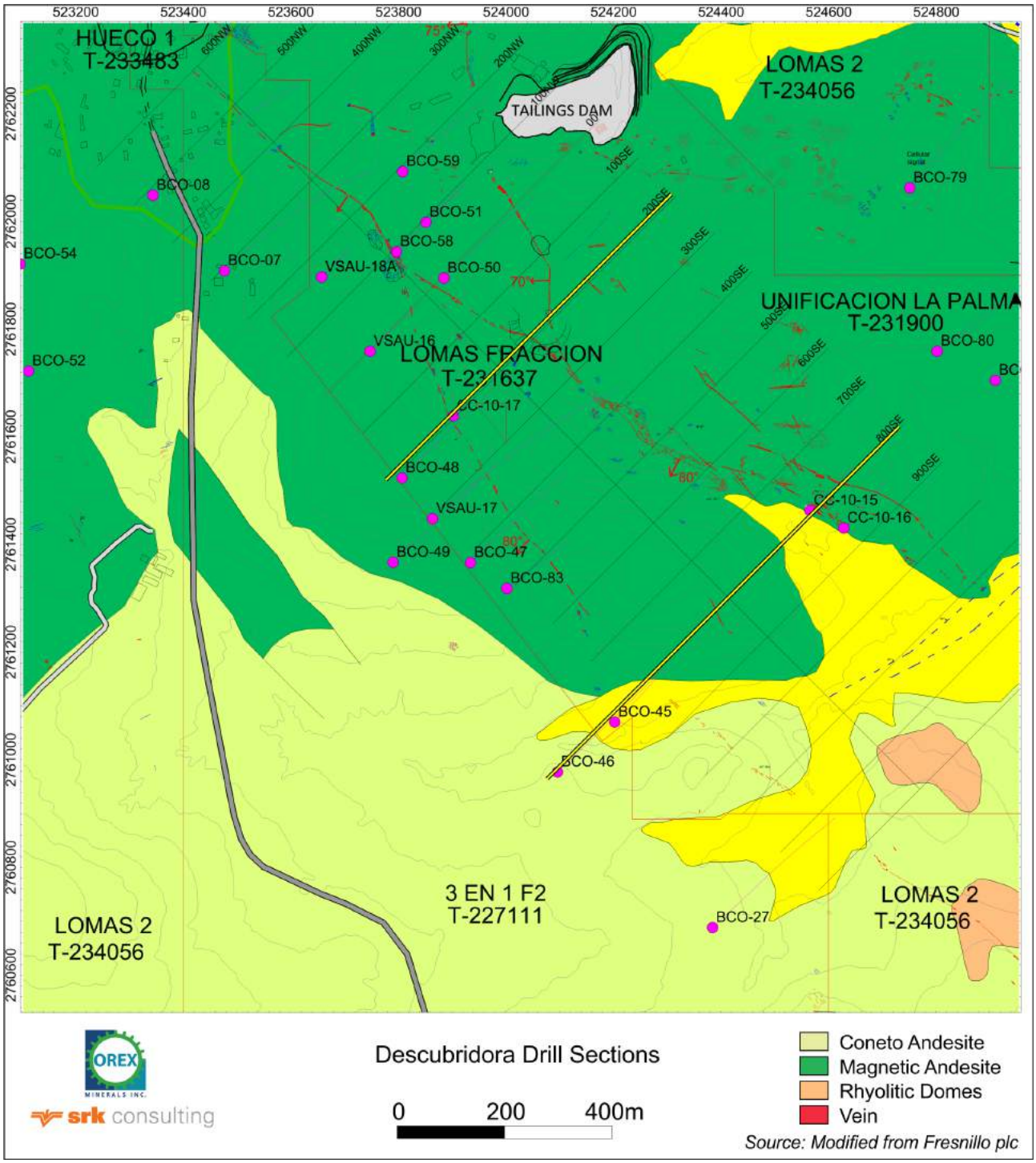


Figure 15: Geological plan map of Descubridora vein Showing Section Lines for Figure 16 and Figure 17.

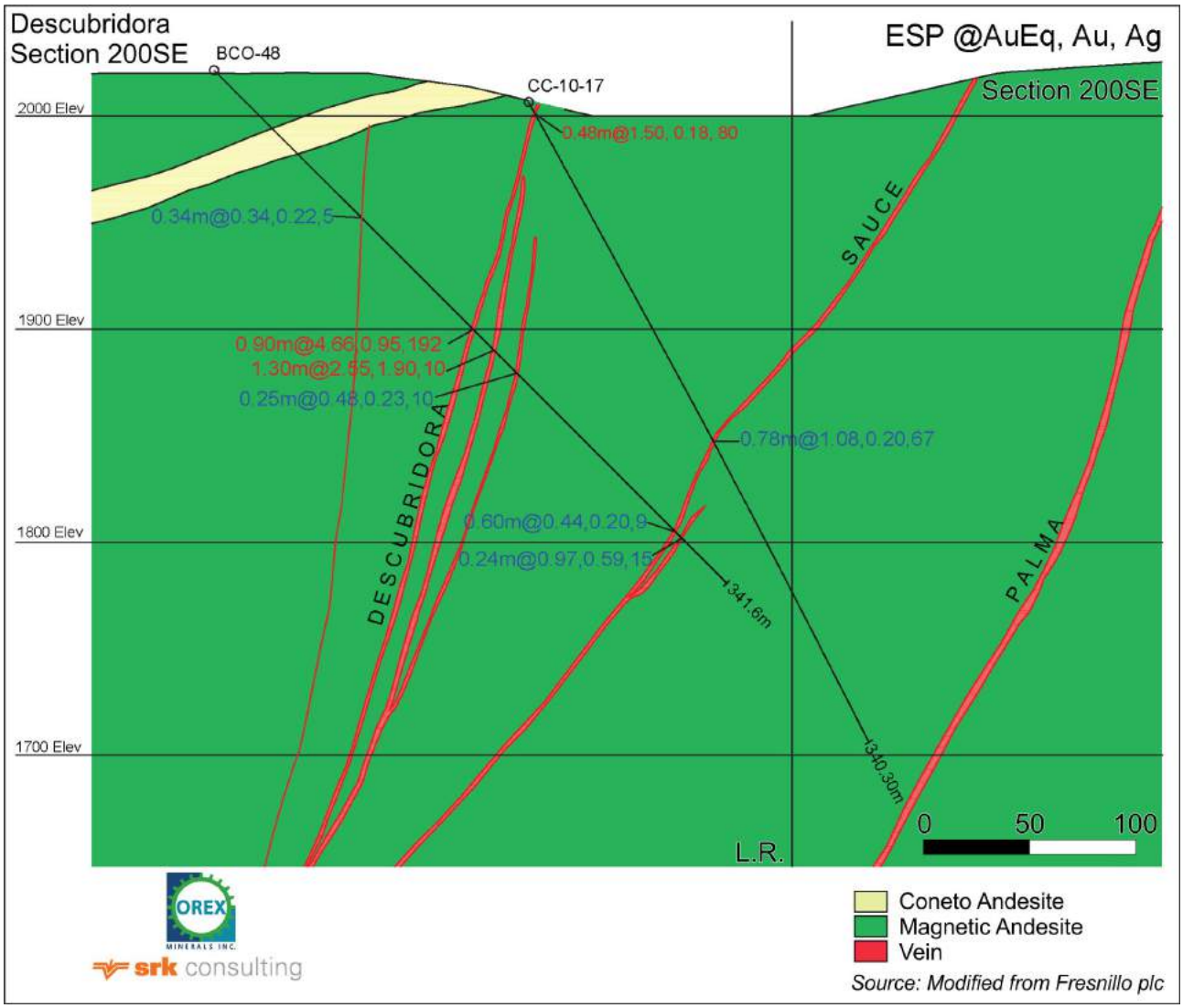


Figure 16: Geological Cross-Section 200SE Through Descubridora Vein

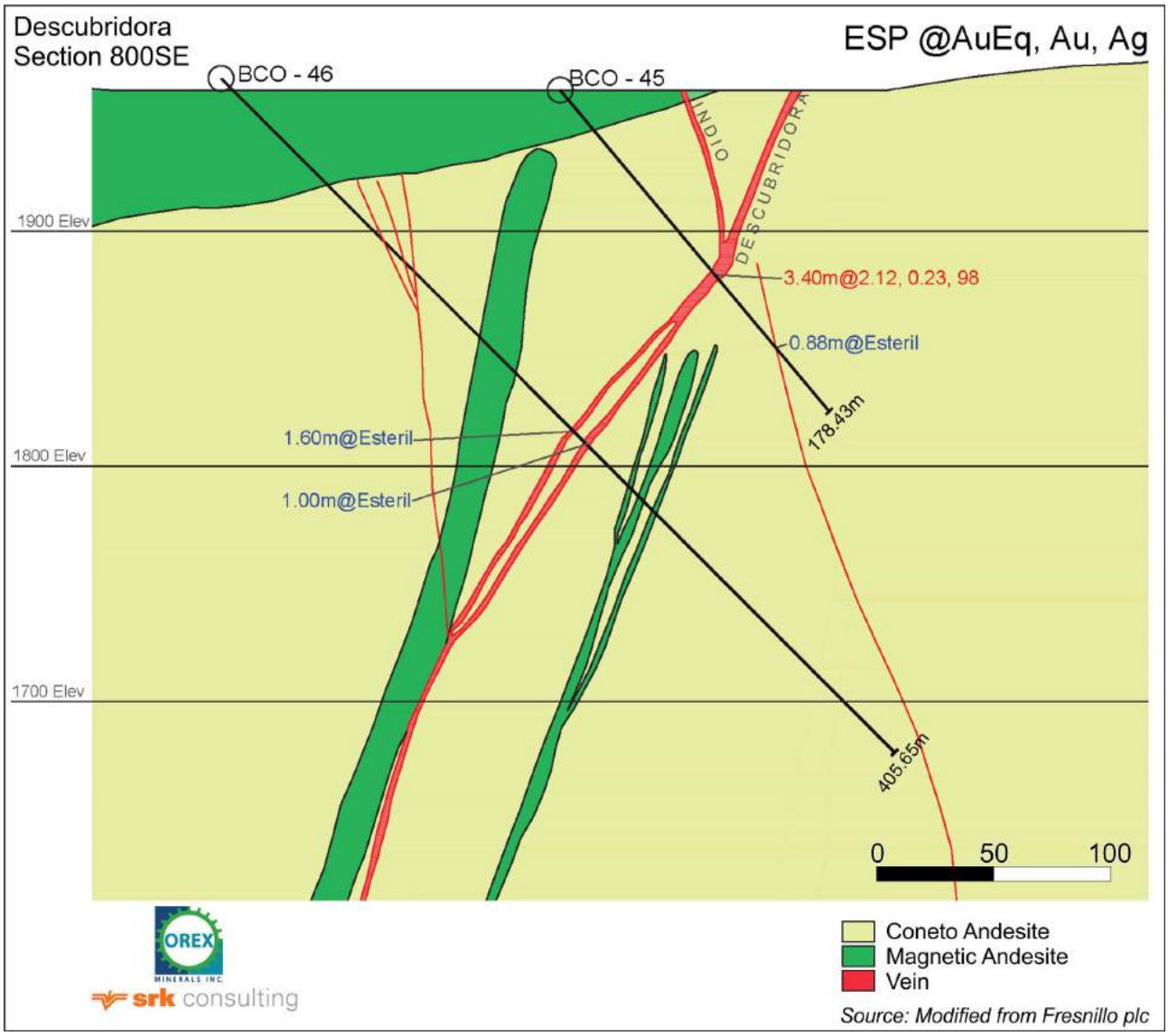


Figure 17: Geological Cross-Section 800SE Through Descubridora Vein

6.3.3 Promontorio and Impulsora Area

Within the Unificacion la Palma concession and and extending eastwards and southeastwards to the Soledad and Samaritano concessions are the subparallel Promontorio and Impulsora veins. The Impulsora vein was mined for fluorite in the 2000's but grades were low and the concentrate was considered poor quality due to the iron oxides present in the quartz-fluorite vein.

To the south, the Impulsora vein tends to pinch out and horsetail and outcrops as a breccia with gold and silver quartz fragments (Figure 18).

To the north, the Impulsora vein extends into the Durazno vein, which has not been included in the current mineral resources estimate. In the Durazno mine, there is a small open cut and a ramp leading to four mine levels that were developed to explore and exploit high-grade fluorite from the main Durazno vein. All but the upper mine levels are currently flooded now.

The Durazno vein has been traced for over 1,500 metres and is up to 20 metres thick. With depth, fluorite grades decrease, but silver and gold grades increase. Several historical boreholes reported silver and gold grades, including an 11-metre intersection with 2.29 g/t gold and 71.7 g/t silver. These reports cannot be corroborated.

North of the Durazno vein is a more east-west trending vein called Tres Amigos. There is a small underground working on Tres Amigos. One of the widenings of the Durazno vein may be related to the intersection with the Tres Amigos vein. This vein has not been included in the mineral resources estimate.

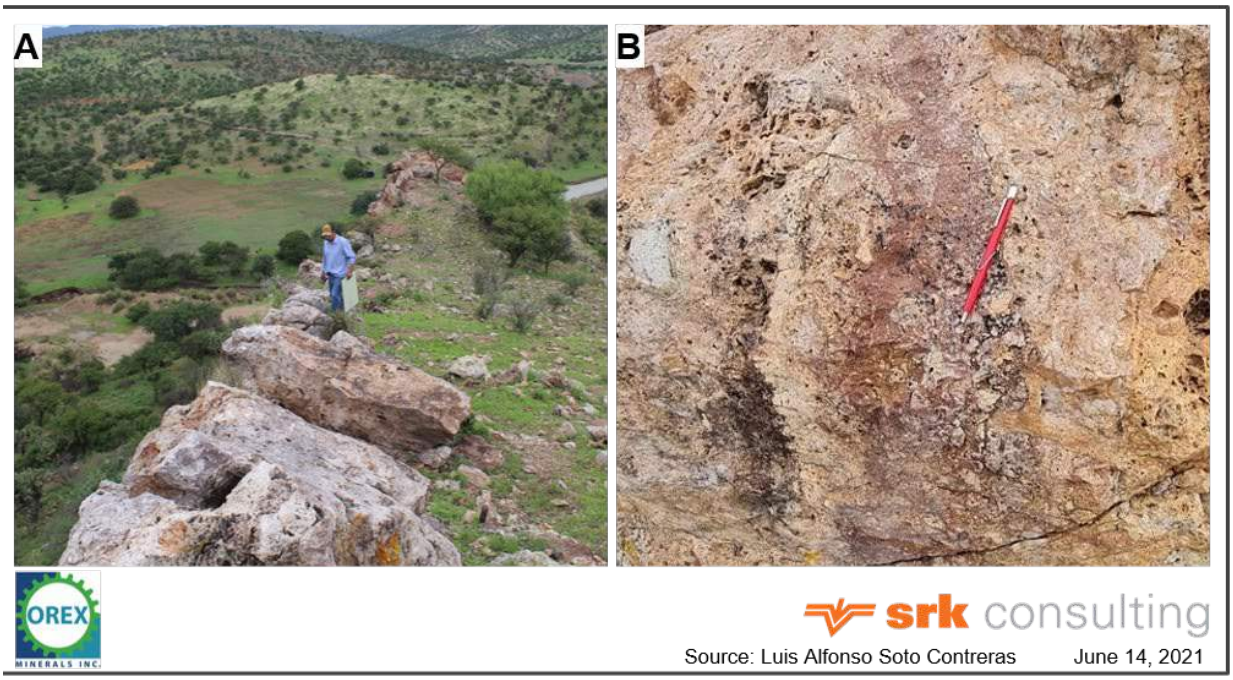


Figure 18: Impulsora Vein
A: Outcrop
B: Outcrop close up showing silicified fragments and quartz

West of the Impulsora Mine is the Promontorio vein, which forms the southern branch of a northwest structural trend continued by the Colemanito, Calaveras, and Coneto Mine veins. There is one old mine access crosscut and drift called Nogales adit near the northwest end of the Promontorio vein, but it is inaccessible. Much of the early results from Orex's exploration and sampling came from the Promontorio vein area. The Impulsora and Promontorio veins and local geology are displayed in plan in Figure 19, and the associated cross-sections are in Figure 20 and Figure 21.

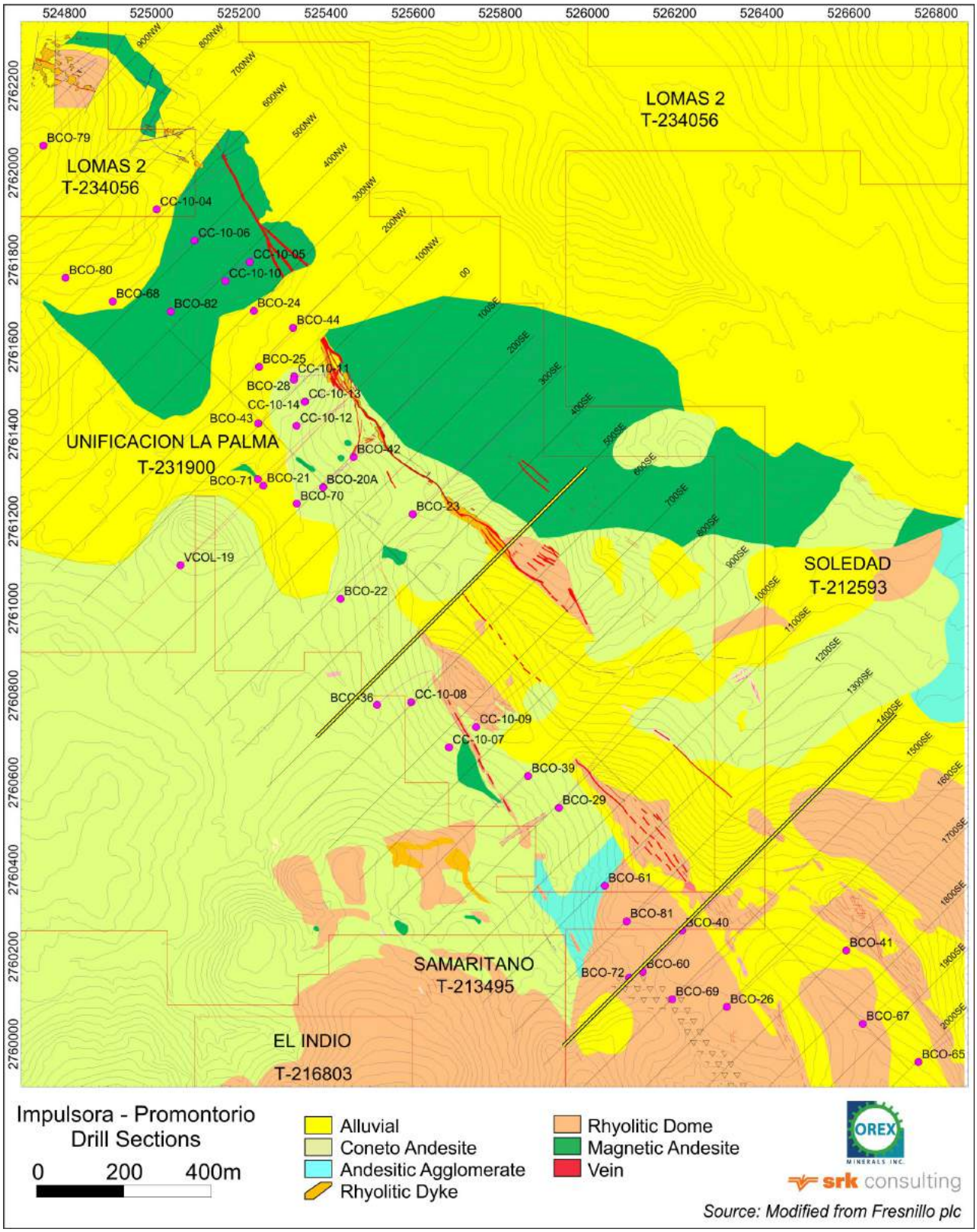


Figure 19: Geological Plan Map of Impulsora and Promontorio Veins and Associated Section Lines

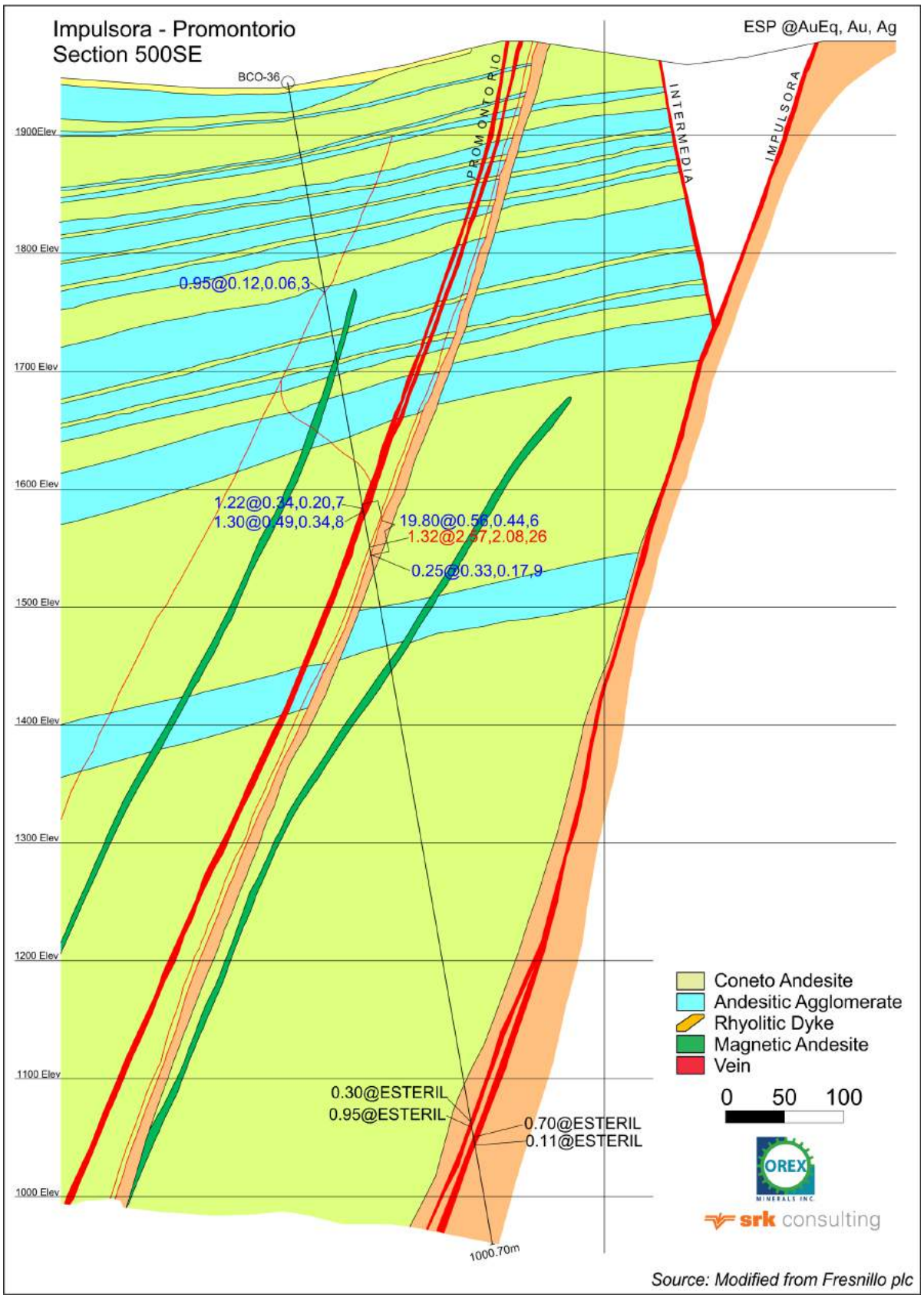


Figure 20: Geological Cross-Section 500SE Through Impulsora and Descubridora Veins

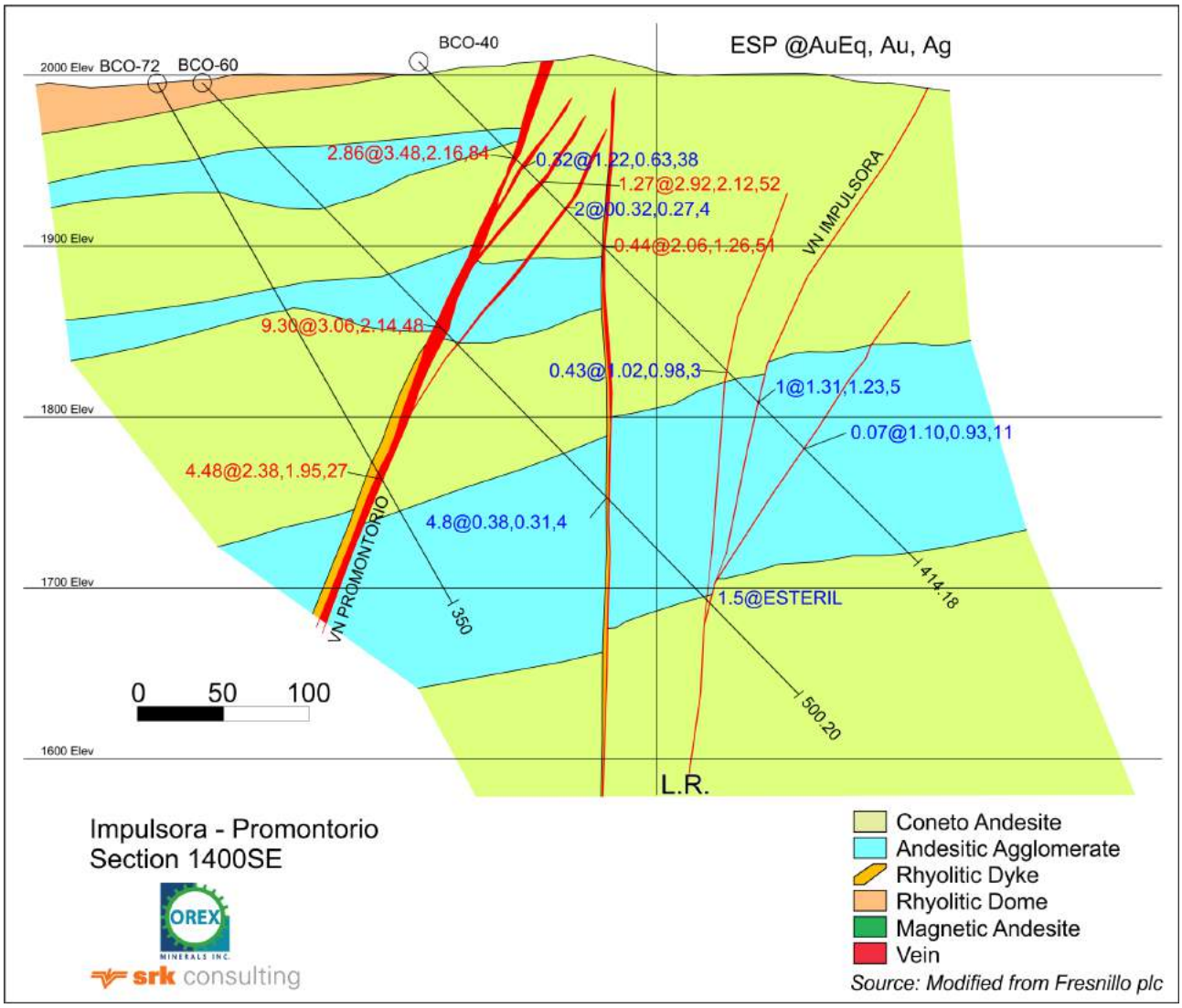


Figure 21: Geological Cross-Section 1400SE Through Impulsora and Descubridora Veins

The Colemanito vein outcrops as a silicified hill between the northwest end of Promontorio and the Calaveras veins. It exposes veining for about 300 metres and is dominated by Phase 1 of the paragenetic sequence. Phase 2, the precious metals deposition phase, only appears in pockets at the surface along a broad stockwork zone. Thus, Colemanito vein is a secondary target and has not been considered in the current mineral resources estimates. However, if it connects with the Promontorio vein, the mineralizing event phase may reappear at depth. No historic mine workings are known on this target.

North-westwards, in the same structural trend as Promontorio and Colemanito veins, is the Calaveras vein. Phase 2 of the paragenetic sequence is present in this vein. The metallurgical sample taken by Pan American Silver Corp. in 2007 was probably taken from a slot-cut of this vein. Close to the west is the subparallel Estrellas vein, presenting smoky quartz-matrix filled breccias of Phase 2.

Northeast of this area is an east-west trending alteration zone and quartz veining area called Coronado. More study is required to identify the relationship between the Calaveras, Estrellas and Coronado structures, none of which has been included in the current mineral resources estimate.

6.4 Alteration

Alteration on the property comprises five types: deuteric, propylitization, silicification, oxidation, and argillization. Intense deuteric alteration is caused by residual magmatic fluids replacing plagioclase with clay minerals. In addition, the deuteric alteration leads to the emplacement of swarms of calcite veining, which subsequently are decalcified, leaving the rock with an earthy aspect and grayish violet to white colour. Propylitization is partially due to late magmatic activity and hydrothermal processes. The resulting mineral assemblage includes sparse fine-grained pyrite crystals and epidote, chlorite, and kaolinite. Silicification is found proximal to main fluid conduits and veins as well as areas of intense fracturing. Oxidation is apparent as a product of weathering of iron oxides in the surface rocks and at depth along fractures. Argillization is due to hydrothermal activity and results in additional clay minerals peripheral to fluid conduits.

7 Deposit Types

The following is largely sourced from Whiting and Gunning (2009).

The Gold-Silver Coneto Project is considered a low- to intermediate-sulphidation epithermal deposit typical of the Mexican silver belt. Characterization of low-sulfidation vein systems is by low sulphide contents, quartz-adularia-sericite alteration mineralogy, and the lack of extensive wall rock alteration. In contrast, sulphur saturation's characterization of high-sulfidation vein systems leads to native sulphur and sulphide minerals, quartz-alunite alteration mineralogy, and extensive wall rock alteration. Most Mexican silver deposits are usually not at the end member classifications and often fit in the intermediate-sulfidation category.

Buchanan (1981) proposed an idealized model for epithermal systems. The model incorporates a series of sub-vertical veins that bifurcate, passing upward into a dome-shaped sub-horizontal “silica cap” located at or near the paleosurface. Deep in the system, the veins often have a base metal root and increasing precious metals near the boiling level of vein emplacement. Anomalous higher-grade gold and silver mineralisation may occur near this level. The highest levels in the system, including the silica cap, commonly have anomalous mercury, arsenic and antimony geochemistry with low precious and base metals values.

Epithermal deposits in Mexico typically comprise flatter veins and stockwork structures along unconformity contacts related to the steeper veins. In addition, the hydrothermal fluids contained HF acid, which leach carbonate units and lead to the precipitation of fluorite (CaF2) high in the epithermal system (Whiting, 2009c).

The geology and style of mineralisation at the Coneto Project are similar to those of other silver-producing districts in the western Americas. Mexico is host to many Gold-Silver districts, alternating with Peru as the largest silver producer in the world. Tonnages and grades vary widely among deposits of similar types. There is a Gold-Silver Trend on the western side of the Sierra Madre Occidental mountains and a dominantly Silver Trend on the eastern side of the Sierra Madre Occidental Mountains and adjacent high plateaus in northwestern Mexico. The Coneto Project is in the Silver Trend, which stretches from Guanajuto through Zacatecas and Durango to Chihuahua and Sonora. Two of the most significant deposits in this Silver Trend are La Pitarrilla, and La Preciosa, which are low to intermediate sulphidation epithermal deposits with comparable metal constituents and similar geological and structural characteristics. The two deposits are potential analogs to the Coneto Gold-Silver deposit.

La Pitarrilla lies 50 kilometres to the northwest of the Coneto Project and is owned by SSR Mining (Boychuk et al., 2012; McAra et al., 2009; Puritch and Yassa, 2008; Ewert et al., 2008; McCrea, 2007). Seventy kilometres to the southeast of the Coneto Project is La Preciosa mine owned by Coeur Mining (Whiting, 2009a; Ristorcelli et al., 2009; Whiting, 2008(a,b); Monsivais and Whiting, 2008; Whiting, 2006).

8 Exploration

8.1 Historical Exploration Work (1552-2009)

Historical exploration work completed in the area of the Coneto property is discussed in Section 5.

8.2 Exploration by Orex and EDMC

Between 2009 to 2014, Orex and EDMC completed a multi-staged exploration program on the Coneto property, including prospecting, geological mapping, soil geochemistry, airborne geophysical surveys, and extensive core drilling. Details regarding core drilling are discussed in Section 9.

8.2.1 Geological Mapping

In 2009, Orex completed an initial exploration program on the Coneto property. The program involved reconnaissance scale and detailed scale testing. Regional geology mapping at a scale of 1:10,000 covered 23 square kilometres and detailed structural mapping at 1:500 scale covered 10 square kilometres. SRK is unaware of any further surficial mapping since 2009.

8.2.2 Rock and Soil Geochemistry

Between 2009 and 2014, 10,037 rock and soil samples were taken on the Coneto Property. The sampling included 5,329 channels, 1,580 soils, 760 chips, and 35 grab samples. The locations of these samples are shown in Figure 22.

Samples were analyzed at ALS Minerals laboratory by Au-AA24 and ME-ICP61 multi-element package and provided to SRK in Excel format. Sampling followed standard best practice procedures including the insertion of control samples. Assay results from channel samples ranged from below detection limit to 28 g/t gold and 879 g/t silver. Chip assays ranged from below detection limit to 1.96 g/t gold and 180 g/t silver. Soil assays ranged from below detection limit to 4.71 g/t gold and 284 g/t silver. The results from this testing helped guide subsequent drill targeting.

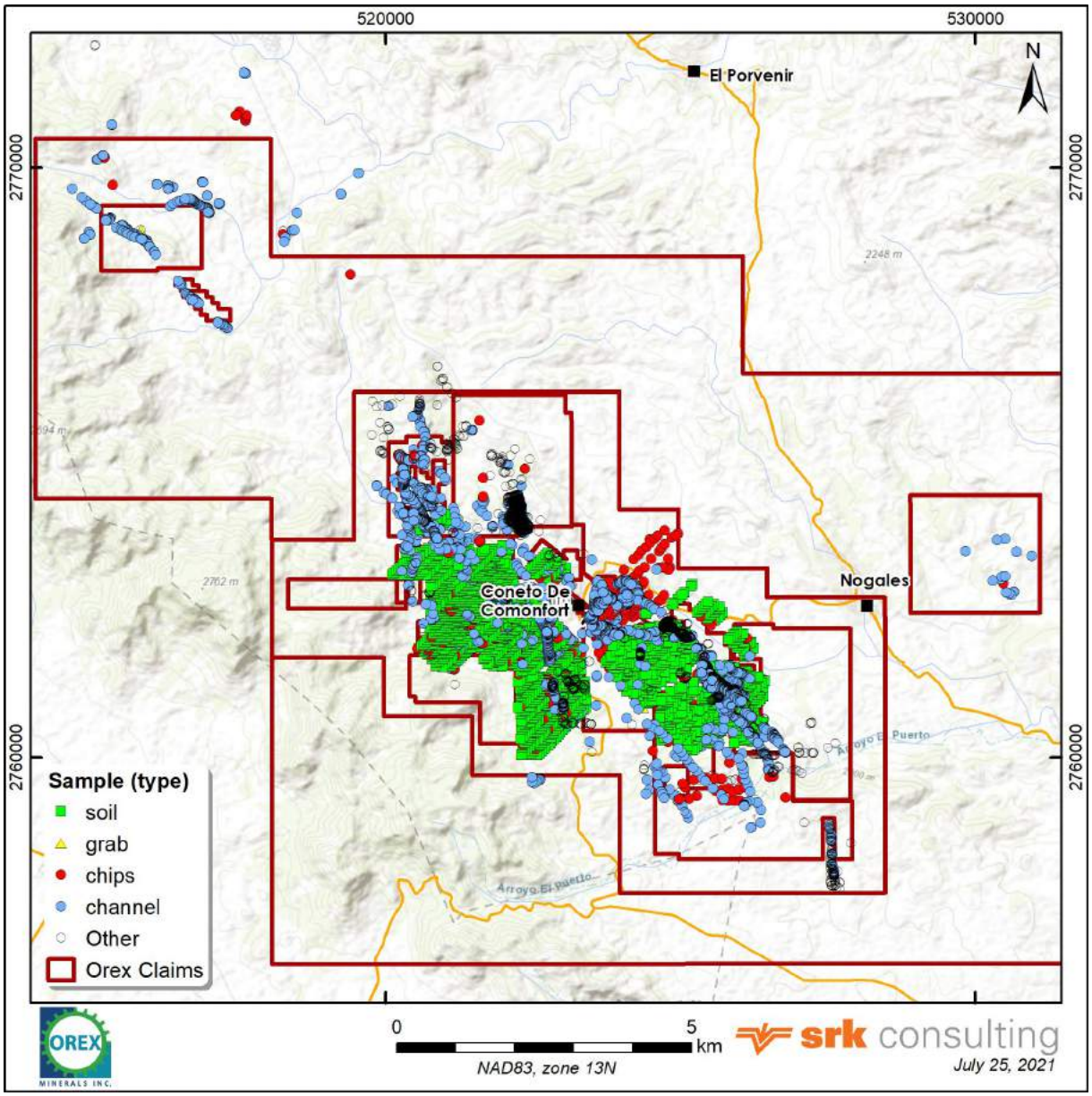


Figure 22: Rock and Soil Samples at the Coneto Project from 2009 to 2014

8.2.3 Airborne Geophysics

A high-resolution airborne magnetic survey was carried out in 2012 by EDMC totalling 1,048 linear kilometres in 69 northwest-oriented survey lines at 100-metre spacings. Data was collected using a Scintrex model CS-3 Cesium Vapor Airborne Magnetometer, a Pico Envirotech data acquisition system and a Gemsys GSM19 magnetic base, flown from a Bell 206 helicopter.

The magnetic response of the structures was poorly reflected; however, an east-west oriented magnetic andesite intrusive body in the center of the property was highlighted.

9 Drilling

Since 2010, a total of 106 boreholes (38,515 metres) from five phases of drilling up to 2017 was undertaken by Orex and EDMC. Table 5 summarizes the five drilling phases completed on the Coneto Project. A plan in Figure 23 shows the collar locations of all the modern boreholes in two groups corresponding to phases 1 to 3 and phases 4 and 5.

Boreholes were primarily HQ diameter size, only reducing to NQ diameter where problems such as poor ground conditions were encountered.

Table 5: Summary of Drilling Phases from 2010-2017

Company	Year	Phase	Borehole Count	Metres Drilled
Orex	2010	1	21	5,006
EDMC	2012-2013	2	33	11,967
	2014	3	30	11,671
	2015	4	11	4,656
	2016-2017	5	11	5,215
Total			**106**	**38,515**

9.1 Historical Drilling (1552-2009)

Historical drilling activities are described in Chapter 5. The detailed including drilling equipment, procedures followed, and conclusions made are largely unknown for this period. Evidence of historic drilling activities on the property include collar pipes, underground drill markers and scattered report references; however, retention of historical data is sparse.

9.2 Drilling by Orex (2010)

9.2.1 Phase I Drilling (2010)

The following data and comments are sourced from the Phase I Summary Report (Whiting and Davila, 2010).

The program consisted of a total of 5,006 metres in 21 boreholes on six targets in 2010. Seven boreholes were drilled in the area of Loma Verde, four boreholes in Impulsora, four boreholes in Durazno, three boreholes in Promontorio, two boreholes in Calaveras, and one borehole in Sauce-Palma.

The results documented in this section were obtained by using a combined minimum true thickness of 1.5 metres and minimum grade cut-off of 100 g/t silver-equivalence. The best results were obtained from the Loma Verde and Impulsora areas. Of particular interest was borehole CC-10-20, which yielded a true thickness of 3.12 metres grading 0.982 g/t gold and 292 g/t silver.

For Loma Verde, six of the seven boreholes exceeded the minimum thickness and grade cut-offs. The weighted average resulted in a true thickness of 4.22 metres grading 0.797 g/t gold and 142.4 g/t silver for 190.2 g/t silver equivalence (gold-equivalence of 3.170 g/t).

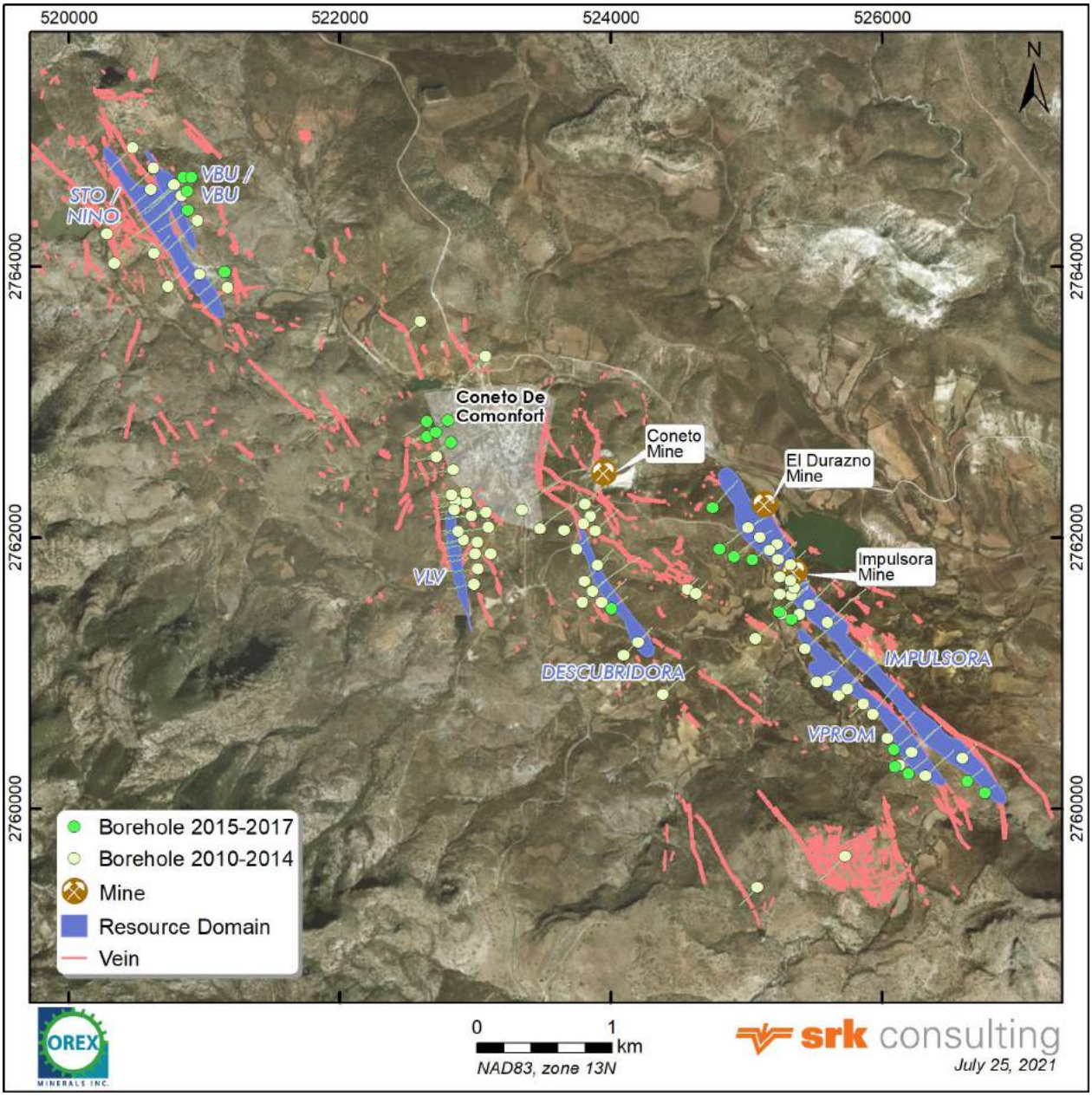


Figure 23: Plan showing the Distribution of Drilling for Coneto Project with the Projection of Resource Domains to Surface

Overall, drilling conducted in the Durazno area had the most significant veining widths; however, were relatively lower-grade. Drilling in the Calaveras and Sauce-Palma areas did not yield any significant intercepts, however borehole CC-10-09 intersected an unnamed high-grade vein interval over 0.52 metres. The successful results from Phase I drilling resulted in a recommendation for follow up drilling in Phase II.

9.3 Drilling by EDMC (2011-2017)

9.3.1 Phase II Drilling (2012-2013)

Phase II drilling was conducted between 2012 and 2013 with 33 boreholes comprising 11,967 metres. Of the 31 boreholes, five targeted La Bufa and Santo Niño, six targeted Loma Verde, six targeted Descubridora, and 10 targeted Promontorio and Impulsora. The remaining four boreholes targeted other structures on the property. A total of 6,689 core samples comprising 8,333 metres were sent for assay.

9.3.2 Phase III Drilling (2014)

Phase III diamond drilling was conducted in 2014 involving 30 boreholes comprising 11,671 metres. Seven boreholes were drilled at La Bufa and Santo Niño, five at Loma Verde, nine at Descrubridora, and nine targeting epithermal veining at Promontorio and Impulsora. A total of 3,690 core samples comprising 4,499 metres were sent for assay comprising of drill core.

9.3.3 Phase IV Drilling (2015)

In 2015, Phase IV drilling comprised 4,656 metres of drilling in 11 boreholes. Drilling focussed on Promontorio and Impulsora where nine boreholes were drilled. Two boreholes were drilled at La Bufa and Santo Niño in 2015, and the remaining two boreholes were drilled at Loma Verde. A total of 2,332 core samples comprising 2,814 metres were sent for assay.

9.3.4 Phase V Drilling (2016-2017)

The final drill program to date took place between 2016 and 2017 where 5,215 metres of drilling occurred in 11 boreholes. Drilling targeted La Bufa and Santo Niño with three boreholes, Loma Verde with three boreholes, Promontorio and Impulsora with four boreholes, and a single borehole collared in Descubridora. A total of 3,217 samples comprising 3,926 metres were sent for assay.

9.4 Drilling Pattern and Density

The borehole pattern was designed to intercept the gold and silver mineralized zones orthogonal to their interpreted dip. The majority of boreholes were drilled with a plunge between 45 and 60 degrees, at azimuths of 45 to 70 degrees or 225 to 250 degrees. Average borehole spacing for resource domains is between 80 to 150 metres.

9.5 Drilling and Logging Procedures

Company geologists marked borehole collar locations in the field using fore-sight and back-sight markers aligned to the direction of drilling. Drilling was conducted with HQ-sized diamond drill equipment. Down-hole survey were conducted in 50-metre intervals using a Reflex survey tool to measure azimuth and dip. The drilling contractor is responsible for ensuring the core is placed correctly in the core box and marking the length of each drill run. Core boxes were moved from the

drill to logging facilities on the property by company personnel and secured with rubber bands or tape.

Once at the logging facility, boxes were laid out on logging tables and checked for continuity and errors in marker placement. Measurements were made between rod-length tags to determine drill core percent recovery. The proportions of core fragments greater than 10 and 20 centimetres in length were used to record RQD values, which were entered into a logging system. The core recovery and RQD for core from the Coneto Project are above 90% and considered high.

The core boxes were labelled with the ‘from’ and ‘to’ lengths in metres and lithological logging was performed by company geologists. Sample intervals had a minimum length of 0.10 metres, and the maximum length is 4.70 metres, respecting changes in lithology and alteration. Sample numbers were written inside of the core boxes and corresponded to pre-printed sample tags. Waste rock was not sampled.

The core was photographed in sets of three boxes. The core was then marked along the core-axis and sent for cutting using diamond bladed saws. Once cut, the core boxes were returned to the logging tables, and the half-core samples were moved to the testing table for specific gravity (SG) determination by water displacement. An SG value was determined for each sample, and samples with high sulphide and barite content and extensive open-space vugs were tested twice to confirm SG measurements.

Half core samples were placed in plastic sample bags, which were secured and inserted into large sacks containing batches of 10 samples. These sacks were secured with zip-ties and labelled with the sample range and company name. A laboratory instruction sheet was placed in the first sack of the sampling batches. The samples were delivered to the respective labs by company personnel. The other half of the core was retained in the core box for future reference.

9.6 SRK Comments

SRK is of the opinion that the drilling and sampling procedures adopted by EDMC are consistent with generally recognized industry best practices. The resultant drilling pattern is sufficiently dense to interpret the geometry and the boundaries of the gold and silver mineralisation. The core samples were collected by competent personnel using procedures meeting generally accepted industry best practices. The sampling was undertaken or supervised by qualified EDMC geologists. SRK concludes that the samples are representative of the source materials, and there is no evidence that the sampling process introduced a bias.

10 Sample Preparation, Analyses, and Security

Samples for the 2009 surface sampling program and initial 2010 Phase I drilling were analyzed by SGS Mineral Services in Durango, Durango. The SGS Durango laboratory conforms to the requirements of the ISO 17025 standard.

Samples during the periods 2011-2013 and 2016-2017 were analyzed by the Minerals Division of the ALS Chemex laboratory. Mechanical preparation was conducted at the Chihuahua, Chihuahua facility, while chemical analyses were performed in Vancouver, B.C., Canada. The ALS group of laboratories operates under a global quality management system accredited to ISO 9001. Furthermore, the North Vancouver Laboratory is accredited ISO 17025 by the Standards Council of Canada for several specific test procedures, including the method used to assay samples submitted by EDMC.

From 2014 to 2015, samples were analyzed by Inspectorate (Bureau Veritas Minerals). Mechanical preparation was done at the Durango, Durango facility, while chemical analyses were performed in Vancouver, B.C., Canada. Inspectorate (Bureau Veritas Minerals) is an accredited laboratory to ISO 9001.

ALS, SGS, and Inspectorate (Bureau Veritas Minerals) are accredited laboratories and are independent of Orex, Fresnillo, and EDMC.

In 2021, the company contracted services for metallurgical characteristics of the mineralisation at Coneto. This test work is discussed further in Section 12 of this report.

10.1 Sampling by Orex (2009-2010)

Surface sampling in 2009 consisted of channel, chip, and soils. Sample batches were sent to the SGS laboratory in Durango in batches of approximately 45 samples, including three duplicates.

Core sampling was carried out by Orex staff. The HQ core samples were sawn in half, with one half going to the lab and one half kept for reference. Samples were bagged and transported to SGS Mineral Services Laboratory in Durango, for preparation and analysis.

Mechanical preparation was conducted to obtain sub-sample pulverized pulp for chemical analysis. Gold and silver were determined by Fire Assay with an atomic absorption spectrometry (AAS) finish (SGS method code FAG323). Gravimetric finish was used to determine gold for samples grading over 10 g/t.

In addition, pulps were analyzed by Inductively Coupled Plasma-Atomic Emission Spectroscopy (ICP-AES; SGS method code ICP-14B) for 35 elements. Sample results outside of calibration ranges for Au, Ag, Pb, Zn, Cu, and Sb were re-analyzed by methods with higher calibration ranges. These

ranges were >300 g/t silver, >10g/t gold, and Pb, Zn, Cu, and Sb >10,000 ppm. As part of their internal quality control program, SGS performed duplicate analysis on pulps for every 12th sample.

10.2 Sampling by EDMC (2011-2013)

Sampling was carried out by EDMC staff. The HQ core samples were sawn in half, with one half going to the lab and one half kept for reference.

10.2.1 Phase II Drilling (2011-2013)

Samples were bagged and transported to the ALS Chemex Laboratory (ALS) in Chihuahua for preparation and subsequently sent to the Minerals Division of ALS in Vancouver for analysis.

Gold was determined by fire assay with an atomic absorption spectrometry finish (ALS method code AuAA24) on a 50g aliquot. Samples grading over 10 g/t gold were re-analyzed by gravimetric finish.

Silver was assayed as part of a geochemical suite (ALS method code ME ICP61 or ME ICP61m for samples with mercury content) using near-total 4-acid digestion. Samples grading over 100 ppm silver were re-assayed by ALS method codes Ag-OG62 and AgGRA21, with ranges of 1 to 1500ppm silver and 5 to 10,000 ppm silver, respectively.

10.2.2 Phase III & IV Drilling (2014-2015)

Samples were bagged and transported to the Inspectorate laboratory (subsequently Bureau Veritas Minerals) in Durango, for preparation, and the Inspectorate laboratory in Vancouver for chemical analysis.

Gold was determined by fire assay with an atomic absorption spectrometry finish (Inspectorate method code FA-450) on a 50g aliquot. Samples grading over 10 g/t gold were re-analyzed by gravimetric finish (Inspectorate method code FA-550 GM/T), which follows similar procedures as ALS.

Silver was assayed using a geochemical suite (MA300 or MA300 CV-402 on samples containing mercury). This analysis consisted of a multi-acid (4-acid) digestion package that combines to generate digestion dissolving most minerals. For silver over limits, re-assaying using FA550 method (1 to 1,500 ppm) was conducted.

10.2.3 Phase V Drilling (2016-2017)

Sampling during this period followed the same procedures as Phase II drilling.

10.3 Specific Gravity Data

Specific gravity testing on drill core was conducted on 19,047 core samples (23,126.9 metres) using the volumetric displacement in water method. Samples with high sulphide and/or barite content,

and/or possessing extensive open-space vugs, were tested twice to confirm higher or lower SG readings.

10.4 Quality Assurance and Quality Control Programs

Quality assurance and quality control programs are typically set in place to ensure the reliability and trustworthiness of the exploration data. They include written field procedures and independent verifications of drilling, surveying, sampling and assaying, data management, and database integrity. Appropriate documentation of quality control measures and regular analysis of quality control data are essential for the Project data and form the basis for the quality assurance program implemented during exploration.

Analytical control measures typically involve internal and external laboratory control measures implemented to monitor the precision and accuracy of the sampling, preparation, and assaying. They are also essential to prevent sample mix-up and monitor the voluntary or inadvertent contamination of samples. Assaying protocols typically involve regular duplicate and replicate assays and insertion of quality control samples. Check assaying is typically performed as an additional reliability test of assaying results. These checks typically involve re-assaying a set number of rejects and pulps at a second umpire laboratory.

10.4.1 Analytical Quality Control Programs used by Orex (2009-2010)

The surface sampling campaign of 2009 included duplicate samples, roughly every 15th sample. No standards or blanks were inserted during this phase of surface sampling.

Analytical quality control procedures applied to the sampling process for the Coneto Project by Orex in the Phase 1 2010 drill campaign included the insertion of blanks and standards. Orex did not perform duplicate sampling, however, relied on SGS, which performed a lab internal duplicate analysis on every 12 samples, ensuring at least one duplicate analysis with each of the 40 batches of samples sent to the laboratory.

Blanks and standards were alternately inserted by Orex personnel every 10th sample. Three standards (Orex-1, Orko-8 and Orko-10) were prepared by the SGS Mineral Services laboratory in Durango, specifically for Orex Minerals Inc. Standard Orex-1 was prepared from gold- and silver-bearing mineralized quartz veins from the Santa Cruz mine, located west of San Pedro de Azafranes, Otaez Durango, Mexico. Standards Orko-8 and Orko-10 were prepared from a gold-silver epithermal deposit of the La Preciosa Mine in Durango. The standards were sent to five independent laboratories for gold and silver determination.

Blank material was sourced from local unaltered and unmineralised andesite with equal or close to detection limit values for gold and silver. This blank was introduced during the 2010 drilling campaign.

10.4.2 Analytical Quality Control Programs by EDMC for the Coneto Project (2011-2017)

The analytical quality control procedures used by EDMC included the insertion of blanks, standards, and duplicate assays. Furthermore, secondary umpire checks were performed to test the reproducibility of results obtained from the primary laboratory.

A total of 897 blanks were inserted into the sample batches by EDMC between 2011 and 2017, of which 596 blanks were sent to ALS and 328 were sent to Inspectorate. The blank material was sourced from prepared material used in the construction of the Santiago Papasquiaro to Cienega de Nuestra Señora road. It was broken and homogenized by SGS in the city of Durango.

EDMC used a total of three certified reference material types between 2011 and 2017, for a total of 422 standards inserted. Two were certified reference material sourced from Rocklabs (SL77 and OxE106). Cairo Standard 1 was originally prepared for the Cairo project from mineralized material from the El Castillo mine, located in San Juan del Rio Durango. The standards were broken, pulverized, and homogenized by ALS Chemex in Chihuahua. The sample material was sent to three different independent laboratories (ALS, Inspectorate, and SGS) for gold and silver testwork.

Between 2011 and 2017, a total of 1,989 laboratory internal pulp samples were taken during the EDMC drilling programs. Of these, 1,247 duplicates were collected by ALS and 742 by Inspectorate laboratory.

Once returned, EDMC chose a selection of pulp material to be analyzed at a secondary umpire laboratory. Between 2010 and 2014, 971 pulps analyzed by ALS Chemex were checked by ACME Labs (ACME) in Vancouver, Canada. Between 2014 and 2015, 728 pulps from Inspectorate were submitted to ALS. Additionally, 201 pulps from ALS were analyzed at SGS between 2016 and 2017.

10.5 Sample Storage and Security

All exploration samples taken by Orex and EDMC between 2010 and 2017 were collected by company staff. Chain Of Custody (COC) of samples was carefully maintained from collection at the drill rig to delivery at the laboratories to prevent inadvertent contamination or mixing of samples and rendering active tampering as difficult as possible.

The core is stored in a building at the Coneto de Comonfort camp. The area is fenced and guarded by security. The plastic boxes containing the core boxes are properly tagged with the corresponding drilling information and stored in an organized way and under acceptable conditions.

10.6 SRK Comments

In the opinion of SRK, the sampling preparation, security and analytical procedures used by Orex and EDMC are consistent with generally accepted industry best practices and are adequate for use in mineral resource estimation.

11 Data Verification

11.1 Verifications by EDMC

Exploration work completed on the Coneto Project was conducted using documented procedures and protocols involving extensive exploration data verifications and validation. During drilling, experienced EDMC geologists implemented industry standard best practices designed to ensure the reliability and trustworthiness of the exploration data.

EDMC uses internal programs that execute logical corroborating tests for validation and consider the following:

- Coordinates within the model
- Actual borehole depths
- Maximum and minimum borehole deviations
- Deviations, lithologies, samples, alterations, and mineralized domains within the length of each borehole
- Lithology widths, samples, alterations and negative or illogical domains
- Start and end of borehole limits
- Symbols of lithologies, alterations and domains within their respective catalogues
- Specific laws and weights within their limits
- Existence of repeated sample numbers

Reports are generated to check the intervals of lithologies and or samples less than or equal to 0.5 metres. Additionally, sample lengths greater than or equal to 3.0 metres are flagged. A summary of borehole rows was generated to check the logging of absence or repetition of boreholes, deviations, lithologies, samples, and domains.

Furthermore, basic statistics of the intervals are reviewed to confirm the presence of unrealistic values. Reports for high values in domains considered sterile allow for the checking of logs and the spatial model to verify the discontinuities are correct. A low-value report is also generated for mineralized domains to confirm the logs and spatial model for continuity issues. Additionally, the detection of elevation errors is checked with the digital topography to identify and rectify discrepancies.

EDMC monitored the analytical quality control data regularly. Failures for blank samples are determined by any value above 10 times the detection limit. Standards returning assay values outside of two standard deviations are flagged, and any standard outside of three standard deviations is considered a failure Failures of quality control samples were investigated, and appropriate actions were taken, including re-assaying samples within batches containing a failure. Results from re-assayed batches replace the original assay of the failed batch.

11.2 Verifications by SRK

11.2.1 Site Visit

In accordance with the National Instrument 43-101 guidelines, associates contracted by SRK visited the Coneto property. The site visit to the Coneto Project was made by geologist Luis Alfonso Soto Contreras, Certified Professional Geologist by the American Institute of Professional Geologists (Registration CPG-11938). The results of the verification and findings documented during the visit are based on the review of documents, maps, and tours of its facilities accessed during July 13 and 14, 2021.

All aspects that could materially impact the integrity of the exploration database (like core logging, sampling, and database management) were reviewed with EDMC staff. SRK was given full access to all relevant Project data. Independent Qualified Person (QP) Mr. Soto Contreras interviewed exploration staff to ascertain exploration procedures and protocols. Mr. Soto examined the core from several boreholes and found that the logging information accurately reflects the actual core. The lithology contacts checked by Mr. Soto match the information reported in the core logs. During the visit, approximately 10% of the historic borehole collars were checked (11 out of 106 collars; Table 6) - Figure 24. In general, the measured collar coordinates matched the coordinates in the database within the error interval of the Garmin GPS.

Table 6: Collar Validation using Garmin GPSMap 62S

Borehole ID	EDMC Data			GPS Validation			Vein ID
	East	North	Elev. (m)	East	North	Elev. (m)	
BCO-05	522937.3	2762102.8	1980.3	522936.9	2762104.2	1987.5	Loma Verde
BCO-02	522971.6	2762006.1	1992.7	522970.2	2762006.0	1998.0	Loma Verde
BCO-01	523080.4	2762031.2	1986.3	523078.6	2762032.2	1992.8	Loma Verde
BCO-54	523096.8	2761921.2	1989.9	523095.8	2761920.5	1997.0	Loma Verde
BCO-04	523015.2	2761808.6	2002.6	523014.3	2761810.5	2005.3	Loma Verde
CC-10-06	525098.5	2761844.5	1941.5	525099.4	2761846.2	1948.2	Impulsora
BCO-24	525234.5	2761683.2	1932.5	525230.5	2761684.5	1937.1	Impulsora
CC-10-11	525327.1	2761533.1	1924.3	525326.0	2761536.5	1928.9	Impulsora
BCO-28	525326.3	2761525.3	1924.0	525326.9	2761525.7	1932.2	Impulsora
BCO-43	525244.6	2761425.0	1927.1	525242.4	2761425.8	1935.0	Impulsora
BCO-42	525463.3	2761347.7	1949.5	525461.9	2761348.7	1955.8	Impulsora

Figure 24: Validation of BCO-042 Collar During Site Visit
Source: Luis Alfonso Soto Contreras

During the site visit Mr. Soto inspected the core corresponding to five boreholes intersecting different veins, including Descubridora, Sauce, La Bufa, Santo Niño, Impulsora and Loma Verde, which corresponds to boreholes VSAU-16, BCO-73, BCO-70, BCO-53, and BCO-83. From the core review, Mr. Soto is satisfied that the lithological and mineralisation logging is adequate and did not find any incongruence between the core and the geological logging registered in the digital database. In addition, sample intervals corresponded with lithological and mineralization boundaries. High assay values correspond and correlate with logged mineralization, confirming a strong understanding of the mineralization controls. All samples are properly identified and preserved in a good state within plastic boxes. All core samples have been photographed and demonstrate a recovery above 90%.

11.2.2 Verifications of Analytical Quality Control Data

SRK reviewed the analytical quality control data produced for the Coneto Project drilling between 2010 and 2017. All data were provided to SRK in Microsoft Excel spreadsheets. SRK aggregated the assay results of the external analytical control samples for further analysis. In the form of blanks and certified reference materials, control samples were summarized on time series plots to highlight their performance. Paired data (umpire check assays) were analyzed using bias charts, quantile-quantile, and relative precision plots.

The external analytical quality control data produced for the Coneto Project for 2010-2017 are summarized in Table 7 and a selection of these data are presented in graphical format in Appendix B. The Coneto Project's external quality control data represent approximately 15 % percent of the total assayed database.

Table 7: Summary of Analytical Quality Control Data Produced by Orex and EDMC on the Coneto Project from 2010 to 2017

	Core	(%)	Comment
Sample count	22,533		
Blanks	927	4.1%	Field Prepared
Standards	570	2.5%	
Orex-1	74		Field Prepared (Au: 0.54ppm; Ag: 373ppm)
Orko-8	54		Field Prepared (Au: 0.17ppm; Ag: 278ppm)
Orko-10	20		Field Prepared (Au: 0.08ppm; Ag: 138ppm)
Cairo 1	221		Field Prepared (Au: 1.86ppm; Ag: 2.43ppm)
SL77	142		Rocklabs (Au: 5.18ppm; Ag: 29.1ppm)
OxE106	59		Rocklabs (Au: 0.606ppm)
Pulp duplicates	1,989	8.8%	
Total QC Samples	**3,456**	**15.5%**	
Check assay to Umpire laboratory			
ACME check on ALS	971		
ALS check on Inspectorate	728		
SGS check on ALS	201		
Total Umpire Checks	**1900**	**8.4%**	

Analyses of blank samples consistently yielded gold values below the warning limit of 0.05 g/t gold. The warning limit is defined by SRK as equivalent to 10 times the detection limit of gold (0.005 g/t). A single sample (approximately 0.1 percent) yielded a gold value slightly above the warning limit (0.072g/t gold). The anomaly could be attributed to an isolated incident of contamination considering the previous sample had a gold value of 8.06 g/t. There were no blank samples above the warning limit for silver assays.

A total of six certified reference materials (standards) were used on the Coneto Project. Three standards (Orex-1, Orko-8, Orko-10) were used by Orex in their 2010 drilling campaign. The Orex-1 standard had one silver failure above and one failure below the control limits. Upper and lower control limits are defined as 3 standard deviations above and below the mean, respectively. Additionally, there was one gold failure above and below the control limits. The Orko-8 standard values for silver and gold all fell within the acceptable range; however, the standard showed a conservative bias in silver values. Orko-10 standard values were within the acceptable range for silver. The gold results for Orko-10 had two notable failures below the lower control limits. In instances where standards were outside of the acceptable range, a re-test was conducted on several samples before and after in the number sequence. These re-tests were all successful and showed strong correlation for each element between the original test and repetition test.

Overall, standards implementing between 2010 and 2013 performed acceptably, with between 0% and 12% of values falling outside of two standard deviations for gold, and up to 25% of values above two standard deviations and only two samples returning values above three standard deviations for silver. The gold values for the Cairo 1 Standard showed a minor positive bias performance. Silver values above two standard deviations show a positive bias performance. Continued diligence in monitoring analytical performance and investigating where biases are detected is recommended.

Internal laboratory pulp duplicate samples totalled 1247 samples at ALS and 742 pairs at Inspectorate between 2010 and 2017. Both sets of duplicate paired data had correlation coefficients over 0.99 for gold and silver and show good reproducibility at the primary laboratories with no obvious evidence of analytical bias.

Checks performed on pulp material at a secondary lab generally display good reproducibility. Between 2010 and 2013, pulps analyzed at ALS were sent to ACME for testing. Results demonstrate good reproducibility, with correlation coefficients of 0.98 and 0.99 for gold and silver, respectively.

Between 2014 and 2015, original assays at Inspectorate were checked at ALS, resulting in correlation coefficients above 0.98 for gold and silver. From 2016 to 2017, ALS samples were checked at SGS, yielding correlation coefficients for gold and silver above 0.98. All the check laboratory duplicate results are considered more than acceptable.

In general, the analytical quality control data reviewed by SRK shows that the assay results delivered by the primary laboratories used for the Coneto Project are reliable for mineral resource estimation.

12 Mineral Processing and Metallurgical Testing

In 2021, EDMC contracted SGS Mineral Services (Durango) to evaluate the metallurgy of the Coneto veins contained in the mineral resource estimate. Seven composite samples representing each one the La Bufa, Santo Niño, Loma Verde North, Loma Verde South, Descubridora, Impulsora, and Promontorio veins were tested. The study included dynamic leaching tests with sodium cyanide to obtain solution samples to evaluate gold and silver dissolution kinetics.

Additionally, the study aimed to determine the consumption of sodium cyanide and calcium oxide. Upon arrival at the SGS laboratory in Durango, the samples were registered and prepared for testing following the workflow described in Figure 25.

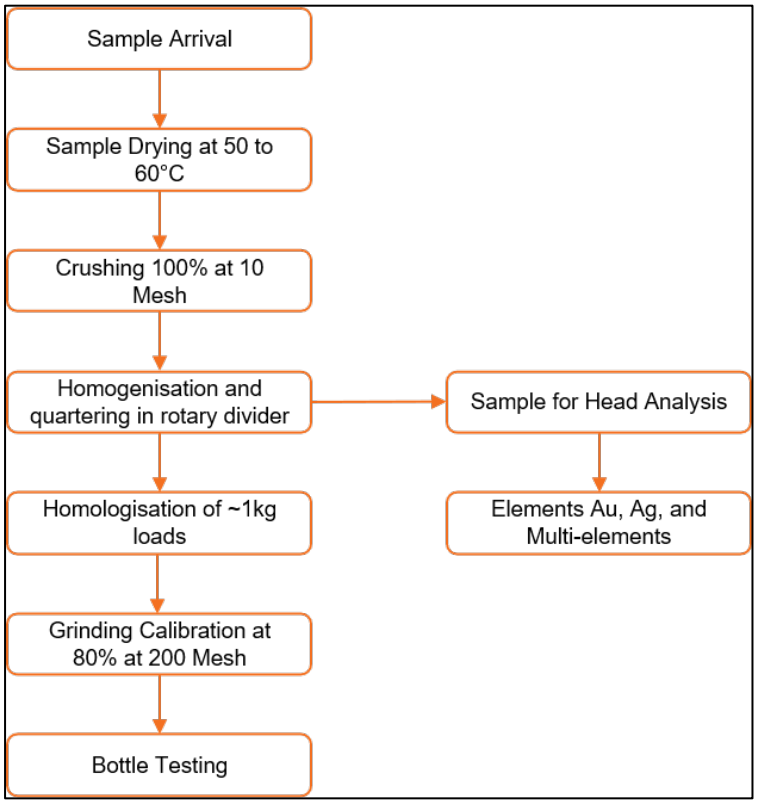


Figure 25: Sample Preparation Flow Sheet for Coneto Metallurgical Testing
Source: Modified from SGS de Mexico S.A. de C.V., 2021

12.1 Head Analysis

Sample head analysis was performed in duplicate on gold and silver; a multi-element sweep was performed in one run. The head gold and silver grades of the seven samples are summarized in Table 8. The head grades for the multi-element sweep are in Table 9.

Table 8: Gold and Silver Head Analysis

Domain Composite	Run 1		Run 2		Run 3		Run 4	
	Au g/t	Ag g/t	Au g/t	Ag g/t	Au g/t	Ag g/t	Au g/t	Ag g/t
La Bufa	2.94	115	3.08	117				
Santo Niño	2.52	243	1.65	224	1.71	239	2.21	229
Loma Verde North	0.69	116	0.75	124	1.63	113	0.81	94
Loma Verde South	1.63	113	1.63	113	1.63	113	1.63	113
Descubridora	0.8	95	0.67	92				
Promontorio	1.83	45	1.98	43	1.84	45	2.06	45
Impulsora	1.75	<10	3.01	<10	2.19	10	3.84	13

Table 9: Multi-Element Head Analysis

Element	Unit	La Bufa	Santo Niño	Loma Verde North	Loma Verde South	Descubridora	Promontorio	Impulsora
Ag	ppm	>100	>100	>100	>100	92	40	9
Al	%	4.1	3.2	5.8	5.1	5.8	3.4	5.2
As	ppm	130	87	179	166	666	376	334
Ba	ppm	364	477	899	1323	1257	786	996
Be	ppm	5	1	2	2	2	2	2
Bi	ppm	<5	<5	<5	<5	<5	<5	<5
Ca	%	4.4	2.1	0.9	0.7	0.4	0.6	1
Cd	ppm	2	7	5	4	6	2	3
Co	ppm	6	4	12	8	11	6	12
Cr	ppm	104	165	107	12	77	164	90
Cu	ppm	32	221	108	55	96	60	40
Fe	%	2.4	1.5	2.9	2.6	3.7	2	3.1
K	%	3.4	2.8	2.8	3	3.7	2.8	3.1
La	ppm	11	11	12	17	16	13	15
Li	ppm	54	78	70	56	92	92	91
Mg	%	0.4	0.3	0.9	0.8	1.4	0.2	1.2
Mn	ppm	264	338	424	295	399	43	475
Mo	ppm	2	3	4	9	169	124	40
Na	%	0.2	0.1	0.1	0.1	0.3	0.1	0.1
Ni	ppm	4	7	5	9	12	8	16
P	ppm	600	400	700	600	1000	400	80
Pb	ppm	29	588	194	184	77	34	42
S	%	0.2	1.1	0.8	0.9	2	1.2	1
Sb	ppm	93	60	67	80	183	138	54
Sc	ppm	6	3	12	7	9	4	9
Sn	ppm	<10	<10	<10	<10	<10	<10	<10
Sr	ppm	104	82	71	68	128	110	97
Ti	%	0.2	0.1	0.3	0.2	0.4	0.2	0.3
V	ppm	68	33	124	88	110	92	98
W	ppm	24	26	19	19	22	32	13
Y	ppm	9	11	12	8	10	8	8
Zn	ppm	84	892	301	322	303	87	127
Zr	ppm	69	52	27	37	23	57	64

12.2 Metallurgical Test Development

Grinding kinetics were carried out in a ball mill to determine appropriate times to reach the established particle size of 80% at 200 mesh (75 microns) for the metallurgical test work. A bottle test was then performed for each sample to evaluate the response to gold and silver recovery. The test comprised 1000g of sample in a 5 Litre bottle for a 96-hour duration. During this period, monitoring was carried out at 2, 6, 12, 24, 48, 72, and 96-hour intervals. The consumption of sodium cyanide and calcium oxide was also determined. The parameterization for leach testing is in Table 10 and the leach testing results for each of the seven samples are shown in Table 11.

Table 10: Parameters for Leach Test Work

Particle Size	Sample Weight	Solid	NaCN	pH	Time
µm	g	%	ppm		hr
75	~1000	33	1500	10.5-11.5	96

Table 11: Leach Test Results

	Head Grade		Dissolution		Reagent Consumption	
Domain Composite	Au, g/t	Ag, g/t	Au %	Ag %	NaCN (kg/t)	CaO (kg/t)
La Bufa	3.08	117.0	98.5	72.9	0.56	0.22
Santo Niño	2.21	229.0	95.0	83.9	1.02	0.27
Loma Verde North	0.97	154.0	93.6	92.3	0.66	0.40
Loma Verde South	1.63	113.0	95.0	87.6	0.76	0.30
Descubridora	0.8	95.0	86.2	75.9	0.71	0.17
Promontorio	2.06	45.0	66.1	75.9	0.61	1.69
Impulsora	3.01	9.0	95.8	69.0	0.51	0.22

The average gold dissolution is greater than 93% for La Bufa, Santo Niño, Loma Verde South, Loma Verde North, and Impulsora. The samples for Promontorio and Descubridora had dissolution values of 66% and 86%, respectively. Silver dissolution had a range of 69 -92%, with Impulsora having the lowest percentage and Loma Verde North having the highest dissolution percentage.
Reagent consumption ranged from 0.51 to 1.02 kg/t for NaCN and from 0.17 to 1.69 kt/t for CaO.
The samples from Santo Niño, Impulsora, Promontorio, and Loma Verde Sur showed variation in the determination of gold, which could be evidence for native gold being present. These samples should be tested by gravimetric concentration.

13 Mineral Resource Estimates

13.1 Introduction

The Mineral Resource Statement presented herein represents the first mineral resource evaluation prepared for the Coneto Project in accordance with the Canadian Securities Administrators' National Instrument 43-101.

The mineral resource model prepared by Fresnillo and audited by SRK considers 106 core boreholes, including 21 drilled by Orex during the period of 2009 and 2010, and 85 drilled by the EDMC joint venture between 2014 and 2017. The resource estimation work was completed by the Exploration and Mineral Resources departments of Fresnillo and audited and validated by Dr. David Machuca PEng (PEO #100508889) an appropriate independent Qualified Person as this term is defined in National Instrument 43-101. The mineral resources database, the wireframes and the mineral resources model were received by SRK on June 1, 2021. The effective date of the Mineral Resource Statement is August 30, 2021.

This section describes the resource estimation methodology and summarizes the key assumptions considered by Fresnillo and evaluated by SRK. In the opinion of SRK, the resource evaluation reported herein is a reasonable representation of the global Gold-Silver mineral resources found in the Coneto Project at the current level of sampling. The mineral resources have been estimated in conformity with generally accepted CIM Estimation of Mineral Resource and Mineral Reserves Best Practices Guidelines and are reported in accordance with the Canadian Securities Administrators' National Instrument 43-101. Mineral resources are not mineral reserves and have not demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserve.

The database used to estimate the Coneto Project mineral resources was audited by SRK. SRK is of the opinion that the current drilling information is sufficiently reliable to interpret with the boundaries for Gold-Silver mineralisation with a confidence level corresponding to the category of Inferred resources and that the assay data are sufficiently reliable to support mineral resource estimation.

Leapfrog Geo® Version 6.0.5 was used to construct the geological solids and Leapfrog Edge® version 4.0 was used prepare assay data for grades estimation, construct the block model, estimate metal grades, and tabulate mineral resources.

13.2 Resource estimation procedures

The resource evaluation methodology involved the following procedures:

- Database compilation and verification
- Construction of wireframe models for the boundaries of the Gold-Silver mineralisation
- Definition of resource domains

- Data conditioning (compositing and capping)
- Block modelling and grade interpolation
- Resource classification and validation
- Assessment of “reasonable prospects for eventual economic extraction” and selection of appropriate cut-off grades
- Preparation of the Mineral Resource Statement

13.3 Resource database

The data effectively used in the mineral resource estimation includes 434 core samples (413 metres) coming from 281 different boreholes piercing the mineralised structures of the Coneto Project. All these samples have been analysed by gold and silver and their specific gravity measured. Table 12 shows the length-weighted statistics of the raw samples used in the mineral resources estimation.

Table 12: Length-Weighted Assays used in Resource Estimation

	Variable	Count	Length (m)	Min	Max	Mean	Variance	Standard deviation	Coefficient of variation
La Bufa (100)	Sample Length (m)	20	17.30	0.40	1.95	1.04	0.21	0.46	0.44
	SG	20	17.30	2.23	2.79	2.45	0.02	0.14	0.06
	Au (g/t)	20	17.30	0.01	8.06	1.25	6.15	2.48	1.98
	Ag (g/t)	20	17.30	0.50	531.00	43.37	11,282	106.22	2.45
Santo Niño (101)	Sample Length (m)	37	38.15	0.25	4.45	1.55	1.35	1.16	0.75
	SG	37	38.15	2.13	2.64	2.48	0.01	0.07	0.03
	Au (g/t)	37	38.15	0.01	38.30	0.74	14.10	3.76	5.05
	Ag (g/t)	37	38.15	0.50	4,990.00	100.80	242,438.13	492.38	4.88
Loma Verde (102)	Sample Length (m)	95	83.10	0.20	1.95	1.08	0.18	0.42	0.39
	SG	95	83.10	2.15	2.72	2.48	0.01	0.09	0.04
	Au (g/t)	95	83.10	0.01	12.70	1.10	5.33	2.31	2.10
	Ag (g/t)	95	83.10	0.60	944.00	120.86	27,020.39	164.38	1.36
Descubridora (103)	Sample Length (m)	36	25.00	0.15	1.45	0.85	0.10	0.32	0.37
	SG	36	25.00	2.21	2.68	2.53	0.01	0.11	0.04
	Au (g/t)	36	25.00	0.01	4.48	0.52	0.42	0.64	1.23
	Ag (g/t)	36	25.00	0.60	936.00	80.72	36,944.07	192.21	2.38
Promontorio (104)	Sample Length (m)	84	80.70	0.10	2.00	1.17	0.17	0.41	0.35
	SG	84	80.70	2.15	2.74	2.48	0.01	0.12	0.05
	Au (g/t)	84	80.70	0.01	7.77	0.82	1.06	1.03	1.26
	Ag (g/t)	84	80.70	0.50	168.20	20.47	916.63	30.28	1.48
Impulsora (105)	Sample Length (m)	162	169.05	0.05	2.25	1.24	0.17	0.41	0.33
	SG	162	169.05	2.21	2.78	2.52	0.01	0.10	0.04
	Au (g/t)	162	169.05	0.01	11.85	0.61	1.54	1.24	2.04
	Ag (g/t)	162	169.05	0.50	195.00	13.23	671.61	25.92	1.96

*Length weighted statistics for assays

13.4 Solid Body Modelling

Six separate mineralisation solids were built by Fresnillo using implicit modelling from the coding assigned to the different veins intersected. The resulting mineralisation domains are named, from north to south, “Santo Niño”, “La Bufa”, “Loma Verde”, “Descubridora”, “Impulsora” and “Promontorio”. In the plane of the mineralisation, the solids extend up to 150 metres around the last borehole intersects. Figure 26 shows the 3D mineralisation domains in a plan view.

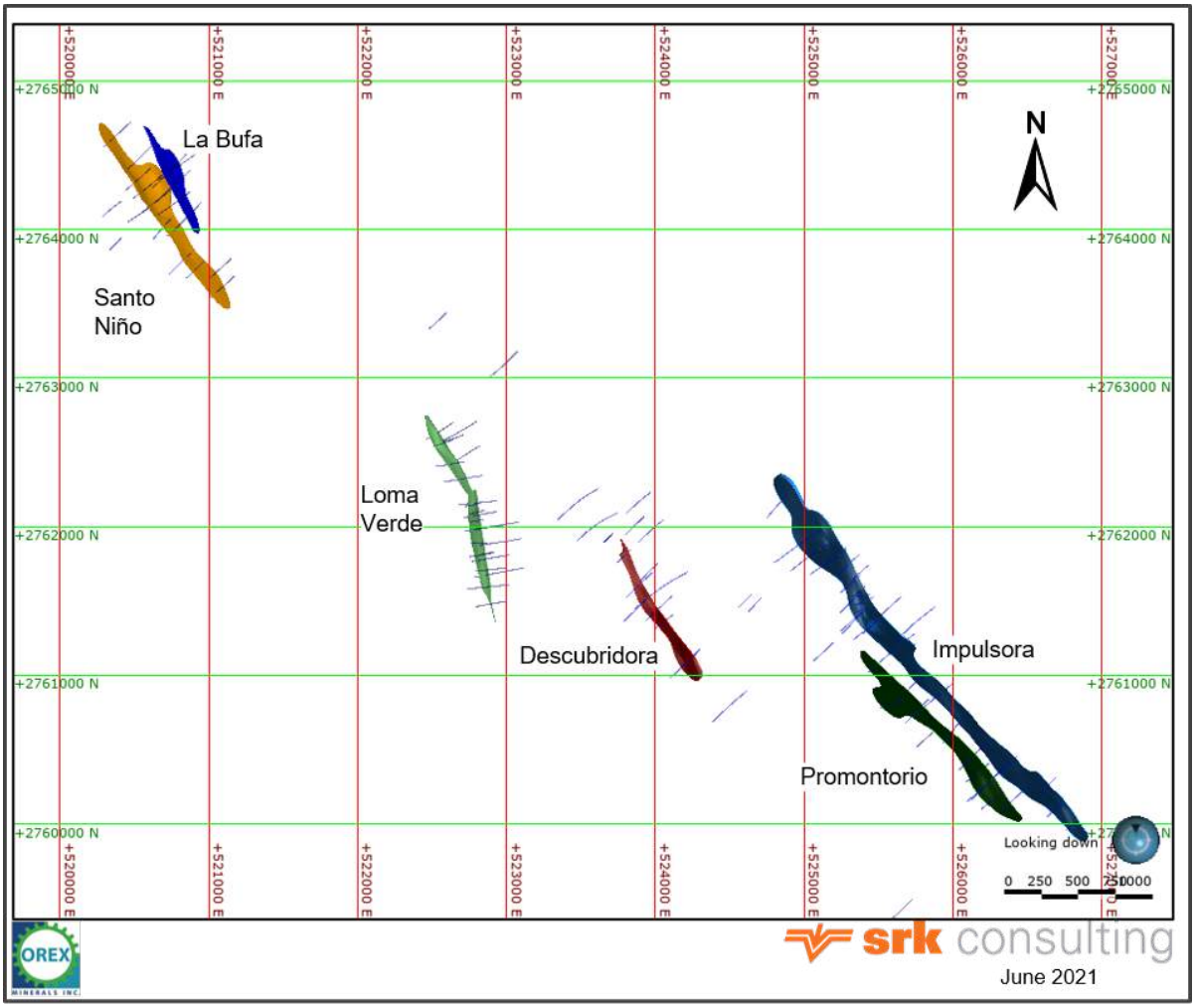


Figure 26: Plan view of the mineralisation domains of the Coneto Project

13.5 Compositing and Grade Capping

Sample lengths were regularized to a target length of 1.50 metres, which correspond to the third quartile of the original sample length distribution. By allowing some variation around the target length, no sampled interval within the vein structures is discarded from the resulting composites.

Identification of outlier gold and silver grades and grade capping was performed on composite samples. Capping thresholds were selected by inspecting the cumulative probability plots of composite gold and silver grades and by assessing the capping impact on the composite data statistics. Table 13 and Table 14 present, respectively, the composite gold and silver grades statistics before and after capping. As shown by the maximum value of capped composite grades, capping thresholds range from 4.50 to 7.00 gold grams per tonne, and from 105 to 900 silver grams per tonne. Composite gold grades in Descubridora and Promontorio veins, and silver grades in the Promontorio vein, were not capped as the corresponding populations do not show clear outliers that may bias the estimates materially. Appendix C presents the capping analysis plots that support the choice of capping thresholds for all veins of the Coneto Project.

Table 13: Uncapped and capped composite gold grades statistics*

		Uncapped Composites				Capped Composites				Capping Statistics	
Vein	Count	Mean (g/t)	Std. Dev. (g/t)	Max. (g/t)	Coeff. Var.	Mean (g/t)	Std. Dev. (g/t)	Max. (g/t)	Coeff. Var.	Percent capped (%)	Relative Mean Diff. (%)†
La Bufa	13	1.25	2.16	8.06	1.73	1.20	2.00	7.00	1.67	7.7%	-4.4%
Santo Niño	27	0.74	1.75	8.58	2.36	0.59	1.09	5.00	1.84	3.7%	-20.8%
Loma Verde	55	1.10	1.86	8.30	1.69	1.07	1.75	7.00	1.64	1.8%	-2.6%
Descubridora	16	0.52	0.42	1.49	0.80	0.52	0.42	1.49	0.80	0.0%	0.0%
Promontorio	53	0.82	0.90	3.47	1.10	0.82	0.90	3.47	1.10	0.0%	0.0%
Impulsora	117	0.61	1.09	6.92	1.79	0.58	0.94	4.50	1.63	3.4%	-5.1%
Total	**281**	**0.78**	**1.37**	**0.02**	**1.75**	**0.75**	**1.21**	**7.00**	**1.62**	**2.5%**	**-4.5%**

* Statistics are length-weighted. Std.Dev. = standard deviation; Min = minimum; Coeff. Var. = coefficient of variation
† Relative difference of uncapped and capped composite silver-equivalent mean value

Table 14: Uncapped and capped composite silver grades statistics*

		Uncapped Composites				Capped Composites				Capping Statistics	
Vein	Count	Mean (g/t)	Std. Dev. (g/t)	Max. (g/t)	Coeff. Var.	Mean (g/t)	Std. Dev. (g/t)	Max. (g/t)	Coeff. Var.	Percent capped (%)	Relative Mean Diff. (%)†
La Bufa	13	43	76	263	1.75	42	73	250	1.72	7.7%	-2.6%
Santo Niño	27	101	243	1,207	2.41	88	183	900	2.09	3.7%	-13.2%
Loma Verde	55	121	131	614	1.09	117	118	450	1.01	3.6%	-3.3%
Descubridora	16	81	132	608	1.63	70	92	400	1.31	6.3%	-12.9%
Promontorio	53	20	28	149	1.35	20	28	149	1.35	0.0%	0.0%
Impulsora	117	13	22	128	1.66	13	21	105	1.60	2.6%	-1.9%
Total	**281**	**50**	**112**	**1,207**	**2.26**	**47**	**94**	**900**	**1.99**	**2.9%**	**-5.7%**

* Statistics are length-weighted. Std.Dev. = standard deviation; Min = minimum; Coeff. Var. = coefficient of variation
† Relative difference of uncapped and capped composite silver-equivalent mean value

13.6 Specific Gravity

The specific gravity was measured from the volumetric displacement in water of whole cores. The number of specific gravity measurements in the database is 19,047, as every core interval was measured. Table 15 presents the length-weighted statistics for the specific gravity of composite samples within the mineralisation domains of the Coneto Project. Composite specific gravity values were not capped, as their distributions show a small dispersion and no clear outliers.

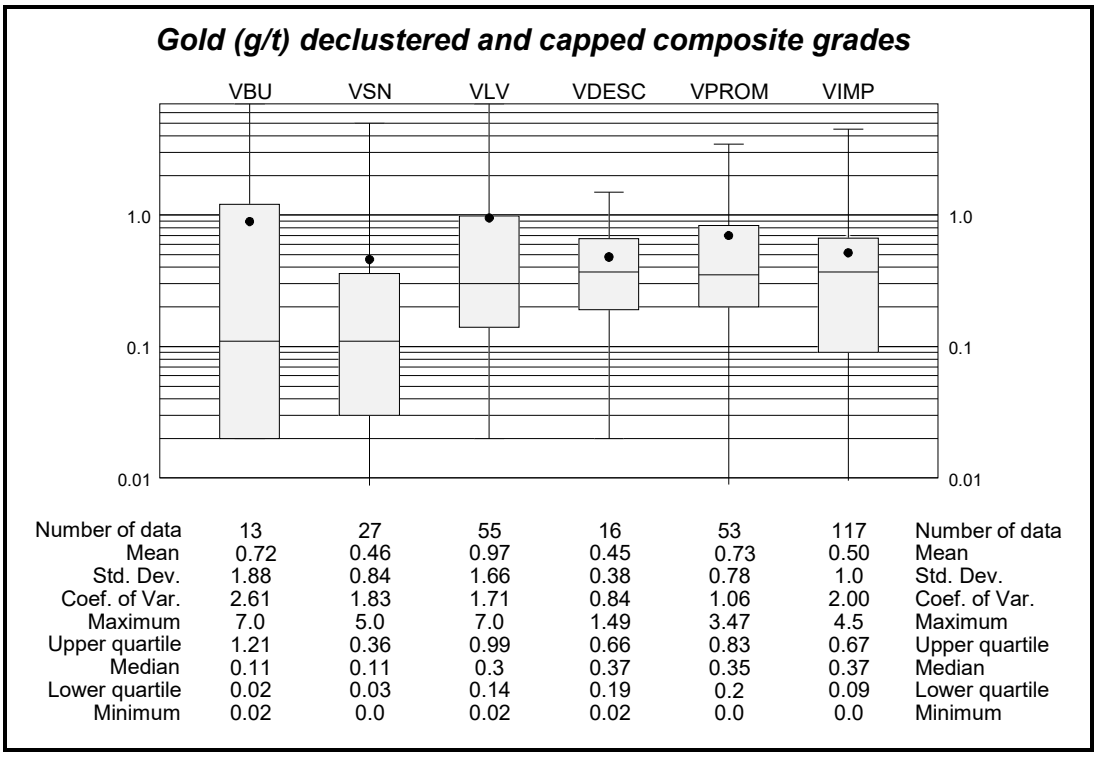
Table 15: Length weighted statistics for the specific gravity of composites within the mineralisation domains

Vein	Count	Mean	Std.Dev.	Min.	Max.	Coeff. Var.
La Bufa	13	2.45	0.11	2.25	2.66	0.04
Santo Niño	27	2.48	0.05	2.36	2.58	0.02
Loma Verde	55	2.48	0.08	2.29	2.65	0.03
Descubridora	16	2.53	0.08	2.33	2.67	0.03
Promontorio	53	2.48	0.10	2.21	2.71	0.04
Impulsora	117	2.52	0.09	2.27	2.74	0.03
Total	**281**	**2.50**	**0.09**	**2.21**	**2.74**	**0.04**

* Statistics are length-weighted. Std.Dev. = standard deviation; Min. = minimum; Max. = maximum; Coeff. Var. = coefficient of variation

13.7 Statistical Analysis and Variography

Figure 27 and Figure 28 show the declustered and capped statistics for gold and silver composites, respectively.



	VBU	VSN	VLV	VDESC	VPROM	VIMP	
Number of data	13	27	55	16	53	117	Number of data
Mean	0.72	0.46	0.97	0.45	0.73	0.50	Mean
Std. Dev.	1.88	0.84	1.66	0.38	0.78	1.0	Std. Dev.
Coef. of Var.	2.61	1.83	1.71	0.84	1.06	2.00	Coef. of Var.
Maximum	7.0	5.0	7.0	1.49	3.47	4.5	Maximum
Upper quartile	1.21	0.36	0.99	0.66	0.83	0.67	Upper quartile
Median	0.11	0.11	0.3	0.37	0.35	0.37	Median
Lower quartile	0.02	0.03	0.14	0.19	0.2	0.09	Lower quartile
Minimum	0.02	0.0	0.02	0.02	0.0	0.0	Minimum

Figure 27: Boxplots of gold declustered and capped composite grades

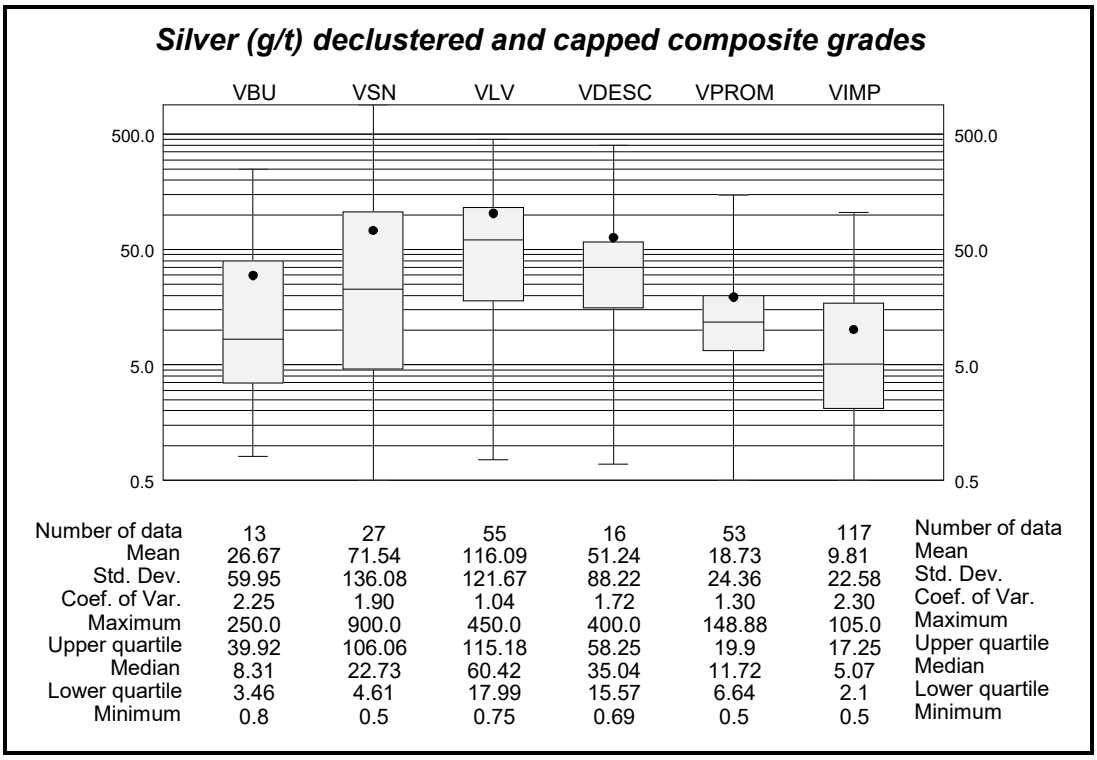


Figure 28: Boxplots of gold declustered and capped composite grades

The limited number of composite data does not allow for a reliable and detailed spatial continuity analysis for each domain. Only global variogram models for gold and silver grades were obtained for all veins using composites with coordinates transformed relative to the middle plane of the veins. These variogram models were used only for Change of Support (COS) analysis and their parameters are presented in Table 16.

Table 16: Global variogram models for Change of Support analysis

Metal	Variogram Model					
					Ranges (m)	
	Nugget [2]	Str. No.	Type	CC [2]	In vein [1]	Perpendicular
Gold	0.2	1	Spherical	0.53	35	7.5
		2	Spherical	0.27	61	Zonal [3]
Silver	0.20	1	Spherical	0.62	46	7.5
		2	Spherical	0.18	61	Zonal [3]

[1] Variograms are omnidirectional in the plane of the vein
[2] Nugget effect and sill contribution values standardized by the data variance
[3] Zonal anisotropy indicates lower variability in one direction

Multivariate analysis of composite data within the mineralisation domains (Figure 29) show a moderate relationship between gold and silver grades, and a weak negative relationship between these elements and the vein thickness. There is no correlation between the economic metal grades and the specific gravity.

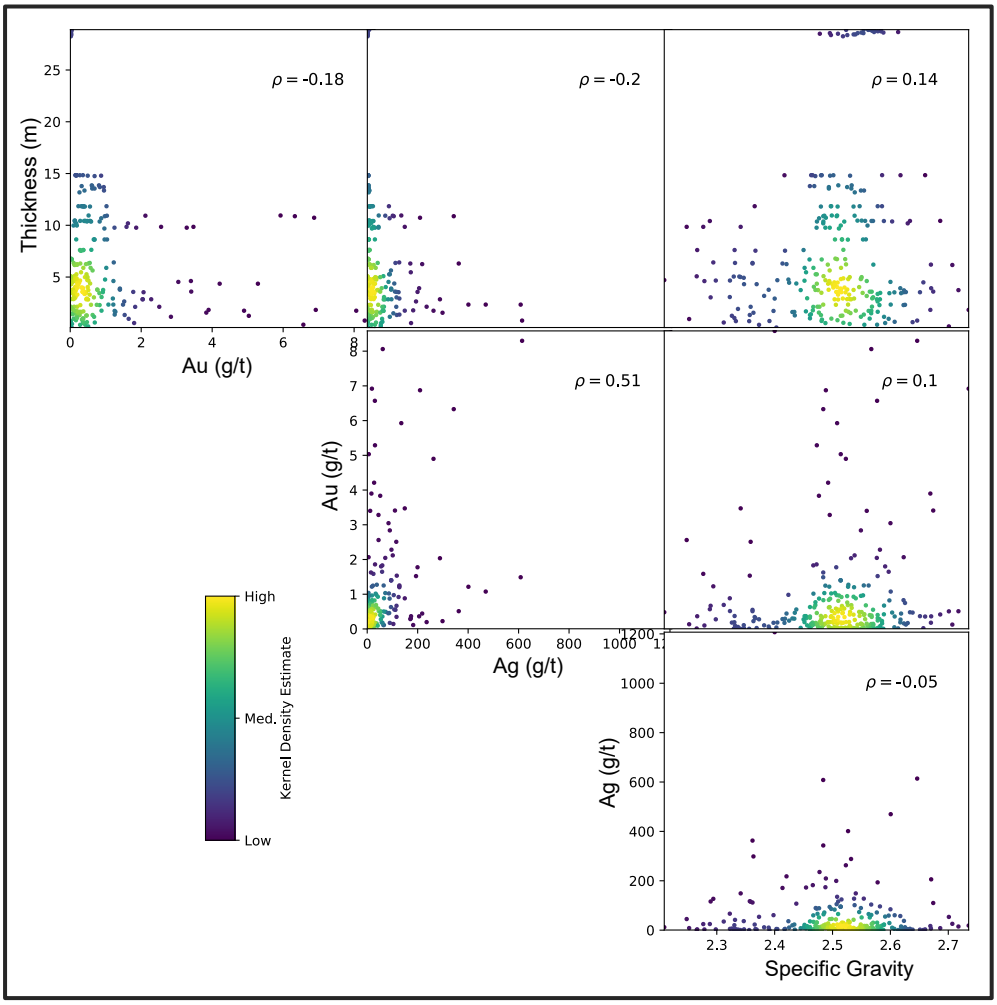


Figure 29: Multivariate relationships within mineralisation domains

13.8 Block Model Parameters

The Coneto mineral resources model includes four rotated block models constrained by the six vein wireframes. These models are rotated around the vertical axis so their longer side (X axe) is sub parallel to the dominant orientation of their corresponding veins. All block models are composed of parent cells of 24 metres by 6 metres by 12 metres and subcells of 1 metre by 1 metre by 1 metre minimum size. Table 17 details the specification of the four block models used for the Coneto mineral resources estimation. Relative volume differences of less than 2% were obtained between the mineralisation wireframes and the subcell models contained within them.

Table 17: Specifications of block models used for the Coneto Project veins

			Rotation		Parent Cells		Sub Cells	
Vein and axis	Origin [1]	Extent (m)	Angle	Rot. axis[2]	Size (m)	Number	Min. size [3] (m)	Partitions
La Bufa and Santo Niño								
X	520,200	1,560	60	OZ	24	65	1	24
Y	2,764,704	432	0	OX	6	72	1	6
Z	2,188	696	0	OY	12	58	1	12
Loma Verde								
X	522,324	1,512	67	OZ	24	63	1	24
Y	2,764,710	270	0	OX	6	45	1	6
Z	2,036	720	0	OY	12	60	1	12
Descubridora								
X	523,624	1,152	60	OZ	24	48	1	24
Y	2,761,868	240	0	OX	6	40	1	6
Z	2,036	408	0	OY	12	34	1	12
Promontorio and Impulsora								
X	524,468	3,288	53	OZ	24	137	1	24
Y	2,762,124	696	0	OX	6	116	1	6
Z	2,060	696	0	OY	12	58	1	12

[1] UTM coordinates, Datum NAD 27 R13
[2] Rot. Axis = rotation axis
[3] Min. size = minimum subcell size

13.9 Estimation

Inverse distance weighted interpolation to a power of two was applied in three passes to populate the blocks with gold and silver grades and specific gravity values. The interpolation was informed by capped composite grades for gold and silver, and by uncapped specific gravity values. The surface of the mineralisation wireframes acted as hard boundaries in the estimation. Table 18 summarizes the parameters applied in Leapfrog Edge for the mineral resources estimation of the Coneto Project. The radii of the first pass search ellipsoid are coherent with the full ranges of the global variogram models for silver and gold. The radii of the second and third passes search ellipsoid are two and three times the full variogram ranges, respectively. Search ellipse orientations were set to the average geometric orientation of each vein. Interpolation in the first two passes required a minimum of two composites, and just one in the third pass. A maximum of 12 neighbouring composites were used for the estimation of each block, with no more than 2 composites belonging to the same borehole. Restricted search distances of 30 to 50 metres were applied to high gold and silver grades exceeding 3.00 grams per tonne and 150 grams per tonne, respectively, in La Bufa vein, and to high silver grades exceeding 450 grams per tonne in Descubridora vein. High grades located beyond this distance to the block centroid were reduced to the outlier restriction threshold, thus limiting their influence in the estimation.

Table 18: Summary of estimation search parameters

	Ellipsoid Radii [1]			Ellipsoid Orientations [2]			Composites			Outlier Restrictions [3]		
Vein and estimation pass	Max.	Med.	Min.	Dip	Dip Azimuth	Pitch	Min.	Max.	Max. per hole	Distance (m)	Thresholds Au (g/t)	Thresholds Ag (g/t)
La Bufa												
1	60	60	30				3	12	2	50	n/a	150
2	120	120	60	74	66	0	3	12	2	50	3.00	150
3	180	180	90				1	12	2	30	3.00	150
Santo Niño												
1	60	60	30				3	12	2	50		
2	120	120	60	69	55	0	3	12	2	50	n/a	
3	180	180	90				1	12	2	30		
Loma Verde												
1	60	60	30				3	12	2	50		
2	120	120	60	90	70	0	3	12	2	50	n/a	
3	180	180	90				1	12	2	30		
Descubridora												
1	60	60	30				3	12	2	50	n/a	n/a
2	120	120	60	74	66	0	3	12	2	50	n/a	450
3	180	180	90				1	12	2	30	n/a	450
Promontorio												
1	60	60	30				3	12	2	50		
2	120	120	60	69	55	0	3	12	2	50	n/a	
3	180	180	90				1	12	2	30		
Impulsora												
1	60	60	30				3	12	2	50		
2	120	120	60	70	234	0	3	12	2	50	n/a	
3	180	180	90				1	12	2	30		

[1] Radii in metres. Maximum (Max.) and Medium (Med.) radii are in the plane of the vein, Minimum (Min.) radius is perpendicular to it
[2] Ellipsoid orientations are in Leapfrog convention
[3] High gold or silver grades located farther than the outlier restriction distance are reduced to the corresponing threshold

In situ mineral values were calculated for each block using the independently estimated grades for gold and silver. The mineral value calculations are based on a gold price of US$1,500 per troy ounce, a silver price of US$21.5 per troy ounce and per-vein gold and silver recoveries according to the most recent metallurgical test results ranging from 66% to 98% for gold and 69% to 90% for silver (see Table 20).

13.10 Model validation and Sensitivity

SRK validated the mineral resources model using a visual comparison of block estimates and informing composites, swath plot comparisons between inverse distance weighting to a power of two estimates and nearest neighbours estimates and change of support (COS) checks using the Discrete Gaussian Model (DGM).Figure 30 shows, as an example of the visual comparison, a northeast view of Loma Verde estimates, which is the vein that contributes the most to the mineral resources.

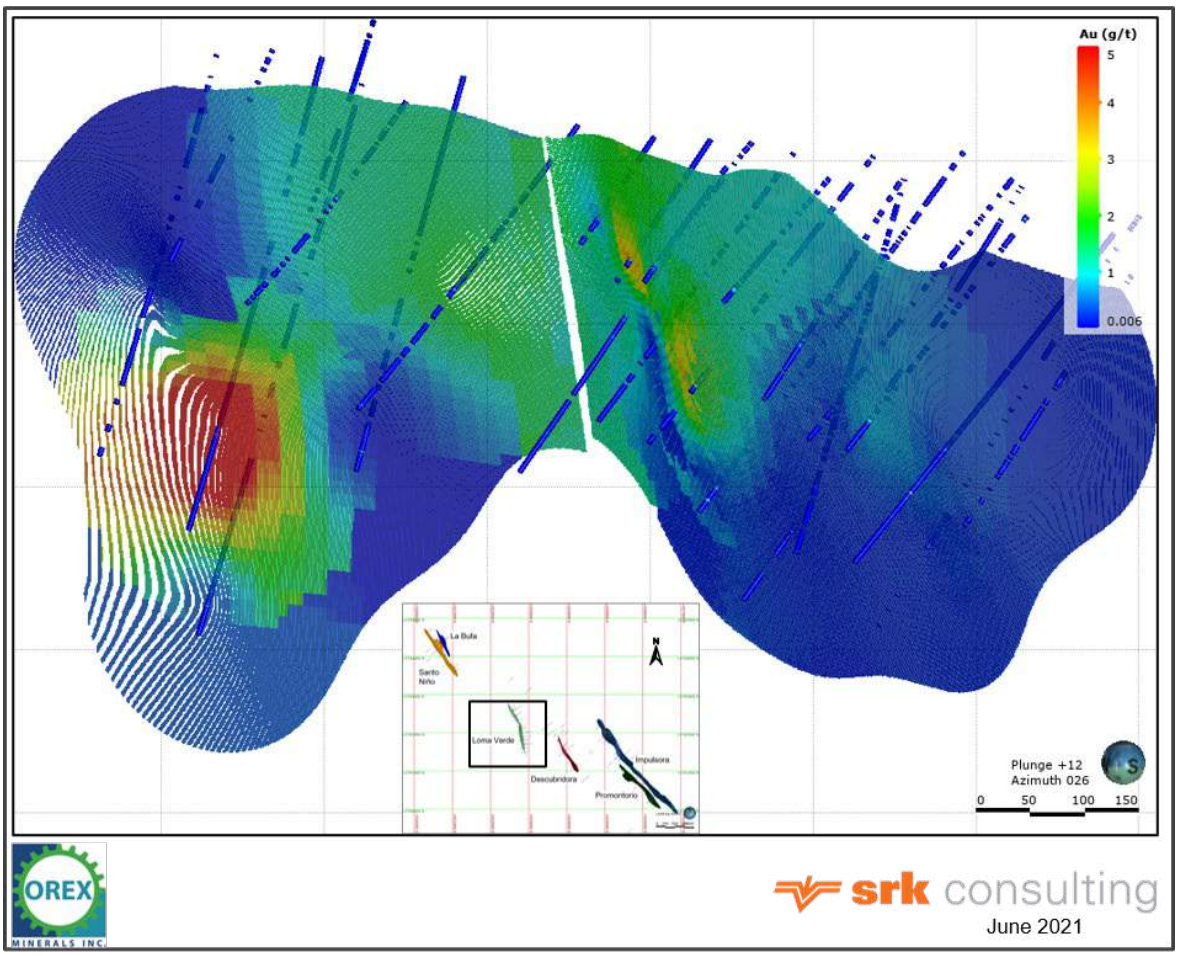


Figure 30: Northeast view of Loma Verde vein comparing gold composite grades and gold block estimates

As shown in Figure 31 also for Loma Verde vein, the inverse distance to a power of two show no major biases in relation to nearest neighbours estimates. The change of support check shown in Figure 32 suggest that, given the available data and the global variogram models, the block estimates provide a good approximation to the block support gold grade distribution and an acceptable approximation to the block support silver grade distribution.

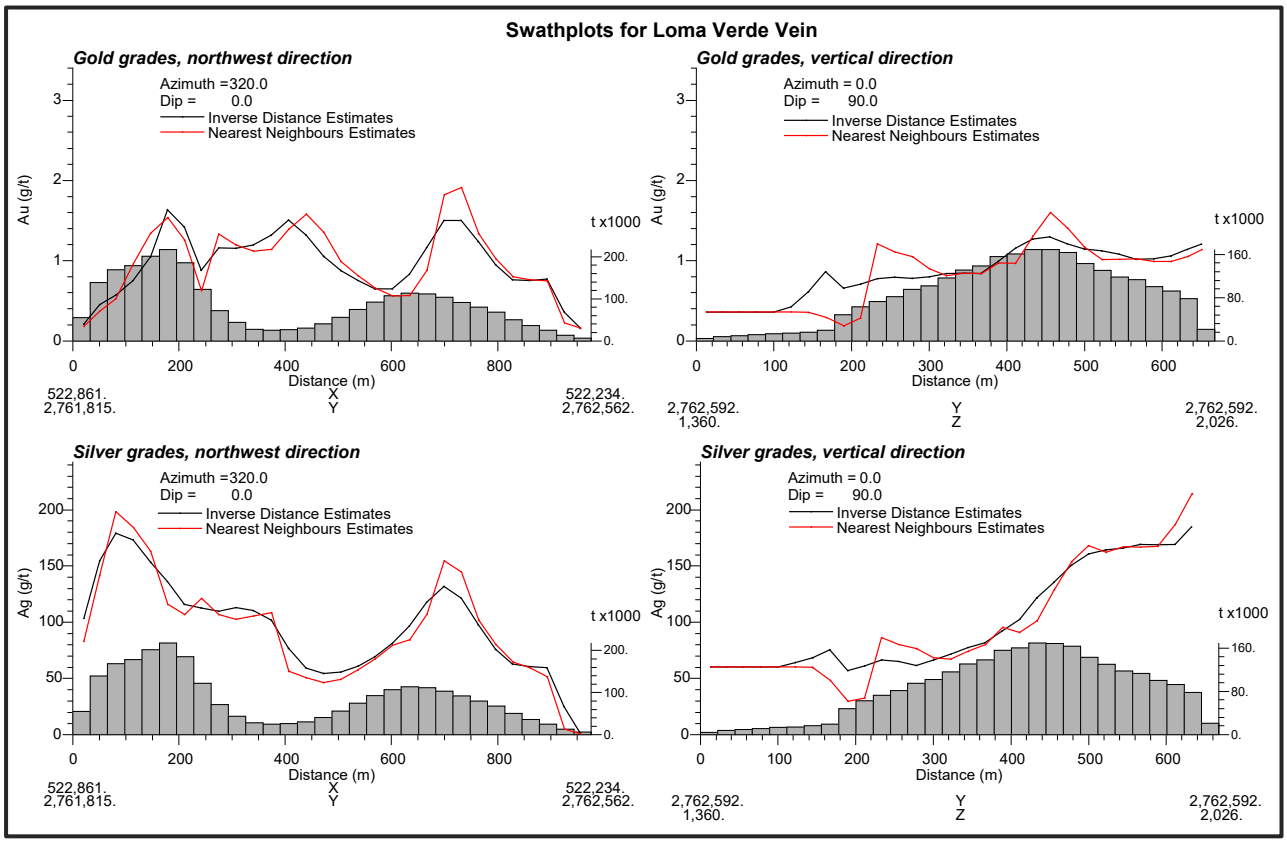


Figure 31: Swath plot comparison between inverse distance to a power of two and nearest neighbours estimates for Loma Verde vein.

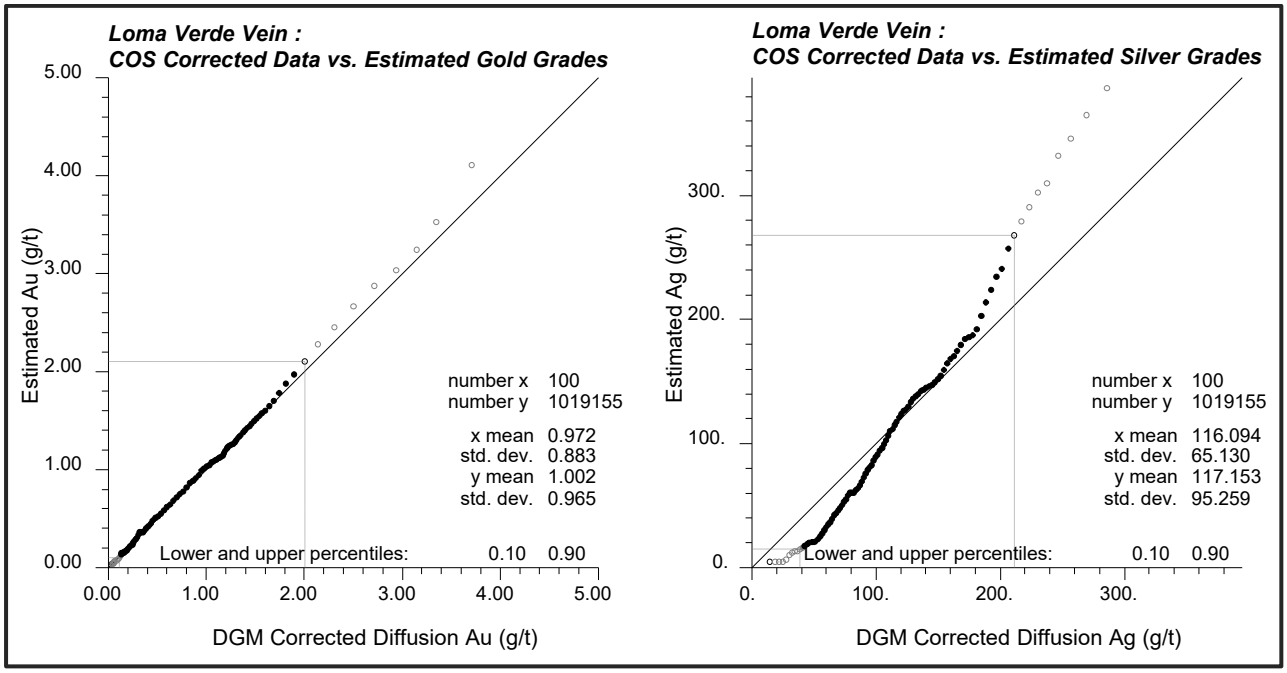


Figure 32: Change of support check of estimated gold and silver grades using the Discrete Gaussian Model (DGM)

Table 19: Estimated and declustered means comparison at 0.00 Gold and Silver g/t cut-off grade

	Gold (g/t)			Silver (g/t)		
Vein	**Estimated Mean**	**Declustered Mean**	**Relative difference**	**Estimated Mean**	**Declustered Mean**	**Relative difference**
La Bufa	0.75	0.72	4%	27.33	26.67	2%
Santo Niño	0.47	0.46	1%	71.96	70.54	2%
Loma Verde	1.00	0.97	3%	117.15	116.09	1%
Descubridora	0.45	0.45	-1%	51.22	51.24	0%
Promontorio	0.73	0.73	0%	18.92	18.73	1%
Impulsora	0.49	0.50	-2%	9.90	9.81	1%
Global	**0.61**	**0.60**	**0.2%**	**33.63**	**33.26**	**1%**

Additionally, as shown in Table 19 above, the global means of estimated gold and silver grades at zero cut-off show a close agreement with the composite grades declustered by the nearest neighbours interpolation method for all veins in the Coneto Project. These results indicate that the estimation method introduces no material global biases in the mineral resources estimates.

13.11 Mineral Resource Classification

Block model quantities and grade estimates for the Coneto Project were classified according to the CIM *Definition Standards for Mineral Resources and Mineral Reserves* (May 2014) by Fresnillo and audited and corroborated by David Machuca PEng (PEO# 100508889) an appropriate independent Qualified Person for the purpose of National Instrument 43-101.

Mineral resource classification is typically a subjective concept. Industry best practices suggest that resource classification should consider the confidence in the geological continuity of the mineralized structures, the quality and quantity of exploration data supporting the estimates, and the geostatistical confidence in the tonnage and grade estimates. Appropriate classification criteria should aim at integrating these concepts to delineate regular areas at similar resource classification.

SRK is satisfied that the geological modelling honours the current geological information and knowledge. The sampling information was acquired primarily by core drilling spaced at 150 metres, in average. The location of the samples and the assay data are sufficiently reliable to support an initial resource evaluation. However, the current drilling spacing does not provide a level of confidence in the estimates that is sufficient to allow appropriate application of technical and economic parameters to support mine planning and to allow evaluation of the economic viability of the deposit. Therefore, all mineral resources in the Coneto Project should be appropriately classified in the Inferred category.

13.12 Mineral Resource Statement

CIM *Definition Standards for Mineral Resources and Mineral Reserves* (May 2014) defines a mineral resource as:

> *"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."*

The "reasonable prospects for eventual economic extraction" requirement generally imply that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade that considers extraction scenarios and processing recoveries. To meet this requirement, SRK considers that major portions of the Coneto are amenable for underground extraction. The cut-off mineral value of US$ 74.30 per tonne is based on the mining and processing costs of similar deposits mined by underground methods in Mexico. The ore/waste discrimination of mineral resources estimates in relation to this cut-off value are based on a gold price of US$1,500 per troy ounce, a silver price of US$21.5 per troy ounce and per-vein gold and silver recoveries according to the most recent metallurgical test results ranging from 66% to 98% for gold and 69% to 90% for silver (see Table 20).

SRK is satisfied that the mineral resources were estimated in conformity with the widely accepted CIM Estimation of Mineral Resource and Mineral Reserve Best Practices Guidelines (November 2019). The mineral resources may be affected by further infill and exploration drilling that may result in increases or decreases in subsequent mineral resource estimates. The mineral resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic, and other factors. The Mineral Resource Statement for the Coneto Project presented in Table 20 is the responsibility of Dr. David Machuca PEng (PEO# 100508889). The overall process was reviewed by Mr. Glen Cole, PGeo (APGO#1416). Dr. Machuca is an appropriate independent Qualified Person as this term is defined in NI 43-101.

The effective date of the Mineral Resource Statement is August 30, 2021.

Table 20: Mineral Resource Statement* Coneto Gold-Silver Project, Durango, Mexico SRK Consulting (Canada) Inc., August 30, 2021

	Quantity	Grade			Contained Metal		
Category	Tonnes (000s)	Gold (g/t)	Silver (g/t)	Au. Eq. (g/t)	Gold Ounces (000s)	Silver Ounces (000s)	Au. Eq. Ounces (000s)
Inferred Mineral Resource							
La Bufa	264	2.44	85	3.34	21	717	28
Santo Niño	901	1.10	163	3.17	32	4,718	92
Loma Verde	1,920	1.32	165	3.58	81	10,148	220
Descubridora	280	0.91	141	2.69	8	1,266	24
Promontorio	690	2.31	50	3.13	51	1,108	69
Impulsora	1270	2.28	28	2.57	93	1,154	105
Total Inferred	**5,325**	**1.67**	**112**	**3.15**	**286**	**19,111**	**538**

* Mineral resources are not mineral reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Composites have been capped where appropriate. Mineral Resources are reported at a cut-off mineral value of US$74.30 per tonne. In-situ mineral values and gold equivalent grades are based on prices of US$1,500 per troy ounce of gold and US$21.50 per troy ounce of silver and metal recoveries specific to each vein ranging from 66% to 98% for gold and 69% to 90% for silver.

13.13 Grade Sensitivity Analysis

The mineral resources of the Coneto gold-silver Project are sensitive to the selection of the reporting cut-off grade. To illustrate this sensitivity, the global model quantities and grade estimates are presented in Table 21 at different cut-off grades. The reader is cautioned that the figures presented in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade. Figure 33 presents this sensitivity as grade tonnage curves.

Table 21: Global Block Model Quantities and Grade Estimates*, Coneto gold-silver Project at Various Cut-off Grades

Cut-off Value (US$/t)	Tonnes (million t)	Au. Eq. Grade (g/t)	Au. Eq. Metal (Million Oz.)
30	12.19	1.98	0.78
34	11.26	2.08	0.75
38	9.99	2.24	0.72
42	8.72	2.43	0.68
46	7.85	2.59	0.65
50	7.37	2.68	0.64
54	6.86	2.79	0.62
58	6.58	2.85	0.60
62	6.21	2.93	0.59
66	5.95	2.99	0.57
70	5.63	3.07	0.56
74	5.33	3.15	0.54
78	5.11	3.21	0.53
82	4.82	3.28	0.51
86	4.61	3.34	0.49
90	4.37	3.40	0.48
94	4.15	3.47	0.46
98	3.92	3.53	0.45
102	3.68	3.60	0.43
106	3.36	3.72	0.40
110	3.16	3.78	0.38

* The reader is cautioned that the figures in this table should not be misconstrued with a Mineral Resource Statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of a cut-off grade.

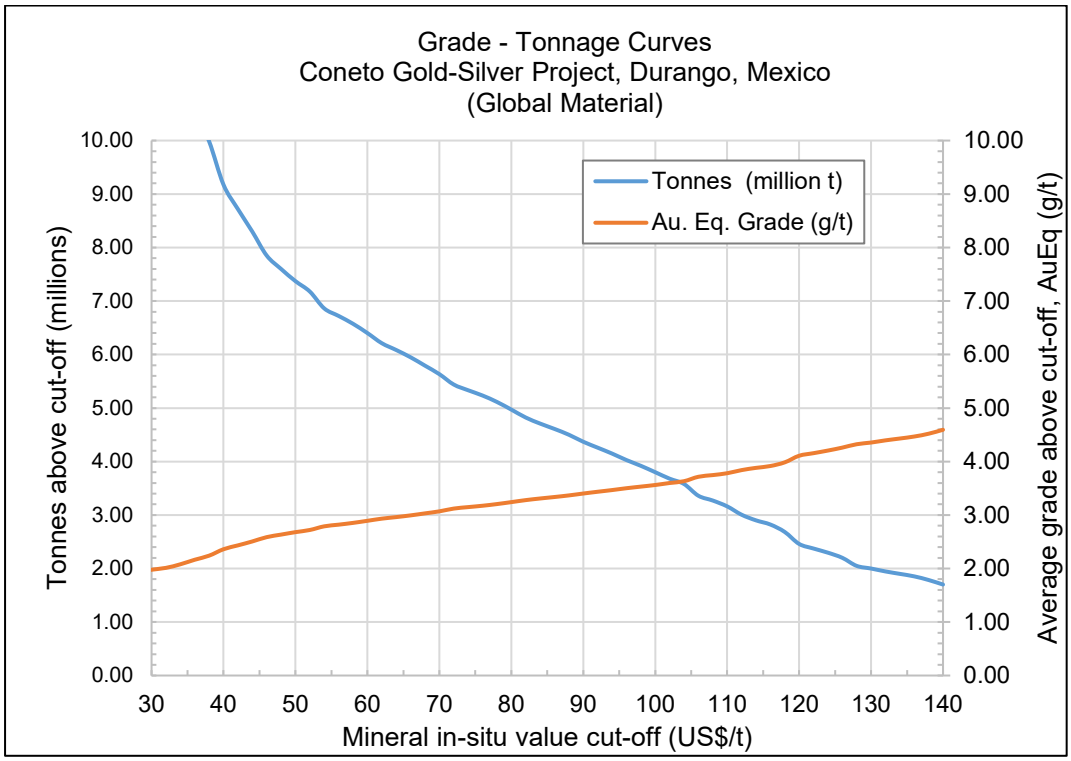


Figure 33: Grade-Tonnage Curves for the Coneto Gold-Silver Project

14 Adjacent Properties

This section is modified from Whiting and Gunning (2009)..

Information on Adjacent Properties is included herein as an illustration of the mineral endowment of the region from an exploration viewpoint. These properties are not included in the boundaries of the Coneto Property as defined in this technical report.

While the authors have no reason to doubt the validity of any mineral resource estimates presented hereinthe authors have not personally verified the information on the adjacent properties, and this information is not necessarily indicative of mineraliation on the Coneto Property.

On the western side of the Coneto property, about 2.5 kilometres west of the village of Coneto de Comonfort, is the location of the small Naga Nega mineral concessions. The authors are unaware of the status of these concessions or to whom they belong. Three small historic mine workings are present on narrow structures striking 170° and dipping 60° to 75° to the west. No significant production is reported from these workings. The veins are hosted in Lower Volcanic Group, close to the contact with the Upper Volcanic Group, and represent the upper zone of a vein system. Argillic alteration and fragments of quartz can be followed on the surface for about 400 metres.

In the northwestern part of the Coneto Project, completely enclosed by Coneto mineral concessions, is the Cerro Prieto Gold Project, also known as Mina Cerro Prieto. A recent report by the Servicio Geológico Mexicano (Cháirez-Blanco, 2019) contained an estimate of resources based on a polygonal projection method from underground channel samples. These “Indicados”, “Inferidos” and “Potenciales” blocks were not prepared to the requirements of NI 43-101, but are indicative of gold and silver mineralization. The projection of veins from Cerro Prieto align with the El Rey and El Rosario concessions of the Coneto Project.

El Castillo Complex, comprised of the El Castillo and San Agustin mines, is located about 25 kilometres southeast of Coneto. These are operating open-pit gold-silver mines by Argonaut Gold, producing approximately 115,000 gold-equivalent ounces per year. Low-sulphidation epithermal gold mineralization is hosted in silicified, argillized and pyritized mantos within volcaniclastics of the Lower Volcanic Group and adjacent dacitic sills. As of 31 December 2020, Argonaut Gold has outlined Measured and Indicated resources of 106 million tonnes grading 0.30 g/t gold for a total of 1.026 million ounces at the Castillo Complex (Argonaut Gold website, September 2021). There is a further Inferred resource of 3.9 million tonnes grading Au 0.36 g/t for 45,000 ounces. These resources were based on an economic cut-off grade of Au 0.08-0.43 g/t and a price of $US 1,800/oz.

15 Other Relevant Data and Information

There is no other relevant data available about the Coneto Project.

16 Interpretation and Conclusions

The Coneto Project is a low to intermediate sulphidation epithermal vein system hosted in volcanic series, mainly silicified andesite breccias. There are over 40 veins documented in the Coneto property. In addition, there are both quartz stockwork and breccias in both hanging and footwall zones of significant veins. Only six of these veins contain adequate recent information to inform a mineral resources estimation that complies to currently accepted reporting standards.

A total of 106 core boreholes (38,515 metres) were drilled by Orex and EDMC between 2010 and 2017 have been considered to model the geology and the mineral resources of the Coneto Project.

SRK is of the opinion that the drilling and sampling procedures adopted by Orex and EDMC are consistent with generally recognized industry best practices. The resultant drilling pattern is sufficiently dense to allow for an initial interpretation of the continuity, geometry and the boundaries of the veins with enough confidence to support the mineral resources estimation

Mineralisation solids and grade estimates for six veins on the Coneto property were generated by Fresnillo and subsequently audited and validated by SRK. The mineral resources model is hosted by four block models aligned to the geometry of the veins and constrained by them. Gold and silver grades and specific gravity values were estimated using inverse distance interpolation to a power of two. SRK validated the mineral resources model through visual inspection and various statistical checks. On completion of the audit and validation process, the Qualified Persons are satisfied that the mineral resources were estimated in conformity with the widely accepted CIM Estimation of Mineral Resource and Mineral Reserve Best Practices Guidelines (November 2019).

The Qualified Persons are satisfied that the geological modelling honours the current geological information and knowledge. The sampling information was acquired primarily by core drilling spaced at 150 metres, on average. The location of the samples and the assay data are sufficiently reliable to support an initial resource evaluation. However, the current drilling spacing does not provide a level of confidence in the estimates that is sufficient for the adequate application of technical and economic parameters to support mine planning and to allow for the evaluation of the economic viability of the deposit. Therefore, all mineral resources in the Coneto Project were appropriately classified in the Inferred category.

The Qualified Persons are not aware of any significant risks and uncertainties that could reduce the reliability or confidence in the early-stage exploration information discussed herein. SRK notes that the mineral resources occupy only a small fraction of the Coneto property. Within the property, several other veins and mineralized systems are recognized as outcrops but remain insufficiently explored or unexplored in depth. The exploration potential outside of the currently defined mineral resource area remains high.

17 Recommendations

The geological setting, character of the gold-silver mineralization delineated, and the exploration results to date are of sufficient merit to justify additional exploration and technical study expenditures.

SRK recommends multi-disciplinary technical studies and exploration drilling aimed at expansion, de-risking and further conceptual characterization of the Project to evaluate the conceptual economic viability of the Coneto Project.

Additional exploration drilling is warranted laterally and at depth of most of the estimated veins, particularly in the south-east extension of the Promontorio and Impulsora veins and in the area of Consuelo and El Indio veins. SRK estimates the next exploration campaign should comprise about 30 drillholes aiming these targets.

Although current drilling data shows gold and silver grades tend to decrease at depth, a fluid inclusion study could provide a better support for drilling deep boreholes.

Infill and step-out core drilling within the area of the currently estimated veins will be necessary to expand their mineral resources and upgrade their classification. A 50-metre spacing or less would be required to define Indicated resources.

A structural geology study is recommended to improve the understanding and characterisation of the structural controls of mineralisation, and, in particular, the formational distensive event system that permitted the circulation of hydrothermal fluids that originated the Coneto Project veins. This study should be based on structural geological information acquired from oriented drill-core.

Table 22 presents an estimated budget for the next phase of work implementing the recommendations discussed above.

Table 22: Estimated Cost of the Next Phase of Work in the Coneto Project

Description	Units	Total Cost (C$)
Core Drilling		
Delineation drilling (infill and step out)	24,000	3,600,000
Diamond drilling (Exploration)	12,000	1,800,000
Geological Studies		
Fluid inclusion study		50,000
Structural geology study		60,000
Updated mineral resource model		50,000
Engineering Studies (Scoping Study)		90,000
Subtotal		**5,650,000**
Contingency (10%)		565,000
Total		**6,215,000**

SRK is unaware of any other significant factors and risks that may affect access, title, or the right or ability to perform the exploration work recommended for the Coneto Project.

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APPENDIX A

Legal Title Opinion and Environmental Permits

KUNZ ABOGADOS, S.C. kunzabogadosgmail.com

Dr. Federico Kunz
Socio Director

Lic. Erika Kunz Martínez

September 13, 2021.

From:

KUNZ ABOGADOS S.C.
Vía Láctea # 18 despacho 2002
Jardines de Satélite
53129, Naucalpan, estado de México.
MEXICO

To:

SRK CONSULTING (CANADA) INC.
22nd Floor, 1066 West Hastings Street
Vancouver, BC
V6E 3X2, Canada

C.c. to:

EXPLORACIONES Y DESARROLLOS MINEROS CONETO, S.A.P.I. DE C.V.
Saltillo 400, N° 989
Campestre La Rosita
27250,Torreón, Coahuila.
MEXICO.

Privileged and Confidential

Dear Sirs/Mesdames:

Re: Exploraciones y Desarrollos Mineros Coneto, S.A.P.I. de C.V. (the "Company") – Mexican Title Opinion.

We have been requested to provide a title opinion and related matters (the "**Title Opinion**") on the Mining Concessions (the "**Concessions**"), that cover the mining

claims mentioned herein-below, all of them located in the municipality of Coneto de Comonfort, State of Durango, México (the "**Coneto Property**").

We have reviewed the public deed number 64971, dated on June 15, 2016, granted before the Public Notary number 139, from the City of Mexico, regarding the merger of CON EXPLORACIONES Y PROYECTOS DE MÉXICO S.A. de C.V., EXPLORACIONES CONETO, S.A. de C.V. and EXPLORACIONES Y DESARROLLOS MINEROS CONETO, S.A.P.I. de C.V., which contains, among other matters, the transference of the Concessions to the Company, recorded before the Public Registry of Mines, under the number 88, volume 41 of the Book of Mining Acts and Contracts, April 5, 2018.

In connection with the opinions hereinafter expressed, we have also made such investigations and examined originals or copies, certified or otherwise identified to our satisfaction, of the material documents and of such certificates of public officials and such other certificates, documents and records as we have considered necessary or relevant for the purposes of the opinions hereinafter expressed, delivered to us by the Company, and a search for that purpose at the General Bureau of Mines (the "**GBM**"), and the Public Registry of Mining (the "**Registry**") within the Ministry of Economy.

Mineral Rights and Concessions

CLAIM	TITLE #	AREA (Has)	EXPIRATION DATE
La Novedad	246382	364.7122	October 3, 2050
Samaritano	212374	20.0000	October 3, 2050
Soledad	212593	443.4111	November 6, 2050
Samaritano	213495	490.5914	May 17, 2051
Novedad IV	214353	189.0326	September 5, 2051
El Indio	216803	37.3496	May 27, 2052
3 en 1	227109	126.0000	May 8, 2056
3 en 1 F1	227110	66.3617	May 8, 2056
3 en 1 F2	227111	140.3316	May 8, 2056
Hueco 1	233483	0.3403	March 9, 2059
Hueco 2	233649	2.2770	March 30, 2059
La Bufa *	216119	12.0000	August 2, 2049
Ampliación de la Bufa *	215734	44.0000	December 4, 2040
El Rey *	216118	21.0000	March 30, 2050
Lomas 2 *	246379	1,801.1013	March 27, 2058
Lomas Fracción *	231637	0.2031	March 27, 2058

2

Unificación La Palma *	231900	376.9587	May 17, 2067
El Rosario *	216062	6.0000	October 28, 2049
Lomas 3 *	245390	4,925.3352	March 29, 2060

** Concessions coming from CON EXPLORACIONES Y PROYECTOS DE MÉXICO, S.A. DE C.V., subject to royalties payments.*

For the Concessions, mining taxes have been paid, status in force, and free of any liens or encumbrances, except of the obligation to pay royalties of 1.5% of the net smelter return (NSR) in favor of Minera San Miguel de Coneto, S. A. de C.V. and 1.0% of the net smelting return (NSR) in favor of Minera Cima, S.A. de C.V., as indicated in the public deed containing the above mentioned merger, regarding concessions coming from CON EXPLORACIONES Y PROYECTOS DE MÉXICO S.A. de C.V.

Therefore, in our opinion the Concessions are in good legal standing and valid for the purposes of mining exploration and exploitation.

OPINION

1.- The Company is the sole titleholder of the Concessions and has the exclusive right to explore and exploit the Concessions.

2.- The Concessions are valid for a period of 50 years from the date of grant of each concession and may be renewed for an additional period of 50 years, subject to titleholders being in compliance with each concession granted according to the Mining Act and its Regulations.

3.- To the best of my knowledge, none of the Concessions is subject to any lien, charge, or other encumbrance, that could affect the rights of the titleholder, except for the obligations to pay the royalties above mentioned.

4.- the Concessions are in good standing and have the "expiration date" listed in the table included above.

MINING OBLIGATIONS

According to the Mining Act, to maintain their rights, the holders of mining concessions must perform the following obligations.

Assessment work. During the month of May of each year, the concessionaries must file with the GBM, the work assessment reports made on each concession

3

or group of concessions for the immediately preceding calendar year. Minimum investment amounts are established by mining regulations and updated annually.

Mining Duties. During the months of January and July of each year, the concessionaires must pay the mining duties for the area that is covered to each concession (on a per hectare basis), and in case of the production and sale of minerals products, concessionaires must pay duties calculated according to their net income and in case of sales of gold, silver and platinum, some additional duties.

Considering these two main obligations for concessionaires the Mining Concessions that cover the mining claims mentioned herein, are in good legal standing and valid for the purposes of mining exploration and exploitation.

Under Mexican law, a concession right can be transferred by the sole acceptance of the parties. The formalization process of such transfer is completed once it is duly registered in the Registry.

According to Mexican Mining Law, holders of mining rights can perform surveys, mapping and prospections (sampling) in the area of the mining rights without any type of authorization and environmental permit emitted by a public authority.

The opinions expressed above are given as of the date of this Title Opinion and are not prospective. We disclaim any obligation to advise the addressee or any other person of any change in law or any fact which may come or be brought to our attention after the date of this letter.

This opinion relates exclusively to the transaction outlined above and is for the sole use and benefit of the persons to whom it is addressed. Accordingly, this opinion may not be delivered to, or relied upon, by any other person or used in connection with any other transaction without our prior written consent. This opinion is limited to the matters stated herein, and no opinion or belief is implied or may be inferred beyond the matters expressly stated herein.

We are solicitors qualified to practice law in Mexico and we express no opinion as to the laws of any jurisdiction, or as to any matters governed by the laws of any jurisdiction, other than the laws of Mexico. The opinions herein are based on the laws of Mexico in effect on the date hereof.

KUNZ ABOGADOS S.C.

Federico Kunz, Ph. D. Law
Director

4

FRESNILLO

SERVICIOS ADMINISTRATIVOS FRESNILLO, S.A. DE C.V.
DIRECCIÓN DE EXPLORACIÓN MÉXICO E INTERNACIONAL

DURANGO, DURANGO 06 DICIEMBRE DE 2018

RICARDO EDMUNDO KARAM VON BERTRAB
DELEGADO FEDERAL EN EL ESTADO DE DURANGO
SECRETARIA DE MEDIO AMBIENTE Y RECURSOS NATURALES
PRESENTE:

Mediante el presente permitame brindarle un afectuoso saludo, así como poner a su disposición y en cumplimiento del apartado ***QUINTO*** del Resolutivo con ***OFICIO No.:SG/130.2.1.1/1885/16, BITACORA No.:10/IP-0409/09/16;*** el Reporte de Cierre de Actividades correspondiente al Proyecto **"Exploración Minera Coneto 2016"**, ubicado en el municipio de Coneto de Comonfort, Durango.

En el reporte anexo, se exhibe el cumplimiento de lo estipulado en el resolutivo correspondiente al proyecto en mención, refrendando el compromiso de mi representada hacia las buenas prácticas laborales y ambientales a las que haya lugar.

Sin más por el momento y agradeciendo de antemano su amable atención, quedo de usted.

Ing. Pedro de Santiago Rentería
Gerencia de Gestoría SSMARC Exploraciones

SEMARNAT
DELEGACIÓN ESTATAL DURANGO
07 DIC 2018
PROCURADURÍA FEDERAL DE PROTECCIÓN AL AMBIENTE
07 DIC. 2018
RECIBIDO 09:51
DELEGACIÓN ESTATAL DURANGO, DGO.

c.c.p Procuraduría Federal de Protección al Ambiente
c.c.p Archivo

Página 1 de 1

APPENDIX B

Analytical Quality Control Data and Relative Precision Charts

Time Series Plots for Blank Assayed by ALS Chemex and Inspectorate (Bureau Veritas) during 2010-2017.

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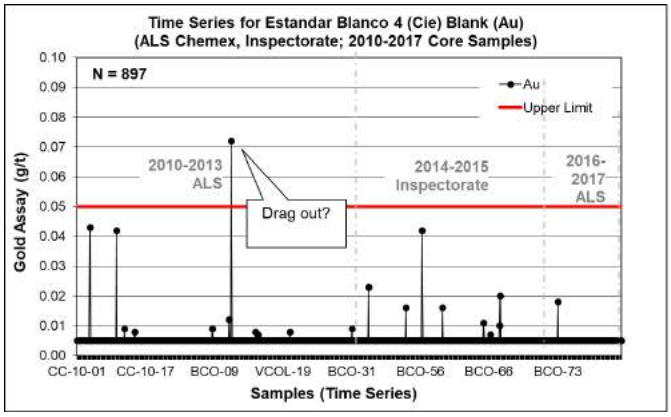
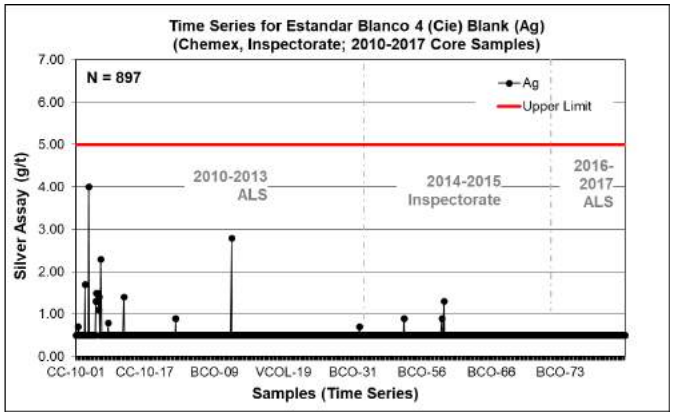
Project	Coneto
Data Series	2010-2017 Blanks
Data Type	Core Samples
Commodity	Au in g/t
Laboratory	ALS Chemex, Inspectorate
Analytical Method	FA (Au); 4-Acid Dig.(Ag)
Detection Limit	0.005 ppm (Au); 0.25 ppm (Ag)

Statistics	**Au**	**Ag**
Sample Count	897	897
Expected Value	0.005	0.500
Standard Deviation	-	-
Data Mean	0.005	0.520
Upper Limit (10xDL)	0.1%	0.0%





Time Series Plots for Standards Assayed by ALS Chemex and Inspectorate (Bureau Veritas) during 2010-2017

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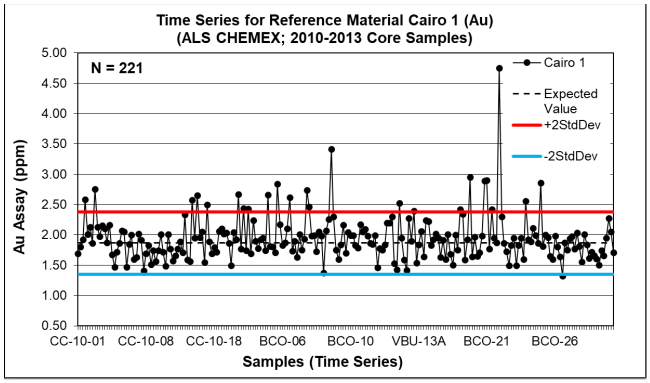
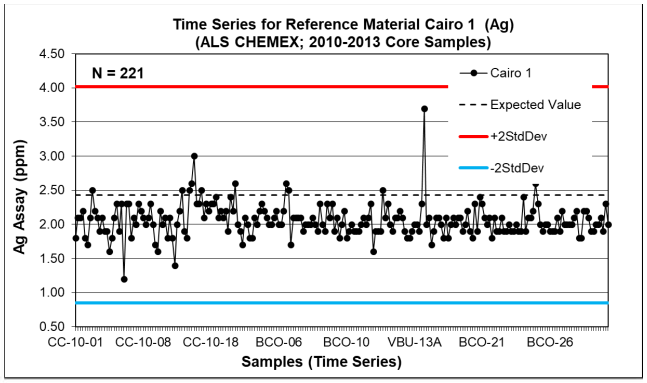
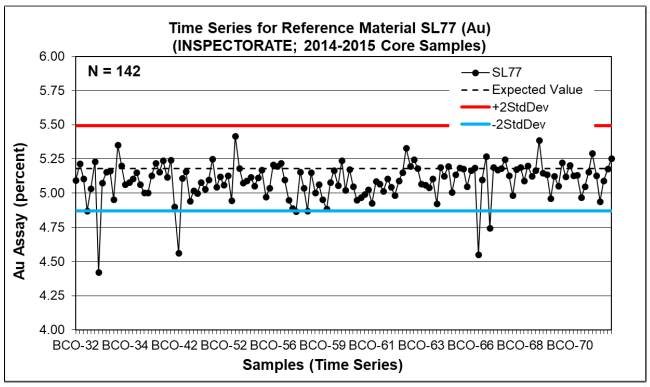
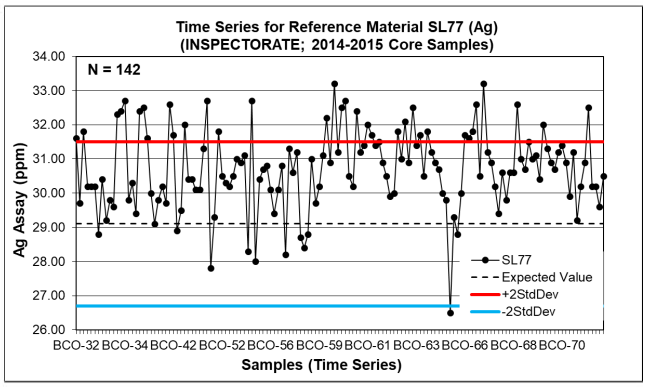
Project	Coneto
Data Series	2010-2017
Data Type	Core Samples
Commodity	Au (ppm); Ag (ppm)
Laboratory	ALS Chemex, Inspectorate
Analytical Method	FA (Au); 4-Acid Dig.(Ag)
Detection Limit	0.005 ppm (Au); 0.5 ppm (Ag)

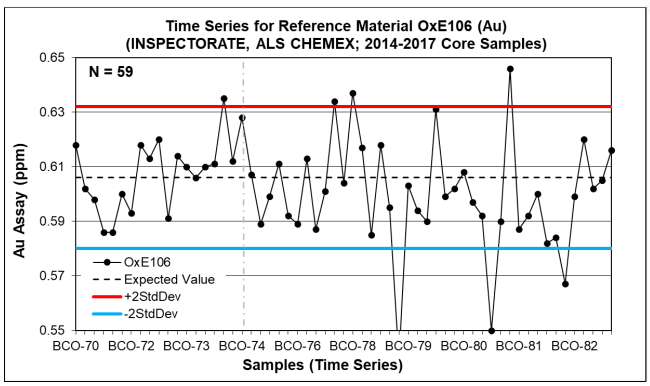
Year	10-13	10-13	14-15	14-15	14-17
Statistics	Cairo 1 (Au)	Cairo 1 (Ag)	SL77 (Au)	SL77 (Ag)	OxE106 (Au)
Sample Count	221	221	142	142	59
Expected Value	1.865	2.430	5.181	29.100	0.606
Standard Deviation	0.257	0.792	0.156	1.200	0.013
Data Mean	1.946	2.059	5.089	30.706	0.602
Outside 2StdDev	11%	0%	4%	25%	12%
Below 2StdDev	1	0	5	1	3
Above 2StdDev	24	0	0	34	4









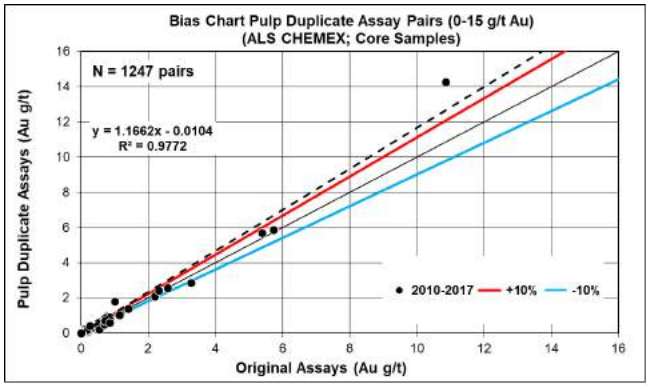


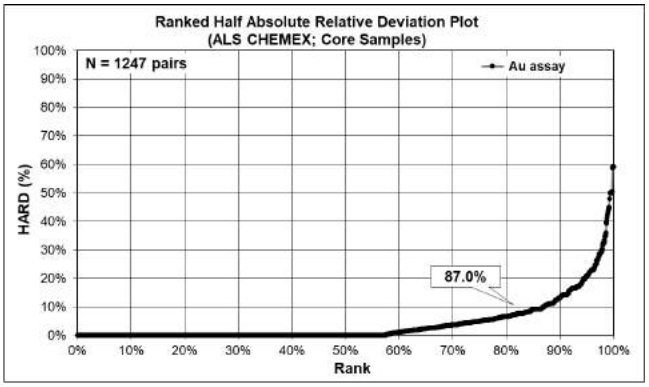
Bias Charts and Precision Plots for original Au assays and laboratory pulp duplicates (ALS Chemex 2010-2017). Fire assays with gravimetric finish for Au >10ppm.

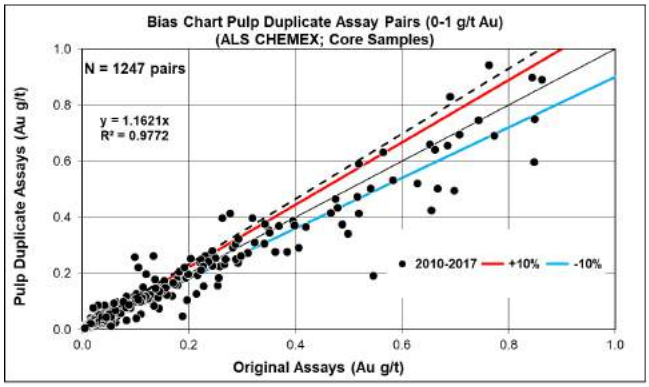
srk consulting

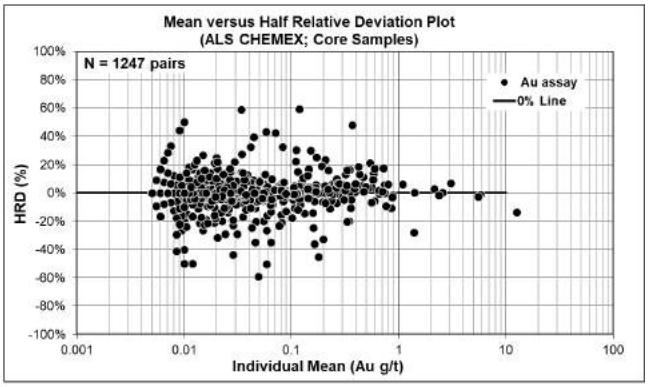
Project	Coneto
Data Series	2010-2017
Data Type	Core Samples
Commodity	Au in g/t
Analytical Method	Fire Assay
Detection Limit	0.005 g/t Au
Original Dataset	Original Assays
Paired Dataset	Pulp Duplicate Assays

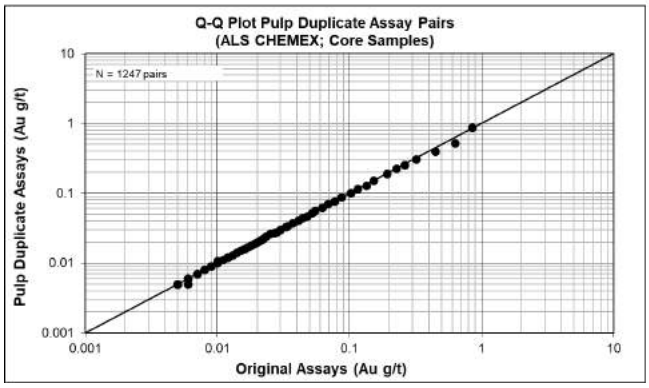
Statistics	**Original**	**Pulp Duplicate**
Sample Count	1,247	1,247
Minimum Value	0.005	0.005
Maximum Value	10.85	14.25
Mean	0.073	0.075
Median	0.006	0.006
Standard Error	0.012	0.014
Standard Deviation	0.422	0.498
Correlation Coefficient	0.9885	
Pairs ≤ 10% HARD	87.0%	

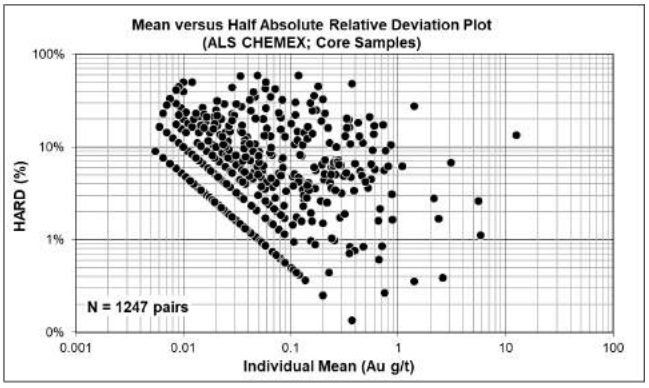












Bias Charts and Precision Plots for original Ag assays and laboratory pulp duplicates (ALS Chemex 2010-2017). 4-acid digestion (ME ICP61) with over limits re-assayed by Ag-OG62 (1-1,500ppm Ag) or AgGRA21 (5-10,000ppm Ag).

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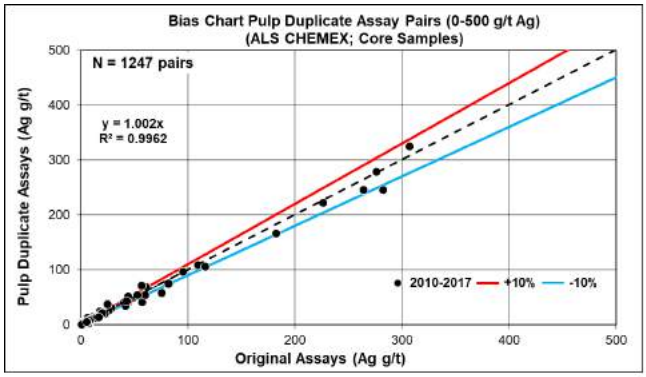
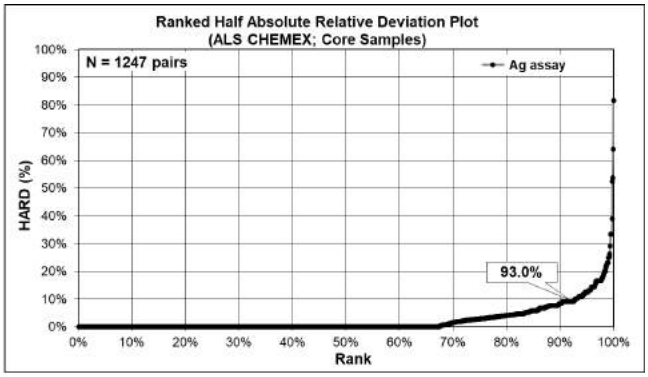
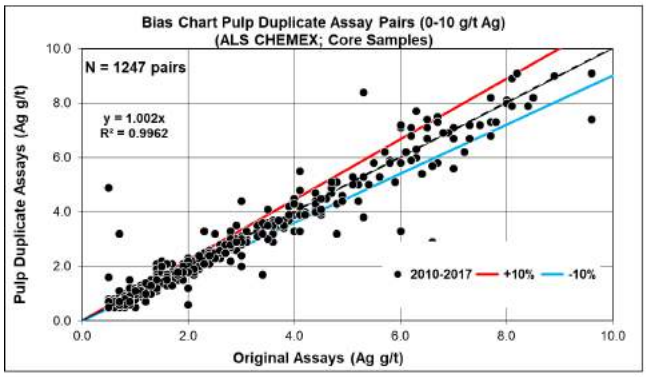
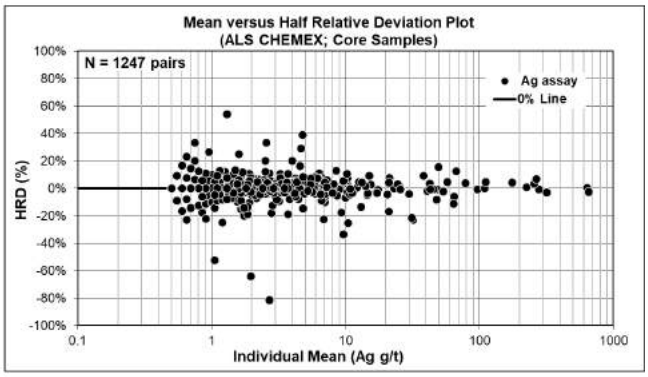
Project	Coneto
Data Series	2010-2017
Data Type	Core Samples
Commodity	Ag in g/t
Analytical Method	4-Acid digestion
Detection Limit	0.5 g/t Ag
Original Dataset	Original Assays
Paired Dataset	Pulp Duplicate Assays

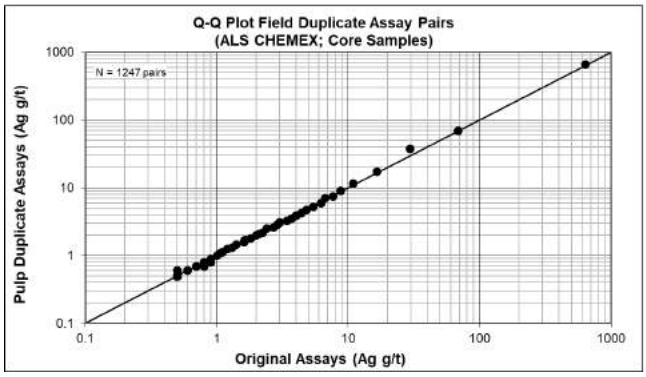
Statistics	Original	Pulp Duplicate
Sample Count	1,247	1,247
Minimum Value	0.500	0.500
Maximum Value	635.00	667.00
Mean	4.742	4.732
Median	0.500	0.500
Standard Error	0.905	0.909
Standard Deviation	31.972	32.102
Correlation Coefficient	0.9980	
Pairs ≤ 10% HARD	93.0%	

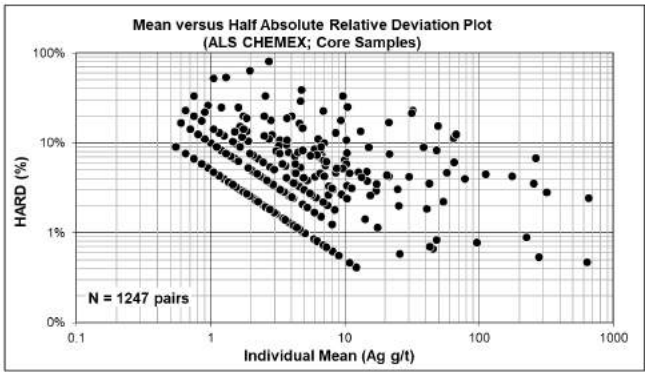












Bias Charts and Precision Plots for original Au assays (ALS Chemex) and check assay laboratory pulp duplicates (ACME Labs) for 2010-2013. Fire assays with gravimetric finish for Au >10ppm.

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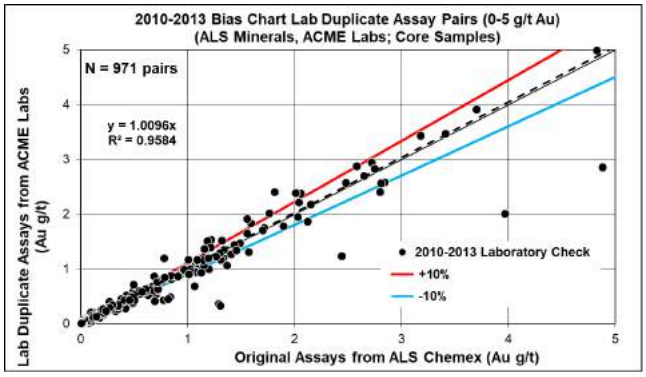
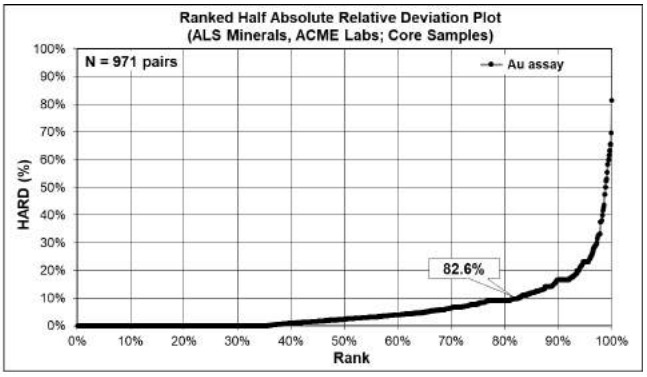
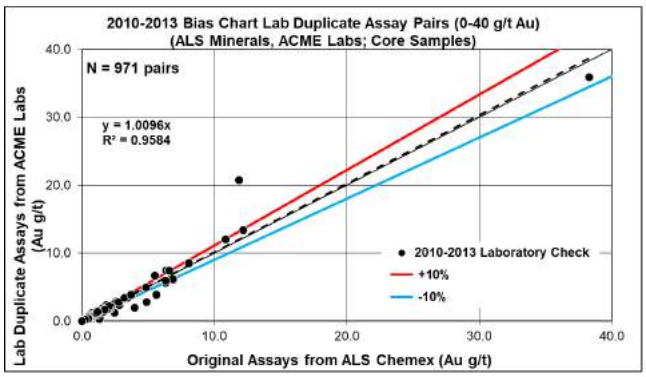
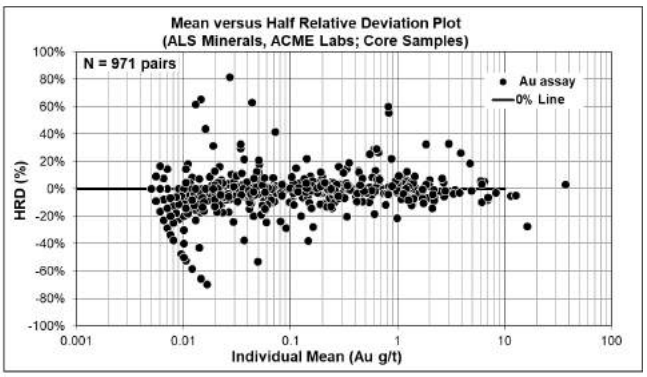
Project	Coneto
Data Series	2010-2013 Laboratory Check
Data Type	Core Samples
Commodity	Au in g/t
Analytical Method	Fire Assay
Detection Limit	0.005 g/t Au
Original Dataset	Original Assays from ALS Chemex
Paired Dataset	Lab Duplicate Assays from ACME Labs

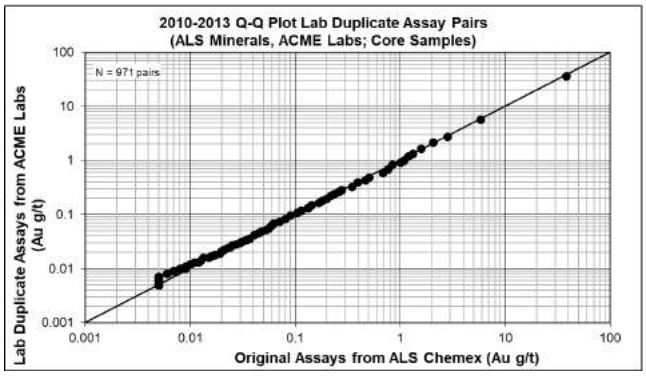
Statistics	**Original**	**Pulp Duplicate**
Sample Count	971	971
Minimum Value	0.005	0.005
Maximum Value	38.30	35.90
Mean	0.328	0.332
Median	0.015	0.016
Standard Error	0.051	0.052
Standard Deviation	1.575	1.625
Correlation Coefficient	0.9781	
Pairs ≤ 10% HARD	82.6%	

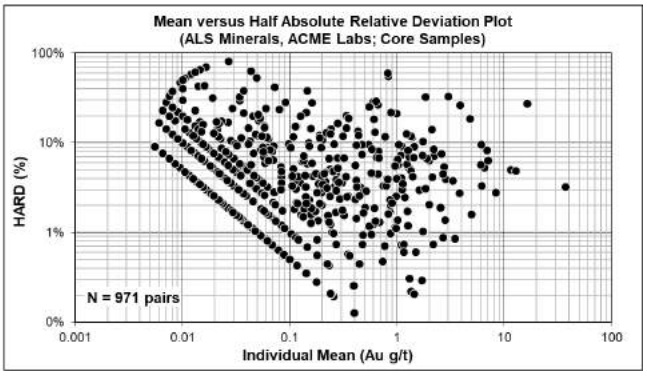












Bias Charts and Precision Plots for original Ag assays (ALS Chemex) and check assay laboratory pulp duplicates (ACME Labs) for 2010-2013. 4-acid digestion (ME ICP61) with over limits re-assayed by Ag-OG62 (1-1,500ppm Ag) or AgGRA21 (5-10,000ppm Ag).

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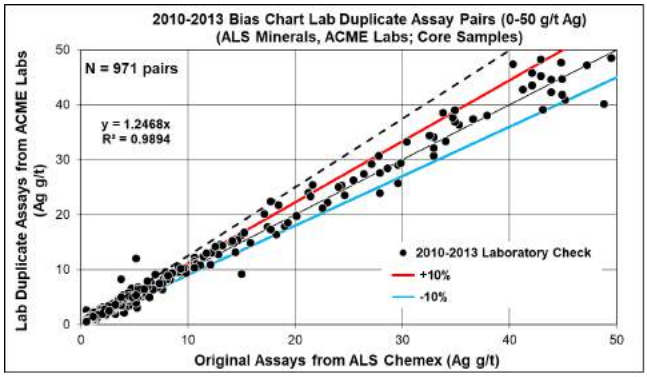
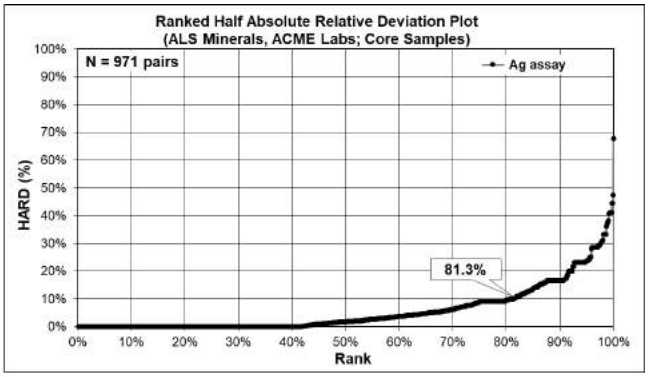
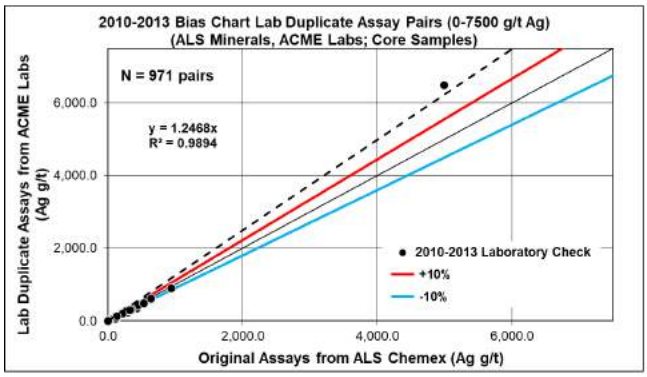
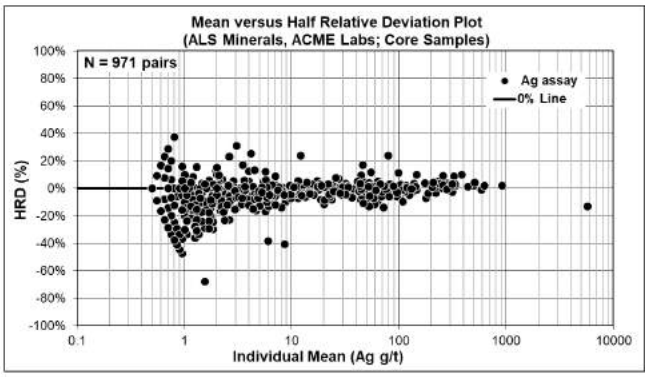
Project	Coneto
Data Series	2010-2013 Laboratory Check
Data Type	Core Samples
Commodity	Ag in g/t
Analytical Method	Fire Assay
Detection Limit	0.5 g/t Ag
Original Dataset	Original Assays from ALS Chemex
Paired Dataset	Lab Duplicate Assays from ACME Labs

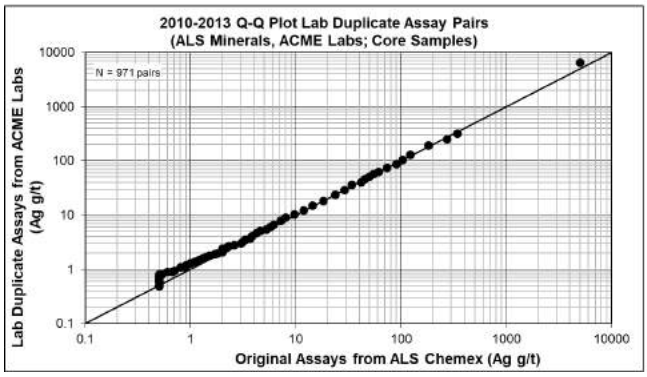
Statistics	**Original**	**Pulp Duplicate**
Sample Count	971	971
Minimum Value	0.500	0.500
Maximum Value	4,990.00	6,500.00
Mean	25.087	26.414
Median	0.600	0.900
Standard Error	5.562	6.993
Standard Deviation	173.304	217.899
Correlation Coefficient	0.9948	
Pairs ≤ 10% HARD	81.3%	

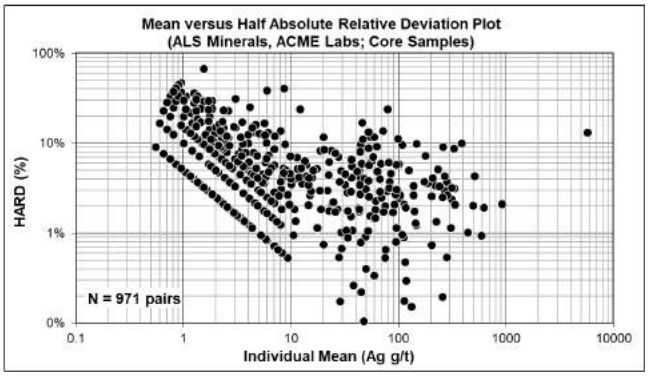












Bias Charts and Precision Plots for original Au assays (Inspectorate) and check assay laboratory pulp duplicates (ALS Chemex) for 2015. Fire assays with gravimetric finish for Au >10ppm.

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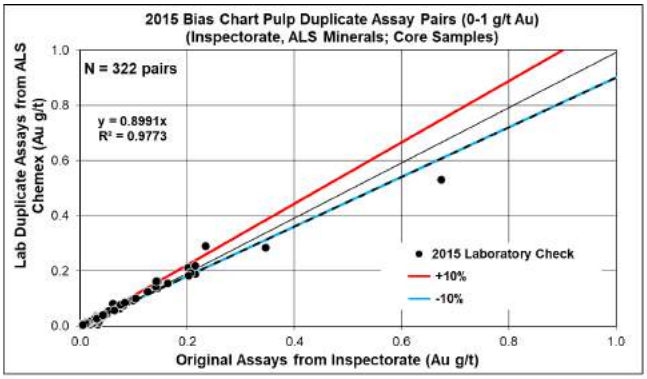
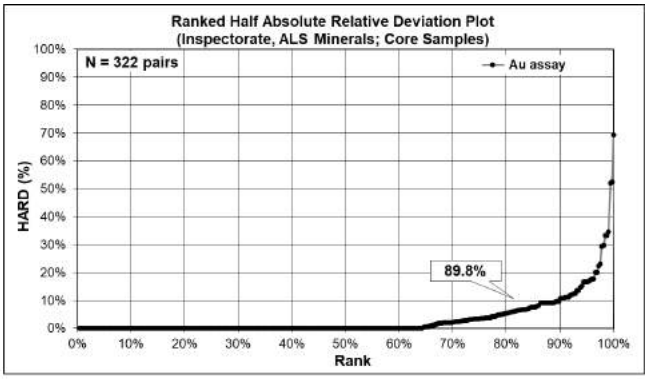
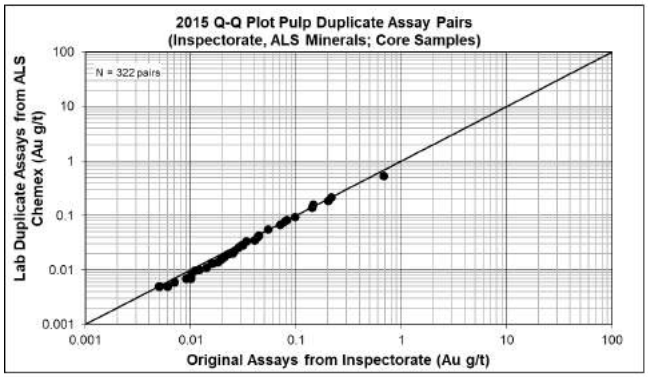
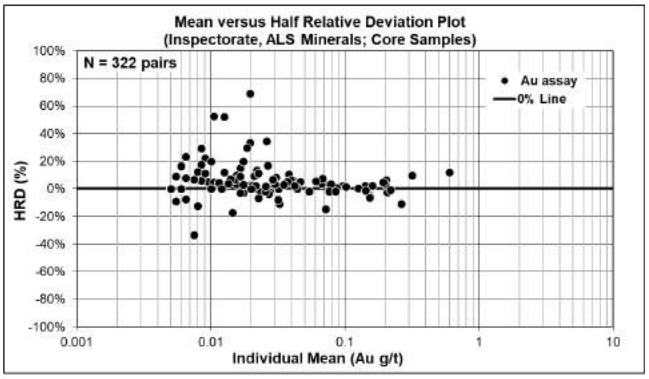
Project	Coneto
Data Series	2015 Laboratory Check
Data Type	Core Samples
Commodity	Au in g/t
Analytical Method	Fire Assay
Detection Limit	0.005 g/t Au
Original Dataset	Original Assays from Inspectorate
Paired Dataset	Lab Duplicate Assays from ALS Chemex

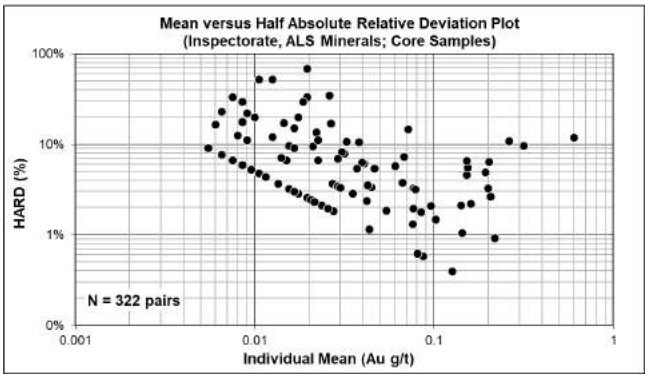
Statistics	**Original**	**Pulp Duplicate**
Sample Count	322	322
Minimum Value	0.005	0.005
Maximum Value	0.67	0.53
Mean	0.023	0.021
Median	0.005	0.005
Standard Error	0.003	0.003
Standard Deviation	0.055	0.050
Correlation Coefficient	0.9867	
Pairs ≤ 10% HARD	89.8%	









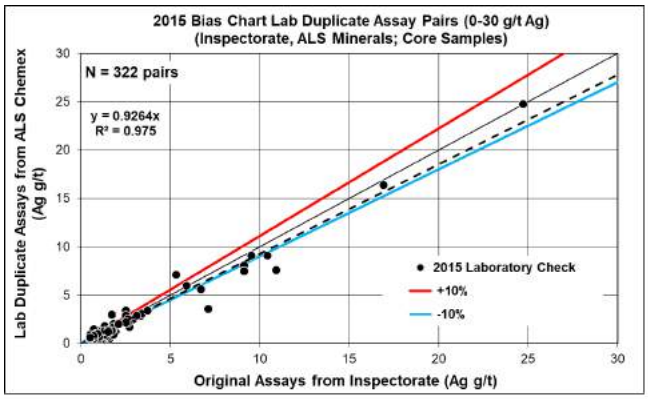


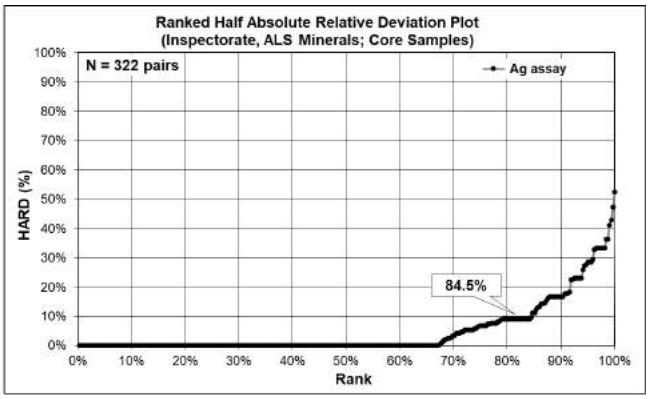
Bias Charts and Precision Plots for original Ag assays (Inspectorate) and check assay laboratory pulp duplicates (ALS Chemex) for 2015. 4-acid digestion with over limits re-assayed by Ag-OG62 (1-1500ppm Ag) or AgGRA21 (5-10,000ppm Ag).

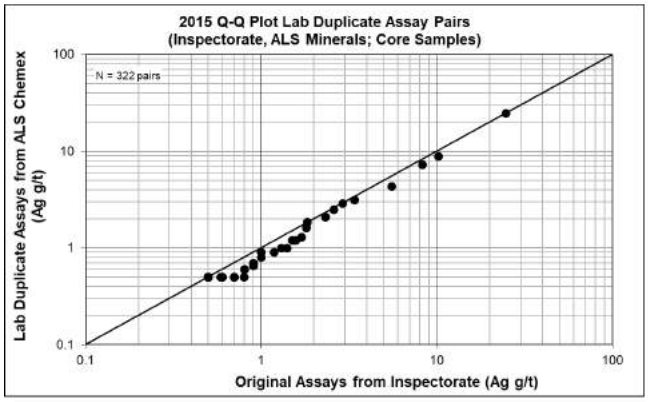
srk consulting

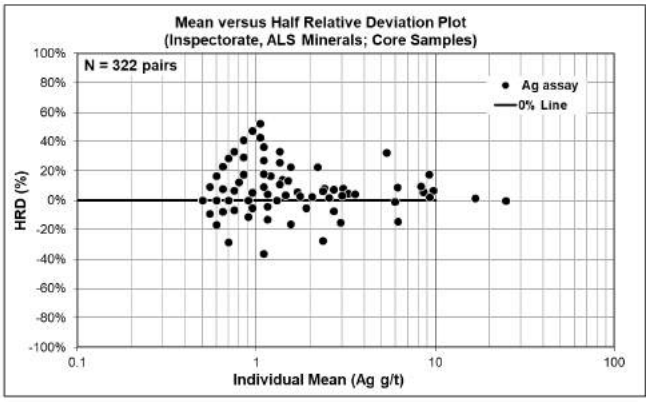
Project	Coneto
Data Series	2015 Laboratory Check
Data Type	Core Samples
Commodity	Ag in g/t
Analytical Method	Fire Assay
Detection Limit	0.5 g/t Ag
Original Dataset	Original Assays from Inspectorate
Paired Dataset	Lab Duplicate Assays from ALS Chemex

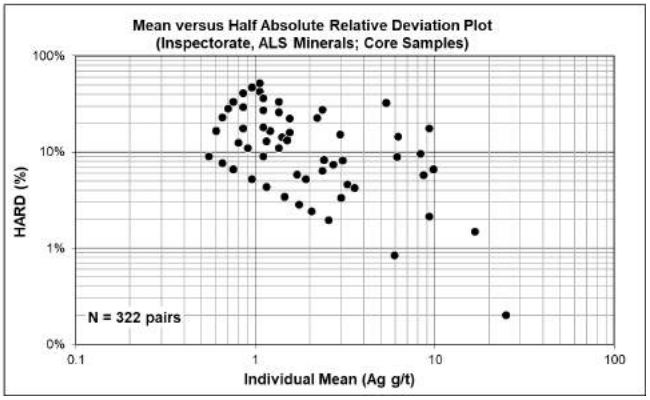
Statistics	**Original**	**Pulp Duplicate**
Sample Count	322	322
Minimum Value	0.500	0.500
Maximum Value	24.70	24.80
Mean	1.071	0.982
Median	0.500	0.500
Standard Error	0.118	0.111
Standard Deviation	2.110	1.991
Correlation Coefficient	0.9843	
Pairs ≤ 10% HARD	84.5%	





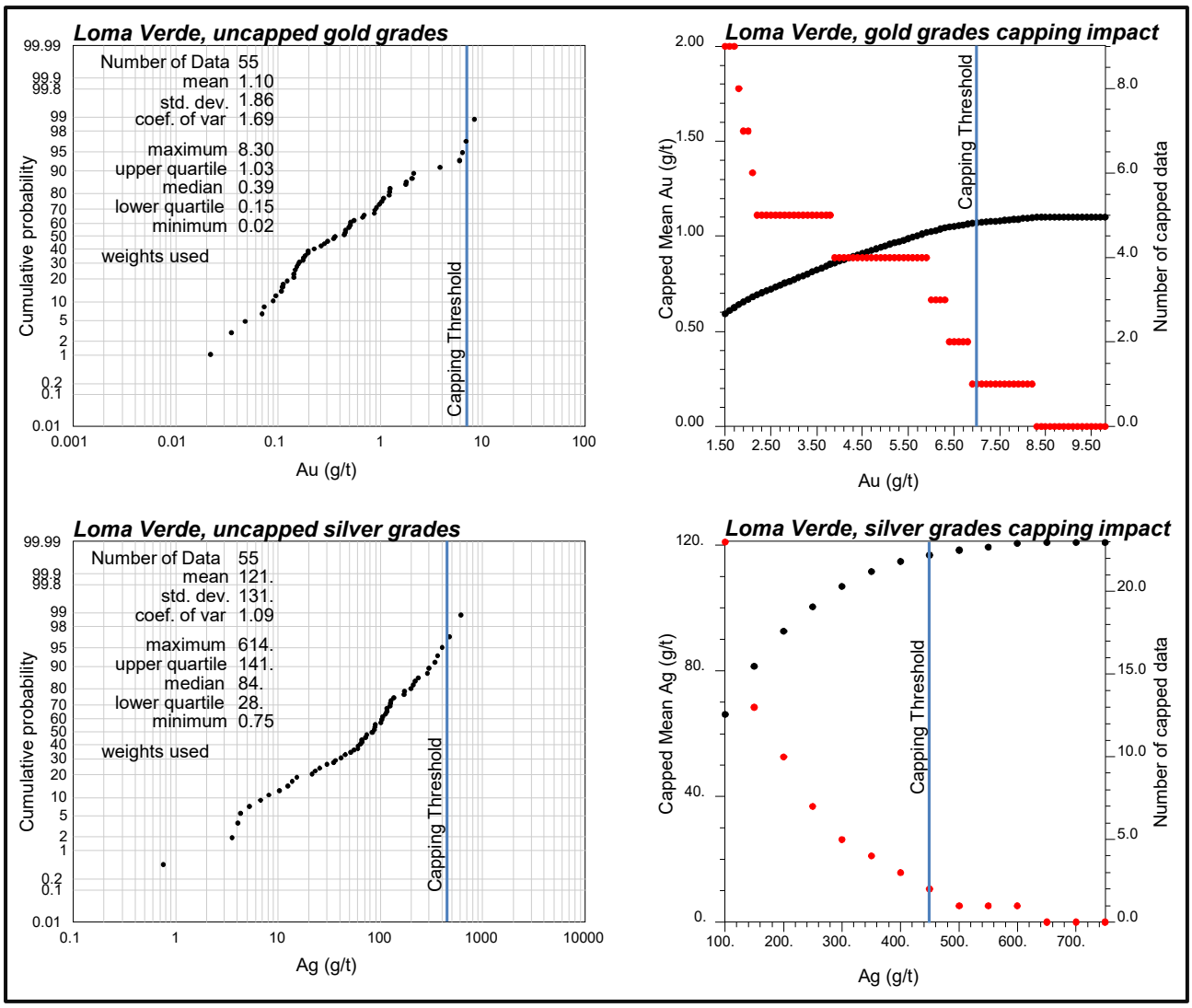






APPENDIX C

Capping Analysis Plots



Capping analysis plots for gold and silver composite grades in Loma Verde vein

CERTIFICATE OF QUALIFIED PERSON

To Accompany the report entitled: **Independent Technical Report for the Coneto Gold-Silver Project**, dated October 20, 2021 (effective date August 30, 2021).

I, David Machuca residing at 1244 Chapman Cres. Milton, Ontario, Canada, do hereby certify that:

1) I am a Principal Consultant with the firm of SRK Consulting (Canada) Inc. (SRK) with an office at Suite 1300 - 151 Yonge Street, Toronto, Ontario, Canada;

2) I am a graduate of the University of Alberta in 2010, with a doctorate in Mining Engineering (Geostatistics). In 2002, I graduated from MINES ParisTech Fontainebleau with a MEng in Mining Geostatistics. In 2000, I graduated from Pontificia Universidad Católica del Perú, Lima, with a BSc in Mining Engineering. I have practiced my profession continuously since 2000. I count with more than 8 years of experience in geostatistical resource modelling, evaluation and auditing for epithermal gold and silver deposits.

3) I am a professional Engineer registered with the Professional Engineers of Ontario, PEO #100508889;

4) I have not personally visited the project area;

5) I have read the definition of Qualified Person set out in National Instrument 43-101 and certify that by virtue of my education, affiliation to a professional association, and past relevant work experience, I fulfill the requirements to be a Qualified Person for the purposes of National Instrument 43-101 and this technical report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1;

6) I, as a Qualified Person, I am independent of the issuer as defined in Section 1.5 of National Instrument 43-101;

7) I am the co-author of sections 1, 6, 7, 8, 9, 10, and 11 of this report and author and responsible for sections 13, 15,16, 17 and accept professional responsibility for those sections of this technical report;

8) I have had no prior involvement with the subject property.

9) I have read National Instrument 43-101 and confirm that this technical report has been prepared in compliance therewith;

10) SRK Consulting (Canada) Inc. was retained by Orex Minerals Inc. to prepare a technical audit of the Coneto Project. In conducting our audit, a gap analysis of project technical data was completed using CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines and Canadian Securities Administrators National Instrument 43-101 guidelines. The preceding report is based on a site visit, a review of project files and discussions with Orex Minerals Inc. and Fresnillo plc personnel;

11) I have not received, nor do I expect to receive, any interest, directly or indirectly, in the Coneto Project or securities of Orex Minerals Inc., and,

12) That, as of the date of this certificate, to the best of my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

["Original signed and sealed"]

Milton, Ontario, Canada
October 20, 2021

David F. Machuca Mory, PhD, PEng (PEO #100508889)
Principal Consultant

CERTIFICATE OF QUALIFIED PERSON

To Accompany the report entitled: **Independent Technical Report for the Coneto Gold-Silver Project**, dated October 20, 2021 (effective date August 30, 2021).

I, Steven Mancell residing at 3338 Panorama Ridge, Whistler, British Columbia, Canada, do hereby certify that:

1) I am a Consultant with the firm of SRK Consulting (Canada) Inc. (SRK) with an office at Suite 1300 - 151 Yonge Street, Toronto, Ontario, Canada;
2) I am a graduate of the University of Victoria in 2012, I obtained a Bachelor of Science in Geology. Furthermore, I am a graduate of the University of Alberta in 2021, I obtained a Masters of Science in Mining Engineering specializing in geostatistics. I have practiced my profession continuously since April 2012 primarily working in epithermal gold-silver projects in all stages of the mineral exploration and mining cycle. I have created geological 3D models, analyzed geostatistics and variography of ore deposits, and evaluated ore deposits' geotechnical and structural properties. I have worked on projects in Canada and Mexico;
3) I am a professional Geoscientist registered with the Engineers and Geoscientists British Columbia, EGBC #48433;
4) I have not personally visited the project area;
5) I have read the definition of Qualified Person set out in National Instrument 43-101 and certify that by virtue of my education, affiliation to a professional association, and past relevant work experience, I fulfill the requirements to be a Qualified Person for the purposes of National Instrument 43-101 and this technical report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1;
6) I, as a Qualified Person, I am independent of the issuer as defined in Section 1.5 of National Instrument 43-101;
7) I am the co-author of sections 1, 6, 7, 8, 9, 10, and 11 of this report and author and responsible for sections 3, 4, 5, 12, 14, 18 and accept professional responsibility for those sections of this technical report;
8) I have had no prior involvement with the subject property.
9) I have read National Instrument 43-101 and confirm that this technical report has been prepared in compliance therewith;
10) SRK Consulting (Canada) Inc. was retained by Orex Minerals Inc. to prepare a technical audit of the Coneto Project. In conducting our audit, a gap analysis of project technical data was completed using CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines and Canadian Securities Administrators National Instrument 43-101 guidelines. The preceding report is based on a site visit, a review of project files and discussions with Orex Minerals Inc. personnel;
11) I have not received, nor do I expect to receive, any interest, directly or indirectly, in the Coneto Project or securities of Orex Minerals Inc.and Fresnillo plc, and,
12) That, as of the date of this certificate, to the best of my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

["Original signed and sealed"]
Steven Allen Mancell, MSc, PGeo (EGBC #48433)
Consultant (Resource Geology)

Whistler, British Columbia, Canada
October 20,, 2021

CERTIFICATE OF QUALIFIED PERSON

To Accompany the report entitled: **Independent Technical Report for the Coneto Gold-Silver Project,** dated October 20, 2021 (effective date August 30, 2021).

I, Alfonso Soto, do hereby certify that:

1) I am a President and Director with the firm Rocks Mining Exploration Consultants Inc. (ROMEC) Cibuta #58, Col.Olivares, CP 83180, Hermosillo, Sonora, Mexico;
2) I am a graduate of the University of Sonora, Mexico in 1986, I obtained a BSc in Geology. I have practiced my profession continuously since September 1986 in exploration, production and the evaluations of precious metals, porphyry systems and base metals deposits.
3) I am a certified professional geologist (Geoscientist, Engineer) registered with the American Institute of Professional Geologist (AIPG, CPG -11938).
4) I have personally inspected the subject project from July 13 to 14, 2021;
5) I have read the definition of Qualified Person set out in National Instrument 43-101 and certify that by virtue of my education, affiliation to a professional association, and past relevant work experience, I fulfill the requirements to be a Qualified Person for the purposes of National Instrument 43-101 and this technical report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1;
6) I, as a Qualified Person, I am independent of the issuer as defined in Section 1.5 of National Instrument 43-101;
7) I am a co-author of this report and responsible for sections 3, 4, 6, 9, 10 and 11.2.1, and accept professional responsibility for those sections of this technical report;
8) I have had no prior involvement with the subject property.
9) I have read National Instrument 43-101 and confirm that this technical report has been prepared in compliance therewith;
10) SRK Consulting (Canada) Inc. was retained by Orex Minerals Inc. to prepare a technical audit of the Coneto Project. In conducting our audit, a gap analysis of project technical data was completed using CIM *Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines* and Canadian Securities Administrators National Instrument 43-101 guidelines. The preceding report is based on a site visit, a review of project files and discussions with Orex Minerals Inc. and Fresnillo plc personnel;
11) I have not received, nor do I expect to receive, any interest, directly or indirectly, in the Coneto Project or securities of Orex Minerals Inc., and
12) That, as of the date of this certificate, to the best of my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

["Original signed and sealed"]

Hermosillo, Sonora, Mexico
October 20 2021

Luis Alfonso Soto C. Geologist and AIPG, CPG-11938]
Senior Geologist