PRELIMINARY ECONOMIC ANALYSIS – EL CUBO/EL PINGÜICO SILVER GOLD COMPLEX PROJECT

State of Guanajuato, Mexico

Latitude: **21º00′31″N**
Longitude: **101º10′52″W**

Effective Date: **31 December 2022**
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DATE AND SIGNATURE PAGE

The technical report titled "Preliminary Economic Analysis – El Cubo/El Pingüico Silver Gold Complex Project, State of Guanajuato, Mexico" (the "Technical Report") with an effective date of 31 December 2022 for Guanajuato Silver Company Ltd. The report is compliant with National Instrument NI 43-101 – Standards of Disclosure for Mineral Projects and Form 43-101F1 – Technical Report. The issue date of this report is 22 June 2023

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LIST OF ABBREVIATIONS

2D	Two Dimensional
3D	Three Dimensional
AgEq	Silver Equivalents
BWi	Bond Work Index
cm	centimeters
COA	Cédula De Operación Annual
CRM	Consejo de Recursos Minerales
EMBSA	Exloraciones Mineras Del Bajio S.A. de C.V.
ft^3	cubic feet
g/t	grams per tonne
ID	inverse distance
kg	kilograms
kg/t	kilograms per tonne
km	kilometers
kW	kilowatt
LAU	Licencia Ambiental Única
LHD	load haul dump
LIMS	Laboratory Information Management System
LOI	Letter of Intent
LOM	life-of-mine
m	meters
m^3	cubic meters
mm	millimeters
NPI	Net Profit Interest
NPV	Net Present Value
NSR	Net Smelter Return
OPMSA	Obras Mineras El Pingüico, S.A de C.V.
PEA	Preliminary Economic Assessment
QA/QC	Quality Assurance/Quality Control
QP	Qualified Person
RQD	Rock Quality Designation
SGM	Servicio Geológico Mexicano
SRM	Standard Reference Material
t/m^3	tonnes per cubic meters
VLP	Vertical Longitudinal Projection

1.0 EXECUTIVE SUMMARY

Behre Dolbear & Company (USA), Inc. (Behre Dolbear) has prepared this Preliminary Economic Assessment (PEA) on the El Cubo/El Pingüico Silver Gold Complex Project, located near the City of Guanajuato, in the state of Guanajuato, Mexico at the request of Guanajuato Silver Company Ltd. (Guanajuato Silver). The El Cubo and El Pingüico properties are owned by Guanajuato Silver. VanGold Mining Corp. (VanGold) acquired the El Cubo surface properties, mining claims, mine, and mill from Endeavour Silver Corp. on April 9, 2021. VanGold Mining Corp. changed its name to Guanajuato Silver Company Ltd. on June 10, 2021 and is listed in Canada on the TSX Venture Exchange with the stock symbol GSVR.

The QPs would caution that the results of this PEA are preliminary in nature. This PEA includes Inferred Resources that are too speculative geologically to have economic consideration applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the results of this PEA will be realized.

The purpose of this PEA is to provide the reader with information relevant to the Mineral Resources currently present at El Pingüico and El Cubo.

The El Cubo and El Pingüico properties are within the major epithermal mineral vein system common to the Guanajuato area and share many of the same geological and metallurgical characteristics and mining methods. El Cubo is approximately 5 kilometers (km) (8 km by gravel road) from El Pingüico. Both properties utilize El Cubo's existing mill, infrastructure, and administration facilities with mineralized material from El Cubo and El Pingüico co-mingled during processing. Guanajuato Silver initiated the rehabilitation of the El Cubo processing and mine facilities in 2021. Guanajuato Silver is currently exploring, developing, and processing mineralized material from the El Cubo property and other sources. Although some material from El Pingüico has been processed since 2021, for purposes of this PEA, no additional feed from the El Pingüico stockpiles is projected to be fed to the El Cubo processing facility at this time.

This report and the estimates provided herein have been prepared in accordance with the disclosure and reporting requirements set forth in the Canadian Securities Administrators' National Instrument 43-101 (NI 43-101), Companion Policy 43-101CP and Form 43-101F1, as well as with the Canadian Institute of Mining Metallurgy and Petroleum's "CIM Definition Standards – For Mineral Resources and Reserves, Definitions and Guidelines" (CIM Standards) adopted by the CIM Council on May 10, 2014.

The effective date of the Mineral Resource estimate in this report is 31 December 2022. The issue date of this report is 22 June 2023.

Note that some of the tables in this report may not appear to add properly; however, this is due to rounding and the totals in the tables are correct.

1.1 PROPERTY DESCRIPTION AND OWNERSHIP

1.1.1 Property Description

The El Cubo property is located in central Mexico, in the State of Guanajuato, approximately 11 km east of the City of Guanajuato. The elevation of the property is approximately 2,200 meters (m) above mean sea level.

The El Pingüico property is located approximately 8 km southeast of the City of Guanajuato and 5 km southwest of the El Cubo property. The El Cubo and El Pingüico properties are approximately 8 km apart by road.

The climate of the Project area is temperate with an average annual temperature of 18°C, with summer month high temperatures typically around 30°C and winter month temperatures as low as 5°C. The properties are located in gentle

rolling terrain with some abrupt volcanic intrusions. Precipitation is approximately 650 millimeters (mm) per year, the majority of which occurs between June and August. Vegetation is limited to scrub brush and grasslands.

1.1.2 Ownership

Guanajuato Silver, as VanGold, signed a binding Letter of Intent (LOI) with Endeavour Silver to acquire the El Cubo property on December 17, 2020, being in aggregate, a 100% interest in the El Cubo property. The purchase was completed in April of 2021 and included 49 mining concessions covering 6,995 hectares, surface lands totaling 1,196 hectares, the El Cubo mill, and all buildings and other improvements. During the transaction process, the law firm, VHG Servicios Legales, S.C., verified that all the claims listed in the transaction were owned by Endeavour Silver and were valid and are in good standing.

Guanajuato Silver, as VanGold, acquired the El Pingüico property from Exploraciones Mineras Del Bajio, S.A. de C.V. (EMBSA) on April 27, 2017 for a combination of cash and shares. The El Pingüico property consists of two claims that have a combined 72 hectares of surface area. Guanajuato Silver has title to the mining rights for the El Pingüico property through October 2029 for one of the claims and the mining rights through July 2030 for the other claim. The validity and good standing of the El Pingüico claims was verified by VHG Servicios Legales, S.C. during the 2017 acquisition process. The validity and good standing was reverified by VHG Servicios Legales, S.C. in January 2021.

1.2 GEOLOGY AND MINERALIZATION

1.2.1 Geology

The Guanajuato Mining District lies along the southern edge of the Mexican Central Plateau (Sierra Madre Occidental Geologic Province). Rock units within the district consist of flow and tuffs of principally basaltic to rhyolitic composition with related intrusive units and sedimentary and volcanoclastic units. The Guanajuato Mining District is located on the northeast flank of a poorly defined northwest-trending anticline. The district is cut by many faults, many of which host silver and gold mineralization. The oldest fault set includes pre-mineral deformation during the Laramide orogeny (80-40 Ma) and resulted in west-northwest trending folds and thrust faults. The intermediate set includes an early post-Laramide extension (±30 Ma) set of faults that are both pre-mineralization and mineralization stage. This intermediate set consists of three major systems: the Veta Madre, La Luz, and the Sierra set of faults and fault zones. The major fault and vein direction is north-northwest accompanied by early-stage intermediate-sulfidation style mineralization, but somewhat younger movement created faults trending east-northeast to west-northwest in a basin and range and block faulting style perhaps accompanied by higher gold values. The youngest fault set includes northeast striking faults which are post mineralization.

The Guanajuato Mining District is a world-class, high-grade, silver-gold, epithermal vein system with low sulfidation and adularia-sericite alteration. It is historically a well-known, studied, and documented mining district. The Guanajuato veins are typical of most epithermal silver-gold vein deposits in Mexico with respect to volcanic activity, volcanic and sedimentary host rock affinities, mineral paragenesis, silver-gold grades and ratios, vein mineralogy, and alteration styles. The hydrothermal solutions are driven by heat from volcanic activity. The hot, circulating, hydrothermal waters rise up through fissures with pressures building up until the hydrostatic pressure is released (sometimes explosively) allowing solutions to boil and precipitate the metallic minerals. Typically, this is a cyclical or recurring event, as the fissures repeatedly get plugged and pressure builds up until fracturing once again releases the hydrostatic pressure. The typical banding nature of the veins represents the cyclical pressure build-up, released by fracturing, boiling, and precipitation of minerals multiples of time until the system is finally exhausted. These multiple events allow the range of economic mineralization to expand to a broader vertical range. Low sulfidation epithermal veins in the region typically have a well-developed, sub-horizontal ore horizon about 300 to 500 m in vertical extent where high grade vertical ore shoots develop during hydrothermal fluid boiling and mineral precipitation.

1.2.2 Mineralization

The El Cubo and El Pingüico Resources are similar mineralogically and typical of the Guanajuato Mining District. Mineralization at El Cubo occurs as open-space fillings in fracture/fault zones or impregnations in locally porous wall rock. Mineralization at El Cubo occurs in several stratigraphic formations with the principal hosts being the Guanajuato Formation conglomerate and the Bufa Formation rhyolite. The major veins are northwest striking but several transverse, northeast striking veins with high grade gold mineralization also occur. Mineralization is open-ended due to a lack of exploration drilling and development. Vein mineralization is normally 1 to 2 m wide, with mineralized breccia zones up to 10 m wide. Some high-grade veins are only 10 to 20 centimeters (cm) wide. Most of the important veins dip steeply at 70° to 90°, but some of the northwest striking veins have a shallower dip, ranging from 50° to 60°.

Typical of this style of mineralization, economic concentrations of silver and gold occur in ore shoots distributed vertically and laterally between barren or weakly mineralized portions of the veins. Bonanza grades may occur at the site of vein intersections, such as the nearly perpendicular San Nicolas-Villalpando vein intersection. Other vein intersections of various named splays along the principal Villalpando vein also host bonanza grade silver-gold mineralization. Movement along the strike or dip direction of veins during the hydrothermal episodes causes wide sigmoidal breccia zones typified by pinch and swell mineralization.

El Cubo and El Pingüico mineralization is typical of the classic high-grade silver-gold, banded epithermal vein deposits with low sulfidation mineralization characterized by adularia-sericite-silica alteration. Silver occurs in dark sulfide and sulfosalt-rich bands within the veins with little mineralization but significant alteration minerals in the surrounding wall rocks. Native silver occurs primarily in the near surface oxidized zones while at depth, the ores contain lead, zinc, and copper sulfides.

1.3 EXPLORATION AND MINING HISTORY

1.3.1 Exploration

The Guanajuato Mining District has been active for hundreds of years and is one of the great silver-gold districts in Mexico. Extensions to known ore bodies and new discoveries, along with increased metal prices, has allowed for continued production at many mines. Based upon the number of veins already exposed at El Cubo and El Pingüico, it is likely that further exploration efforts will result in extensions of known mineralization along strike and down-dip. Exploration procedures include surface and underground rock sampling and diamond drilling along with geophysical surveys and geologic mapping.

At El Cubo, surface and adit sampling in the Purisima, Cabrestantes II, and San Juan areas suggest that these areas are quite high in the mineralized system with potential at depth. In 2016, diamond drilling at San Juan de Dios intersected strong mineralization. In 2018, 75 diamond core holes were drilled and in 2019, another 40 holes were drilled. In all, there were 44 intercepts in 33 holes and an additional 42 intercepts in 25 holes, some of which are greater than the minimum mining width, intersected in the 2018 and 2019 campaigns, respectively. Guanajuato Silver has completed over 14,000 m of drilling at El Cubo during 2021 and 2022 and has begun work to update the El Cubo resource model by incorporating data gathered during this core drilling program.

At El Pingüico, sampling and drilling by Guanajuato Silver has identified several areas where high-grade mineralization is exposed in drifts and crosscuts. Several veins and structures on other claims in the El Pingüico Project area have been sampled by Guanajuato Silver, with favorable results suggesting strong potential at depth, particularly at El Pingüico, La Joya, La Joyita, El Carmen, El Pirul, and El Pino. The La Joya vein appears to be the strike extension of the El Pingüico vein and dips eastward toward the west dipping Veta Madre structure, the major ore producing structure in the Guanajuato Mining District. The postulated intersection is an intriguing bonanza style target.

1.3.2 Mining History

The mining history of Guanajuato dates back to when the Spanish began exploration for minerals in the region and discovered silver in 1548. Guanajuato soon became one of the premier mining districts of Nueva España (New Spain). In 1558, the first mine shafts were sunk that led to the discovery of the Veta Madre Vein (Mother Vein). Today, this vein runs along the hills that border the glen of Guanajuato in the north and the northwest, marked by mines and shafts along its way.

Mining on the El Cubo property has occurred since the 17th Century. In the 19th and 20th Centuries, mining at El Cubo focused on northwest striking veins known as the Villalpando, Dolores, La Loca, and La Fortuna.

In the early 1900s, construction began on the Túnel Aventurero de San Felipe (now El Cubo Level 4) in order to connect the Pastora-Fortuna, Villalpando, and La Loca veins. At the time, significant grades and widths were encountered on the Villalpando vein, including shoots up to 4 m wide and intercepts that assayed close to 1,000 grams of silver per tonne.

The El Cubo Mine changed ownership in the 1970s, when it was purchased by a private company owned by Messrs. Villagomez and Chommie. By 1979, there was little developed ore remaining above the 13th level on the Villalpando vein, and production from other related veins was low-grade and sporadic. After 1980, new high-grade gold and silver mineralization was discovered and developed along the San Nicolas vein. In 1995, production was expanded from 350 to 800 tonnes per day, and then to 1,400 tonnes per day in 2001. The mills saw a decrease in head grade after each expansion, likely due to the use of low-grade material from old stope fill, as supply for the increased tonnage.

El Cubo was purchased by Mexgold Resources Inc. (Mexgold) in March 2004. In 2006, Mexgold became a wholly owned subsidiary of Gammon Lake Resources Inc., later known as Gammon Gold Inc. On August 26, 2011, Gammon Gold Inc. changed its name to AuRico Gold Inc.

In 2012, Endeavour Silver acquired the El Cubo property. Saleable silver and gold production through 2019 totaled 12,112,892 ounces of silver and 144,100 ounces of gold. Endeavour Silver ceased production at El Cubo in late 2019.

On December 21, 2020, Guanajuato Silver, as VanGold, signed a LOI to purchase the property for a mixture of cash, shares, and contingent payments and this purchase was completed in April 2021.

At El Pingüico, the first rich deposits on the property began to be exploited in 1904, a year after the former owner of the mine, Mr. Amado Delgado, transferred the mine to the Guanajuato Development Company, directed by Mr. C.W. Bryant. The company changed its name to the Pingüico Mining and Milling Company. The mine was in production from the late 1800s to 1913 and produced over 200,000 ounces of gold equivalent during this time (EMBSA, Proyecto El Pingüico, 2014). A metallurgical plant was installed for the concentration and cyanidation systems with a capacity of 250 tonnes per day (report with unknown signature, 1945). This plant no longer exists. The mine and plant were operated until 1913 when the owners left the region due to violence associated with the Mexican Revolution.

Since 1913, very little work has been done at El Pingüico. The only information available on the property has been the repeated sampling programs of a surface and an underground stockpile, which was recently sampled again by the Dorado Family, the Mexican Geological Survey, and Findore S.A. de C.V. a geological consulting company.

Guanajuato Silver, as VanGold, announced the closing of its acquisition of the El Pingüico property from Exploraciones Mineras Del Bajio, S.A. de C.V. (EMBSA) on April 27, 2017 for a combination of cash and shares.

The company's press releases cited the above ground and underground stockpiles and the historic high silver and gold grades present at the mine.

Guanajuato Silver opened the El Pingüico shaft in 2020 in order to access Level 7 of the mine and conducted sampling of the lower levels of the underground stockpile and channel sampling exposed mineralization on Level 7. Guanajuato Silver continued limited drilling and sampling work in 2021.

From 2021 to December 31, 2022, there has been approximately 144,000 tonnes of Mineral Resource consumed by mining and development at El Cubo and approximately 54,000 tonnes of Mineral Resource consumed at the El Pingüico surface stockpile.

1.3.3 Adjacent Properties

The Guanajuato region is widely recognized as a major center for silver mining with multiple veins and operations. The El Cubo and El Pingüico properties are only two of the multiple operations in the area. Major nearby operators include Endeavour Silver and Fresnillo.

The properties are geologically similar. All host low sulfidation, epithermal silver-gold deposits. The major variance being the gold versus silver ratio, which is dependent on their location in the hydrothermal column.

In June 2022, Guanajuato Silver signed a binding definitive agreement with Great Panther Mining Ltd. (Great Panther) to acquire Great Panther's Mexican assets, including the San Ignacio mine and the Valenciana mine, both of which are located in the Guanajuato mining district. There is potential for operational synergies between the El Cubo operation and these properties.

1.4 DRILLING AND SAMPLING

1.4.1 Drilling

Endeavour Silver conducted a surface and underground drilling program after acquiring El Cubo. From 2012 through 2014, approximately 73,000 m in 277 diamond drill holes from the surface were completed at El Cubo. During 2015, a total of approximately 7,200 m in 25 surface diamond drill holes were drilled.

Underground drilling completed in 2016 was conducted to evaluate mineralization along the Villalpando, Dolores, Soledad, and La Loca veins in areas near existing mine workings. All underground drilling was performed with Endeavour Silver's VERSA Kmb-4 drill rig. A total of 4,018 m was drilled in 22 underground holes in 2015. In 2016, another 3,800 m were drilled in 13 surface diamond drill holes along with 1,710 m in underground drilling. An underground diamond core drilling campaign was undertaken in 2018 and 2019. In 2018, 75 holes were drilled in the La Loca, Vein 274, San Juan de Dios, La Paz, and San Nicolas vein exploration target areas. In 2019, the underground drilling campaign continued with another 40 holes drilled in these same areas.

Since the acquisition, Guanajuato Silver has completed over 14,000 m of drilling at El Cubo during 2021 and 2022 and has begun work to update the El Cubo resource model by incorporating data gathered during this core drilling program.

At El Pingüico, Guanajuato Silver drilled four core holes through the uppermost sections of the underground stockpile. Guanajuato Silver conducted a limited core drilling and sampling program in 2021.

1.4.2 Sampling

At El Cubo, underground channel samples were handled by the Endeavour Silver production staff and samples were shipped to the Bolañitos Mine laboratory.

Diamond drill hole core samples from El Cubo were handled by the Endeavour Silver exploration group and the samples shipped to a commercial certified laboratory.

At El Pingüico, the top of the underground stockpile was sampled in early 2017 by Findore S.A. de C.V. via a series of shallow hand-dug trenches. This sampling would only be applicable to the very top portion of the stockpile. The underground stockpile fills an old open stope area from Level 4 to Level 7 of the El Pingüico property and ranges from 25 to 100 m thick.

1.4.3 Core Samples

Core from diamond drilling follows a standard general procedure, during which depth markers are checked and confirmed; the outside of the boxes is labeled with interval information; core is washed and photographed; and the recovery and modified rock quality designation (RQD) is logged for each drill hole. Core is split using a diamond saw and intervals are based upon geology, separating out vein, breccia, and wall rock.

Standards and blanks are inserted into the sample stream at appropriate intervals. All core samples are held securely until delivered to a certified laboratory where the samples are logged into the laboratory's tracking system and prepped.

1.4.4 Underground Channel Samples

Endeavour Silver employed standardized procedures at El Cubo for collecting underground grade control chip samples, and these procedures are documented in a detailed, illustrated manual. Chip channel sampling was carried out daily in accessible stopes and development headings by mine sampling technicians. Chip samples were collected on all vein faces in drifts, crosscuts, raises, and stopes.

1.4.5 Quality Assurance/Quality Control (QA/QC)

Standards, blanks, duplicate samples, and check assaying was standard procedure for all diamond drill core at El Cubo. All QA/QC results show no bias in the sampling or assaying of diamond drill core, whether from underground or from surface drill holes. Standard reference materials and blank sample assays returned values within industry standards as did the duplicate and check sample results. The assay results for gold and silver from the surface and underground diamond drilling are acceptable to industry standards and appropriate for use for the purposes of this report.

There was an issue with the QA/QC on the production assaying results. Production assaying was undertaken at the Bolañitos Mine laboratory of Endeavour Silver. There was poor correlation on check results for both gold and silver. A portion of the failure rate in reject duplicates and mine duplicates can be expected considering the normal erratic nature of silver and gold grades in vein systems. The same type of assay failure was not seen from the samples from the diamond drill hole core. However, for the purposes of this report, particularly concerning Resources and Reserves, the production channel assays are acceptable.

At El Pingüico, QA/QC analysis is concerned only with sampling of a surface and an underground stockpile. The use of standards, blanks, and duplicate samples was standard procedure for stockpile sample. All QA/QC results show no bias. Standard reference materials and blank sample assays returned values within industry standards as did the duplicate sample results.

The assay results for gold and silver from the surface and underground stockpile are acceptable to industry standards and appropriate for use for the purposes of this report.

1.5 METALLURGY

El Cubo is typical of the classic high-grade silver-gold, banded epithermal vein deposits where silver occurs as sulfides. The El Cubo mill is an industry-standard flotation circuit designed to recover the sulfide mineralization containing silver and gold values. Recently, a gravity circuit has been added to treat the hydrocyclone underflow stream and to recover native silver, gold, and electrum that was not reporting to the flotation concentrate.

Average metallurgical flotation recoveries are 85% for silver and 85% for gold and with the additional recovery of 5% silver equivalent (AgEq) in the gravity circuit, the total silver equivalent recovery is 90%.[1] These recoveries are based on current experience.

1.6 MINERAL RESOURCE ESTIMATION

The Mineral Resource estimate used as the basis for this PEA was developed by the QP using the Endeavour Silver 31 December 2016 Mineral Resource estimate and computer models for the El Cubo property and the Guanajuato Silver 28 February 2017 resource estimate for the El Pingüico property.[2,3] The QP has extensively reviewed and audited the primary drilling data, computer models, wireframes, estimation methods, and the previous estimates and mill production in 2021 and 2022 to help develop the QP's independent estimate of the current Mineral Resources at the properties.

However, although Endeavour Silver and Guanajuato Silver have significantly increased the drilling and sampling data at El Cubo since the 2016 database used for the Mineral Resource estimate herein (see Section 9.0, below), such drilling was primarily exploration drilling on parallel vein structures and requires additional infill drilling to achieve a drill spacing adequate for an Inferred Mineral Resource estimate. Accordingly, the results from such subsequent drilling by Endeavour Silver and Guanajuato Silver have not been used in the calculation of the Mineral Resource estimate for El Cubo as of December 31, 2022 included herein. The QP is of the opinion that targeted drilling should be completed to increase the Mineral Resource tonnage, classification, and mine life prior to a Pre-feasibility Study (see also Sections 14.0 and 26.0, herein).

The QP is of the opinion that the estimates in this section are reasonable and can be utilized for this PEA. Although the following Mineral Resources estimated in this report are used for the economic analysis, the QP would caution that Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

The remaining Mineral Resources, as of 31 December 2022 at El Cubo, are shown in Table 1.1 and total approximately 0.45 million tonnes of Indicated Resources and 1.36 million tonnes of Inferred Resources. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. Mineral Reserves have not been identified for El Cubo.

[1]Silver Equivalent calculated using 1 ounce of gold is equal to 80 ounces of silver.
[2]National 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017. Downloaded from SEDAR.
[3]NI 43-101 Technical Report for the El Pingüico Project, Guanajuato Mining District Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017. Downloaded from SEDAR.

TABLE 1.1
ESTIMATE OF THE EL CUBO MINERAL RESOURCES AS OF 31 DECEMBER 2022

Classification	Tonnes	Silver		Gold		Silver Eq
		g/t	oz	g/t	oz	g/t
Measured	0					
Indicated	453,180	200	2,914,000	2.51	36,500	400
Inferred	1,364,000	219	9,585,000	2.84	129,900	446

Notes:
1. Silver Equivalent calculated using 1 ounce of gold is equal to 80 ounces of silver.
2. Numbers have been rounded.
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

The QP's estimate of 453,000 tonnes of Indicated Resources and 1.36 million tonnes of Inferred Resource, shown in Table 1.1, is a reasonable estimate of the remaining Mineral Resources at El Cubo.

The El Pingüico Mineral Resources, as of 31 December 2022, are shown in Table 1.2.

TABLE 1.2
EL PINGÜICO MINERAL RESOURCES AS OF 31 DECEMBER 2022

Classification	Tonnes	Silver		Gold		Silver Eq
		g/t	oz	g/t	oz	g/t
Measured	0					
Indicated						
Surface Stockpile	130,000	79	331,000	0.45	1,883	115
Underground Stockpile	25,600	166	136,600	1.67	1,375	300
Total	**155,600**	**93**	**467,600**	**0.65**	**3,257**	**146**

Notes:
1. Silver Equivalent calculated using 1 ounce of gold is equal to 80 ounces of silver.
2. Numbers have been rounded.
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

At the average processing rate of 278,000 tonnes per year, these Mineral Resources represent approximately 6 years of mine life after adjusting for mine loss and dilution. It should be noted the Mineral Resources at El Pingüico are not included in the economic analysis of this PEA.

To the best of the QP's knowledge, information, and belief, there is no new material scientific or technical information that would make the disclosure of the mineral resources shown in this PEA inaccurate or misleading.

1.7 ESTIMATED MINERAL RESERVES

There are no Mineral Reserves reported in the document.

1.8 MINING METHOD

The mining method employed at El Cubo are used throughout Mexico and are well understood in the Guanajuato area. Mechanized cut-and-fill stoping using small LHD (load-haul-dump) machines and handheld jackleg drills is the current mining method. This method does allow for some degree of resuing to eliminate or minimize the amount of waste dilution and to provide fill for the stopes. A small amount of long hole open-stoping has also been utilized. Other methods, such as stull stoping, may be considered in the future.

Development at El Cubo is conventional drill-blast-muck using jumbos for drilling and LHDs and trucks for haulage. Ground support is installed, as required.

At El Pingüico, only material from the surface stockpile has been hauled to the El Cubo concentrator for processing. At this time, no mining methods have been proposed for recovery of the underground stockpiles.

1.9 RECOVERY METHODS

The El Cubo plant consists of a two-stage crushing circuit, ball mill grinding, reagent storage, flotation, gravity treatment, and concentrate filtration for product shipment. Tailings disposal is in a conventional tailings pond facility. A simplified flow diagram is shown in Figure 1.1.

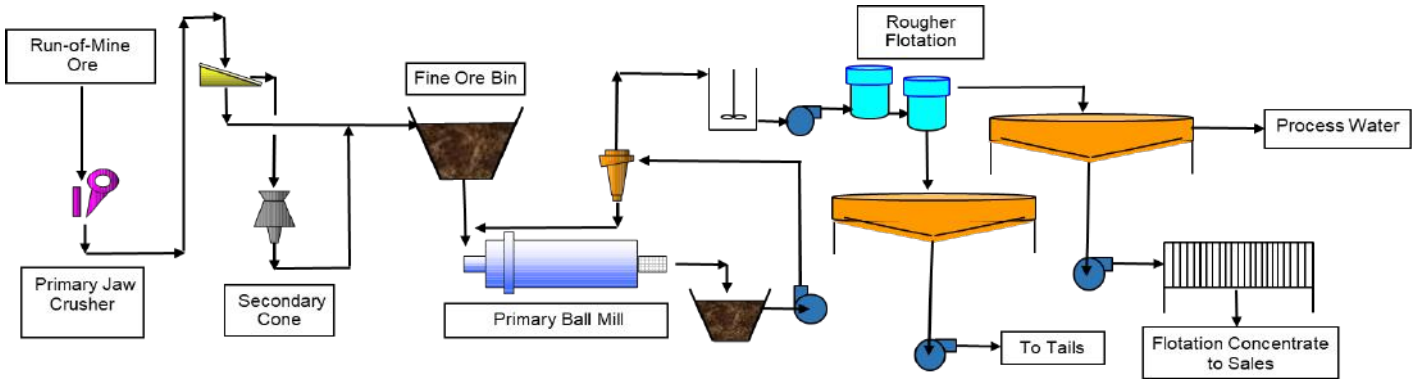


Figure 1.1. El Cubo Mill simplified process flow diagram

The El Cubo mill was constructed in 2013 and was operated by Endeavour Silver from 2014 to November 2019, when it was place on "care and maintenance." Operating records from 2017 to 2018 show the plant processed from 1,500 to 2,000 tonnes per day. Guanajuato Silver refurbished and restarted the El Cubo mill in October 2021, and it has operated for the last 6 months at approximately 1,100 tonnes per day. The plant should be able to achieve throughput rates of up to 1,500 tonnes per day based on operating history by Endeavour Silver.

1.10 INFRASTRUCTURE

The El Cubo Mine was shut down in November 2019 with much of the infrastructure intact. Roads, power supply, water supply, buildings, and tailings facilities are still in place and operational. Guanajuato Silver made surface infrastructure improvements during 2021 and 2022. Underground infrastructure was refurbished and replaced by Guanajuato Silver and appears adequate to support ongoing mine operations.

El Cubo currently has sufficient tailing storage for the next 6.5 years at the current 1,200 tonnes per day throughput rate with additional dam raises on Tailings Basins 3-B and 6. A diversion structure for run-off would be constructed to ensure this storage capacity.

Tailings Basin 3-B is being utilized to support current operations. It and the related process water and other related infrastructure is adequate to support current operations. The dam itself appears to have adequate monitoring instrumentation to detect any adverse conditions that may develop. Guanajuato Silver has applied for the required permits to convert tailings storage at El Cubo to the dry stack storage method. Approval is pending.

1.11 ENVIRONMENTAL PERMITTING

The QP has reviewed all relevant documents from Guanajuato Silver's Environmental Department regarding environmental permitting and societal obligations. Based upon this analysis, the property is compliant with all environmental permits and obligations. There are no apparent significant legal, environmental, or political considerations that would have an adverse effect on the continued extraction and processing of the Mineral Resources located at the El Cubo property or the surface and underground stockpiles at El Pingüico. This conclusion was verified during a site visit by the QP to El Cubo and El Pingüico from May 22-24, 2023.

At El Pingüico, mining has not occurred since 1913 and no permits are in place regarding mining, milling, waste rock disposal, or other associated activities. No specific permits are required for the work ongoing on the site including Guanajuato Silver's shipping the surface stockpile of low-grade material or the underground stockpile material to the El Cubo mill for processing. This was verified by VHG Servicios Legales, S.C. Currently, no on-site mining is planned at El Pingüico.

There are no significant or material pre-existing conditions or environmental liabilities at the El Pingüico Project site.

1.12 CAPITAL AND OPERATING COSTS

1.12.1 Capital Cost Summary

The El Cubo mine and mill were idled in November 2019. When operations ceased, all crushing equipment, mining equipment, electrical equipment, and pumps were removed. The lower levels of the mine were allowed to flood. The major mill equipment was left in place including the primary crusher, secondary crusher, dust collectors, grinding mills, bins, conveyor belts, flotation cells, thickeners, tanks, concentrate filter, and most pumps. Some items were removed including some pumps, the PLC system, spares, and reagents.

In 2021 and 2022, Guanajuato Silver incurred capital costs of US$18.1 million, including US$3.3 million in development costs. The capital cost items included general refurbishment and improvements including the purchase of new mining equipment, installation of crushing and electrical equipment, and the pumping for El Cubo. Surface facility capital included sub-stations, compressors, and fans. Mine capital expenditures also included increasing the mine production rate from 350 tonnes per day to 750 tonnes per day. The mill costs included the needed capital to repair and replace existing mill mechanical equipment, re-install the mill distributed control system (DCS), refurbish the mill office control room, perform commissioning services, and re-stock operational spares.

Sustaining capital and development costs have been estimated for the remaining mine life (Table 1.3). Included in the sustaining capital costs is the construction of additional capacity in the Tailings Storage Facility 3-B. The construction is scheduled to begin in 2023 and will be completed by 2026 at an estimated capital cost of US$6.0 million. The tailings facility includes a tailings filtration plant. The other sustaining capital costs include general improvements to the mine and mill.

TABLE 1.3
SUSTAINING CAPITAL COSTS – 2023 TO 2028
(US$ MILLIONS)

Category	2023	2024	2025-2028	Total
Tailings Facilities	1.00	1.00	4.00	**6.00**
Mine Development	2.98	4.73	11.60	**19.31**
Other	1.83	0.0	3.57	**5.40**
Sustaining Capital – Total	5.81	5.73	19.17	**30.71**

1.12.2 Operating Cost

The projected annual operating cost estimates are summarized in Table 1.4. These costs are based on current experience at El Cubo.

TABLE 1.4
SUMMARY OF OPERATING COSTS

Category	El Cubo ($/tonne)	Other Source 1 ($/tonne)	Other Source 2 ($/tonne)
Ore Haulage	-	10.00	-
Mine Direct[1]	35.00	80.00	13.00
Mill	20.00	20.00	20.00
General and Administration	13.00	13.00	13.00
Total	**68.00**	**123.00**	**46.00**

[1]The Mine Direct costs for El Cubo include haulage. Mine Development and Definition Drilling have been capitalized in the cash flow model and are not included in this table.

1.13 ECONOMIC ANALYSIS

A discounted cash flow model for the El Cubo Project was prepared to determine the Net Present Value (NPV), Internal Rate of Return (IRR), and payback period. The technical cash flow was prepared on an after-tax basis and was prepared in accordance with NI 43-101 Standards of Disclosure for PEA studies. This economic analysis is preliminary in nature in that it includes Inferred Mineral Resources that are considered too speculative to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the Preliminary Economic Assessment will be realized.

The results of the economic analysis are summarized in Table 1.5.

TABLE 1.5
SUMMARY OF PRELIMINARY ECONOMIC ASSESSMENT FOR THE EL CUBO PROJECT
BASE CASE

Average Silver Price	US$/oz Silver	23.00
Average Gold Price	US$//oz Gold	1,850
Net Present Value (5%)	US$/ million	31.5
Net Present Value (8%)	US$ million	27.7
Internal Rate of Return	%	480
Net Smelter Return	US$ million	278.4
Total Operating Costs	US$ million	173.4
Other Costs and Depreciation	US$ million	44.3
Taxes	US$ million	18.2
Sustaining Capital and Development Costs[1]	US$ million	31.3
Net Cash Flow	US$ million	39.3
Payback Period	Years	1.25
El Cubo Diluted Resources Processed	Mtonnes	1.67
Total Diluted Tonnes Processed[2]	Mtonnes	2.61
Life of Mine Recovered Silver Equivalent[3]	Moz	13.5
Mine Life	Years	6

[1]Includes 10% contingency on tailings' capital costs.
[2]Includes feed material from other sources. Does not include projected recovery from gravity circuit.
[3]Silver Equivalents are based on a 1:80 gold:silver ratio as per the average 3-year historic silver price of US$23.43/oz and gold price of US$1,849/oz. Includes silver equivalent recovery only from flotation.

1.14 SENSITIVITY ANALYSIS

To determine the effect of changes in several of the base case assumptions, a sensitivity analysis was prepared for each operating scenario. Certain factors, such as commodity prices, operating costs, and capital costs, could have a significant effect on the financial performance of the Project. The objective of the sensitivity analyses is to determine the effect of several varying key parameters, as a point of comparison to the base line results. The following parameters were evaluated.

- Discount rates ranging from 0% to 10% were applied to determine the effect on NPV.
- Commodity prices generally have the greatest effect on mining project economics. The sensitivity to changes in commodity prices was determined on the basis of a constant gold-to-silver price ratio of 1:80, which is consistent with historical data.
- The cash variable operating costs were varied to determine the effect on NPV.
- Both the initial and sustaining capital costs were varied.

It should be noted that in each case, the particular parameter was changed for each year during the life of the mine (LOM) review. In reality, it is unlikely that each of the varied parameters would experience the same increases or decreases over the entire LOM. As such, these sensitivity analyses present the best or the worst-case scenarios in the

ranges evaluated. The purpose of the sensitivity analysis is to provide an indication of the relative effect that a specific operating parameter can have on the overall project economics.

1.14.1 Discount Rate Sensitivity

The sensitivity of the base case project cash flows to discount rate variations is shown in Table 1.6. Also shown in Table 1.6 is the inclusion of the operation of the gravity circuit, which was installed at the end of 2022 on the hydrocyclone underflow stream to recover native silver and gold electrum. The projected life-of-mine silver equivalent recovery from this circuit is an additional 0.710 million ounces.

TABLE 1.6
NPV SENSITIVITY

Parameter	Discount Rate (%)	Base Case	With Gravity Circuit
NPV (US$ millions)	0.0	39.3	48.1
NPV (US$ millions)	5.0	31.5	38.9
NPV (US$ millions)	8.0	27.7	34.5
NPV (US$ millions)	10.0	25.5	31.9
IRR (%)		480	N/A
Payback Period (years)		1.25	N/A

1.14.2 Commodity Price and Cost Sensitivities

Of the sensitivity factors reviewed, the discounted cash flow was significantly affected by variations in both the commodity prices and operating costs (Table 1.7 and Table 1.8).

TABLE 1.7
COMMODITY PRICE SENSITIVITY – BASE CASE
ASSUMING A CONSTANT GOLD-TO-SILVER PRICE RATIO OF 1:80

Change in Commodity Price (%)	Silver Price ($/oz)	Gold Price ($/oz)	IRR (%)	NPV5% (US$ millions)	NPV8% (US$ millions)
-20	18.40	1,480	85	14.8	12.7
-10	20.70	1,665	180	23.2	20.2
0	23.00	1,850	480	31.5	27.7
10	25.30	2,035	N/A	39.8	35.2
20	27.60	2,220	N/A	48.1	42.7

TABLE 1.8
OPERATING AND CAPITAL COST SENSITIVITY
BASE CASE

Cost	Change in Cost (%)	NPV5% (US$ millions)	NPV8% (US$ millions)
Operating	+20	14.8	12.3
	0	31.5	27.7
	-20	48.5	43.1
Capital	+20	27.0	23.6
	0	31.5	27.7
	-20	35.9	31.8

At the 3-year historical average silver price of US$23.00/ounce and a gold price of US$1,850, the 5% NPV is US$31.5 million. At a 20% decrease in silver equivalent price, the Project continues to demonstrates a positive NPV(5), NPV(8), and an IRR of 85%.

Based on the results of the sensitivity analysis, the average NPV(5) breakeven price is approximately US$18.00/oz of silver and US$1,440/oz of gold (assuming a constant gold-to-silver ratio of 1:80). There is minimal difference in the breakeven price at a 5% or 8% discount rate.

The effect of the sensitivity analysis is further shown in the spider diagram presented as Figure 1.2.

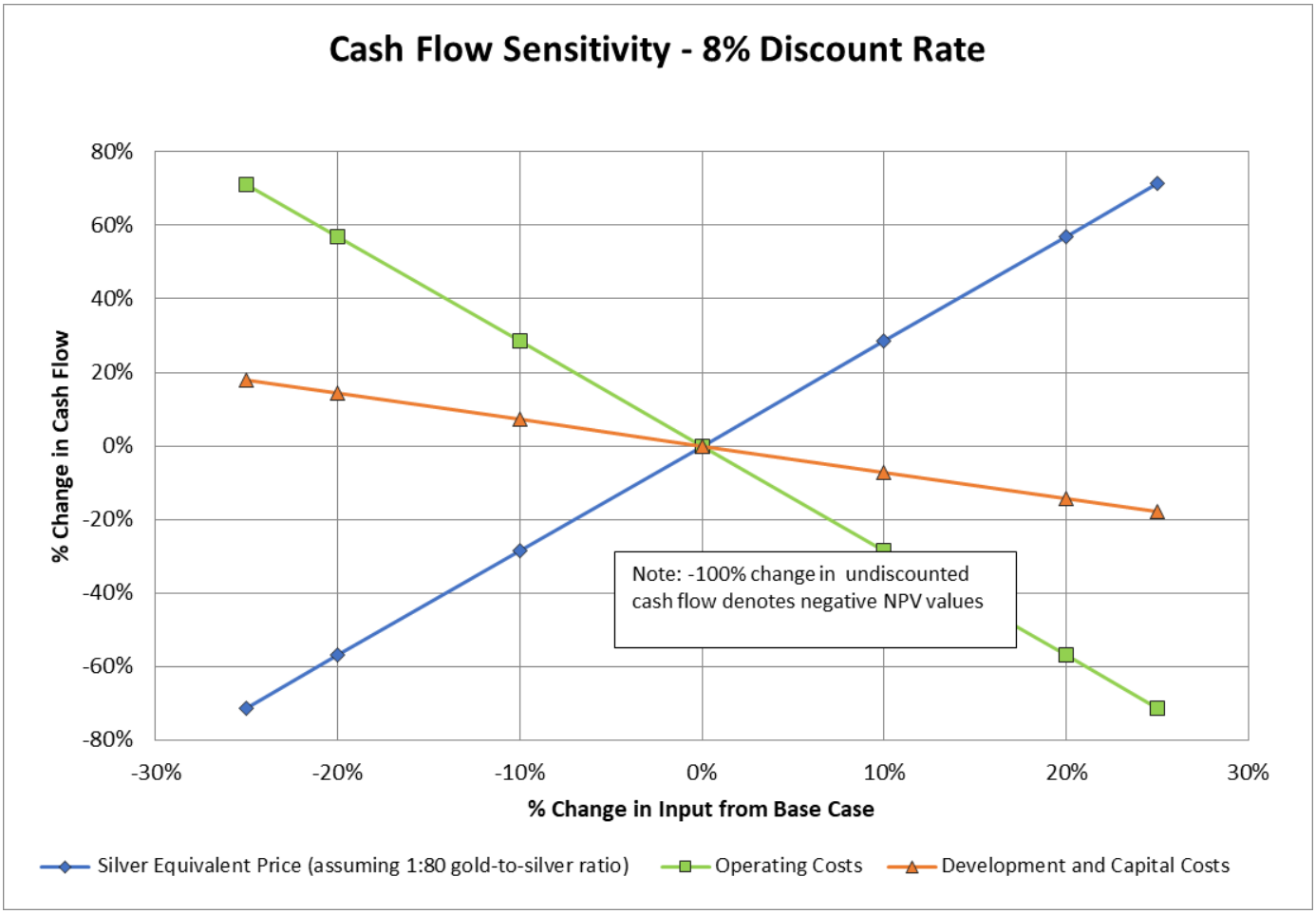


Figure 1.2. Cash flow sensitivity – 8% discount rate

1.14.3 Feed Material from Other Sources

The base case cash flow model includes feed material from other sources as per the plan of operation (see Section 16.6). If the additional material is not fed to the El Cubo mill, the base case NPV(5) is reduced by 32% from US$31.5 million to US$21.3 million. If the projected recovery from the gravity circuit is included, the base case NPV(5) is only reduced by 9%. The QP opines it is unlikely that additional feed to the mill will not be available as there is remaining Mineral Resource at El Pingüico as well as potential material from other nearby properties. The QP is of the opinion this is a low risk to the operation. The Mineral Resources at El Pingüico have not been included in the base case cash flow model.

1.15 CONCLUSIONS AND RECOMMENDATIONS

1.15.1 Exploration

At El Cubo, surface and/or adit sampling in the Purisima, Cabrestantes II, and San Juan areas suggest that these areas are quite high in the mineralized system with potential at depth.

At El Pingüico, recent sampling by Guanajuato Silver has identified several areas where high-grade mineralization is exposed in drifts and crosscuts. The La Joya vein appears to be the strike extension of the El Pingüico vein and dips

eastward toward the west dipping Veta Madre structure, the major ore producing structure in the Guanajuato Mining District. The postulated intersection is an intriguing bonanza style target.

It is recommended that exploration efforts be continued at both properties and a revised Mineral Resource estimate be completed for both El Cubo and El Pingüico based on those exploration results.

1.15.2 Mining

Mining costs and especially the cost of development work drive the economic success of El Cubo. Continual development of a detailed three-year mine plan with the current methods for mining narrow stopes could enhance the economics of the Project.

1.15.3 Metallurgy

Average metallurgical recoveries have been estimated at 85% for silver and 85% for gold in the flotation circuit as well as an additional recovery of 5% silver equivalent (AgEq) in the gravity circuit for a combined recovery of 90%. These recoveries are based on current experience. As new resources are identified, additional metallurgical testing will be required to confirm recovery and grinding characteristics.

The average daily feed rate to the mill in the near term is projected at approximately 1,200 tonnes per day. This tonnage is projected to increase to as high a 1,400 tonnes per day. The plant should be able to achieve throughput rates of up to 1,500 tonnes per day based on operating history by Endeavour Silver and current experience.

1.15.4 Infrastructure

Infrastructure, such as power supply, water supply, and roads, are established and operational.

Guanajuato Silver is currently utilizing Tailings Basin 3-B. Company engineering calculations in April 2023 indicate there are 6.5 years of tailings capacity remaining in Tailings Basins 3-B and 6 at the projected average feed rate of 1,200 tonnes per day to the mill. Guanajuato Silver has also submitted the required permit application to the proper regulatory authorities to enable them to use the dry stack tailings disposal method versus the current wet tailings disposal into basins.

1.15.5 Environmental

There does not appear to be any significant legal, environmental, or political considerations that would have an adverse effect on the extraction and processing of Mineral Resources located at either the El Cubo or El Pingüico properties. Environmental and social issues at El Cubo and El Pingüico appear to be administered under reasonable standards with corresponding cooperation from the local community of El Cubo.

1.15.6 Economics

Based on the inputs used in this PEA and the average 3-year silver and gold prices of US$23.00/oz silver and US$1,850/oz gold, the current Indicated and Inferred Resources at the El Cubo Project will result in a positive NPV(8) of US$27.7 million and an IRR of 480%. The Project shows the greatest sensitivity to metal prices with an average breakeven price of approximately US$18.00/oz of silver and US$1,440/oz of gold (assuming a constant gold-to-silver ratio of 1:80).

Note: This Preliminary Economic Assessment is preliminary in nature in that it includes Inferred Mineral Resources that are considered too speculative to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the Preliminary Economic Assessment will be realized.

1.15.7 Project Risk

The QPs are unaware of any significant or material technical, legal, environmental, or political considerations or liabilities that would have an adverse effect on the extraction and processing of the Resources located at the El Cubo Project.

There are no significant or material pre-existing environmental conditions or liabilities at the El Pingüico Project.

A review of the environmental regulations and discussions with local officials indicates that no specific permits are required for removing the El Pingüico surface and underground stockpiles and transporting them to the El Cubo mill for processing.

As the surrounding area and larger community is supported by the mining industry, there does not appear to be opposition to the operations. This assumes compliance with all regulations and continued community involvement.

Any risks identified are typical of any advanced stage exploration project and or operating metals mine, such as tailings basin management, environmental regulatory compliance, maintaining and developing a comprehensive safety program, and ground control monitoring. None of these have been identified as significant risk.

1.15.8 Next Project Phases

It is recommended to perform a two-phase work program for the combined El Cubo/El Pingüico project culminating in a pre-feasibility study (PFS) to further define recommendations for the exploration of the project, mine development, and the potential operational synergies with Guanajuato Silver's recently acquired properties. The PFS would incorporate the results of the exploration efforts to enable the conversion of Inferred Resources to Indicated and Measured Resources. The results would be incorporated into the cash flow model to provide a greater degree of accuracy and operational definition going forward.

Total Phase 1 activities would include preparing a new resource estimate based on recent drilling results and that would also incorporate potential synergies with the recently acquired properties as well as Guanajuato Silver's operating experience to date. The estimated cost of the new resource estimate is US$100,000.

Phase 2 work would consist of the activities to complete the PFS. Estimated costs for the PFS would range from approximately US$400,000 to US$600,00 and would likely take 4 to 6 months to complete. Mineralogical and metallurgical testing costs would be minimal since the process is known.

Phase 2 is not contingent upon positive results from Phase 1.

Additional phases of the Project would be subject to the resultant findings from the PFS.

2.0 INTRODUCTION

Behre Dolbear & Company (USA), Inc. (Behre Dolbear) has prepared this Preliminary Economic Assessment (PEA) on the El Cubo/El Pingüico Silver Gold Complex Project, located near the City of Guanajuato, in the state of Guanajuato, Mexico at the request of Guanajuato Silver Company Ltd. (Guanajuato Silver). The El Cubo and El Pingüico properties are owned by Guanajuato Silver. VanGold Mining Corp. acquired the El Cubo surface properties, mining claims, mine, and mill from Endeavour Silver Corp on April 9, 2021. VanGold Mining Corp. changed its name to Guanajuato Silver Company Ltd. on June 10, 2021 and is listed in Canada on the TSX Venture Exchange with the stock symbol GSVR.

The purpose of this PEA is to provide the reader with information relevant to the Mineral Resources currently present at El Pingüico and El Cubo.

The El Cubo and El Pingüico properties are within the major epithermal mineral vein system common to the Guanajuato area and share many of the same geological and metallurgical characteristics and mining methods. El Cubo is approximately 5 km (8 km by gravel road) from El Pingüico. Both properties utilize El Cubo's existing mill, infrastructure, and administration facilities with mineralized material from El Cubo and El Pingüico co-mingled during processing. Guanajuato Silver initiated the rehabilitation of the El Cubo processing and mine facilities in 2021. Guanajuato Silver is currently exploring, developing, and processing mineralized material from the El Cubo property and other sources. Although some material from El Pingüico has been processed since 2021, for purposes of this PEA, no additional feed from the El Pingüico stockpiles is projected to be fed to the El Cubo processing facility at this time.

This report and the estimates provided herein have been prepared in accordance with the disclosure and reporting requirements set forth in the Canadian Securities Administrators' National Instrument 43-101 (NI 43-101), Companion Policy 43-101CP and Form 43-101F1, as well as with the Canadian Institute of Mining Metallurgy and Petroleum's "CIM Definition Standards – For Mineral Resources and Reserves, Definitions and Guidelines" (CIM Standards) adopted by the CIM Council on May 10, 2014. This Preliminary Economic Assessment is preliminary in nature in that it includes Inferred Mineral Resources that are considered too speculative to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the Preliminary Economic Assessment will be realized.

2.1 PRIMARY REFERENCES

The QPs used the following primary references throughout this PEA.

1) National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver, authored by Z.J. Black, J.J. Brown, and J. Choquette of Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017. Downloaded from SEDAR.

2) National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver, authored by Z.J. Black, J.J. Brown, and J. Choquette of Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018. Downloaded from SEDAR.

3) NI 43-101 Technical Report for the El Pingüico Project, Guanajuato Mining District Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017. Downloaded from SEDAR.

4) NI 43-101 Technical Report for the El Pingüico Project, Guanajuato Mining District Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date August 1, 2017 (unpublished).

Where these reports have been used in this report has been noted either by reference or footnote.

Additional references used throughout this report are listed in Section 27.0.

2.2 SITE VISIT

Behre Dolbear personnel visited the El Pingüico and El Cubo properties four times. The first time was from November 21 through November 24, 2020. The first two days of the visit were of the surface stockpile, infrastructure, and underground workings at El Pingüico. The last two days were spent at the El Cubo property with Endeavour personnel providing access to the surface infrastructure facilities, El Cubo mill, tailings facilities and underground workings.

Mr. Mark Jorgensen, QP Metallurgy, toured the surface stockpile at El Pingüico, the underground workings at El Pingüico, the El Cubo mill, and the infrastructure at both El Pingüico and El Cubo. Mr. Jorgensen assessed the minerology associated with the Mineral Resources, the condition of the El Cubo mill, and the infrastructure of both properties.

Mr. Reinis Sipols, QP Environmental, toured the surface stockpile at El Pingüico, the underground workings at El Pingüico, the El Cubo mill, and the infrastructure at both El Pingüico and El Cubo. Mr. Sipols assessed the tailings facilities, the permit status that was available at site, the infrastructure at both facilities, and transportation issues associated with ore and concentrate movement.

Mr. Joseph (Joe) Kantor, QP Geology and Dr. Robert Cameron, QP Ore Reserves and Valuations, did not attend this site visit due to Covid-19 concerns.

Additional site visits were completed by Mr. Reinis Sipols from June 10 through June 14, 2021, November 1 through November 3, 2021, and May 22 through May 24, 2023 to review onsite conditions and meet with management.

2.3 UNITS OF MEASUREMENT AND CURRENCY

Measurement units used in this report are in the metric system. The currency used is U.S. dollars (US$) unless specifically stated otherwise.

3.0 RELIANCE ON OTHER EXPERTS

The QPs are not experts in legal matters, such as the assessment of the legal validity of mining claims, private lands, mineral rights, and property agreements.

The QPs have fully relied on VanGold/Guanajuato Silver's legal experts to provide all information concerning the legal status of the El Cubo and El Pingüico mining concessions, as well as current legal title, material terms of all agreements, existing applicable royalty obligations, and material environmental and permitting information that pertain to the properties, as contained in Section 4.0. This legal information was provided by VHG Servicios, Legales, S.C. located in Mexico City, Mexico and the last update was received on March 3, 2021. The legal information provided by them is a title opinion (Appendix 1.0).

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 LOCATION

The El Cubo and El Pingüico properties are located in central Mexico, in the State of Guanajuato, approximately 11 km east of the City of Guanajuato.

The principal property, El Cubo, is located roughly 21°00’17″ N Latitude and 101°12’25″ W Longitude, at an elevation 2,265 m above mean sea level. Figure 4.1 shows the location of the El Cubo and El Pingüico properties.

*SEIP, Gobierno del Estado de Guanajuato: http:/seip.guanajuato.gob.mx/mapagto/

Figure 4.1. General location of the El Cubo and El Pingüico properties

4.2 MINERAL TENURE, AGREEMENTS, AND ENCUMBRANCES

4.2.1 El Cubo

Guanajuato Silver, as VanGold, entered into a Letter of Intent (LOI) dated December 15, 2020 to acquire, by way of an asset purchase (the "Asset Purchase Agreement"), 100% of the El Cubo Project from Endeavour Silver, including among other things, the El Cubo Project surface rights owned/held by Compañía Minera Del Cubo S.A. de D.V. (CMDC), a wholly owned subsidiary of Endeavour Silver, El Tajo Plant, all buildings, equipment, machinery, tools, and improvements located therein and thereon for a purchase price of US$15,000,000 payable as follows:

a) US$7,500,000 cash on closing (paid);

b) 21,331,058 common shares of the Company on closing having an aggregate deemed issue price of US$5,000,000 (US$0.2344 per share) (issued); and

c) An unsecured, non-interest-bearing promissory note in the principal amount of US$2,500,000 payable 12 months after the closing (paid).

A formal Asset Purchase Agreement was entered into on March 16, 2021, and provided for an asset acquisition only, and no corporate acquisition of CMDC or any other entity was included in the agreement. The purchase was completed in April 2021.

The purchase included 49 mining concessions covering 6,995 hectares, surface lands totaling 1,196 hectares, the El Cubo mill, and all buildings and other improvements. Figure 4.2 shows a map of the surface mining concessions included in the purchase.

A list of the mining claims and a letter from the legal firm VHG Servicios Legales, S.C. confirming the titles are found in Appendix 1.0 and the mining claims titles are shown in Table 4.1, below. This letter details the names of the claims, their size, type, their expiration, and their status and it is a title opinion.

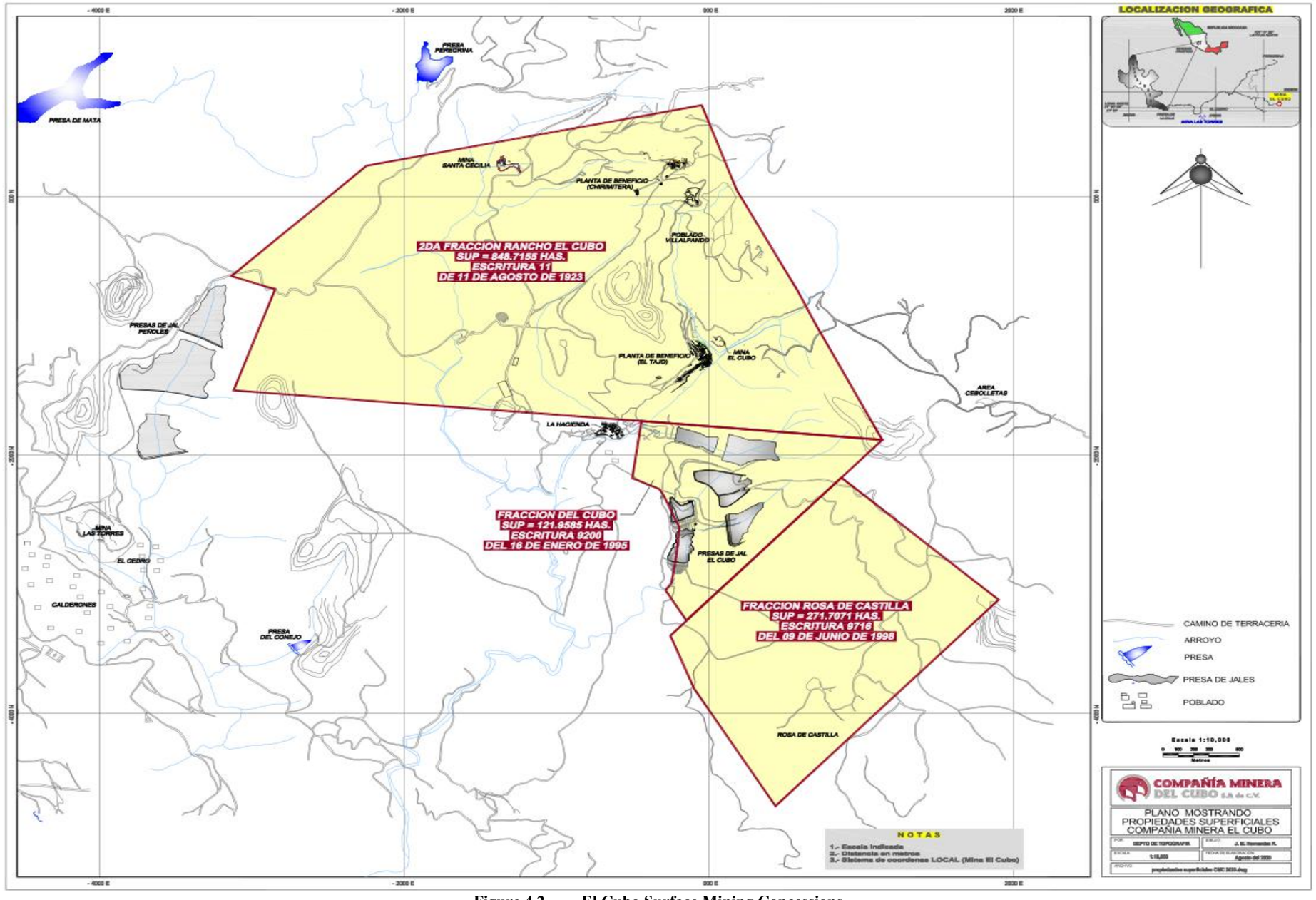


Figure 4.2. El Cubo Surface Mining Concessions
Source: Endeavour Silver Corp., November 2020

TABLE 4.1
MINING CLAIMS TITLE REPORT – EL CUBO PROJECT – VHG SERVICIOS LEGALES, S.C. – MARCH 3, 2021

	Lot	Holder	Surface (Hectares)	Title	Type of Concession	Term	Location
1	Albertina o La Merced*	CMDC	5.9316	182007	Mining	April 7, 2038	Guanajuato, Guanajuato
2	Ampl. De Pasadena*	CMDC	3.3399	182006	Mining	April 7, 2038	Guanajuato, Guanajuato
3	Ampl. De Cabrestante*	CMDC	8.0000	165795	Mining	December 10, 2029	Guanajuato, Guanajuato
4	Canta Ranas*	CMDC	98.5468	210492	Mining	October 7, 2049	Guanajuato, Guanajuato
5	Dalia	CMDC	129.0207	210951	Mining	February 28, 2050	Guanajuato, Guanajuato
6	El Cabrestante*	CMDC	9.0000	165792	Mining	December 10, 2029	Guanajuato, Guanajuato
7	El Cuarteto*	CMDC	26.0910	182005	Mining	April7, 2038	Guanajuato, Guanajuato
8	El Durazno*	CMDC	60.0000	164988	Mining	August 12, 2004	Guanajuato, Guanajuato
9	El Eden*	CMDC	1,675.7707	212009	Mining	August 17, 2050	Dolores Hidalgo, Guanajuato
10	Huematzin*	CMDC	37.5000	171591	Mining	November 8, 2032	Guanajuato, Guanajuato
11	La China*	CMDC	48.5754	165797	Mining	December 10, 2029	Guanajuato, Guanajuato
12	La Fragua*	CMDC	42.0000	165653	Mining	November 18, 2029	Guanajuato, Guanajuato
13	La Providencia*	CMDC	256.7454	211859	Mining	July 27, 2050	Dolores Hidalgo, Guanajuato
14	La Soledad*	CMDC	65.0000	165669	Mining	November 27, 2029	Guanajuato, Guanajuato
15	Luisa Evelia*	CMDC	22.2241	157855	Mining	November 29, 2022	Guanajuato, Guanajuato
16	Santa Fe del Monte*	CMDC	15.3541	154139	Mining	January 25, 2021	Guanajuato, Guanajuato
17	San Juan*	CMDC	37.3586	165791	Mining	December 10, 2029	Guanajuato, Guanajuato
18	Minas Viejas*	CMDC	16.0000	165794	Mining	December 10, 2029	Guanajuato, Guanajuato
19	Nueva Luz del Nayal*	CMDC	55.0000	165796	Mining	December 10, 2029	Guanajuato, Guanajuato
20	San Cayetano de Animas y Providencia*	CMDC	30.9920	181236	Mining	September 10, 2037	Guanajuato, Guanajuato
21	Socavón de los Alisos*	CMDC	66.3687	182003	Mining	April 07, 2038	Guanajuato, Guanajuato
22	San Juan Tacuitapa*	CMDC	24.0000	182004	Mining	April 07, 2038	Guanajuato, Guanajuato
23	Santa Rosa*	CMDC	20.5065	157913	Mining	December 06, 2022	Guanajuato, Guanajuato
24	San Patricio*	CMDC	3.4634	212168	Mining	September 21, 2050	Guanajuato, Guanajuato
25	La Sauceda**	CMDC	747.6730	213305	Mining	April 19, 2051	Guanajuato, Guanajuato
26	La Palma**	CMDC	327.7095	213435	Mining	May 10, 2051	Guanajuato, Guanajuato
27	Entre el Varal*	CMDC	3.8977	214132	Mining	August 09, 2051	Guanajuato, Guanajuato
28	La Asunción*	CMDC	10.0000	214133	Mining	August 09, 2051	Guanajuato, Guanajuato
29	Violeta*	CMDC	75.6694	214134	Mining	August 09, 2051	Guanajuato, Guanajuato
30	Maria Fracc. NE*	CMDC	146.1390	214135	Mining	August 09, 2051	Guanajuato, Guanajuato
31	Violeta*	CMDC	45.6837	214136	Mining	August 09, 2051	Guanajuato, Guanajuato
32	Las Palomas**	CMDC	257.0432	214260	Mining	September 05, 2051	Guanajuato, Guanajuato
33	Primera Ampliación de la Albertina o la Merced*	CMDC	8.8652	161513	Mining	April 24, 2025	Guanajuato, Guanajuato
34	Virjan*	CMDC	49.0000	214424	Mining	September 05, 2051	Guanajuato, Guanajuato
35	Siglo XXI**	CMDC	47.1809	214614	Mining	October 01, 2051	Guanajuato, Guanajuato
36	Los Pingüicos**	CMDC	985.1100	214742	Mining	November 21, 2051	Guanajuato, Guanajuato
37	Don Guillermo	CMDC	9.0808	215926	Mining	April 01, 2052	Guanajuato, Guanajuato
38	La Libertad*	CMDC	48.1000	165168	Mining	September 11, 2029	Guanajuato, Guanajuato
39	Paco	CMDC	188.2252	217999	Mining	September 29, 2052	Guanajuato, Guanajuato

TABLE 4.1
MINING CLAIMS TITLE REPORT – EL CUBO PROJECT – VHG SERVICIOS LEGALES, S.C. – MARCH 3, 2021

	Lot	Holder	Surface (Hectares)	Title	Type of Concession	Term	Location
40	Unificación Villalpando Norte*	CMDC	374.4603	229103	Mining	March 08, 2075	Guanajuato, Guanajuato
41	Unificación Villalpando Sur*	CMDC	318.1440	240917	Mining	March 08, 2057	Guanajuato, Guanajuato
42	Lety Fracción 1	CMDC	32.3682	235633	Mining	February 02, 2060	Guanajuato, Guanajuato
43	Lety Fracción 2	CMDC	18.3671	235634	Mining	February 02, 2060	Guanajuato, Guanajuato
44	Lety Fracción 3	CMDC	4.9644	235635	Mining	February 02, 2060	Guanajuato, Guanajuato
45	Marisela**	CMDC	135.9622	213751	Mining	June 14, 2051	Guanajuato, Guanajuato
46	El Chupiro*	CMDC	13.3873	171840	Mining	June 14, 2033	Guanajuato, Guanajuato
47	Ampl. De la Fragua*	CMDC	130.8850	164851	Mining	July 10, 2029	Guanajuato, Guanajuato
48	Durazno Prisco*	CMDC	43.7524	165109	Mining	August 22, 2029	Guanajuato, Guanajuato
49	Edelmira II*	CMDC	135.2726	165245	Mining	September 13, 2029	Guanajuato, Guanajuato

*Concessions grouped under Villalpando Group.
**Concessions grouped under Gracias a Dios Group.

Additionally, the Asset Purchase Agreement contains a provision for bonus payments to Endeavour Silver should the following conditions be met:

- US$1 million when Guanajuato Silver has produced an aggregate of 3 million ounces of silver or gold-equivalent silver;
- US$1 million, if within 2 years of the Closing Date, the closing spot price of gold in New York, as published by Bloomberg, equals or exceeds US$2,000 per ounce for a period of 20 consecutive trading days; and
- US$1 million, if within 3 years of the Closing Date, the closing spot price of gold in New York, as published by Bloomberg, equals or exceeds US$2,200 per ounce for a period of 20 consecutive trading days.

The El Cubo mine, mill, and other operations are fully permitted and mine operations resumed in September 2021 and milling operations resumed in late October 2021. No additional permits are required to complete Guanajuato Silver's current work program at El Cubo. The QP of this section is unaware of any significant or material technical, legal, environmental, or political considerations or liabilities, which would have an adverse effect on the extraction and processing of the Resources located at the El Cubo Project.

4.2.2 El Pingüico

There are two mining claims that make up the El Pingüico property, El Pingüico, and Ampl de El Pingüico. Guanajuato Silver, through its wholly owned Mexican subsidiary, Obras Minera El Pingüico S.A de C.V., owns a 100% working interest in the El Pingüico property, and has recently signed an option to repurchase certain underlying royalties on the property from EMBSA.

Under these terms, the Option shall be exercisable by Guanajuato Silver making cash and share option payments to EMBSA as follows:

1) C$200,000 cash (paid) and 3,750,000 Units on or before November 20, 2020 (issued);
2) C$325,000 cash on or before February 22, 2021 (paid);
3) C$262,500 cash on or before April 10, 2022 (paid);
4) C$262,500 on or before October 10, 2022 (paid);
5) C$312,500 cash on or before February 22, 2023 (pending); and
6) C$312,500 cash on or before October 22, 2023.

Upon exercise of the Option, Guanajuato Silver's Mexican subsidiary, Obras Mineras El Pingüico, S.A de C.V. (OPMSA), will own an undivided 100% interest in the El Pingüico silver and gold project free and clear from the royalties purchased in this agreement. EMBSA was also paid US$70,000 to give up the royalty on the surface stockpile of mineralized material. A 15% net profits interest royalty will remain, in favor of EMBSA, solely on the existing underground stockpiles of mineralized material. Other than the remaining 15% NPI, there will be no other royalties, net smelter returns, or otherwise, on the El Pingüico Project, including the existing stockpiled material upon exercise of the option.

The El Pingüico claim has an area of 48 hectares and the mineral lease from the state has an expiration date of 10 July 2030.

The Ampl de El Pingüico has an area of 23.7 hectares and the mineral lease from the state has an expiration date of 29 October 2029.

Figure 4.3 is a map showing the mining concessions that make up the El Pingüico Project.

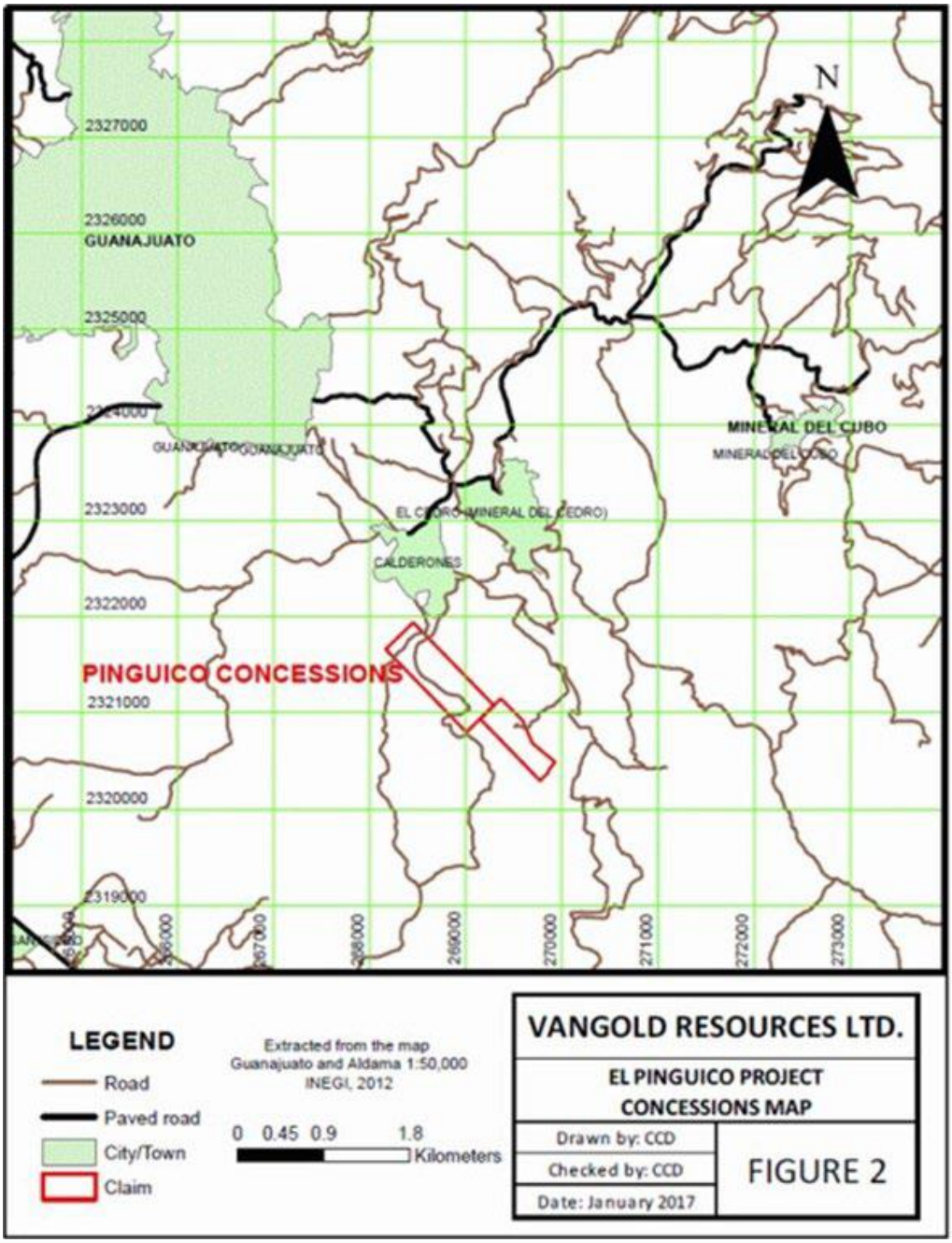


Figure 4.3. Mining concessions that make up the El Pingüico Project
Source: NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

There are no significant or material pre-existing environmental conditions or liabilities at the El Pingüico project.

A review of the environmental regulations and discussions with local officials indicates that no specific permits are required for removing the surface and underground stockpiles and transporting them to the El Cubo mill for processing.

As the surrounding area and larger community is supported by the mining industry, there does not appear to be opposition to the operations. This assumes compliance with all regulations and continued community involvement.

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

The State of Guanajuato is situated along the southern edge of the Central Mexican Plateau. The properties are located in the west-central portion of the state, among a series of low, gentle mountains, which are part of the Sierra Madre Occidental. The terrain consists of gentle slopes with some abrupt volcanic intrusions. Vegetation is limited to scrub brush and grasslands.

The climate in the Project area is temperate with an average annual temperature of 18°C, with summer months typically around 30°C and as low as 5°C in the winter. The rainy season is between the months of June and September with annual precipitation typically 650 mm. The classification of the regional climate would be warm-sub humid. Exploration and mining work can be conducted year-round, uninterrupted by weather.

The El Cubo mine offices are located at an elevation of 2,265 m above mean sea level, and the mine workings range in elevation from 2,646 m to 1,905 m. The mine property is accessed by a local unpaved roadway, which also connects the villages of El Cubo and Calderones with Guanajuato and other surrounding communities.

The El Cubo property was put on care and maintenance at the end of November 2019 and all of the mine, mill and support infrastructure was largely in place. This included electricity, water, tailings basins, plant security, offices, and shop facilities. Guanajuato Silver made surface infrastructure improvements during 2021 and 2022. Underground infrastructure was refurbished and replaced and appears adequate to support ongoing mine operations. A detailed discussion of the El Cubo site infrastructure can be found in Section 18.0 of this report. The company owned properties have adequate surface areas to support planned current and future operations.

The El Pingüico property is approximately 2,200 m above sea level and is accessed by an unpaved local road. The village of Calderones is located adjacent to the Project site. As the El Pingüico Mine has been dormant since 1913, most operating infrastructure has been removed. Guanajuato Silver has erected a small hoist and headframe to facilitate the rehabilitation of an access shaft to support their exploration and rehabilitation activities. Additional rehabilitation work has been completed on several adits, which access the Level 4 and Level 7 of the mine.

The surface land area at El Pingüico is adequate to support currently planned operations, such as the loading and shipment of the surface and underground stockpiles to the El Cubo mill. No milling is planned at the El Pingüico site; therefore, there is no need for tailings storage areas or basins at the site. Most mine waste can be disposed of underground and additional surface area will be made available for storage of materials once the surface stockpile is hauled away. It should be noted the current production plan does not include feed from El Pingüico at this time.

5.1 LOCAL RESOURCES

The capital city of Guanajuato has a population of approximately 190,000 and hosts several universities and post-secondary schools, including a mining college. Tourism is a principal industry. Due to the long history of mining in the state, there are multiple suppliers of mining equipment and supplies, experienced laborers, and other vendors required to support mines in the area.

6.0 HISTORY OF THE GUANAJUATO MINING AREA AND THE EL PINGÜICO AND EL CUBO MINES[4]

The mining history of Guanajuato dates back to 1520 when the Spanish conquistadors began exploration for minerals in the region discovering silver in 1548. The discovery led to the settling of people in the area and the City of Guanajuato as a population center. Guanajuato became one of the premier mining districts of Nueva España (New Spain).

In 1558, the first mine shafts were sunk leading to the discovery of the Veta Madre Vein (Mother Vein). Today, this vein runs along the hills that border the glen of Guanajuato in the north and northwest, marked by mines and shafts along its way. This discovery triggered an exploration rush that saw the discovery of multiple silver occurrences. During the period of 1781 to 1800, the Guanajuato mines accounted for 64% of the entire world's output of silver (Minerals of Mexico, 2011, page 57).

Production stopped as a result of the War of Independence from Spain in the year 1810; but in 1868, the Valenciana Mine was reopened by British investment capital. The principal or "mother vein" has yielded the sum of US$1 billion, as Indicated by the mint and government records.

The Mexican Revolution occurred between 1910 and 1920 and all mining was stopped or slowed during this time.

6.1 HISTORY OF THE EL CUBO MINE

The italicized portion of this section is copied from National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018. Minor edits that have not altered factual information have been made by the QP for clarification purposes.

Mining on the El Cubo property has occurred since the 17th Century. The Sierra structure, which includes the El Cubo Mine and the adjacent Peregrina Mine (part of the Las Torres complex), accounts for much of the gold produced in the Guanajuato district – on the order of 2,000,000 ounces of gold and 80,000,000 ounces of silver.

In the 19th and 20th Centuries, mining at El Cubo focused on northwest striking veins known as the Villalpando, Dolores, La Loca, and La Fortuna and production was divided between many operators. In the early 1900s, construction began on the Túnel Aventurero de San Felipe (now El Cubo Level 4) in order to connect the Pastora-Fortuna, Villalpando, and La Loca veins. At the time, significant grades and widths were encountered on the Villalpando vein, including shoots up to 4 m wide and intercepts which assayed close to 1,000 grams of silver per tonne. The Villalpando vein, located in the central portion of the modern day El Cubo claim block, was the main source of production through the 1970s.

The El Cubo Mine changed ownership multiple times since the 1970s and in 1995, production was expanded from 350 to 800 tonnes per day, and then in 2001 to 1,400 tonnes per day. Each expansion showed a decrease in head grade, likely due to the use of low-grade material from old stope fill, as supply for the increased tonnage.

[4]Much of this section is based upon or copied from the following: (1) National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018 and (2) NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

El Cubo was purchased by Mexgold Resources Inc. (Mexgold) in March 2004. In 2006, Mexgold became a wholly owned subsidiary of Gammon Lake Resources Inc., later known as Gammon Gold Inc. On August 26, 2011, Gammon Gold changed its name to AuRico Gold Inc.

In 2012, Endeavour Silver acquired the El Cubo property. Saleable silver and gold production through 2019 totaled 12,112,892 ounces of silver and 144,100 ounces of gold. Endeavour Silver ceased production in late 2019.

Effective December 17, 2020, Guanajuato Silver, as VanGold, signed a LOI to purchase the property from Endeavour Silver for a mixture of cash, shares, and contingent future payments and completed this purchase in April 2021.

6.1.1 Historical Exploration

Historical exploration at El Cubo was largely conducted by drifting along known veins, with little drilling. Drilling exploration, prior to 2000, was sporadic, and the associated information poorly organized. While some pre-2000 drilling data is available within the historic files, it is generally poor quality and often related to small diameter drill holes. Such historic information is not considered suitable for use in modern Resource estimates and is relied on only as supplemental or secondary guidance during exploration.

Drilling activity at the El Cubo Project increased significantly between 2000 and 2009, in conjunction with the acquisition of El Cubo by Mexgold, and later by AuRico, producing credible data for 844 drill holes (approximately 180,019 m). The drill hole data applies to both surface and underground drilling, at a variety of drill hole diameters, which occurred mainly over the Villalpando, Dolores, La Loca, San Nicolas, San Eusebio, Pastora, Puertecito, and La Cruz structures.

Between 2004 and 2006, exploration activities at El Cubo located vein extensions and outlined an area of immediate interest, the La Loca zone, which has since been mined. In 2008, exploration drifting was completed on several veins, including the La Loca Level 12 (98 m), La Loca Level 6 (115 m), and Villalpando Level 5 (118 m). On the Peñoles concessions, exploration drifting occurred principally on San Alberto Level 600 (74 m), and throughout the El Cubo Mine and leased Las Torres property, including state-of-the-art remote sensing interpretation, geology, and geochemistry. Historical exploration activities conducted at El Cubo through mid-2009 are described in greater detail by Clark (2009).

In 2009, AuRico began the year with a dedicated 6-month program of data compilation followed by extensive field mapping over the Sierra Vein system. The work generated a practical empirical exploration model that was then used to identify other substantial exploration targets. The geology showed that the majority of the ore production on the Sierra Vein system came from two formations; the La Bufa Formation rhyolite and the Guanajuato Formation conglomerate. It also found that extensive portions of the Villalpando vein system, and other veins, had not yet been prospected in their projections down dip or across faults where they might intersect these formations. Using these criteria, El Cubo geologists identified 16 new exploration targets with a cumulative strike length of 15 km within the El Cubo land package. Nine primary exploration targets were identified and subsequently ranked, and a drill program was designed to test the best targets. A 44,000 m drilling program was launched in September 2009 with one core rig.

The first target drilled, the Dolores SE vein extension, led to the discovery of gold-silver mineralization above underground cut-off grades. Drilling was immediately focused on this area to determine if an economic deposit might exist. At year end, AuRico had completed 16 core holes for 3,361 m in the Dolores SE target. Surface mapping in the area of the Dolores SE showed that there was altered and mineralized breccia in the Capulin Fault, an east-west structure similar in geologic setting to the San Nicolas vein. Three drill holes were proposed to test this zone, and the second hole cut an anomalously thick intercept of gold-silver mineralization. Based on the positive implications of that intercept, another drill rig was put to work on this target zone as well as the Dolores.

In mid-2009, geologic mapping and compilation efforts by El Cubo's geologists revealed that there is a major fault structure in the north part of the Villalpando vein system that was previously not considered a major target. This fault, called the Puertecito Fault, may actually be the northward continuation of the Villalpando vein.

Exploration carried out in 2010 consisted of drilling in the Dolores, Capulin, Villalpando Sur, Villalpando Gap, Puertecito, and La Cruz target areas. A workers' strike in June 2010 interrupted all exploration activities through the end of the year.

On February 23, 2011, AuRico announced that it had successfully resolved the labor disruption at the El Cubo Mine. Exploration activities resumed with the focus of drilling on the step-out and in-fill on the 2009 Dolores vein discovery. Drilling from the surface in the Villalpando Gap target area also intersected mineralization that exceeded the then current cut-off grades.

In early 2012, AuRico drilled 16 drill holes on the Dolores SE target, but all surface exploration drilling was put on hold subject to AuRico completing the purchase and sale agreement for the El Cubo Mine. At that time, the El Cubo exploration geologists were in the process of geologically mapping and surface sampling the Cebolletas, Villalpando Sur, Cabrestantes, and San Nicolás areas.

Exploration by Endeavour Silver is detailed in Section 9.0 of this report and Guanajuato Silver has completed over 14,000 m of core drilling at El Cubo in 2021 and 2022.

6.1.2 Historical Mineral Resource and Reserve Estimates

The historical Mineral Resource and Reserve estimates presented in the following paragraphs are not considered current, were not relied upon during preparation of (and are superseded by) the Mineral Resource and Reserve estimates presented in Sections 14.0 and 15.0 of this report and are presented here for historical completeness only.

Mineral Resource and Reserve estimates for El Cubo, reported prior to 2009, are not compliant with current NI 43-101 standards, are not considered reliable or therefore informative, and are not discussed here. The Mineral Resource and Reserve estimates, reported by AuRico in 2009, were compliant with CIM standards and definitions, as required by NI 43-101 at that time and superseded any previous historical estimates. The technical report issued by AuRico was prepared by Glenn R. Clark & Associates Limited (Clark). Clark (2009) estimated Mineral Resources and Mineral Reserves for the El Cubo mine based on data and information available as of January 1, 2009 (Table 6.1). The Mineral Resources reported by Clark were estimated using polygonal methods in spreadsheet and CAD software.

TABLE 6.1
HISTORIC EL CUBO MINERAL RESOURCE ESTIMATE – JANUARY 1, 2009

Resource Category	***Tonnes (000s)***	***Au g/t***	***Ag g/t***
Measured	*160*	*2.38*	*94*
Indicated (Underground)	*215*	*2.61*	*95*
Indicated (Open Pit)	*2,100*	*2.72*	*49*
Total Measured and Indicated	***2,475***	***2.69***	***56***
Inferred	*2,343*	*4.84*	*220*

Table 6.1 e*xcludes Resources reported by Clark that were associated with Las Torres (Peñoles) lease. Clark also reported Proven and Probable Mineral Reserves for the El Cubo Mine, as summarized in* Table 6.2.

TABLE 6.2
HISTORIC EL CUBO MINERAL RESERVE ESTIMATE – JANUARY 1, 2009

Reserve Category	*Tonnes (000s)*	*Au g/t*	*Ag g/t*
Proven	*1,326*	*3.34*	*189*
Probable	*1,696*	*3.35*	*157*
Total Proven and Probable	***3,022***	***3.34***	***171***

Between 2009 and 2011, AuRico conducted additional diamond drilling and underground development, and estimated new Mineral Resources and Reserves within the El Cubo claim block. AuRico reported Mineral Resources for the El Cubo Mine effective December 31, 2011, as summarized in Table 6.3.

TABLE 6.3
HISTORICAL EL CUBO MINERAL RESOURCE ESTIMATE – DECEMBER 31, 2011

Resource Category	*Tonnes (000s)*	*Au g/t*	*Ag g/t*
Measured	*337*	*1.10*	*65*
Indicated	*3,874*	*2.07*	*61*
Total Measured and Indicated	***4,211***	***1.99***	***61***
Inferred	*7,198*	*2.37*	*115*
Source: *AuRico, 2011*			

The AuRico totals include 2,132,000 tonnes of 2.69 g/t Au and 49 g/t Ag in Measured and Indicated Resources and 663,000 tonnes of 3.80 g/t Au and 181 g/t Ag in Inferred Resources within properties leased from Peñoles. AuRico also reported Mineral Reserves for the El Cubo Mine (Table 6.4), *which include 663,000 tonnes of 1.38 g/t Au and 120 g/t Ag from the Peñoles lease.*

TABLE 6.4
HISTORICAL EL CUBO MINERAL RESERVE ESTIMATE – DECEMBER 31, 2011

Reserve Category	*Tonnes (000s)*	*Au g/t*	*Ag g/t*
Proven	*2,238*	*1.84*	*114*
Probable	*3,152*	*1.88*	*102*
Total Proven and Probable	***5,390***	***1.86***	***107***
Source: *AuRico, 2011*			

6.1.3 Historic Production

Previous owners and operators, prior to AuRico, did not keep reliable production records for the E Cubo Mine. Production achieved at the El Cubo Mine between 2007 and 2011, as reported in AuRico's annual reports, is summarized in Table 6.5.

TABLE 6.5
EL CUBO HISTORIC PRODUCTION STATISTICS

Year	*Tonnes*	*Grade (g/t)*		*Production (ounces)*	
		Au	*Ag*	*Au*	*Ag*
2007	*689,753*	*1.77*	*83*	*33,740*	*1,582,316*
2008	*658,105*	*1.98*	*94*	*38,772*	*1,783,148*
2009	*505,388*	*1.92*	*83*	*27,842*	*1,183,339*
2010	*233,006*	*1.63*	*83*	*10,844*	*536,457*
2011	*256,150*	*1.24*	*80*	*8,670*	*556,379*

In 2011, the El Cubo Mine produced 556,379 ounces of silver and 8,670 ounces of gold from 256,150 tonnes of ore grading 80 g/t Ag and 1.24 g/t Au. Silver and gold recoveries averaged 82% and 86%, respectively. Production in 2011 was affected by a labor strike that was settled during the year.

In 2012, Endeavour Silver acquired the El Cubo property. Saleable silver and gold production through 2019 totaled 12,112,892 ounces of silver and 144,100 ounces of gold. Endeavour Silver ceased production at El Cubo in late 2019.

6.2 EL PINGÜICO MINE

The italicized portion of this section has been copied from the NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017. Minor edits that have not altered factual information have been made by the QP for clarification purposes.

The mining history of the El Carmen and El Pingüico Mines are intimately related. Initially, these mines belonged to different owners and their major mining works included: the Humboldt shaft, Fortuna shaft, El Centro shaft, Carmencitas shaft, and the Pingüico shaft. All the shafts were started in waste and were sunk to conduct underground exploration and mining of the mineral deposits within the Carmen-Pingüico Fault system. This early work is thought to have commenced around 1890.

The first rich deposits on the property began to be exploited in 1904, a year after the former owner of the El Pingüico Mine, Mr. Amado Delgado, transferred the mine to the Guanajuato Development Company, directed by Mr. C.W. Bryant and renamed it the Pingüico Mining and Milling Company. The mine was in production from the late 1800s to 1913 and produced over 200,000 ounces of gold equivalent during this time (EMBSA, Proyecto El Pingüico, 2014). A metallurgical plant was installed for the concentration and cyanidation systems with a capacity of 250 tonnes per day (report with unknown signature, 1945). This plant no longer exists and was operated until the year 1913 when the owners left the region due to the Revolution.

Between 1932 and 1933, the engineer, Luis Frausto, carried out a feasibility study to exploit headings and stopes at the El Carmen and El Pingüico Mines. According to his calculations, an inventory of 75,000 tonnes of mineralization was estimated with grades between 300 to 400 g/t Ag and 4 to 5 g/t of Au, in addition to some mineral shoots below Level 8 (Meave, 1959). As this is a historical estimate, the reader is cautioned that it may not be representative of current Mineral Resources or Reserves. The results of this study are presented in this report to indicate the whole of the historical work completed on the Project.

In 1944, Mr. Fernando Cueto Fernández reactivated the El Carmen-El Pingüico Mines, briefly, but was not successful. In that same year and early 1945, contractor Tomas Colmenero tried to mine the "Dos Estrellas" stope, but the vein

was very hard and difficult. Mr. Colmenero extracted some mineralized material from the "Dos Estrellas" stope and the resulting samples returned obtained the results presented in Table 6.6 (report with Unknown signature, 1945).

TABLE 6.6
RESULTS OF MINERALIZATION EXTRACTED FROM THE DOS ESTRELLAS STOPE

LOTES DE MINERAL EXTRAIDO DE LOS MACIZOS DEL "REBAJE DOS ESTRELLAS" DE LA MINA EL PINGUICO.

LOTES No.	LEYES Au. Grms.	Ag. Kgs.	LOTES No.	LEYES Au. Grms.	Ag. Kgs.
30	4.5	0.400	55	15.0	1.995
31	10.3	1.039	56	10.0	1.060
32	25.0	2.585	57	17.5	1.297
36	11.0	1.082	58	18.0	1.247
37	10.7	0.704	60	4.5	0.300
41	13.0	1.053	61	10.5	1.039
43	12.0	1.488	62	18.5	1.244
44	14.0	1.389	63	6.5	0.396
45	11.0	1.069	64	13.0	1.142
46	21.0	1.519	65	9.0	0.396
47	20.0	1.690	66	10.0	0.446
48	10.5	0.639	67	10.0	0.565
50	5.0	0.695	69	10.3	2.904
51	5.0	0.745	70	6.0	0.664
52	7.0	0.403	71	11.0	1.100
53	17.5	1.617	72	5.5	0.395

6.2.1 1959 CRM Historical Estimate Study of the El Pingüico Mine Area

In 1959, the governmental organization, "Consejo de Recursos Minerales" (CRM, the Mexican Geological survey agency in 1959), wrote a report titled "Geological Survey of the Area El Pingüico," where it reported "reserves" of an underground stockpile and a Resource estimation of "in situ" mineralization from the El Pingüico vein. The historical estimate was made by the polygonal method, based on 160 channel samples taken in situ. There is insufficient information available on the methodology used in the estimate to form an opinion as to the quality of the estimate.

VanGold is treating the Mineral Resources and Reserves from the CRM report as historical estimates. The QP has not done sufficient work to classify the historical estimates as current Mineral Resources or Reserves and VanGold is not treating the historical estimates as current. VanGold is, as of this writing, undertaking work to assess the potential in these areas.

6.2.1.1 Dos Estrellas Stope

The "Dos Estrellas stope" is located northwest of the Pingüico shaft and is an area worked by Pingüico Mines Company. The CRM made a long section map showing elevated gold and silver values and appeared to demonstrate linear continuity of these values. The CRM took 17 channel samples from the Dos Estrellas stope and reported an

average vein width of 1.52 m, 1.8 g/t Au, and 91 g/t Ag. In another area of this same stope, CRM reported a vein width of 0.8 m, 6.0 g/t Au, and 733 g/t Ag.

6.2.1.2 Carson Stope

The Carson stope is located 50 m further north and in the same orientation as the Dos Estrellas stope and consists of a series of small mine workings, where CRM found gold and silver mineralization. The average of 11 samples taken in different parts of the workings gave the width of the vein as 1.05 m, grading 5.7 g/t Au, and 457 g/t Ag.

6.2.1.3 El Carmen Adit

CRM took 12 samples from a muck pile at the El Carmen adit, which averaged 1.0 g/t Au and 128 g/t Ag. CRM also estimated the tonnages of the in situ veins using polygonal blocks but did not report the ranges of confidence for the blocks. The grades used in the estimate were obtained through channel sampling in stopes of the vein material. Table 6.7 *presents CRM's findings. CRM reported a historical estimate of 4,921 tonnes with grades of 5.4 g/t Au and 424 g/t Ag. Note that while CRM classified the mineralization as a Probable Reserve, these should be considered as a historical estimation based upon limited information. VanGold is not treating the historical estimates as current Mineral Resources or Reserves.*

TABLE 6.7
HISTORICAL ESTIMATE FOR THE "IN SITU" VEIN MINERALIZATION FROM BLOCKS 1, 2, AND 3
(CRM, 1959)

Por lo tanto, el volúmen de reservas de mineral "in situ" clasificado como probable, es el siguiente:

Block	Volúmen Mtrs. Cub.	Densidad.	Toneladas métricas secas.	Ensayes Grms./ts. Au.	Ag.	Clase de Mineral.	Valor actual teórico. M.N. Au.	Ag.	Total.
1	1546.0	2.5	3865.0	5.7	457	Probable.	$ 313,100.00	$ 641,589.00	$ 954,689.00
2	350.0	2.5	876.0	4.9	347	Probable.	$ 60,672.00	$ 110,448.00	$ 171,120.00
3	72.0	2.5	180.0	1.2	101	Probable.	$ 3,001.00	$ 6,596.00	9,597.00
SUMAS	1968.0	2.5	4921.0	5.4	424		$ 376,773.00	$ 758,633.00	$1135,406.00

Note: Shown in Mexican Currency

6.2.1.4 Historical Mineral Resource and Reserve Estimation of the Underground Stockpile

An underground stockpile of broken mineralization is located in the northwest part of the mine and partially occupies the block from Level 4 to Level 7; this stockpile extends for 300 m longitudinally; unfortunately, a part of this material is covered by falls of the waste rock that hosts the Pingüico vein (Figure 7).

CRM only considered material up to Level 7 of the mine in the stockpile inventory, but the report mentions the possibility of additional material continuing in Levels 8 and 9.

CRM dug 20 trenches along the top of the stockpile to sample it. The average results of all their samples is 3.2 g/t Au and 288 g/t Ag. CRM's effort in estimating the volume of the stockpile consisted of:

- *Topographic survey of the stockpile surface and measurement from the surface of the stockpile to Level 7.*
- *Digging 20 trenches along the top of the stockpile at intervals approximating 14.4 m.*
- *Approximating the boundaries of the Pingüico vein.*
- *Determining the density factor of the stockpile to be 1.4 t/m^3 (including rock material and air spaces). The method of the determination was not provided.*
- *Calculation of averages for the trench samples and review of their distribution in the mass of the stockpile.*
- *Calculation of individual volumes (the report does not mention how individual volumes were determined).*

The historical estimate of the main stockpile, as reported by CRM (1959), is 103,415 metric tonnes grading 3.2 g/t Au and 288 g/t Ag as Probable Reserves, as presented in Table 6.8. *The reports by CRM are not detailed and there is little information available regarding the key assumptions, parameters, and methods used for the estimates. The volume of the stockpile was estimated using a topographic survey of the top of the pile and the volume of the workings from historical mine plans. The grade was determined through trench sampling of the top of the stockpile. Since only the top of the stockpile could be accessed for sampling, these grades may not reflect the grades of material throughout the stockpile. CRM classified the historical estimates as Probable Mineral Reserves, but in addition to being historical, the fact that only the top 1.5 m was sampled, leads to significant uncertainty being present regarding grade distributions through the stockpile.*

TABLE 6.8
HISTORICAL ESTIMATE OF THE UNDERGROUND STOCKPILE INCLUDING BLOCKS A, B, AND C
(CRM 1959)

Block.	Volúmen Mtrs. Cub.	Densidad.	Toneladas métricas secas.	Factor dilución.	Toneladas M.S. Ajustadas.	Ensayes Grms./t. Au.	Ensayes Grms./t. Ag.	Valor actual teórico. M.N. Au.	Valor actual teórico. M.N. Ag.	Valor actual teórico. M.N. Total.
A	17,747.0	1.4	24,845.0	0.650	16,149.0	2.0	193	$ 455,818.00	$1132,039.00	$ 1587,857.00
B	14,238.0	1.4	19,933.0	0.650	12,956.0	6.8	790	$ 1234,217.00	$3716,845.00	$ 4951,062.00
C	95, 293.0	1.4	133,411.0	0.557	74,310.0	2.8	221	$ 2936,360.00	$5964,656.00	$ 8901,016.00
SUMAS	127,278.0		178,189.0		103,415.0	3.2	288	$ 4626,395.00	$10813,540.00	$15439,935.00

Teniendo en cuenta que solamente fué posible muestrear una cara de la masa de mineral quebrado, por medio de zanjas, cuya profundidad media fué de 3.5 metros, razonablemente y en relación con el declive general que presenta el perfil del expresado mineral, se puede asignar un factor de seguridad de 30% al valor total de esta reserva.

Resumiendo, las actuales reservas de la mina, son:

Mineral probable "in situ"	4,921.0 Tons.	$ 1,135,406,00 M.N.
Mineral quebrado probable	103,415.0 "	$ 15,439,935.00 M.N.
Valor total teórico		$ 16,575,341.00 M.N.

Note: Shown in Mexican Currency

The CRM report mentions there may be additional mineralized zones below Level 7 called Sangria del Carmen and there may be further mineralization deeper in other areas such as near the Tatalayo fault.

6.2.2 Underground Stockpile Resource Estimate – SGM Study 2012

In 2012, EMBSA engaged the "Servicio Geológico Mexicano" (SGM – the Mexican Geological Survey agency) to perform a "reserve certification" on the same underground stockpile that CRM had estimated in 1959.

SGM took 56 samples in 19 trenches distributed over 300 m on the stockpile. Each trench was dug to a depth of 1.5 m. SGM could not sample, vertically, deeper because Level 7 was inaccessible.

SGM tried to replicate the sample locations and results found in the CRM report (1959). SGM sampling returned an average width of the trenches of 6.95 m (with areas over 10 m wide) and an average grade of 1.662 g/t of Au and 167 g/t of Ag.

The samples taken by SGM were sent to their own laboratory in Chihuahua, Mexico. They used standard fire assay followed by atomic absorption (AA) to determine gold and silver values.

SGM assigned 25,600 tonnes to their certified class for the underground stockpile with averaged grades (diluted) of 1.66 g/t Au and 167 g/t Ag. The tonnage would be confined to the 5 m to 6.5 m of the top of the stockpile.

7.0 GEOLOGICAL SETTING AND MINERALIZATION AT THE EL PINGÜICO AND EL CUBO PROPERTIES

Much of the following description for regional geology and mineralization is excerpted from the following.

1) NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date August 1, 2017 (unpublished).

2) National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

All descriptions quoted from either the El Cubo 2018 Technical Report or the El Pingüico 2017 Technical Report are italicized. Changes to tables, figure numbers, section numbers, and standardization have been made to suit the format of this report.

7.1 REGIONAL GEOLOGY

The entirety of the regional geology and regional structure sections is excerpted from the above mentioned NI 43-101 Technical Report on the Updated Mineral Resource and Reserve Estimates for the El Cubo Deposit, Guanajuato State, Mexico for Endeavour Silver.

The Guanajuato Mining District lies along the southern edge of the Mexican Central Plateau (Sierra Madre Occidental Geologic Province), where a north-northwesterly trending linear volcanic belt of Tertiary age is abruptly cut by the easterly trend of the Transverse Volcanic Belt. The Sierra Madre Occidental Geologic Province is approximately 1,200 km long and 200 to 300 km wide. Rock units within the belt consist of flows and tuffs of principally basaltic to rhyolitic composition with related intrusive units. The volcanic activity that produced the upper volcanic group ended by the late Oligocene, though there was some eruptive activity as recently as 23 Ma (early Miocene). The youngest volcanic units lie on older volcanoclastic, volcanic rocks, and sedimentary units. The oldest rocks of the Guanajuato District are marine organic and calcareous black shales deposits in the Triassic through Cretaceous Jaliscoan Sea.

The Guanajuato Mining District is located on the northeast flank of a poorly defined northwest-trending anticline (Wandke and Martinez, 1928). Normal faults parallel to the anticlinal axial trace have dropped the central portions of the anticline downward, and a younger, second set of normal faults formed a series of horsts and grabens trending nearly perpendicular to the axial trace. A regional geologic map centered is shown in Figure 7.1.

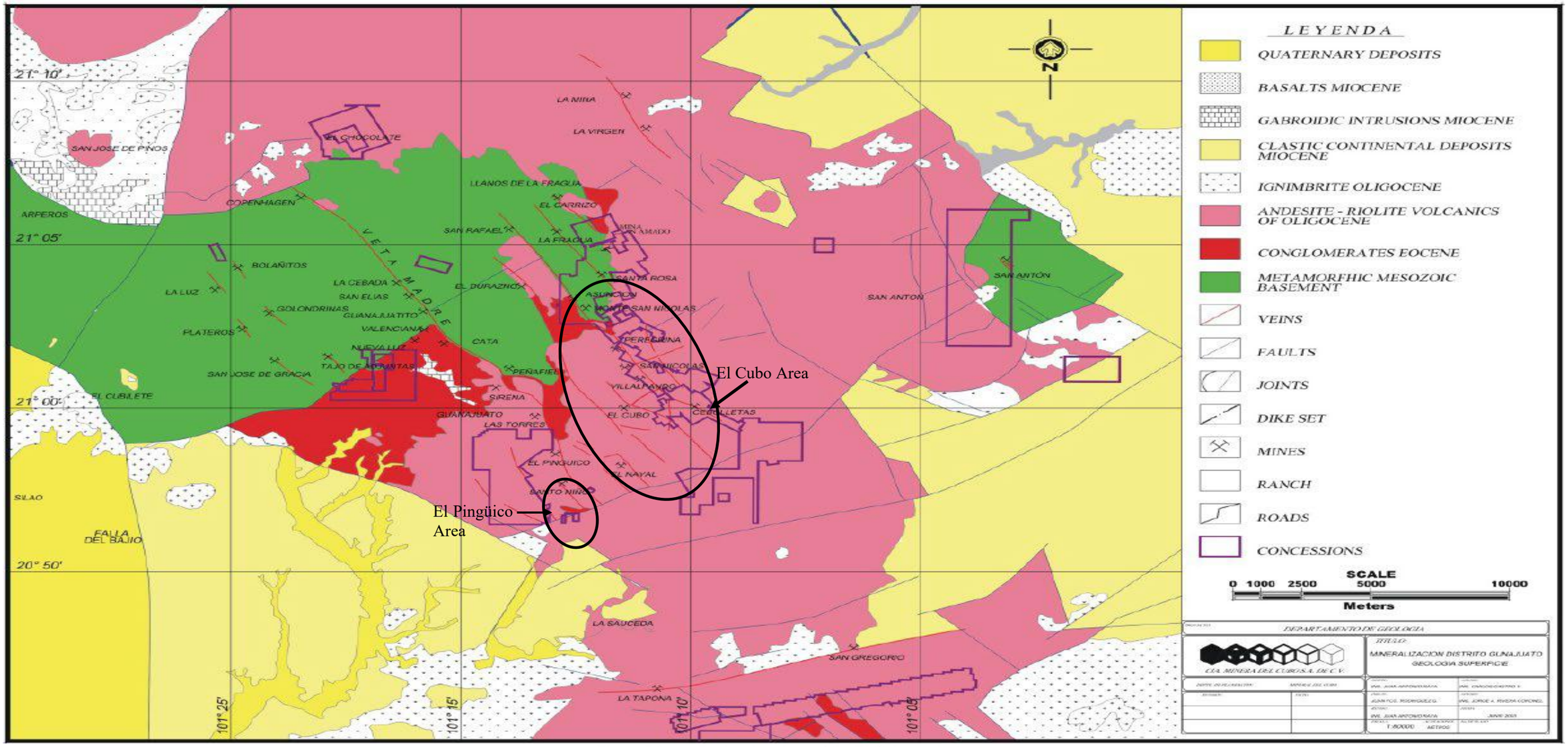


Figure 7.1. Regional geology of the El Cubo project area
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.
Note: Arrows point to the El Cubo mine area and the El Pingüico mine area. El Pingüico Concessions outline are shown in Figure 4.3.

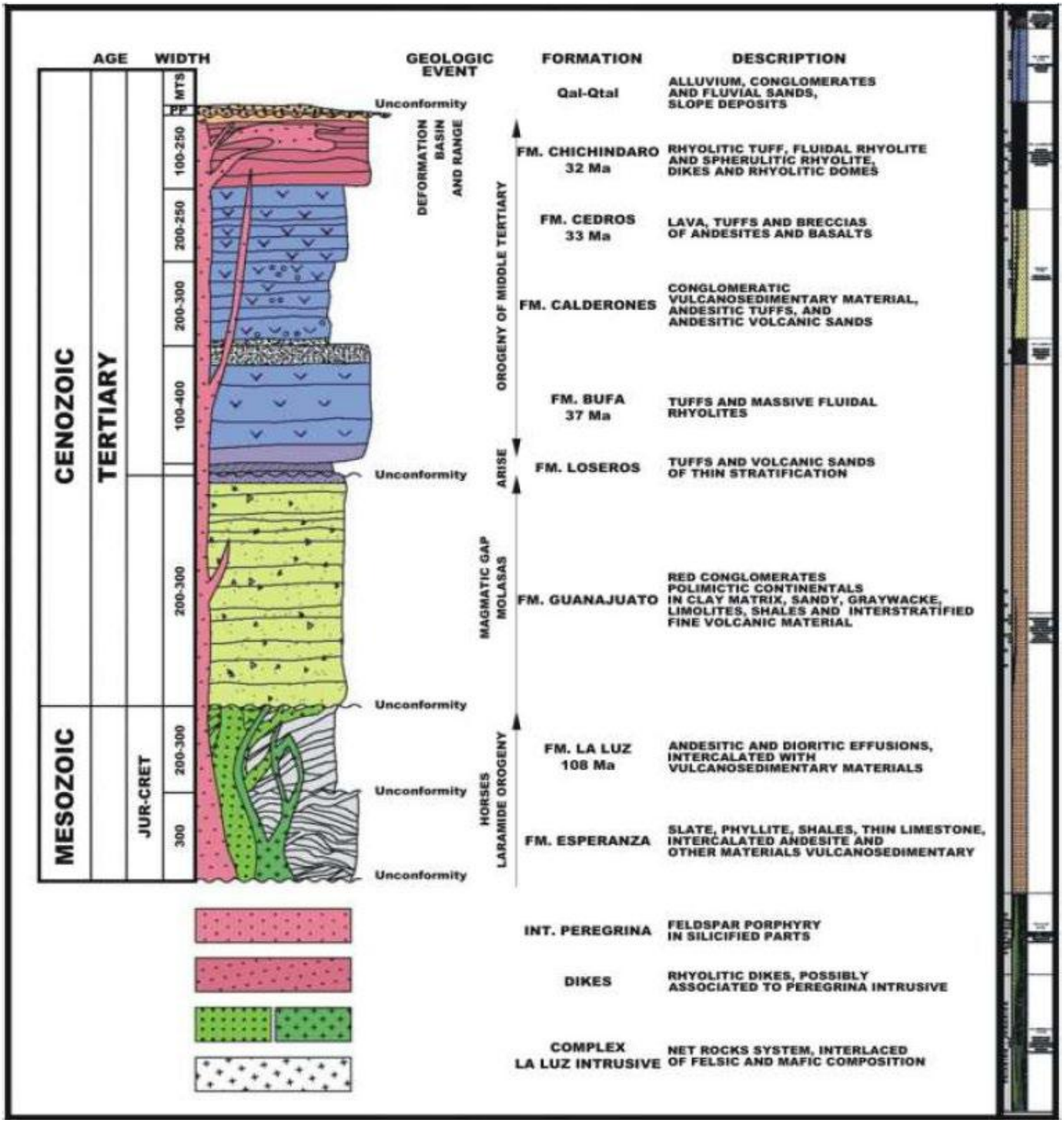


Figure 7.2. Stratigraphic column, Eastern Guanajuato Mining District
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

7.1.1 Stratigraphy

The stratigraphy of the Guanajuato District can be divided into a Mesozoic basement (Chiodi, et al, 1988; Davila and Martinez, 1987; Martinez-Reyes, 1992) and overlying Cenozoic units shown in Figure 7.2.

7.1.2 Esperanza Formation

The oldest non-igneous rocks in the district are black and gray carbonaceous and calcareous shale, interbedded with arenite, limestone and andesitic to basaltic lava flows, all metamorphosed to phyllites, slates and marble. The unit exceeds 600 m in thickness.

7.1.3 La Luz Formation

The La Luz Formation overlies the Esperanza Formation and consists mainly of interbedded clastic sedimentary rocks and massive and pillowed tholeiitic basalts dated at 108.4 ± 2 Ma. Locally, rhyolitic tuffs and agglomerates are present and some volcanogenic massive sulfide occurrences have been reported.

7.1.4 Guanajuato Formation

The Guanajuato Formation consists of a characteristic red conglomerate and lies unconformably on the Esperanza Formation and less commonly on the La Luz Formation volcanic rocks. The conglomerate consists of pebbles to boulders of quartz, limestone, granite, and andesite derived from older rock types and is cemented by a clay matrix with interlayers of sandstone. Near the base of the unit are volcanic arenites and andesitic lavas. The Guanajuato Formation is estimated to be from 1,500 m to 2,000 m thick. The distribution of the formation is restricted to the hanging wall of the Veta Madre at Guanajuato and is covered on the east by younger volcanism, in fault contact to the west with the Esperanza Formation, and covered by younger basin gravels to the south.

7.1.5 Loseros Formation

Overlying the Guanajuato Formation is the mid-Tertiary Loseros Formation, which is interpreted to be within, and adjacent to a caldera. The Loseros tuff is a well-bedded, green to cream-red volcanic arenite ranging from 10 m to 52 m thick. It has been interpreted to be a surge deposit at the base of the Cubo Caldera filling and Oligocene in age.

7.1.6 Bufa Formation

The Bufa Formation is a felsic ignimbrite and averages approximately 360 m thick. It is a sanidine-bearing rhyolite-ignimbrite with biotite as a mafic phase; is often massive but locally bedded. Because it is moderately welded with extensive and pervasive silicification, it is hard and forms prominent cliffs east of the city of Guanajuato. It is the principal host rock at El Cubo where it has been divided into three mappable units: a lower breccia overlain by dense, red rhyolite porphyry, and in turn overlain by a massive to bedded ignimbrite. It is also a host unit at the El Pingüico Mine.

7.1.7 Calderones Formation

The Calderones Formation contains a wide variety of volcanic rocks, including low- to medium-grade ignimbrites, pyroclastic flows and surge layers, air-fall ash-rich tuffs, pumice layers, lahars, debris flows, re-worked tuffaceous layers deposited in water, tuff-breccias, and mega-breccias. There is ubiquitous and characteristic chlorite alteration that imparts a green to greenish blue color to almost all outcrops of the Calderones Formation. Propylitic alteration adjacent to veins and dikes is locally important in many outcrops.

The Calderones Formation ranges from 200 m to 250 m and overlies the Bufa Formation at El Cubo with a mega-breccia composed of large fragments (up to 5 m to 10 m) of the Esperanza Formation. An uppermost zone up to 5 m thick of thinly bedded to laminated grey to black crystal air fall andesite tuff occurs at the top of the unit where it imperceptibly grades into the overlying Cedros Formation.

7.1.8 Cedros Formation

Overlying the Calderones Formation is the Cedros Formation andesite, a 100 m to 640 m thick unit, which consists of grey to black andesitic lava flows interbedded with red beds and andesitic to dacitic tuffs.

7.1.9 Chichindaro Formation

The Chichindaro Formation is white and pink, poorly sorted massive bedded, crystal, vitric, and welded ash, containing irregular lenses of flow breccia. It is about 100 m to 250 m thick and the youngest rock type known in the district, so pre-erosion thickness is unknown. Gross reported K-Ar ages of about 24.4 Ma (C.C. Dominguez, 2017) but other dates place the unit at 32 Ma to 30.1 Ma. Mineralization age by Rb-Sr isochron in illite is placed at 28.47 ± 0.55 Ma for the Villalpando and San Juan de Dios low sulfidation veins and a 40 Ar/39Ar age from the La Valenciana ore shoot of the Veta Madre veins of 30.2 ± 0.17 Ma. Thus, the Chichindaro Formation may be very late to post mineralization.

7.1.10 El Capulin Formation

The Quaternary aged El Capulin Formation consists of unconsolidated tuffaceous sandstone and conglomerate overlain by vesicular basalt.

7.1.11 Intrusive Rocks

The Peregrina intrusive is a laccolith at the contact of the Bufa Formation rhyolite and the Guanajuato Formation conglomerate. The uppermost portion of the Peregrina intrusive extends into the Chichindaro Formation rhyolite. The Comanja granite is not observed at El Cubo but is a unit of batholitic size, apparently emplaced along the axis of the Sierra de Guanajuato. It is Eocene in age and has been radiometrically dated at 53 ± 3 Ma and 51 ± 1 Ma by K-Ar in biotite. These dates establish the youngest relative age for the Bufa Formation, the youngest unit cut by the granite.

7.2 REGIONAL STRUCTURE

Faults in the region belong to three sets:

1) *oldest,*
2) *intermediate, and*
3) *youngest.*

The oldest set includes pre-mineral deformation during the Laramide orogeny (80-40 Ma) and resulted in west-northwest trending folds and thrust faults. The intermediate set includes early post-Laramide extension (± 30 Ma) set of faults that are both pre-mineralization and mineralization stage. This intermediate set consists of three major systems: Veta Madre, La Luz, and the Sierra set of faults and fault zones. The major fault and vein direction is north-northwest accompanied by early stage intermediate-sulfidation style mineralization, but somewhat younger movement created faults trending east-northeast to west-northwest in a basin and range and block faulting style perhaps accompanied by higher gold values. The youngest fault set includes northeast striking faults which are post mineralization.

7.2.1 Sierra Fault System

The Sierra Fault System is the northeasterly trending of the three and contains many sub parallel faults striking northwesterly with dips primarily 40° to 80° southwest. A few northwest striking faults in this system dip northeasterly. The northwest striking structures host the very important Villalpando, La Loca, Dolores, and Pastora-Fortuna veins. A second group of faults are east-west striking with dips to the north and south. Veins following these structures include the Alto de Villalpando, a splay of the Villalpando vein; the San Nicolas vein (north dipping); and the San Eusebio (south dipping) vein. The latter two veins have relatively high gold content. Northeast striking, southerly dipping veins, such La Reina and Marmajas tend to have higher gold content than the other veins. The youngest set of faults strike north-south and dip east or west. These faults host veins with short strike lengths and have locally enriched gold and silver values, particularly where they intersect the northwest striking veins.

7.2.2 Veta Madre System

The Veta Madre System is located about 4 km to the southwest of the Sierra System and is the longest of the three fault systems. The Veta Madre dips consistently 35° to 55° southwest and has been traced along strike well over 25 km. Parallel faults are common, especially in the hanging wall, but these are shorter than the Veta Madre. Hanging wall and footwall faults, which are splits and sigmoidal loops joining the Veta Madre at low angles, are common in areas of rapid changes of strike direction. The Veta Madre System has hosted most of the world-class veins and stockwork deposits in the Guanajuato District.

7.2.3 La Luz System

The La Luz System is the most variable in attitude of the three north-northwesterly fault systems. Many of the La Luz System faults dip 40° to 80° northeast, whereas others dip 40° to 80° southwest. Strike directions in general are northwesterly on the northwest end of the system, but curve more to the east-southeast at the southeast end where considerable horse-tailing and bifurcation occurs.

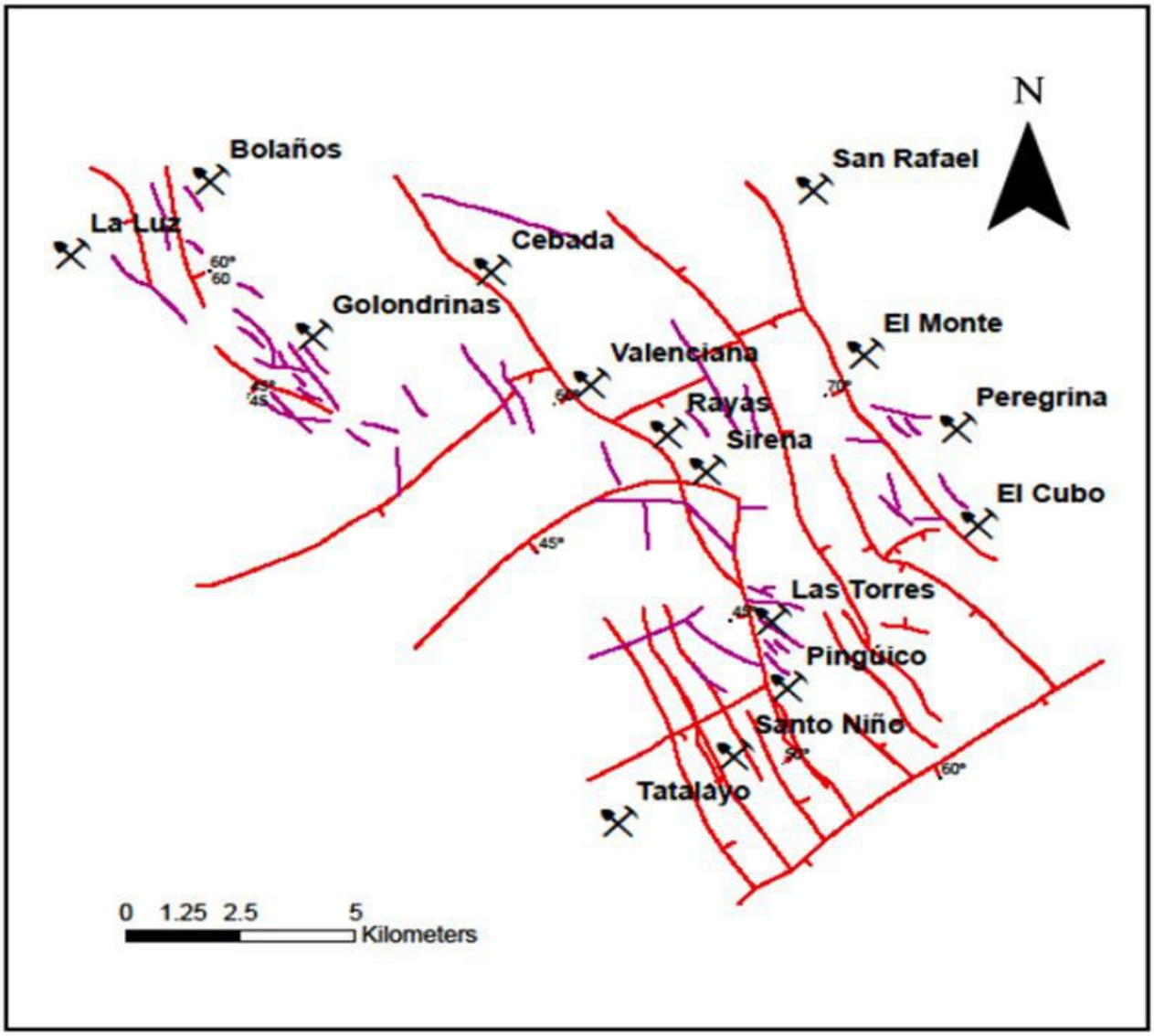
The youngest sets of faults strike northeast and are rare, with movement less than 20 m. No faults of this set are known to be mineralized so all are assumed to be post mineral.

7.3 GEOLOGY OF THE EL CUBO AND EL PINGÜICO PROPERTIES

Detailed geologic maps of the El Cubo and El Pingüico properties are not available; however, the regional geology is shown in Figure 7.1.

The mines in the area are situated along the significant fault zones as mineralization occurs within the faults and associated splays as well as veins filling local fractures. All of the units mentioned in Section 7.1.1 occur in the El Cubo area with the exceptions of the Esperanza Formation and the Comanja granite. The stratigraphic section at El Cubo is cut by the Peregrina intrusive laccolith.

The El Pingüico property exhibits different types and ages of lithologies including the Esperanza Formation, Red Conglomerate, La Luz Formation, and a sequence of volcanic rocks (Loseros Formation, Bufa Rhyolite tuff, Calderones Formation, Cedros andesite, and Chichindaro Formations). Figure 7.3 *displays the locations of the two properties, the regional structure and major vein locations.*



LEGEND
Mine
Fault
Vein

Extracted from Vasallo, Martínez-Reyes and Paris (1996). "ESTRUCTURAS CIRCULARES Y LINEALES EN EL DISTRITO MINERO DE GUANAJUATO, MÉXICO, Y SU SIGNIFICADO EN LA PROSPECCION MINERA".

VANGOLD RESOURCES LTD.	
EL PINGUICO PROJECT REGIONAL MINERALIZATION	
Drawn by: CCD	FIGURE 6
Checked by: CCD	
Date: January 2017	

Figure 7.3. Significant faults, veins, and mines
Source: NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

7.3.1 El Cubo

Historically, there have been at least 37 veins within the El Cubo area with mineralization occurring from an elevation of 2,650 m down to an elevation of 1,825 m. The Villalpando and the Dolores veins have been actively mined since the early days of mining at El Cubo.

The most productive veins are sub-parallel to the Veta Madre system as north-northwest striking veins and local stockwork style mineralization. Mineralization at El Cubo occurs as open-space fillings in fracture/fault zones or impregnations in locally porous wall rock. Weak stockwork style mineralization occurs in an historic open pit on the Dolores vein in the vicinity of the El Tajo mill. Mineralization at El Cubo occurs in several stratigraphic formations with the principal hosts being the Guanajuato Formation conglomerate and the Bufa Formation rhyolite. During the 2009-2011 exploration drilling program, drilling tested a possible offset of the Dolores ore body on the east-west striking Capulin Fault. The Dolores 2 vein was discovered on the south (downthrown) side of the fault. In the Dolores 2 zone, the major host rocks are the Calderones Formation and the underlying Bufa Formation in fault contact along the Dolores fault-vein structure.

Several transverse, northeast striking veins with high grade gold mineralization also occur. Examples include Marmajas, La Reina, and the San Juan de Dios. Mineralization is open-ended due to a lack of exploration drilling and development. Vein mineralization is normally 1 m to 2 m wide, with mineralized breccia zones up to 10 m wide. Some high-grade veins are only 10 to 20 cm wide.

Most of the important veins dip steeply at 70° to 90°, but some of the northwest striking veins have a shallower dip, ranging from 50° to 60°.

Figure 7.4 is a more detailed view of the vein locations in the northern portion of the El Cubo property.

7.3.2 El Pingüico

The El Carmen-El Pingüico vein (El Pingüico) is similar genetically and mineralogically to the El Cubo veins and to the other vein systems in the Guanajuato Mining District. It is located a short distance west of the Veta Madre Fault structure and has been postulated to be the hanging wall of the Veta Madre vein. The El Pingüico vein trends north-northwesterly, dips about 80° northeast, is hosted in the Bufa Formation, and lies in the hanging wall of the Veta Madre vein system. The El Pingüico vein has a known strike length of 1,600 m and may continue southeastward as the La Joya vein, another north-northwest striking, steeply northeast dipping vein, which has been traced along strike for about 820 m. The El Pingüico-La Joya veins are sub-parallel to the Veta Madre and may be a split off the Veta Madre or may intersect the Veta Madre at depth. Based upon historical records, the El Pingüico vein averaged about 6.95 m wide and had a maximum width of 12 m.

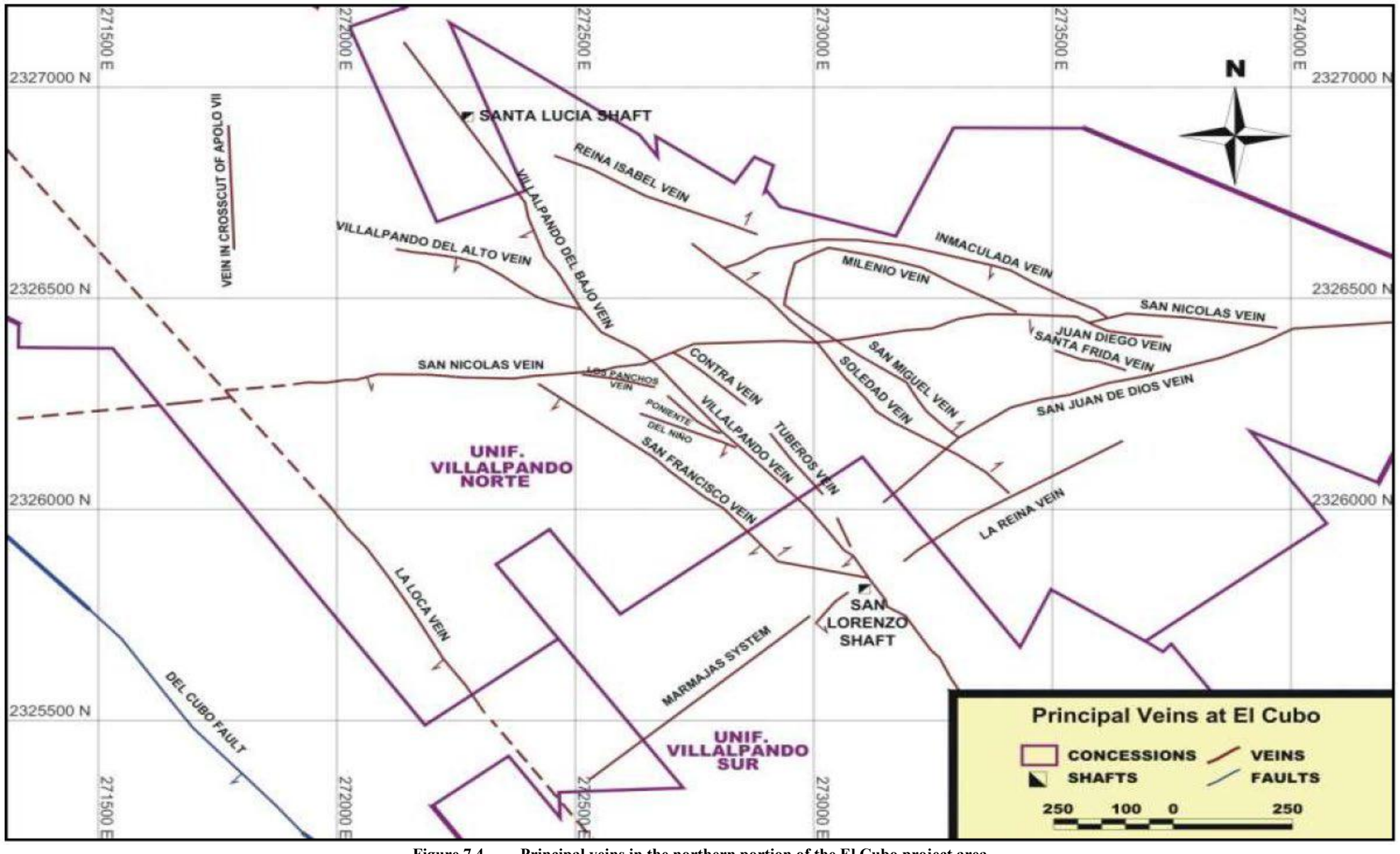


Figure 7.4. Principal veins in the northern portion of the El Cubo project area
Source: NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

7.4 ALTERATION

The silver-gold deposits in the Guanajuato area are considered to be low-sulfidation epithermal deposits and demonstrate the characteristics typical of such. Alteration will vary based upon the depth of the individual mine and will vary within individual mines based upon the nature of the hydrothermal solution that penetrated the specific lithology.

7.4.1 El Cubo Alteration

Silicification is ubiquitous in and within several meters of all the major mineralized veins at El Cubo. This is the norm at all low sulfidation epithermal silver-gold vein systems worldwide. Argillic (clay alteration) is generally peripheral to highly silicified zones. Abundant hydrothermal clay in the upper levels of El Cubo is consistent with acid sulfate alteration due to boiling. The boiling event is accompanied by precipitation of large amounts of silver and/or gold contained within the hydrothermal waters. Grey sericite alteration is typical of the deeper alteration zones. Sericitic alteration is especially noticeable in the Villalpando vein near its contact with the conglomerate of the Guanajuato Formation. Adularia feldspar is present in the El Cubo veins and is more common in the northwest striking veins. Amethyst is an important gangue mineral at the Dolores, San Francisco, and Villalpando veins over a vertical range of 450 m. As typical of all low sulfidation epithermal silver-gold vein systems, wall rock alteration is a key component of the hydrothermal system and mineralization and is an extremely important tool during exploration targeting. Alteration mapping of small structures high in the hydrothermal system is a strategic tool in locating new high-grade veins at depth below barren or minimally mineralized structures, particularly where outcropping but relatively un-reactive rocks are stratigraphically above much more receptive units.

7.4.2 El Pingüico Alteration

Alteration at El Pingüico is typical of low sulfidation epithermal vein systems with widespread peripheral propylitic alteration, which intensifies near fractures. The degree of propylitic alteration is dependent upon composition of the affected rocks. It is most apparent in rocks with higher ferromagnesium minerals, which are altered to greenish chlorite and least apparent in felsic-rhyolitic rocks. Inward from the propylitic zones are argillic, phyllic, and potassic alteration in and adjacent to veins. As at El Cubo, quartz + adularia are key components of the inner potassic alteration related to the deposition of the silver, gold, and minor base metal sulfide minerals.

7.5 MINERALIZATION

The following is excerpted from **NI 43-101 Technical Report on the Updated Mineral Resource and Reserve Estimates for the El Cubo Deposit, Guanajuato State, Mexico for Endeavour Silver, effective date December 31, 2016, amended date – March 27, 2018 and shown as italicized, unless otherwise indicated**.

El Cubo mineralization is typical of the classic high-grade silver-gold, banded epithermal vein deposits with low sulfidation mineralization characterized by adularia-sericite-silica alteration. Silver occurs in dark sulfide-rich bands within the veins with little mineralization but significant alteration minerals in the surrounding wall rocks. Significant silver and gold bearing metallic minerals include argentite or acanthite (Ag_2S), electrum (native Au/Ag), ruby silver sulfosalt minerals, such as pyrargyrite (Ag_3SbS_3) and polybasite [$(Ag/Cu)_6(Sb,As)_2S_7$][Ag_9CuS_4]), naumannite (Ag_2S), native silver (Ag), native gold (Au), and aguilarite (Ag_4SeS). Other metallic minerals include pyrite (FeS_2), galena (PbS), sphalerite (ZnS), and chalcopyrite ($CuFeS_2$). The silver sulfosalts are commonly found at depth while native silver is generally supergene and found in oxidized areas. As typical of these type systems, galena, sphalerite, and chalcopyrite are found deeper in the vein zones.

The silver rich veins, such as Villalpando, contain quartz, adularia, pyrite, argentite (acanthite), naumannite, and native gold. Gold rich veins, such as San Nicolas, contain quartz, pyrite, minor chalcopyrite and sphalerite, electrum, and aguilarite.

There is significant mineralogical zonation in the vein system. The upper levels are argentite (acanthite) + adularia + pyrite + electrum + calcite + quartz and the lower levels are chalcopyrite + galena + sphalerite + adularia + quartz + argentite (acanthite).

The gold:silver ratio in the more gold-rich veins typically ranges from 1:15 to 1:30. The gold:silver ratio in the silver rich veins typically ranges from 1:60 to 1:150, and sometimes higher. The overall gold:silver ratio to date is 1:64. Metal zoning appears to be related, at least in part, to elevation. Ranges for gold:silver ratios at El Cubo vary from 1:10 to 1:20 in the upper mine levels, from 1:40 to 1:50 in the middle mine levels, and 1:100 to 1:150 at depth. These ratios could be of some importance in evaluating outcropping vein occurrences.

Low-sulfidation epithermal deposits in Mexico, such as El Cubo and El Pingüico, commonly have a well-defined, sub-horizontal zone where the hydrothermal fluids deposited gold and silver mineralization. Regionally, ore horizon thickness ranges from at least 300 m to greater than 500 m. High-grade ore occurs where the hydrothermal fluids boiled. Below the higher-grade silver gold mineralization, silver and gold values decrease but base metal values increase.

Above the boiling zone, veins sometimes disappear or can be reflected into something as simple as a calcite vein with barely anomalous silver values or a fracture with argillic to phyllic alteration. This commonly occurs when the geologic unit above the “boiling zone” host rock is unreactive due to its chemical or structural characteristics.

Phyllic alteration, as sericite and silicification, forms as haloes surrounding and adjacent to the silver-gold veins. Banding is due to periodic boiling events related to pressure releases during faulting of the brittle silicified host rocks. Amethyst is locally common, and calcite is commonly a late stage mineral.

Typical of this style of mineralization, economic concentrations of silver and gold occur in ore shoots distributed vertically and laterally between barren or weakly mineralized portions of the veins. Bonanza grades may occur at the site of vein intersections, such as the nearly perpendicular San Nicolas-Villalpando vein intersection. Other vein intersections of various named splays along the principal Villalpando vein also host bonanza silver-gold mineralization. Movement along the strike or dip direction of veins during the hydrothermal episodes causes wide sigmoidal breccia zones typified by pinch and swell mineralization.

At the Pingüico Mine the major vein consists of both silver and gold in crumbling sugary to white crystalline quartz and calcite veins, within brecciated rhyolitic rock, and as a replacement in the altered rhyolite. Mineralization consists of native gold and silver, polybasite, pyrargyrite, tetrahedrite, marcasite, sphalerite, galena, pyrite, and chalcopyrite (El Pingüico 2017 Technical Report).

8.0 DEPOSIT TYPES

The Guanajuato Mining District is a world-class, high-grade, silver-gold, epithermal vein system with low sulfidation and adularia-sericite alteration. It is historically a well-known, studied, and documented mining district. The Guanajuato veins are typical of most epithermal silver-gold vein deposits in Mexico with respect to volcanic activity, volcanic and sedimentary host rock affinities, mineral paragenesis, silver-gold grades and ratios, vein mineralogy, and alteration styles.

Epithermal systems form relatively near the surface, ranging from hot spring style gold and gold-silver mineralization developed in sinter terraces and shallow bedrock with deeper hydrothermal feeder zones to vein deposits and hanging wall splits at depths of several hundred meters. The hydrothermal solutions are driven by heat from volcanic activity. The hot circulating hydrothermal waters rise up through fissures with pressures building up until the hydrostatic pressure is released (sometimes explosively) allowing solutions to boil and precipitate the metallic minerals. Typically, this is a cyclical or recurring event as the fissures repeatedly get plugged and pressures build up until fracturing once again releases the hydrostatic pressure. The typical banding nature of the veins represents the cyclical pressure build-up, release by fracturing, boiling, and precipitation of minerals multiples of times until the system is finally exhausted. These multiple events allow the range of economic mineralization to expand to a broader vertical range.

As the mineralizing process is driven by filling of void spaces and fissure, mineralization geometry is affected by the permeability and orientation of the host structures. Competent host rock or rocks made competent by silicification are brittle and subject to fracturing and produce long through going faults and veins (both along strike and down dip). Movement along strike and or dip directions during the hydrothermal event develops dilatant zones or sigmoidal zones where widths of mineralization may significantly increase. Commonly, a main fault or vein zone hosts hanging wall splits allowing for wider mineralized zones.

Low sulfidation epithermal veins in the region typically have a well-developed, sub-horizontal ore horizon about 300 m to 500 meters in vertical extent where high grade vertical mineralized shoots develop during hydrothermal fluid boiling and mineral precipitation. In some districts, multiple sub-horizontal horizons develop. The minimum and maximum elevations of mineralized horizons at El Cubo have not yet been precisely defined, but historic production spans an elevation range from 1,850 meters to 2,650 meters, with known mineralization down to the 1,825 m elevation.

Silver and gold are commonly zoned in epithermal systems and mineralization at El Cubo is no exception. The gold to silver ratios range from 1:15-1:30 in the upper reaches of mineralization (typified by San Nicolas, Area 1) to 1:100-1:150 at depths (typified by Peregrina, Area 4, and Dolores 2, Area 2).

Low sulfidation deposits are formed by the circulation of hydrothermal solutions that are near neutral in pH; thus, there is very little acidic alteration within the host rocks and no widespread pyritic haloes. The characteristic alteration assemblages include illite clay, sericite, and adularia along with silicification that are hosted within the veins or in the adjacent wall rocks. Adularia is a particularly important alteration mineral as it is a guide to economic mineralization. Amethyst is locally associated with gold and silver mineralization and calcite is a late stage mineral. The hydrothermal fluids travel along fissure/faults or other openings or can also travel through very porous rock types such as poorly welded ignimbrites or ash fall tuffs. Fluids that travel along fissure and faults develop into veins or vein breccia zones while fluids traveling along porous rock units tend to form disseminated deposits.

9.0 EXPLORATION

At El Cubo and at El Pingüico, exploration included soil and rock sampling, prospecting, and drilling and some historic geophysical surveys.

The Guanajuato Mining District has been active for hundreds of years and is one of the great silver-gold districts in Mexico. Extensions to known ore bodies and new discoveries, along with increased metal prices, has allowed for continued production at many mines. Based upon the number of veins already exposed at El Cubo and El Pingüico, it is likely that further exploration efforts will result in extensions of known mineralization along strike and down-dip.

Previously mined vein material occurred in the La Bufa rhyolite and underlying conglomerates in the Guanajuato Formation. Some surface rocks in the project area are from the Calderones Formation; not known as a favorable host. Thus, detailed exploration might discover upper level alteration (*i.e.*, calcite veins or argillic alteration along fractures) in the Calderones Formation that might reflect potential mineralization at depth in the Bufa Rhyolite.

Gold to silver mineralization is commonly zoned in epithermal silver-gold districts. At El Cubo, the gold:silver ratio varies from 1:30 in the upper reaches of the deposit (typified by San Nicolas, Area 1) to 1:100 in the deeper parts of mines, such as Peregrina – Area 4 and Dolores 2 – Area 2.

Some of the exploration results suggest good potential for extending commercial mineralization along strike and down-dip. Surface sampling in 2016 (Endeavour) suggests that some areas are quite high in the system based on gold:silver ratios. Some surface holes in 2016 encountered encouraging mineralization; and underground drilling in 2018 and 2019 (Endeavour) encountered values greater than 160 equivalent grams of silver per tonne and thicknesses in several holes. At El Pingüico the amount of silver versus gold is higher and shows a similar change with depth.

Guanajuato Silver has completed over 14,000 m of drilling at El Cubo during 2021 and 2022 and has begun work to update the El Cubo resource model by incorporating data gathered during this core drilling program. Reference is made to Guanajuato Silver's news releases dated December 21, 2021, February 16, 2022, May 5, 2022, and November 10, 2022, copies of which are available for review under the Company's profile on SEDAR at www.sedar.com, for details of the material results from such drilling.

Although Endeavour Silver and Guanajuato Silver have significantly increased the drilling and sampling data at El Cubo since the 2016 database used for the Mineral Resource estimate herein, such drilling was primarily exploration drilling on parallel vein structures and requires additional infill drilling to achieve a drill spacing adequate for an Inferred Mineral Resource estimate. Accordingly, the results from such subsequent drilling by Endeavour Silver and Guanajuato Silver have not been used in the calculation of the Mineral Resource estimate for El Cubo as at December 31, 2022 included herein. The QP is of the opinion that targeted drilling should be completed to increase the Mineral Resource tonnage, classification, and mine life prior to a Pre-feasibility Study (see Sections 14.0Mineral Resource Estimate and 26.0, below).

9.1 EL CUBO EXPLORATION

All 2016 exploration efforts were undertaken by Endeavour.

In the Purisima and Cabrestantes II vein area, select rock sampling resulted in multiple samples returning encouraging assay results. All 13 selected samples, collected in the San Juan Adit, returned strongly anomalous values, and based on gold:silver ratios, may represent the upper zoning of mineralization.

Surface sampling in the Las Palomas area appears discouraging as selected samples reported low silver and gold values and the presence of anglesite, the oxide equivalent of galena (PbS), a base metal mineral suggestive of the lower

reaches of the mineralized system. Sampling in the El Bosque and Georgina (Nayal) area returned generally discouraging values, although some moderately anomalous gold values were received. Regional rock sampling appears to return some strongly anomalous gold and silver values, but specific assay values are not discussed in the 2018 El Cubo Technical Report.

Surface sampling target and sampling areas are shown in Figure 9.1, Figure 9.2, and Figure 9.3. Site specific sample location maps are not available.

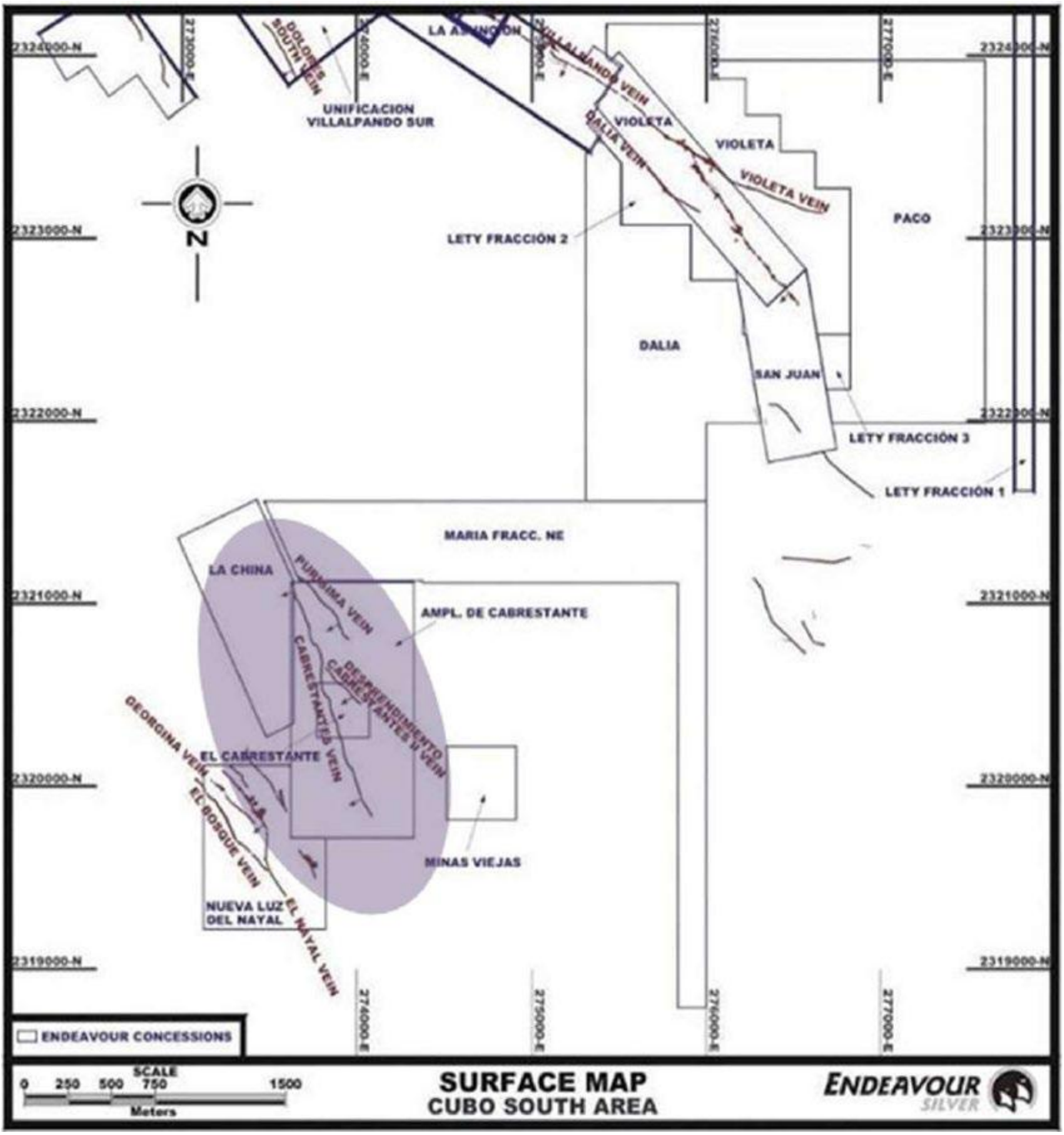


Figure 9.1. Surface targets in the El Cubo south area
Source: NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

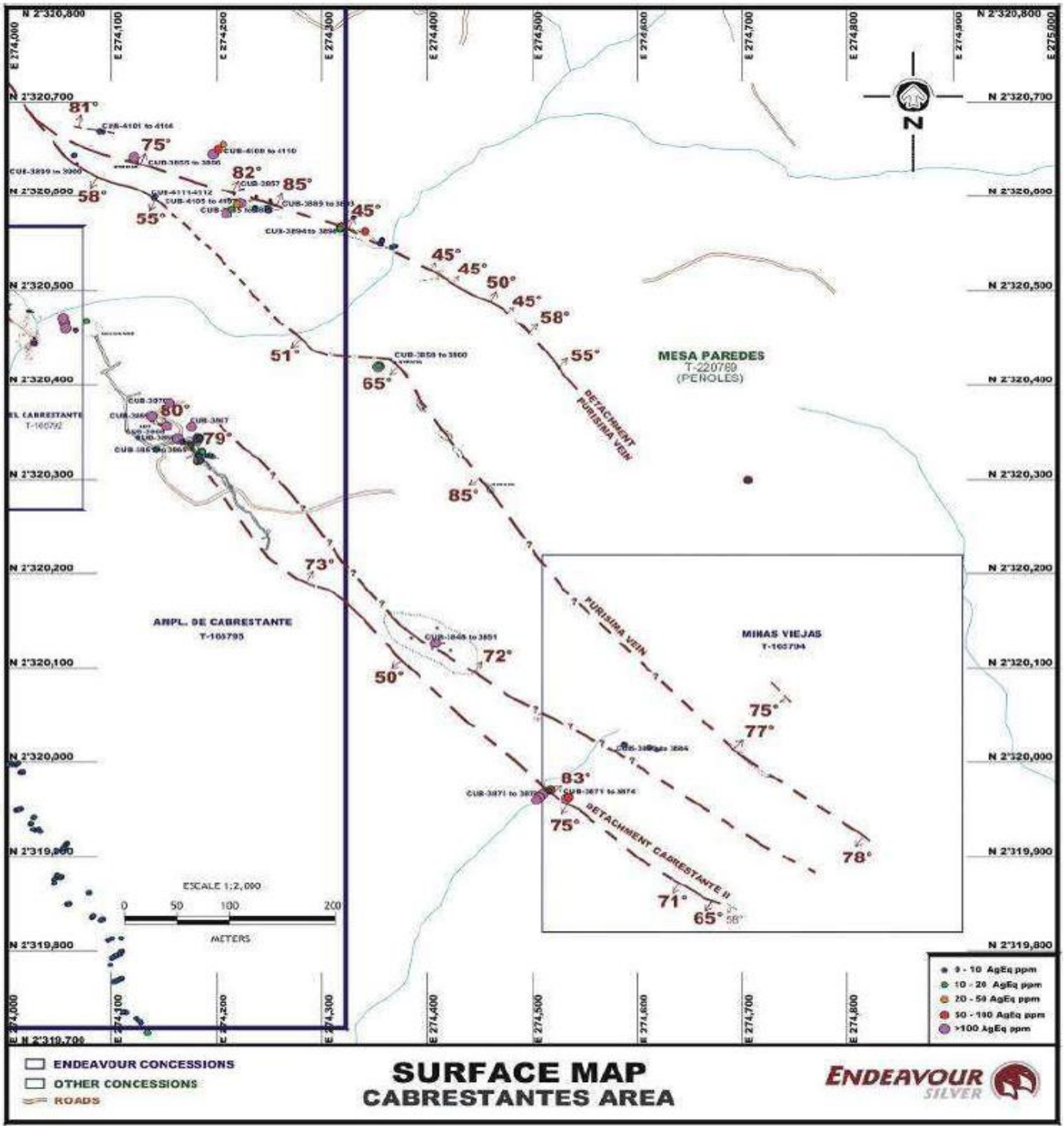


Figure 9.2. Surface targets in the Purisma-Cabrestantos area
Source: NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

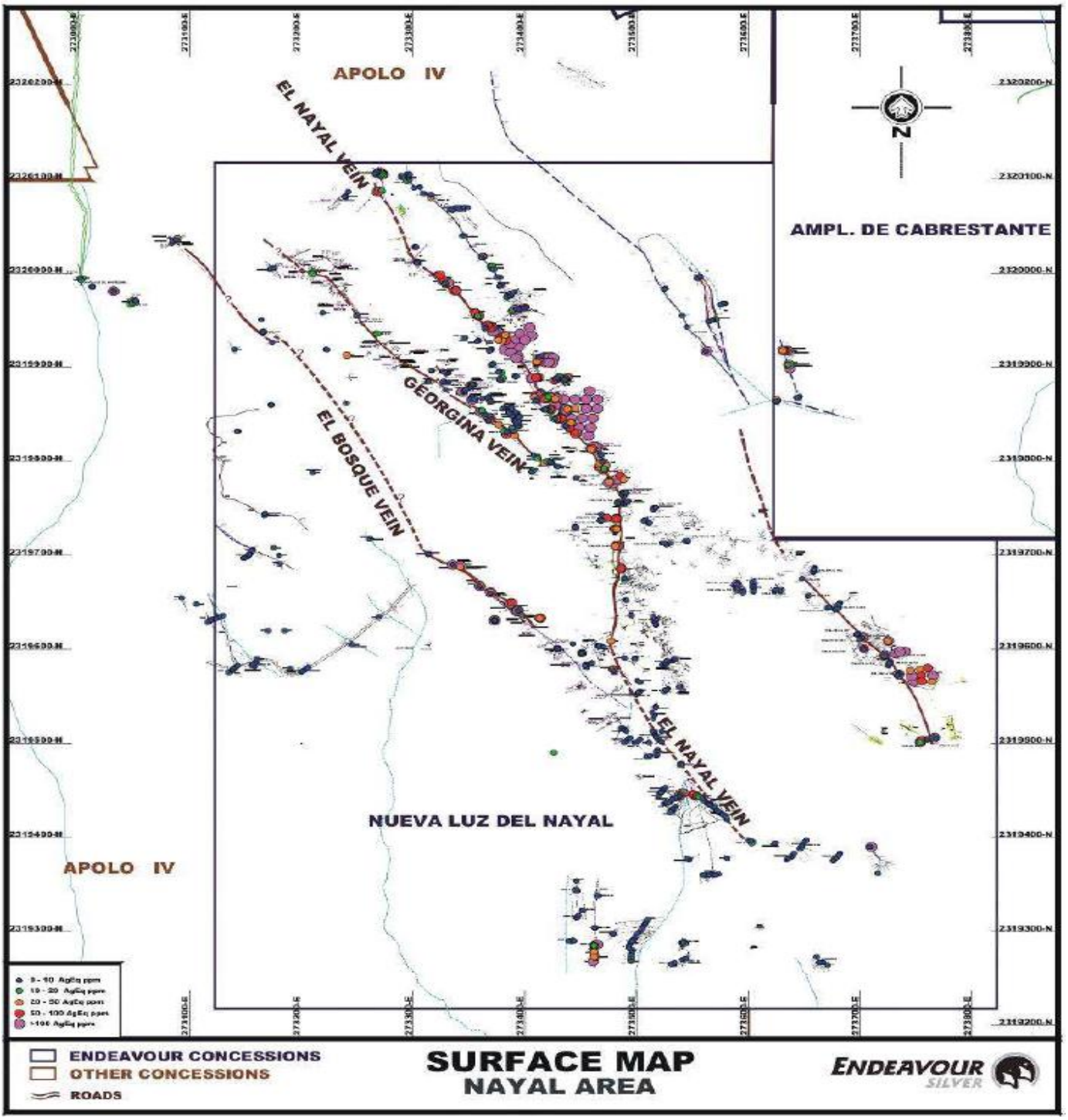


Figure 9.3. 2016 surface exploration in the Nayal area
Source: NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

Highlights of the anomalous rock chip values are shown in Table 9.1. It should be noted that rock chip sampling is from select samples on narrow veins or structures that may not be representative of larger areas. Sample width may not be true width. Strongly anomalous samples may represent significant underlying mineralization.

TABLE 9.1
HIGHLIGHTS OF THE ANOMALOUS ROCK CHIP SAMPLES FROM 2016 SURFACE SAMPLING CAMPAIGN

Area	Sample ID	Sample Width (m)	Au (g/t)	Silver (g/t)
PURISMA	CUB-3860	0.35	3.99	43
PURISMA	CUB-3858	0.20	6.11	56
PURISMA	CUB-3856	0.20	0.72	118
PURISMA	CUB-3857	0.30	2.68	377
PURISMA	CUB-4108	0.20	1.80	42
CABRESTANTES II	CUB-3874	0.60	0.98	19
CABRESTANTES II	CUB-4152	0.45	3.48	91
CABRESTANTES II	CUB-4184	0.60	1.56	33
SAN JUAN ADIT AREA	CUB-3866	0.20	1.15	52
SAN JUAN ADIT AREA	CUB-3867	0.20	1.52	145
SAN JUAN ADIT AREA	CUB-3868	0.20	4.90	152
SAN JUAN ADIT AREA	CUB-3869	0.20	0.99	36
SAN JUAN ADIT AREA	CUB-3870	0.20	3.17	76
SAN JUAN ADIT AREA	CUB-3875	0.20	0.89	86
SAN JUAN ADIT AREA	CUB-3876	0.20	2.40	150
SAN JUAN ADIT AREA	CUB-3877	0.20	3.55	106
SAN JUAN ADIT AREA	CUB-3878	0.20	0.99	49
SAN JUAN ADIT AREA	CUB-3879	0.20	0.75	44
SAN JUAN ADIT AREA	CUB-4138	0.20	3.46	132
SAN JUAN ADIT AREA	CUB-4139	0.20	4.21	153
SAN JUAN ADIT AREA	CUB-4140	0.20	1.50	102
EL BOSEQUE AREA	CUB-4030	0.40	1.06	12
EL BOSEQUE AREA	CUB-4032	0.75	1.04	16

9.2 EL PINGÜICO EXPLORATION

El Pingüico had been a successful mine developing high-grade ores when it shut down in 1913 due to violence related to the Mexican Revolution. From the late 1800s to 1913, the mine produced over 200,000 ounces of equivalent gold (VanGold Website, 2020). Except for sampling campaigns on the surface and underground stockpiles, the mine has been dormant for over 100 years. Sampling by Guanajuato Silver has identified several areas where high grade mineralization is exposed in drifts and crosscuts.

On December 1, 2020, Guanajuato Silver, as VanGold, announced assay results from underground channel sampling at El Pingüico. Sample widths averaging 1.1 m were taken from vein exposures of the El Pingüico vein along adit level 4 and from the San Jose vein along crosscuts parallel to adit level 4. Table 9.2 summarizes the results from Adit Level 4. Table 9.3 summarizes the results from the San Jose vein, which is 60 m to the east and roughly parallel with the El Pingüico vein, before the two veins merge further north. Although the material sampled from the San Jose vein appears to have more erratic values, some of the assays have strong gold and silver values. Based upon historic records, the San Jose vein runs parallel to the El Pingüico vein for approximately 700 m in strike length. A detailed sample location map is not available. Sample widths are collected underground and may not be true widths.

TABLE 9.2
EL PINGÜICO ADIT LEVEL 4 CHANNEL SAMPLING RESULTS

'Pillar' Target Area	Strike Length (m)	Vein Name	Grade Weighted Average Silver (gpt)	Grade Weighted Average Gold (gpt)	Grade Weighted Average AgEq (gpt)
Pingüico North	47	Pingüico	256	1.7	394
Pingüico Shaft	15	Pingüico	733	5.0	1,136
Pingüico South A	13	Pingüico	209	1.35	230
Pingüico South B	30	Pingüico	98	1.37	207
Pingüico South C	18	Pingüico	100	1.84	268
Pingüico South D	37	Pingüico	66	0.83	132
Pingüico South E	13	Pingüico	131	1.22	215

TABLE 9.3
SAN JOSE #1 PARALLEL DRIFT – NORTH TO SOUTH CHANNEL SAMPLING RESULTS

'Pillar' Target Area	Strike Length (m)	Vein Name	Grade Weighted Average Silver (gpt)	Grade Weighted Average Gold (gpt)	Grade Weighted Average AgEq (gpt)
San Jose NW Pillar	25	San Jose	154	1.9	303
San Jose Pillar	30	San Jose	86	1.0	163
San Jose East Pillar	13	San Jose	131	1.2	216

Several veins and structures on other claims in the El Pingüico Project area have been sampled by Guanajuato Silver with favorable results suggesting strong potential at depth.

To the south, the La Joya vein appears to be the strike extension of the El Pingüico vein. Both veins dip toward the Veta Madre and lie in the hanging wall of the 45° west dipping Veta Madre, the major ore producing structure in the Guanajuato Mining District. The El Pingüico-La Joya veins are sub-parallel to the Veta Madre and may, in fact, be splits off the Veta Madre. Down-dip on the Veta Madre structure, where it is postulated to intersect the El Pingüico-La Joya veins, is a prime exploration target for bonanza style mineralization.

The most recent work has been to open the El Pingüico Mine shaft to the Level 7of the mine. Level 7 is an important haulage way which will provide access to undeveloped parts of the El Pingüico vein and also allow access to the underground pile of what was considered by the original miners as waste, but based upon tests by the Mexican Geological Survey, was shown to have potentially economic grades of silver and gold. Exploitation of pillars in abandoned areas would also be possible.

Guanajuato Silver also controls lands to the south which demonstrate the possible presence of a significant fault. This remains a potential target for exploration after the surface and underground stockpiles are exhausted.

9.2.1 El Pingüico Underground Stockpile

Aside from the potential of future underground mining of in-place vein mineralization, El Pingüico also contains a surface and an underground stockpile. The stockpiles date back to 1913 when the mine shut down during the Mexican Revolution. Data from Guanajuato Silver's website and database describes in minimal detail sampling of the surface stockpile and in greater detail sampling of the underground stockpile.

The underground stockpile has been sampled multiple times by hand dug trenches and more recently by a five-hole diamond drill program designed to cut across the stockpile at various locations.

In 1959, the Mexican Geological Survey or "Consejo de Recursos Minerales" (CRM) hand dug trenches, collected representative samples, and completed a topographic survey. This sampling campaign resulted in an average gold grade of 2.72 g/t and an average silver grade of 251 g/t. In 2012, the Mexican Geological Survey, now known as "Servicio Geologico Mexicano" (SGM) again sampled the trenches and estimated "certified tonnes" with an influence of 5 m in depth. Aside from the average assay data and trench locations, no other data is available on sampling methods. This sampling campaign resulted in an average gold grade of 1.66 g/t and an average silver grade of 143 g/t.

In 2017, Guanajuato Silver's consulting geologist, QP Carlos Cham Dominguez, completed a re-sampling program on the top of the stockpile consisting of 57 samples from 20 trenches (mostly historic with a few new trenches) and returned similar grades for these trench samples, as report by the SGM. These trenches average 6.42 m in length and averaged 183.5 g/t of silver and 1.75 g/t of gold. The results from VanGold's January 2017 sampling program confirmed the grades found by SGM in 2012, as most of the individual assay results and the overall averages grades are close for both gold and silver. The results from the CRM study in 1959, however, show considerably higher gold and silver values than either SGM's or Guanajuato Silver's sampling. It is speculated that the top of the stockpile may be diluted by years of occasional rock fall of waste rock from the walls of the open stope.

The 2017 sampling program is well documented. The historic trenches were easily located as their identification numbers were marked on the mine walls. The bottom of each trench was cleaned of debris and rock fall material and then dug deeper for new samples. FINDORE re-sampled most of the original 20 trenches, replacing a few with nearby trenches, due to safety issues. The trenches were distributed over a length of 340 m (the approximate length of the stockpile). Figure 9.4 shows the underground stockpile long section and Figure 9.5 shows the location of the 2017 VanGold trenches on the underground stockpile.

The underground stockpile sampling programs are well documented; however, there are serious questions as the bulk of the stockpile is un-sampled. The underground stockpile fills an old open stope area from Level 4 to Level 7 of the El Pingüico Mine and ranges from 25 m to 100 m thick and occupies portions of the topped out El Pingüico vein. At present, only the surface of the stockpile can be manually sampled. More recently, Guanajuato Silver drilled five core holes through portions of the underground stockpile. The shallowest hole cutting the uppermost portion of the stockpile returned similar grades to the trench samples, but the others returned disappointing results, which may be the result of very poor core recovery of the small fragments and fine material.

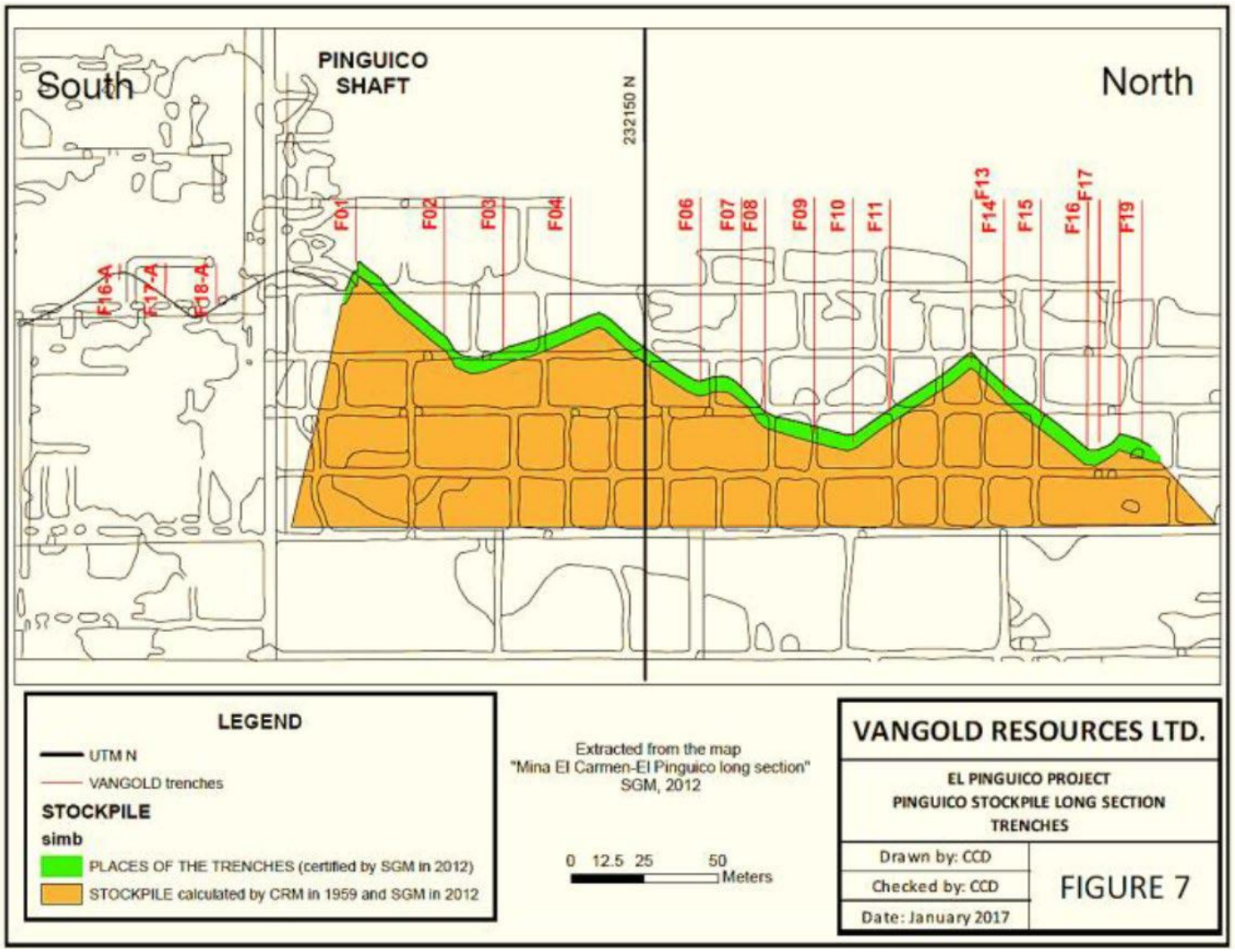


Figure 9.4. Stockpile long section
Source: NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

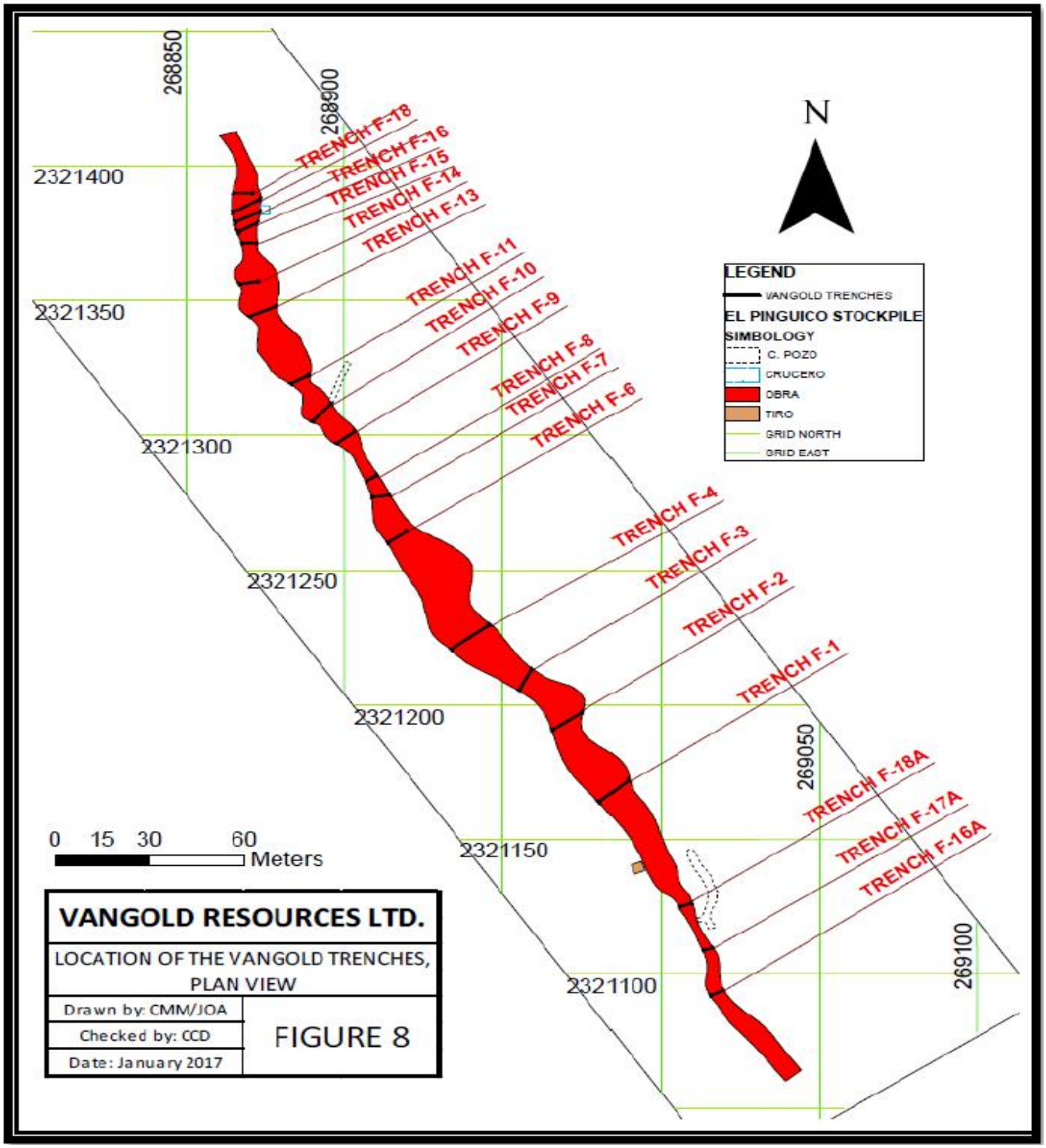


Figure 9.5. Location of the 2017 VanGold trenches on the underground stockpile
Source: NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

9.2.2 El Pingüico Surface Stockpile

In 2012, the Dorado family, by the recommendation of the Mexican Geological Survey, dug six trenches to test the grade of the surface stockpile. The tonnage estimate is based upon a topographic survey. Six trenches were dug returning an average silver grade of 66 g/t and an average gold grade of 0.46 g/t. No QA/QC data is available for this sampling campaign.

In early 2017, after the property was acquired by Guanajuato Silver, as VanGold, a second sampling campaign was undertaken. Sampling was contracted out to Sr. Carlos Cham Dominguez, C.P.G., of FINDORE Geological Consulting (FINDORE) who collected two large samples at each site for a total of 20 samples. Sampling was supervised by a Qualified Person (QP) and followed NI 43-101 guidelines. Ten holes were dug with a backhoe and samples collected near the top and near the bottom of each hole. The top samples returned slightly higher assay values than the bottom reflecting no bias in sampling and matching the previous sampling results quite well. Blanks and standards were inserted into the sample stream and results confirmed no contamination or bias. Assaying was performed by a certified laboratory and with appropriate QA/QC procedures followed. Based upon photos and a sample location map, sample sites were scattered so samples representative of the entire stockpile could be collected. The early 2017 results showed a silver grade of 68 g/t and a gold grade of 0.53 g/t; thus, matching quite well the 2012 Dorado results. This grade was confirmed with a recent 1,000 tonne bulk sample. A representative sample was created and was used for flotation metallurgical tests.

A third sampling campaign was undertaken In December 2017, but results returned lower values for both silver and gold with an average silver grade of 49.3 g/t and an average gold grade of 0.28 g/t. Apparently, according to Guanajuato Silver, results showed inconsistent anomalies. QA/QC data for this sampling is not available.

Except for the assay results for the 20 samples collected in early 2017, no data has been presented on individual assays, the laboratory performing the assays, or any QA/QC data. However, the 2017 sampling was the most comprehensive, was supervised by a QP geologist, and appropriate QA/QC procedures were followed. The QP has reviewed the 2017 data set on the surface stockpile and has found it to be reasonable, to NI 43-141 guidelines, and acceptable for purposes of this report.

10.0 DRILLING

The following sections are excerpted from the National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018, and shown as italicized unless otherwise specified. Changes to tables, figure numbers, section numbers, and standardization have been made to suit the format of this report.

Diamond drilling at the El Cubo Mine is conducted under two general modes of operation:

1) *One by the exploration staff (surface exploration drilling); and*
2) *The other by the mine staff (production and underground exploration drilling).*

Production drilling is predominantly concerned with definition and extension of the known mineralized zones in order to guide development and mining. Exploration drilling is conducted further from the active mining area with the goal of expanding the resource base. Drilling results from both programs were used in the Mineral Resource estimates presented in this report. To date, all drilling completed at the El Cubo Mine has been diamond core.

10.1 DRILLING PROCEDURES

Surface drill holes are generally oriented to intersect the veins as close to perpendicular as possible. The drill holes are typically drilled from the hanging wall, perpendicular to, and passing through the target structure into the footwall, and no drilling is designed for intercepts with angles less than about 30° to the target. Drill holes extend an average of 50 m beyond the target zone.

Underground drill holes are typically drilled from the hanging wall, and are ideally drilled perpendicular to structures, but oblique intersection is required in some instances due to limitations of the drill station. Underground positive angled holes (up holes) are generally drilled from the footwall using the same criteria. All holes are designed to pass through the target and into the hanging or footwalls. Both surface and underground drill holes are typically HQ to NQ in size.

On the drill site, the drill set-up is surveyed for azimuth, inclination, and collar coordinates, with the drilling subject to daily scrutiny and coordination by geologists. Since 2010, surface holes were surveyed using a Reflex multi-shot down-hole survey instrument normally at 50 m intervals from the bottom of the hole back up to the collar. At underground drill stations, azimuth orientation lines are surveyed prior to drilling. Inclination of underground holes is collected using the Reflex EX-Shot® survey device prior to start of drilling.

The survey data obtained from the drill holes was transferred to databases in Vulcan® and AutoCAD®, and are corrected for local magnetic declination, as necessary. Information for each drill hole is stored in separate folders.

Drill core was collected daily and transported to the core logging facility under supervision. The core storage facilities at El Cubo are well protected by high level security fences and were under 24-hour surveillance by security personnel to minimize any possibility of tampering with the dill cores.

When assay results were received from the laboratory, they were merged into an Excel® spreadsheet for importation and interpretation in AutoCAD® software. The starting and ending point of each vein and/or vein/vein breccia intercept was determined from a combination of geology notes in the logs and assay results. Using approximate vein and drill hole orientation information a horizontal width is calculated for the intercept to be used as part of a Vertical Longitudinal Projection ("VLP"). The center point of the intercept, horizontal width, and gold and silver assay values

are plotted on VLPs of each vIin. These are used to guide further drilling, interpret mineralization shoots, and as the basis of polygonal resource estimation.

10.2 ENDEAVOUR SILVER'S CORE LOGGING PROCEDURES

As the core was received at the core facility, geotechnical data was logged manually on paper sheets and entered into Excel®. The core was then manually logged for geological data and marked for sampling. Geological data and sample information was entered directly into Excel® spreadsheets.

10.3 ENDEAVOUR SILVER'S DRILLING PROGRAMS

10.3.1 Drilling Prior to 2015

Clark (2009) and Cameron (2012) describe exploration drilling prior to 2013, which was carried out by or on behalf of AuRico and previous operators. Between 2012 and 2015, Endeavour Silver's drilling exploration efforts were focused on locating mineralized bodies over primary and secondary structures, mainly near the current production areas. Surface drilling was conducted over the Villalpando (Villalpando Gap, Asunción and Villalpando South), Dolores (Dolores North), La Loca, and the La Paz veins. The mine exploration drilling program was undertaken to determine the extent of additional mineralization near areas currently being mined. The principal targets were the Villalpando (Area II and IV) and Dolores (II) vein systems, though a number of other structures were also explored (Table 10.1). *As of December 2014, a total of 72,969 m of drilling had been completed in 277 holes, with an associated 16,522 samples.*

TABLE 10.1
ENDEAVOUR SILVER'S DRILLING SUMMARY – 2012 THROUGH 2014

Project Area	Number of Holes	Total Meters	Number of Samples Taken
Villalpando Gap	8	3,741.60	344
Dolores North	5	1,334.25	182
La Loca	6	2,534.60	153
La Paz	3	1,028.80	32
Asunción	92	36,982.00	8071
Villalpando South	11	4,781.15	543
Mine Exploration	152	22,566.80	7197
Total	**277**	**72,969.20**	**16,522**

During 2015, Endeavour Silver completed a total of 7,178.55 m in 25 surface diamond drill holes at the El Cubo, with a total of 2,603 samples collected and submitted for assays. Underground drilling completed by Endeavour Silver in 2016 was conducted to evaluate mineralization along the Villalpando, Dolores, Soledad, and La Loca veins in areas near existing mine workings. All underground drilling was performed with Endeavour Silver's VERSA Kmb-4 drill rig. A total of 4,018.65 m was drilled in 22 underground holes in 2015.

10.3.2 2016 Surface Drilling

In 2016, Endeavour Silver spent US$1,060,668 (including property holding costs) on exploration activities mainly in the Nayal, Cabrestantes, and Asunción areas in a continuing effort to identify and evaluate mineralized zones as potential targets for further exploration. A total of 3,799 m was drilled in 13 surface diamond drill holes, and 777 samples were collected and submitted for assay. These holes were not used in resource estimations. Surface

drilling was conducted in the Nayal-Cabrestantes area, but results were disappointing. Note that the El Nayal vein does host about 30% of the total Inferred Mineral Resources

10.3.3 2016 Underground Drilling

All drilling exploration efforts were undertaken by Endeavour.

An underground drilling exploration program was also conducted in 2016 on targets (La Loca, Vein 274, SJD, La Paz, and San Nicolás) located in close proximity to the then active mines. A total of 12 underground drill holes was completed for 1,710 m at the El Cubo Project and 584 samples were collected and submitted for analysis.

Underground drilling at San Juan de Dios returned strong gold values in hole CUDG-1006. Moderate values were returned from one hole targeting the 274 vein and one hole targeting the San Nicolas vein, while drilling at La Paz was disappointing.

As these intersections are scattered throughout the El Cubo mine workings and at different azimuths and dips and maps include many hundreds of historic drill holes, it is impractical to attempt to show the collar and downhole projections. Nonetheless, intersections with gold and silver mineralization prove the existence of vein structures and that the mineralization will require further drilling before these scattered intercepts can contribute to the Inferred Resource.

10.3.4 2018 and 2019 Underground Drilling at El Cubo

All drilling exploration efforts were undertaken by Endeavour.

An underground diamond core drilling campaign was undertaken in 2018 and 2019. Year 2018 saw a major underground drilling program with 75 holes drilled in the La Loca, Vein 274, San Juan de Dios, La Paz, and San Nicolas targets. In 2019, the underground drilling campaign continued with another 40 holes drilled. Significant 2018 and 2019 drill hole intersections should be considered as mineralized material requiring further drilling and modeling before they can be considered resources. However, these results suggest that the exploration potential to expand the Resources at El Cubo are very favorable.

Table 10.2 summarizes all the most significant intercepts. In all, there were 44 gold and silver intercepts in 33 holes and an additional 42 gold and silver intercepts in 25 holes, some of which are greater than the minimum mining width, intersected in the 2018 and 2019 campaigns, respectively. A gold and silver intercept is one that contains >160 g/t equivalent silver. While gold and silver intercepts do not imply actual mine grade ores, they do represent the presence of strong mineralization which with additional drilling might be upgraded to resources. The silver equivalent (AgEq) used by Endeavour was based upon past gold and silver prices and expected recoveries, shown in Table 10.2, is based upon the formula:

$$AgEq = Ag\ g/t + [(Au\ g/t) \times 80]$$

Also, a number of holes intersected low-grade mineralization proving the existence of vein structures. Based upon computer and geologic modeling screen shots showing these underground drill holes, it appears that many of the intercepts have no adjacent channel sampling, suggesting that many of these mineralized zones have not yet been mined.

TABLE 10.2
SIGNIFICANT 2018 AND 2019 DIAMOND DRILL HOLE CORE INTERCEPTS AT EL CUBO

2018 Underground Core Drilling							2019 Underground Core Drilling					
Hole Number	From-To	Thickness	Ag g/t	Au g/t	AgEq (g/t)		Hole Number	From-To	Thickness	Ag g/t	Au g/t	AgEq (g/t)
BDD-001	67.25-69.95	2.7	93.6	3.72	391		CUDG-1093	44.95 – 46.5	1.55	264	2.94	499
BDD-002	47.5-47.95	0.45	138.7	2.7	355		CUDG-1094	23.15 – 23.6	0.45	10	7.7	626
BDD-012	4.2-5.2	1	432.2	1.02	514		CUDG-1095	38.1 – 38.9	0.8	159	4.88	549
BDD-015	20.25-21.9	1.65	1,006.8	3.24	1,266		CUDG-1095	41.45 – 44.7	3.25	142	2.6	350
BDD-017	28.9-30.5	1.6	79.7	1.46	196		CUDG-1096	34.75 – 35.85	1.1	16.5	2.51	217
BDD-021	43.45-43.95	0.5	136.0	6.19	631		CUDG-1097	20.3 – 20.85	0.55	246	0.705	302
BDD-021	48-48.4	0.4	60.1	3.85	368		CUDG-1098	39.4 – 39.95	0.55	99	2.16	272
BDD-023	40.85-44.35	3.5	695.2	2.98	934		CUDG-1099	40.95 – 42.1	1.15	113	2.7	329
BDD-024	55.55-56.35	0.8	208.5	1.23	307		CUDG-1099	43.9 – 44.4	0.5	35	2.99	274
BDD-026	39.55-39.95	0.4	1,054.1	7.13	1625		CUDG–1099	50.85-52.45	1.35	127	1.8	271
BDD-027	38.75-39.80	1.05	23.1	2.89	254		CUDG-2005A	51.5 – 51.85	0.35	36	1.91	189
BDD-028A	22.22.45	0.45	30.8	13.73	1,129		CUDG-1105	59.65 – 61.25	1.6	89	1.41	202
BDD-028B	30.9-32.15	1.25	63.7	1.29	167		CUDG-1103	48.65 – 49.05	0.4	128	0.36	157
BDD-028B	41.6-41.9	0.3	212.1	0.79	275		CUDG-1102	22.7 – 23.45	0.75	137	0.59	184
BDD-028B	52.3-53.55	1.25	109.0	0.84	176		CUDG-1102	58.7 – 59.25	0.55	170	0.47	208
BDD-029	54-60.25	5.2	212.74	0.81	277		CUDG-1102	60-25 – 61.95	1.7	392	0.9	464
BDD-030	34.3-36.95	2.65	344.7	3.73	643		CUDG-1102	65.1 -66	0.9	29	3.01	270
BDD-031	48.65-51.9	3.25	202.6	1.03	285		CUDG-1107	62.55 -64.3	1.75	59	2.62	269
SFC-18-005	51.95-53.75	1.8	168.6	1.25	269		CUDG-1111	32.5 – 32.85	0.35	11	3.32	277
SFC-18-009	39.15-39.65	0.5	108.9	3.76	410		CUDG-1113	32.95 – 33.35	0.4	239	1.292	342
CUDG-1051	57.05-59.55	2.5	106.4	0.98	185		CUDG-1115	18.65 – 19.1	0.45	47	1.47	165
CUDG-1051	62.25-62.55	0.3	57.16	4.04	380		CUDG-1116	23.4 – 23.7	0.3	185	0.31	210
CUDG-1054	100.5-102	1.5	1,077.1	0.57	1,123		CUDG-1116	40.85 – 41.6	0.75	136	0.91	209
CUDG-1058	3.1-3.45	0.35	215.1	1.28	318		CUDG-1116	43.85 – 46.7	2.85	777	7.43	1,371
CUDG-1060	1.65-2.15	0.5	214.2	7.65	826		CUDG-1117	59.95 -60.95	1	174	0.605	222
CUDG-1060	5.6-9.6	4	595.7	5.92	1,069		CUDG-1117	62.65 -63.2	0.55	145	1.959	302
CUDG-1061	1.45-3.55	2.1	332.5	6.45	848		CUDG-1117	64 – 64.8	0.8	51	2.467	248
CUDG-1061	12.35-16.35	4	1790.2	29.73	4,169		CUDG-1117	67.65 – 68.2	0.55	259	2.012	420
CUDG-1064	96.2-97.1	0.9	70.9	5.47	508		CUDG-1119A	70.85 – 72.75	1.9	242	0.89	313
CUDG-1066	4.2-4.8	0.6	272.7	0.65	325		CUDG-1119A	74.1 – 75	0.8	335	0.78	397

TABLE 10.2
SIGNIFICANT 2018 AND 2019 DIAMOND DRILL HOLE CORE INTERCEPTS AT EL CUBO

2018 Underground Core Drilling							2019 Underground Core Drilling					
Hole Number	**From-To**	**Thickness**	**Ag g/t**	**Au g/t**	**AgEq (g/t)**		**Hole Number**	**From-To**	**Thickness**	**Ag g/t**	**Au g/t**	**AgEq (g/t)**
CUDG-1069	138.15-138.5	0.35	297.0	0.89	368		CUDG-1118	87.3 – 87.65	0.35	234	1.1	322
CUDG-1072	18.3-19.2	0.9	622.8	1.77	764		CUDG-1118	88 – 88.6	0.6	224	.34	251
CUDG-1082	48.3-348.6	0.3	25	2.60	233		CUDG-1120	20.3 – 20.6	0.3	216	0.39	247
CUDG-1082	51.1-52.4	1.3	26.4	4.92	420		CUDG-1122	23.5 – 23.95	0.45	327	2.62	537
CUDG-1082	65.75-66.25	0.5	2174	14.53	3,336		CUDG-1124	8.55 – 8.95	0.4	78	1.705	214
CUDG-1084	81.8-87.3	5.5	105.8	2.50	306		CUDG-1124	29.1 – 29.5	0.4	92	1.34	199
CUDG-1085	92.4-95.85	3.45	45.2	2.41	238		CUDG-1124	36.8 – 37.1	0.3	149	1.796	293
CUDG-1086	24.8-25.6	0.8	68	3.26	329		CUDG-1125	14.7 – 15.15	0.45	130	1.04	213
CUDG-1088	46.2-47	0.8	378.6	2.20	555		CUDG-1125	19.5 – 20.1	0.6	53	1.64	184
CUDG-1089	69.1-71	1.9	209.2	2.12	379		CUDG-1125	26 – 26.3	0.3	308	3.67	602
CUDG-1090	36-36.55	0.55	165	1.60	293		CUDG-1125	27.65 – 27.95	0.3	135	0.72	193
CUDG-1092	38-38.4	0.4	271	2.75	491		CUDG-1126	63.95 – 64.6	0.65	234	1.15	326
CUDG-1092	48.2-50.3	2.1	170.3	6.30	674							
CUDG-1092	56.95-59.15	2.2	111.9	1.00	192							

As these intersections are scattered throughout the El Cubo mine workings and at different azimuths and dips, and maps include many hundreds of historic drill holes, it is impractical to attempt to show the collar and down hole projections. Nonetheless, gold and silver and low-grade intersections prove the existence of vein structures and mineralization that will require further drilling before these scattered intercepts can contribute to Inferred Resource.

10.3.5 Accuracy and Reliability of Drilling Results

Based upon drill records, core recovery was generally quite good. Sampling techniques (splitting out a representative sample by diamond saw) were to industry standards. Drill holes were surveyed and where possible, downhole surveys were completed. Drilling samples whether from surface or underground were treated as exploration samples and as such, when shipped to certified assay laboratories, included blanks and standards. QA/QC samples were used for the 2018 and 2019 underground drilling program, which totaled 115 drill holes, but the QA/QC results of that data have not been provided. However, these drill holes were not used in any resource estimations. That data will need to be reviewed, if and when those holes are used in new resource estimations. The QP opines that the drilling results are acceptable for use in this report.

10.4 EL PINGÜICO UNDERGROUND STOCKPILE DRILLING PROGRAM

In January and February 2018, Guanajuato Silver, as VanGold, under the supervision of FINDORE, drilled five HC sized diamond drill core holes to evaluate the grade of the underground stockpile. A total of 214 m was drilled. Several problems were encountered: building drill pads underground suitable for the drilling machine and much more importantly, poor core recovery. Core recovery of large blocks of rhyolite was good but fine material was not recovered. The overall average core recovery was allegedly 40% with the best recovery in relatively barren large blocks of rhyolite. Table 10.3 summarizes the drill hole azimuths, inclinations, and total lengths.

TABLE 10.3
EL PINGÜICO UNDERGROUND STOCKPILE DIAMOND DRILLING PROGRAM

Drill Hole ID	Pad	Location	Azimuth	Inclination (Degrees)	Total Length (Meters)
P1 – N	Est 2	Pachuca	30	-30	45
P2 – N	Est 2	Pachuca	30	-45	36
P3 – N	Est 2	Pachuca	30	-60	37
P4 – N	Est 1	Pachuca	65	-31	24
P5 – N	Est 1	Pachuca	120	4	72
Total					**214**

Figure 10.1 shows the location of the drill pads in relation to the underground stockpile.

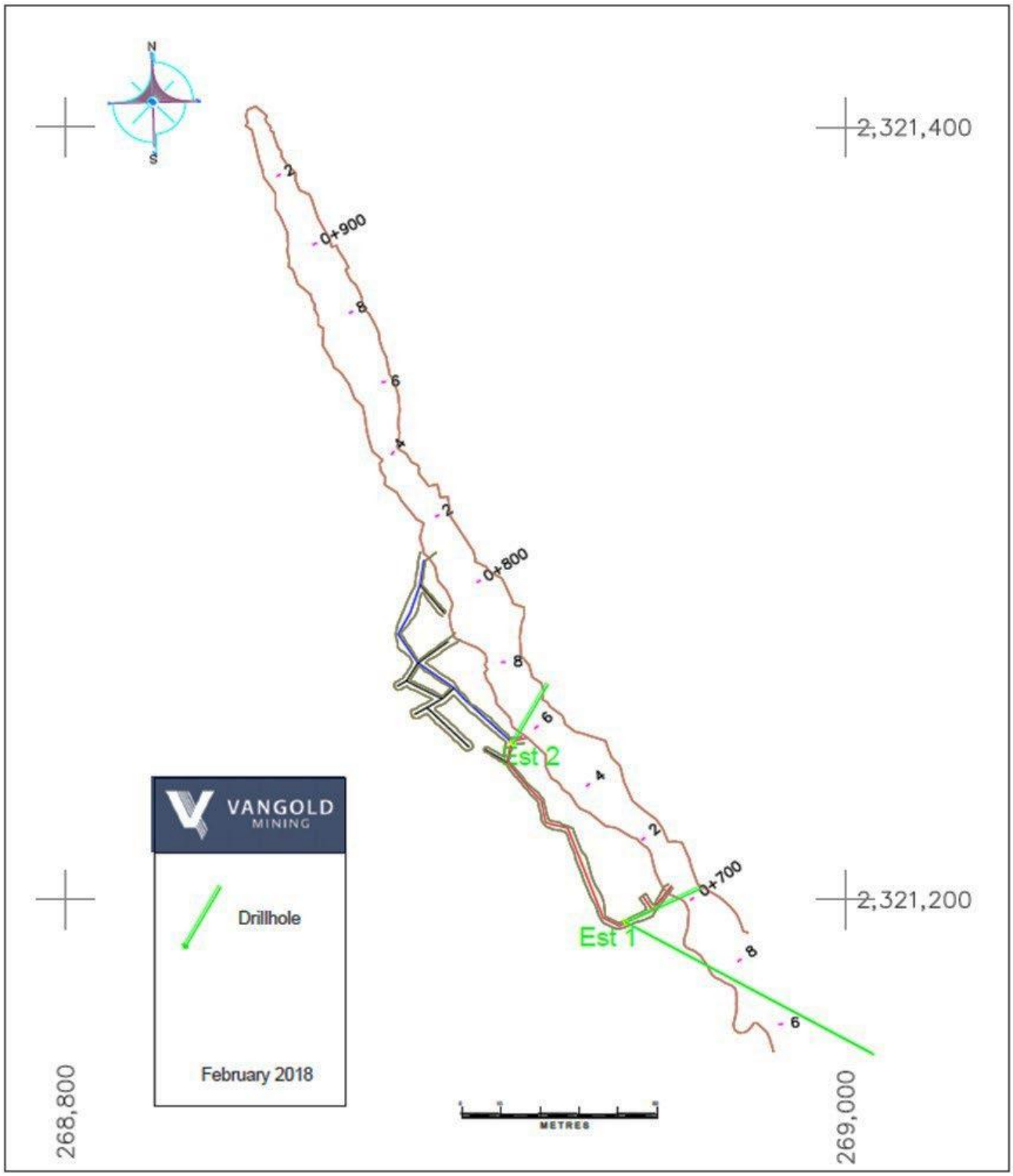


Figure 10.1. Drill holes locations – Phase 1
Source: Summary Report of the Phase 1 Diamond Drilling Program on the El Pingüico Gold-Silver Project, Guanajuato, Mexico "Stockpile," February 2018.

Table 10.4 shows the assay results from the five underground core holes. The results show less silver and gold than expected, except for the fifth hole, drill hole P5-N, which was an up-hole drilled testing near the top of the stockpile, which returned an average gold grade of 0.228 g/t and an average silver grade of 45.6 g/t, the other four holes failed to substantiate grades similar to those returned from the trench sampling and assaying. Core recovery through the stockpile was very poor, from small and/or fine fragments with good recovery of solid competent rhyolite. It appears that vein material and sulfide minerals was likely flushed away into void spaces in the stockpile. Whether this can explain the relative absence of "ore-grade" mineralization in deeper levels of the stockpile, it is impossible to know until further sampling data is available.

TABLE 10.4
EL PINGÜICO UNDERGROUND STOCKPILE DRILL HOLE ASSAY RESULTS

Hole Number	Total Length (m)	Stockpile Interval (m) (not true thickness)	Composited Assay (Au g/t)	Composited Assay (Ag/t)	"High-Grade" Assay Interval (m) (not true thickness)	Composited Assay (Au g/t)	Composited Assay (Ag g/t)
P1-N	45	12-16 (4m)	0.037	7.61	12-15 (3.0)	0.049	10.15
P2-N	36	4.5-25 (20.5m	0.033	0.92	7.5-15 (7.5)	0.092	2.51
P3-N	37	18-37 (19m)	0.048	3.16	18-24 (6)	0.110	10.0
P4-N	24	4.5-9 (4.5m)	0.067	5.12	4.5-9 (4.5)	0.067	5.12
P5-N	72	10.5-33 (22.5m)	0.228	45.60	10.5-33 (22.5m)	0.228	45.60

It should be noted that only a small section of the stockpile was drill tested. Drill hole cross sections for these holes are shown as Figure 10.2, Figure 10.3, and Figure 10.4.

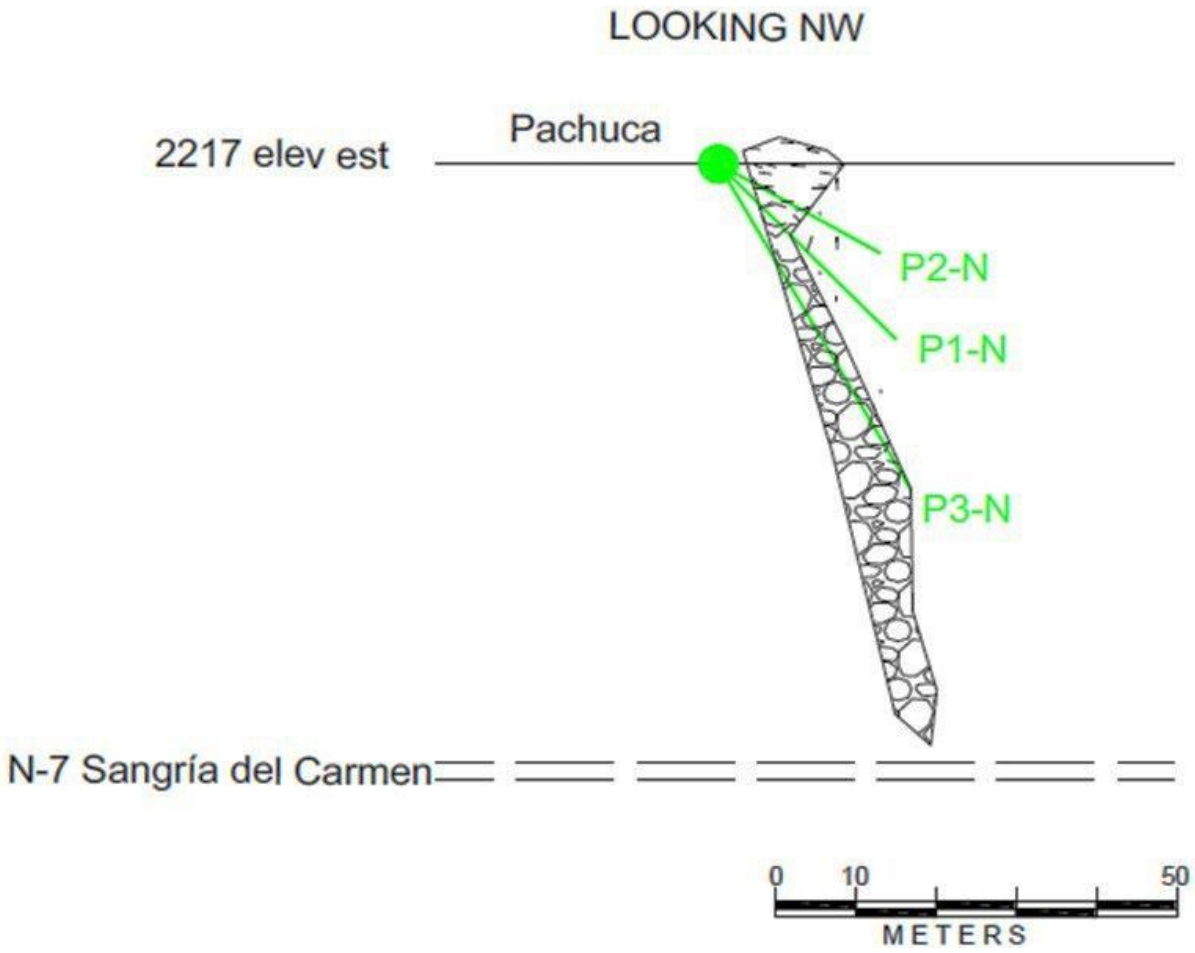


Figure 10.2. Cross section P1-N, P2-N, and P3-N
Source: Summary Report of the Phase 1 Diamond Drilling Program on the El Pingüico Gold-Silver Project, Guanajuato, Mexico – Stockpile, February 2018.

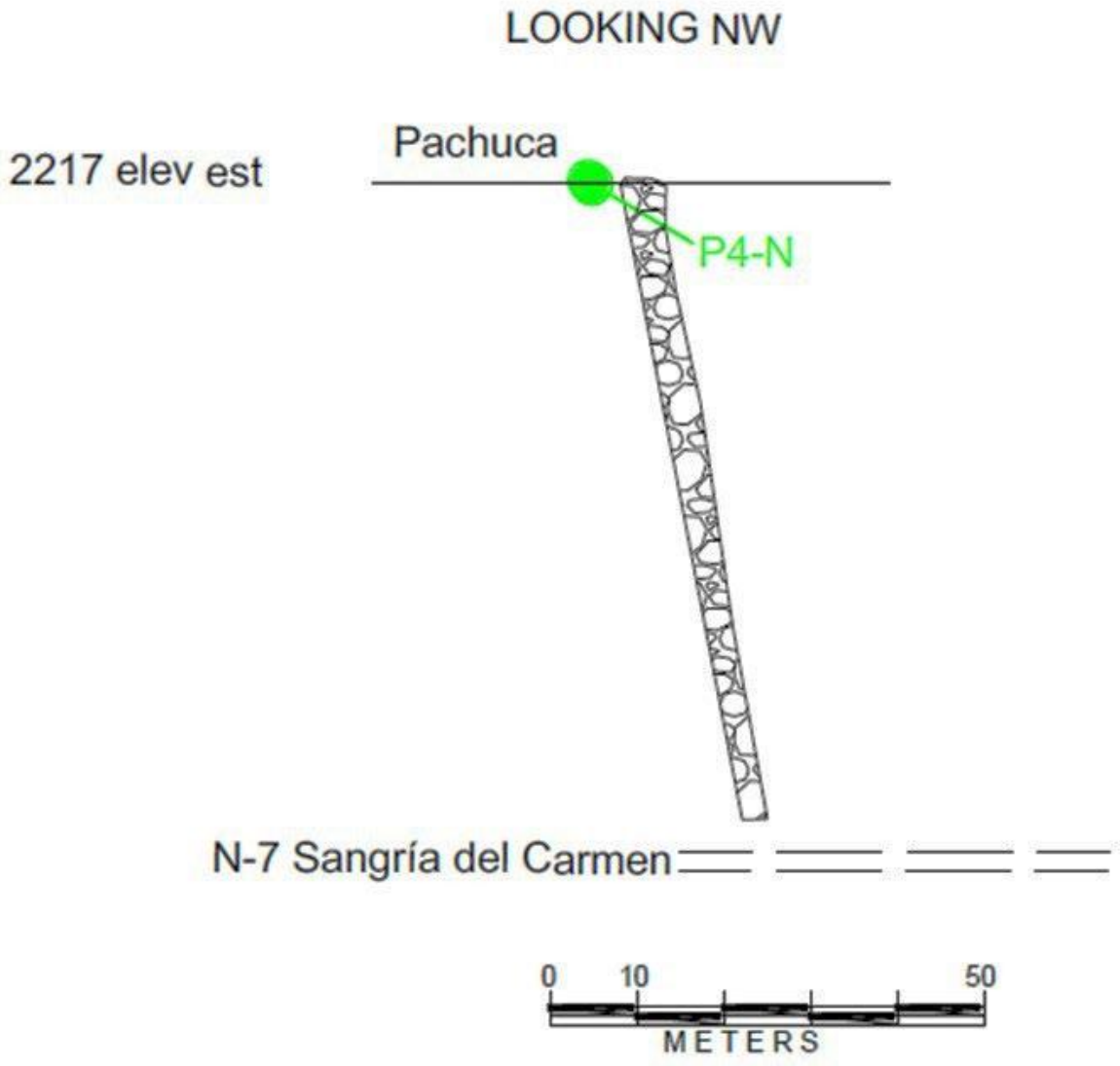


Figure 10.3. Cross section P4-N
Source: Summary Report of the Phase 1 Diamond Drilling Program on the El Pingüico Gold-Silver Project, Guanajuato, Mexico – Stockpile, February 2018.

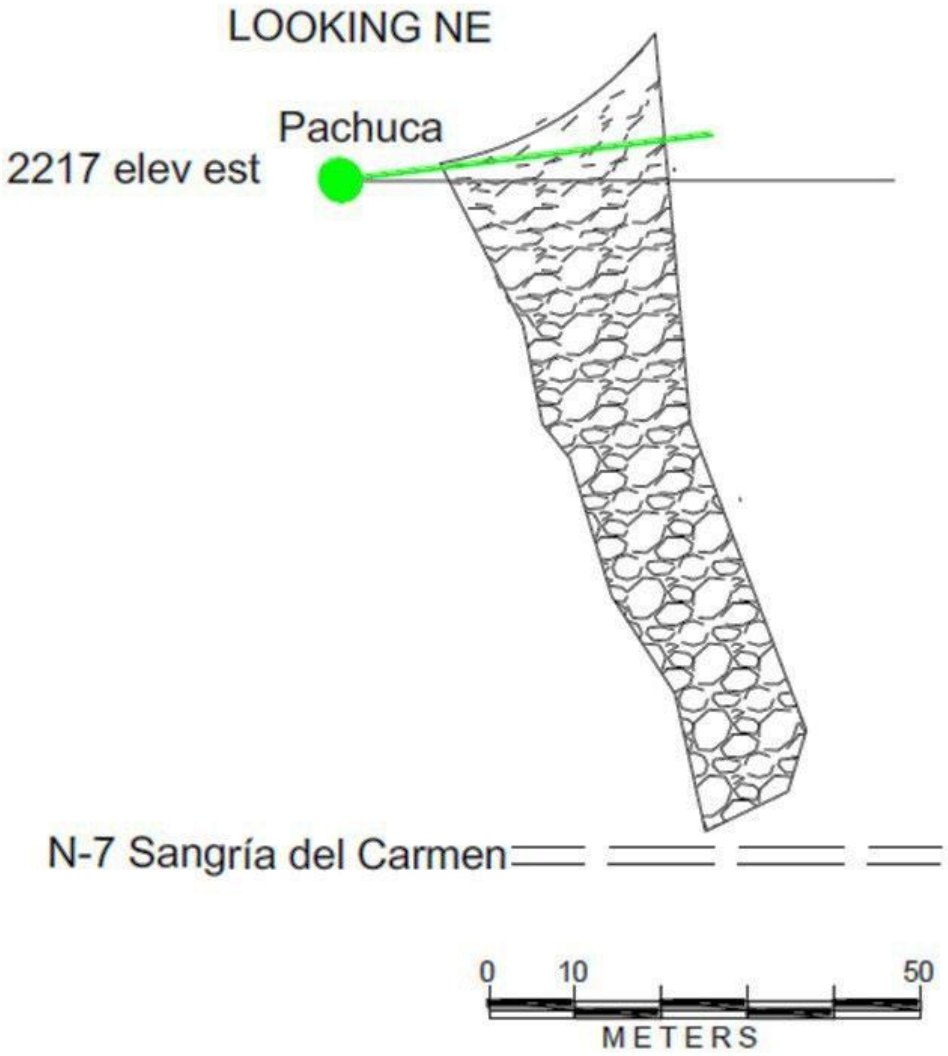


Figure 10.4. Cross section PN-5
Source: Summary Report of the Phase 1 Diamond Drilling Program on the El Pingüico Gold-Silver Project, Guanajuato, Mexico – Stockpile, February 2018.

11.0 EL CUBO SAMPLE PREPARATION, ANALYSIS, AND SECURITY

The following sections (Section 11.1 through Section 11.4) are excerpted from the National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018, and shown as italicized, unless otherwise specified. Changes to tables, figure numbers, section numbers, and standardization have been made to suit the format of this report.

The majority of drill hole and underground chip channel assay data used in this report was obtained prior to, and utilized in, the El Cubo 2018 Technical Report. Furthermore, the assay data used for the above Resource and Reserve estimates was based entirely on diamond drill holes and underground chip channel samples.

Endeavour Silver undertook 75-hole and a 40-hole underground diamond drilling campaign in 2018 and 2019, respectively. Quality Assurance/Quality Control (QA/QC) is not available for the assaying on these drilling campaigns, although the assays were performed by certified laboratories.

11.1 EL CUBO SAMPLING METHODS

11.1.1 Production Chip Channel Samples

El Cubo employed standardized procedures for collecting underground grade control chip samples, and these procedures are documented in a detailed, illustrated manual. Chip channel sampling was carried out daily in accessible stopes and development headings by mine sampling technicians. Samples are located by measuring with a tape from known survey points. The samples are taken perpendicular to the veins at 3 m to 5 m intervals along drifts. Sample locations were cleaned and marked with two parallel, red spray paint lines to guide the sampling. Chip samples were collected on all vein faces in drifts, crosscuts, raises, and stopes. On faces and raises, they were taken perpendicular to the dip of the vein to approximate true width. Stopes were sampled across the roof (back) following the profile of the working.

The entire chip sample was divided into a number of discrete samples based on the geology (lithology). The simplest configuration is a single vein where the chip sample would be divided based on one sample of the wall rock on each side of the vein (hanging wall and footwall samples), and one sample of the vein. In more complex configurations, if there was more than one vein present, or it was divided by waste rock, then each of the vein sections is sampled separately. The chip samples were cut approximately 10 cm wide and 2 cm deep using a hammer and chisel. The rock chips were collected in a net, placed on a canvas, and any fragments larger than 2.5 cm were broken with a hammer. The maximum sample length was generally 1.5 m and minimum sample length generally 0.2 m, although a few samples were taken over as narrow a width as 0.1 m.

The samples were sealed in plastic bags with a string and sent to the laboratory at Bolanitos. Samples, which tended to be large, representing long sample intervals, can be too large for the bags provided and were reduced in size at the sample site to 1 kg to 2kg by quartering. Care was taken to collect all of the fines for the selected quarters. The samples were sealed in plastic bags and transported to the geology storage facility on the surface. From there, the samples were taken to the laboratory at the Bolanitos Mine site by a contracted transporter.

Sample locations were plotted on stope plans using CAD® software. The sample numbers and location data are recorded in a spreadsheet database. Upon receipt of assays, technicians and geologists produce reports used for day-to-day monitoring and grade control.

11.1.2 Exploration Sampling

Endeavour Silver's exploration staff was responsible for regional and mine exploration within the El Cubo mining district, including the management, monitoring, surveying, and logging of surface and underground diamond drilling.

Regardless of which program the core came from, the process was the same. Core from diamond drilling was placed in boxes, which were sealed shut at the drill site. Endeavour Silver's personnel transported the core to the core facility. Sample handling at the core facility followed a standard general procedure, during which depth markers were checked and confirmed; the outside of the boxes was labeled with interval information; core was washed and photographed; and the recovery and modified rock quality designation (RQD) logged for each drill hole.

All of Endeavour Silver's surface and underground exploration drill holes were processed at the exploration core facility (Figure 11.1).

Figure 11.1. Original Endeavour Silver's exploration core storage facility, now allocated to regional exploration
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver, by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

A cutting line was drawn on the core with a colored pencil, and sample tags were stapled in the boxes or denoted by writing the sample number with a felt tip pen.

The core was split using a diamond saw shown in Figure 11.2.

Figure 11.2. One of several core saws located at the exploration core facility
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver, by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

The QP agrees that the previous sampling methods for underground channel sampling and diamond drill core were appropriate and to industry standards.

11.2 SAMPLE PREPARATION AND ANALYSIS (EL CUBO)

Mine production sampling, including plant feed samples, concentrate, and doré, was sent to Endeavour Silver's in-house Bolanitos assay laboratory. The lab at Bolanitos is ISO certified (ISO-9001:2008) and is set up in a single facility at the Bolanitos Mine with separate enclosed sections for sample preparation, fire assay with gravimetric finish, and atomic absorption facilities. The facilities are located within the Bolanitos Mine compound and operated 24 hours per day.

11.2.1 Exploration Drilling

Since Endeavour Silver took control of Compania Minera del Cubo S.A. de C.V. (CMC), all samples of rock and drill core were bagged and tagged at the El Cubo core facility and shipped to the ALS preparation facility in Zacatecas, Mexico. After preparation, the samples were shipped to the ALS laboratory in Vancouver, Canada, for analysis.

Upon arrival at the ALS preparation facility, all of the samples were logged into the laboratory's tracking system (LOG-22). Then the entire sample was weighed, dried if necessary, and fine crushed to better than 70% passing 2 mm (-10 mesh). The sample was then split through a riffle splitter and a 250 gram split was then taken and pulverized to 85% passing 75 microns (-200 mesh).

The analysis procedures are summarized in Table 11.1.

TABLE 11.1
SUMMARY OF ANALYSIS PROCEDURES

Sample Type	Element	Description	Lower Detection Limit	Upper Detection Limit	ALS Code
Core	Au	Fire Assay and AA analysis	0.005 ppm	10 ppm	AUAA23
	Ag	Aqua Regia and AA analysis	0.2 ppm	100 ppm	AA45AG
	Au, Ag (*Samples >20ppm Ag AA45AG)*	Fire Assays and Gravimetric Finish	0.05 ppm Au/ 5 ppm Ag	1,000 ppm Au / 10,000 ppm Ag	Au,Ag ME-GRA21
Rock	Au	Fire Assay and AA analysis	0.005 ppm	10 ppm	AUAA23
	Multielements *(35 Elements)*	Aqua Regia and ICP-AES Finish	0.2 ppm Ag / 1 ppm Cu / 2 ppm Pb/ 2 ppm Zn	100 ppm Ag / 10,000 ppm Cu, Pb and Zn	ME-ICP41
Soil	Au	Aqua Regia and ICP-MS Finish	0.001 ppm	1 ppm	TL42-PKG Au-TL42 + ME-MS41
	Multielements *(51 Elements)*	Aqua Regia and ICP-MS and ICP-AES Finish	0.002 ppm Ag / 0.01 ppm Cu, Pb and Zn	100 ppm Ag / 10,000 ppm Cu, Pb and Zn	

Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

ALS is an independent analytical laboratory company that services the mining industry around the world. ALS is also an ISO-certified laboratory that employs a rigorous quality control system in its laboratory methodology as well as a system of analytical blanks, standards, and duplicates. Details of its accreditation, analytical procedures, and QA/QC program can be found at http://www.alsglobal.com.

11.3 EL CUBO SAMPLE QUALITY ASSURANCE/QUALITY CONTROL (QA/QC)

11.3.1 Production Sampling and Security

Samples remained in the custody of the technicians and geologists who collected them until they were delivered to designated sample storage areas on the surface. Samples from the Dolores Mine were stored for pickup at the geology storage area located in the Dolores Mine Patio. Samples from Sta. Cecilia and San Nicolas Mines were stored with

security at the entrance to the mine patio. Samples were collected from each storage area by a contracted transporter and delivered to the assay lab on site at the Bolanitos Mine.

Field duplicate samples were inserted at the frequency of about 1 in 20 chip lines. The last sample taken was a duplicate sample. The sample interval to be duplicated was chosen at random from one of the vein intervals. Waste duplicates were not collected. The sample was collected from a point approximately 10 cm above the original sample. Duplicate samples were sent with the rest of the samples from the chip line. The QA/QC protocol for production samples involved repeat assays on pulp and reject, along with in-house prepared blanks. No commercially available standards were used in 2016. In 2017 and 2018, duplicates, pulp checks, and blanks were utilized for the QA/QC protocol. It is not known whether any commercially available standards were utilized.

The QP agrees that sampling methods used by Endeavour Silver for production underground channel sampling, security, and duplicate, pulp check, and blank assays were appropriate and to industry standards. The QP recommends that standards be inserted as part of the QA/QC protocol.

11.3.2 Production Samples – QA/QC

The QA/QC protocol for production samples involved repeat assays on pulps and rejects, along with in-house prepared blanks. No commercially available standards were used in 2016.

Maximum-minimum scatter plots for duplicate samples are shown in Figure 11.3 through Figure 11.8. *In general, results of the duplicate re-assays indicate a good correlation for silver and moderate to poor correlation for gold. Acceptable failure rate for pulp duplicates is 10%. Silver pulps show a 10% failure rate while gold shows a 45% failure rate.*

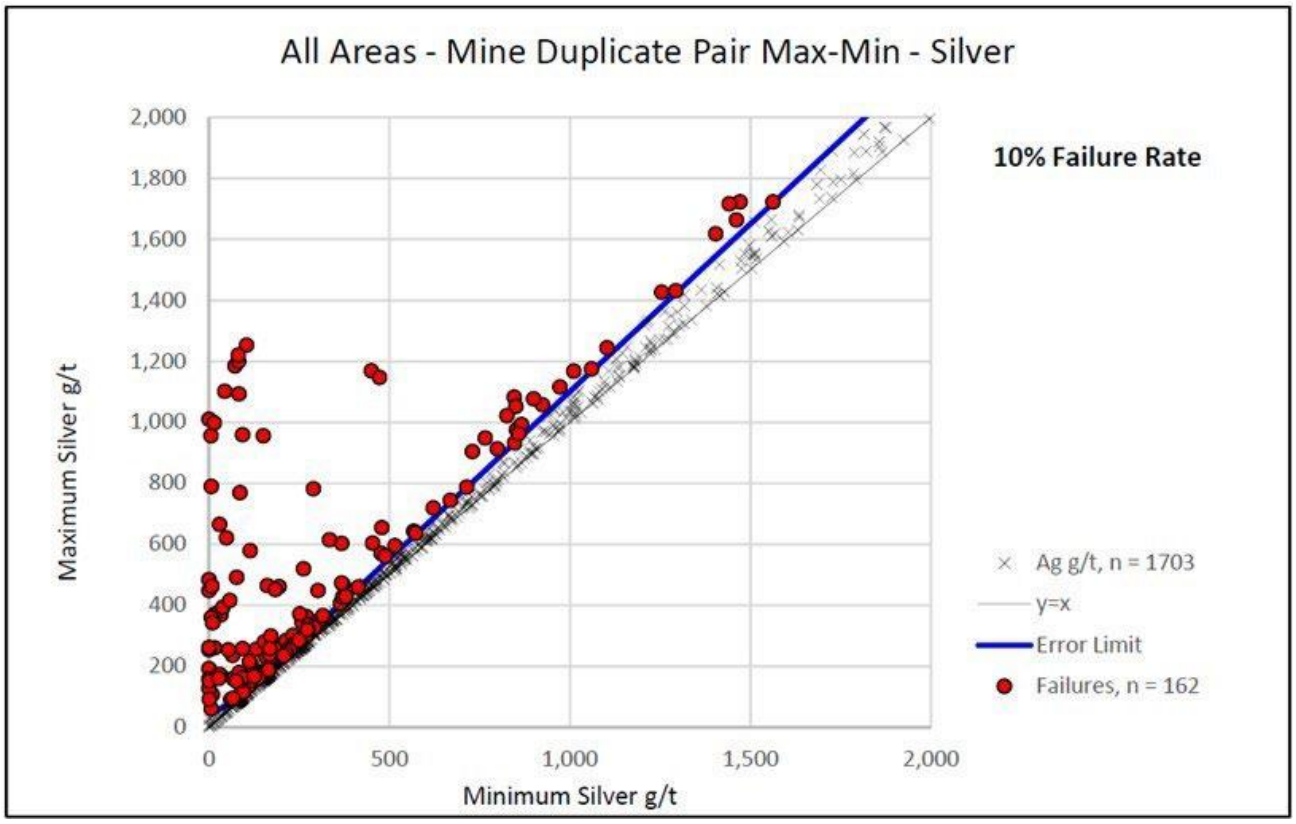


Figure 11.3. Silver pulp duplicates
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

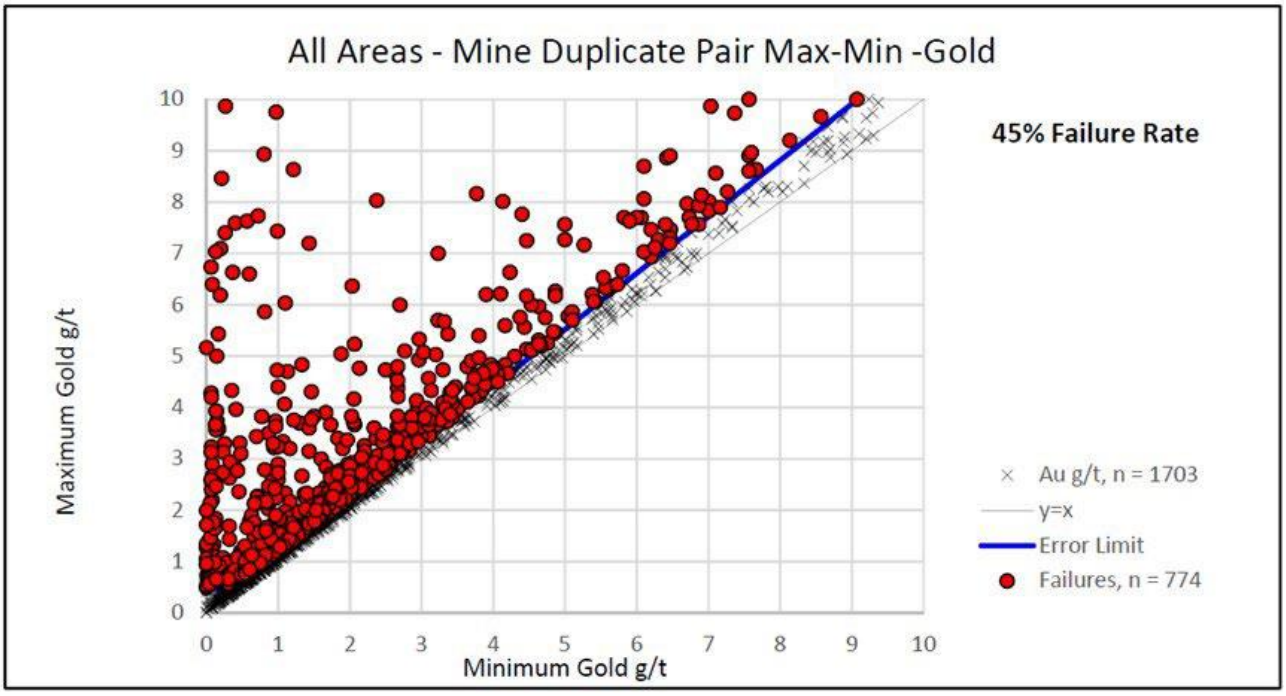


Figure 11.4. Gold pulp duplicates
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

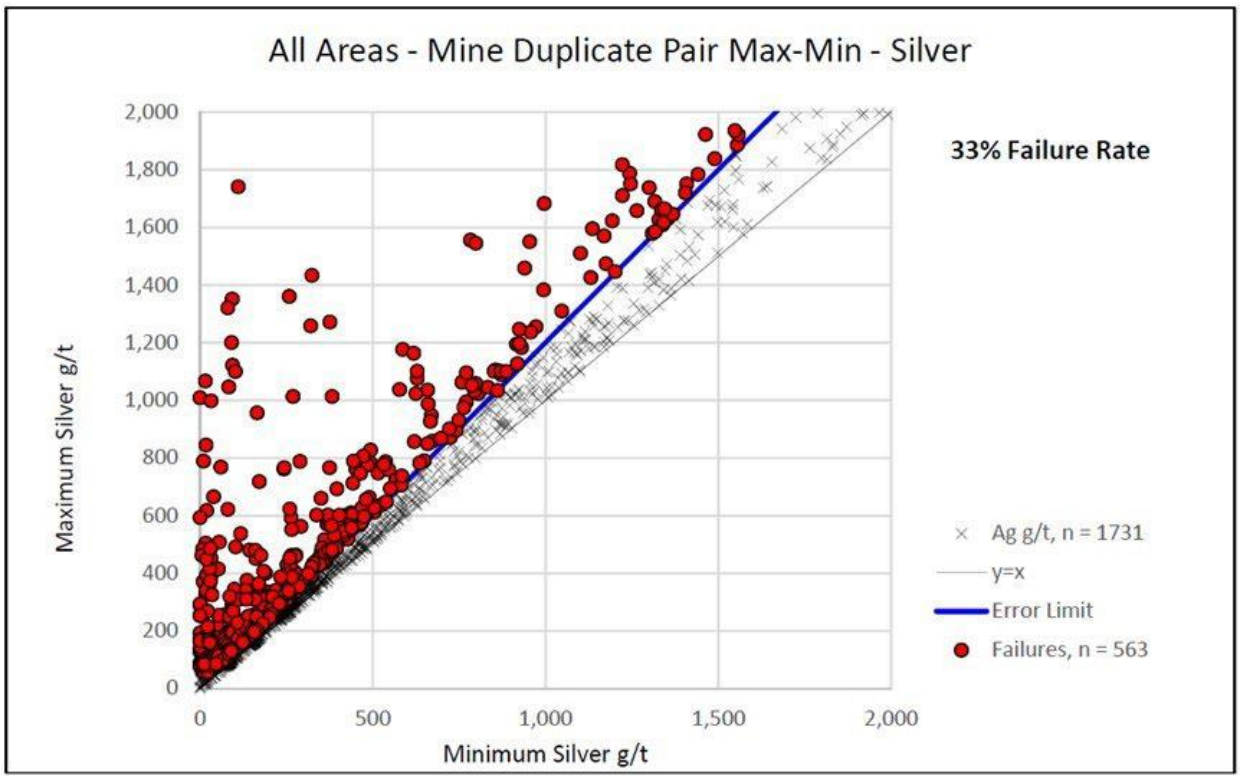


Figure 11.5. Silver reject duplicates
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

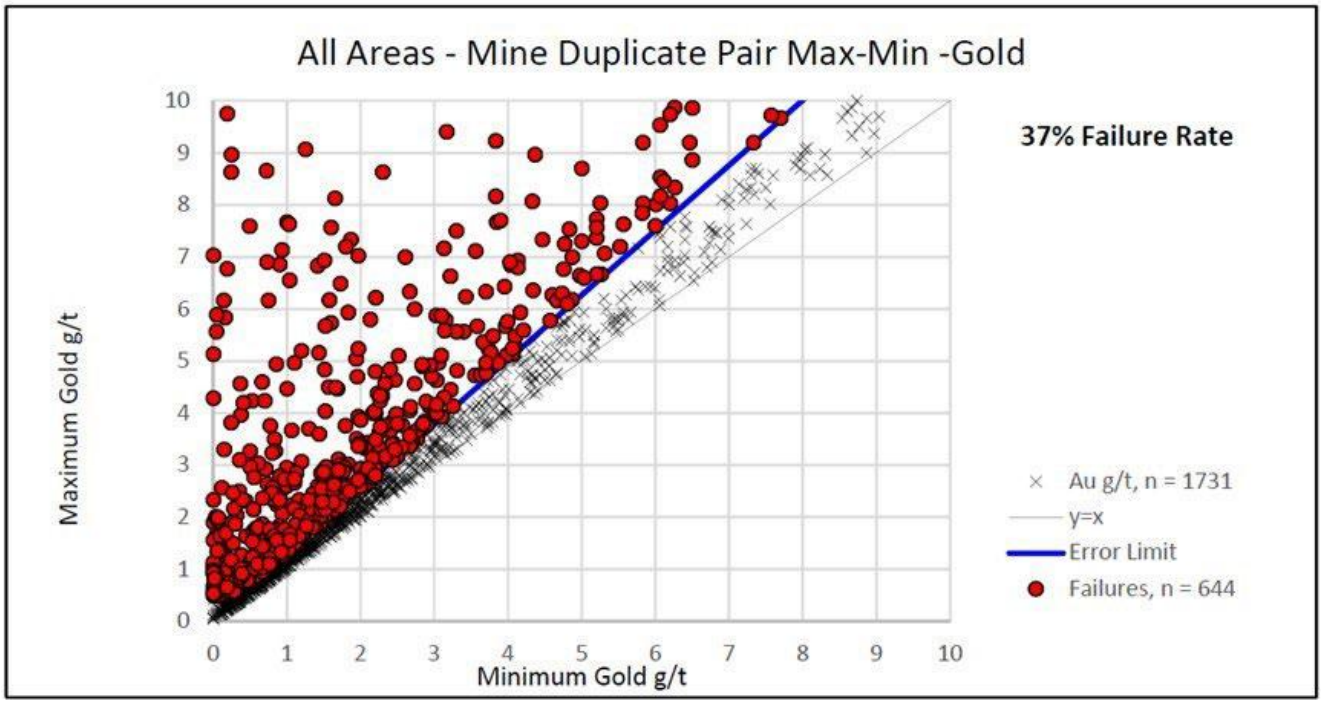


Figure 11.6. Gold reject duplicates
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

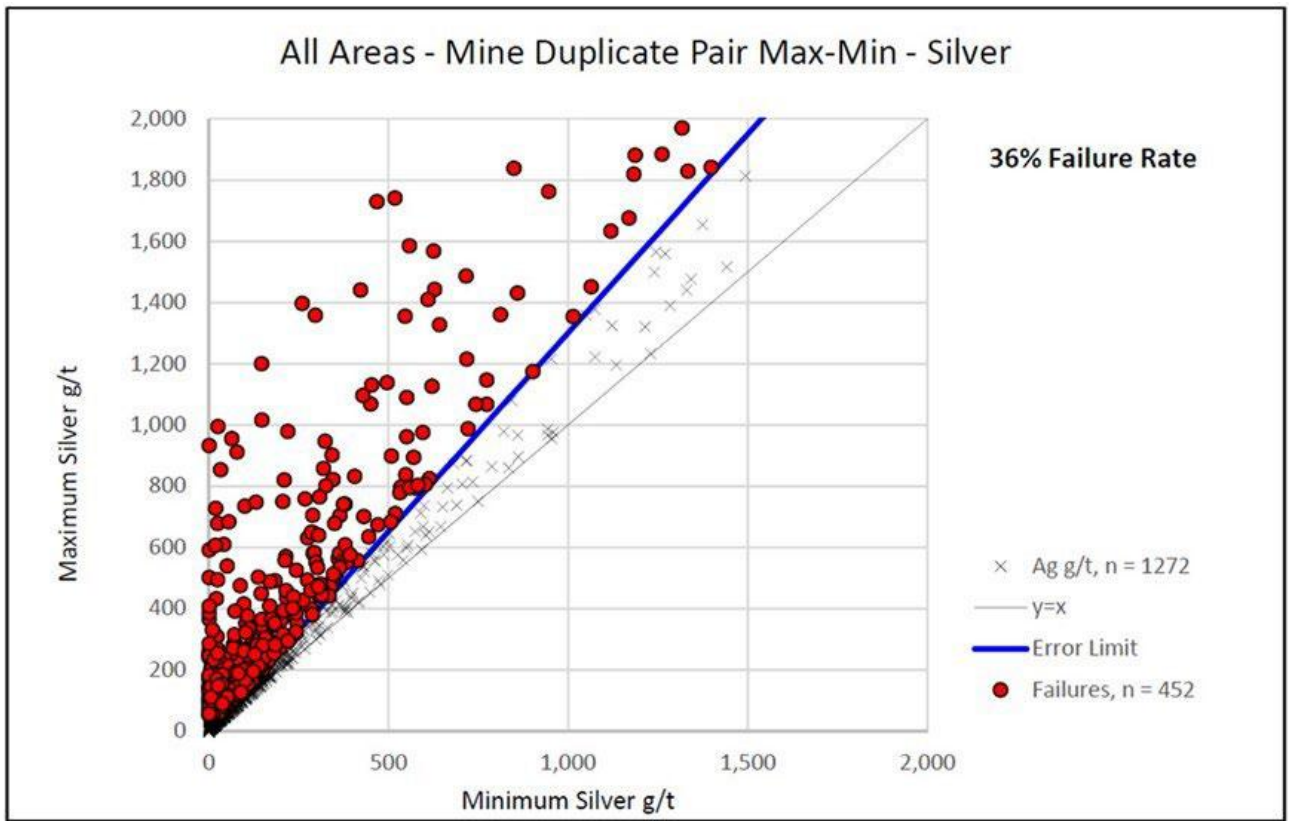


Figure 11.7. Silver field duplicates
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

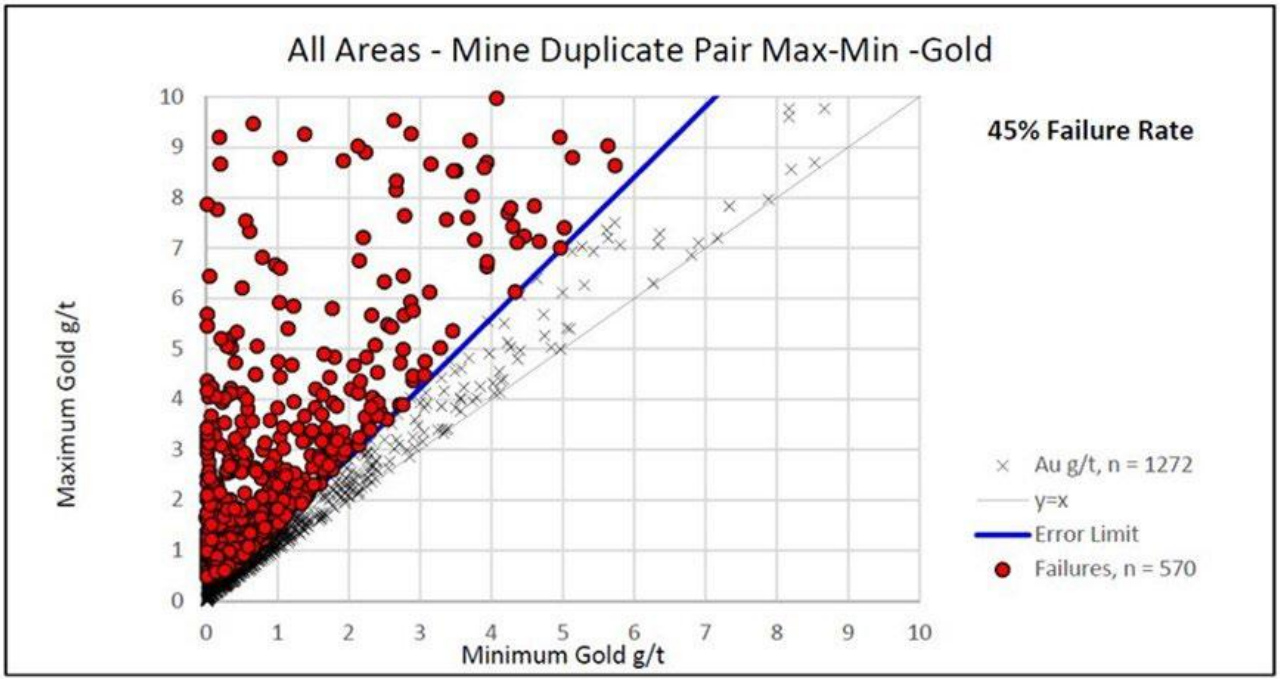


Figure 11.8. Gold field duplicates
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

The QP opines that there was an issue which needed to be addressed by Endeavour Silver with the QA/QC on the production assaying results. Production assaying was undertaken by the Bolanitos Mine laboratory of Endeavour Silver. There was poor correlation on check results for both gold and silver. The 2018 Technical Report authors state in Section 11.3.2 that "in general the results of the duplicate re-assays indicate a good correlation for silver and a moderate to poor correlation for gold." The authors then state that for pulps, a 10% failure rate for silver and 45% failure rate for gold; and for reject duplicates, a failure rate of 33% and 37% for silver and gold, respectively. For mine duplicates, they state a failure rate of 36% and 45% for silver and gold, respectively. Typically, a failure rate greater than 10% is un-acceptable. However, a portion of the failure rate in reject duplicates and mine duplicates can be expected considering the normal erratic nature of silver and gold grades in vein systems. For check silver assays on pulps, a 10% failure rate is not good, but barely marginal.

The QP opines that the cause of this failure rate in re-assays of mine and reject duplicates is likely insufficient fine grinding of the pulp and/or contamination caused by insufficient cleaning of grinding equipment between samples. Guanajuato Silver should note that moderately coarse grained ore-mineral mineralogy will require grinding of at least 85% passing 75 microns (-200 mesh).

Part of the failure rate in sample duplicate and reject duplicate check assays may be partially due to the erratic nature of silver and gold mineralization and partially due to contamination or insufficient grinding. Coarse gold and or silver (nugget effect) could also play are part in a high failure rate; however, those issues were not seen in assaying done on exploration samples where assays were undertaken by ALS.

Endeavour Silver submitted 857 mine production coarse pulp blanks (prepared in-house) to the Bolanitos Mine Laboratory to monitor sample preparation procedures in 2015. The results as reported show an 18% and 27% failure rate for silver and gold, respectively. This is an un-acceptable rate of failure on blanks with likely two possible reasons:

a) Possible contamination by the Bolanitos Mine laboratory; or

b) The blank is weakly mineralized and is not suitable as a blank.

Also, the El Cubo staff did not utilize standards in 2016, a poor operating procedure. The QP opines that if production is resumed by Guanajuato Silver, the new in-house laboratory staff be taught appropriate procedures including increasing the grind time for pulps; ensuring sufficient cleaning between samples and establishing the use of standards and continue use of true blanks (such as Enviroplug coarse bentonite).

11.3.3 Exploration Samples

During 2016, Endeavour Silver's surface and underground drilling was supported by a QA/QC program conducted to monitor the integrity of all assay results. Each batch of 20 samples included one blank, one duplicate and one standard. Check assaying was also conducted at a frequency of approximately 5%. Discrepancies and inconsistencies in the blank and duplicate data were resolved by re-assaying the pulp, reject or both.

In 2016, a total of 1,361 samples, including control samples, were submitted during the drilling exploration program at El Cubo. A summary of sample type and number is shown in Table 11.2. *A 70 pulps (approximately 5%) were also submitted for check assaying.*

TABLE 11.2
SUMMARY OF SAMPLE TYPE AND NUMBER USED DURING THE 2016 SURFACE EXPLORATION PROGRAM

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Samples	No. of Samples	Percentaje (%)
Standards	73	5.4%
Duplicates	67	4.9%
Blanks	63	4.6%
Normal	1,158	85.1%
Total	**1,361**	**100.0%**
Check samples	70	5.1%

Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

The sampling process, including handling of samples, preparation, and analysis, is shown in the quality control flow sheet (Figure 11.9).

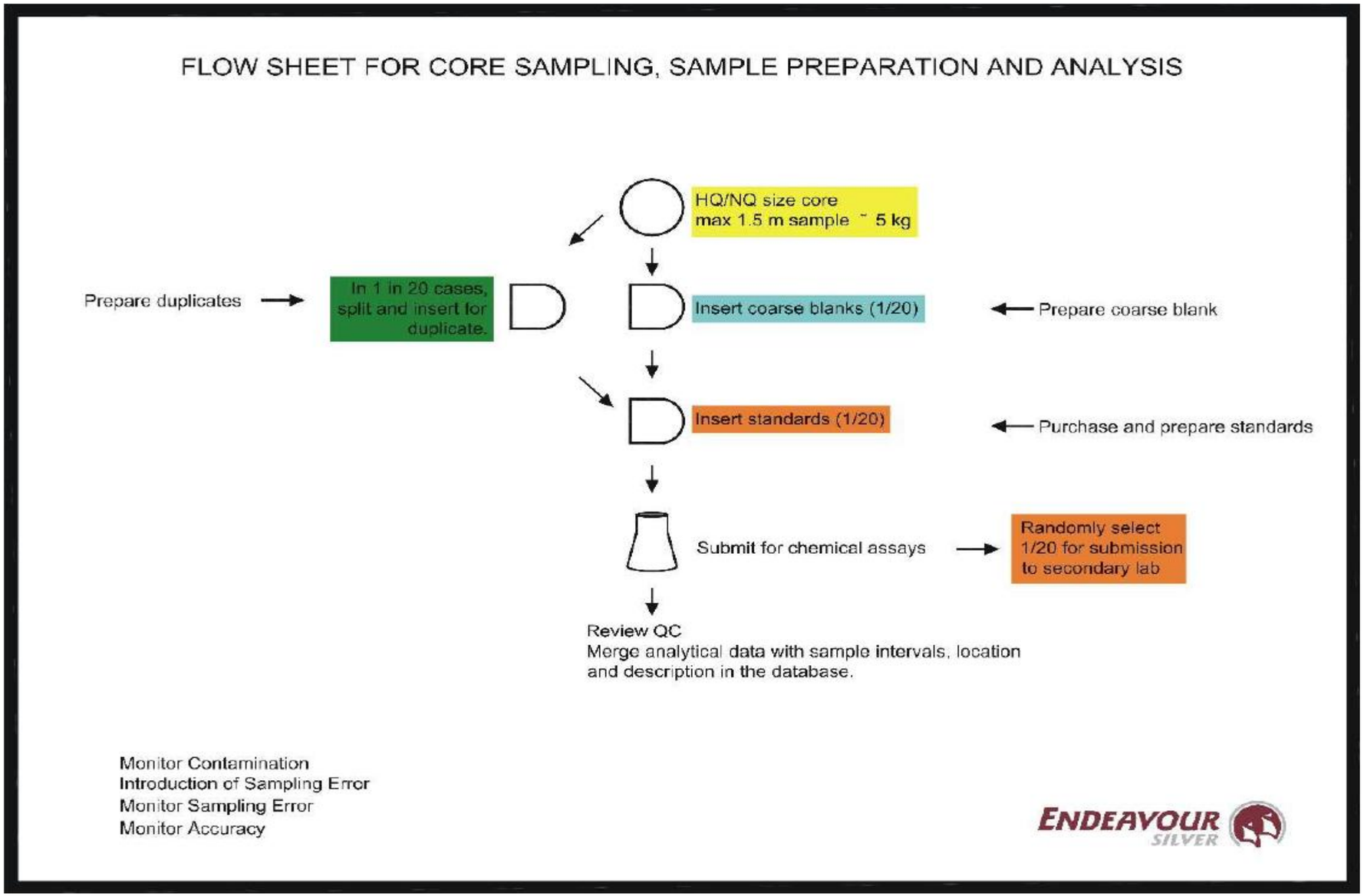


Figure 11.9. Flow sheet for core sampling, sample preparation and analysis
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

The QP agrees that the QA/QC procedures for exploration diamond drill core were appropriate and to industry standards.

11.3.3.1 Exploration Blank Samples

Blank samples were inserted to monitor possible contamination during the preparation process and analysis of the samples in the laboratory. Commercial Enviroplug Coarse (¼ inch) bentonite was used as the blank material. Blank samples are inserted randomly into the sample batch and given unique sample numbers in sequence with the other samples before being shipped to the laboratory.

Blank samples were inserted at an average rate of approximately 1 for each 20 original samples. The control limit for blank samples is 10 times the minimum limit of detection of the assay method of the element: 0.05 ppm for gold and 2.0 ppm for silver. Only a limited number of blank samples returned assay values above the detection limits for gold and silver (Figure 11.10 and Figure 11.11).

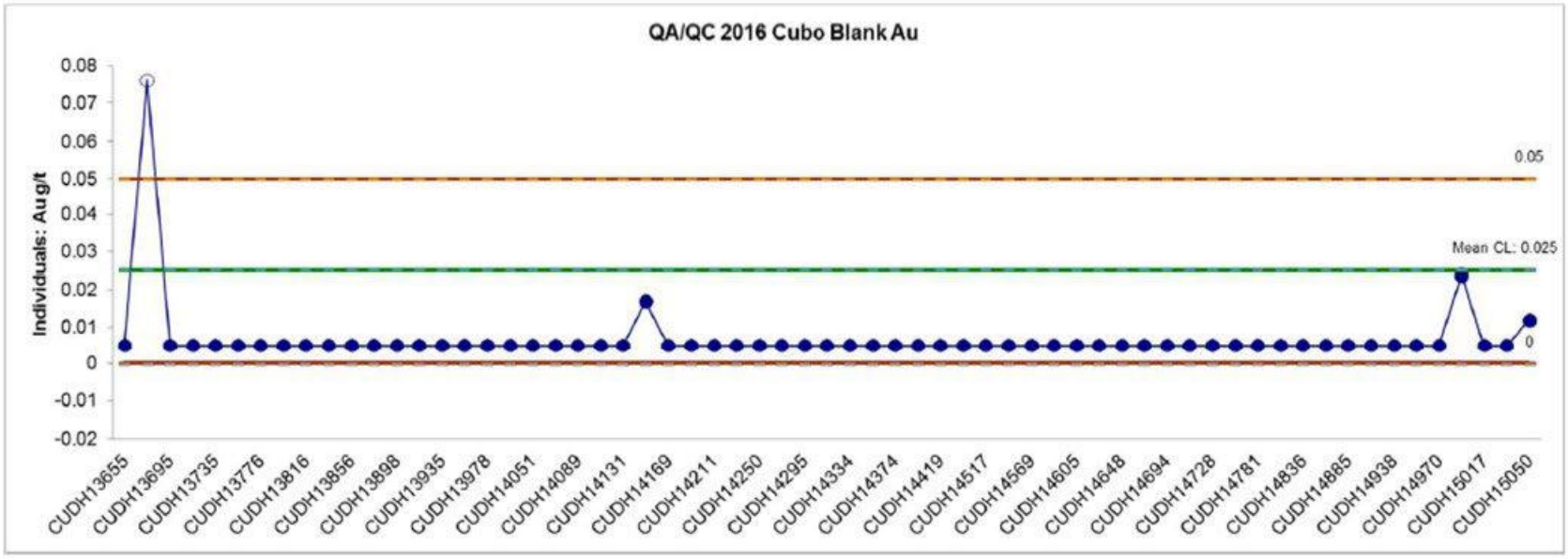


Figure 11.10. Control Chart for gold assay from the blank samples inserted into the sample stream
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018

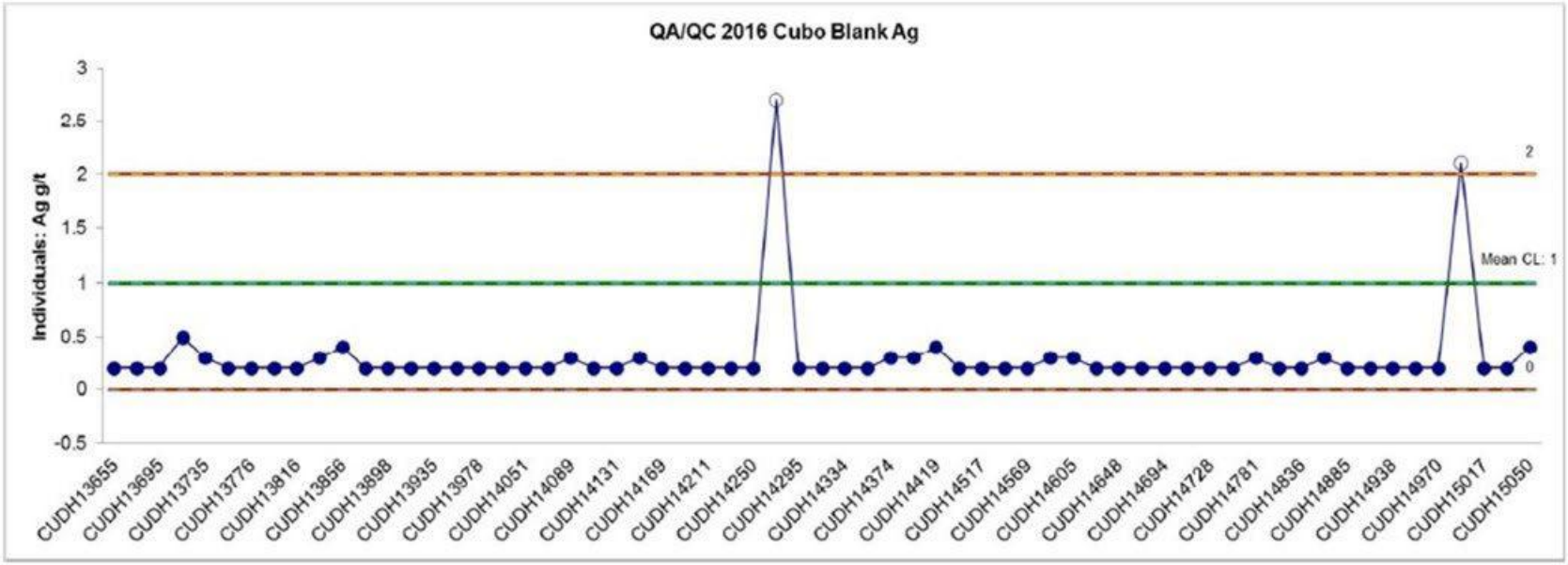


Figure 11.11. Control Chart for silver assay from the blank samples inserted into the sample stream
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

The QP agrees that Endeavour Silver's procedures for the use of blanks for exploration samples are appropriate and to industry standards. However, we note that there was either some contamination in a few of the blank samples or assay errors. The cause of these slight problems is undeterminable.

11.3.3.2 Exploration Duplicate Samples

Duplicate samples are used to monitor:

a) *Potential mixing up of samples; and*

b) *Variability of the data as a result of laboratory error or the lack of homogeneity of the samples.*

Duplicate core samples were prepared by Endeavour Silver's personnel at the core storage facility at El Cubo. Preparation first involved randomly selecting a sample interval for duplicate sampling purposes. The duplicates were then collected at the time of initial sampling by first splitting the core in half and then crushing and dividing the half-split into two portions, which were sent to the laboratory separately. The duplicate samples were ticketed with the consecutive number following the original sample. One duplicate sample was collected for each batch of 20 samples.

Discrepancies and inconsistencies in the duplicate sample data were resolved by re-assaying either the pulp or reject or both. For the duplicate samples, graphical analysis showed a low correlation coefficient for gold (0.49) and satisfactory correlation coefficient for silver (0.86). The low correlation was attributed to the narrow range between the sample values and the detection limit of the method; even though the variation is minimal in terms of units (ppm), the comparison between the two values (duplicate and original) shows, graphically, a low correlation.

The QP opines that Endeavour Silver's procedures requiring re-assaying either the pulp or reject or both was appropriate and to industry standards and the explanation for the low correlation for gold is acceptable.

Scatter plots for gold and silver are presented as Figure 11.12 and Figure 11.13.

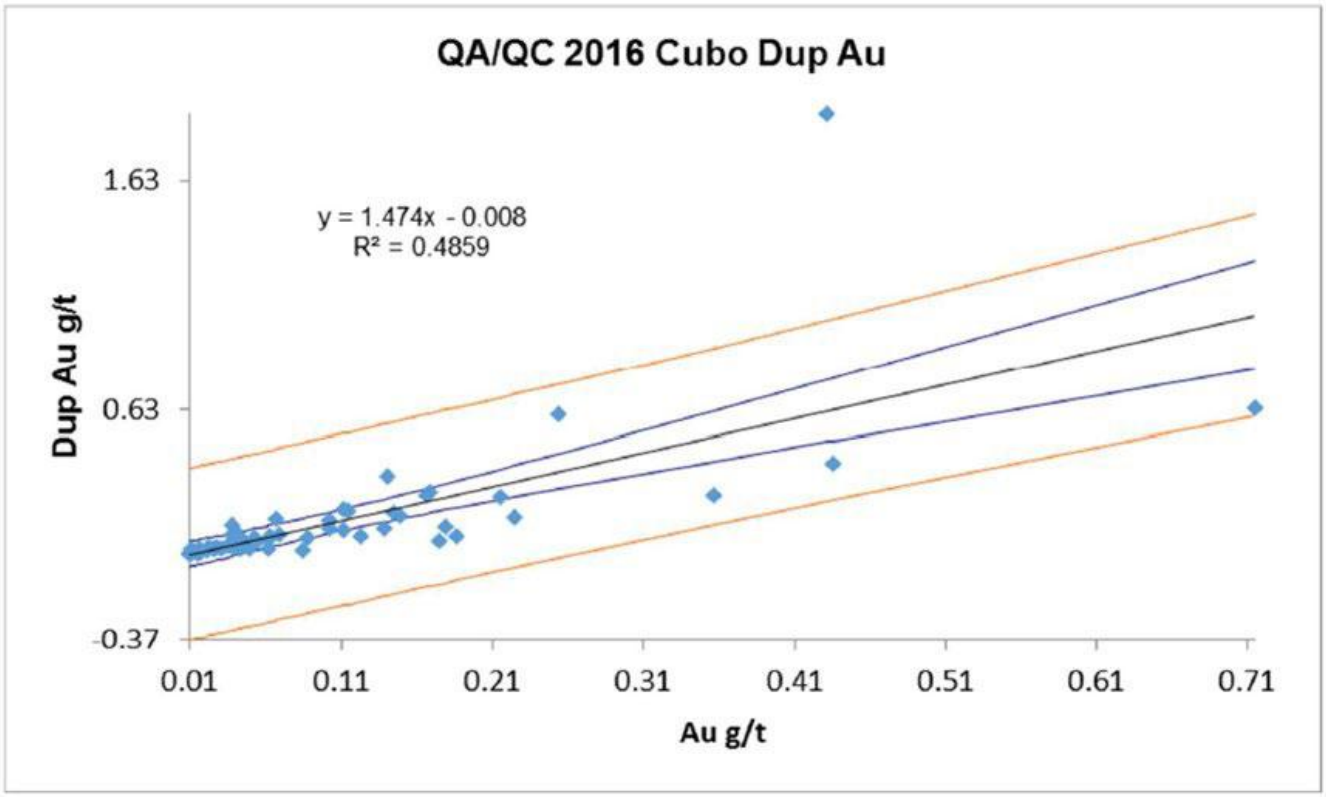


Figure 11.12. Scatter plot for duplicate samples for gold
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

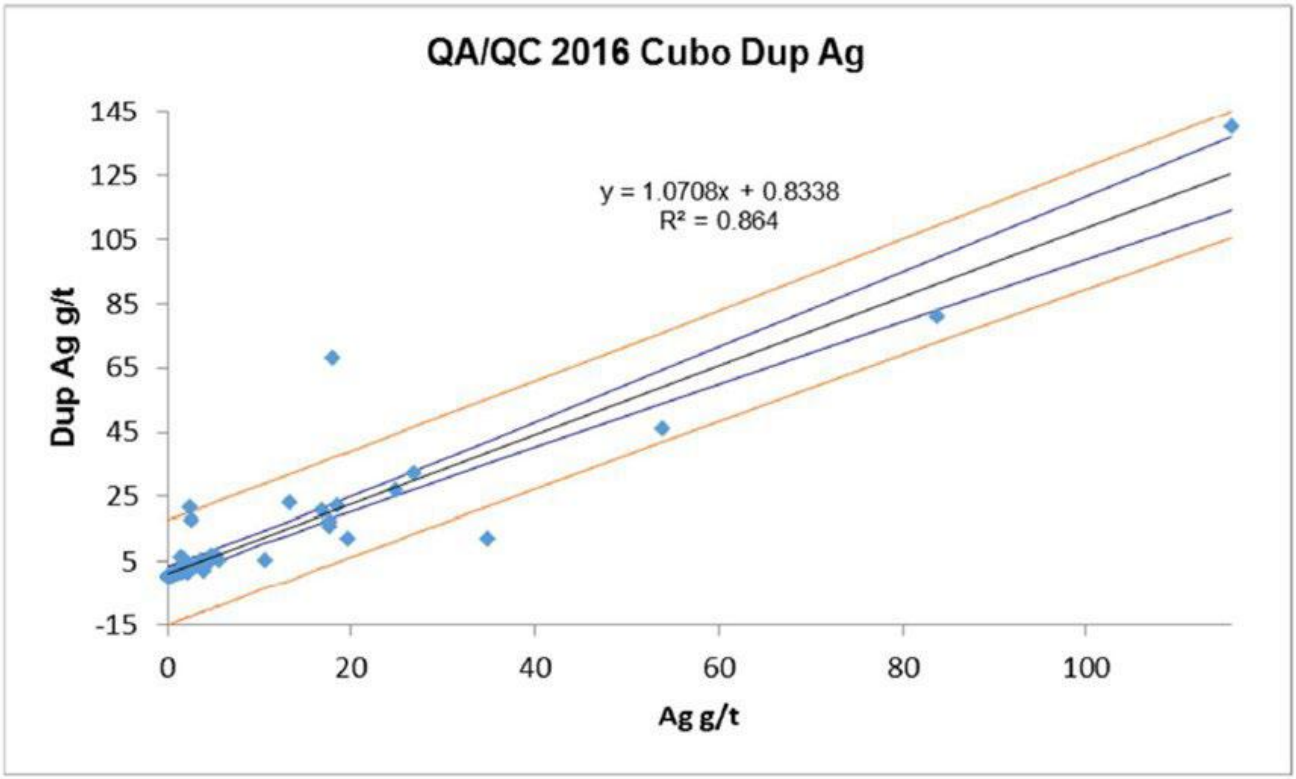


Figure 11.13. Scatter plot for duplicate samples for silver
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

11.3.3.3 Standard Reference Samples

Endeavour Silver used commercial reference standards to monitor the accuracy of the laboratories. Standard reference material (SRM) was purchased from CDN Resource Laboratories Ltd. Each reference standard was prepared by the vendor at its own laboratories and shipped directly to Endeavour Silver, along with a certificate of analysis for each standard purchased.

In 2016 (the last year such data is available), a total of 73 standard reference control samples was submitted at an average frequency of 1 for each batch of 20 samples. Reference standards were ticketed with pre-assigned numbers in order to avoid inadvertently using numbers that were being used during logging.

Five different standards were submitted and analyzed for gold and silver. Reference standard information for 2016 is summarized in Table 11.3.

TABLE 11.3
REFERENCE STANDARDS USED FOR ENDEAVOUR SILVER'S DRILLING PROGRAMS

Reference Standard	Reference Number	Reference Source	Reference Standard Assays (Certificate)		Reference Standard Assays (Calculated)	
			Gold (g/t)	Silver (g/t)	Gold (g/t)	Silver (g/t)
edr-36	CDN-ME-1101	Cdn Resource Lab	0.56	68	0.60	68
edr-38	CDN-ME-19	Cdn Resource Lab	0.62	103	0.67	100
edr-40	CDN-ME-1302	Cdn Resource Lab	2.41	419	2.49	416
edr-41	CDN-GS-2Q	Cdn Resource Lab	2.37	73	2.43	74
edr-42	CDN-ME-1408	Cdn Resource Lab	2.94	396	2.92	388

Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

For graphical analysis, results for the standards were scrutinized relative to the mean or control limit (CL), and a lower control limit (LL) and an upper control limit (UL), as shown in Table 11.4.

TABLE 11.4
BASIS FOR INTERPRETING STANDARD SAMPLE ASSAYS

Limit	Value
UL	Plus 2 standard deviations from the mean
CL	Recommended or Calculated value (mean) of standard reference material)
LL	Minus 2 standard deviations from the mean

Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

Endeavour Silver's criteria for a batch failure included:

- *A reported value for a standard greater than 3 standard deviations from the mean is a failure.*
- *Two consecutive values of a standard greater than 2 standard deviations from the mean is a failure.*
- *A blank value over the acceptable limit is a failure.*

Results of each standard were reviewed separately. Most values for gold and silver were found to be within the control limits, and the results were considered satisfactory. The mean of the ALS assays agreed well with the mean value of the standard. Examples of the control charts for the standard reference material generated by Endeavour Silver are shown in Figure 11.14 through Figure 11.21.

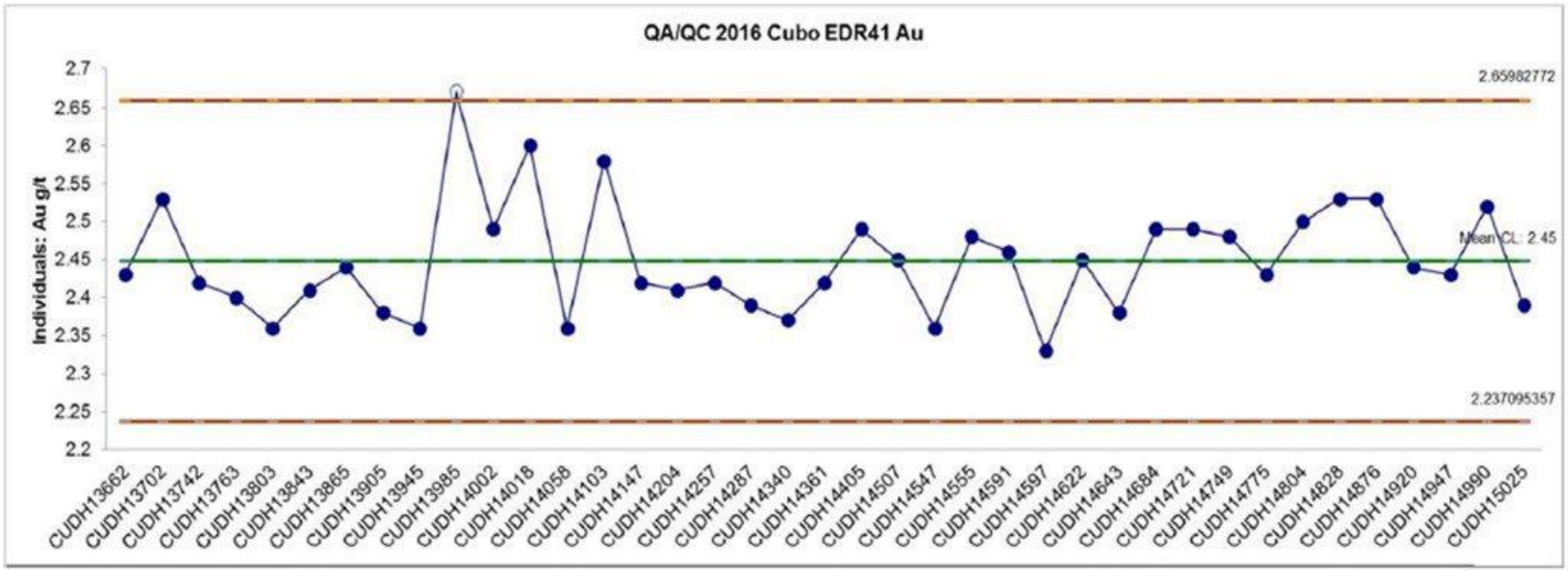


Figure 11.14. Control Chart for gold assays from the standard reference sample Endeavour Silver-41
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

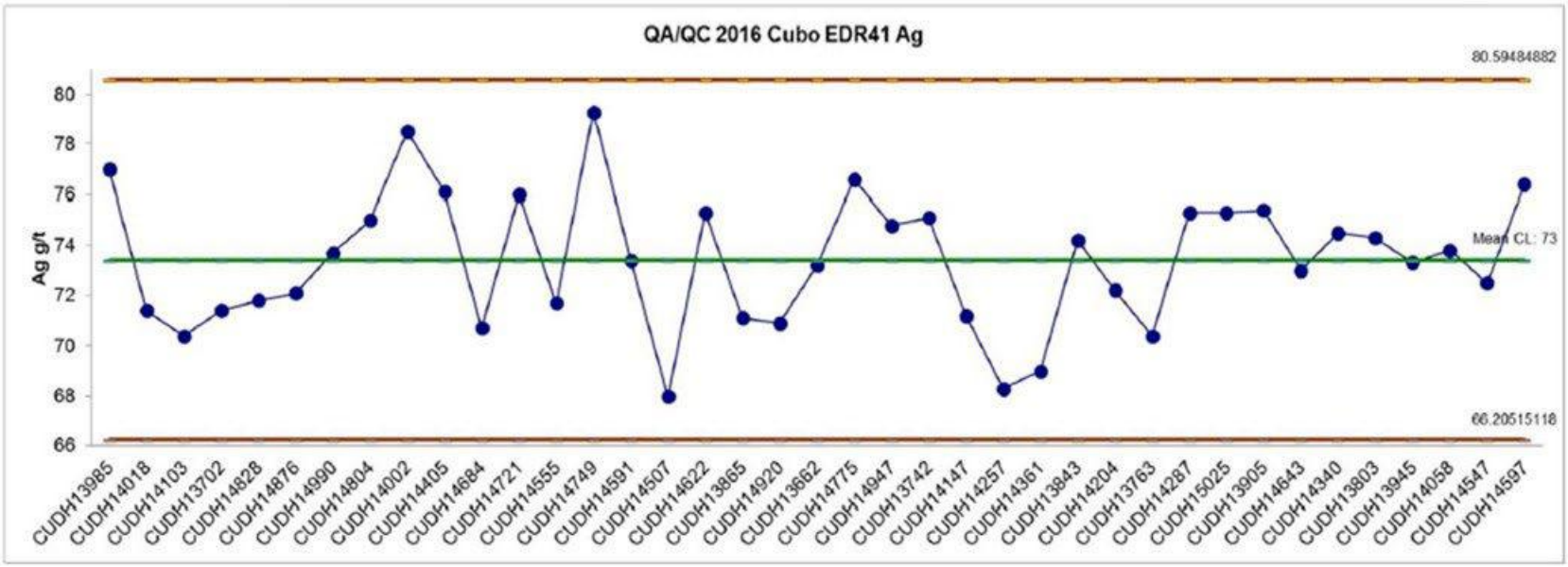


Figure 11.15. Control Chart for silver assays from the standard reference sample Endeavour Silver-41
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

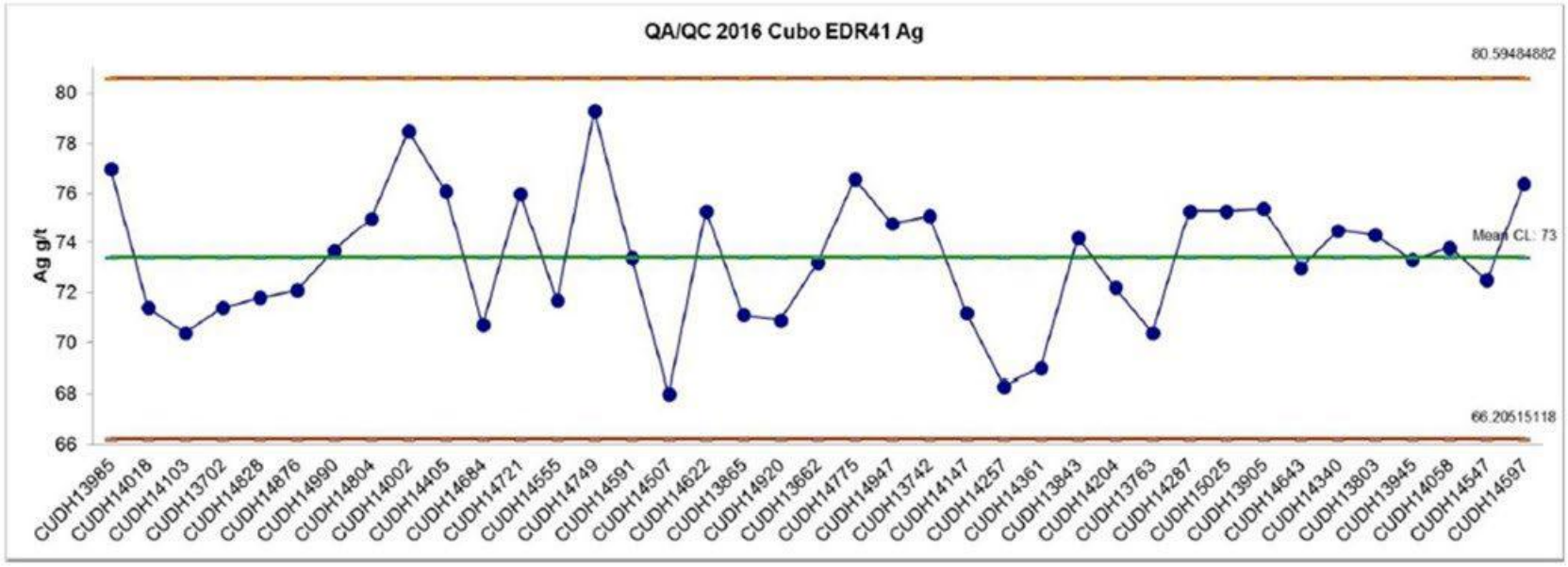


Figure 11.16. Control Chart for gold assays from the standard reference sample Endeavour Silver-42
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

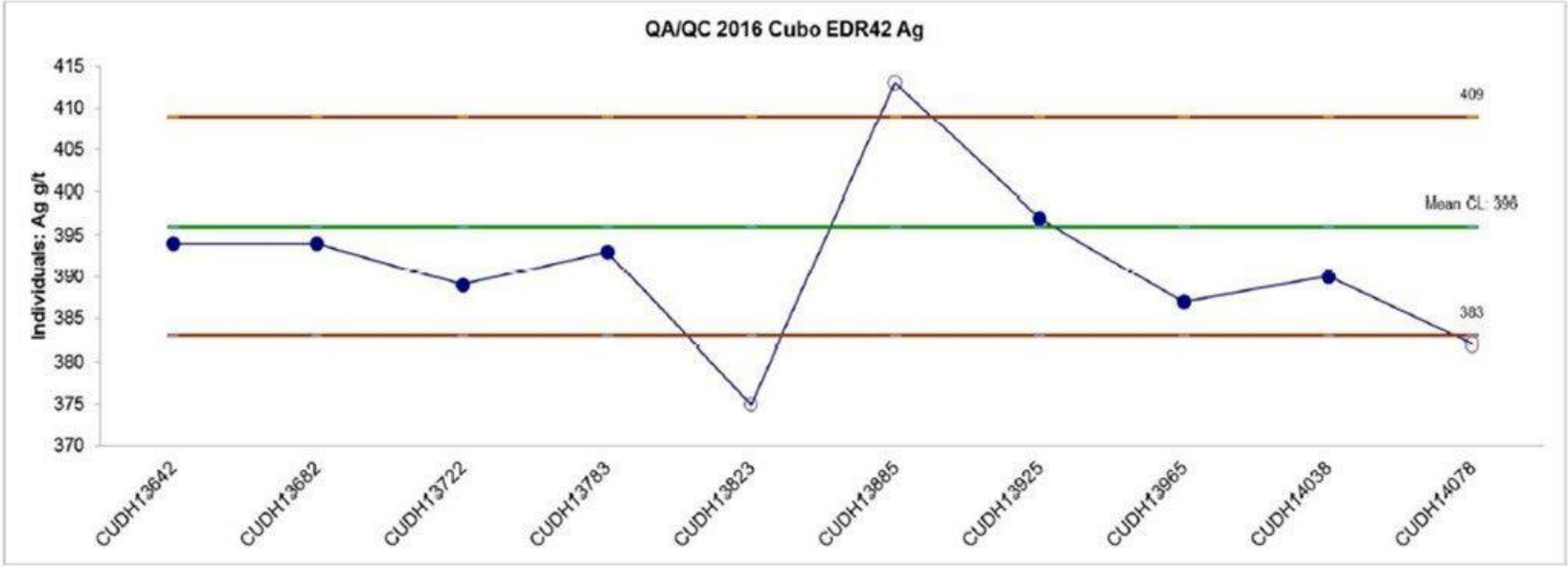


Figure 11.17. Control Chart for silver assays from the standard reference sample Endeavour Silver-42
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

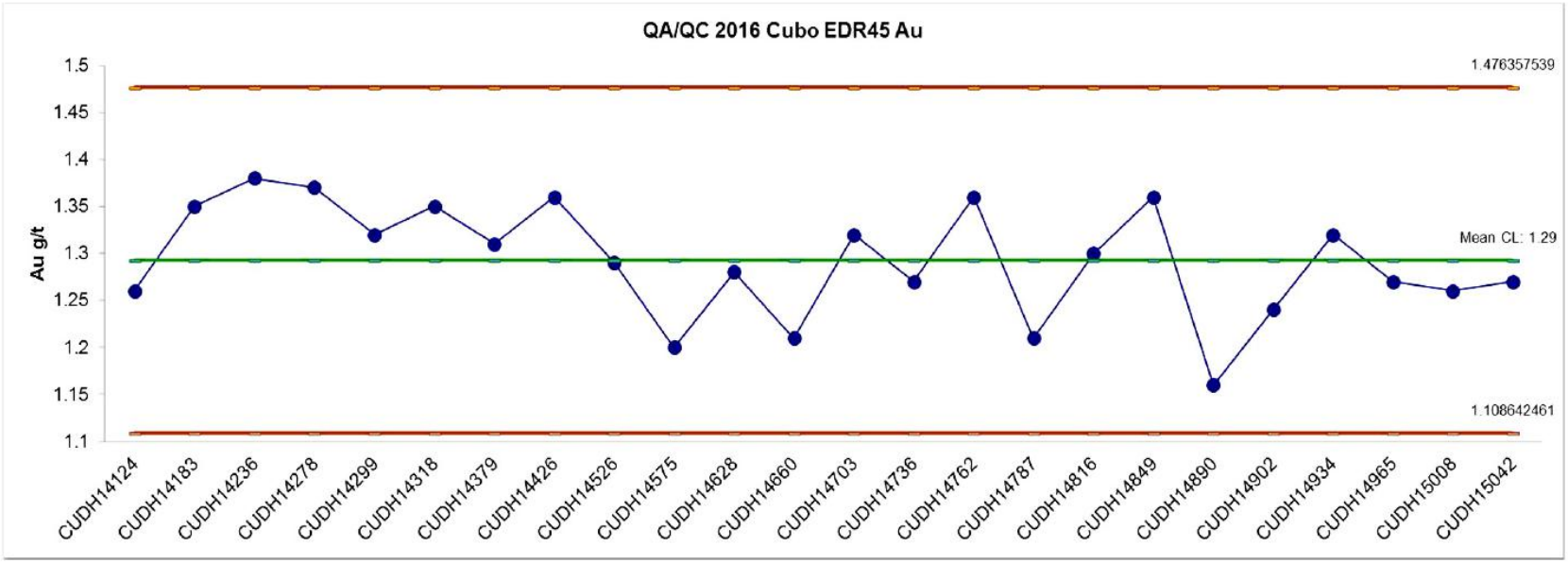


Figure 11.18. Control Chart for gold assays from the standard reference sample Endeavour Silver-45
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

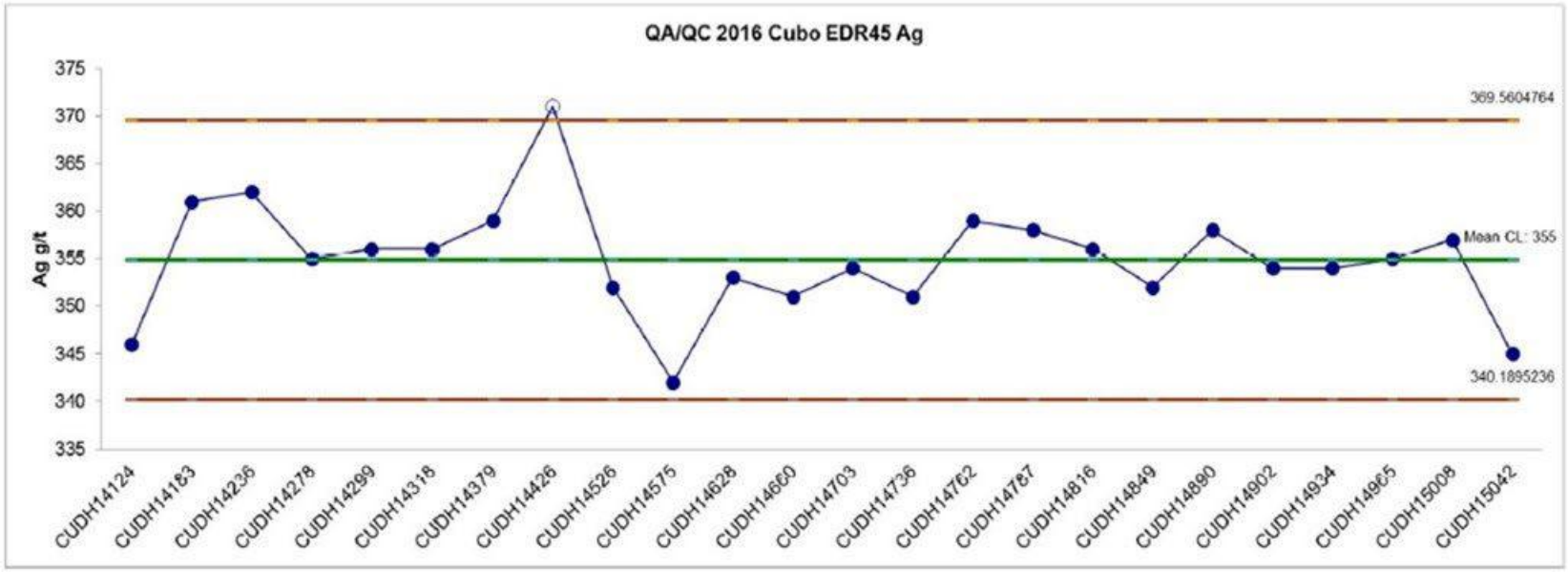


Figure 11.19. Control Chart for silver assays from the standard reference sample Endeavour Silver-45
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

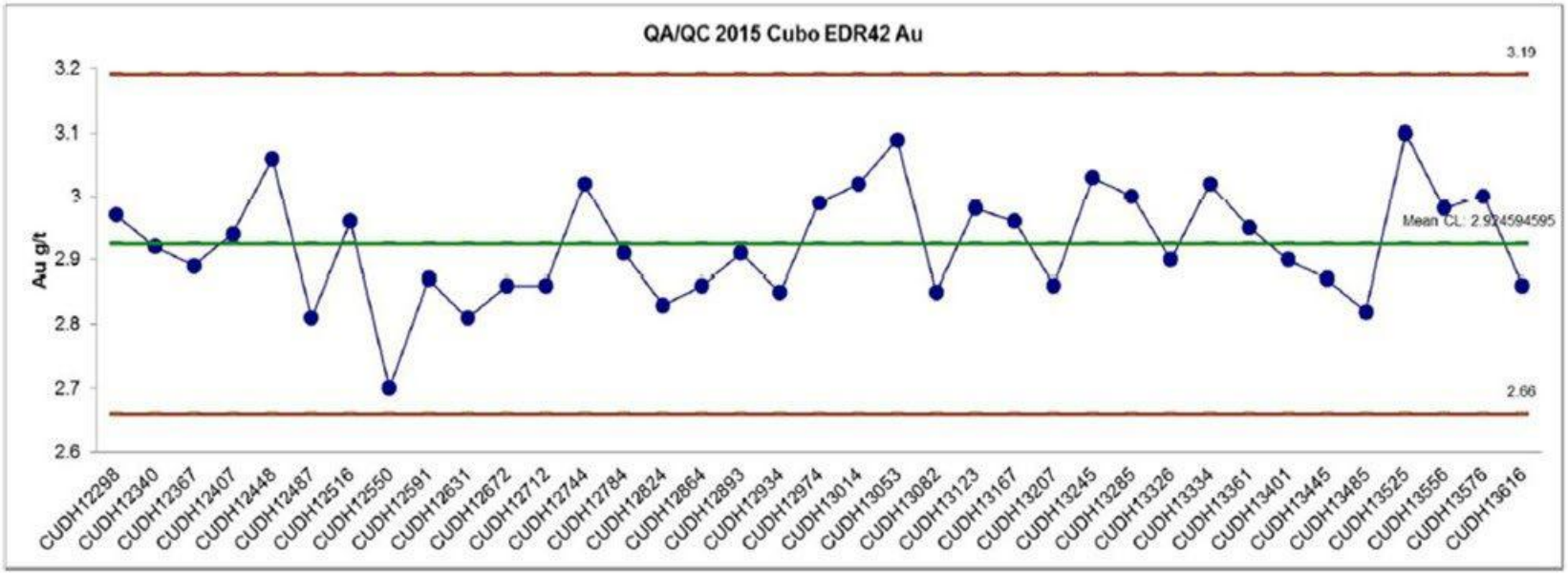


Figure 11.20. Control Chart for gold assays from the standard reference sample Endeavour Silver-42
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

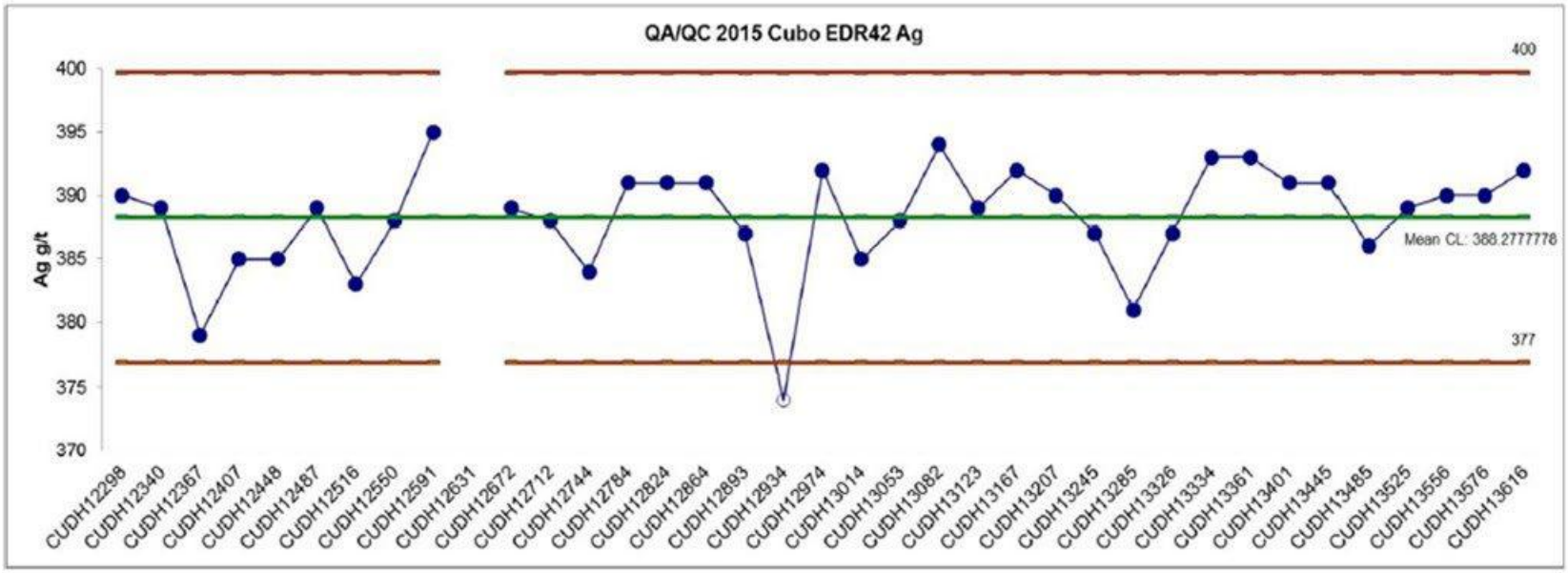


Figure 11.21. Control Chart for silver assays from the standard reference sample Endeavour Silver-42
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

The QP agrees that the assay results on gold and silver standards were acceptable and to industry standards.

11.3.3.4 Exploration Check Assaying

Endeavour Silver periodically conducted check analyses in order to evaluate the accuracy of the primary laboratory. Random pulps selected from original core samples were sent to a second laboratory to verify the original assay and monitor any possible deviation due to sample handling and laboratory procedures. Endeavour Silver employed the BSI-Inspectorate laboratory in Durango, Mexico for check analyses.

Correlation coefficients are high (>0.95) for both silver and gold, indicating a high level of agreement between the original ALS assay and the BSI-Inspectorate check assay. Figure 11.22 and Figure 11.23 *show the correlations between the values of gold and silver, respectively.*

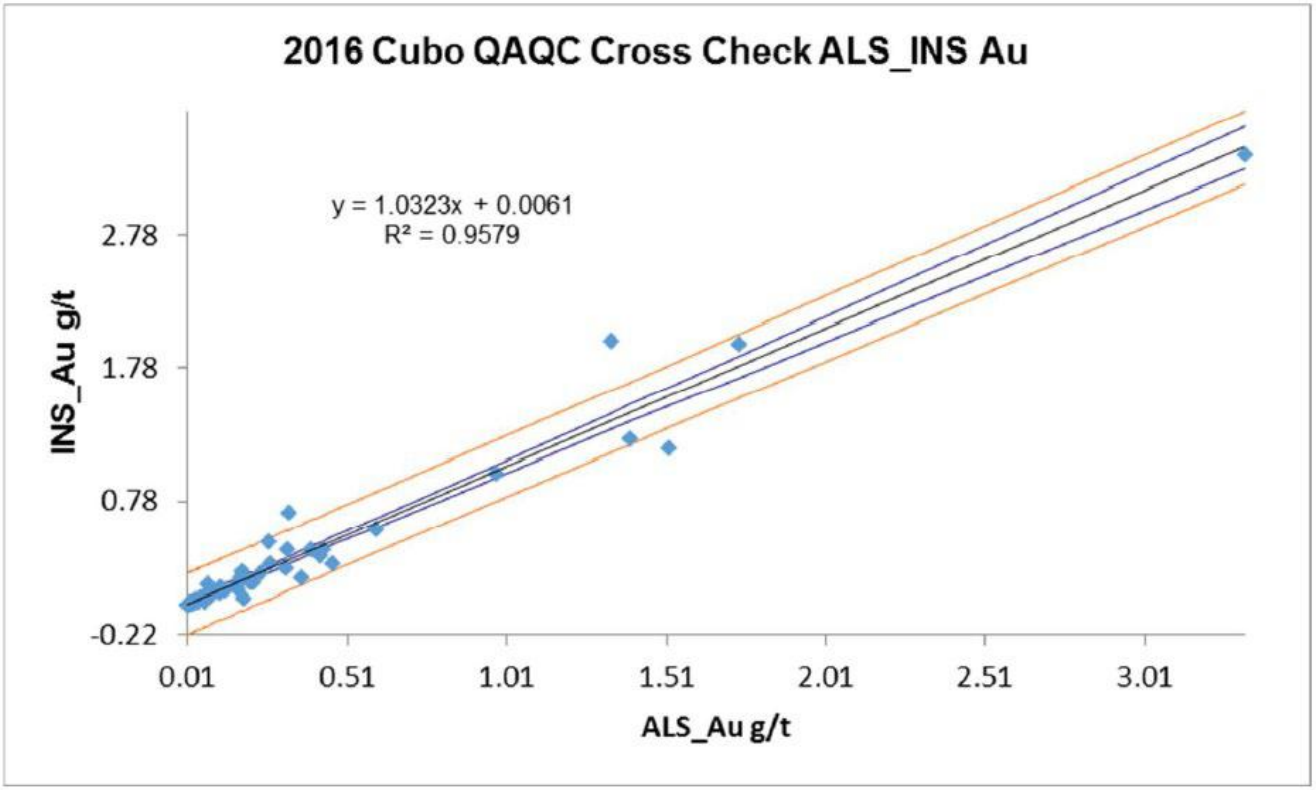


Figure 11.22. Scatter plot of check assays for gold
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

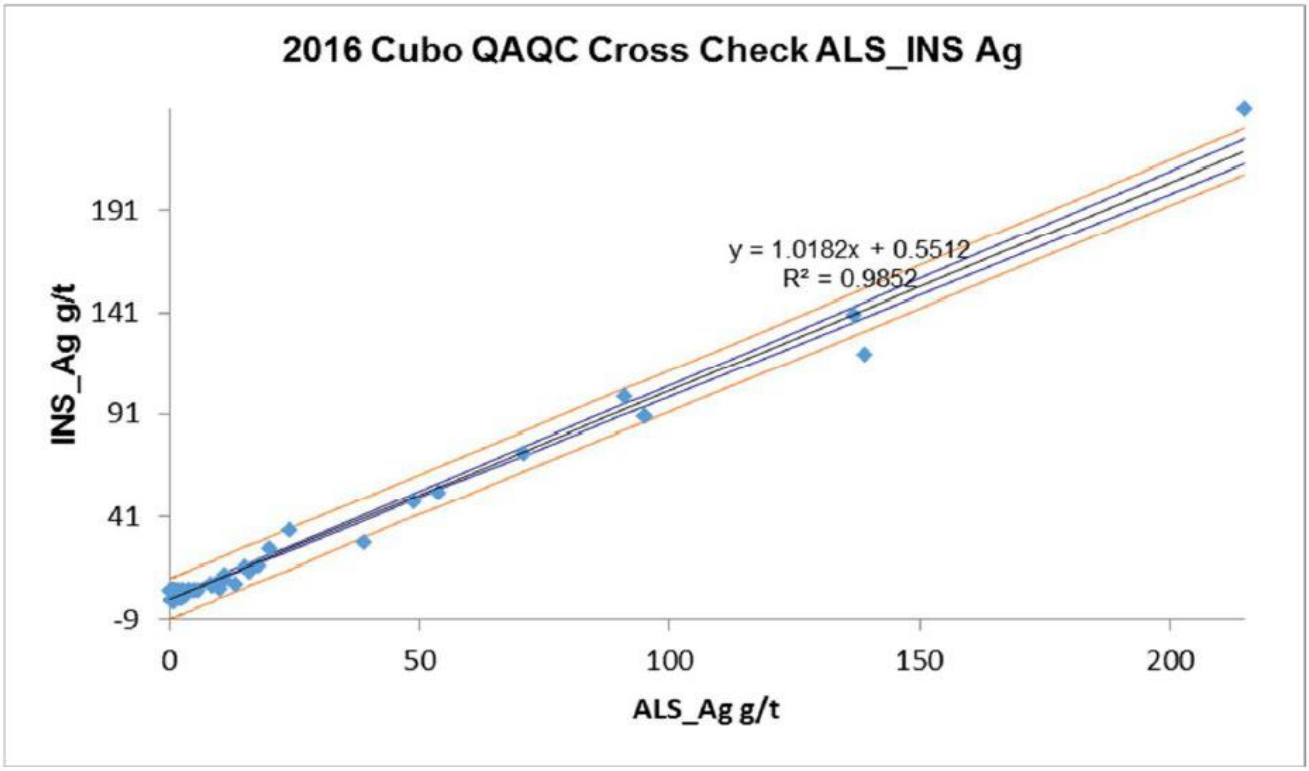


Figure 11.23. Scatter plot of check assays for silver
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

11.4 EL CUBO ADEQUACY OF DATA

The QP opines that the exploration and underground channel sampling procedures used by Endeavour Silver for sample collection, sample preparation, density determinations, security, analytical, and QA/QC procedures were correct and assay results were acceptable for the purpose of this Technical Report. We also agree that the diamond drill and underground channel samples were of sufficient quality and quantity to comprise a representative unbiased database. The QP also opines that there were some issues with either contamination or inadequate grinding on production underground channel samples. Similarly, we find some issues with the blanks assays; the high failure rate is likely due to contamination or the blank being slightly mineralized. However, for the purposes of this report, particularly concerning Resources and Reserves, production channel assays are acceptable. Furthermore, the QP opines that issues with the underground channel samples would have had some effect on the Resource and Reserve grades as a preponderance of the assay data was derived from the channel samples. However, whether it would be a positive or negative effect is indeterminable. Similarly, it may have had an effect on any negative reconciliation results between planned and actual production grades, although negative reconciliation on grade may have more to do with excessive mining dilution.

11.5 EL PINGÜICO SAMPLE PREPARATION, ANALYSIS, AND SECURITY

For both the 2017 surface stockpile sampling and the underground stockpile sampling, samples were secured by FINDORE and/or Guanajuato Silver until shipped to the assay lab.

11.6 EL PINGÜICO UNDERGROUND STOCKPILE SAMPLE PREPARATION AND ANALYSIS

No data is available for sample preparation and analysis for the early sampling programs undertaken by the Mexican Geological Survey.

For the January 2017 FINDORE underground sampling program, secured samples were sent to the ALS Laboratory in Guadalajara, Mexico for sample preparation. Gold, silver, and multi-element ICP analysis was completed at the ALS laboratory in North Vancouver, Canada. Rock samples were fine crushed (70% passing a 2 mm screen), pulverized (85% passing a 75 micron screen) and a pulp a split separated for assaying by a riffle splitter. A 30 gram portion was assayed for gold and silver by standard fire assay and a 10 gram split was analyzed for 35 elements by ICP method.

11.7 EL PINGÜICO UNDERGROUND STOCKPILE SAMPLE QUALITY ASSURANCE/QUALITY CONTROL (QA/QC)

Certified Reference Material (CRM) was purchased from CDN Resource Laboratories Ltd. in Vancouver, Canada and blank samples (quaternary andesite from Guanajuato) were inserted into the sample stream at a 5% insertion rate with pulped samples from the underground stockpile for quality control purposes. The results of the standards and blanks samples were satisfactory and shown in Table 11.5.

TABLE 11.5
ASSAY RESULTS AND EXPECTED VALUE FOR STANDARD REFERENCE MATERIAL AND BLANK SAMPLES

SAMPLE	TYPE	Au (ppm)	Ag (ppm)	Reference values for the standards Au (ppm)	Reference values for the standards Ag (ppm)
F-011	BLANK	0.007	0.5		
F-033	STANDARD	**0.861**	67	**0.896 g/t**	64.7 g/t
F-043	BLANK	0.016	1.5		
F-053	STANDARD	**0.463**	38.4	**0.452 g/t**	38.2 g/t

Source: NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

The QP opines that the 2017 underground sampling program undertaken by FINDORE and the sample preparation, security, and analytical procedures were all completed to industry standards and acceptable for purposes of this report.

11.8 EL PINGÜICO UNDERGROUND STOCKPILE DRILLING SAMPLE PREPARATION AND ANALYSIS

Core and rubble were split using non-selective methods. Core was split in half; 50% of the rubble was collected at small but appropriate meter intervals. Where rubble material was poor, 100% was collected on 1.5 m intervals or combined with split core at 1.0 m intervals where a majority of the core run was in solid core.

11.9 EL PINGÜICO UNDERGROUND STOCKPILE DRILLING SAMPLE QUALITY ASSURANCE/QUALITY CONTROL (QA/QC)

Blanks and Certified Reference Materials (CRM), as standards, were inserted; one blank for each hole and standards at the rate of one each for every ten samples. The blank material was provided by the Guanajuato Silver personnel and consisted of barren andesitic fragments that had been previously analyzed. Five blanks were utilized and all returned <0.05 g/t of gold and <5.0 g/t of silver.

Two different standards were utilized: CDN ME 1204 with a mean gold grade of 0.975 g/t and a silver grade of 58 g/t and CDN GS ST with a gold grade of 4.76 g/t and a silver grade of 126 g/t. One standard assay returned a slightly low value (lower than – 2 standard deviations). All other gold and silver assays returned values within acceptable margins.

Duplicate samples were not prepared, nor were re-check assays undertaken.

The QP opines that the core splitting procedures, handling of rubble, and the QA/QC were all to industry standards and acceptable for the needs of this report.

11.10 EL PINGÜICO ADEQUACY OF DATA

11.10.1 Surface Stockpile

The QP opines that the assay results and estimated grade and tonnes for the El Pingüico surface stockpile are realistic, adequate, and acceptable for the purposes of this report. The recent results of the 1,000 tonne bulk sample confirm the estimated grade of the stockpile.

11.10.2 Underground Stockpile

The QP opines that the sample collection of the underground stockpile trenches, sample preparation, assaying techniques, and QA/QC for the El Pingüico underground stockpile sampling campaign are to industry standards and acceptable for the needs of this report.

The QP opines the sample collection of the diamond drill core, sample preparation, assaying techniques, and the QA/QC of the El Pingüico underground stockpile are to industry standards and acceptable for the needs of this report.

The issue of the grade of the El Pingüico underground stockpile is far from resolved. The issue remains as to the grade of the stockpile beneath the uppermost meters. The 2018 five-hole diamond drilling campaign failed to confirm that gold and silver mineralization is relatively uniform through the stockpile. In fact, the results suggest the opposite, that is, that much of the stockpile consists of true waste material. Except for drill hole P5-N, which was an up-hole drilled testing near the top of the stockpile that returned an average gold grade of 0.228 g/t and an average silver grade of 45.6 g/t, the other four holes failed to substantiate grades similar to those returned from the trench sampling and assaying. Core recovery through the stockpile was a very poor recovery of material consisting of small and/or fine fragments with good recovery of solid competent rhyolite. Obvious vein material and sulfide minerals were likely

flushed away into void spaces in the stockpile. Whether this can explain the relative absence of "ore-grade" mineralization in deeper levels of the stockpile, it is impossible to know until further sampling data is available.

It is possible that the loss of fines contributed to the disappointing results, as fine material typically hosts higher grade mineralization in epithermal low sulfidation systems and its loss in drilling resulted in an un-representative sample. However, it seems that the loss of nearly all the expected grade being attributed totally to loss of fines may be an un-reasonable assumption as vein material is often highly competent or competent but broken (brecciated) fragments. Pictures of the core do show recovery of some broken zones. Also, it is noted that the five diamond drill holes tested a very limited portion of the stockpile and other portions of the stockpile may host grades similar to those found in the trenches. The QP concludes that the results of the stockpile core drilling program are inconclusive and a definitive statement on the overall grade of the stockpile must await further detailed sampling from Levels 5, 6, and 7 as well as potentially a future drilling program across the stockpile.

The QP has three recommendations:

- Re-sample several of the underground stockpile trenches with selective sampling by separating out large competent pieces and the finer fraction and assaying them separately. This type of sampling is similar to screen-size analysis. This may provide valuable information on the distribution of silver and gold values in the stockpile (*i.e.*, percent of silver-gold mineralization present in large competent fragments versus in the smaller fragments and fines).

- It is also recommended that if further drilling is undertaken to test the stockpile, then triple tube coring be utilized. Triple tube coring recovers much of the broken fine material.

- Sample the stockpile on as many other locations on different levels as possible.

12.0 EL CUBO DATA VERIFICATION

The following section is excerpted from the National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018, and shown as italicized, unless otherwise specified. Changes to tables, figure numbers, section numbers, and standardization have been made to suit the format of this report.

The Mineral Resource and Reserve estimates in the El Cubo 2018 Technical Report rely in part on the following information provided to Hard Rock Consulting by Endeavour Silver, with an effective date of December 31, 2016:

- *Discussions with Endeavour Silver personnel;*
- *Personal investigation of the El Cubo Project office;*
- *A surface exploration drilling database (2014-CAS) received as .csv files;*
- *An underground drilling database (DDH_NQHQ_2014);*
- *Production channel sample database received as a .csv file;*
- *Modeled solids for veins Villalpando, Asuncion, Dolores, Dolores Alto, and Desp. Dolores by Endeavour Silver;*
- *Technical Report "NI43-101 Technical Report Resource and Reserve Estimates for the El Cubo Mines Project Guanajuato State Mexico" dated February 25, 2015 and authored by Michael J. Munroe, RM-SME; and*
- *Polygonal 2D long sections for veins 143, 178, 274, 680, 750 Alto, 995, Anabel, Desp. Anabel, Inmaculada, La Loca Antigua, Juan Diego, Marmajas, Poniente, San Francisco, Santa Frida, San Nicolas, and Villalpando Alto with Resource and Reserve calculations.*

12.1 DATABASE AUDIT

The surface drilling, underground drilling, and underground channel samples were combined into a single database for Mineral Resource estimation. Hard Rock Consulting conducted a thorough audit of the current Endeavour Silver exploration and operation sample databases. The following tasks were completed as part of the audit:

- *Performed a mechanical audit of the database;*
- *Validated the geologic information compared to the paper logs;*
- *Validated the assay values contained in the exploration database with assay certificates from the Endeavour Silver Bolanitos Mine laboratory; and*
- *Validated the assay values contained in the 2D polygonal long sections by comparing with select, relevant historical assays and the original drawings.*

Hard Rock Consulting limited the audit to the rock-type, assay, drill hole collar, and survey data contained in the exploration database.

12.1.1 Mechanical Audit

A mechanical audit of the combined database was completed using Leapfrog Geo® software. The database was checked for overlaps, gaps, duplicate channel samples, total drill hole length inconsistencies, non-numeric assay values, and negative numbers. The following list of drill holes were missing information:

- *Missing Collar Coordinates*
  - *Underground Drilling*
    - *CUDG-00943A*
    - *CUDG-00948*
    - *CUDG-00952*
    - *CUDG-00963*
    - *CUDG-00964*
    - *CUDG-00965*
    - *CUDG-00967*
    - *CUDG-00968*
    - *CUDG-00969*
    - *CUDG-00970*
    - *CUDG-00971*
    - *CUDG-00972*
    - *CUDG-00973*
    - *CUDG-00974*
    - *CUDG-00975*

- *No Assay Data*
  - *Surface Drilling*
    - *CAS-87*
  - *Underground Channel Samples*
    - *122067*
    - *123585*
    - *212472-74*
    - *433815-17*
    - *48835-38*
    - *421664-66*
    - *9378-81*
    - *170342-48*
    - *583448-52*
    - *115359*
    - *167460*

A total of 103 surface drill holes, 22 underground drill holes, and 12,474 underground channel samples was imported into Leapfrog® for validation. Data with missing information were not used in the estimation of Mineral Resources.

12.1.2 Gaps, Non-numeric Assay Values, and Negative Numbers

The software reported missing intervals for silver and gold. Below detection limit samples are reported as a non-positive value of 0. All the non-positive numbers (<0) were assumed to be non-sampled intervals and were omitted from the data set. No non-numeric assays were encountered in the audit. Table 12.1 *summarizes the number of intervals imported, the number of missing intervals, the number of non-positive values, and the number of valid assays for each element.*

TABLE 12.1
DATABASE IMPORT SUMMARY

Element	Missing	Non-Positive Values	Assay Values
Ag (g/t)	10,423	5,618	50,706
Au (g/t)	10,437	7,986	50,692

Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

12.1.3 Table Depth Consistency

The survey, assay, and geology tables maximum sample depth was checked as compared to the maximum depth reported in the collar table for each drill hole. No intervals exceeded the reported drill hole depths.

12.2 CERTIFICATES

Hard Rock Consulting received original assay certificates in Excel® format for the samples collected in 2015 in the current database. A random manual check of 10% of the database against the original certificates was conducted. The error rate within the database is considered to be less than 1% based on the number of samples spot checked.

12.3 ADEQUACY OF DATA

HARD ROCK CONSULTING has reviewed Endeavour Silver's check assay programs and considers the programs to provide adequate confidence in the data. Samples that are associated with QA/QC failures are reviewed prior to inclusion in the production and exploration databases; however, in production, there is not always sufficient time for corrective measures prior to exploitation of the stope being sampled. Improvements to the sampling procedures and QA/QC failure corrective measures may improve the overall sample quality of the production samples.

The laboratories are clean, well-documented, and appear to be working properly. HARD ROCK CONSULTING would, however, recommend that Endeavour Silver install a Laboratory Information Management System (LIMS) to eliminate human error or correcting of values to an expected result. LIMS systems are proven to reduce errors in the sampling process that result in considerable money lost. This system will automate the QA/QC reporting for the geology department and the laboratory while reducing the time required for inputting data into a database for modeling.

Exploration drilling, sampling, security, and analysis procedures are being conducted in a manner that meets or exceeds industry standard practice. All drill cores and cuttings from Endeavour Silver's drilling have been photographed. Drill logs have been digitally entered into exploration database, organized, and maintained in Vulcan®. The split core and cutting trays have been securely stored and are available for review, as needed.

The QP spent two days at the EL Cubo property. Endeavour's professionals made presentations focused on areas that the company believed viable for near-term mining. The Mineral Resources that were presented totaled about 509,000 tonnes. The QP participating in the El Cubo site visit undertook the following steps to verify the accuracy of the Mineral Resources:

- Visited every projected area selected as a potential resource including in place material ready for blasting and mining;

- Inspected numerous underground vein exposures and mineralization in-place and found the were as depicted on the underground mine maps;
- Inspected drill core encompassing the vein mineralization;
- Inspected geological, structural, and vein maps and was satisfied with their validity; and
- Was present on discussions on resource methodology, sampling and assay analysis procedures, and validity of the results.

Questions were asked and the QP was satisfied with the procedures, methodologies, and validity of the analytical results.

Accordingly, the QP opines that the data available is adequate for the purposes used in this technical report and a reasonable expectation exists that the mineralization present is economic.

12.4 DATA VERIFICATION AT EL PINGÜICO

The QP also spent two days at the El Pingüico project site. During that period, the QP:

- Inspected the surface stockpile;
- Inspected the accessible portions of the underground stockpile;
- Was satisfied that the surface and underground stockpiles are present and appear as shown in the database; and
- Inspected exposures of in-place underground vein material and was satisfied that the mineralogy, style of mineralization, and approximate widths were as expected.

The QP opines the data for the surface stockpile at El Pingüico is adequate and suitable for the requirements of this PEA. The QP also opines that the underground stockpile trench assay data is also adequate for the needs of this PEA. The results of the underground stockpile drilling are not definitive and additional information is required before the entire stockpile can be considered as a Mineral Resource. The QP opines that the surface stockpile and the uppermost, sampled portion of the underground stockpile can reasonably be expected to be economic.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

The El Cubo mill complex was operated for a number of years and through experience has determined that the mineralized material has fairly consistent metallurgical characteristics. As such, neither Endeavour Silver nor Guanajuato Silver performed any metallurgical testing. Metallurgical parameters were determined from operating data.

Guanajuato Silver processed mineralized material from the El Cubo mine and other sources starting in the Fourth Quarter of 2021. In the Fourth Quarter of 2022 and the First Quarter of 2023, Guanajuato Silver has achieved recoveries similar to what Endeavor Silver was able to previously achieve.

The addition of a gravity circuit for the recovery of native silver, gold, and electrum from the hydrocyclone underflow stream has shown positive results.

13.1 MINERALOGY

The mineralogy of the mining district is the result of an epithermal deposition caused by hydrothermal activity. The result is a vein system with low sulfidation and adularia-sericite alteration. Adularia is a variety of orthoclase feldspar found as colorless to white prismatic crystals deposited in voids. Sericite is the name given to very fine, ragged grains and aggregates of white to colorless micas.

Significant silver and gold bearing metallic minerals include argentite (Ag_2S), gold/silver electrum, ruby silver sulfosalt, such as pyragyrite (Ag_3SbS_3), native silver and native gold.

Historically, flotation has been the primary method to recover precious metals. It was reported that in past decades, cyanide was applied to the flotation concentrate at El Cubo to recovery approximately 96% of the precious metals contained in 88% of the values recovered in the flotation concentrate for an overall recovery of 84%.

The host rock or wall rock is generally a rhyolite.

There are varying degrees of silicification, which extends into the wall rock. The degree of silicification determines the hardness of the mill feed and the ability of the milling circuit to achieve liberation size at projected mill throughput.

13.2 EL CUBO METALLURGICAL PARAMETERS

El Cubo mill operated by Endeavour Silver from 2013 to 2019 in its current configuration, with the exception of the gravity circuit. Throughput tonnage in 2017 and 2018 ranged from 1,500 to 2,000 tonnes per day. In 2019, the tonnage was reduced to approximately 750 tonnes per day due to a reduction in projected Mineral Resources available for milling.

The mill was re-started in late 2021 by the Guanajuato Silver.

In the Third Quarter of 2022, a gravity circuit was added to recover native silver, gold, and electrum from the hydrocyclone underflow stream.

13.2.1 Projected Metallurgical Recoveries

As noted above, the mineralogy of the mining district is the result of an epithermal deposition caused by hydrothermal activity. The result is the operating data obtained from the El Cubo mill showed that between 2017 and 2019 recoveries averaged 87% for silver and 86.5% for gold. The feed to the mill during this period varied as it derived from many different parts of the mine.

Guanajuato Silver started up the El Cubo mill on material from El Cubo and from El Pingüico. Cessation of feed from El Pingüico occurred in July 2022.

Starting in August 2022 and through January 2023, the mineralized material processed in the El Cubo mill demonstrated silver flotation recoveries between 85.1% and 89.9% with an average recovery of 87.4%. For the same time period, gold flotation recoveries varied from 86.9% to 90.9% and averaged 89%. By observation, these operating results are similar to the results obtained by Endeavor.

Starting in January 2023, a gravity circuit was added to recover metals from the cyclone underflow that was too heavy to be recovered in the flotation circuit. During the first quarter of 2023, there was an increase in silver equivalent recovery of approximately 7%.

Table 13.1 shows the recovery for the first four months of 2023 and the additional recovery realized by the gravity circuit installed on the tailings stream. Silver recovery varied from 81.4% to 85.7%. Gold recovery varied from 83% to 87%. Additional silver equivalent recovery in the gravity circuit varied from 4.6% to 10.3%.

TABLE 13.1
EL CUBO 2023 OPERATING RESULTS

Parameter	Jan-23	Feb-23	Mar-23	Apr-23
Plant Operations (days)	29	26	29	28
Throughput (tonnes per day)	1,031	908	1,031	867
Total Tons	29,896	23,602	29,900	24,267
Au Grade	0.90	0.87	0.81	0.87
Au Flotation Recovery	87%	87%	83%	87%
Au Recovery (grams)	23,496	17,917	20,195	18,225
Ag Grade	64	59	48	69
Grade AgEq	136	132	118	139
Ag Flotation Recovery	85.1%	84.1%	81.4%	85.7%
Grade AgEq Recovery	117	114	98	119
Recovery AgEq	86.3%	85.9%	82.5%	86.1%
Ag Recovery (grams)	1,623,881	1,168,131	1,159,273	1,441,153
Au (ounces)	755	576	64926.6%	586
Ag (ounces)	52,209	37,557	37,272	46,334
AgEq (ounces)	112,442	86,137	93,875	93,219
AgEq Gravity Circuit (grams)	7,382	8,904	6,832	4,270
AgEq Gravity Circuit Recovery	6.6%	10.3%	7.3%	4.6%
Average Gravity Circuit Recovery				7.1%
Total AgEq (ounces)	119,824	95,041	100,707	97,489

Guanajuato Silver has projected a silver recovery of 85%, a gold recovery of 85% and a gravity circuit recovery of 5% AgEq. Hence, overall silver equivalent recovery is projected to be 90%. Based on actual recoveries from gold and silver in 2022 and actual gravity recoveries in the first four months of 2023, these recoveries should be achievable for the current projected mill feed.

13.2.2 Reagent and Media Consumptions

Reagent and media consumptions were not provided by Guanajuato Silver. An overall operating cost of US$20 per tonne of mill feed was provided, which was based on current operating experience. The value of US$20 per tonne of mill feed would be on the high end of the processing cost range that is known to the QP.

14.0 MINERAL RESOURCE ESTIMATE

The Mineral Resource estimate used as the basis for this PEA was developed by the QP using the Endeavour Silver 31 December 2016 Mineral Resource estimate and computer models for the El Cubo property and the data used for the VanGold 28 February 2017 resource estimate for the El Pingüico property.[5,6] The QP, in 2021, extensively reviewed and audited the primary drilling data, computer models, wireframes, estimation methods, and the previous estimates to help develop the QP's estimate. The QP then utilized Behre Dolbear's previously published 31 January 2021 Mineral Resource estimate and adjusted it for exploitation of the Resource to 31 December 2022. The QP is of the opinion that the estimates in this section are reasonable and can be utilized for this PEA after adjustments discussed in the following sections. Although the following Mineral Resources estimated in this report are used for the economic analysis, the QP would caution that Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

14.1 DATA VERIFICATION

The QPs of this report completed detailed reviews of the 2016 models, Endeavour Silver's stope plans and layouts as well as field observations and detailed discussions during the site visit in order to assure reasonableness and accuracy of the data provided. The QP of this section completed checks of the wireframes, computer models, and manual estimates to ensure accuracy of the representation of the data.

14.2 EL CUBO RESOURCES

14.2.1 Resource Estimate Effective 31 December 2016

The original 2016 El Cubo Mineral Resource estimate is comprised of 37 individual models. These models were developed for each vein or area using two different estimation methods. The Mineral Resources are estimated for each vein using either a traditional manual polygonal method referred to in the NI 43-101 Technical Report as a Vertical Longitudinal Projection (VLP) or as a 2-dimensional (2D) polygonal method while the majority of the estimates were made using computerized 3-dimensional (3D) block models. Fifteen areas were estimated using manual techniques and 22 different block models were used for the computerized estimates. These models were supplied by Endeavour Silver in electronic form and reviewed and modified by the QP, where appropriate, to generate an estimate of the current Mineral Resources.

In addition, a QP geologist for this report spent two days at the EL Cubo property verifying the information provided in electronic form by Endeavour Silver. Endeavour's professionals made presentations focused on areas that the company believed viable for near-term exploitation. The Mineral Resources in these areas totaled approximately 509,000 tonnes, which agrees with total tonnage presented in Endeavour's 2019 and 2020 filings for their El Cubo project. The QPs participating in the site visit undertook the following steps to verify the accuracy of the Mineral Resources:

- Visited every projected area selected as a potential resource including in place material ready for blasting and mining;
- Inspected numerous underground vein exposures and mineralization in-place and found they were as depicted on the underground mine maps and cross sections;

[5]National 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017. Downloaded from SEDAR.

[6]NI 43-101 Technical Report for the El Pingüico Project, Guanajuato Mining District Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017. Downloaded from SEDAR.

- Inspected drill core encompassing the vein mineralization;
- Inspected geological, structural, and vein maps and was satisfied with their validity; and
- Had detail discussions on resource methodology, sampling and assay analysis procedures and validity of the results.

Questions were asked and the QP was satisfied with the procedures, methodologies, and validity of the analytical results.

Accordingly, the QP opines that the data available is adequate for the purposes used in this technical report and a reasonable expectation exists that the mineralization present is economic.

Based on long production experience and historic measurements, a density factor of 2.5 t/m^3 is used to convert volumes to tonnages at the El Cubo property.

14.2.1.1 Polygonal Method or VLP

VLP estimates were created by projecting the mine workings of a vein onto a vertical 2D long section. Resource blocks were constructed on the VLP based on the sample locations in the plane of the projection and potential mining access. The average grades and thicknesses of the samples were then tabulated for each block. Resource volumes are calculated from the delineated area and the horizontal thickness of the vein, as recorded in the sample database. The resource tonnage for each area in the VLP was determine by multiplying the volume times density (2.5) and the grades are reported as a length weighted average of the samples inside each Resource block.

Measured Mineral Resources are the area of the defined Resource blocks within 10 m of a sample. Indicated Mineral Resources are the area of the defined Resource blocks within 20 m of a sample. Inferred Mineral Resources are those blocks greater than 20 m from a sample and have a value for estimated silver. Figure 14.1 displays one of the 15 VLPs (Anabel) and its Mineral Resource estimate for one area within the VLP. The VLPs used for the 2016 resource estimate were provided as part of the backup data for the El Cubo property by Endeavour. The QP of this report reviewed the consistency of selected VLPs for accuracy and consistency with the sampling data.

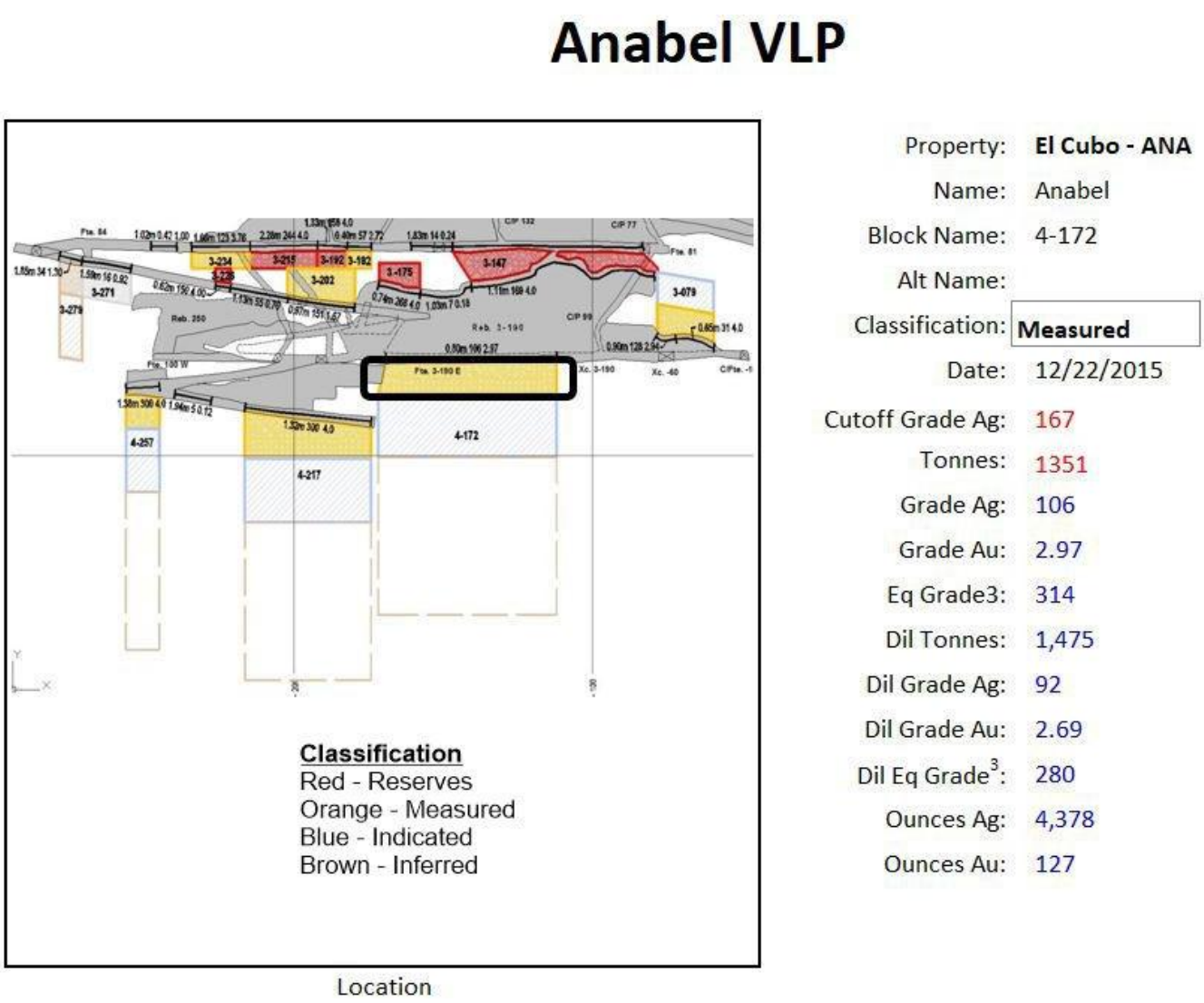


Figure 14.1. Example of Vertical Longitudinal Projection used in Mineral Resource estimate
Source: From file CBO_ANA_HRC.xlsx provided by Endeavour Silver

14.2.1.2 Computerized Block Model Method

The geologic model (wireframes) for the 22 different block models used to estimate Mineral Resources at El Cubo was generated using the Leapfrog® geologic modeling software. Cross sections drawn orthogonal to the strike of the vein and level maps (horizontal sections) were used to generate the 3D wireframes. The surfaces were then evaluated in 3Ds to ensure that both the down dip and along strike continuity was maintained throughout the model. Vein volumes were clipped using a distance buffer of 100 m, except the Villalpando vein, which used a distance buffer of 125 m, from the selected vein intercepts. Veins were clipped against younger veins, topography, and the concession boundaries.

These wireframes were used to code the blocks in the various block models to vein material using the Datamine® modeling software for each of the veins. The model is rotated along strike and down dip and encompasses the entire vein. A block size of 10 m × 10 m in the strike and dip directions was established. The blocks in the x-direction or y-direction were sub-blocked to the vein thickness except for the Villalpando South model where the block size is set at

2.5 m × 2.5 m. Mined out areas, drifts, and shafts were digitized and removed from the models. Figure 14.2 shows an example of one the 3D wireframes (Villalpando South). Figure 14.3 shows the Villalpando Vein and the underground workings and mining in red. The QP has reviewed the wireframes to ensure consistency with the sampling data.

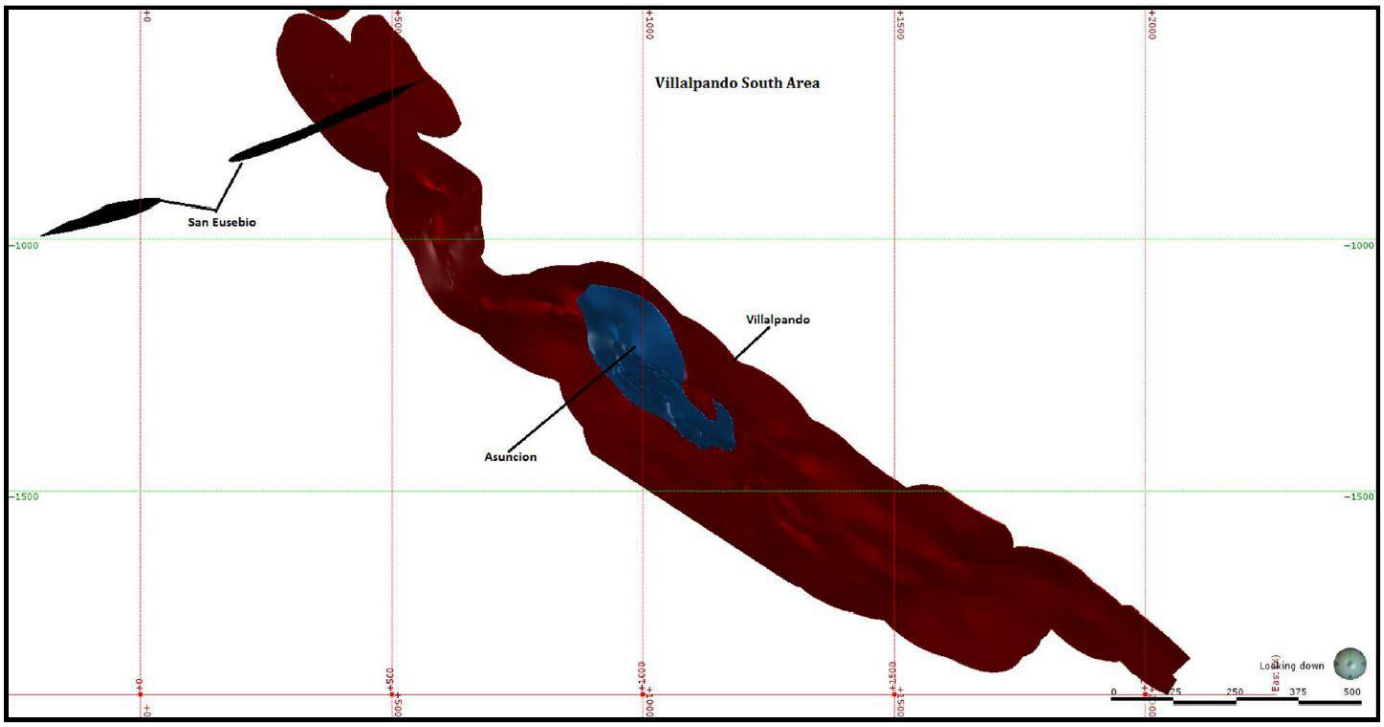


Figure 14.2. Villalpando South area – 3D model
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

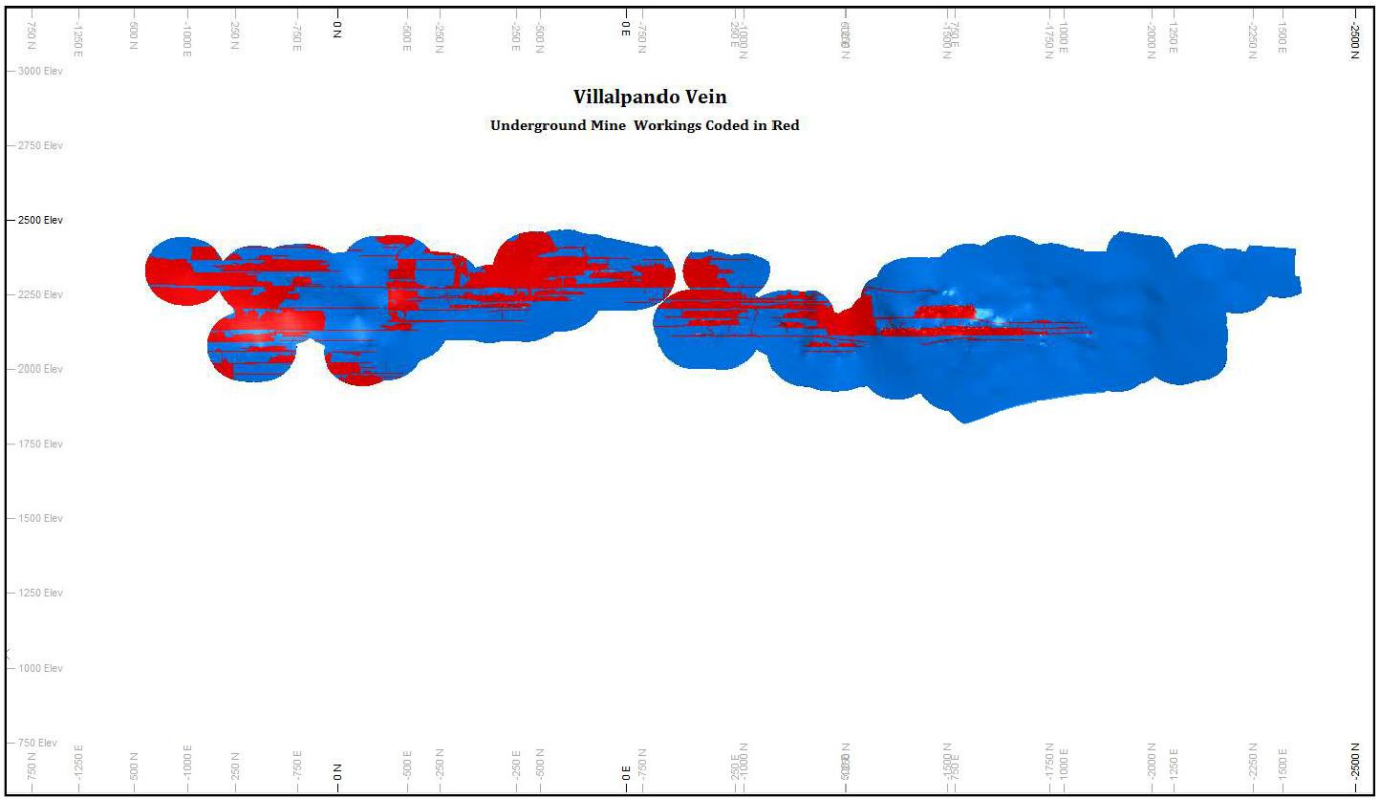


Figure 14.3. Villalpando South area – Long section showing mined out areas
Source: National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017, Amended Date: March 27, 2018.

In 2015, the estimations of block grades were completed using ordinary kriging (OK) and inverse distance to the 2.5 power ($ID^{2.5}$) methods and nearest neighbor algorithms. The $ID^{2.5}$ method was used for reporting of Resource grades as the grade estimates using this method more closely fit the grades in the drill hole data. The QP reviewed the parameters used to estimate grade and tonnages in the block models and is of the opinion that they were appropriate for the El Cubo property. The QP then re-estimated the block grades within several block models to check the accuracy of the estimates. No significant differences were found.

Mineral Resource classification was determined using kriging efficiency, distance from samples, and the number of samples used to estimate the grade for each individual block. Measured Mineral Resources are those blocks with at least 15 composites, a kriging efficiency of at least 75%, and a distance no greater than 10 m. Indicated Mineral Resources are those blocks at least 20 m from a sample. Inferred Mineral Resources are those blocks greater than 20 m from a sample that has a value for estimated silver.

14.2.2 2021 Resource Summary for El Cubo

The total Mineral Resource, as of 31 January 2021, are shown in Table 14.1. The QP of this section opines that the 2021 Mineral Resource was done appropriately, and the tonnage and grades report conform to the CIM definitions for Mineral Resources.

TABLE 14.1
ESTIMATE OF THE EL CUBO MINERAL RESOURCES AS OF 31 JANUARY 2021[7]

Classification	Tonnes	Silver		Gold		Silver Eq
		g/t	oz	g/t	oz	g/t
Measured	None					
Indicated	508,055	194	3,169,000	2.44	39,860	389
Inferred	1,453,000	214	10,004,000	2.78	129,900	435

Notes:
1. Silver Equivalent calculated using 1 ounce of gold is equal to 80 ounces of silver, on the basis of the average 3-year historic silver and gold prices of US$23.00 and US$1,850.
2. Numbers have been rounded.
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

14.3 CURRENT MINERAL RESOURCE ESTIMATE AT EL CUBO

The QP estimated the current silver and gold resource at El Cubo by taking the 31 January 2021 Mineral Resource at El Cubo and subtracting the mill production adjusted for 40% dilution at the property since 1 February 2021 (see Table 14.2).

TABLE 14.2
EL CUBO RESOURCE CONSUMED BY MINING AND DEVELOPMENT (2021 AND 2022)

Year	Tonnes	Ag g/t	Au g/t
Indicated	54,876	144	1.89
Inferred	88,758	144	1.89
Total	**143,634**	**144**	**1.89**

To estimate the remaining Mineral Resources, as of 31 December 2022 at the El Cubo property, the QP eliminated the known mine production during 2021 and 2022. This results in the QP's estimate of the current Mineral Resource at El Cubo, as shown in Table 14.3. The silver equivalent in Table 14.3 has been calculated using a conversion of 1 ounce of gold is equal to 80 ounces of silver. The conversion ratio of 80 was based solely on gold and silver prices using the average 3-year trailing price for gold of US$1,850 per ounce and for silver of US$23.00 per ounce (US$1,850 ÷ US$23.00 = 80). As the historical recoveries from the El Cubo mill averaged 87% for silver and 86.5% for gold (see Section 17.0.), the differential of recoveries was not considered in developing the conversion factor.

[7]Behre Dolbear, *Preliminary Economic Analysis – El Cubo/El Pingüico Silver Gold Complex Project,* May 6, 2021.

TABLE 14.3
ESTIMATE OF THE PRESENT EL CUBO MINERAL RESOURCES AS OF 31 DECEMBER 2022

Classification	Tonnes	Silver		Gold		Silver Eq
		g/t	oz	g/t	oz	g/t
Measured	0					
Indicated	453,180	200	2,914,000	2.51	36,500	400
Inferred	1,364,000	219	9,585,000	2.84	129,900	446

Notes:
1. Silver Equivalent calculated using 1 ounce of gold is equal to 80 ounces of silver.
2. Numbers have been rounded.
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

The QP opines that the Mineral Resource, shown in Table 14.3, is a reasonable estimate of the remaining Mineral Resources at El Cubo.

There are no known or material pre-existing environmental conditions or liabilities at the El Cubo Project that could materially affect the potential development of the Mineral Resource. As the surrounding area and larger community is supported by the mining industry, no opposition to re-starting the mine and the required permitting process is expected. This assumes compliance with all regulations and continued community involvement by Guanajuato Silver.

To the best of the QP's knowledge, information, and belief, there is no new material scientific or technical information that would make the disclosure of the mineral resources shown in this preliminary economic assessment inaccurate or misleading.

14.4 EL PINGÜICO RESOURCES

There are two stockpiles at El Pingüico that date back to 1913 when the mine shut down during the Mexican Revolution; a surface and an underground stockpile. In 2017, VanGold commissioned a review of the accuracy of these estimates and published an NI 43-101 of the estimate.[8] This report estimated tonnage and average grades of these stockpiles but did not classify the estimates as a Mineral Resource.[9] With the acquisition of the El Cubo property, the stockpile material can now be, reclaimed, transported, and processed at the El Cubo mill, which was not an option for VanGold in their 2017 NI 43-101.

14.4.1 Surface Stockpile

The surface stockpile has been sampled by digging 10 pits by excavator and sampling near the top and near the bottom of the pits. These were assayed using acceptable QA/QC procedures. The data for the surface stockpile was reviewed during the two-day site visit at the El Pingüico Project. The surface of the stockpile was visually inspected and found consistent with lower grade mineralization at the El Pingüico property. Detailed discussions were held about the topographic survey and sampling procedures. The mineralogy, style of mineralization, and approximate size of the stockpile were found to be consistent with the data provided. Based on visual inspection and the sampling location map reviewed for this report, these pits are scattered relatively evenly on the stockpile necessary for estimating potential grades.

[8]NI 43-101 Technical Report for the El Pingüico Project, Guanajuato Mining District Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017. Downloaded from SEDAR.
[9]Ibid, page 4.

The QP used the topographic survey of the stockpile and the sampling data to re-estimate the volume and average grade of the mineralization. Based upon the topographic survey and all the sampling data, the surface stockpile contained approximately 185,000 tonnes with a silver grade of 67 g/t and a gold grade of 0.45 g/t as of 31 January 2021.[10] In 2021 and 2022, approximately 62,500 tonnes, averaging a silver grade of 38 g/t and a gold grade of 0.45 g/t, was consumed from the stockpile. After subtracting dilution due to rehandling the material, it is estimated that 55,000 tonnes of Mineral Resources were consumed from the surface stockpile.

The QP considers that this stockpile material should be classified as an Indicated Mineral Resource based on the sample work. Exploitation of the Mineral Resources estimated in this report for the surface stockpile were not used in the economic analysis for this PEA. The QP would caution that Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

14.4.2 Underground Stockpile

The underground stockpile at El Pingüico fills an old open stope area from Level 4 to Level 7 of El Pingüico ranging from 25 m to 100 m thick and occupying portions of the stoped out El Pingüico vein. At present, only the surface of the underground stockpile can be sampled. Guanajuato Silver dug and sampled 20 shallow trenches some 0.5 m to 1 m deep (see Figure 9.5) in 2017. Part of the dump surface appears to have been contaminated by rock fall from the overlying waste rock adjacent to the Pingüico vein. The data for the underground stockpile was reviewed during the two-day site visit to the El Pingüico Project. The surface, or top of the stockpile was visually inspected and found consistent with lower grade mineralization at the El Pingüico property. Detail discussions were held about the underground survey and sampling procedures. The mineralogy, style of mineralization, and approximate size of the stockpile were found to be consistent with the data provided.

The QP has reviewed the sampling work in 2017 and is of the opinion that the underground stockpile contains potentially economic material in the upper portion, or upper 5 m of the stockpile, which has been sampled using modern QA/QC controls. Based upon this sampling, it is estimated that the upper 5 m of the underground stockpile contains 25,600 tonnes at a silver grade of 166 g/t and a gold grade of 1.67 g/t.

The QP does not have confidence in the material in the underground stockpile below 5 m. While it has historically been assumed that this stockpile is comprised of low-grade vein material from development drifts, it could also include barren waste rock from development drifts.

The underground stockpile has not changed since 2021 at El Pingüico and its exploitation has not been included as part of the current economic analysis.

14.4.3 Current Mineral Resources at El Pingüico

The QP has estimated the remaining Mineral Resources, as of 31 December 2022 at El Pingüico, as shown in Table 14.4. In 2021 and 2022, approximately 62,500 tonnes, averaging a silver grade of 38 g/t and a gold grade of 0.45 g/t, were processed from the stockpile at the El Cubo mill. Approximately 12% dilution occurred during the reclaiming of the stockpile mineralization resulting in 55,000 tonnes of Mineral Resource being consumed. No additional exploitation of the El Pingüico Mineral Resources is used for the economic analysis in this PEA. The QP would caution that Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

[10]Behre Dolbear, *Preliminary Economic Analysis – El Cubo/El Pingüico Silver Gold Complex Project,* May 6, 2021.

TABLE 14.4
EL PINGÜICO MINERAL RESOURCES AS OF 31 DECEMBER 2022

Classification	Tonnes	Silver		Gold		Silver Eq
		g/t	oz	g/t	oz	g/t
Measured	0					
Indicated						
Surface Stockpile	130,000	79	331,000	0.45	1,883	115
Underground Stockpile	25,600	166	136,600	1.67	1,375	300
Total	**155,600**	**93**	**467,600**	**0.65**	**3,257**	**146**

Notes:
1. Silver Equivalent calculated using 1 ounce of gold is equal to 80 ounces of silver.
2. Numbers have been rounded.
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

There are no known or material pre-existing environmental conditions or liabilities at the El Pingüico property that could materially affect the potential development of the Mineral Resources. As the surrounding area and larger community is supported by the mining industry, no opposition to re-starting the mine and the required permitting process is expected. This assumes compliance with all regulations and continued community involvement by Guanajuato Silver.

To the best of the QP's knowledge, information, and belief, there is no new material scientific or technical information that would make the disclosure of the Mineral Resources shown in of this preliminary economic assessment inaccurate or misleading.

14.5 BASIS FOR REASONABLE PROSPECTS FOR ECONOMIC EXTRACTION

The estimated cost for reclaiming, transporting, and processing the surface stockpile material to the El Cubo mill is estimated in this report to be approximately US$33.04 per tonne. Assuming a silver price of US$23.00 per troy ounce (US$0.739 per gram) and a silver recovery of 85%, then the break-even cutoff for the mineralization is estimated at 53 g/t silver equivalent.[11] The surface stockpile mineralization averages a silver grade of 115 g/t silver equivalent.

14.5.1 El Pingüico Underground Stockpile

The estimated cost for reclaiming, transporting, and processing the underground stockpile material to the El Cubo mill is estimated in this report to be approximately US$48.04 per tonne. Again, assuming a silver price of US$23.00 per troy ounce (US$0.739 per gram) and a silver recovery of 85%, the break-even cutoff for the mineralization is estimated at 76 g/t silver equivalent.[12] The underground Mineral Resource estimated for this report averages approximately 300 g/t silver equivalent.

14.5.2 El Cubo Underground

The estimated cost for mining, and processing mineralization at El Cubo is approximately US$92.96 per tonne including exploration and development costs. Assuming a silver price of US$23.00 per troy ounce (US$0.739 per gram) and a silver recovery of 85%, the break-even cutoff for the mineralization is estimated at 144 g/t silver

[11] $33.04 ÷ ($0.739 × 0.85) = 53 g/t of silver equivalent
[12] $48.04 ÷ ($0.739 × 0.85) = 76 g/t of silver equivalent

equivalent.[13] The underground Mineral Resource estimated for this report averages approximately 300 g/t silver equivalent.

14.6 MINERAL RESOURCE RECOMMENDATIONS

Although Endeavour Silver and Guanajuato Silver have significantly increased the drilling and sampling data at the properties since the 2016 database used for the Mineral Resource estimate, this drilling is primarily exploration drilling on parallel vein structures and it needs additional infill drilling to achieve a drill spacing adequate for an Inferred Mineral Resource estimate. The QP is of the opinion that targeted drilling should be completed to increase the Mineral Resource tonnage, classification, and mine life prior to a Pre-feasibility Study.

[13] $90.64÷ ($0.739 × 0.85) =144 g/t of silver equivalent

15.0 MINERAL RESERVE ESTIMATE

Currently, there are no defined Mineral Reserves at either the El Cubo or El Pingüico properties. The QPs of this Preliminary Economic Analysis (PEA) would caution that the economic analysis presented later in this report is based on Mineral Resources which includes Inferred Mineral Resources that are considered too speculative geologically to have economic consideration applied to them and it is preliminary in nature. There is no certainty that the PEA will be realized, and that Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

16.0 MINING

Guanajuato Silver operates the combined El Cubo and El Pingüico properties to provide feed to the El Cubo mill (also known as the El Tajo plant). Material from the underground mine at El Cubo, combined with mineralized material from other sources, will be the primary feedstock to the El Cubo mill between 2023 and 2028. Although some material from El Pingüico has been processed since 2021, for purposes of this PEA, no additional feed from the El Pingüico stockpiles is projected to be fed to the El Cubo processing facility at this time.

Guanajuato Silver has provided a projected development and production mine plan for the years 2023 through 2028.

The mining method employed at El Cubo is used throughout Mexico and is well understood in the Guanajuato area. Mechanized cut-and-fill stoping, using small LHD (load-haul-dump) machines and handheld jackleg drills, is the current mining method. This method does allow for some degree of resuing to eliminate or minimize the amount of waste dilution and to provide fill for the stopes. A small amount of long hole stoping has also been utilized. Other methods, such as stull stoping, may be considered in the future.

Development at El Cubo is conventional drill-blast-muck using jumbos for drilling and LHDs and trucks for haulage. Ground support is installed as required.

16.1 EL CUBO

Starting in 2021, Guanajuato Silver initially extracted mineralized material from El Cubo from stopes that were shut down by Endeavour Silver and required no pre-production development. Endeavour Silver reported that approximately 9,000 tonnes had been drilled and blasted and this material was hauled to the mill and processed in 2021 and 2022. Another 60,000 tonnes of material was also ready for drilling and blasting and has been accessed. Any required de-watering was completed.

Ongoing extraction will next occur in areas that have been drilled, sampled, and defined as Resources or otherwise identified for mining. These areas require decline ramps, ore drifts, and ventilation shafts. Approximately 150,000 tonnes are identified for development and this work continues.

Figure 16.1 is a plan view of the El Cubo property. Figure 16.1 shows the different entrances, surface haulage and underground haulage routes. Also shown are surface facilities, such as offices and the El Cubo (El Tajo) mill.

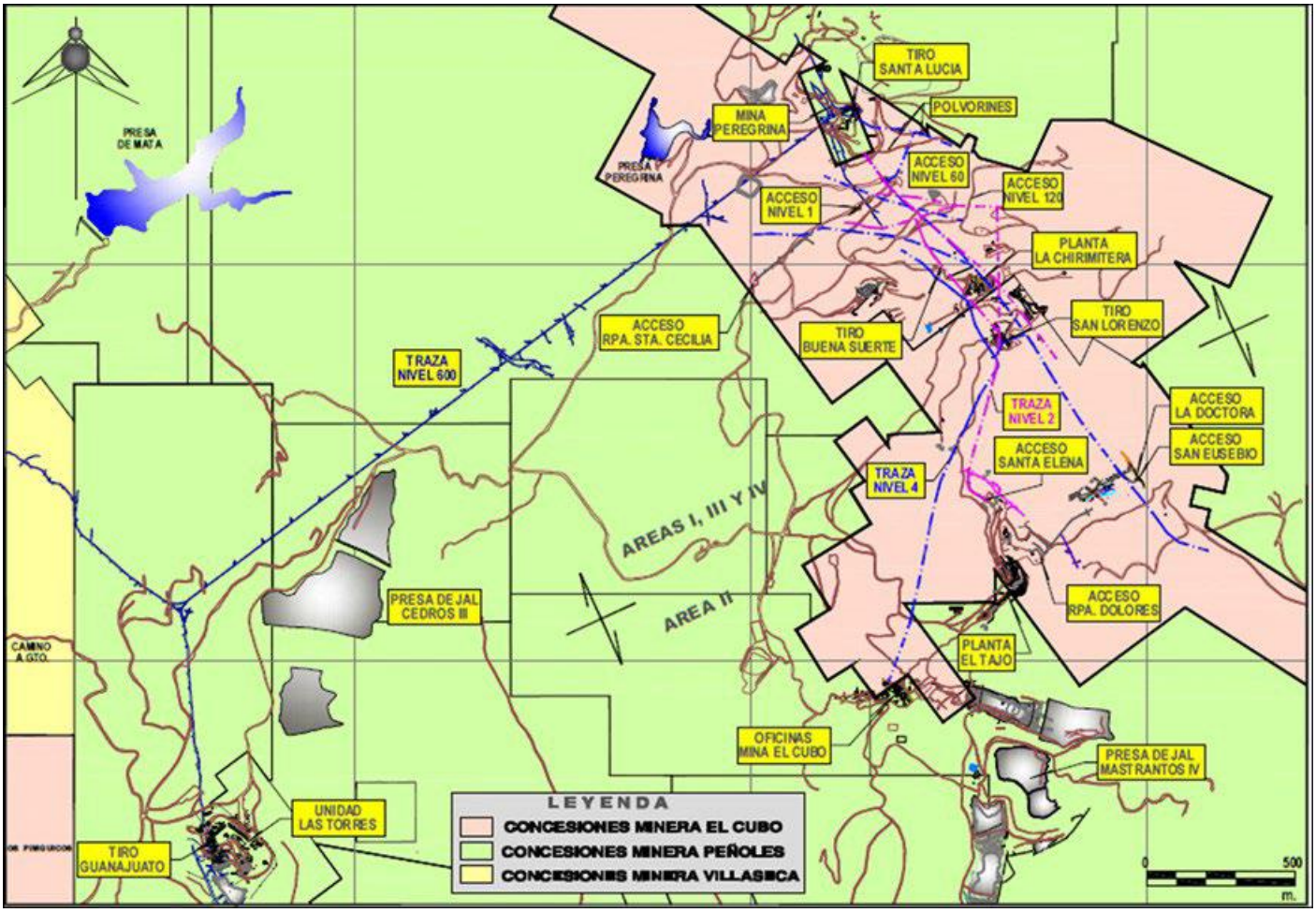


Figure 16.1. Plan view of the El Cubo property
Source: Endeavour Silver Corp., November 2020.

16.2 EL PINGÜICO

At El Pingüico, Guanajuato Silver has hauled a portion of the surface stockpile and eventually intends to haul a portion of the underground stockpile to the concentrator at El Cubo for processing. Road access for the surface stockpile exists and is adequate. Access to the underground stockpile requires that the Level 7 adit be opened and a short road from the adit opening to the El Pingüico surface stockpile be constructed.

In the early 1900s when the El Pingüico Mine was in operation, it consisted of five vertical shafts and two horizontal adits. The shafts and adits are listed in Table 16.1 with their corresponding physical data information.

TABLE 16.1
SHAFTS AND ADITS

Shaft Name	Depth (m)	Length (m)
El Pingüico	283	
Humboldt	397	
Fortuna	303	
El Centro	200	
Carmencitas	61	
Adit	**Level**	
El Carmen	4	800
Sangria	7	1,200

Historically, El Pingüico consisted of 10 mining levels.[14] The levels are in various stages of decay but shafts, adits, and drifts developed in competent rhyolite are still intact. The hanging wall and foot wall that were developed along the vein structure, which are in competent rhyolite, are still intact (Figure 16.2 and Figure 16.3).

Figure 16.2. El Carmen Portal Level 4

[14]Carlos Cham Domínguez, "NI 43-101 Technical Report for the El Pingüico Project, Guanajuato Mining District, Mexico," 28 February 2017, page 62.

Figure 16.3. El Pingüico shaft

There is material contained in an old shrinkage stope that may be available for extraction using draw points from Level 7. In this report, the material contained in the old stope is referred to as the underground stockpile. The outline of the stockpile is illustrated in Figure 16.4.

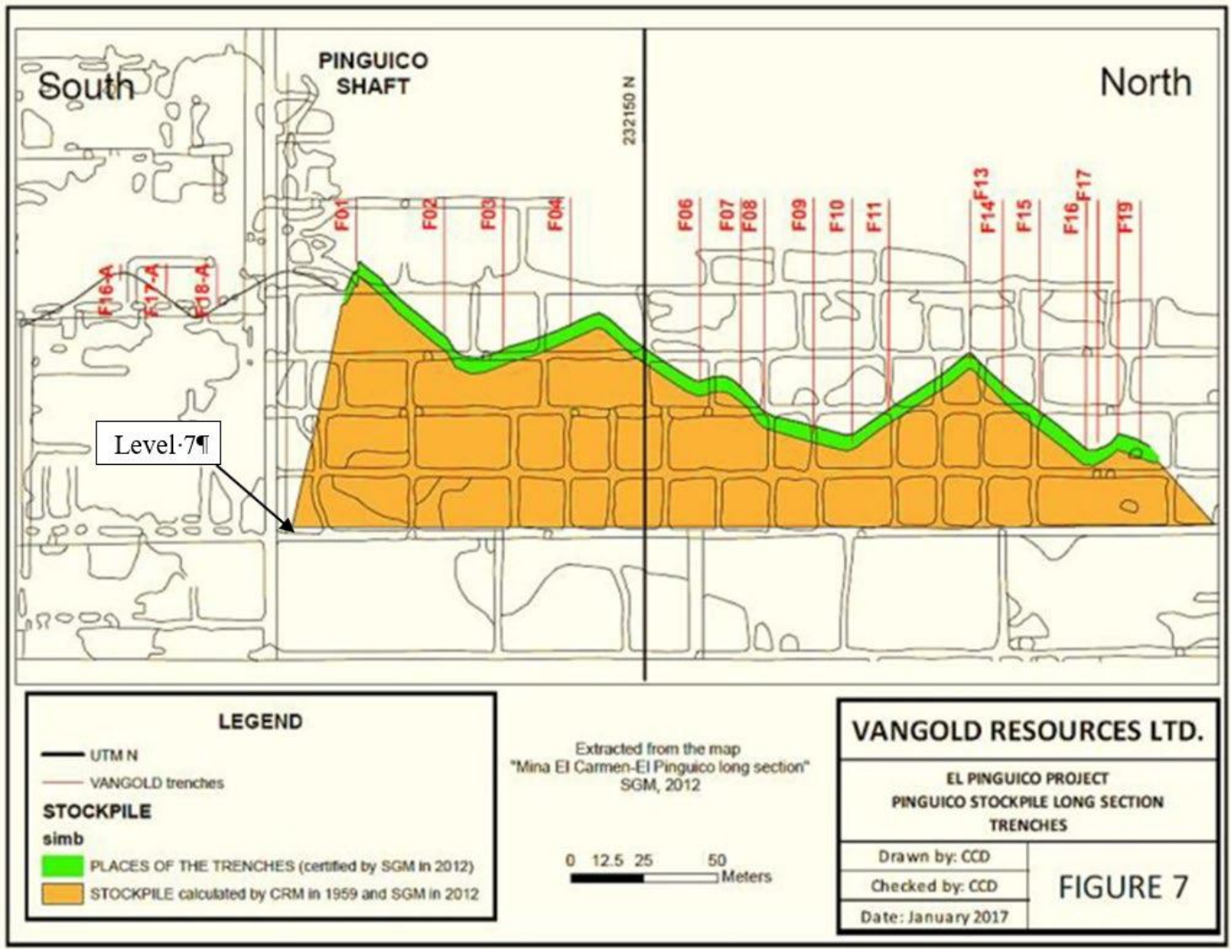


Figure 16.4. Long section of El Pingüico showing the underground stockpile surface above Level 7
Source: NI 43-101 Technical Report for El Pingüico Project, Guanajuato Mining District, Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017.

The underground stockpile is accessible for top-sampling via the El Pingüico shaft and the El Carmen adit on Level 4.

Stockpile draw points, once established, would make extraction possible by either the El Pingüico shaft or the Level 7 Sangria adit. Figure 16.5 shows the upper portion of the underground stockpile.

Figure 16.5. Surface of the underground stockpile at Level 4

On the surface, a stockpile contains approximately 130,000 tonnes of material with a silver grade of 79 g/t and a gold grade of 0.45 g/t.[15] This stockpile can be loaded into trucks and hauled directly to the El Cubo mill (Figure 16.6).

[15]Behre Dolbear, "El Cubo Desktop Review – Phase 1," 22 October 2020, page 1.

Figure 16.6. El Pingüico surface stockpile

Mining methods for extraction of in situ material that may remain in the mine in the form of mineable pillars and resources that may be identified from exploration drilling along the known vein system have not been defined.

16.3 MINING INFRASTRUCTURE

16.3.1 El Cubo

Existing mining infrastructure at El Cubo consists of electrical connection to the grid, surface buildings for offices, shops and warehousing, haulage levels, and shafts. The shafts are not used for hoisting at El Cubo but are used as routes for piping, ventilation, and electrical cables. All haulage from the mine occurs from the Santa Cecilia and Dolores declines, using trackless equipment.

16.3.1.1 Haulage

Mineralized material is being hauled to EL Cubo's processing plant via the Dolores ramp. Current haul distances from the active underground areas to the plant are reported by Guanajuato Silver to range from 2 km to 8 km.

Waste rock generated in development is used in the cut-and-fill stoping areas. Excess waste is used to backfill empty open stopes to avoid haulage to the surface, provide stability for old openings, and to conserve surface area.

Haulage is carried out with trackless equipment including 6 haul trucks that are loaded by 1.5 and 2.5 cubic yard scoop trams. Trackless haulage and loading will be employed when mining resumes in the Santa Cecilia portion of the mine (Figure 16.7).

Figure 16.7. Delores portal

16.3.1.2 De-watering

The upper levels of El Cubo are dry. Water inflows are a factor only in the lowest development levels.

The El Cubo underground workings produce approximately 8 liters per second of water. A Phase 1 pump station has been established at Level 7 to handle the 8 liters per second of inflow. A Phase 2 de-watering stations is scheduled to be installed between Fourth Quarter of 2023 and Second Quarter of 2024 to de-water the lower levels of the mine.

16.3.1.3 Utilities

Most vertical services, including compressed air, water and de-water lines, and electrical cables were installed in raises. This infrastructure was refurbished or replaced by Guanajuato Silver during the mine refurbishment process.

Guanajuato Silver has a 1,450 cfm and 650 cfm compressors installed to supply the current requirements of the mine. Diesel compressors are utilized where supplemental compressed air is required.

Currently, there are 6.5 Mw of installed electrical capacity at the El Cubo site with current usage for all operations at 1,200 tonnes per day is 3.5 Mw. There is adequate electrical capacity to support all planned underground and surface operations.

16.3.1.4 Ventilation

The ventilation system at EL Cubo has been a combination of natural and forced, with flow rates and directions influenced by the season.

Primary fans were reinstalled to service the discrete working areas proposed in the mining sequence rather than re-establish a whole-mine ventilation. Bulkheads, vent doors, and secondary fans are being used underground to direct air as needed and non-ventilated areas isolated to prevent access. Ventilation was observed to be very good in all areas of the El Cubo mine during the May 22-24, 2023 site visit.

16.3.1.5 Explosives Storage

Explosive materials are stored in secure facilities consisting of separate magazines for the storage of detonators and explosives. These facilities, located on Level 7, follow Mexican statutes for the storage of explosives and detonators.

16.3.1.6 Maintenance and Materials

Maintenance functions for the repair of the mining equipment are performed at a maintenance facility located on site. This facility has the capability of performing normal service routines as well as repairs to all operating equipment, including drills, jumbos, LHDs, trucks, and other equipment used in the mining operation.

A facility for the warehousing and distribution of materials for equipment repairs and operations supplies is maintained at the site. With adequate sources of mining supplies nearby and readily available, the warehouse inventories are expected to be kept at low levels. A large underground maintenance facility, complete with concrete lined service pits, is located on the 7-Level.

16.3.2 Security

Currently, 30 armed security guards prevent illegal activities in the mine.

16.3.3 El Pingüico

16.3.3.1 Haulage

Material from the underground stockpile would be hauled along the Level 7 adit that ends at the La Sangria portal.

16.3.3.2 Ventilation

The steep topography and multiple historic adits, shafts, and raises create adequate natural ventilation for the exploration and initial underground infrastructure installation. Ultimately, the primary ventilation circuit will have fresh air drawn in from El Carmen and Sangria adits and exhausted through the El Pingüico shaft.

16.3.3.3 Mine De-watering

All accessible areas of the mine are dry, with no de-watering required in the near term. Information provided indicates the water table to be below the Level 7.

16.4 MINING METHODS

Approximately 80% of the stoping at El Cubo has been jackleg and LHD cut-and-fill or resue mining techniques, with a small amount of long hole open-stoping.

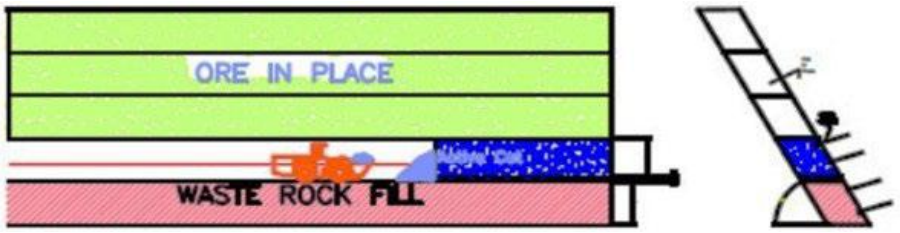
For lodes (veins) narrower than the ore drift, resue stoping is used, whereby 2 m holes are drilled over a 12 m blasting block (see Appendix 2.0). The production cycle starts after geologists marks up the lode where the stope is drilled in

the mineralized material and blasted accordingly. After the ore is mucked, the waste is drilled and blasted to achieve the dimensions required for the LHD to work in the next production lift.

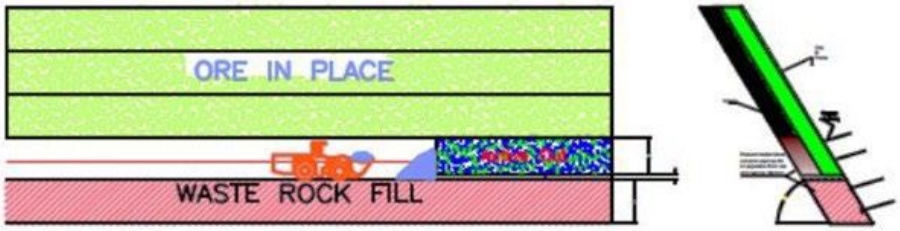
Basic production stoping steps include:

1) Grade control technician identifies the bounds of the mining face, marks the limits, and advances the demarcation line to the face;
2) Miners drill the round within the confines of the area marked;
3) Drilled blastholes in the ore are blasted;
4) Ore is removed;
5) Waste blast holes are loaded and blasted; and
6) Broken waste is leveled off for use as the working floor and the process is repeated.

Shown below is the basic concept for overhand cut-and-fill and resue stoping methods (Figure 16.8 and Figure 16.9). Sketches for the resue mining sequence are shown in Appendix 2.0.



Overhand cut-and-fill with wider vein widths. Recommended for vein widths at or wider than the mucking equipment. Small jumbos may be used in this scenario for increased efficiency.



Overhand cut-and-fill using resue techniques to separate waste and ore in the stope. Allows for dilution control but is inefficient in that two drill/blast cycles are required for a unit of ore production. Recommended for higher grades where vein width is less than the equipment width.

Figure 16.8. Basic concept for overhand cut-and-fill and resue stoping methods

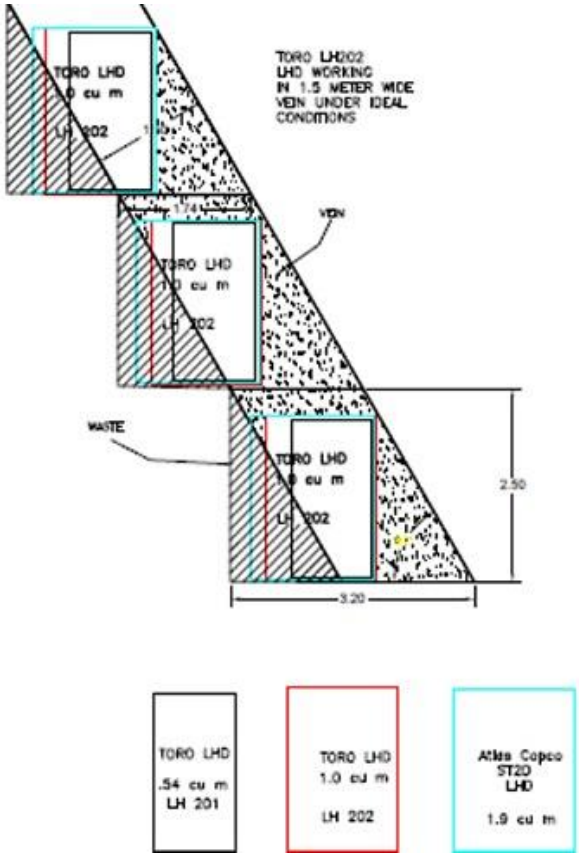


Figure 16.9. Various sized LHDs in 60° dip vein

Currently, the minimum drift width is 2.5 m with a minimum vein width of 0.8 m. Mining narrower veins creates excess dilution and is not profitable. Average waste dilution at the mine is 15%.

Mechanized cut-and-fill stoping with some resuing and long hole open stoping are the underground mining techniques employed in appropriate areas of the mine.

16.5 GROUND SUPPORT AT EL CUBO

Existing El Cubo openings indicate competent rock exists in most places. Above Level 12 development is in a rhyolite rock type with little ground support installed. Below Level 12 is a red conglomerate[16] with occasional split set ground support fixtures installed, as required. No mesh, mats, or shotcrete was observed below Level l2.

Cable bolting is used during the preparation of stopes for long hole blasting.[17]

Current ground support methods will likely follow similar methods to those used in the past; however, with long hole stoping, the requirement for cable bolting may not be necessary.

[16]Monday, November 23, 2020, Mill presentation.
[17]Donald E. Cameron, "Technical Report and Updated Resource and Reserve Estimate for the El Cubo Mine," 30 August 2012; page 7.

16.6 PRODUCTION AND DEVELOPMENT QUANTITIES

Guanajuato Silver has provided a projected development and production mine plan for the years 2023 through 2028. The proposed mine plan is prepared on a monthly basis for the years 2023 and 2024 as more detailed information is available. The mine plan for 2025 is prepared on a quarterly basis and the production and development for the remaining operational years is based on the 2025 schedule.

16.6.1 Development Schedule

In 2022, Guanajuato completed over 3,990 meters of development work at the El Cubo mine. Between 2023 and 2028, the development work will be completed in the Villalpando and Santa Cecilia mine areas. The projected development meters are shown in Table 16.2.

TABLE 16.2
EL CUBO MINE DEVELOPMENT SCHEDULE

Year	Villalpando		Santa Cecilia	
	Mineral Development (meters)	Total Development (meters)	Mineral Development (meters)	Total Development (meters)
2023	475	1,170	200	335
2024	520	1,901	176	376
2025	400	1,904	221	421
2026	520	1,904	221	421
2027	520	1,904	221	421
2028	520	1,904	221	421

16.6.2 Production

From 2023 through 2028, Guanajuato Silver has projected the Villalpando and Santa Cecilia mine areas will supply 23,800 and 25,700 tonnes of mineralized material per month to the El Cubo mill. Material from other sources will also be fed to the El Cubo mill at a rate varying from 9,000 to 16,000 tons per month. Annual projected tonnages are shown in Table 16.3.

TABLE 16.3
EL CUBO MINE PRODUCTION SCHEDULE

Year	El Cubo Material (ktonnes)	Other Sources (ktonnes)	Total (ktonnes)
2023	257	107	363
2024	286	130	416
2025	291	158	449
2026	261	179	440
2027	309	179	488
2028	264	191	455

The current mine plan does not include production from the El Pingüico stockpiles.

16.7 EQUIPMENT

The El Cubo mine currently employs four 7 tonne underground haul trucks, six 7 m^3 surface trucks, seven 1.5 m^3 and two 2.5 m^3 scoop trams to facilitate current operations.

A list of the current mobile equipment fleet, machinery, and underground infrastructure is shown in Table 16.4 and should be sufficient to support a 1,200 tonnes per day mining rate.

TABLE 16.4
EL CUBO – RECOMMENDED FLEET, MACHINERY, AND UNDERGROUND INFRASTRUCTURE

	Capacity	Quantity
Surface Mobile Fleet		
Surface Truck	7 m^3	6
Fork Tractor		1
Vehicle		13
Surface Fixed Plant		
Compressor	300 hp	3
Primary Fan	250 hp	2
Underground Mobile Fleet		
Scoop Tram	1.5 m^3	7
Scoop Tram	2.5 m^3	2
Underground Truck	10.0 tonne	4
Tractor		2
ATV		2
Single Boom Jumbo		1
Underground Fixed Plant		
Sub-station		1
Secondary Fan		6
Fixed Pump		2
Portable Pump		3
Workshop		3
4” Air/Water Pipe (m)		2,600
2” Air/Water Pipe (m)		4,000
Cable (m)		5,850
Crusher		1
Fan		10
Jackleg		20
Slusher		5

16.8 STAFFING

Current staffing to support the 1,200 tonnes per day mining rate is shown in Table 16.5.

TABLE 16.5
EL CUBO STAFFING – FIRST YEAR OF OPERATION

Personnel	Quantity
Non-Union	39
Union	141
Personnel Transport	4
Construction	7
Security	23
Haulage	11
Mining	34
Development	9
Total	**268**

17.0 RECOVERY METHODS

The El Cubo mill was constructed as a conventional crushing, grinding, and flotation plant. The plant includes two-stage crushing, ball mill grinding, reagent storage, flotation, gravity recovery, flotation concentrate filtration for product shipment, and tailings disposal.

17.1 FLOW SHEET

Feed material from the El Cubo underground operations as well as mineralized material from other sources is placed in a storage area that can contain up to 3,000 tonnes. Ore trucks from El Cubo will also place material in the same storage area. Mill feed is reclaimed from the storage area using a front-end loader and fed to a primary crusher grizzly, which in turn feeds a primary crusher at the rate of 40 tonnes per hour.

Crusher product falls onto a conveyor that transports the material to the rail car dump hopper. Crusher product discharges into the rail car dump hopper at a single point. This limits the storage bin storage capacity if only the primary crusher is operated as a source of crushed mill feed.

Primary crushed mill feed is discharged from the rail dump hopper via a series of clam shell feeders onto a series of belts that will carry the material to a vibrating screen. Screen oversize is fed to a secondary cone crusher. Screen undersize, minus 5/8 inches, will be discharged onto the vibrating screen product conveyor. Secondary crusher product is also discharged onto the vibrating screen product conveyor and the combined stream is conveyed to a 650 tonne mill feed storage feed bin.

The minus 5/8-inch material is reclaimed from the 650 tonne mill storage feed bin with a slot feeder and fed to a single stage ball mill at the rate of 37.5 tonnes per hour.

The 12 foot diameter × 14 foot EGL ball mill operates in closed circuit with hydro-cyclones and will grind the material to a 200 mesh (75 μm) product size. The cyclone overflow is processed through a Falcon gravity circuit before returning to the ball mills.

Cyclone overflow flows, by gravity, to a conditioning tank where flotation reagents are added.

Conditioned slurry is fed to a 5-stage 30 m^3 tank cell rougher flotation circuit. Rougher flotation product advances to a two stage cleaner circuit. Rougher flotation tails discharges to a tailings thickener circuit.

The first stage cleaner circuit consists of a 4-stage 50 ft^3 Denver flotation cells. First stage cleaner concentrate will advance to the second cleaner circuit, which consists of a 2-stage 50 ft^3 Denver flotation cells. Concentrate from the second cleaner circuit is pumped to an 8-m diameter high rate thickener.

Concentrate thickener underflow, at approximately 55% solids, is pumped into a 1.5 m × 1.5 m Diemme plate and frame filter press for de-watering. The filter press has 3.4 m^3 of filtration volume, or approximately 6 to 8 tonnes of concentrate. Filtered concentrate is dumped from the filter press to the cement floor directly below. Filtered concentrate is then reclaimed from the floor with a front-end loader and loaded into trucks for shipment to a refinery. Flotation concentrate is filtered for shipment at a rate of approximately 12 tonnes per day.

Tailings from the rougher flotation circuit is pumped to a 21 m diameter high rate Outotec thickener. Tailings are thickened to approximately 55% solids and pumped to a conventional tailing pond for final disposal.

17.2 PLANT DESIGN AND EQUIPMENT CHARACTERISTICS

Guanajuato Silver currently operates at approximately 1,200 tonnes per day. The proposed operating plan calls for the plant to process 1,150 tonnes per day for the remainder of 2023. In 2024, plan throughput would be projected to increase to an average of 1,265 tonnes per hour based on 90% plant availability. In later years, the tonnage would be projected to reach a maximum of 1,484 tonnes per hour, depending on mine production (Table 17.1).

TABLE 17.1
EL CUBO PROJECT MILL THROUGHPUT

Year		2023	2024	2025	2026	2027	2028
Mine Production	tonnes per year	363,321	415,600	448,650	440,000	487,600	455,000
Mill Throughput	tonnes per hour	1,106	1,265	1,366	1,339	1,484	1,385

El Cubo is located at an elevation of approximately 2,200 m above sea level, which was considered in the equipment and motor design.

The crusher and screening circuits are designed to run at approximately 100 tonnes per hour until the fine feed bin that feeds the ball mill is full, then shuts down.

Table 17.2 and Table 17.3 show the key process design criteria and major process equipment for the crushing, grinding, flotation, and filtration operations for the plant.

TABLE 17.2
KEY PROCESS DESIGN CRITERIA

Process Area	Units	Description
Mineral Characteristic		
Bulk Density	kg/m^3	1,800
Specific Gravity	kg/m^3	2.8
Moisture Content	%	7
Crushing		
ROM Size	meters	0.75
Product Size	microns	14,000
Grinding		
Bond Work Index (BWi)	kWh/t	16-21
Ball Mill Feed (F80)	microns	16,000
Product Size (P80)	microns	74
Flotation		
Slurry Density	%	33
Rougher Cells Retention Time	minutes	40
1st Cleaner Retention Time	minutes	21
2nd Cleaner Time	minutes	17.5
pH		7.2

TABLE 17.3
MAJOR EQUIPMENT LIST

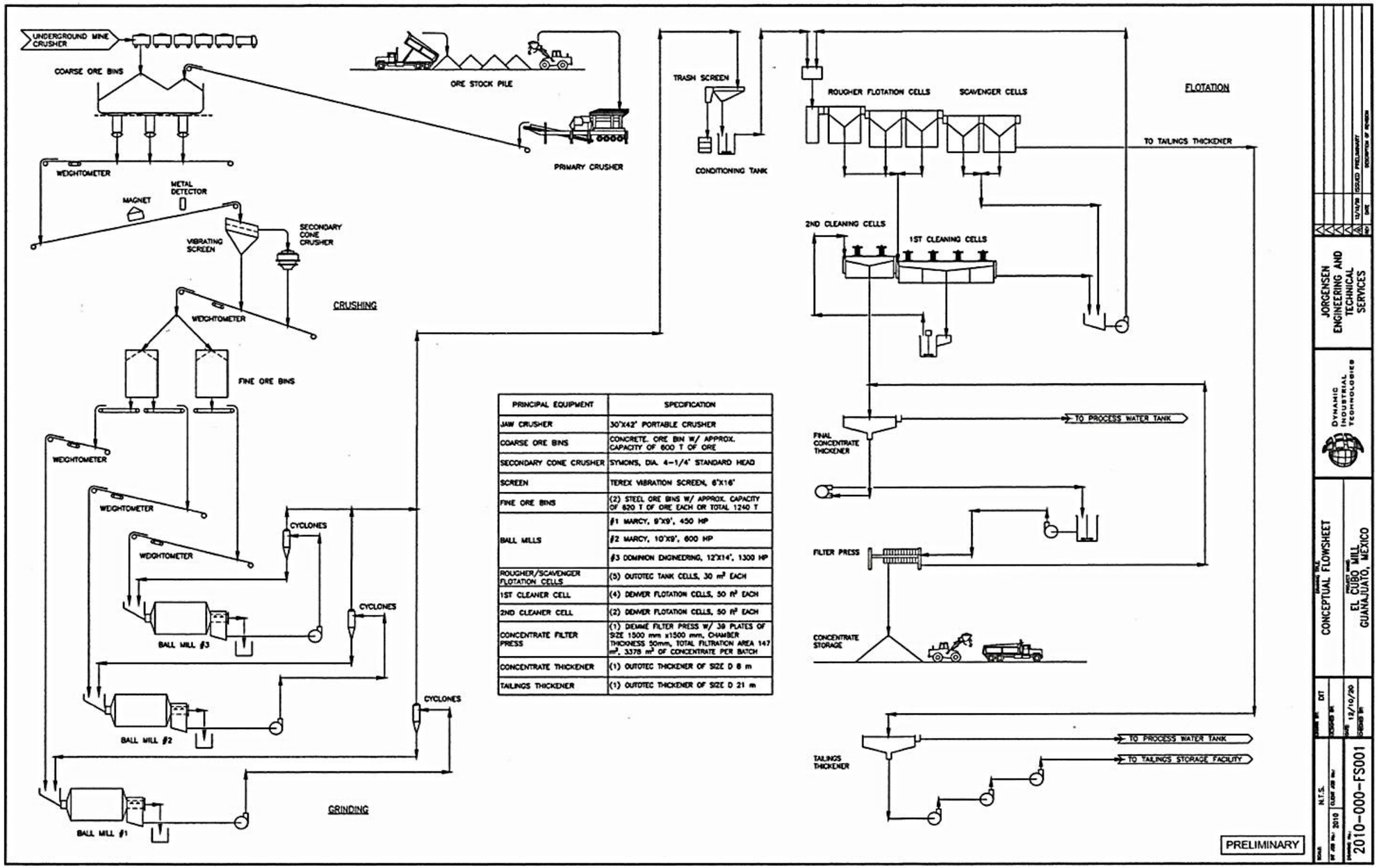
Process Area	Quantity	Description	HP
Crushing			
Primary Jaw Crusher	1	30 inches × 42 inches	150
Secondary Crusher Feed Screen	1	6 ft × 16 ft (double deck)	30
Secondary Cone Crusher	1	4.25 ft	150
Fine Ore Bin	1	650 tonnes	
Grinding			
Ball Mill	1	12 ft diameter × 14 ft EGL	1,250
Ball Mill		10 ft diameter × 9 ft EGL	600
Ball Mill	2	9 ft diameter × 9 ft EGL	450
Flotation			
Rougher Circuit	5	30 m^3 Outotec Tank Cells	60
1st Cleaners	4	50 ft^3 Denver	20
2nd Cleaners	2	50 ft^3 Denver	20
Blowers	2		100
Filtration			
Concentrate Filter	1	1,500 mm × 1,500 mm (39 chambers)	205

Figure 17.1 shows the simplified El Cubo mill flow sheet.

17.3 PROCESS INFRASTRUCTURE

Water supply for the El Cubo mill is sourced from the existing underground workings and recirculated process water from the tailings basins. There currently is sufficient water for the plant and other requirements.

Power supply for the El Cubo mill is from an existing 13 kV overhead transmission line.



PRINCIPAL EQUIPMENT	SPECIFICATION
JAW CRUSHER	30"X42" PORTABLE CRUSHER
COARSE ORE BINS	CONCRETE, ORE BIN W/ APPROX. CAPACITY OF 600 T OF ORE
SECONDARY CONE CRUSHER	SYMONS, DIA. 4-1/4' STANDARD HEAD
SCREEN	TEREX VIBRATION SCREEN, 6'X16'
FINE ORE BINS	(2) STEEL ORE BINS W/ APPROX. CAPACITY OF 620 T OF ORE EACH OR TOTAL 1240 T
BALL MILLS	#1 MARCY, 9'X9', 450 HP
	#2 MARCY, 10'X9', 600 HP
	#3 DOMINON ENGINEERING, 12'X14', 1300 HP
ROUGHER/SCAVENGER FLOTATION CELLS	(5) OUTOTEC TANK CELLS, 30 m^3 EACH
1ST CLEANER CELL	(4) DENVER FLOTATION CELLS, 50 ft^3 EACH
2ND CLEANER CELL	(2) DENVER FLOTATION CELLS, 50 ft^3 EACH
CONCENTRATE FILTER PRESS	(1) DIEMME FILTER PRESS W/ 39 PLATES OF SIZE 1500 mm x1500 mm, CHAMBER THICKNESS 50mm, TOTAL FILTRATION AREA 147 m^2, 3378 m^3 OF CONCENTRATE PER BATCH
CONCENTRATE THICKENER	(1) OUTOTEC THICKENER OF SIZE D 8 m
TAILINGS THICKENER	(1) OUTOTEC THICKENER OF SIZE D 21 m

Figure 17.1. El Cubo simplified process flow diagram

18.0 PROJECT INFRASTRUCTURE

The El Cubo Mine was shut down in November 2019 with much of the infrastructure intact. Roads, power supply, water supply, buildings, and tailings facilities were still in place and operational. Guanajuato Silver made surface infrastructure improvements during 2021 and 2022. Underground infrastructure was refurbished and replaced and appears adequate to support ongoing mine operations.

18.1 ROADS

The access road from Guanajuato to El Cubo follows an unpaved public road with a speed limit of 25 km/hour. The road is not always well maintained by government authorities but is considered adequate.

18.2 OFFICES AND BUILDINGS

The main office for El Cubo is located inside the mine site located at the Dolores mine. There are a number of buildings at this site, and all are connected to power and water. A second office site and company warehouse, La Hacienda, is located near the village of El Cubo. There is a third site adjacent to the Santa Cecelia Mine that has a maintenance shop and an additional office building.

18.3 EL CUBO MILL

The El Cubo mill was constructed in 2013 and has adequate office space for exploration, mine, mill, and administration personnel. Power and water is available. The buildings, drainage collection, and access are in reasonable condition.

There are warehouse storage facilities at the mill site for reagents and spare parts. Some critical spares, such as the mill pinion gears, are still located at the site.

The mill facilities and equipment have been serviced and repaired. Equipment that was removed from the mill was replaced and all major pieces of equipment are in place and operating. The PLC control system was upgraded and replaced during refurbishment by Guanajuato Silver.

18.4 WATER

Water is pumped from the Dolores mine into a series of water reservoirs at the surface for storage and distribution. These facilities are in place and are currently functioning.

18.5 ELECTRICAL POWER

Electrical power to the mine facilities is supplied by the state-owned Comision Federal de Electricidad (CFE) via 13.3 kV overhead transmission lines connected to the national grid.

A series of sub-stations distributes power to the different mine areas, office areas, and the El Cubo mill. The sub-stations are in place and are functioning.

18.6 TAILINGS STORAGE – EL CUBO

There are seven tailings basins as part of the El Cubo tailings and process water management complex. Tailings Basin 3-B is the only basin that is active. Tailings Basins 1, 2, 3A, 4, and 5 are closed. Tailings Basin 3-A is fully reclaimed and re-vegetated. The other closed basins are in various stages of reclamation and re-vegetation.

Guanajauato Silver's engineering staff calculates that they have 6.5 years of capacity in Tailings Basins 3-B and 6 as of April 2023 at current production rates of 1,200 tonnes per day.

All of the tailings basins are located upstream of the village of El Cubo and were built using upstream dam construction techniques.

18.6.1 Tailings Basin 3-B

Tailings Basin 3-B was the basin that was used during the last years of operation, prior to shut down at the end of November 2019 and is the basin being used to support current operations. The basin covers an area of 99 hectares.

Storage in Tailings Basin 3-B would benefit from the construction of a diversion ditch constructed on the north side of the basin to intercept rainfall and divert it to a channel that flows underneath the existing tailings facility, which in turn is diverted to a stream that runs through the village of El Cubo. The ditch construction was engineered but not completed prior to the mine shut down in November 2019 and has been postponed indefinitely as the runoff water entering the basin is being used to support current mill operations. A diversion ditch on the south and east side of the basin already exists that diverts rainfall to the stream that runs through the village of El Cubo.

Several other improvements have been made to Tailings Basin 3-B, including:

- The addition of engineered structural fill to construct a buttress to improve the stability of the Tailings Basin 3-B dam; and
- Additional piezometers and other dam stability monitoring features were installed (total of 36 are in place).

18.6.2 Tailings Basin 6

Tailings Basin 6 has not been operated for the past several years. During the site visit, the configuration of the basin was observed. The basin appeared structurally sound.

Engineering personnel from Endeavour Silver stated that one additional lift to the dam could be added and that the engineering and permits exist for the expansion. The lift would add approximately 600,000 tonnes of storage. At the Project design throughput rate of 1,200 tonnes per day, the basin would store an additional 1.4 years of tailings. Tailings from Basin 6 are being used for constructing the required higher dam for Tailings Basin 3-B. The removal of this material will add some additional capacity to Basin 6.

There are no provisions in place to divert non-contact water from entering Tailings Basin 6 from the surrounding hills or historic water courses.

18.6.3 Contact Water

Contact water is recycled via in-basin drains, which lead to pipelines that carry the process water to a pond located below Tailings Basin 3-A. The water is then pumped from this pond to storage tanks above the processing plant with the water being drawn down by the mill, as needed.

During the site visit, the pipe and pumping systems were observed to be in good working order.

18.6.4 Alternative Tailing Storage Technologies

Guanajuato Silver has applied for the required permits that would allow the use of the dry stack tailings disposal method. The deactivated tailings basins would be used to store dry stack tailings.

Underground tailings disposal is another tailings management method under consideration at El Cubo in the future.

A general layout of the existing tailings basins, Nos. 1-6, is shown in Figure 18.1, below.

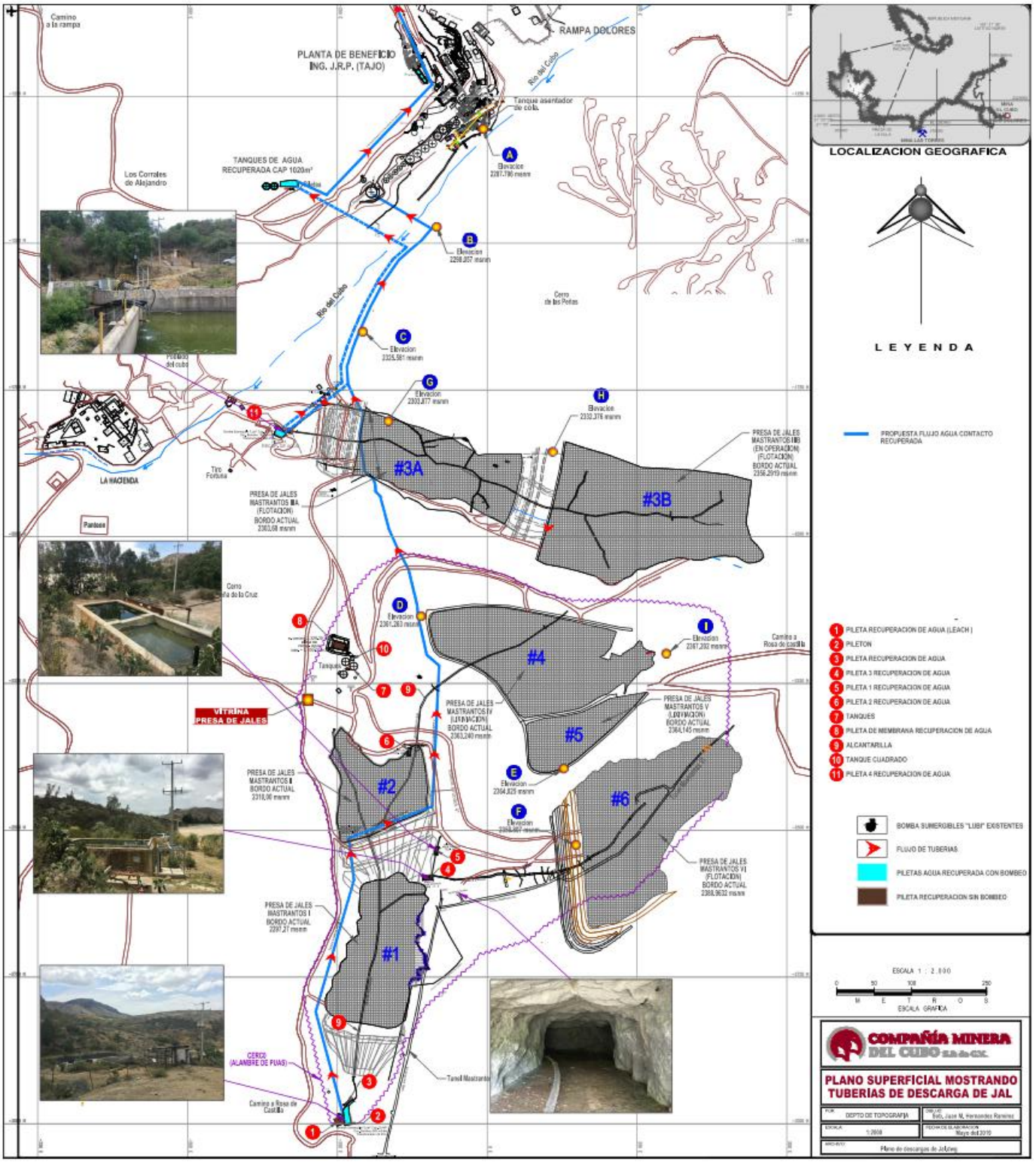


Figure 18.1. General layout of the existing Tailings Basins Nos. 1-6
Source: Endeavour Silver Engineering Department map prepared by Juan M. Hernandez Ramirez, May 2019.

19.0 MARKET STUDIES AND CONTRACTS

19.1 PRECIOUS METALS PRICE

The 3- and 5-year historical average prices for gold and silver are shown in Table 19.1.

TABLE 19.1
HISTORICAL METAL PRICES
($/OZ)

Parameter	Units	3-Year Average	5-Year Average	Spot May 26, 2023
Silver	US$/oz	23.43	20.51	23.14
Gold	US$/oz	1,849	1,697	1,954
Ratio – Gold:Silver		1:83	1:79	1:84

As the result of uncertainties in the global economy, both silver and gold prices have demonstrated a level of volatility in the past several years (see Figure 19.1 and Figure 19.2) with step-increase in price when compared to pre-2020 prices.

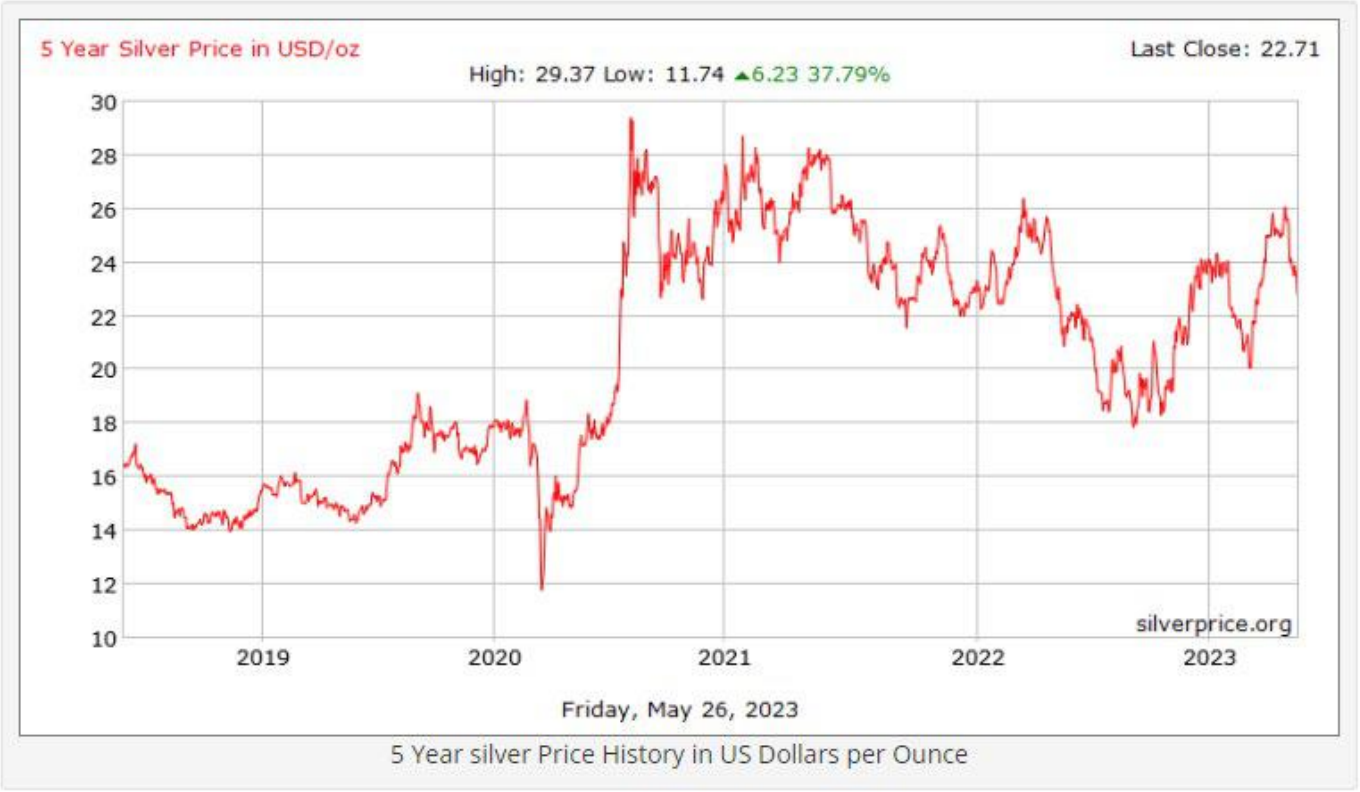


Figure 19.1. 5-Year Silver Prices
Source: www.silverprice.org

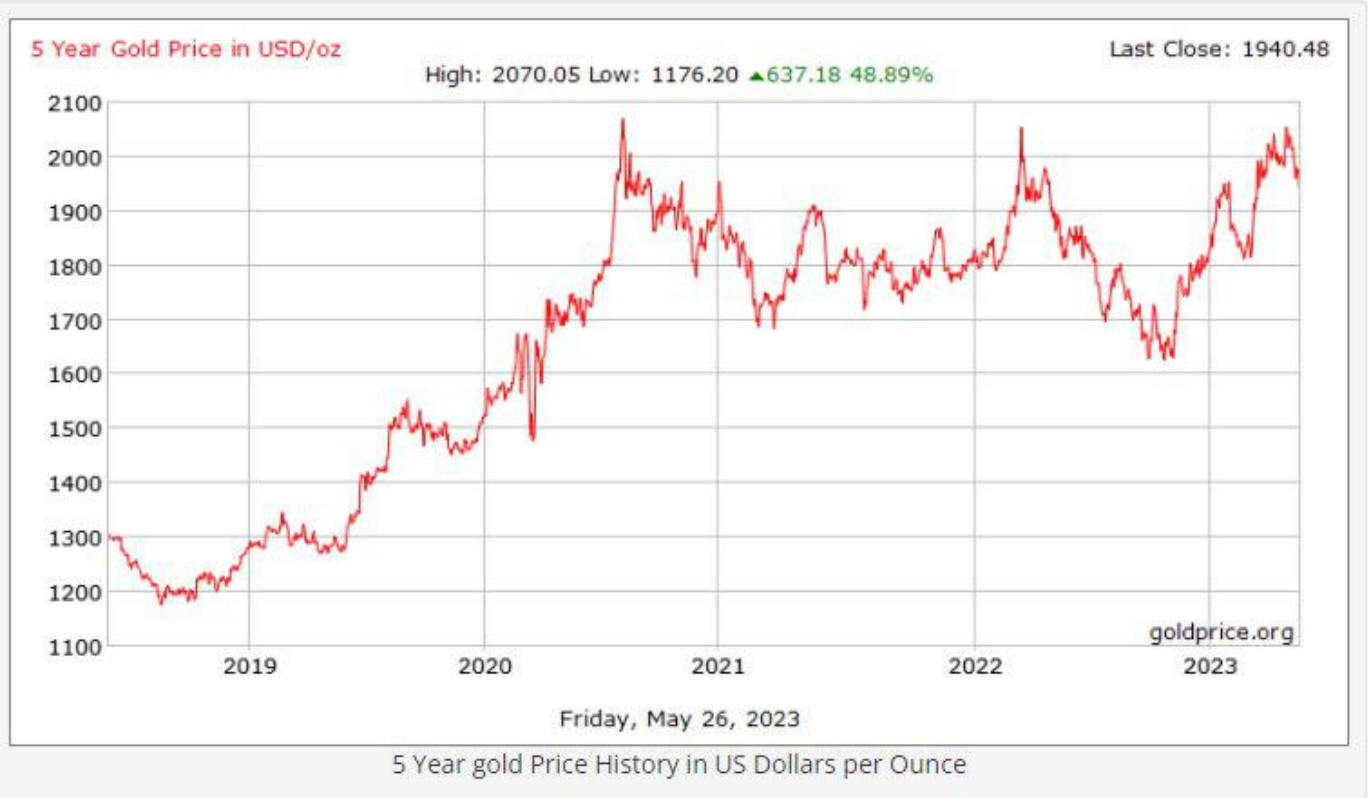


Figure 19.2. 5-year Gold Prices
Source: www.goldprice.org

Silver prices have different market drivers than gold. Silver prices are not only affected by the economy, but silver prices also have an important industrial component. In 2022, nearly half of the silver demand was in industrial applications. Silver prices and demand have been directly affected by the global mandate for increasing renewable energy resources. Silver is necessary for the manufacture of photovoltaic cells. Based on projections by the Silver Institute, there is likely to be a large deficit for silver in 2023. The Silver Institute estimates this may be as high as 142 Moz. The primary drive for this deficit will be all time highs for industrial demands. The Silver Institute indicates these deficit conditions will continue for the foreseeable future.[18] It should be noted that the long-term silver demand could be affected by changes in photovoltaic technology and the possibility of substitutions, although silver will likely continue to be a component in photovoltaic cells.[19]

Additionally, silver is also used in electronic components for 5G telecommunications networks, as well as medical applications. In 2019, approximately 7.5 million ounces were used in 5G technology applications. It is projected this value will triple by 2030.[20]

CRU has indicated the most significant demand indicator for silver could be in the application of hybrid and battery elective vehicles. The silver load in these vehicles is higher than in internal combustion engines. Obviously, this

[18] https://www.silverinstitute.org/all-world-silver-surveys/
[19] https://www.pv-magazine.com/2018/07/06/amount-of-silver-needed-in-solar-cells-to-be-more-than-halved-by-2028-silver-institute-says/
[20] https://www.mining.com/web/precious-metals-outlook-2021-renewable-energy-will-be-a-key-driver/

increase in silver demand is directly related to the sustained growth of the electric vehicle battery market and its market drivers.[21]

19.2 REFINING AND CONCENTRATE FREIGHT CHARGES

The gold and silver concentrate produced at the El Cubo mine is purchased under contract by MK Metal Trading Mexico S.A. DE C.V. (MK Metal). Delivery is to the buyer's warehouse at Manzanillo, Colima, Mexico. The terms are as follows:

- Payable Silver – based on the lower of:
  - 97.5% of the silver content and
  - A deduction of 100 grams silver per dry tonne concentrate
- Payable Gold – based on the lower of:
  - 97.5% of the gold content and
  - A deduction of 2.0 grams gold per dry tonne concentrate
- Treatment charge of US$350 per dry tonne DAP;
- Silver refining charge of US$1.00 per ounce of Payable Silver in each dry tonne of concentrate;
- Gold refining charge of US$8.00 per ounce of Payable Gold in each dry tonne of concentrate; and
- Penalties apply for deleterious elements that exceed the buyer's specifications.

Freight charges are based on 30,000 pesos per truck carrying 33 wet tonnes of concentrate containing 12% moisture.

Based on an average concentrate grade of 58 g/t of gold and 6,700 g/t of silver, the average estimated cost for refining and freight is US$2.43 per ounce equivalent silver.

The QP is of the opinion the terms, rates, and charges of the contract with MK Metal is within industry norms.

[21] https://www.silverinstitute.org/wp-content/uploads/2020/04/World-Silver-Survey-2020.pdf

20.0 ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

20.1 EL CUBO

Compañía Minera El Cubo (CMC) – Aurico – Compañía Minera del Cubo, S.A.de C.V. (CMC) was owned by AuRico Gold before 2013 and they obtained the necessary environmental permits for the operations at the El Cubo mine.

Environmental regulators (PROFEPA) detected irregular permitting issues in the Land Rezoning (CUS, Cambio de Uso de Suelo) and EIA (MIA, Manifestación de Impacto Ambiental) at the El Tajo process plant, the Calaveras and Santa Cecilia waste dumps, and the Mastranto IIIB tailings pond. PROFEPA (Procuraduría Federal para Protección del Medio Ambiente) requested these issues be corrected. CMC did not address the permit violations and regulators ordered that operations be suspended and fined CMC.

20.1.1 Endeavour Silver Corporation

CMC was sold to R.R. Silver (Endeavour Silver) in 2013. Endeavour Silver immediately entered into negotiations with PROFEPA/SEMARNAT (Secretaría del Medio Ambiente y Recursos Naturales) and secured approval to resume operations. Endeavour Silver promised to resolve the outstanding environmental issues by submitting a new MIA to correct existing environmental deficiencies in the mine area, renew existing permits, and comply with all PROFEPA requirements. A new EIS in the Regional Mode category (MIA-R) was then prepared between 2013 and 2018. All outstanding issues at El Cubo were resolved. The new MIA-R included the following items:

- Submittal of a MIA-R 2017-2018 covering the operation, maintenance, closure, and abandonment of the El Cubo Mine Operations that was approved March 21, 2018.
- An Environmental Impact authorization, valid for 50 years (allowing for 48 years of operations and 2 years for closure valid until March 20, 2068).
- Submittal of Annual Reports to SEMARNAT for years No. 1 (2019) and No. 2 (2020).
- CMC submitted to DGIRA (Dirección General de Impacto y Riesgo Ambiental) a report detailing its plans to manage areas affected by waste dumps, tailing dams, and other facilities on May 27, 2019.
- CMC submitted a request to modify the MIA-R permit by DGIRA on March 3, 2020 to make water channeling improvements and to be able to excavate construction materials. Approval is pending from DGIRA.

20.1.2 Environmental Management Plan (PMA) – Endeavour Silver

CMC developed and submitted to DGIRA an Environmental Management Plan, which was approved in October 2018. The plan was subject to a series of conditions detailed below:

- Submittal of a Technical and Economic Study (ETE) that will describe the preventative, mitigation, and remediation measures to be taken during the operation, closure, and restoration stages of the Project area. This report was submitted to and approved by DGIRA in September 2018.

- CMC had to purchase an environmental responsibility bond, which was submitted to DGIRA for 2018 and was renewed for years 2019 to 2022. Renewal of the bond is necessary each year.

- Appointment of a registered environmental supervisor, which CMC did on September 7, 2018.

20.1.3 Notification of Initiation of Operations

A notification of beginning operations to SEMARNAT and PROFEPA was submitted on February 18, 2019 and approved by SEMARNAT on July 12, 2019.

20.1.4 Licencia Ambiental Única (LAU) and Cédula De Operación Annual (COA) (Single Environmental Permit, Annual Operation Card)

- The original LAU permit was issued on August 20, 2009 by SEMARNAT Guanajuato.

- Reception of annual COA renewals has been issued from 2015 to 2019.

- According to CMC's environmental department, registration, logbooks of collection and transfer of hazardous residues, water consumption, zero discharge of solutions, gas emissions calculations, energy consumption, and other have been filed with the respective regulatory authorities.

20.1.5 Mine and Hazardous Residues Management Plan

- According to the MIA-R 2017-2018, which was approved March 21, 2018 and covers the operation, maintenance, closure, and abandonment of the El Cubo Mine Operations, requires the development of a PMMRM (Mine Residues Management Plan), this plan was submitted for approval to the DGGIMAR Directorship October 8, 2019. Missing information and clarifications were requested and a modified PMMRM was submitted December 20, 2019.

- The plan is valid until March 20, 2068, provided that annual reports are issued, registered, and approved.

- According to information provided by CMC's environmental department, annual reports have been submitted covering all Plan areas, including waste dump contouring, potential acid rock drainage, tailing ponds, and corresponding inspections of oil and grease and chemical reagents storage, laboratory discharges, and residue disposal and lamp disposal.

20.1.6 Closure and Reclamation Plan

- A Conceptual Closure Plan by Wood Environmental & Infrastructure Solutions Inc. was developed for Endeavour Silver's internal use and delivered to DGIRA and PROFEPA Guanajuato on March 11, 2020. This plan considers the reclamation of soils, re-vegetation, monitoring, and follow-up activities as well as abandonment activities.

- Reclamation of areas included in the Modified MIA-R permit is in progress and re-forestation is currently ongoing with approximately 1.0 hectare per year being reforested.

- In order to comply with a request by DGIRA, Endeavour Silver contracted with the mining consulting firm Clifton Associates Ltd. to develop a Plan for the Reclamation and Closure of the El Cubo mine

and facilities (PRC 2019). This plan focuses on the different infrastructure elements on site and their cost of reclamation and closure.

- According to the original operation plans, operations are scheduled until 2066, with final closure and reclamation requiring two years until 2068.

20.1.7 Notice of Temporary Suspension of Activities

Regulations require a formal notice of the end of operations and final closure should be submitted to DGIRA/PROFEPA 30 days before the end of activities. CMC decided to temporarily suspend activities and notified DGIRA authorities with the corresponding document dated March 11, 2020. Mine and mill operations were resumed by Guanajuato Silver in September 2021 and October 2021, respectively.

20.1.8 Sale of El Cubo to Guanajuato Silver

All of these active permits were transferred to Guanajuato Silver upon the close of the sale of the El Cubo assets to Guanajuato Silver in April of 2021.

20.1.9 Pending Environmental Issues

A list of environmental permits, applications, and filed required reports for the El Cubo and El Pingüico Projects is detailed in Table 20.1, below.

Guanajuato Silver has also applied for the required permits to allow it to use the dry stack tailings disposal method versus the wet tailings disposal method currently employed. Approval from the regulatory authorities is pending.

20.1.10 El Cubo Ejido Status

Based on the review of available documents, the Ejido agreement covering the area of the El Cubo Project area, the neighboring village and surrounding areas contains no negative impacts on the day-to-day operations for the mine, mill, tailings basins, and other project areas.

20.1.11 Environmental Summary – El Cubo

- After a review of all relevant documents from Guanajuato Silver's Environmental Department, it appears that Guanajuato Silver is in compliance with all environmental permits and obligations.

- The annual PMA report has been submitted as required.

- The QPs are unaware of any significant or material technical, legal, environmental, or political considerations or liabilities, which would have an adverse effect on the extraction and processing of the Resources located at the El Cubo mine Project.

- Environmental compliance and permitting costs are budgeted at US$130,000 per year for Guanajuato Silver's El Cubo and El Pingüico projects.

TABLE 20.1
LIST OF PERMITS FOR EL CUBO AND EL PINGÜICO

	LEVEL	NO.	ENVIRONMENTAL PROCEDURE	EFFECTIVE DATE	COMPLIANCE STATUS	COMMENTS
VILLALPANDO	FEDERAL	F-0	Change of Ownership from Compañ+ia Minera del Cubo SA de CV to Obras Mineras el Pingüico SA de CV (Ninth Term).	3/21/2068	Current	Change of ownership was delivered to the DGIRA-SEMARNAT on May 27, 2021, granting approval on July 15, 2021.
		F-1	MIA-R "OPERATION, MAINTENANCE, CLOSURE AND ABANDONMENT OF THE CUBO MINING FACILITY" - Original.	3/21/2068	Current	MIA-R Original Current.
		F-1.1	5th Annual Report of Activities of the MIA-R. (Seventh Term, Conditions 1 and 2)	3/21/2023	100%	Delivered the 5th Annual Report (2022) on March 17, 2023 to PROFEPA.
				3/21/2023	100%	Delivered the 5th Annual Report (2022) on March 22, 2023 to DGIRA.
		F-1.2	Guarantee Instrument - Annual Environmental Policy (Seventh Term, Condition 4).	10/19/2023	Current	On January 6, 2023, the Guarantee Instrument was delivered to DGIRA-SEMARNAT with a period of December 20, 2022 - October 19, 2023. The period 2023-2024 will have to be renewed.
				10/19/2023	Current	On January 11, 2023, the Guarantee Instrument was delivered to PROFEPA Guanajuato Delegation with a period of December 20, 2022 - October 19, 2023. The period 2023-2024 will have to be renewed.
		F-2	MIA-R "OPERATION, MAINTENANCE, CLOSURE AND ABANDONMENT OF THE CUBO MINING FACILITY" - 1st Modification.	3/21/2068	Current	1st Modification to MIA-R Current.
		F-3	MIA-R "OPERATION, MAINTENANCE, CLOSURE AND ABANDONMENT OF THE CUBO MINING FACILITY" - 2nd Modification.	3/21/2068	Current	2nd Modification to MIA-R Current.
		F-3.1	ETE update (Term 5, Condition D of the 2nd Modification).	3/21/2068	100%	Entered on October 4, 2022, Pending response from the Authority.
		F-3.1.1	Modification of the Guarantee Instrument (Term 5, Condition D of the 2nd Modification).	10/19/2023	100%	On January 6, 2023, the Guarantee Instrument was delivered to DGIRA-SEMARNAT with a period of December 20, 2022 - October 19, 2023. The period 2023-2024 will have to be renewed.
				10/19/2023	100%	On January 11, 2023, the Guarantee Instrument was delivered to PROFEPA Guanajuato Delegation with a period of December 20, 2022 - October 19, 2023. The period 2023-2024 will have to be renewed.
		F-3.2	Update of PMA and Specific Programs (Term 5th Condition E of the 2nd Modification).	3/21/2068	100%	On October 4, 2022, the update of the EMP and the PEs was delivered to the DGIRA-SEMARNAT.
		F-3.3	Notification of start of works and/or activities (Term 5, Condition F of the 2nd Modification).	PENDING	In time	The Start of Activities has not been notified, because no activity has started in this regard. Deliver within 15 business days from the start.
						The Start of Activities has not been notified, because no activity has started in this regard. Deliver within 15 business days from the start.
		F-4	MIA-R "OPERATION, MAINTENANCE, CLOSURE AND ABANDONMENT OF THE CUBO MINING FACILITY" - 3rd Modification.	PENDING	100%	November 3, 2022, the Modification Request is delivered. Complementary Information is delivered on January 6, 2023. March 7, 2023, Information within Reach is delivered. Awaiting Resolution
		F-5	Large Generator of Hazardous Waste and Hazardous Waste Management Plan.	NO EFFECTS	Without effect	It is without effect due to the Change of ownership.
		F-5.1	Modification to the Registry of the Hazardous Waste Management Plan (Change of Company Name CMC - OMPSA)	NO EFFECTS	Without effect	It is without effect due to Modification to the PMRP.
		F-5.2	Modification to the Hazardous Waste Management Plan (Registrations and authorizations).	PERMANENT	Current	Modification request entered on January 04, 2023. Request for missing information on April 12, 2023. PMRP entry Modified with missing information on 05/03/2023. The Modification to the PMRP is resolved in favor of OMPSA through official letter SRA-DGGIMAR.618/003256.
		F-6	Single Environmental License (LAU).	PERMANENT	Without effect	It is without effect due to the Change of ownership.

TABLE 20.1
LIST OF PERMITS FOR EL CUBO AND EL PINGÜICO

	LEVEL	NO.	ENVIRONMENTAL PROCEDURE	EFFECTIVE DATE	COMPLIANCE STATUS	COMMENTS
VILLALPANDO	FEDERAL	F-6.1	Single Environmental License and Environmental Registration Number (Change of Company Name CMC - OMPSA).	PERMANENT	Current	The change of ownership request was submitted on February 17, 2022 and resolved on May 19, 2022.
		F-7	Annual Operation Certificate 2022.	6/30/2023	95%	Information has been requested from the areas for filling out the COA 2022 and calculating emissions. Monitoring is carried out on the loading of information.
		F-8	Mining Waste Management Plan.	5/18/2023	95%	The request was entered on January 4, 2023. Request for missing information on April 25, 2023. Entry of PMRM-M Modified with missing information on May 17, 2013. Awaiting resolution by the DGGIMAR.
	STATE	E-1	Registration as a Generator of Special Management Waste	03/25/2023 EFFECTIVE due to renewal process entered on 10/03/2022	Current	Authorization as a Special Management Waste Generator in force by SMAOT Registration Renewal Procedure delivered on October 3, 2022. Awaiting authorization.
		E-1.1	Presentation of Authorizations issued by "SMAOT" of the Waste Management Service Providers (FOURTH Resolution, section III. General, subparagraph e)).	5/27/2022	100%	It was delivered to SMAOT on May 24, 2022.
		E-1.2	1st Annual Report on the Generation of Special Management Waste (Art 40, Fracc VII of the Regulation of the GIREyMG Law)	2/28/2023	100%	Delivered to PAOT on March 1, 2023.
				2/28/2023	100%	Delivered to SMAOT on March 1, 2023.
		E-1.3	Renewal of the Registry as a Generator of Special Management Waste (Due to Reform to the Regulation of the GIREyMG Law)		Pending	Registration renewal as a Special Management Waste Generator was entered on October 3, 2022. Awaiting authorization.
	MUNICIPAL	M-1	Proof of Land Use Feasibility.		Current	Current.
		M-2	Proof of Verification of Conditions and Land Use (Second Fraction of the Cube).	7/31/2023	Current	It will have to be renewed by July 7, 2023. It must be renewed annually.
PENGUIC	FEDERAL	F-10	Carmen-Sangría Preventive Report (NOM-120-SEMARNAT-2020) - Diamond Drilling Mining Exploration Project.	7/22/2024	Current	The application was submitted on February 17, 2022. Additional information is submitted on March 16, 2022. It is resolved on July 22, 2022.
	STATE	E-2	Penguin Area Regeneration Project.	11/11/2022	Approved	The project request was submitted to SMAOT on August 11, 2021. Information within scope is submitted on October 25, 2021 and resolved on October 6, 2021. The official letter to start activities was submitted on November 18, 2021.
		E2.2	Penguin Area Regeneration Project (Withdrawal).		Pending	Official Letter of Withdrawal of Procedure presented to the SMAOT on October 28, 2022. Awaiting a response from the authority.
	MUNICIPAL	M-3	Certificate of Verification of Conditions and Land Use (Pingüico).	8/22/2023	Current	It will have to be renewed by July 31, 2023. It must be renewed annually.

Scheduled Procedures	17
Procedures Carried Out	12
Compliance Percentage	71%

20.2 EL PINGÜICO PROJECT

20.2.1 El Pingüico Permits

A review of the environmental regulations and discussions with local officials indicates that no specific permits are required for removing the surface and underground stockpiles and transporting them to the El Cubo mill for processing.

20.2.2 Ejido Agreement

The village of Calderones is in close proximity to the mine and the road that services the El Pingüico Project and as such, there is an ejido agreement is in place with Guanajuato Silver. Guanajuato Silver's obligations to the community are summarized as follows:

- Local citizens have the "right to pass" granting them access to cross the mining claim properties;
- A payment to the community of MX$100,000, when the updated ejido was signed (completed); and
- An annual payment of MX$30,000 plus inflation, payable February of every year to members of the community.

Additionally, Guanajuato Silver has committed to:

- Minimize fugitive dust and noise impacts on the village of Calderones and the surrounding area;
- Rehabilitation of the existing but degraded road from the village of Calderones to the intersection of the main road from Guanajuato;
- Re-routing of all mine traffic from the village of Calderones and constructing a new road around the village. The new road configuration is shown, in yellow, in Figure 20.1; and
- Projects, such as recreational field improvements, educational support, and other items, as identified by the community.

Figure 20.1. New road configuration for the village of Calderones
Source: Google Earth™ map created by VanGold, December 2020.

As the surrounding area and larger community is supported by the mining industry, no opposition to re-starting the mine and the required permitting process is expected. This assumes compliance with all regulations and continued community involvement.

There are no significant or material pre-existing conditions or environmental conditions or liabilities at the El Pingüico Project site.

20.3 ADDITIONAL GUANAJUATO SILVER COMMUNITY AND SOCIETAL PROGRAMS

- Guanajuato Silver has established a medical clinic in the village of El Cubo.
- One hundred percent (100%) of Guanajuatos Silver's operations staff and two Senior Board of Directors are Mexican.
- Guanajuato Silver actively cooperates with local and state governments regarding needed infrastructure improvements and maintenance.
- Guanajuato Silver has established a Code of Ethics and Business Conduct policy as well as Whistleblower, Anti-Bribery, and Anti-Corruption policies.
- Guanajuato Silver has developed programs to promote healthy living, sports activities, and a drug abuse prevention program in the local community.

- Guanajuato Silver actively participates in supporting local holidays and festivals.
- Fourteen (14%) of Guanajuato Silver's entire operations workforce is female as well as 25% of its management staff.
- Guanajuato Silver provides educational support to local schools including building improvements as well as improvements to local community buildings and homes in adjacent communities to their Projects.
- Guanajuato Silver has established a local business incubator program.
- Guanajuato Silver has actively engaged and collaborates with the University of Guanajuato.
- They have developed a re-forestation and refuse removal program for the surrounding area by their El Cubo and El Pingüico Projects.

20.4 CONCLUSION

Upon review of company supplied information, meetings with management and the field visit completed by the QP from May 22-24, 2023, no adverse and or material environmental or mine safety conditions, permit violations, or other hazardous conditions were noted or observed at the El Cubo and El Pingüico Projects. There are no apparent significant legal, environmental, or political considerations that would have an adverse effect on the continued extraction and processing of the Mineral Resources located at the El Cubo property or the surface and underground stockpiles at El Pingüico.

21.0 CAPITAL AND OPERATING COSTS

21.1 CAPITAL COST ESTIMATE

21.1.1 Mine Capital Cost

The El Cubo mine and mill were idled in November 2019. When operations ceased, all crushing equipment, mining equipment, electrical equipment, and pumps were removed. The lower levels of the mine were allowed to flood. The major mill equipment was left in place including the primary crusher, secondary crusher, dust collectors, grinding mills, bins, conveyor belts, flotation cells, thickeners, tanks, concentrate filter, and most pumps. Some items were removed including some pumps, the PLC system, spares, and reagents.

In 2021 and 2022, Guanajuato Silver incurred capital costs of US$18.1 million, including US$3.3 million in development costs. The capital cost items included general refurbishment and improvements including the purchase of new mining equipment, installation of crushing and electrical equipment, and the pumping for El Cubo. Surface facility capital included sub-stations, compressors, and fans. Mine capital expenditures also included increasing the mine production rate from 350 tonnes per day to 750 tonnes per day. The mill costs included the needed capital to repair and replace existing mill mechanical equipment, re-install the mill distributed control system (DCS), refurbish the mill office control room, perform commissioning services, and re-stock operational spares.

Sustaining capital and development costs have been estimated for the remaining mine life (Table 21.1). Included in the sustaining capital costs is the construction of additional capacity in the Tailings Storage Facility 3-B. The construction is scheduled to begin in 2023 and will be completed by 2026 at an estimated capital cost of US$6.0 million. The tailings facility includes a tailings filtration plant. The other sustaining capital costs include general improvements to the mine and mill.

TABLE 21.1
SUSTAINING CAPITAL COSTS – 2023 TO 2028
(US$ MILLIONS)

Category	2023	2024	2025-2028	Total
Tailings Facilities	1.00	1.00	4.00	**6.00**
Mine Development	2.98	4.73	11.60	**19.31**
Other	1.83	0.0	3.57	**5.40**
Sustaining Capital – Total	**5.81**	**5.73**	**19.17**	**30.71**

21.2 OPERATING COST ESTIMATE

The operating cost estimate is summarized in Table 21.2 and represents an average cost for six years of operation. These costs are based on current experience at El Cubo.

TABLE 21.2
SUMMARY OF OPERATING COSTS
BASE CASE

Category	El Cubo ($/tonne)	Other Source 1 ($/tonne)	Other Source 2 ($/tonne)
Ore Haulage	-	10.00	-
Mine Direct[1]	35.00	80.00	13.00
Mill	20.00	20.00	20.00
General and Administration	13.00	13.00	13.00
Total	**68.00**	**123.00**	**46.00**

[1]The Mine Direct costs for El Cubo include haulage. Mine Development and Definition Drilling have been capitalized in the cash flow model and are not included in this table.

22.0 ECONOMIC ANALYSIS

22.1 INTRODUCTION

A discounted cash flow model was prepared for the El Cubo Project to determine the Net Present Value (NPV), Internal Rate of Return (IRR), and payback period. The technical cash flow was prepared on an after-tax basis and was prepared in accordance with NI 43-101 Standards of Disclosure for PEA studies.

The cash flow model includes Measured, Indicated, and Inferred Resources for the El Cubo and material from other sources not included in the El Cubo Mineral Resources. The current mine plan does not include production from the El Pingüico stockpiles. Readers are cautioned that the PEA is preliminary in nature. It includes Inferred Mineral Resources considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty the PEA will be realized. Mineral Resources that are not Mineral Reserves have not demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, and other relevant issues.

The following key parameters were integral to the preparation of the cash flow model and determination of the NPV.

- All results are expressed in US Dollars (US$).
- The analysis is based on a 100% equity basis. Specific business considerations, such as debt or equity financing and detailed tax strategies, have purposely not been included or analyzed in detail.
- All cash flows are determined on an after-tax basis.
- Net Present Values (NPV) are determined, assuming end-of-year cash flows.
- All costs and revenues reflect “real” or constant 2023 dollars without escalation.
- The measures used in this PEA are metric except where, by convention, gold and silver content, production, and sales are stated in troy ounces.

The results of the discounted cash flow analysis are summarized in Table 22.1.

TABLE 22.1
SUMMARY OF PRELIMINARY ECONOMIC ASSESSMENT FOR THE EL CUBO PROJECT
BASE CASE

Average Silver Price	US$/oz Silver	23.00
Average Gold Price	US/$oz Gold	1,850
Net Present Value (5%)	US$ million	31.5
Net Present Value (8%)	US$ million	27.7
Internal Rate of Return	%	480
Net Smelter Return	US$ million	278.4
Total Operating Costs	US$ million	173.4
Other Costs and Depreciation	US$ million	44.3
Taxes	US$ million	18.2
Sustaining Capital and Development Costs[1]	US$ million	31.3
Net Cash Flow	US$ million	39.3
Payback Period	Years	1.25
El Cubo Resources Processed	Mtonnes	1.67
Total Tonnes Processed[2]	Mtonnes	2.61
Life of Mine Recovered Silver Equivalent[3]	Moz	13.5
Mine Life	Years	6

[1]Includes 10% contingency on tailings' capital costs.
[2]Includes feed material from other sources. Does not include projected recovery from gravity circuit.
[3]Silver Equivalents are based on a 1:80 gold:silver ratio as per the average 3-year historic silver price of US$23.43/oz and gold price of US$1,849/oz. Includes silver equivalent recovery only from flotation.

22.2 ASSUMPTIONS AND TECHNICAL INPUTS

The technical parameters and production forecasts described elsewhere in this PEA are reflected in the base case cash flow model. The following sections are summaries of the cash flow model inputs.

The base case cash flow model does not include the additional recovery of silver and gold from the gravity circuit. An additional model was generated to include the gravity circuit; throughout the following discussion, this additional model is treated as an alternative case to the base case. No additional operating or capital costs are associated with the gravity circuit as the operation of the gravity circuit does not require additional labor or reagents and the capital costs are considered to be sunk costs as of the date of this PEA.

22.2.1 Life of Mine and Production Forecasts

The cash flow model incorporates a 6-year operating and development period. The cash flow model has been prepared on the basis of the diluted tonnages as summarized in Table 22.2. At steady state, the average monthly targeted production rate is 36,250 tonnes per month for an average annual total of 435,000 tonnes per year mined and processed. The overall projected base case production is summarized in Table 22.2. Also shown in Table 22.2 is the projected silver equivalent recovery with the addition of the gravity circuit.

TABLE 22.2
PEA CASH FLOW PRODUCTION INPUT SUMMARY

Parameter	Units	El Cubo	Other Source 1	Other Source 2	Total
Life of Mine		6 years	6 years	6 years	6 years
Tonnes Mined	ktonne	1,666	727	217	2,610
Silver	g Ag/tonne	128	56	131	108
Gold	g Au/tonne	1.01	0.88	1.48	1.01
Contained Silver Ounces	Moz	6.86	1.31	0.91	9.08
Contained Gold Ounces	Moz	0.054	0.021	0.010	0.085
Contained Silver Equivalent Ounces	Moz	11.2	2.96	1.74	15.9
Silver Recovery	%	85	85	85	85
Gold Recovery	%	85	85	85	85
Base Case Flotation Recovered Silver Equivalent Ounces	Moz	9.52	2.52	1.48	13.5
Gravity Recovered Silver Equivalent Ounces	Moz				0.710
Total Recovered Silver Equivalent Ounces with Gravity Circuit	Moz				14.2

22.2.2 Commodity Prices and Net Smelter Return

The use of historical metal prices is a generally accepted methodology for modeling long-term commodity prices. Commodity prices are cyclical and a long-term view of prices will typically incorporate both up and down cycles rather than using spot prices. For this analysis, the QP has used a 3-year rolling average of gold and silver prices (Table 22.3).

TABLE 22.3
BASE CASE CASH FLOW MODEL COMMODITY PRICES
($/OZ)

Parameter	Units	3-Year Average	Base Case	Spot May 26, 2023
Silver	US$/oz	23.43	23.00	23.14
Gold	US$/oz	1,849	1,850	1,954
Ratio – Gold:Silver		1:83	1:80	1:84

The net smelter return (NSR) costs are described in greater detail in Section 19.2 of this report.

The LOM gross revenues are based on the metal prices shown in Table 22.3 and the metal recovered according to the production parameters outlined in Table 22.2. The LOM NSR is determined as the gross revenues minus the treatment, refining, and freight costs (Table 22.4).

TABLE 22.4
LOM NET SMELTER RETURN

Parameter	Units	Base Case (US$)	With Gravity Circuit (US$)
LOM Gross Revenues			
Silver	US$ millions	177.5	193.8
Gold	US$ millions	133.8	133.8
Total LOM Gross Revenues	**US$ millions**	**311.3**	**327.6**
Less: Treatment, Refining, and Freight Charges	US$ millions	32.8	33.9
Total LOM Net Smelter Return	**US$ millions**	**278.4**	**293.6**

22.2.3 Operating Costs

The mining, processing, and administration costs are based on the operating cost estimates presented in Section 21.2. Mine Development and Definition Drilling costs have been capitalized in the cash flow model. A summary of the LOM costs is shown in Table 22.5.

TABLE 22.5
LOM OPERATING COST SUMMARY
BASE CASE

Direct Unit Operating Costs	US$ millions	Unit Cost US$/tonne Total Mill Feed	Unit Cost US$/AgEq Recovered
Direct Mining and Haulage	87.3	33.44	6.47
Processing	52.2	20.00	3.87
General and Administrative	34.0	13.00	2.51
Total	**173.4**	**70.85**	**12.84**

22.2.4 Development and Capital Costs

The development and capital costs associated with the mine development and equipment, new tailings facility, and facility improvements are shown in Table 22.6. These costs are discussed in Section 21.1.

TABLE 22.6
SUSTAINING CAPITAL AND DEVELOPMENT COSTS
(US$ MILLIONS)

Category	2023	2024	2025-2028	Total
Tailings Facilities	1.00	1.00	4.00	**6.00**
Mine Development	2.98	4.73	11.60	**19.31**
Other	1.83	0.0	3.57	**5.40**
Total	**5.81**	**5.73**	**19.17**	**30.71**
10% Contingency on Tailings	0.1	0.1	0.4	**0.6**
Total with Contingency	**5.91**	**5.83**	**19.57**	**31.31**

22.2.5 Other Costs and Taxes

Other costs include:

- Mining Rights Tax ..... 7.5% of EBITDA
- Government Fee on Precious Metals..... 0.5% of silver gross revenues
- Workers Profit Share..... 10% of pre-tax profits

These costs are based on the requirements of the Mexican government.

Depreciation was determined on a straight-line basis for 8 years as per Mexican tax laws.

The income tax rate is projected at 30% of operating profit (sales income or revenue less royalties, operating and other costs, and depreciation).

22.3 SENSITIVITY ANALYSIS

To determine the effect of changes in several of the base case assumptions, a sensitivity analysis was prepared for each operating scenario. Certain factors, such as commodity prices, operating costs, and capital costs, could have a significant effect on the financial performance of the Project. The objective of the sensitivity analyses is to determine the effect of several varying key parameters, as a point of comparison to the base line results. The following parameters were evaluated.

- Discount rates ranging from 0% to 10% were applied to determine the effect on NPV.
- Commodity prices generally have the greatest effect on mining project economics. The sensitivity to changes in commodity prices was determined on the basis of a constant gold-to-silver price ratio of 1:80, which is consistent with historical data.
- The cash variable operating costs were varied to determine the effect on NPV.
- Both the initial and sustaining capital costs were varied.

It should be noted that in each case, the particular parameter was changed for each year during the life of the mine (LOM) review. In reality, it is unlikely that each of the varied parameters would experience the same increases or

decreases over the entire LOM. As such, these sensitivity analyses present the best or the worst-case scenarios in the ranges evaluated. The purpose of the sensitivity analysis is to provide an indication of the relative effect that a specific operating parameter can have on the overall project economics.

22.3.1 Discount Rate Sensitivity

The sensitivity of the project cash flows to discount rate variations is shown in Table 22.7.

TABLE 22.7
NPV SENSITIVITY

Parameter	Discount Rate (%)	Base Case	With Gravity Circuit
NPV (US$ millions)	0.0	39.3	48.1
NPV (US$ millions)	5.0	31.5	38.9
NPV (US$ millions)	8.0	27.7	34.5
NPV (US$ millions)	10.0	25.5	31.9
IRR (%)		480	N/A
Payback Period (years)		1.25	N/A

22.3.2 Commodity Price and Cost Sensitivities

Of the sensitivity factors reviewed, the discounted cash flow was significantly affected by variations in both the commodity prices and operating costs (Table 22.8 and Table 22.9).

TABLE 22.8
COMMODITY PRICE SENSITIVITY – BASE CASE
ASSUMING A CONSTANT GOLD-TO-SILVER PRICE RATIO OF 1:80

Change in Commodity Price (%)	Silver Price ($/oz)	Gold Price ($/oz)	IRR (%)	NPV5% (US$ millions)	NPV8% (US$ millions)
-20	18.40	1,480	85	14.8	12.7
-10	20.70	1,665	180	23.2	20.2
0	23.00	1,850	480	31.5	27.7
10	25.30	2,035	N/A	39.8	35.2
20	27.60	2,220	N/A	48.1	42.7

TABLE 22.9
OPERATING AND CAPITAL COST SENSITIVITY
BASE CASE

Cost	Change in Cost (%)	NPV5% (US$ millions)	NPV8% (US$ millions)
Operating	+20	14.8	12.3
	0	31.5	27.7
	-20	48.5	43.1
Capital	+20	27.0	23.6
	0	31.5	27.7
	-20	35.9	31.8

At the 3-year historical average silver price of US$23.00/ounce and a gold price of US$1,850, the 5% NPV is US$31.5 million. At a 20% decrease in silver equivalent price, the Project continues to demonstrates a positive NPV(5), NPV(8), and an IRR of 85%.

Based on the results of the sensitivity analysis, the average NPV(5) breakeven price is approximately US$18.00/oz of silver and US$1,440/oz of gold (assuming a constant gold-to-silver ratio of 1:80). There is minimal difference in the breakeven price at a 5% or 8% discount rate.

The effect of the sensitivity analysis is further shown in the spider diagram presented as Figure 22.1.

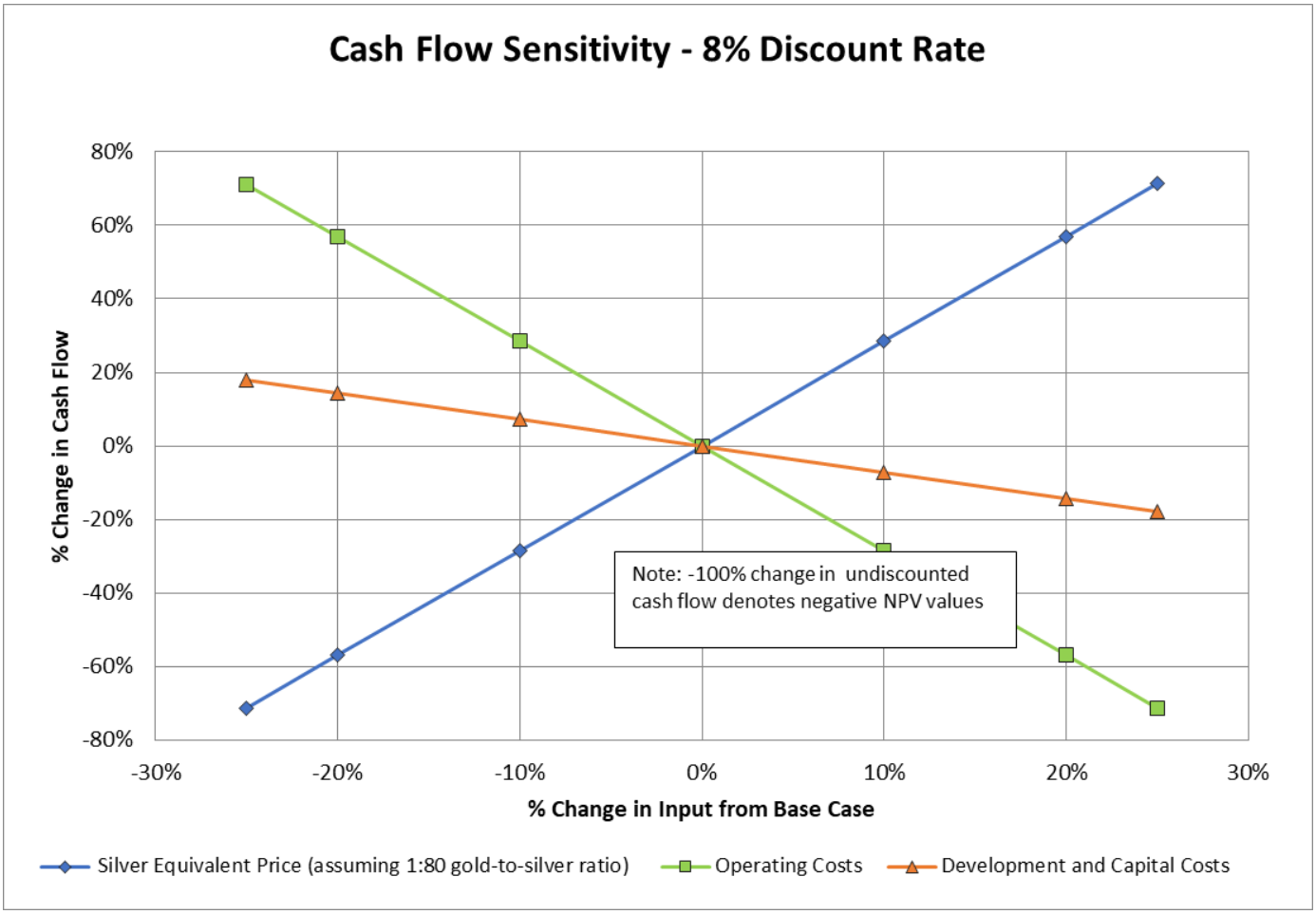


Figure 22.1. Cash flow sensitivity – 8% discount rate

22.3.3 Feed Material From Other Sources

The base case cash flow model includes feed material from other sources as per the plan of operation (see Section 16.6). If the additional material is not fed to the El Cubo mill, the base case NPV(5) is reduced by 32% from US$31.5 million to US$21.3 million. If the projected recovery from the gravity circuit is included, the base case NPV(5) is only reduced by 9%. The QP opines it is unlikely that additional feed to the mill will not be available as there is remaining Mineral Resource at El Pingüico as well as potential material from other nearby properties. The QP is of the opinion this is a low risk to the operation. The Mineral Resources at El Pingüico have not been included in the base case cash flow model.

22.4 DETAILED CASH FLOW MODELS

The 6-year discounted cash flow model is summarized in Table 22.10.

TABLE 22.10
SIX YEAR DISCOUNTED CASH FLOW MODEL

		Total/Avg Year Year	2023 1	2024 2	2025 3	2026 4	2027 5	2028 6
Production								
El Cubo Resource Production								
Tonnage	ktonnes	1,666	257	286	291	261	309	264
Recovered Silver - Flotation	oz (000s)	5,827	576	873	1,081	980	1,135	1,183
Recovered Gold - Flotation	oz (000s)	46.0	6.7	7.6	7.6	7.0	9.8	7.5
Other Source 1								
Tonnage	ktonnes	726.9	84.9	100.0	128.0	134.0	134.0	146.0
Recovered Silver - Flotation	oz (000s)	1,114	131	154	197	205	205	222
Recovered Gold - Flotation	oz (000s)	17.5	2.1	2.4	3.1	3.2	3.2	3.6
Tolled Feed								
Tonnage	ktonnes	216.9	21.9	30.0	30.0	45.0	45.0	45.0
Recovered Silver - Flotation	oz (000s)	776	57	111	111	166	166	166
Recovered Gold - Flotation	oz (000s)	8.8	0.7	1.2	1.2	1.9	1.9	1.9
Total Feed								
Tonnage	ktonnes	2,610	363	416	449	440	488	455
Recovered Silver - Flotation	oz (000s)	7,717	763	1,138	1,389	1,351	1,506	1,571
Recovered Gold - Flotation	oz (000s)	72.3	9.4	11.2	11.9	12.0	14.9	12.9
Recovered Equivalent Silver	oz AgEq (000s)	13,502	1,519	2,031	2,337	2,314	2,694	2,606
Total Equivalent Silver Recovery - Base Case	oz AgEq (000s)	13,502	1,519	2,031	2,337	2,314	2,694	2,606
Gravity Circuit Recovery								
Recovered Silver Equivalent	oz AgEq (000s)	709.7	109.7	120.0	120.0	120.0	120.0	120.0
Total Equivalent Silver Recovery w/ Gravity Circuit	oz AgEq (000s)	14,212	1,629	2,151	2,457	2,434	2,814	2,726
Metal Prices								
Silver	US$/oz Ag	23.00	23.00	23.00	23.00	23.00	23.00	23.00
Gold	US$/oz Au	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Unit Operating Costs								
Mine Direct and Haulage	US$/tonne	33.44	33.17	33.68	32.40	33.93	34.03	33.38
Plant	US$/tonne	20.00	20.00	20.00	20.00	20.00	20.00	20.00
G&A	US$/tonne	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Total	US$/tonne	66.44	66.17	66.68	65.40	66.93	67.03	66.38
Mine Direct and Haulage (Base Case)	US$/oz AgEq	6.47	7.93	6.89	6.22	6.45	6.16	5.83
Plant	US$/oz AgEq	3.87	4.78	4.09	3.84	3.80	3.62	3.49
G&A	US$/oz AgEq	2.51	3.11	2.66	2.50	2.47	2.35	2.27
Total	US$/oz AgEq	12.84	15.82	13.64	12.55	12.73	12.13	11.59
Capital and Development Costs								
Mine Development	US$ (000s)	19,303	2,975	4,728	3,960	2,547	2,547	2,547
Tailings Storage and Dam Expansion	US$ (000s)	6,000	1,000	1,000	1,000	3,000	-	-
Other	US$ (000s)	5,406	1,832	-	-	390	1,999	1,185
Contingency - Tailings Storage	US$ (000s)	600	100	100	100	300	-	-
Total	US$ (000s)	31,310	5,908	5,828	5,060	6,237	4,545	3,732

TABLE 22.10
SIX YEAR DISCOUNTED CASH FLOW MODEL
(CONTINUED)

		Total/Avg Year Year	2023 1	2024 2	2025 3	2026 4	2027 5	2028 6
Base Case Net Income								
Net Revenues (Base Case)								
Payable Silver Revenues	US$ (000s)	173,062	17,121	25,509	31,138	30,300	33,775	35,219
Payable Gold Revenues	US$ (000s)	129,115	16,830	19,932	21,136	21,473	26,609	23,136
Refining, Treatment and Freight Charges	US$ (000s)	(23,757)	(2,999)	(3,691)	(4,139)	(4,053)	(4,512)	(4,364)
Net Smelter Return	US$ (000s)	278,420	30,952	41,750	48,134	47,721	55,872	53,991
Operating Costs								
Mine (Including Haulage)	US$ (000s)	(87,291)	(12,050)	(13,996)	(14,537)	(14,927)	(16,593)	(15,188)
Plant	US$ (000s)	(52,203)	(7,266)	(8,312)	(8,973)	(8,800)	(9,752)	(9,100)
G&A	US$ (000s)	(33,932)	(4,723)	(5,403)	(5,832)	(5,720)	(6,339)	(5,915)
EBITDA	US$ (000s)	104,993	6,912	14,039	18,792	18,274	23,188	23,788
Gov't Fee on Precious Metals (0.5%)	US$ (000s)	(1,556)	(175)	(234)	(269)	(267)	(311)	(300)
Mining Rights Tax (7.5%)	US$ (000s)	(7,874)	(518)	(1,053)	(1,409)	(1,371)	(1,739)	(1,784)
Depreciation	US$ (000s)	(28,129)	(3,002)	(3,731)	(4,363)	(5,143)	(5,711)	(6,178)
Income Before Federal Taxes	US$ (000s)	67,434	3,216	9,021	12,750	11,494	15,427	15,526
Profit Sharing to Workers (10%)	US$ (000s)	(6,743)	(322)	(902)	(1,275)	(1,149)	(1,543)	(1,553)
Net Income Before NPI Royalty	US$ (000s)	60,690	2,894	8,119	11,475	10,344	13,885	13,974
NPI Royalty (El Pinquico)	US$ (000s)	-	-	-	-	-	-	-
Net Income Before Federal Taxes	US$ (000s)	60,690	2,894	8,119	11,475	10,344	13,885	13,974
Federal Income Taxes (30%)	US$ (000s)	(18,207)	(868)	(2,436)	(3,442)	(3,103)	(4,165)	(4,192)
Net Income After Taxes	US$ (000s)	42,483	2,026	5,683	8,032	7,241	9,719	9,781
Base Case After Tax Cash Flow								
Net Income After Taxes	US$ (000s)	42,483	2,026	5,683	8,032	7,241	9,719	9,781
Add: Depreciation	US$ (000s)	28,129	3,002	3,731	4,363	5,143	5,711	6,178
Less: Development and Capital Costs	US$ (000s)	(31,310)	(5,908)	(5,828)	(5,060)	(6,237)	(4,545)	(3,732)
Project Cash Flow	US$ (000s)	39,302	(879)	3,586	7,336	6,147	10,885	12,227
Cumulative Project Cash Flow	US$ (000s)		(879)	2,707	10,042	16,190	27,075	39,302
Base Case After Tax Net Present Value								
Internal rate of return		480%						
Net present value								
0% Discount Rate	US$ (000s)	39,302						
5% Discount Rate	US$ (000s)	31,462						
8% Discount Rate	US$ (000s)	27,716						
10% Discount Rate	US$ (000s)	25,535						

23.0 ADJACENT PROPERTIES

The Guanajuato region is widely recognized as a major center for silver mining with multiple veins and operations. The El Cubo and El Pingüico properties are only two of the multiple operations in the area. Major nearby operators include Endeavour Silver and Fresnillo. The major veins in the area are illustrated in Figure 7.3 – Significant faults, veins, and mines in the Guanajuato Silver Belt, found in Section 7.0 of this report.

The properties are geologically similar. All host low sulfidation, epithermal silver-gold deposits. The major variance being the gold versus silver ratio, which is dependent on their location in the hydrothermal column.

In June 2022, Guanajuato Silver signed a binding definitive agreement with Great Panther Mining Ltd. (Great Panther) to acquire Great Panther's Mexican assets, including the San Ignacio mine and the Valenciana mine, both of which are located in the Guanajuato mining district. This transaction was completed in August of 2022. There is potential for operational synergies between the El Cubo operation and these properties.

24.0 OTHER RELEVANT DATA AND INFORMATION

The QPs are unaware of any further data or relevant information that could be considered of any practical use in this report in evaluating the El Cubo and El Pingüico properties or necessary to make this report understandable and not misleading.

The QPs are unaware of any other material facts with respect to this evaluation that are not reflected in this report.

25.0 INTERPRETATIONS AND CONCLUSIONS

The QPs would caution that the results of this PEA are preliminary in nature. This PEA includes Inferred Resources that are too speculative geologically to have economic consideration applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the results of this PEA will be realized.

The QPs have reviewed the information, estimation methods, and the estimates and are of the opinion that the estimates are reasonable and can be utilized for this PEA.

25.1 RESOURCES

Approximately 500,000 tonnes of Measured and Indicated Mineral Resources grading 194 g/t silver and 2.44 g/t gold and 1.45 million tonnes of Inferred Mineral Resources grading 214 g/t silver and 2.78 g/t gold have been identified at El Cubo. At a processing rate of 277,000 tonnes per year, this represents approximately 6 years of mine life.

25.2 MINING

Mining costs and especially the cost of development work drive the economic success of El Cubo. Continual development of a detailed three-year mine plan with the current methods for mining narrow stopes could enhance the economics of the Project.

25.3 METALLURGY

The El Cubo mill has been operating at approximately 1,100 tonnes per day and should be able to achieve throughput rates of up to 1,500 tonnes per day based on historical operating history by Endeavour Silver.

Average metallurgical recoveries have been estimated at 85% for silver and 85% for gold in the flotation circuit as well as an additional recovery of 5% silver equivalent in the gravity circuit for a combined recovery of 90%. These recoveries are based on current experience. As new resources are identified, additional metallurgical testing will be required to confirm recovery and grinding characteristics.

25.4 INFRASTRUCTURE

Infrastructure, such as power supply, water supply, and roads, are established and operational.

Guanajuato Silver is currently utilizing Tailings Basin 3-B. Company engineering calculations in April 2023 indicate there are 6.5 years of tailings capacity remaining in Tailings Basins 3-B and 6 at the projected average feed rate of 1,200 tonnes per day to the mill. Guanajuato Silver has also submitted the required permit application to the proper regulatory authorities to enable them to use the dry stack tailings disposal method versus the current wet tailings disposal into basins.

25.5 ENVIRONMENTAL

There does not appear to be any apparent significant legal, environmental, or political considerations that would have an adverse effect on the extraction and processing of the Mineral Resources located at El Cubo. Environmental and social issues at El Cubo and El Pingüico appear to be administered under reasonable standards with corresponding cooperation from the local community of El Cubo.

25.6 ECONOMICS

Based on the inputs used in this PEA and the average 3-year silver and gold prices of US$23.00/oz silver and US$1,850/oz gold, the current Indicated and Inferred Resources at the El Cubo Project will result in a positive NPV(8) of US$27.7 million and an IRR of 480%. The Project shows the greatest sensitivity to metal prices with an average breakeven price of approximately US$18.00/oz of silver and US$1,440/oz of gold (assuming a constant gold-to-silver ratio of 1:80).

Note: This Preliminary Economic Assessment is preliminary in nature in that it includes Inferred Mineral Resources that are considered too speculative to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the Preliminary Economic Assessment will be realized.

25.7 RISKS

Table 25.1 below illustrates a typical risk matrix the QPs utilize when identifying and evaluating risks associated with mining and minerals projects.

TABLE 25.1
OVERALL RISK ASSESSMENT MATRIX

Likelihood of Risk (within 5 years	Consequence of Risk		
	Minor[1]	Moderate[2]	Major[3]
Likely – will probably occur	Medium	High	High
Possible – may occur	Low	Medium	High
Unlikely – unlikely to occur	Low	Low	Medium

[1]**Major Risk:** The factor poses an immediate danger of a failure, which if uncorrected, will have a material effect (>15% to 20%) on the project cash flow and performance and could potentially lead to project failure.
[2]**Moderate Risk:** The factor, if uncorrected, could have a significant effect (10% to 15% or 20%) on the project cash flow and performance unless mitigated by some corrective action.
[3]**Minor Risk:** The factor, if uncorrected, will have little or no effect (<10%) on project cash flow and performance.

While the current six-year plan projected is economic, success beyond the six years is dependent upon the discovery of additional Mineral Resources and their conversion to Mineral Reserves. The El Cubo and El Pingüico properties would be typical underground mines in that exploration costs would be high and time consuming. This is viewed as a moderate risk to operating and capital costs.

It should also be noted that a PEA is by definition an initial assessment of a project's economic viability. Many factors that are defined only in general terms could negatively impact the project's economics. Additionally, the success of the project is dependent on pricing for silver and gold to remain at or above the base case illustrated in the project technical cash flow model. This is viewed as a moderate to major risk with proactive management required to optimize the project by moving it through the study and engineering phases as efficiently as possible and to commence production while precious metals prices are elevated.

There appear to be no significant or material technical, legal, environmental, or political considerations or liabilities that would have an adverse effect on the extraction and processing of the Mineral Resources located at the El Cubo Project and for exploration and evaluation work to proceed at the El Pingüico Project. However, the following environmental and social risks have been identified:

- Significant or material pre-existing environmental conditions could be discovered at the El Cubo mine. The risk at El Cubo is considered low as a review of Endeavour Silver's records indicates a proactive environmental compliance culture and no history of significant regulatory violations. The risk at

El Pingüico is considered low to moderate as work completed on site since Guanajuato Silver's acquisition of the property in 2017 has not uncovered any adverse environmental conditions in the mine and no adverse historic or current negative community impacts have been noted to date. Conditions will have to be monitored as additional portions of the old mine workings are re-opened and exploration work proceeds to ensure that if any adverse conditions are discovered, they are dealt with proactively.

The QPs are unaware of any significant or material technical, legal, environmental, or political considerations or liabilities that would have an adverse effect on the extraction and processing of the Resources located at the El Cubo Project.

As the surrounding area and larger community is supported by the mining industry, no opposition to the mining operations, the mine, and the required permitting process is expected. This assumes compliance with all regulations and continued community involvement.

Any risks identified are typical of any advanced stage exploration project and or operating metals mine, such as tailings basin management, environmental regulatory compliance, maintaining and developing a comprehensive safety program, and ground control monitoring. None of these have been identified as significant risk.

26.0 RECOMMENDATIONS

The QPs have reviewed the information, estimation methods, and the estimates and are of the opinion that the estimates are reasonable and can be utilized for this PEA. Although the Mineral Resources estimated in this report are used for the economic analysis, the QPs would caution that Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

It is recommended to perform a two-phase work program for the combined El Cubo/El Pingüico project culminating in a pre-feasibility study (PFS) to further define recommendations for the exploration of the project, mine development, and the potential operational synergies with Guanajuato Silver's recently acquired properties. The PFS would incorporate the results of the exploration efforts to enable the conversion of Inferred Resources to Indicated and Measured Resources. The results would be incorporated into the cash flow model to provide a greater degree of accuracy and operational definition going forward.

Total Phase 1 activities would include preparing a new resource estimate based on recent drilling results and that would also incorporate potential synergies with the recently acquired properties as well as Guanajuato Silver's operating experience to date. The estimated cost of the new resource estimate is US$100,000.

Phase 2 work would consist of the activities to complete the PFS. Estimated costs for the PFS would range from approximately US$400,000 to US$600,000 and would likely take 4 to 6 months to complete. Mineralogical and metallurgical testing costs would be minimal since the process is known.

Phase 2 is not contingent upon positive results from Phase 1.

Additional phases of the Project would be subject to the resultant findings from the PFS.

26.1 GEOLOGY

26.1.1 Exploration

- Gather and document the data for blanks, standards, duplicate, and check assays for the 2018 and 2019 El Cubo underground drilling so a QA/QC report can be presented.

  If such data is not available for the 2018 and 2019 El Cubo underground drilling, then a program of re-sampling or re-assaying of an appropriate number of samples or pulps (estimated at ±5% - 10%) be undertaken utilizing blanks, standards, duplicate, and check assays; thus, allowing for a QA/QC report to be prepared.

- Follow-up previous favorable underground drill holes at El Cubo with an aggressive underground diamond drilling program. Gold and silver intersections show the existence of vein structures and mineralization that will require further drilling before these scattered intercepts can contribute to Inferred Resource.

- Continue exploration drilling on favorable surface and near-surface exposures at El Cubo, for example: Purisima, Cabrestantes II, and the San Juan adit.

- At El Cubo, sample for anomalous silver and/or gold values in small, late-stage calcite veins in the Calderones Formation. It is not uncommon for weak silver values that are hosted in calcite (especially dark colored calcite) in unfavorable horizons and/or high in the hydrothermal system, leading to

economic mineralization in more favorable horizons at depth. This should be considered a secondary priority that should be undertaken after mining is well established and after the above exploration recommendations are underway.

26.2 MINING

Mining systems for the El Cubo complex are recommended with a measured approach.

A mine plan should be established with specific steps and goals that would follow a logical sequence of operations and development. This plan would contain schedules for capital spending, mine development, construction, staffing, environmental and permitting considerations, closure, and production. Each of these must contain accurate cost estimates for the planned work.

26.3 PROCESS AND METALLURGY

As additional exploration work is completed, corresponding metallurgical samples should be prepared to test features, such as grindability, flotation recovery, and penalties associated with deleterious elements for concentrate sales.

26.4 NEXT PROJECT PHASES

It is recommended to perform a two-phase work program for the combined El Cubo/El Pingüico project culminating in a pre-feasibility study (PFS) to further define recommendations for the exploration of the project, mine development, and the potential operational synergies with Guanajuato Silver's recently acquired properties. The PFS would incorporate the results of the exploration efforts to enable the conversion of Inferred Resources to Indicated and Measured Resources. The results would be incorporated into the cash flow model to provide a greater degree of accuracy and operational definition going forward.

Total Phase 1 activities would include preparing a new resource estimate based on recent drilling results and that would also incorporate potential synergies with the recently acquired properties as well as Guanajuato Silver's operating experience to date. The estimated cost of the new resource estimate is US$100,000.

Phase 2 work would consist of the activities to complete the PFS. Estimated costs for the PFS would range from approximately US$400,000 to US$600,000 and would likely take 4 to 6 months to complete. Mineralogical and metallurgical testing costs would be minimal since the process is known.

Phase 2 is not contingent upon positive results from Phase 1.

Additional phases of the Project would be subject to the resultant findings from the PFS.

27.0 REFERENCES

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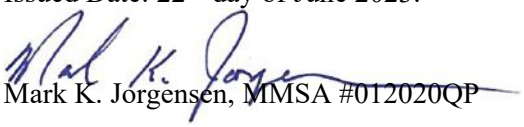
CERTIFICATE OF QUALIFIED PERSON

I, Mark K. Jorgensen, do hereby certify that:

1) I am a Senior Associate of Behre Dolbear Group, Inc. located at 4255 South Buckley Road, Aurora, Colorado 80013, USA.
2) I am a graduate of the University of Nevada (Reno) in 1977 with a Bachelor of Science degree in Chemical Engineering.
3) I am a Qualified Professional (Q.P.) in Metallurgy with the Mining and Metallurgical Society of America (Member #012020QP). I have flotation plant experience. I have designed flotation test programs, designed flotation operating plants, and worked in flotation operating plants. I have professional experience as a Project Manager and Project Engineer and have prepared other technical reports that allow me to provide summary commentary and conclusions.
4) This certificate applies to the technical report titled "Preliminary Economic Analysis – El Cubo/El Pingüico Silver Gold Complex Project, State of Guanajuato, Mexico" (the "Technical Report") with an effective date of 31 December 2022 for Guanajuato Silver Company Ltd. The issue date of this report is 22 June 2023.
5) I have read the definition of "qualified person" set out in National Instrument 43-101 and certify that by reason of education, experience, independence, and affiliation with a professional association, I meet the requirements of an Independent Qualified Person, as defined in National Policy 43-101.
6) I have read this report and am responsible or jointly responsible for Sections 5.0, 13.0, 17.0, 18.0, and 24.0 of this report and portions of Sections 1.0, 25.0 and 26.0 that relate to Metallurgy, Recovery Methods, and Infrastructure.
7) The work was completed in May 2022.
8) I visited the property from November 21 to November 24, 2020 for a total of 4 days on site and toured the El Cubo and El Pingüico properties.
9) I have worked previously on this project on behalf of VanGold in a desktop study assessing the El Pingüico resources and determining the suitability of the El Cubo mill for processing material from El Pingüico. The study was prepared for VanGold in October 2020 and the previous PEA completed in May 2021.
10) I am not aware of any material fact or material change with respect to the subject matter of the technical report that is not reflected in the Technical Report, the omission to disclose, which makes the Technical Report misleading.
11) I am independent of the Guanajuato Silver and the El Cubo/El Pingüico Silver-Gold Complex Project applying all of the tests in Section 1.5 of National Instrument 43-101.
12) I have read National Instrument 43-101 and Form 43-101Fl, and the Technical Report has been prepared in compliance with that instrument and form.
13) I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.
14) At the effective date of the technical report, to the best of my knowledge, information, and belief, the technical report, or part that the I am responsible for, contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Issued Date: 22nd day of June 2023.



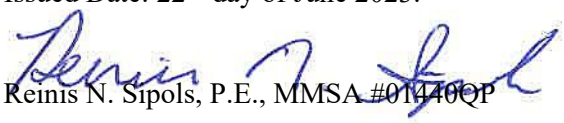
Mark K. Jorgensen, MMSA #012020QP

CERTIFICATE OF QUALIFIED PERSON

I, Reinis N. Sipols, P.E., do hereby certify that:

1) I am Senior Associate of Behre Dolbear Group, Inc. located at 4255 South Buckley Road, Aurora, Colorado 80013, USA.
2) I am a graduate of Michigan Technological University in 1987 with a Bachelor of Science Degree in Mining Engineering.
3) I am a Qualified Professional (Q.P.) with the Mining and Metallurgical Society of America (Member #01440Q).
4) I have practiced my profession for 33 years. I have been directly involved in the mining industry in positions of responsibility ranging from the executive level, operations management in open pit mines, environmental permitting and compliance, management consulting, and construction management and engineering in surface mining operations in the United States and Canada.
5) This certificate applies to the technical report titled "Preliminary Economic Analysis – El Cubo/El Pingüico Silver Gold Complex Project, State of Guanajuato, Mexico" (the "Technical Report") with an effective date of 31 December 2022 for Guanajuato Silver Company Ltd. The issue date of this report is 22 June 2023.
6) I have read the definition of "qualified person" set out in National Instrument 43-101 and certify that by reason of education, experience, independence, and affiliation with a professional association, I meet the requirements of an Independent Qualified Person, as defined in National Policy 43-101.
7) I have read this report and am responsible or jointly responsible for Sections 4.0, 5.0, 20.0, and 24.0 of this report and portions of Sections 1.0, 25.0, and 26.0 that relate to Environmental, Permitting, and Social or Community Impact.
8) I am independent of the Issuer, Vendor, and Property, as independence is described by Section 1.5 of National Instrument 43-101.
9) The work was completed in Blairstown, New Jersey, USA and Guanajuato, Mexico, during the period November 2020 to January 2021.
10) The work was completed during the period May 2023.
11) I visited the property from November 21 through November 24, 2020 for a total of 4 days. I also completed site visits on June 10 through June 14, November 1 through November 3, 2021 and from May 22 through May 24, 2023.
12) I have previously worked on this project on behalf of VanGold in a desktop study assessing the El Pingüico resources and determining the suitability of the El Cubo mill for processing material from El Pingüico. The study was prepared for VanGold in October 2020 and contributed to the previous PEA in May 2021.
13) I am independent of Guanajuato Silver and the El Cubo/El Pingüico Silver-Gold Complex Project applying all of the tests in Section 1.5 of National Instrument 43-101.
14) I have read National Instrument 43-101 and Form 43-101Fl, and the Technical Report has been prepared in compliance with that instrument and form.
15) I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.
16) At the effective date of the technical report, to the best of my knowledge, information, and belief, the technical report, or part that the I am responsible for, contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Issued Date: 22nd day of June 2023.



Reinis N. Sipols, P.E., MMSA #01440QP

CERTIFICATE OF QUALIFIED PERSON

I, Joseph A. Kantor, do hereby certify that:

1) I am a Senior Associate of Behre Dolbear Group, Inc. located at 4255 South Buckley Road, Aurora, Colorado 80013, USA.
2) I am a graduate of Michigan Technological University in 1966 with a B.S in Geology and in 1968, with a M.S. in Geology.
3) I am a member in good standing with the Society of Mining, Metallurgy and Exploration (SME) and a Qualified Professional (QP) Member – Mining and Metallurgical Society of America, QP (Geology) Member #01309QP.
4) I have practiced my profession continuously since 1966 and provide exploration services to the mineral exploration community. I have extensive experience in precious metal vein deposits.
5) This certificate applies to the technical report titled "Preliminary Economic Analysis – El Cubo/El Pingüico Silver Gold Complex Project, State of Guanajuato, Mexico" (the "Technical Report") with an effective date of 31 December 2022 for Guanajuato Silver Company Ltd. The issue date of this report is 22 June 2023.
6) I have read the definition of "qualified person" set out in National Instrument 43-101 and certify that by reason of education, experience, and experience in low-sulfidation silver-gold vein systems, independence, and affiliation with a professional association, I meet the requirements of an Independent Qualified Person, as defined in National Policy 43-101.
7) I have read this report and am responsible or jointly responsible for Sections 6.0, 7.0, 8.0, 9.0, 10.0, 11.0, 12.0, and 24.0 of this report and the portions of Sections 1.0, 25.0, and 26.0 that relate to Geology, Exploration, Drilling, Sampling, and Data Verification.
8) The work was completed in May 2023.
9) I have not visited the El Cubo and El Pingüico properties. I have previously worked on this project on behalf of VanGold in a desktop study assessing the El Pingüico resources and determining the suitability of the El Cubo mill for processing material from El Pingüico. The study was prepared for VanGold in October 2020 and contributed to the previous PEA in May 2021.
10) I am independent of the Guanajuato Silver and the El Cubo/El Pingüico Silver-Gold Complex Project applying all of the tests in Section 1.5 of National Instrument 43-101.
11) I have read National Instrument 43-101 and Form 43-101Fl, and the Technical Report has been prepared in compliance with that instrument and form.
12) I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.
13) At the effective date of the technical report, to the best of my knowledge, information, and belief, the technical report, or part that the I am responsible for, contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Issued Date: 22nd day of June 2023.

Joseph A. Kantor

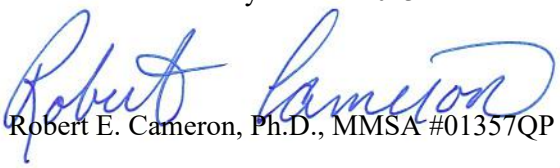
Joseph A. Kantor, MMSA (Geology), #01309QP

CERTIFICATE OF QUALIFIED PERSON

I, Robert E. Cameron, Ph.D., MMSA QP, do hereby certify that:

1) I am a Senior Associate of Behre Dolbear Group, Inc. located at 4255 South Buckley Road, Aurora, Colorado 80013, USA.
2) I am a graduate of The University of Utah with a B.S., M.S., and Ph.D. degrees in Mining Engineering.
3) I am currently a Qualified Person in good standing with the Mining and Metallurgical Society of America (MMSA) Member #01357QP.
4) I have practiced my profession since 1977. My relevant experience for the purpose of the Technical Report is acting as a consulting resource and reserve specialist and mining engineer for 40 years specializing in resource and reserve estimates and mining methods, optimization, and cost development of a wide variety of minerals and mining methods.
5) This certificate applies to the technical report titled "Preliminary Economic Analysis – El Cubo/El Pingüico Silver Gold Complex Project, State of Guanajuato, Mexico" (the "Technical Report") with an effective date of 31 December 2022 for Guanajuato Silver Company Ltd. The issue date of this report is 22 June 2023.
6) I have read the definition of "qualified person" set out in National Instrument 43-101 and certify that by reason of education, experience, independence, and affiliation with a professional association, I meet the requirements of an Independent Qualified Person, as defined in National Policy 43-101.
7) I have read this report and am responsible or jointly responsible for Sections 2.0, 3.0, 14.0, 15.0, 16.0, 19.0, 21.0, 22.0, 23.0, and 24.0 of this report and the portions of Sections 1.0, 25.0, and 26.0 that relate to Mineral Resources, Mineral Reserves, Mining, Capital and Operating Costs, and Economic Analysis.
8) The work was completed during May 2023.
9) I have not visited the El Cubo and El Pingüico properties.
10) I have worked previously on this project or property, except on the previous PEA dated May 2021.
11) I am independent of the Guanajuato Silver and the El Cubo/El Pingüico Silver-Gold Complex Project applying all of the tests in Section 1.5 of National Instrument 43-101.
12) I have read National Instrument 43-101 and Form 43-101Fl, and the Technical Report has been prepared in compliance with that instrument and form.
13) I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.
14) At the effective date of the technical report, to the best of my knowledge, information, and belief, the technical report, or part that the I am responsible for, contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Issued Date: 22nd day of June 2023.



Robert E. Cameron, Ph.D., MMSA #01357QP

APPENDIX 1.0
VHG SERVICIOS LEGALES, S.C. – MARCH 3, 2021 TITLE OPINION – EL CUBO PROJECT REPORT

PRIVILEGED AND CONFIDENTIAL

March 3, 2021

TITLE OPINION

EL CUBO PROJECT

VHG Servicios Legales, S.C.

Paseo de las Palmas No. 755-902
Col. Lomas de Chapultepec
11000 Ciudad de México

Telephone +52 (55) 55403020

March 3, 2021

EL CUBO PROJECT

"Privileged and Confidential"

TSXV Venture Exchange
("**TSXV**")
2700-650 West Georgia Street
Vancouver, B.C.
V6B 4N9

Dear Sirs and Madams:

We act as legal counsel to VanGold Mining Corp. ("**VanGold**") in Mexico and we are providing the following opinion in connection with the acquisition by VanGold, indirectly through its wholly owned Mexican subsidiary Obras Mineras el Pinguico, S.A. de C.V. ("**OMPSA**"), of the 49 (forty-nine) mining concessions comprising El Cubo Project located in the State of Guanajuato, Mexico ("**El Cubo Project**"), owned by Compañía Minera del Cubo, S.A. de C.V. ("**CMDC**"), a wholly owned Mexican subsidiary of Endeavour Silver Corp. (the "**Concessions**"); and the surface access rights owned/hold by CMDC to access El Cubo Project.

VanGold has entered into a letter agreement dated December 15, 2020 to acquire, by way of an asset purchase (the "**Asset Purchase Agreement**"), the El Cubo Project, including among other things, the surface rights owned/hold by CMDC to El Cubo Project, El Tajo Plant, all buildings, equipment, machinery, tools and improvements located therein and thereon for a purchase price of US$15,000,000 payable as follows:

(a) US$7,500,000 cash on closing (of which a US$500,000 non-refundable deposit has been paid to date);

(b) 21,331,058 common shares of the Company on closing having an aggregate deemed issue price of US$5,000,000.00 (US$0.2344 per share); and

(c) An unsecure, non-interest-bearing promissory note in the principal amount of US$2,500,000.00 payable 12 months after the closing.

The Asset Purchase Agreement provide for an asset acquisition only, and no corporate acquisition of CMDC or any other entity is contemplated therein.

Our investigations were focused on and limited to reviewing and examining the following records and to make such investigations, as we considered necessary, appropriate or relevant for the purposes of rendering the opinions expressed herein below:

- Copies of public records provided by CMDC of the General Direction of Mines (**DGM**) having federal jurisdiction and forming a part of the Ministry of Economy of the Federal Government.

- Copies of public records provided by CMDC of the Public Registry of Mining **(RPM)** having also federal jurisdiction in the United Mexican States.

- Copies of the mining certificates of the Concessions.

- Copies of mining duty payments invoices on the Concessions for the last 5 years (including the biannual payments paid on the Concessions on January 2021).

- Copies of assessment of work reports filed on Concessions for the last 5 years.

- Copy of the official communications dated June 26, 2002 issued by the DGM, authorizing to CMDC the grouping/incorporation of 44 mining concessions for purposes of the Assessment of Works Reports, which head of the group is the concession named "Unificación Villalpando Norte", title number 211996 (the "**Villalpando Group**").

- Copy of the official communications dated July 22, 2002 issued by the DGM, authorizing to CMDC the grouping/incorporation of 10 mining concessions for purposes of the Assessment of Works Reports, which head of the group is the concession named "Gracias a Dios", title number 212534 (the "**Gracias a Dios Group**").

- Copy of the public deed number 11 dated August 11, 1923 certified and attested to by Mr. Manuel Villaseñor Jr., Notary Public in the City of Guanajuato, State of Guanajuato registered under Electronic Folio number R15*3621 with the Public Registry of Property of Guanajuato, evidencing the ownership of CMDC of the rustic surface land named Segunda Fracción del Cubo, with an extension of 816-54-93.20 hectares ("**Segunda Fracción del Cubo Land**").

- Copy of the public deed number 9,200 dated January 16, 1995 certified and attested to by Mr. Margarito Sánchez Lira, Notary Public number 4 in the City of Guanajuato, State of Guanajuato registered under Electronic Folio number R15*3623 with the Public Registry of Property of Guanajuato, evidencing the ownership of CMDC of the rustic surface land named Fracción del Cubo, with an extension of 109-33-89 hectares ("**Fracción del Cubo Land**").

- Copy of the public deed number 9,716 dated June 9, 1998 certified and attested to by Mr. Margarito Sánchez Lira, Notary Public number 4 in the City of Guanajuato, State of Guanajuato registered under Electronic Folio number R15*40853 with the Public Registry of Property of Guanajuato, evidencing the ownership of CMDC of the rustic surface land named La Rosa de Castilla, with an extension of 271-70-07 hectares ("**La Rosa de Castilla Land**").

- Copy of the temporary occupancy, leasing and ease of way agreement dated October 21, 2011, and effective until October 21, 2026 entered into by and among Industrial Santa Fe, S. de R.L. and CMDC, over the following surface lands ("**Cebolletas Temporary Occupancy Agreement**"):

Name of the Rustic Land	Extension (Hectares)	Location
La Sierrita 1	385-00-00	Guanajuato, Guanajuato
La Sierrita 3	286-48-20	Guanajuato, Guanajuato
La Sierrita 4	382-26-40	Guanajuato, Guanajuato
Cebolletas	142-00-00	Guanajuato, Guanajuato

- A memorandum dated as of November 23, 2020 delivered by the legal department of CMDC, regarding certain tax credit imposed by the Administración Desconcentrada de Auditoria Fiscal de Guanajuato 2 ("**Tax**

Administration Office"), related to the fiscal year 2016, in the total amount of MXP$58,461,147.05 ("**CMDC 2016 Tax Credit**"). Pursuant to the information provided in such memorandum the Tax Administration Office imposed CMDC 2016 Tax Credit, alleging that there are some non-existing or simulated operations between CMDC and some of its suppliers, requesting evidence of such operations to confirm if they actually occurred. Also, the Tax Administration Office is alleging that some of the deductions applied for the year 2016 are not properly documented/supported, and that certain tax withholdings were not remitted to the Tax Administration Office, resulting in the CMDC 2016 Tax Credit.

CMDC offered certain mining concessions in El Cubo Mining Project to the Tax Administration Office in order to secure the payment of CMDC 2016 Tax Credit but the office did not accept the concessions as a valid form of collateral to secure the said payment, instead they put a tax line (the "**Tax Lien**") on the Segunda Fracción del Cubo Land, Fracción del Cubo Land and La Rosa de Castilla rustic surface lands.

While CMDC is currently challenging CMDC 2016 Tax Credit through the corresponding administrative appeal, CMDC has confirmed to VanGold that upon completion of the Asset Purchase Agreement , CMDC will immediately pay the CMDC 2016 Tax Credit and request the removal, as soon as possible, of the Tax Lien on the Segunda Fracción del Cubo Land, Fracción del Cubo Land and La Rosa de Castilla rustic surface lands to allow the acquisition of the same by OMPSA free and clear of any lien and/or encumbrance. We note that the Asset Purchase Agreement provides that if CMDC fails to remove and discharge the Tax Lien in full from the El Cubo Project on or before closing, VanGold shall be entitled to withhold from the purchase price on closing an amount sufficient to fully remove and discharge the Tax Lien from the El Cubo Project including all applicable interest and penalties and remit such amount directly to Tax Administration Office, in which event such amount shall be deemed to have been paid to and received by CMDC on account of the purchase price at closing.

- Copy of the Asset Purchase Agreement.
- Copy of the Environmental Permits listed in **Annex B** to this title report.
- Verbal and emailed information provided by CMDC.

Any agreement, application or filing made in respect of said concession, which recording, or acknowledgement has not been completed or made by DGM or RPM, is excluded from this report.

Our opinions are limited to the laws of the United Mexican States ("**Mexico**") as at the date hereof and not with respect to any other law.

Due to covid19 restrictions, the DGM and RMP have limited the access to public files and records, and we are relying on the information and copies of the documents delivered by CMDC to VHG for the purpose of rendering this title report. Once the public access and offices of the DGM and RMP are reopened, VHG will confirm and if necessary, update the information provided in this report.

Subject to the qualifications and assumptions expressed herein, our report follows:

TITLE REPORT

	LOT	HOLDER	SURFACE (Hectares)	TITLE	TYPE OF CONCESSION	TERM	LOCATION
1	Albertina o La Merced*	CMDC	5.9316	182007	Mining	April 7, 2038	Guanajuato, Guanajuato
2	Ampl. de Pasadena*	CMDC	3.3399	182006	Mining	April 7, 2038	Guanajuato, Guanajuato
3	Ampl. de Cabrestante*	CMDC	8.0000	165795	Mining	December 10, 2029	Guanajuato, Guanajuato
4	Canta Ranas*	CMDC	98.5468	210492	Mining	October 7, 2049	Guanajuato, Guanajuato
5	Dalia	CMDC	129.0207	210951	Mining	February 28, 2050	Guanajuato, Guanajuato
6	El Cabrestante*	CMDC	9.0000	165792	Mining	December 10,2029	Guanajuato, Guanajuato
7	El Cuarteto*	CMDC	26.0910	182005	Mining	April 7, 2038	Guanajuato, Guanajuato
8	El Durazno*	CMDC	60.0000	164988	Mining	August 12, 2004	Guanajuato, Guanajuato
9	El Eden*	CMDC	1,675.7707	212009	Mining	August 17, 2050	Dolores Hidalgo, Guanajuato
10	Huematzin*	CMDC	37.5000	171591	Mining	November 8, 2032	Guanajuato, Guanajuato

11	La China*	CMDC	48.5754	165797	Mining	December 10, 2029	Guanajuato, Guanajuato
12	La Fragua*	CMDC	42.0000	165653	Mining	November 18, 2029	Guanajuato, Guanajuato
13	La Providencia*	CMDC	256.7454	211859	Mining	July 27, 2050	Dolores Hidalgo, Guanajuato
14	La Soledad*	CMDC	65.0000	165669	Mining	November 27, 2029	Guanajuato, Guanajuato
15	Luisa Evelia*	CMDC	22.2241	157855	Mining	November 29, 2022	Guanajuato, Guanajuato
16	Santa Fe del Monte*	CMDC	15.3541	154139	Mining	January 25, 2021	Guanajuato, Guanajuato
17	San Juan*	CMDC	37.3586	165791	Mining	December 10, 2029	Guanajuato, Guanajuato
18	Minas Viejas*	CMDC	16.0000	165794	Mining	December 10, 2029	Guanajuato, Guanajuato
19	Nueva Luz del Nayal*	CMDC	55.0000	165796	Mining	December 10, 2029	Guanajuato, Guanajuato
20	San Cayetano de Animas y Providencia*	CMDC	30.9920	181236	Mining	September 10, 2037	Guanajuato, Guanajuato
21	Socavón de los Alisos*	CMDC	66.3687	182003	Mining	April 07, 2038	Guanajuato, Guanajuato
22	San Juan Tacuitapa*	CMDC	24.0000	182004	Mining	April 07, 2038	Guanajuato, Guanajuato

23	Santa Rosa*	CMDC	20.5065	157913	Mining	December 06, 2022	Guanajuato, Guanajuato
24	San Patricio*	CMDC	3.4634	212168	Mining	September 21, 2050	Guanajuato, Guanajuato
25	La Sauceda**	CMDC	747.6730	213305	Mining	April 19, 2051	Guanajuato, Guanajuato
26	La Palma**	CMDC	327.7095	213435	Mining	May 10, 2051	Guanajuato, Guanajuato
27	Entre el Varal*	CMDC	3.8977	214132	Mining	August 09, 2051	Guanajuato, Guanajuato
28	La Asunción*	CMDC	10.0000	214133	Mining	August 09, 2051	Guanajuato, Guanajuato
29	Violeta*	CMDC	75.6694	214134	Mining	August 09, 2051	Guanajuato, Guanajuato
30	Maria Fracc. NE*	CMDC	146.1390	214135	Mining	August 09, 2051	Guanajuato, Guanajuato
31	Violeta*	CMDC	45.6837	214136	Mining	August 09, 2051	Guanajuato, Guanajuato
32	Las Palomas**	CMDC	257.0432	214260	Mining	September 05, 2051	Guanajuato, Guanajuato
33	Primera Ampliación de la Albertina o la Merced*	CMDC	8.8652	161513	Mining	April 24, 2025	Guanajuato, Guanajuato
34	Virjan*	CMDC	49.0000	214424	Mining		

						September 05, 2051	Guanajuato, Guanajuato
35	Siglo XXI**	CMDC	47.1809	214614	Mining	October 01, 2051	Guanajuato, Guanajuato
36	Los Pinguicos**	CMDC	985.1100	214742	Mining	November 21, 2051	Guanajuato, Guanajuato
37	Don Guillermo	CMDC	9.0808	215926	Mining	April 01, 2052	Guanajuato, Guanajuato
38	La Libertad*	CMDC	48.1000	165168	Mining	September 11, 2029	Guanajuato, Guanajuato
39	Paco	CMDC	188.2252	217999	Mining	September 29, 2052	Guanajuato, Guanajuato
40	Unificación Villalpando Norte*	CMDC	374.4603	229103	Mining	March 08, 2075	Guanajuato, Guanajuato
41	Unificación Villalpando Sur*	CMDC	318.1440	240917	Mining	March 08, 2057	Guanajuato, Guanajuato
42	Lety Fracción 1	CMDC	32.3682	235633	Mining	February 02, 2060	Guanajuato, Guanajuato
43	Lety Fracción 2	CMDC	18.3671	235634	Mining	February 02, 2060	Guanajuato, Guanajuato
44	Lety Fracción 3	CMDC	4.9644	235635	Mining	February 02, 2060	Guanajuato, Guanajuato
45	Marisela**	CMDC	135.9622	213751	Mining	June 14, 2051	Guanajuato, Guanajuato

46	El Chupiro*	CMDC	13.3873	171840	Mining	June 14, 2033	Guanajuato, Guanajuato
47	Ampl. de la Fragua*	CMDC	130.8850	164851	Mining	July 10, 2029	Guanajuato, Guanajuato
48	Durazno Prisco*	CMDC	43.7524	165109	Mining	August 22, 2029	Guanajuato, Guanajuato
49	Edelmira II*	CMDC	135.2726	165245	Mining	September 13, 2029.	Guanajuato, Guanajuato

* Concessions grouped under Villalpando Group.
** Concessions grouped under Gracias a Dios Group.

SERVICIOS LEGALES, S.C.

RELEVANT INFORMATION OF THE MINING CONCESSIONS

<table>
<tr><td>1.</td><td>Name of the lot:</td><td>ALBERTINA O LA MERCED</td></tr>
<tr><td></td><td>Title number:</td><td>182007</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>5.9316 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From April 8, 1988 through April 7, 2038</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>248</td></tr><tr><td>Page:</td><td>98</td></tr><tr><td>Number:</td><td>387</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

2.	**Name of the lot:**	**AMPL. DE PASADENA**
	Title number:	182006
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	3.3399 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From April 8, 1988 through April 7, 2038
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 248 Page: 97 Number: 386
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

3.	**Name of the lot:**	**AMPL. DE CABRESTANTE**
	Title number:	165795
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	89.0000 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From December 11, 1979 through December 10, 2029
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 218 Page: 175 Number: 695
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

4.	**Name of the lot:**	**CANTA RANAS**
	Title number:	210492
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	98.5468 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From October 8, 1999 through October 7, 2049
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 310 Page: 156 Number: 312
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>5.</td><td>Name of the lot:</td><td>DALIA</td></tr>
<tr><td></td><td>Title number:</td><td>210951</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>129.0207 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From February 29, 2000 through February 28, 2050</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>312</td></tr><tr><td>Page:</td><td>26</td></tr><tr><td>Number:</td><td>51</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

6.	**Name of the lot:**	**EL CABRESTANTE**
	Title number:	165792
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	9.0000 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From December 11, 1979 through December 10, 2029
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 218 Page: 174 Number: 692
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

7.	**Name of the lot:**	**EL CUARTETO**
	Title number:	182005
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	29.0910 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From April 7, 1988 through April 8, 2038
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 248 Page: 97 Number: 385
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>8.</td><td>Name of the lot:</td><td>EL DURAZNO</td></tr>
<tr><td></td><td>Title number:</td><td>164988</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>60.0000 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From August 13, 1979 through August 12, 2029</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>218</td></tr><tr><td>Page:</td><td>73</td></tr><tr><td>Number:</td><td>288</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

9.	**Name of the lot:**	**EL EDEN**
	Title number:	212009
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	1675.7707 Has.
	Municipality:	Dolores Hidalgo, Guanajuato
	Life of the concession:	From August 18, 2000 through August 17, 2050
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 315 Page: 15 Number: 29
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

10	**Name of the lot:**	**HUEMATZIN**
	Title number:	171591
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	37.5000 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From November 9, 1982 through November 8, 2032
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 227 Page: 129 Number: 511
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>11</td><td>Name of the lot:</td><td>LA CHINA</td></tr>
<tr><td></td><td>Title number:</td><td>165797</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>48.5754 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From December 11, 1979 through December 10, 2029</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>218</td></tr><tr><td>Page:</td><td>175</td></tr><tr><td>Number:</td><td>697</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

12	**Name of the lot:**	**LA FRAGUA**
	Title number:	165653
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	42.0000 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From November 19, 1979 through November 18, 2029
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 217 Page: 159 Number: 633
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>13</td><td>Name of the lot:</td><td>LA PROVIDENCIA</td></tr>
<tr><td></td><td>Title number:</td><td>211859</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>256.7454 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Dolores Hidalgo, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From July 28, 2000 through July 27, 2050</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>314</td></tr><tr><td>Page:</td><td>120</td></tr><tr><td>Number:</td><td>239</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

<table>
<tr><td>14</td><td>Name of the lot:</td><td>LA SOLEDAD</td></tr>
<tr><td></td><td>Title number:</td><td>165669</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>65.0000 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From November 28, 1979 through November 27, 2029</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>218</td></tr><tr><td>Page:</td><td>158</td></tr><tr><td>Number:</td><td>629</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

15	**Name of the lot:**	**LUISA EVELIA (THIS MINING CONCESSION SHOULD BE RENEWED)**
	Title number:	157855
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	22.2241 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From November 30, 1972 through November 29, 2022. Under the Mexican Mining Law holders of mining concessionaires are entitled to request the renewal of their concessions within the 5 years prior to the termination of the corresponding effective period, and provided that they are in full compliance with all the obligations imposed by the Mexican Mining Law to keep the concessions in good standing.
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 199 Page: 133 Number: 529
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>16</td><td>Name of the lot:</td><td>SANTA FE DEL MONTE</td></tr>
<tr><td></td><td>Title number:</td><td>154139</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>15.3541 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From January 26, 1971 through January 25, 2021. CMDC file on December 18, 2020 the application under entry number 20200900135055, in order to extend the life of this concession for another 50 years, under the Mexican Mining Law and its Regulations.

Under the Mexican Mining Law and its Regulations, the DGM has 15 business days to process the extension application or prevent the same; should the DGM does not provide any communication or prevention on the application the extension would be deemed granted and CMDC will be entitled to request the issuance and registration of the new mining certificate. Due to covid19 restrictions and the lagging on the applications and procedures at the DGM, we anticipate that the issuance of the new mining certificate could take a couple of months but based on the date of the application, the documents attached therein, and the information provided by CMDC, we are of the opinion that this concession should be extended for an additional period of 50 years.</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>193</td></tr><tr><td>Page:</td><td>49</td></tr><tr><td>Number:</td><td>193</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

<table>
<tr><td>17</td><td>Name of the lot:</td><td>SAN JUAN</td></tr>
<tr><td></td><td>Title number:</td><td>165791</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>37.3586 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From December 11, 1979 through December 10, 2029</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>218</td></tr><tr><td>Page:</td><td>174</td></tr><tr><td>Number:</td><td>691</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

18	**Name of the lot:**	**MINAS VIEJAS**
	Title number:	165794
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	16.0000 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From December 11, 1979 through December 10, 2029
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 218 Page: 174 Number: 694
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>19</td><td>Name of the lot:</td><td>NUEVA LUZ DEL NAYAL</td></tr>
<tr><td></td><td>Title number:</td><td>165796</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>55.0000 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From December 11, 1979 through December 10, 2029</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>218</td></tr><tr><td>Page:</td><td>175</td></tr><tr><td>Number:</td><td>696</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

<table>
<tr><td>20</td><td>Name of the lot:</td><td>SAN CAYETANO DE ÁNIMAS Y PROVIDENCIA</td></tr>
<tr><td></td><td>Title number:</td><td>181236</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>30.9920 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From September 11, 1987 through September 10, 2037</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>247</td></tr><tr><td>Page:</td><td>5</td></tr><tr><td>Number:</td><td>16</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

21	**Name of the lot:**	**SOCAVON DE LOS ALISOS**
	Title number:	182003
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	66.3687 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From April 8, 1988 through April 7, 2038
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 248 Page: 97 Number: 383
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

22	**Name of the lot:**	**SAN JUAN TACUITAPA**
	Title number:	182004
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	24.0000 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From April 8, 1988 through April 7, 2038
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 248 Page: 97 Number: 384
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>23</td><td>Name of the lot:</td><td>SANTA ROSA</td></tr>
<tr><td></td><td>Title number:</td><td>157913</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>20.5065 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From December 7, 1972 through December 6, 2022</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>198</td></tr><tr><td>Page:</td><td>143</td></tr><tr><td>Number:</td><td>567</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

<table>
<tr><td>24</td><td>Name of the lot:</td><td>SAN PATRICIO</td></tr>
<tr><td></td><td>Title number:</td><td>212168</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>3.4634 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From September 22, 2000 through September 21, 2050</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>315</td></tr><tr><td>Page:</td><td>94</td></tr><tr><td>Number:</td><td>188</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
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<table>
<tr><td>25</td><td>Name of the lot:</td><td>LA SAUCEDA</td></tr>
<tr><td></td><td>Title number:</td><td>213305</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>747.6730 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From April 20, 2001 through April 19, 2051</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>318</td></tr><tr><td>Page:</td><td>123</td></tr><tr><td>Number:</td><td>245</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
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<table>
<tr><td>26</td><td>Name of the lot:</td><td>LA PALMA</td></tr>
<tr><td></td><td>Title number:</td><td>213435</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>327.7095 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From May 11, 2001 through May 10, 2051</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>319</td></tr><tr><td>Page:</td><td>8</td></tr><tr><td>Number:</td><td>15</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

27	**Name of the lot:**	**ENTRE EL VARAL**
	Title number:	214132
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	3.8977 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From August 10, 2001 through August 9, 2051
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 320 Page: 176 Number: 352
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

28	**Name of the lot:**	**LA ASUNCIÓN**
	Title number:	214133
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	10.0000 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From August 10, 2001 through August 9, 2051
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 320 Page: 177 Number: 353
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

29	**Name of the lot:**	**VIOLETA**
	Title number:	214134
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	75.6694 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From August 10, 2001 through August 9, 2051
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 320 Page: 177 Number: 354
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>30</td><td>Name of the lot:</td><td>MARIA FRACC. NE</td></tr>
<tr><td></td><td>Title number:</td><td>214135</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>146.1390 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From August 10, 2001 through August 09, 2051</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>320</td></tr><tr><td>Page:</td><td>178</td></tr><tr><td>Number:</td><td>355</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

31	**Name of the lot:**	**VIOLETA**
	Title number:	214136
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	45.6837 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From August 10, 2001 through August 09, 2051
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 320 Page: 178 Number: 356
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

32	**Name of the lot:**	**LAS PALOMAS**
	Title number:	214260
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	257.0432 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From September 06, 2001 through September 05, 2051
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 321 Page: 60 Number: 120
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>33</td><td>Name of the lot:</td><td>PRIMERA AMPLIACION DE LA ALBERTINA O LA MERCED</td></tr>
<tr><td></td><td>Title number:</td><td>161513</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>8.8652 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From April 25, 1975 through April 25, 2025. Under the Mexican Mining Law holders of mining concessionaires are entitled to request the renewal of their concessions within the 5 years prior to the termination of the corresponding effective period, and provided that they are in full compliance with the obligations imposed by the Mexican Mining Law to keep the concessions in good standing.</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>210</td></tr><tr><td>Page:</td><td>19</td></tr><tr><td>Number:</td><td>73</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

34	**Name of the lot:**	**VIRJAN**
	Title number:	214424
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	49.0000 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From September 06, 2001 through September 05, 2051
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 321 Page: 142 Number: 284
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

35	**Name of the lot:**	**SIGLO XXI**
	Title number:	214614
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	47.1809 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From October 02, 2001 through October 01, 2051
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 322 Page: 57 Number: 114
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

36	**Name of the lot:**	**LOS PINGUICOS**
	Title number:	214742
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	985.1100 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From November 22, 2001 through November 21, 2051
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 322 Page: 121 Number: 242
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

37	**Name of the lot:**	**DON GUILLERMO**
	Title number:	215926
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	9.0808 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From April 02, 2002 through April 01, 2051
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 325 Page: 173 Number: 346
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

38	**Name of the lot:**	**LA LIBERTAD**
	Title number:	165168
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	48.1000 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From September 12, 1979 through September 11, 2029
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 217 Page: 98 Number: 388
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

39	**Name of the lot:**	**PACO**
	Title number:	217999
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	182.2252 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From September 30, 2002 through September 29, 2052
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 331 Page: 130 Number: 259
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

40	**Name of the lot:**	**UNIFICACION VILLALPANDO NORTE**
	Title number:	229103
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	374.4603 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From March 09, 2007 through March 08, 2057
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 362 Page: 102 Number: 203
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

41	**Name of the lot:**	**UNIFICACION VILLALPANDO SUR**
	Title number:	240917
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	318.1440 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From August 09, 2012, through March 08, 2057
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 395 Page: 69 Number: 137
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>42</td><td>Name of the lot:</td><td>LETY FRACCION 1</td></tr>
<tr><td></td><td>Title number:</td><td>235633</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>32.3682 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From February 03, 2010 through February 02, 2060</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>380</td></tr><tr><td>Page:</td><td>127</td></tr><tr><td>Number:</td><td>253</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

<table>
<tr><td>43</td><td>Name of the lot:</td><td>LETY FRACCION 2</td></tr>
<tr><td></td><td>Title number:</td><td>253634</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>18.3671 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From February 03, 2010 through February 02, 2060</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>380</td></tr><tr><td>Page:</td><td>127</td></tr><tr><td>Number:</td><td>254</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

44	**Name of the lot:**	**LETY FRACCION 3**
	Title number:	235635
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	4.9644 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From February 03, 2010 through February 02, 2060
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 380 Page: 128 Number: 255
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

45	**Name of the lot:**	**MARISELA**
	Title number:	213751
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	135.9622 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From June 15, 2001 through June 14, 2051
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 319 Page: 166 Number: 331
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

46	**Name of the lot:**	**EL CHUPIRO**
	Title number:	171840
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	13.3873 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From June 15, 1983 through June 14, 2033
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 227 Page: 161 Number: 640
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

<table>
<tr><td>47</td><td>Name of the lot:</td><td>AMPL. DE LA FRAGUA</td></tr>
<tr><td></td><td>Title number:</td><td>164851</td></tr>
<tr><td></td><td>Titleholder</td><td>CMDC</td></tr>
<tr><td></td><td>Type of concession:</td><td>Mining Concession <u>See note 1</u></td></tr>
<tr><td></td><td>Surface (hectares):</td><td>130.8850 Has.</td></tr>
<tr><td></td><td>Municipality:</td><td>Guanajuato, Guanajuato</td></tr>
<tr><td></td><td>Life of the concession:</td><td>From July 11, 1979 through July 10, 2029</td></tr>
<tr><td></td><td>Registration data of the concession at RPM:</td><td><table><tr><td>Book:</td><td>Mining Concessions</td></tr><tr><td>Volume:</td><td>217</td></tr><tr><td>Page:</td><td>59</td></tr><tr><td>Number:</td><td>231</td></tr></table></td></tr>
<tr><td></td><td>Mining duties (surface taxes):</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties.

Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. See Note 2.</td></tr>
<tr><td></td><td>Proof of Assessment Works:</td><td>Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. See Note 3.</td></tr>
<tr><td></td><td>Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):</td><td>There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.</td></tr>
</table>

48	**Name of the lot:**	**DURAZNO PRISCO**
	Title number:	165109
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	43.7524 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From August 23, 1979 through August 22, 2029
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 218 Page: 88 Number: 349
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

49	**Name of the lot:**	**EDELMIRA II**
	Title number:	165245
	Titleholder	CMDC
	Type of concession:	Mining Concession **See note 1**
	Surface (hectares):	135.2726 Has.
	Municipality:	Guanajuato, Guanajuato
	Life of the concession:	From September 14, 1979 through September 13, 2029
	Registration data of the concession at RPM:	Book: Mining Concessions Volume: 217 Page: 107 Number: 425
	Mining duties (surface taxes):	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the payment of the corresponding mining duties. Regarding the information provided by CMDC, DGM has not issued any official communication requesting the payment of any outstanding mining duties derived from this concession. **See Note 2.**
	Proof of Assessment Works:	Based on the information provided by CMDC, we are of the opinion that, as of the date of this report, this concession is in good standing regarding the filing of the Assessment Works Reports. **See Note 3.**
	Liens, encumbrances, burdens or contracts in effect, registered with the Public Registry of Mining (RPM):	There are no liens, encumbrances, burdens or contracts in effect, registered or in process to be registered at RPM.

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NOTES

1. As concerns the type of concessions and the life of said concessions, it is important to notice that, on April 28, 2005, the Mexican Mining Law was amended and one of the most important purposes of said amendment was to change the legal regime applicable to the mining concessions, from two kinds of concessions formerly recognized (exploration and exploitation) to only one kind of mining concession, with a term of 50 (fifty) years counted from the date on which the respective title is recorded in the RPM, in such a manner that, effectively as of January 1, 2006, the mining concessionaires are formally allowed to perform exploration and exploitation works as well as beneficiation of minerals, since the date on which the mining concession title is issued.

2. Should there be any mining duties incorrectly or not paid, the DGM would have the obligation to provide to the concessionaire with an official communication granting the latter a 60 day-term from the date on which the respective official communication is received, to either provide DGM with sufficient evidence that the respective payment was timely and correctly made or to cure said deficiency by means of paying the outstanding mining duties plus the corresponding surcharges and provide the DGM with copies of said payments. In the worst scenario, assuming the aforesaid official communication is issued and the concessionaire does not properly answers during the abovementioned term of 60 days, DGM would initiate the procedure to cancel the respective concession for that reason.

3. Pursuant to that set forth in the Mexican Mining Law, holders of mining concessions are obliged to perform mining works in their concessions, taking into consideration for said purposes the minimum investment amounts provided for in the Regulations to the Mexican Mining Law.

Concessionaires that hold concessions covering a surface of more than 1,000 (one thousand) hectares, also have the obligation to file before the DGM annual assessment works reports, during the month of May; concessionaires that hold less than 1,000 hectares do not have this obligation. It is important to mention that the concessionaire has to confirm if he has another mining concessions, in order to know if he should or not comply with this obligation.

Notwithstanding the foregoing, it is of utmost importance to consider that the DGM may at any time verify the mining works within the lots; which would include the information contained in the reports submitted to such authority; should such be the case, concessionaires must provide with documents evidencing the investments reported and also attend the inspection visit that must be carried out by the DGM.

4. 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 the company is current in the compliance in this obligation; this last obligation must be fulfilled only once after the sixth year of the term of the concession.

CONCLUSIONS

1. We are of the opinion that, as of the date hereof, the Concessions that are the subject matter of this Title Report are valid in full force and effects.

2. There is no evidence in the public records of any lien, encumbrance, burden or judicial proceeding currently affecting the Concession subject matter of this title report, nor has any contract or agreement been recorded, whereby the rights deriving from said concessions are transferred or optioned to a third party different to the ones described in this document

3. As of the date of this report, the Concessions are in good standing regarding the payment of the mining duties, including the mining duties due in January 2021.

4. As of the date of this report, the Concessions are in good standing regarding the filing of the Assessment Work Reports.

5. Likewise, and regarding the evidence provided by CMDC, we are of the opinion that, as of the date of this report, the Concessions are in good standing regarding the filing of the Production Reports**.**

6. CMDC is the owner of the surface rights to El Cubo Project trough Segunda Fracción del Cubo Land, Fracción Del Cubo Land, La Rosa de Castilla Land on which the El Tajo Plant, all buildings, equipment, machinery, tools and improvements required to operate the same are located and holds additional access rights through the Cebolletas Temporary Occupancy Agreement duly described in this report. See **Annex A**.

7. Except for the Tax Lien, there are no restrictions on the surface rights owned or hold by CMDC, as of the date of this report.

8. Except for the fines issued by PROFEPA in 2013 in the amount of MXP$800,000 each with respect to two waste dumps located on the El Cubo Mines Project, being at Tepetateras Calaberas and Santa Cecilia, El Cubo Project is compliant with all environmental permits and obligations and there are no apparent significant legal, environmental, or political considerations that would have an adverse effect on the extraction and processing of the mineral resources and reserves located at El Cubo Project.

9. To the best of our knowledge there are no restrictions on the ability of CMDC to transfer the Concessions and all assets contemplated in the Asset Purchase Agreement to OMPSA under applicable laws, as of the date of this report.

10. To the best of our knowledge and upon effecting in Mexico the Asset Purchase Agreement, OMPSA will have the full and exclusive right, including receipt or all required permits, licenses and other applicable governmental and regulatory approvals, to carry out the operation at El Cubo Project. We have been advised by VanGold that should additional permits or authorizations are required they will be applying for any other necessary permits immediately following the closing of the transaction.

In order to provide this report, we have assumed: **(i)** the authenticity of all of the documents provided, **(ii)** the genuineness of all of the signatures in the documents, **(iii)** the validity and authenticity of all of the seals affixed thereto, and **(iv)** the veracity of all of the representations made and information provided in all of those documents.

The opinions expressed herein are based upon the law in effect on the date hereof, and we assume no obligation to revise or supplement this report should such law be changed in any respect by legislative action, judicial decision or otherwise.

We are only authorized to practice law in México and are not permitted to practice in any other jurisdiction, and hence we do not purport to be experts on, or to express any opinion herein concerning, any law other than the laws of the United Mexican States.

Deriving from that mentioned above, this Firm grants no warranty particularly with respect to the viability or future success of the operations in the Concessions subject matter of this report nor El Cubo Project.

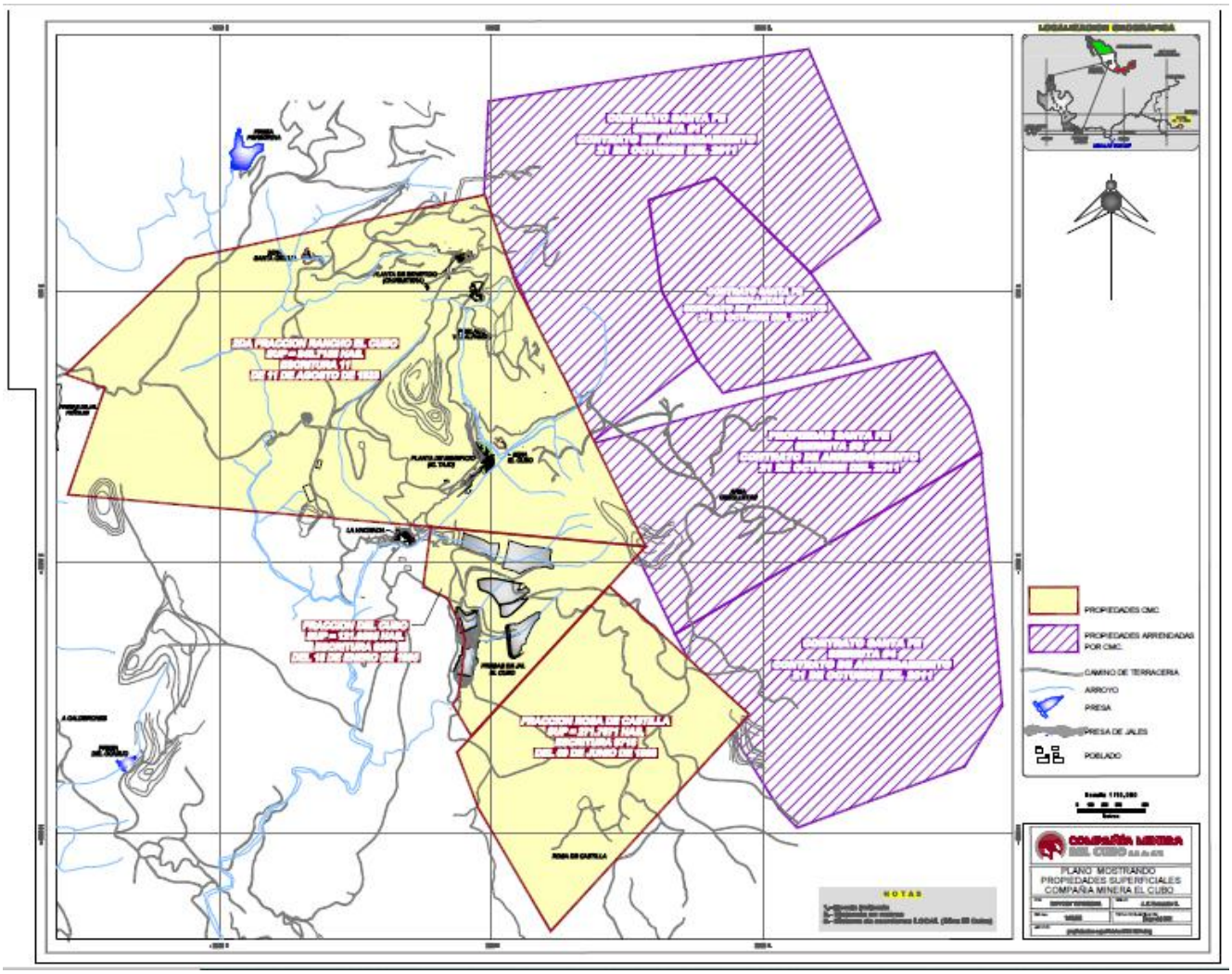
This report is being furnished for the benefit of the TSX Venture Exchange, and for the use and/or purposes such entity may consider necessary.

Sincerely,
VHG Servicios Legales, S.C.

Juan M. Coronado Avila

Patricia Vivar Zirate

Annex A

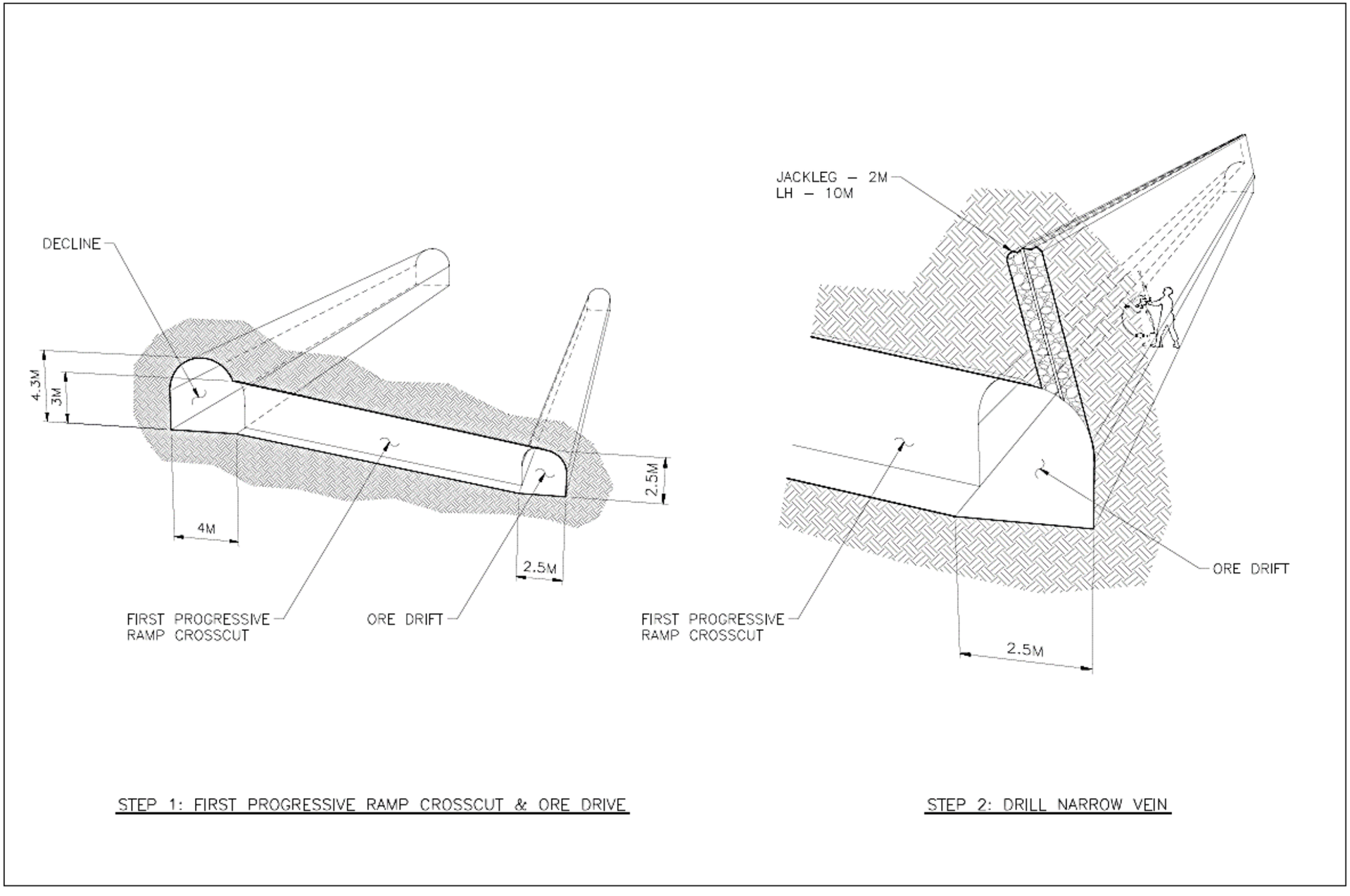

PROPIEDADES CMC
PROPIEDADES ARRENDADAS POR CMC
CAMINO DE TERRACERIA
ARROYO
PRESA
PRESA DE JALES
POBLADO
NOTAS
COMPAÑÍA MINERA EL CUBO
PLANO MOSTRANDO PROPIEDADES SUPERFICIALES COMPAÑIA MINERA EL CUBO

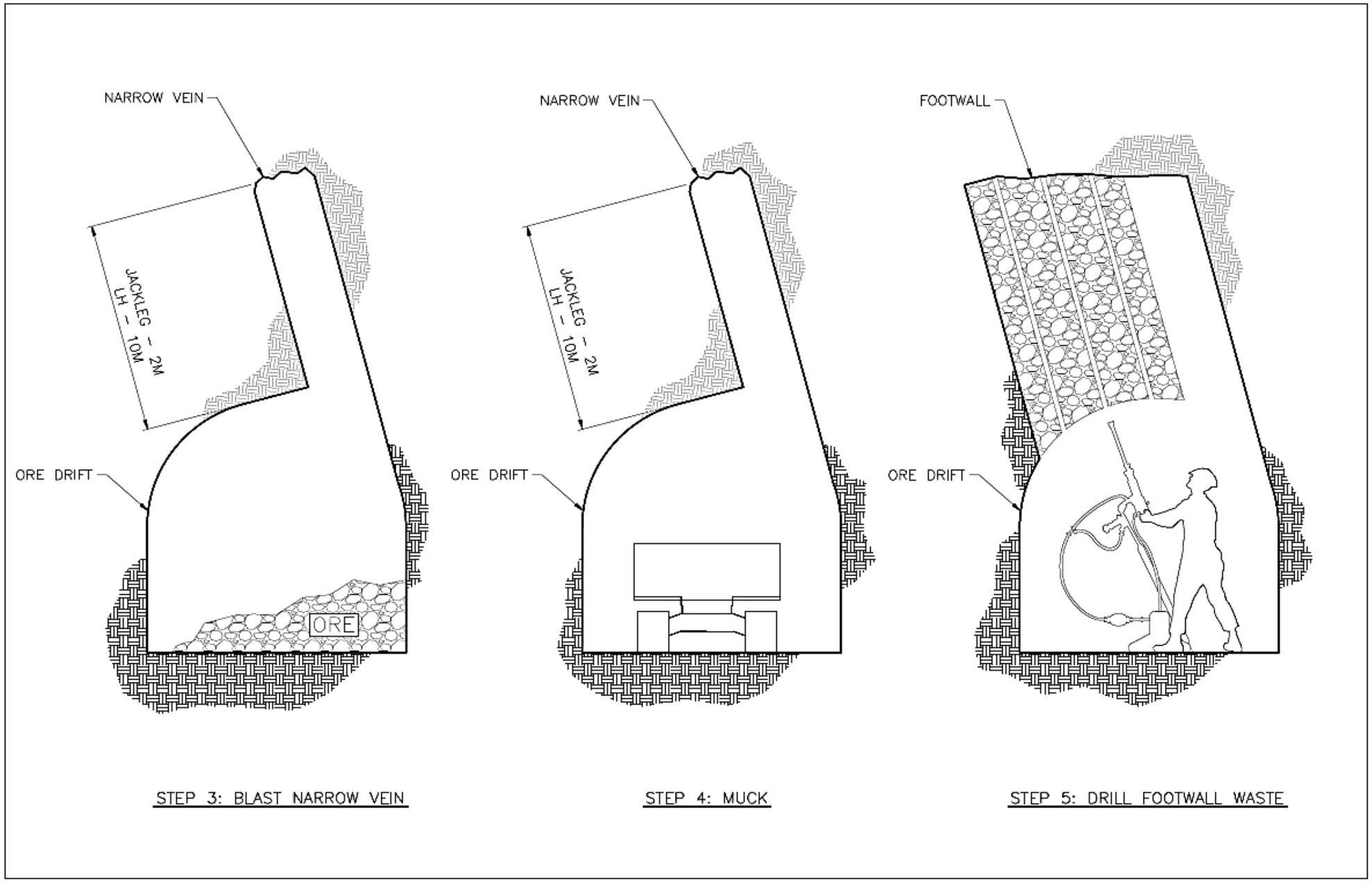
SERVICIOS LEGALES, S.C.

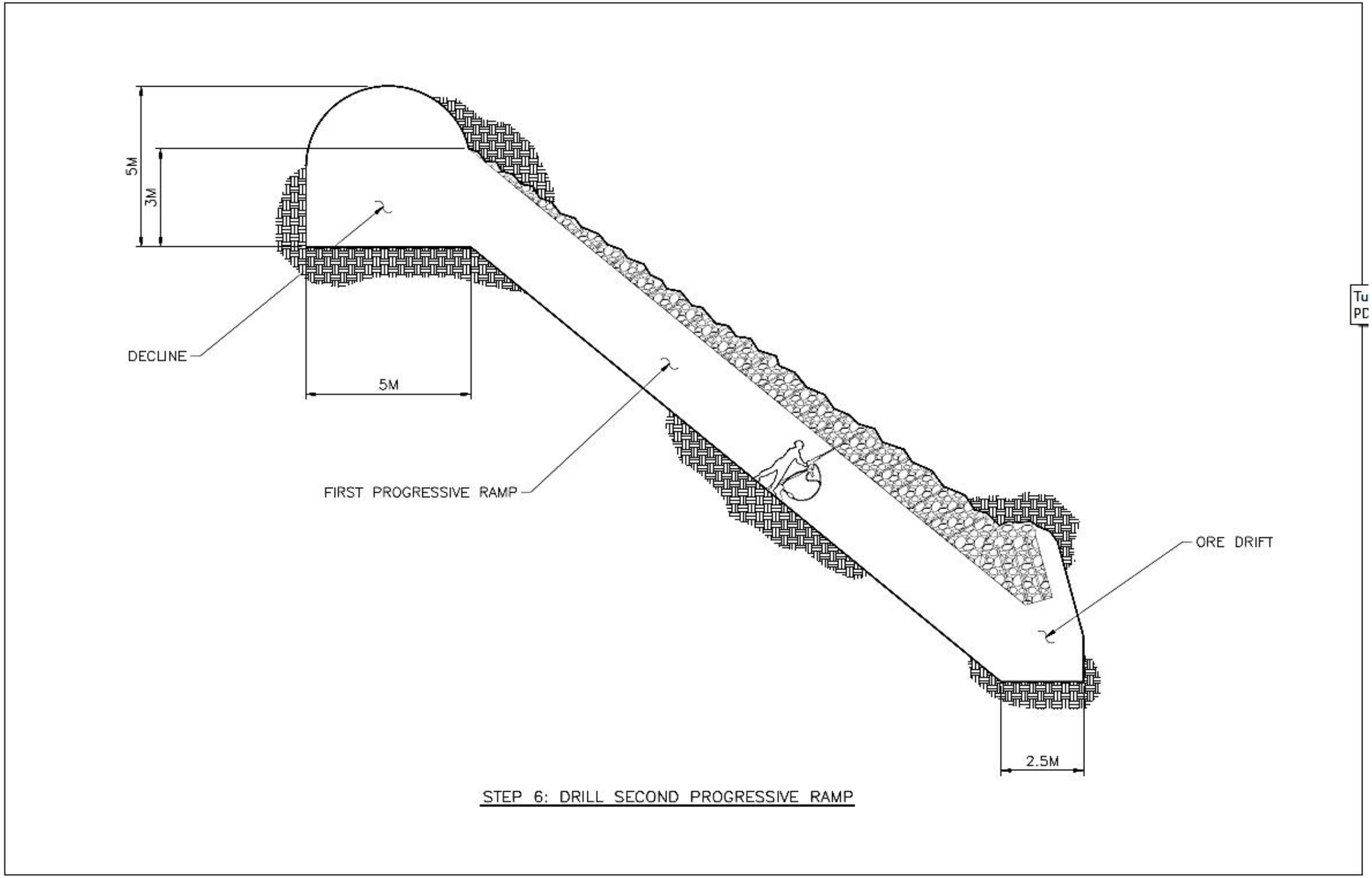
ANNEX B

	Jurisdiction	Project	Authorization	Log/Project Code	Matter
1	Federal (DGIRA)	Operation, maintinance, closure and abandonment of the Del Cubo Mining Premises (Recinto Minero del Cubo).	SGPA/DGIRA/DG 02053	11GU2018M0004	Environmental Impact
2		Beneficiation Plant Engineer Ricardo Chico Villaseñor	D.O.O.DGOEIA.-001788	-	Environmental Impact
3		Tailings Dam at La Chirimitera	D.O.O.-DGOEIA.-006508	-	Environmental Impact
	Federal (SEMARNAT Guanajuato Branch)	Environmental Registry Number (*Número de Registro Ambiental*; NRA)	MCUMJ1101511	-	Waste / Atmosphere
4		Registry as great hazardous waste generator	MCUMJ1101511	-	Waste
5	Federal (DGGIMAR)	Hazardous Waste Management Plan	11-PMG-I-3739-2019	11/FW-0064/10/19	Waste
6		Mining Waste Management Plan		11/GC-0063/10/19	Waste
7	Federal (SEMARNAT Guanajuato Branch)	Environmental Permit	Gto.-131.1.1/0624/09	11/LU-0047/07/09	Waste / Atmosphere
8	Municipal (General Directorate of Environment and Territorial Order; *Dirección General de Medio Ambiente y Ordenamiento Territorial*)	Feasibility Certification	DAU/0030/2020	-	Land Use
9	Federal (CONAGUA)	Waste Water Discharge Permit	4GUA101250/12EMGE94	-	

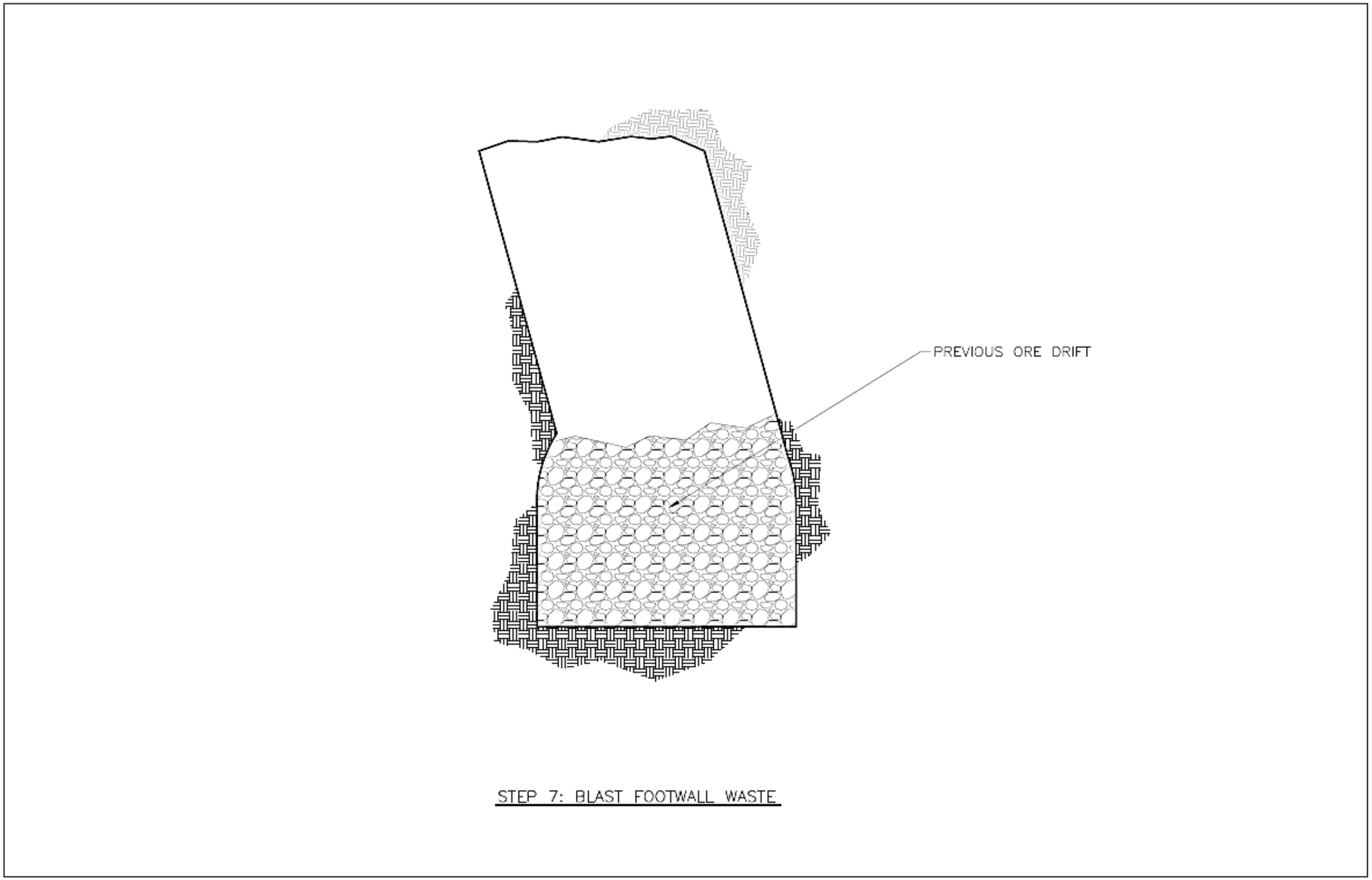
APPENDIX 2.0
RESUE MINING

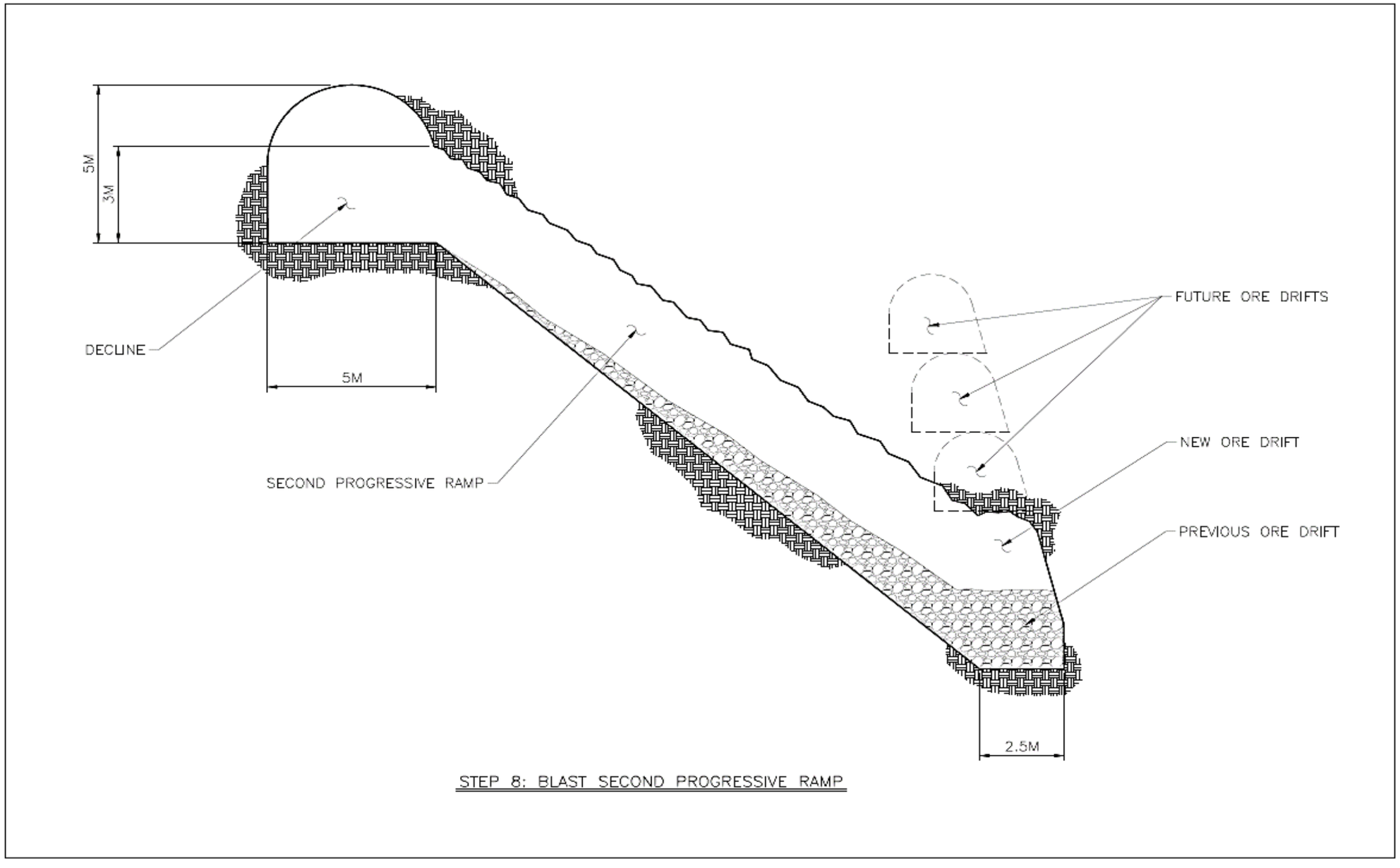

DECLINE
4.3M
3M
4M
2.5M
2.5M
FIRST PROGRESSIVE
RAMP CROSSCUT
ORE DRIFT
STEP 1: FIRST PROGRESSIVE RAMP CROSSCUT & ORE DRIVE
JACKLEG – 2M
LH – 10M
ORE DRIFT
FIRST PROGRESSIVE
RAMP CROSSCUT
2.5M
STEP 2: DRILL NARROW VEIN


NARROW VEIN
JACKLEG - 2M LH - 10M
ORE DRIFT
ORE
STEP 3: BLAST NARROW VEIN
NARROW VEIN
JACKLEG - 2M LH - 10M
ORE DRIFT
STEP 4: MUCK
FOOTWALL
ORE DRIFT
STEP 5: DRILL FOOTWALL WASTE



STEP 6: DRILL SECOND PROGRESSIVE RAMP


PREVIOUS ORE DRIFT
STEP 7: BLAST FOOTWALL WASTE



STEP 8: BLAST SECOND PROGRESSIVE RAMP

APPENDIX 3.0
MINE EQUIPMENT LIST FOR EL CUBO AND EL PINGÜICO

TABLE A3.1
MINE EQUIPMENT FOR EL CUBO (YEAR 1)

EL CUBO – Year 1	Capacity		Quantity	at $US	$US
Surface Mobile Fleet					**577,500**
Surface Truck	7	m^3	1	106,000	106,000
Grader			0	373,000	-
Fork Tractor			1	396,500	396,500
Vehicle			5	15,000	75,000
Surface Fixed Plant					**715,800**
Compressor	300	hp	3	86,600	259,800
Primary Fan			2	228,000	456,000
Underground Mobile Fleet					**7,554,400**
Scoop Tram	1.5	m^3	7	383,000	2,681,000
Scoop Tram	4.5	m^3	2	642,200	1,284,400
Underground Truck	4.0	t	0	143,900	-
Underground Truck	10.0	t	4	225,100	900,400
Locomotive	4.5	t	0	127,400	-
Tractor			2	793,000	1,586,000
ATV			2	189,000	378,000
Jumbo			1	724,600	724,600
Raise-Bore			0		-
LH Rig			0	415,300	-
TeleHandler			0	336,000	-
Underground Fixed Plant					**1,303,535**
Sub-station			1	149,900	149,900
Secondary Fan			6	14,286	85,714
Fixed Pump			2	23,810	47,619
Portable Pump			3	7,143	21,429
Workshop			3	23,810	71,429
4" Air/Water Pipe (m)			2,600	19	49,524
2" Air/Water Pipe (m)			4,000	3	13,334
Cable (m)			5,850	62	365,286
Crusher			1	131,800	131,800
Fan			10	18,210	182,100
Jackleg			20	9,270	185,400
Slusher			0	28,870	-

TABLE A3.2
ADDITIONAL MINE EQUIPMENT FOR EL CUBO (YEAR 2+)

ADDITIONAL					
EL CUBO – Year 2+	**Capacity**		**Quantity**	**at $US**	**$US**
Surface Mobile Fleet					**121,000**
Surface Truck	7	m^3	1	106,000	106,000
Grader			0	373,000	-
Fork Tractor			0	396,500	-
Vehicle			1	15,000	15,000
Surface Fixed Plant					**-**
Compressor	300	hp	0	86,600	-
Primary Fan			0	228,000	-
Underground Mobile Fleet					**3,232,500**
Scoop Tram	1.5	m^3	5	383,000	1,915,000
Scoop Tram	4.5	m^3	1	642,200	642,200
Ungerground Truck	4.0	t	0	143,900	-
Underground Truck	10.0	t	3	225,100	675,300
Locomotive	4.5	t	0	127,400	-
Tractor			0	793,000	-
ATV			0	189,000	-
Jumbo			0	724,600	-
Raise-Bore			0		-
LH Rig			0	415,300	-
TeleHandler			0	336,000	-
Underground Fixed Plant					**769,517**
Sub-station			1	149,900	149,900
Secondary Fan			4	14,286	57,143
Fixed Pump			1	23,810	23,810
Portable Pump			2	7,143	14,286
Workshop			0	23,810	-
4" Air/Water Pipe (m)			2,400	19	45,714
2" Air/Water Pipe (m)			4,000	3	13,334
Cable (m)			2,150	62	134,250
Crusher			-	131,800	-
Fan			8	18,210	145,680
Jackleg			20	9,270	185,400
Slusher			0	28,870	-

TABLE A3.3
EL PINGÜICO MINE EQUIPMENT LIST

EL PINGUICO	Capacity		Quantity	at $US	$US
Surface Mobile Fleet					**30,000**
Surface Truck	15	t	0	326,088	-
Loader			0	500,000	-
Water truck			0	200,000	-
Grader			0	373,000	-
Fork Tractor			0	396,500	-
Vehicle			2	15,000	30,000
Surface Fixed Plant					**665,600**
Power Supply			1	53,000	53,000
Winder and Headframe			0	400,000	-
Surface Stockpile Loading			1	70,000	70,000
Compressor	300	hp	1	86,600	86,600
Fan			2	228,000	456,000
Underground Mobile Fleet					**-**
Scoop Tram	1.5	m^3	0	383,000	-
Scoop Tram	4.5	m^3	0	642,200	-
Underground Truck	4.0	t	0	143,900	-
Underground Truck	10.0	t	0	225,100	-
Locomotive	4.5	t	0	127,400	-
Tractor			0	793,000	-
ATV			0	189,000	-
Jumbo			0	724,600	-
TeleHandler			0	336,000	-
Underground Fixed Plant					**149,900**
Sub-station			1	149,900	149,900
4" Air/Water Pipe (m)			-	19	-
2" Air/Water Pipe (m)			-	3	-
Cable (m)			-	62	-
Fan			0	18,210	-
Jackleg			0	9,270	-
Slusher			0	28,870	-