GEOLOGICAL REPORT AND RESOURCE ESTIMATE,

DIOS PADRE PROPERTY

Municipality of Yecora, Sonora State

MEXICO

November 24, 2020

PREPARED FOR

REGENCY SILVER CORP.

1100 - 570 Granville Street

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By

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In Compliance with NI 43-101 and Form 43-101F1

TABLE OF CONTENTS

FIGURES

TABLES

CERTIFICATE OF AUTHOR

1. I, Robert A. Lunceford, am a self-employed geologist.

2. This Certificate applies to the technical report titled "Geological Report and Resource Estimate, Dios Padre Property, Municipality of Yecora, Sonora State, Mexico" for Regency Silver Corp. dated November 24, 2020 (the "Technical Report").

3. I am a registered Certified Professional Geologist #6456 with the American Institute of Professional Geologists of Littleton, Colorado. I graduated with a BS degree in Geology in 1971 from San Diego State University, and a M.Sc. degree in Geology in 1976 from Montana State University. I reside at 761 Aspen Trail, Reno, NV 89519, USA.

4. I have practiced my profession for +35 years. During this time, I have participated in the discovery, exploration, and advanced evaluation of metals and mineral deposits in North, Central, and South America, including more than 15 years' experience in project management and evaluations of precious metal and copper systems in Mexico.

5. As a result of my experience and qualifications, I am a Qualified Person as defined in National Instrument 43–101 Standards of Disclosure for Mineral Projects (NI 43–101).

6. I visited the Dios Padre Property on January 27-28, 2018. During the visit to the Dios Padre Property on January 27-28, 2018, historic and recent drill core was reviewed and selectively sampled, and during traverses, mineralized outcrops were examined and representatively sampled over a portion of the Property.

7. I am responsible for Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 18, 19, 20, 23, 24, 25, and 27 of the Technical Report.

8. I am independent of Regency Silver Corp. as independence is described by Section 1.5 of NI 43–101.

9. I have been involved with the Dios Padre Property as a geologist reviewing exploration activities and results. The extensive digital and hard copy data base describing previous and ongoing work on the Property was reviewed in detail and ongoing work results generated by Regency Silver Corp. were evaluated.

10. I have read NI 43–101 and the sections of the Technical Report for which I am responsible have been prepared in compliance with that Instrument.

11. As of the effective date of the Technical Report, to the best of my knowledge, information and belief, the sections of the Technical Report for which I am responsible contain all scientific and technical information that is required to be disclosed to make those sections of the Technical Report not misleading.

Dated: November 24, 2020

Signature

Robert A Lunceford, M.Sc., CPG

CERTIFICATE OF AUTHOR

1. I, Gordon Gibson, am an independent consulting geologist and principal of G. Gibson and Associates; a sole proprietorship providing consulting, computer programming and CAD drafting services in the Province of British Columbia with an office at Suite 1100-1111 Melville Street, Vancouver, BC, Canada V6E 3V6.

2. This Certificate applies to the technical report titled "Geological Report and Resource Estimate, Dios Padre Property, Municipality of Yecora, Sonora State, Mexico" for Regency Silver Corp. dated November 24, 2020 (the "Technical Report").

3. I am a graduate from the University of British Columbia, Vancouver, British Columbia with a B.Sc. (Honours) degree in Geological Sciences (1975) and have practised my profession for a total of 44 years. During this time, I have participated in the discovery, exploration, and advanced evaluation of a wide variety of metals and mineral deposits in Canada and the USA including more than nine years experience in project data management and resource evaluations of precious and base metal systems, including vein and breccia-hosted precious metal systems.

4. I am a Professional Geoscientist licensed by the Association of Professional Engineers and Geoscientists of the Province of British Columbia (License No. 37603), Canada.

5. I have read the definition of "qualified person" as set out in National Instrument 43-101 and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a "qualified person" for the purposes of NI 43–101.

6. I have not visited the Dios Padre Property. The information and data are largely from data and internal reports of previous operators and the current operator, Regency Silver Corp.

7. I am responsible for Sections 14, 15, 16, 17, 21, 22, 25, and 26 of the Technical Report.

8. I am independent of Regency Silver Corp. as described by Section 1.5 of NI 43–101.

9. I have been involved with the Dios Padre Property as a geologist reviewing exploration activities and results and in the subsequent generation of an NI 43-101 Mineral Resource Estimate for the Property. Work was conducted during the period May, 2019 to date.

10. I have read NI 43–101, Form 43-101F1 and the sections of the Technical Report for which I am responsible have been prepared in compliance with that Instrument.

11. As of the effective date of the Technical Report, to the best of my knowledge, information and belief, the sections of the Technical Report for which I am responsible contain all scientific and technical information that is required to be disclosed to make those sections of the Technical Report not misleading.

Dated: November 24, 2020

Signature

Gordon Gibson, B.Sc., P. Geo

CERTIFICATE OF AUTHOR

1. I, Jesse D. Wellman, am a self-employed geologist.

2. This Certificate applies to the technical report titled "Geological Report and Resource Estimate, Dios Padre Property, Municipality of Yecora, Sonora State, Mexico for Regency Silver Corp. dated 24 November, 2020 (the "Technical Report").

3. I am a registered Certified Professional Geologist #11199 with the American Institute of Professional Geologists of Littleton, Colorado. I graduated with a BS degree in Geology in 1992 from Chico State University. I reside at 2720 Valley View Drive, Reno, NV 89506, USA.

4. I have practiced my profession for 24 years. During this time, I have participated in the discovery, exploration, and advanced evaluation of metals and mineral deposits in North, and South America, including more than 7 years experience in project data management and resource evaluations of precious metal systems in Mexico.

5. As a result of my experience and qualifications, I am a Qualified Person as defined in National Instrument 43–101 Standards of Disclosure for Mineral Projects (NI 43–101).

6. I visited the Dios Padre Property on January 27-28, 2018. During the visit to the Dios Padre Property on January 27-28, historic and recent drill core was reviewed, selectively sampled, and photographed.

7. I am responsible for Sections 7, 10, 11, and 12 of the Technical Report.

8. I am independent of Regency Silver Corp. as independence is described by Section 1.5 of NI 43–101.

9. I have been involved with the Dios Padre Property as a geologist reviewing exploration activities and results. The extensive digital and hard copy data base describing previous and ongoing work on the Property was reviewed in detail and re-compiled, and ongoing work results generated by Regency Silver Corp. were evaluated.

10. I have read NI 43–101 and the sections of the Technical Report for which I am responsible have been prepared in compliance with that Instrument.

11. As of the effective date of the Technical Report, to the best of my knowledge, information and belief, the sections of the Technical Report for which I am responsible contain all scientific and technical information that is required to be disclosed to make those sections of the Technical Report not misleading.

Dated: November 24, 2020

Signature

Jesse D. Wellman, B.Sc., CPG

1.0 SUMMARY

1.1 Property Description and Ownership

The Dios Padre Property (or the "Property") of Regency Silver Corp. is located in northern Mexico within the southeastern corner of the State of Sonora. It lies on the western flank of the rugged Sierra Madre Occidental mountain range about mid-way between Hermosillo, Sonora, and Chihuahua City, Chihuahua.

The Dios Padre Property is comprised of three contiguous concessions and one near concession covering an area of 728 hectares (Table 1.1), centered at UTM coordinates 690,430E and 3,150,325N (WGS84, Zone 12 A).

Concession Name	Title No.	Concession Type	Size (Ha)	Valid From	Valid To
Alejandro	184332	Exploitation	120	Oct. 10, 1989	Oct. 9, 2039
Dios Padre	189614	Exploitation	20	Dec. 5, 1990	Dec. 4, 2040
Don Carlos	194749	Exploitation	145	June 15, 1992	June 14, 2042
Alicia	246562	Exploitation	443	September 9, 2018	September 8, 2068

Table 1-1 Concessions comprising the Dios Padre Property.

On November 27, 2017, Regency's wholly-owned Mexican subsidiary, Regency Silver S.A. de C.V. executed an Option to Purchase and Promise to Assignment Agreement (the "Agreement") with Minera Pena Blanca, S.A. de C.V. ("Pena Blanca") to acquire 100% interest in the Dios Padre Property. To maintain their interest, Regency is required to make periodic payments to Pena Blanca totaling US$145,000 (including Value Added Tax – VAT) and must incur work expenditures on the Property totaling US$1,000,000 over four years from the execution date. Provided Regency makes all required cash payments and incurs the required work expenditures, the Option can be exercised and no further minimum work obligations or cash payments are due Pena Blanca.

Regency is obligated to pay Pena Blanca a 3% NSR (Net Smelter Royalty) from any mine production proceeds. After exercising the Option, Regency can reduce the NSR to 1% by payment of US$1,500,000 to Pena Blanca. Regency is obligated to fully maintain the concessions during the four-year option including making tax payments and filing proper documents with the Dirección General de Minas (DGM). Tax payments for all concessions are in good standing as of the effective date of this Technical Report.

An underlying 2.5% net smelter return royalty has been filed against the Dios Padre Property in favour of third parties. Regency is reviewing the status of the underlying royalty to determine its validity and impact on the NSR in favour of Pena Blanca. In the event the underlying royalty is valid, Regency may not be able to purchase 2% of the NSR in favour of Pena Blanca. The Dios Padre Property is also subject to advance minimum royalty payments of US$100,000 due January 1st of each year, payable by Pena Blanca to the third parties.

The Agreement was amended by an Extension Agreement dated September 1, 2019 wherein Minera Pena granted Regency Silver S.A. de C.V. an extension until November 27, 2020 for the balance of the aggregate exploration expenditures due for the period ending November 27, 2019. As consideration for the extension, Regency issued 250,000 common shares to James Kennemur, the nominee of Minera Pena. All option payments have been paid up to date and the Agreement is in good standing.

The Agreement was further amended by a 2020 Extension Agreement dated November 25, 2020 wherein Minera Pena granted Regency Silver S.A. de C.V. an extension until June 30, 2020 for the expenditure of the balance of the $500,000 in aggregate exploration expenditures due for the period ending November 27, 2020. In addition, the time for the spending of the balance of $250,000 in exploration expenditures due by November 27, 2020 was extended until February 28, 2022. As consideration for the extension, Regency has agreed to pay the sum of US$10,000 to Minera Pena Blanca within 10 days of its initial public offering which date shall be no later than June 30, 2021.

1.2 Geology and Mineralization

The Dios Padre Property is located within the western flank of the northern part of the Sierra Madre Occidental (SMO) consisting of five main igneous complexes ranging in age from Late Cretaceous to the Pleistocene. Eocene andesites and rhyolite are traditionally grouped into the so-called “Lower Volcanic Series” (LVS); while silicic ignimbrites mainly emplaced during two pulses in the Oligocene (ca. 32–28 Ma) and Early Miocene (ca. 24–20 Ma), are referred to as the “Upper Volcanic Series” (UVS). In the region around the Property, three distinct tectonic and related magmatic phases have occurred including 90 to 17 Ma age older granitoids, and younger basalt and andesites acidic tuffs and lavas. The magmatic events are associated with tectonic pulses that produced differing stress orientations including an older N40°E to N64°E, medial N56°W to N88°W, and younger NS compression. The SMO is host to both high-sulfidation and low-sulfidation epithermal gold-silver deposits as well as porphyry type copper-molybdenum (Cu +/- Mo). Most of the mineralization is related to calc-alkaline magmatism that was emplaced in a variety of environments from near-surface volcanic to deep plutonic settings. Several epithermal gold-silver systems within the SMO occur near the boundary of the UVS and the LVS.

The Dios Padre mine and surrounding area is underlain dominantly by porphyritic andesite, porphyritic rhyolite, and subordinate overlying basalt. Excluding the basalt, these units are believed to lie within the LVS while the basalt is part of the part of the UVS, suggesting a profound disconformity between the basalt and older andesite and rhyolite. The andesite has been described as a medium to dark grey-green rock containing up to 10-15%, 1-4 mm calcite altered plagioclase phenocrysts. The rhyolite porphyry is described as a pale buff yellow beige rock with 10-15%, 1-3 mm plagioclase and quartz phenocrysts and is strongly clay altered proximal to fault conduits.

As presently defined by drill holes, and underground workings, the dimensions of the Dios Padre mineralized stock (or the Dios Padre breccia) are believed to be approximately 300 m long by 115 m wide, with a depth of at least 200 m aligned along a N70°E trend. The Dios Padre breccia is described as a semi-tabular or oval plug deformed to a bell-shaped body partly to completely constrained by pre - and post-mineral faults. Internally, the Dios Padre breccia is cut by numerous fractures and related breccias that in general strike northwest and dip northeast at 40° to 70°. Internally to the breccia, at least three distinct fault types which are believed to be important to hosting mineralization include *Fault 1:* 1-3 m wide rubble zones, *Fault 2*, small 3-10 cm fractures exhibiting incremental slippage, and the youngest *Fault 3:* listric shaped conjugate micro-fracture/faults with a basal low of angle of 5-25° from horizontal which transition to near vertical accommodation fractures dipping 5-30° at the upper end over a scale of less than 0.25 m. Based on drill hole intercepts, dip angles of all faults within the mineralized Dios Padre breccia are estimated at 20% at 0-20°, 60% at 20 to 60°and 20% at 70-80°. Fault widths (down-hole, not true widths) range from less than a meter to as much 15 meters. At least two stages of brecciation and mineralization is evident including an early “crackle breccia” which in many cases was re-healed and then subsequently re-broken leaving some open void spaces in the matrix.
Recognized sulfide mineralization at the Property consists of coarse freibergite, pyrargyrite, native silver, argentite, galena, tetrahedrite, sphalerite, chalcopyrite with quartz, pyrite, calcite, and especially common, barite gangue.

1.3 Exploration and Drilling

With the exception of diamond drilling, no exploration has been conducted by Regency on the Property. Consisting of 13 diamond drill holes, accruing 1,208 m, Regency commenced a campaign on January 23, 2018 which was concluded on February 5, 2018. The objective of the program was in-fill, and confirmation drilling leading to development of a NI 43-101 compliant resource estimate described within Section 14 of this Technical Report. Previous drill programs completed on the Property by Silver Standard Resources (1995-1996) included 10 drill holes (1,421.4 m), First Majestic Resource Corp. drilled 2,215.95 meters in 17 holes, and 33 drill holes totaling 7,240.4 m completed by NS Silver Inc./NS Gold Corporation during 2012 and 2013. In addition to Regency's drill operations, a total of 2,410.5 m of historical drill core was re-logged.

Select Regency drill hole intercepts for gold and silver follow in Table 1.2.

Drill hole	From m	To m	Interval m	Ag ppm	Au ppm		Drill hole	From m	To m	Interval m	Ag ppm	Au ppm
RDP-18-01	0.00	63.50	63.50	124	0.119		RDP-18-07	1.50	57.00	55.50	40	0.038
	26.00	34.00	8.00	369	0.052			1.50	21.00	19.50	85	0.051
	55.00	63.50	8.50	235	0.084			69.00	85.50	16.50	64	0.221
RDP-18-02	1.50	69.70	68.20	158	0.346		RDP-18-08	0.50	60.00	59.50	76	0.082
	21.00	69.00	48.00	209	0.470			0.50	45.30	44.80	94	0.098
	31.00	36.00	5.00	680	0.236			0.50	24.00	23.50	143	0.115
	50.00	68.00	18.00	224	0.257			40.00	45.30	5.30	103	0.297
	65.00	68.00	3.00	724	0.337			54.95	60.00	5.05	60	0.093
RDP-18-03	0.00	29.00	29.00	135	0.179		RDP-18-09	No assay				
	8.00	25.00	17.00	189	0.230		RDP-18-10	16.05	30.30	14.25	40	0.010
RDP-18-04	7.20	38.00	30.80	99	0.451			60.45	79.70	19.25	104	0.207
	16.00	20.00	4.00	359	0.081		RDP-18-11	122.50	134.00	11.50	163	0.527
	16.00	29.00	13.00	201	0.214		RDP-18-12	23.50	70.50	47.00	113	0.037
RDP-18-05	0.00	66.35	66.35	47	0.557			25.50	66.50	41.00	121	0.034
	0.00	35.00	35.00	69	0.652			91.00	133.50	42.50	258	0.121

	22.60	34.00	11.40	26	1.513		98.50	111.00	12.50	558	0.070
RDP-18-06	4.00	64.00	60.00	131	0.181	**RDP-18-13**	104.90	120.30	15.40	326	0.103
	0.20	12.00	11.80	76	0.047		110.20	131.20	21.00	234	0.494
	23.00	62.00	39.00	174	0.251						
	23.00	29.00	6.00	230	0.020						
	23.00	27.00	4.00	249	0.022						
	29.00	57.00	28.00	89	0.333						
	38.00	41.00	3.00	445	0.171						
	58.00	62.00	4.00	718	0.075						
	68.00	86.00	18.00	28	0.848						

Table 1-2 Select Regency drill hole intercepts for Ag-Au.

1.4 Mineral Resource Estimate

The information and work in this Technical Report represents the first modern, industry standard best practice mineral resource estimate completed on the Dios Padre Property. Gordon Gibson, P. Geo. has organized and conducted this mineral resource estimate in accordance with National Instrument 43-101 and CIM standards. The effective date of this mineral resource estimate is September 1, 2019.

Seventy-two drill holes in the data set have collars and assays. A total of 10,415.2 meters of drilling in 66 drill holes comprise the data set for modeling and mineral estimation. No geotechnical information is available for drilling prior to 2018. All analyzed intervals have an Ag value. Some of the 1996 drilling results include Au, Cu, Pb, and Zn analyses and the 2006, 2012 -13 and 2018 drilling contain multi element analyses. The geological model was built using the Leapfrog Geo™ software. It is anticipated that the Dios Padre deposit will be mined as an underground mine.

The Dios Padre **Mineral Resource Estimate** is summarized in Table 1.3.

Classification	**Inferred**
Cutoff Grade g/t AgEq	120
Tonnes	1,249,000
Est. Silver Grade g/t Ag	221.70
Est. Gold Grade g/t Au	0.17
Contained Silver Troy ozs	8,902,000
Contained Gold Troy ozs	6,757

Table 1-3. Inferred Mineral Resource Estimate, Dios Padre Property.

*An **'Inferred Mineral Resource'** is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence andsampling. Geological evidence is sufficient to* *imply but not verifygeological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve.* ***It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration****. An Inferred Mineral ResourceResource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Inferred Mineral Resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101. There may be circumstances, where appropriate sampling, testing, and other measurements are sufficient to demonstrate data integrity, geological and grade/quality continuity of a Measured or Indicated Mineral Resource, however, quality assurance and quality control, or other information may not meet all industry norms for the disclosure of an Indicated or Measured Mineral Resource. Under these circumstances, it may be reasonable for the Qualified Person to report anand Inferred Mineral Resource if the Qualified Person has taken steps to verify the information meets the requirements of an Inferred Mineral Resource.*

1.5 Conclusions and Recommendations

The Dios Padre mine (or the "Property") and surrounding area is underlain dominantly by porphyritic andesite, which has been intruded by porphyritic rhyolite, and subordinate overlying basalt. Within this environment, Ag mineralization (+/-Au-Ag-Cu-Pb-Zn) is hosted in a phreatic breccia (or hydrothermal breccia) body. As presently defined by drill holes, and underground workings, the dimensions of the Dios Padre mineralized stock (or the Dios Padre breccia) are believed to be approximately 300 m long by 115 m wide, with a depth of at least 200 m aligned along a N70°E trend. The morphology of the Dios Padre breccia is complex with an irregular shape and multiple interpenetrations, which form finger-like contacts. At least two stages of sulfide mineralization at the Property consists of coarse freibergite, pyrargyrite, native silver, argentite, galena, tetrahedrite, sphalerite, chalcopyrite with quartz, pyrite, calcite, and especially common, barite gangue.

The uncertain morphology and poorly-constrained fault controls to the Dios Padre mineralized breccia provide opportunity and create risk in further exploration. Both internal (in-fill) potential is indicated as well as deep mineralization intercepted (e.g., drill holes beneath all working levels in previous drill campaigns). For example, NS Silver/NS Gold drill hole DP-26-2013 intercepted 41 m (91.3 to 132.3 m) grading 400.1 g/t Ag near the bottom of the hole at 134.6 m and Regency in-fill hole RDP-18-13 near the central part of the Dios Padre breccia body penetrated 15.4 m grading 452.2 g Ag/t from 104.9 to 120.3 m just off the hole bottom at 131.2 m. The erratic nature of the breccia hosted mineralization both in morphology and grade implies that continuity is uncertain both laterally and at depth.

The next phase of drilling at the Dios Padre Property is based on the drilling of up to 6 holes to a maximum depth of 260 m on the IP (Induced Polarization)/Resistivity anomaly to the north and four shallower holes to a maximum depth of 60 m near the existing Dios Padre Mine. The total cost of this program should be in the range of **USD$500,000** including assays. Future drill phases are anticipated but are dependent on results from the next phase of drilling.

2.0 INTRODUCTION AND TERMS OF REFERENCE

This NI 43-101 Technical Report ("the Technical Report") was prepared for Regency Silver Corp. ("Regency" or "the Company"), incorporated under the Business Corporations Act (British Columbia). The purpose of this Technical Report is to describe the silver-gold Inferred Mineral Resources contained in the Dios Padre Property, as required by NI 43-101. Information and data described within the

Technical Report and the conclusions reached including the estimated Inferred Mineral Resource are based on the 2018 drill program completed by Regency, and augmented by the previous, recent drill programs (Silver Standard Resources Inc. 1995-1996, First Majestic Resource Corp. – 2006, and NS Silver Inc./NS Gold Corporation -2012-2013).

The authors, Robert Lunceford, and Jesse Wellman, both Certified Professional Geologists of the American Institute of Professional Geologists, and Qualified Persons under NI 43-101 standards have benefited from discussions with Mr. David Bending, a Qualified Person and former consultant to Regency, and Dr. Craig Gibson the Technical Director of Prospeccion y Desarrollo Minero (ProDeMin) a Guadalajara, Mexico - based technical services company, and a Qualified Person as defined by NI 43-101.

Accompanied by Regency management and Dr. Craig Gibson, Messrs. Lunceford and Wellman, conducted a site visit to the Property on January 27-28, 2018 during which six audit samples were collected from outcrops and drill core. During the site visit Mr. Lunceford and Mr. Wellman reviewed current Regency and historic pre-Regency drill core stored at the site and examined some of the mineralized outcrops within the greater mine area. The third author, Mr. Gordon Gibson did not visit the Property.

Responsibilities for the preparation of this Technical Report as authors and Qualified Persons are stipulated below.

- Robert A. Lunceford, independent consulting geologist M.Sc., CPG - sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 18, 19, 20, 23, 24, 25, and 27
- Jesse D. Wellman, independent consulting geologist B.Sc., CPG - sections 7, 10, 11, and 12.
- Gordon Gibson, independent consulting geologist, B.Sc., P. Geo. - sections 14, 15, 16, 17, 21, 22, 25, and 26.

In addition to the site visit conducted by two of the authors, each Qualified Person extensively reviewed the historic data base and participated in compiling the current data base.

2.1 Units of Measure

All units used in this Technical Report are metric. All dollars are US currency (US$) unless otherwise stated.

3.0 RELIANCE ON OTHER EXPERTS

This Technical Report is an accurate representation of the status, geology and the resource estimate of the Property based on extensive data and information available to the authors and the site visit completed on January 28, 2018.

The four mineral concessions comprising the Dios Padre Property including Dios Padre (189614), Alejandro (184332), Don Carlos (194749) and Alicia (246562) are considered to be valid by the Mining Department in Mexico as of the date of this Technical Report and all tax payments are current. In an August 27, 2020 Title Opinion letter prepared by Regency's independent council, SG Abogados (of Mexico City), title to the four concessions and confirmation of all current tax payments has been verified. The legal opinion is based on SG Abogados' review of the mining concession titles and verification of current tax payments as administered by the Dirección General de Minas (DGM), pertaining to the Subsecretaría de Minería, a subsecretariat of the cabinet-level Secretaría de Economia.

To allow for drilling operations and other future work activity, Regency commissioned an environmental study (prepared by Cambiens S.A. de C.V., Monterrey, Mexico) during November 2017. The environmental permit was approved by the Secretary of the Environment, Natural Resources and Fisheries ("SEMERNAT") on December 20, 2017.

The author, Robert A. Lunceford, is not qualified to express an opinion on the legal (section 4.2 and 4.3) and environmental (section 4.4) status of the Property and is completely reliant on the documents, reports, and opinions of the experts described above, as provided by Regency.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 Property Location

The Dios Padre Property is comprised of three contiguous exploitation concessions and one near concession covering an area of 728 hectares (Figure 4.1, Table 4.1), centered at UTM coordinates 690,430E and 3,150,325N (WGS84, Zone 12 A). The Property falls within the Santa Rosa, Sonora, Chihuahua 1: 50,000 topographic map sheets (H12D76).

Concession Name	Title No.	Concession Type	Size (Ha)	Valid From	Valid To
Alejandro	184332	Exploitation	120	Oct. 10, 1989	Oct. 9, 2039
Dios Padre	189614	Exploitation	20	Dec. 5, 1990	Dec. 4, 2040
Don Carlos	194749	Exploitation	145	June 15, 1992	June 14, 2042
Alicia	246562	Exploitation	443	September 9, 2018	September 8, 2068

Table 4-1 Titled concessions comprising the Dios Padre Property.

The Dios Padre Property is located in northern Mexico within the southeastern corner of the State of Sonora. It lies on the western flank of the rugged Sierra Madre Occidental mountain range about mid-way between Hermosillo, Sonora, and Chihuahua City, Chihuahua (Figure 4.2).

4.2 Mexico Mineral Tenure and Surface Rights

The Mexican Constitution maintains a direct non-transferable ownership of the nation's mineral wealth (considered a national resource) that is governed under established Mining Law. The use and exploitation of such national resources is provided for through clear title to a mineral rights concession ("lot" or "concession") that is granted by the Federal Executive Branch for a fee and under prescribed conditions. Mining concessions are only granted to Mexican companies and nationals or Ejidos, (agrarian communities, communes, and indigenous communities). Foreign companies can hold mining concessions through their 100% owned Mexican-domiciled companies. A number of Government agencies have responsibility for enforcing mining laws and its applicable regulations that must be complied with; non-compliance may result in cancellation of a concession. The mining concessions are administered by the Dirección General de Minas (DGM) pertaining to the Subsecretaría de Minería, a subsecretariat of the cabinet-level Secretaría de Economia.

Mining concessions confer rights with respect to all mineral substances as listed in Mining Law in its Article 4 provided the concessions are kept in good standing. The main obligations to maintain title to a concession in good standing are performance of work expenditures, payment of mining fees and compliance with environmental laws. Mineral rights fees are paid bi-annually in January and July, and annual proof of exploration work expenditures is done via a work report filed by May of the following year ("assessment" report or "comprobación de obras"). The amounts of the mineral rights fees and the expenditures required varies each year. It is calculated based on a per hectare rate and its seniority; those rates increase annually in line with yearly inflation rates. The new rates are published each year in advance in the Mexican Federations Official Diary ("Diario Oficial"); the older the mining concession the higher the fees due and the amount to be invested. When the concessions are in their 11th year of issuance or greater year, the amount of payable fees reached are the maximum rate applicable and when the concessions are in their 7th year of issuance or greater year, the amount of to be invested reaches the maximum rate applicable.

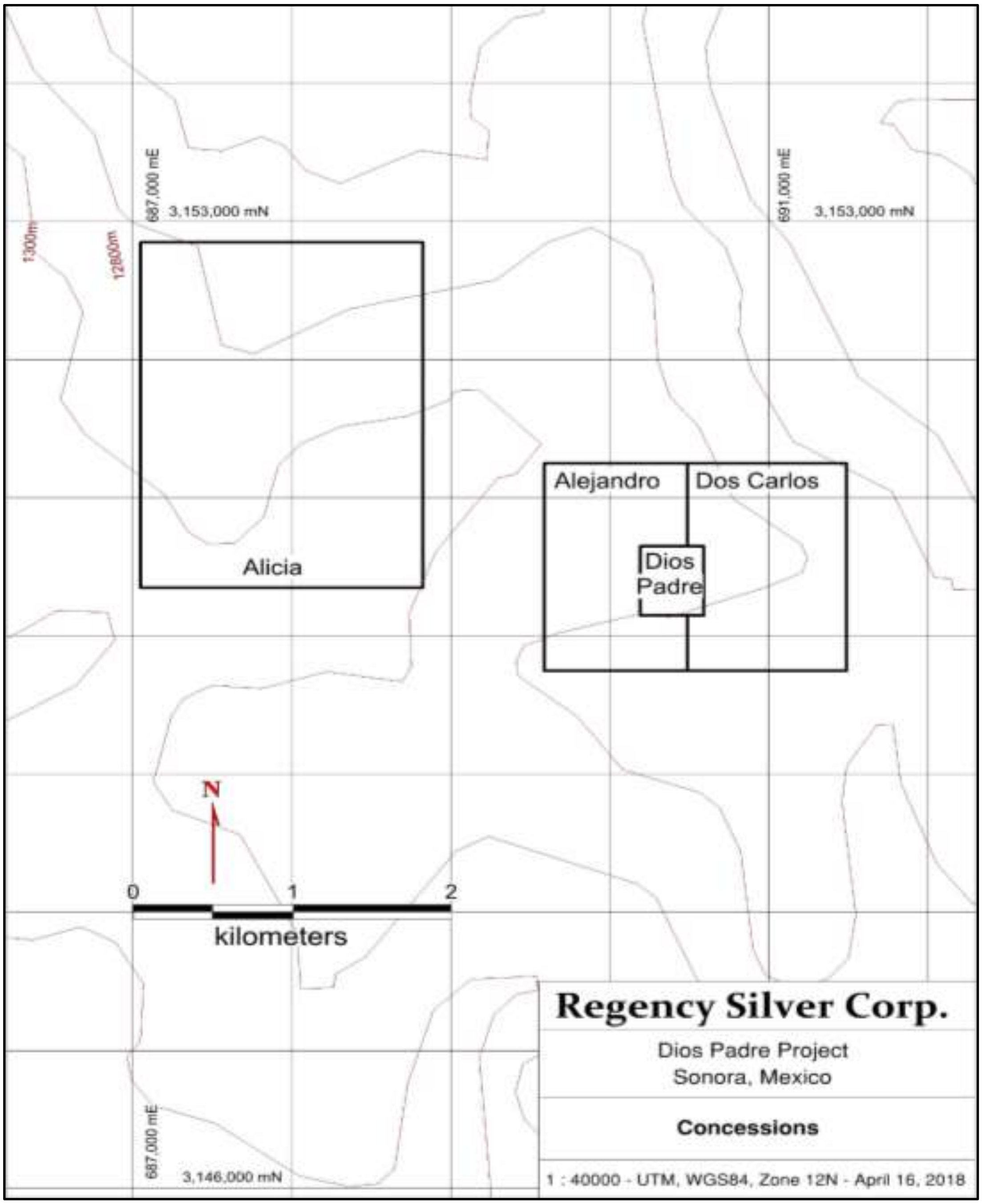

Figure 4-1. Concessions of the Dios Padre Property.

Figure 4-2. Location of the Dios Padre Property, Sonora State, Mexico.

The application process to acquire mineral rights is established under the Mining Law. The Registry document (the "title") is granted following a due diligence investigation of a mineral rights application as filed by the qualified party. Mineral rights fees and assessment works are required as of the date a concession title is issued. Following changes to the Mining Law in 2005, there are no longer any difference in Mexico between an exploration concession and an exploitation concession. The term of a mineral rights concession is 50 years, with the term commencing on the date recorded by the Public Registry of Mining, which is the date title is granted. A second 50-year term can be granted if the applicant has abided by all appropriate regulations and makes the application within five years prior to the expiration date of the original title.

The Mexican Congress approved Tax Reform changes in Mexico that became effective January 1, 2014 which affect operating mining companies in Mexico. The changes include: the corporate income tax remaining at 30%; a new mining royalty fee of 7.5% on income before tax, depreciation and interest minus permitted deductions according to the Income Tax Law; an extraordinary governmental fee on precious metals, including gold, silver and platinum, of 0.5% of gross revenues; and, changes affecting the timing of various expense deduction for tax purposes. This implies an effective combined tax and royalty rate of 35.25% depending on how deductions are applied. The new rates put Mexico in line with the primary mineral producing nations of the world.

Mineral concessions are sub-surface rights that do not automatically grant surface access rights. Permission for surface access must be negotiated with the relevant communities and/or individuals who hold rights or title to the surface areas affected by the mining concessions. These negotiations typically provide for the purchase or lease of the surface rights. Due to the inherent risk in a negotiations process, the Company cannot guarantee to have continual and unencumbered access to their mineral concessions.

Each municipality in Mexico is comprised of private parcels of agrarian land and community lands granted under Federal Agrarian law by the Mexican government, collectively called an Ejido. To reduce the inherent risk of the negotiation process, Regency initiates formal surface access agreements prior to commencement of exploration activities.

The Mexican government always retains the ownership of the "Ejido" land and governs the use of the land under Agrarian Law. Because mining is considered to contribute a “National Benefit”, in the event of a land use dispute Mining Law in Mexico holds precedence over Agrarian Law. A mineral rights concessionaire has the right to apply for the temporary occupation of the land or expropriation, which will be granted to the extent that the land is indispensable for the development of the mining Property. Compensation is set through an appraisal carried out by the Federal government's National Goods' Appraisal Commission.

4.3 Regency – Pena Blanca Option Agreement, Ejido La Trinidad Agreement

On November 27, 2017, Regency’s wholly-owned Mexican subsidiary, Regency Silver S.A. de C.V. executed an Option to Purchase and Promise to Assignment Agreement (the “Agreement”) with Minera Pena Blanca, S.A. de C.V. (“Pena Blanca”) to acquire 100% interest in the Dios Padre Property.

The Agreement requires that Regency make a series of cash payments and incur periodic, minimum work obligations to maintain their interest leading to the option term, four years from the date of execution.

Property payments: To maintain their interest, Regency is required to make periodic payments to Pena Blanca totaling US$145,000 (including Value Added Tax – VAT) over four years from the date of execution.

- $25,000 + VAT at execution (paid)
- $30,000 + VAT, 12 mos. from execution (paid)
- $30,000 + VAT, 24 mos. from execution (paid)
- $30,000 + VAT, 36 mos. from execution (paid up to date)
- $30,000 + VAT, 48 mos. from execution

Work obligation: To maintain their interest, Regency must incur work expenditures on the Property totaling US$1,000,000 over four years from the execution date.

- $250,000 within 12 mos. from execution, and an additional
- $250,000 within 24 mos. from execution, and an additional
- $250,000 within 36 mos. from execution, and an additional
- $250,000 within 48 mos. from execution

Option and Royalty: Provided Regency makes all required cash payments and incurs the required work expenditures as described above, the Option can be exercised and no further minimum work obligations or cash payments are due Pena Blanca. However, Regency is obligated to pay Pena Blanca a 3% NSR (Net Smelter Royalty) from any mine production proceeds. After exercising the Option, Regency can reduce the NSR to 1% by payment of US$1,500,000 to Pena Blanca.

An underlying 2.5% net smelter return royalty has been filed against the Dios Padre Property in favour of third parties. Regency is reviewing the status of the underlying royalty to determine its validity and impact on the NSR in favour of Pena Blanca. In the event the underlying royalty is valid, Regency may not be able to purchase 2% of the NSR in favour of Pena Blanca. The Dios Padre Property is also subject to advance minimum royalty payments of US$100,000 due January 1st of each year, payable by Pena Blanca to the third parties.

During the four-year option period, Regency is required to maintain all concessions in good standing including making tax payments and filing proper documents with the Dirección General de Minas (DGM). The Agreement also stipulates a two km Area of Influence requiring that any third-party concession(s) acquired by Pena Blanca by filing or contract be made a part of the Agreement. Within this Area of Influence, however, Regency is not obligated to make any concessions they acquire part of the Agreement.

The Agreement was amended by an Extension Agreement dated September 1, 2019 wherein Minera Pena granted Regency Silver S.A. de C.V. an extension until November 27, 2020 for the balance of the aggregate exploration expenditures due for the period ending November 27, 2019. As consideration for the extension, Regency issued 250,000 common shares to James Kennemur, the nominee of Minera Pena. All option payments have been paid up to date and the Agreement is in good standing.

The Agreement was further amended by a 2020 Extension Agreement dated November 25, 2020 wherein Minera Pena granted Regency Silver S.A. de C.V. an extension until June 30, 2020 for the expenditure of the balance of the $500,000 in aggregate exploration expenditures due for the period ending November 27, 2020. In addition, the time for the spending of the balance of $250,000 in exploration expenditures due by November 27, 2020 was extended until February 28, 2022. As consideration for the extension, Regency has agreed to pay the sum of US$10,000 to Minera Pena Blanca within 10 days of its initial public offering which date shall be no later than June 30, 2021.

Ejido La Trinidad agreement: To acquire necessary surface access and use, Regency executed a four-year agreement with the Ejido "La Trinidad" on November 29, 2017. The agreement allows for Regency work operations to be conducted on 600 hectares of the total 2,191 Ha of the Ejido. To maintain the Ejido agreement, Regency is required to make annual payments of US$6,000 to the Ejido.

4.4 Environmental and Permitting

Mexico's environmental protection system is based on the General Law of Ecological Equilibrium and the Protection of the Environment ("LGEEPA"). Under LGEEPA, numerous regulations and standards for environmental impact assessment, air and water pollution, solid and hazardous waste management and noise have been issued. Various Federal, State and Municipal agencies have jurisdiction over certain different sections of the environmental permit. In general, Mexico has an established mining-friendly approach to the permitting process at the Federal level (Lunceford, 2014).

The Secretary of the Environment, Natural Resources and Fisheries ("SEMARNAT") and its sub-departments, in conjunction with decentralized Offices are responsible for supervision and oversight of four main areas:

- Preservation and sustainable development of ecosystems and biological diversity;
- Pollution prevention and control;
- Hydrological resources integral management;
- Climate change

To allow for drilling operations and other future work activity, Regency commissioned an environmental study (prepared by Cambiens S.A. de C.V., Monterrey, Mexico) during November 2017. Beginning with a historical review and collection of pertinent information from relevant government agencies, the study also included documentation of all potential areas that may be affected by exploration activities, the type and nature of proposed work activities, biologic, hydrologic, socioeconomic, and air and ground water contamination, if any. The environmental permit was approved by SEMERNAT on December 20, 2017. As work activities continue, the Company will monitor and advance environmental studies and make application for expanded permits, if required.

The Property does not fall within any known protected areas. In the near region surrounding the Property, there are numerous but small-scale disturbances (workings, dumps, etc.) from high-grade silver mining over many years. In the immediate area of the Dios Padre mine, there are several small to medium-sized oxidizing dumps, small tailings accumulations, and underground workings that are flowing water. All of these constitute possible environmental liabilities, however an exhaustive search and investigation of these point sources of potential contamination was beyond the scope of this Technical Report.

To the extent known, no other significant factors or risks that may affect access, title, or the right or ability to perform work on the Property are known to the authors.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, PHYSIOGRAPHY

The Dios Padre project is accessible via paved Highway 16 from either Hermosillo or Chihuahua. From Hermosillo travel southeast on Highway 16 about 223 kms to the marked turnoff (UTM coordinate 683,588E, 3,144,401N WGS84, Zone 12 A) to the village of Santa Rosa de Lima, then proceed on a graded and occasionally graveled road about 12 kms to Santa Rosa, then a poorly-maintained dirt road leads easterly about 13 kms from Santa Rosa to the Property area (Figure 5.1). An alternative route exists from Yecora by travelling north on a gravel road (the western extension of Calle de Juarez) 26 kms to the Property. The condition of this road is uncertain while the preferred alternative route from State Highway 16 was in reasonable condition at least to Santa Rosa de Lima during the author's visit in late January 2018.

The climate of the area is generally mild, and with a mean temperature of 16°C, allows for year-round field activities. The region is noted for its seasonal arid climate. Annual rainfall averages 300 mm, most of which falls between July and September. Natural vegetation consists of numerous species of cactus, mesquite, catsclaw and other thorny bushes. In the summer months, lush growth makes field access more difficult, requiring line and trail cutting with machetes. The higher elevations are covered by pine and oak trees (Duncan, 2012).

Small-scale mining, logging, hunting and subsistence agriculture constitute the principal uses of the land. Elevations on the Property range from about 1,100 m to 1,920 m above mean sea level. Topography within the Property is rugged, with limited areas for potential expanded mine operation infrastructure.

Minimal supplies are available in Yecora about 25 kms to the southeast on Highway 16, including basic foodstuffs, lodging, and fuel. The small city of Obregon, about 136 kms to the southwest, has additional supplies and resources are sufficient to meet most project support needs. The capital cities of Hermosillo (Sonora State) and Chihuahua (Chihuahua State) are mining centers with excellent resources for exploration and advanced mining projects. Both are good sources of supplies, housing, experienced mining personnel and ancillary facilities, such as drilling companies, supply houses, hotels, and restaurants.

Figure 5-1. Location and access to the Dios Padre Property.

Infrastructure at the Property site is minimal (Figure 10.2). Old buildings at the Dios Padre mill site have been upgraded and used for staff housing from time to time, and could be rehabilitated to house field crews, drilling staff and local labor. During Regency's drill operations described under the Drilling section (10, below), crews contracted with local residents in Santa Rosa de Lima for lodging and meals. With a population of around 300 people, only very basic goods and services are available in Santa Rosa. At the Property, electric power must be generated with diesel generators.

Water is available for casual use but is not likely sufficient for mining operations. Access within the Property is available via a network of narrow four- wheel drive roads and trails, but the steep nature of the country requires access by foot to many areas.

The adequacy of the surface rights, water availability, sources of power, mining personnel, tailings and dump storage areas, and processing plant sites are adequate for the present stage of development on the Property. When work activity on the Property including drilling is advanced, more extensive mine planning, comprehensive planning addressing these issues of surficial use will be necessary.

6.0 HISTORY

The Dios Padre mine has a +400-year history of mining for silver, but most of the work prior to the 1960s is poorly documented. Most of what is known comes from a succession of fragmentary reports by consulting geologists and engineers. Work conducted since the 1960s has concentrated on evaluation of the resource potential of the remaining high-grade silver mineralization in the Dios Padre mine area. Since 1996, drilling and other activities were conducted on the Property by Silver Standard Resources Inc. (1995-1996), First Majestic Resource Corp. (2006) and NS Silver Inc./NS Gold Corporation (2012-2013). Within the Property, little work has been directed at alternate targets other than the mine area. The technical reports prepared by ACA Howe (Phillipps, 2006) and Duncan (2012) provide particularly good summaries of the history of the Dios Padre mine.

6.1 Pre-1960's

The earliest known mining activities were carried out by the Jesuits in the 17th century using Yaqui labor. Their operations occurred between 1603 and 1650, when the Jesuits were expelled from Mexico. The Jesuits were estimated to have mined 7,000 tonnes of rich silver ore from narrow, near-surface veins.

The Dios Padre mine was brought into production again in 1860 by an English company named L. V. Limited ("LVL"). LVL's mining activities resulted in estimated production of about 540,000 tons (Mclean, Ledgerwood, 1966), with recoveries at 80% yielding approximately 16 million ounces of silver, resulting in a calculated mine grade of 25 ounces per ton. LVL apparently abandoned the operation in 1910 during the Mexican revolution and civil strife associated with Pancho Villa. A succession of other companies and individuals worked the deposit in a small fashion until the Property was acquired by Cananea Copper Company Limited ("Cananea") sometime between 1927 and 1939. Cananea reportedly drilled two holes in the vicinity of the Santa Gertrudis adit to a depth of 245 m. Cananea reportedly assayed the core only for copper and no values exceeding 1% were received (Mclean, Ledgerwood, 1966).

6.2 Post 1960's to 1995

The Property was acquired by a local individual in 1962 and sold in 1964 to Westville Mines in the name of its Mexican subsidiary, Compania Minera Sahuaripa S.A. de C.V. ("Sahuaripa"). From 1964 through 1986 a succession of consultants visited the Property. Several of the consultants calculated "ore reserves", based on a variety of parameters. Tonnages reported or estimated by these workers range from 1.3 million tonnes to in excess of 5 million tonnes (see Section 14). The reader is cautioned that these widely variant estimates are neither verifiable nor compliant with NI 43-101 standards and must be discounted.

As summarized by Duncan (2012), through a series of transactions and small-scale mining operations, the Property became available to Mr. Karl Meyers and Mr. Fred Neisler and, in turn, to Mr. Buddy Jack Kennemur. Mr. Kennemur held the Property. Heirs to Mr. Kennemur continue to hold the Property as of the date of this Technical Report). Between 1964 and 1971 Sahuaripa conducted various sampling, drill, bulk sampling and other work activities with the objective of sustaining and advancing mine production. During this period a 100 ton per day floatation mill was constructed (Konkin, 1996). Sampling was carried out in mine openings, drill cores and by milling bulk samples. Mine opening sample grades reportedly varied from 40 to 80,000 g/t Ag, most ranging between 100 to 1,500 g/t Ag. Core samples grades varied between 20 to 2,500 g/t Ag, with 50 % of the Dios Padre stock reportedly averaging more than 310 g/t Ag. Bulk sampling in 1971 produced 7,923 tonnes of material in 23 tonne lots ranging between 80 to 740 g/t Ag and averaging 308 g/t Ag. Mineralized rock was treated to produce a floatation concentrate with an average silver recovery of 84%. Sahuaripa concluded that the silver grades were highly variable over short distances and that bulk sampling gave the best results. Sahuaripa noted that 47.5% of the drilling averaged 11 troy ounces of silver per ton. Known drill hole parameters, and assay results are summarized in Table 6.1 (Phillips, 2006).

Hole No.	Intercept m	Ag g/t	Interval m	True Width m	Final Depth m	Inclination and Azimuth
Ddh 1-66	n.a.	-	-	-	196.50	-50° / S023°E
Ddh 2-66	[35 - 41]	[5.5 % Zn]	[6 m]	?	187.90	-59° / N028°W
Ddh 3-66	n.a.	-	-	-	106.80	-78° / N028°W
Ddh 4-66	67.0 - 100.0	260	33.0	32.5	138.61	-25° / S023°E
Ddh 5-66	22.0 – 23.5 50.0 – 56.0	496 388	1.5 6.0	? ?	145.60	-30° / N028°W
Ddh 6-66	n.a.	-	-	-	138.10	-25° / S025°W
Ddh 7-66	28.0 – 40.4 74.0 – 78.5 86.8 – 111.3	74 180 275	12.4 4.5 24.5	8.0 3.0 16.0	137.19	-30° / N038°W
Ddh A1-66*	n.a.	-	-	-	102.13	-45° / S004°E
Ddh A2-66*	n.a.	-	-	-	24.03	-30° / S034°E

Table 6-1. Sahuaripa drill parameters, results. *Underground drill holes (Phillips, 2006).

About 100,000 tons at a grade of 1.00 to 13.00 ounces per ton silver, 3.0% lead, and 0.5% copper were estimated to have been produced between 1962 and 1984 (Free, 1997).

No primary Sahuaripa data including assay results, drill logs, collar locations, etc. are available to the authors to substantiate this work and results.

6.3 1995 to 2017

Beginning in 1995 the Dios Padre Property was successively investigated by Silver Standard Resources Inc. (1995-1996), First Majestic Resource Corp. (2006) and NS Silver Inc./NS Gold Corporation (2012-2013). Most of the work consisted of drill campaigns with the exception of NS Silver, NS Gold who completed drill, geochemical, and geophysical surveys surrounding the mine. In mid-2013, Mercator Geologic Services (Halifax, Nova Scotia, Canada) completed a partial wireframe model in an attempt to calculate a resource.

Silver Standard Resources Inc.: Work included a sampling and drilling program completed between 1995 to 1996. Ten diamond drill holes for a total of 1,421.4 m were collared to test the mineralized breccia body and close off the strike extent. Drilling was concentrated in the center and the east part of the breccia body where past stoping was most intense. All diamond drill holes were angled in a southerly direction (170°); drill hole parameters and results are summarized in Table 6.2. Drill core from Silver Standard remains on site, however the condition of the core boxes and labeling has deteriorated to the extent that considerable forensic effort would be necessary to obtain reliable core data. Drill hole results for silver are summarized in Table 6.6.

First Majestic Resource Corp.: In 2006, First Majestic Resource Corp. conducted a diamond drill program with the purpose of further delineation of previous estimated historical resources. First Majestic drilled 2,215.95 meters in 17 holes (Table 6.3) over the Dios Padre mineralized zone, covering an area of 300 by 150 meters E-W and N-S respectively.

Drill operations were apparently conducted in a professional manner using then-current industry protocols and methods. However, whether the program was supervised by a Qualified Person (as defined by NI 43-101) is not known. Data bases relating to this activity were not complete (see Section 12, below) but drill hole collar and down-hole survey data and assays, as used herein, are believed to be reliable, however. Drill hole results for silver are summarized in Table 6.7.

NS Silver Inc. – NS Gold Corporation: In 2012 and 2013, NS Gold Corporation and its wholly-owned subsidiary NS Silver Inc. conducted geochemical sampling, geologic mapping, and geophysical surveys (IP and ground magnetic) and followed these programs with an extensive drill program over most of the Property including completion of 16 diamond drill holes, accruing 3,806.5 m in 2012 and 17 drill holes totaling 3,433.9 m in 2013 (Table 6.4). Unfortunately, little primary data is available to the authors including drill logs, and descriptions of protocols and procedures, primary assay data, etc. These endeavors were the most comprehensive efforts to fully evaluate the Property beyond the Dios Padre mine. Significant (= or > 2.0 m intervals = or > than 60 g Ag) drill intervals from this program are shown in Table 6.8.

Additional exploration activities and results were described by Duncan (2012).

- Geologic mapping - Detailed geologic mapping began in August 2011 and was completed in January 2012.
- Stream sediment & Soil sampling - Stream sediment and soil samples were collected on fence lines across the alluvial plains of streams at 50 m spacing and upstream in arroyos on mountainsides.
- Line cutting - Seventeen E-W lines were cut at a line spacing of 100 meters, a total of 34 kilometers, to facilitate additional rock-chip sampling and geophysical surveying.
- Rock-chip sampling – NS Gold personnel conducted rock chip sampling on the lines cut as noted above. The lines were sampled at 50-meter intervals or at any change in lithology, alteration or structure. The survey also included samples taken on four traverse lines oriented at N 45° E, approximately perpendicular to district and regional structure orientation.
- Geophysical surveys - In September 2011, S. J. Geophysics (of Delta, B.C., Canada) completed 3D IP (Induced Polarization), resistivity and ground magnetic surveys.

Geochemical, geophysical compilations, results - Duncan (2012) recognized that geochemical grid sampling (Figures 6.1 through 6.3) indicated a “ring” zonation suggested by primary lead, silver, copper mineralization and alteration elements sodium and potassium. Lead is accentuated in the main Dios

Padre mine area (lower center, each image) while silver is depleted. Silver minerals are oxidized at the mine site and preserved in the silica-rich breccia at the “Red mine” prospect northeast of the Dios Padre mine. Oxidation effects would have been enhanced by a high acidic environment due to the presence of pyrite in the rhyolite country rocks surrounding the Dios Padre mine. Sodium and potassium zonation mimics the metal zonation, but sodium and potassium may also be influenced by volcanic lithologies.

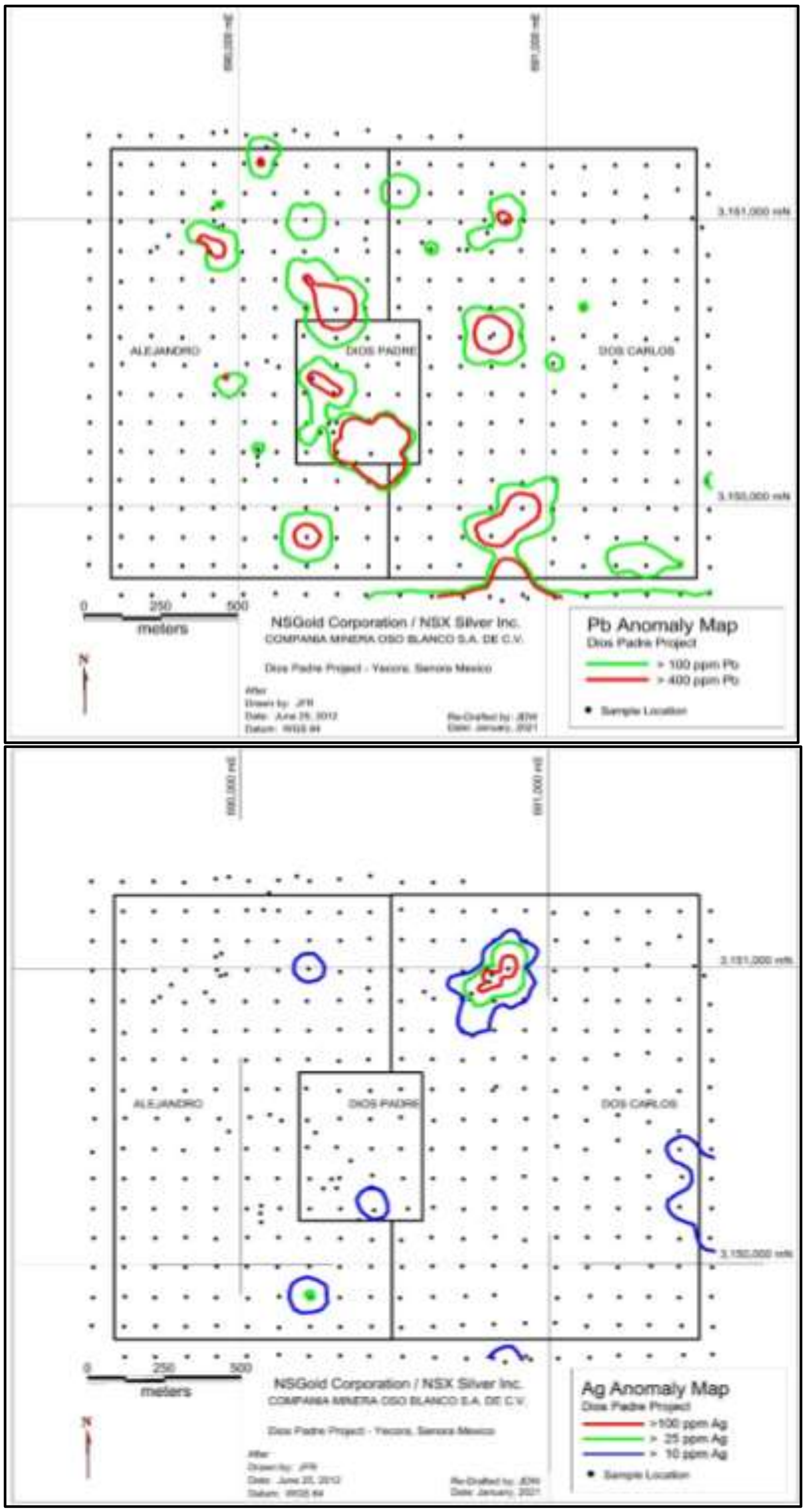

Figure 6-1. Pb (top) and Ag (bottom) anomalies (after Duncan, 2012).

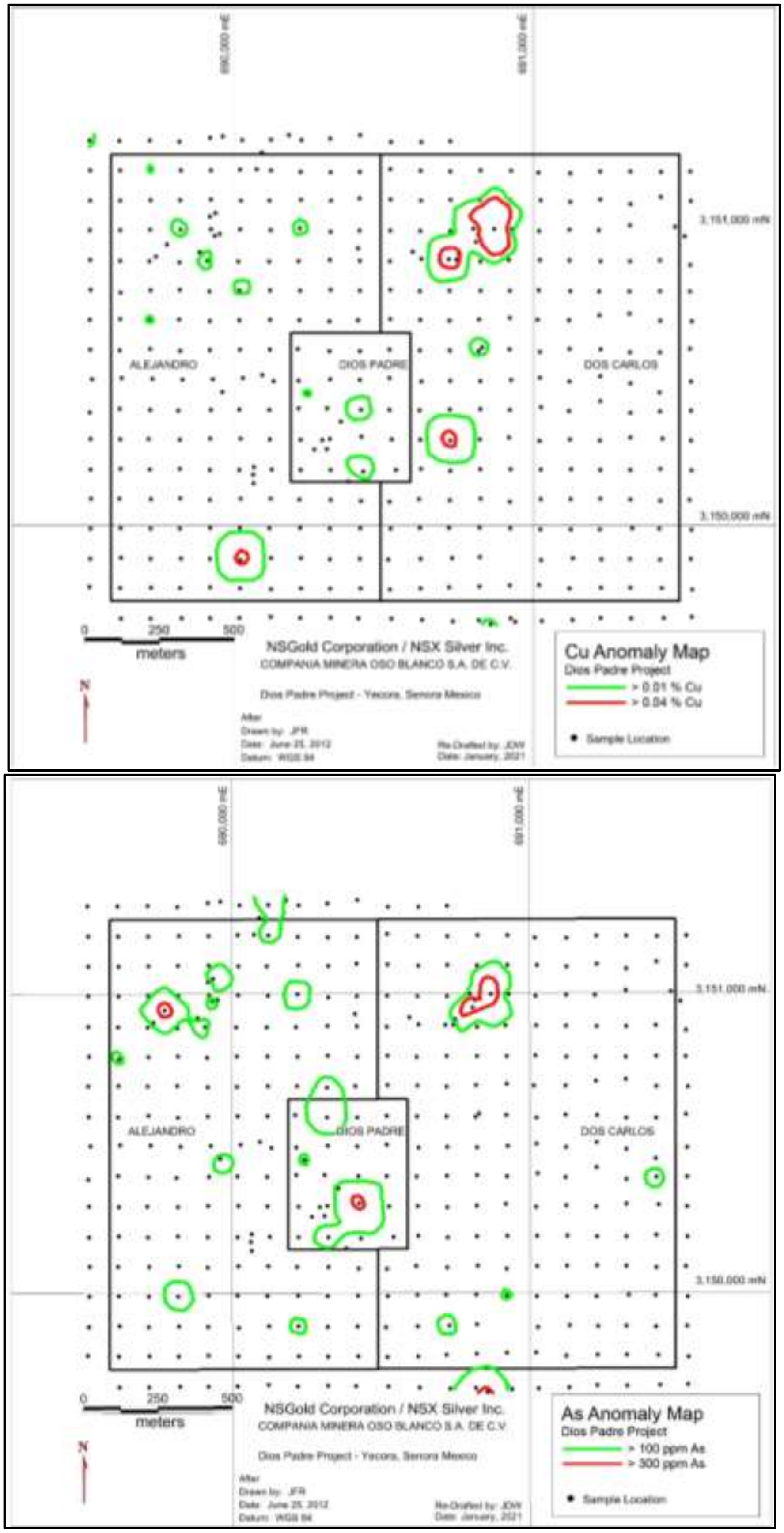

Figure 6-2. Cu (top) and As (bottom) anomalies (after Duncan, 2012).

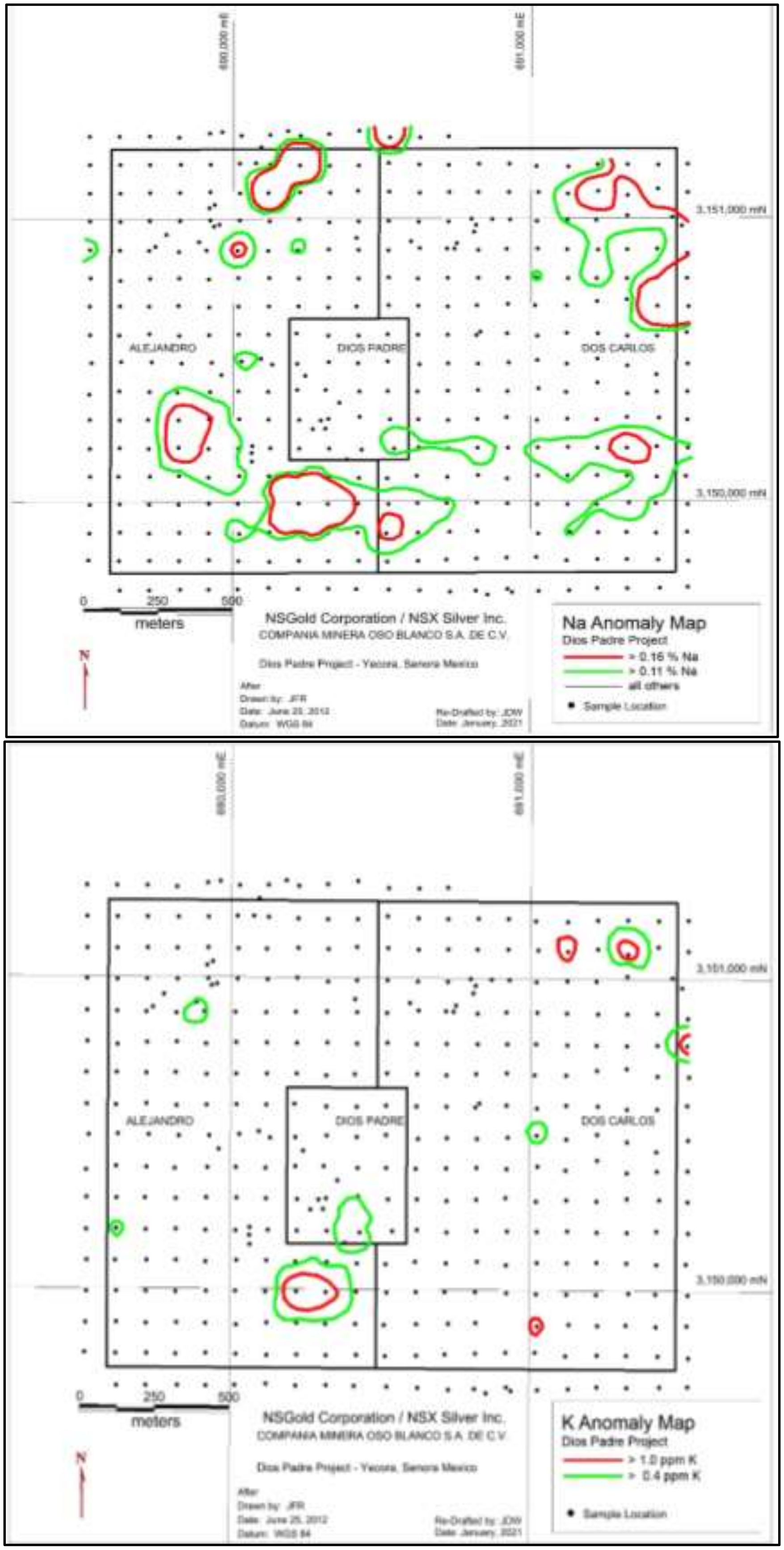

Figure 6-3. Na (top) and K (bottom) anomalies (after Duncan, 2012).

The IP/resistivity survey disclosed a large chargeability anomaly 550 m north of the known Dios Padre mine (Figures 6.4). The Dios Padre mine is situated at the extreme south end of the IP/Resistivity chargeability anomaly, and the zone of highest chargeability is situated to the north, between the "northwest breccia" zone (northwest of the mine) and the "Red mine" zone (northeast of the mine). Although the main Dios Padre mine, "northwest breccia" and "Red mine" zones are related apophyses of the principal anomaly, they are expressed as distal elements that may support the general zonation of the geochemistry noted in rock chips discussed above. Because of its close proximity to Dios Padre, and anomalous peripheral geochemistry, there is a possibility that the chargeability anomaly is caused by disseminated Ag-bearing sulfide/sulfosalt mineralization. The anomaly is considered a priority exploration target for future work – see Section 26, Recommendations.

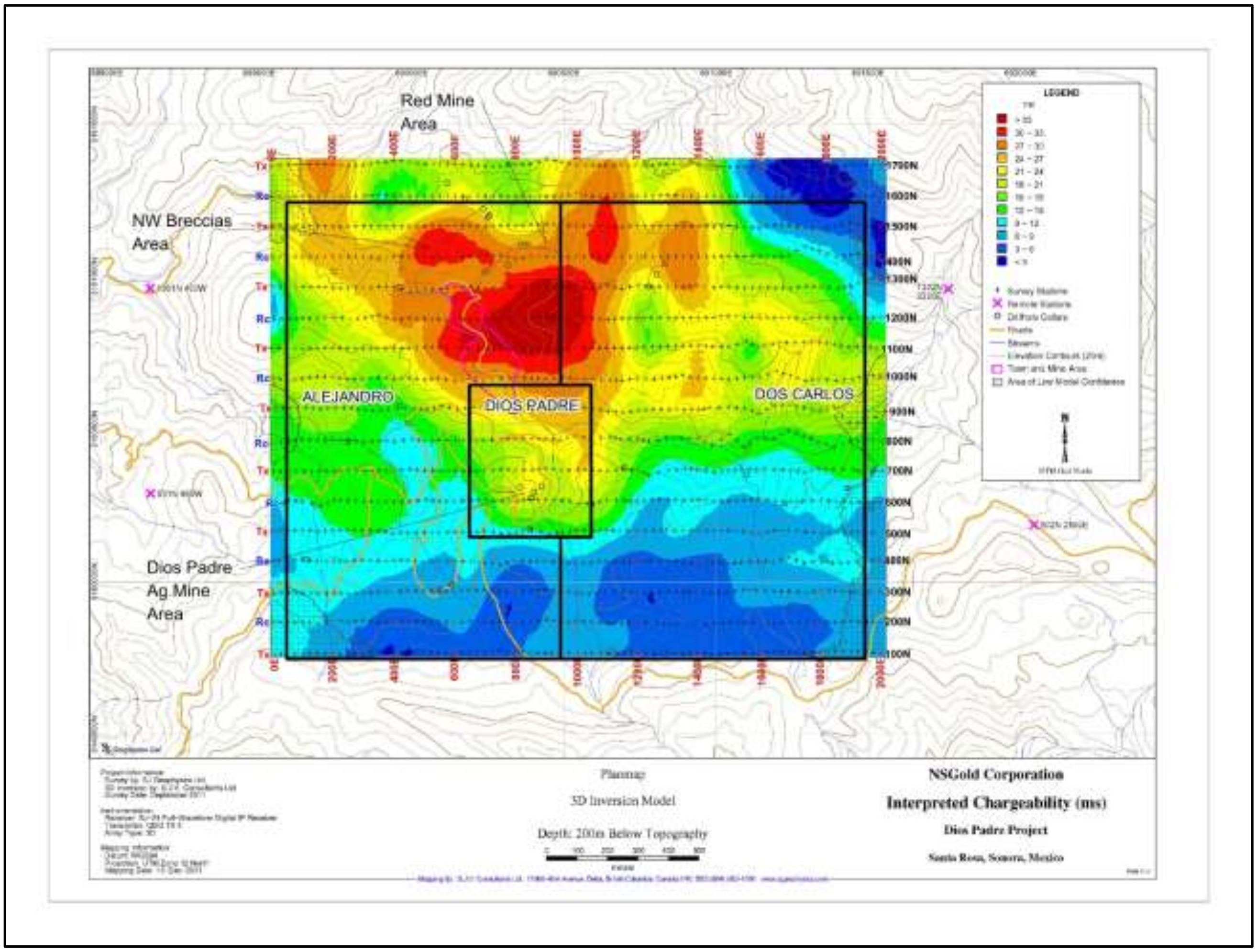

Figure 6-4. Chargeability at 200 m below topography (after Duncan, 2012). Red Mine, northwest breccia and Dios Padre mine areas are labeled.

In May, 2019 the Company contacted S. J. Geophysics requesting the original 3D IP (Induced Polarization), resistivity and ground magnetic survey data for the study conducted by NS Silver Inc. in September 2011. On May 31, 2019 data was delivered via secure FTP transfer to the Company. The data transferred was comprehensive, including the raw data dumps from the SJ-24 Full Waveform receivers and GDD TX II transmitters employed for the IP survey and the Geometrics G856 magnetometer employed for the magnetic survey. Additionally, output files from the UBC-GIF (DCIP3D) IP inversion algorithm for chargeability, conductivity, resistivity and sensitivity applied to the Dios Padre survey data were supplied in native, point cloud (XYZ) and Visualization Toolkit (VTK) formats.

For this study, the inverted VTK chargeability data was loaded into ParaView-v5.6.1 and isosurfaces generated for the 20, 25, 30, 35 and 38 ms decay curves for export into Leapfrog Geo 3D – see Figures 6-5, through Figure 6-7.

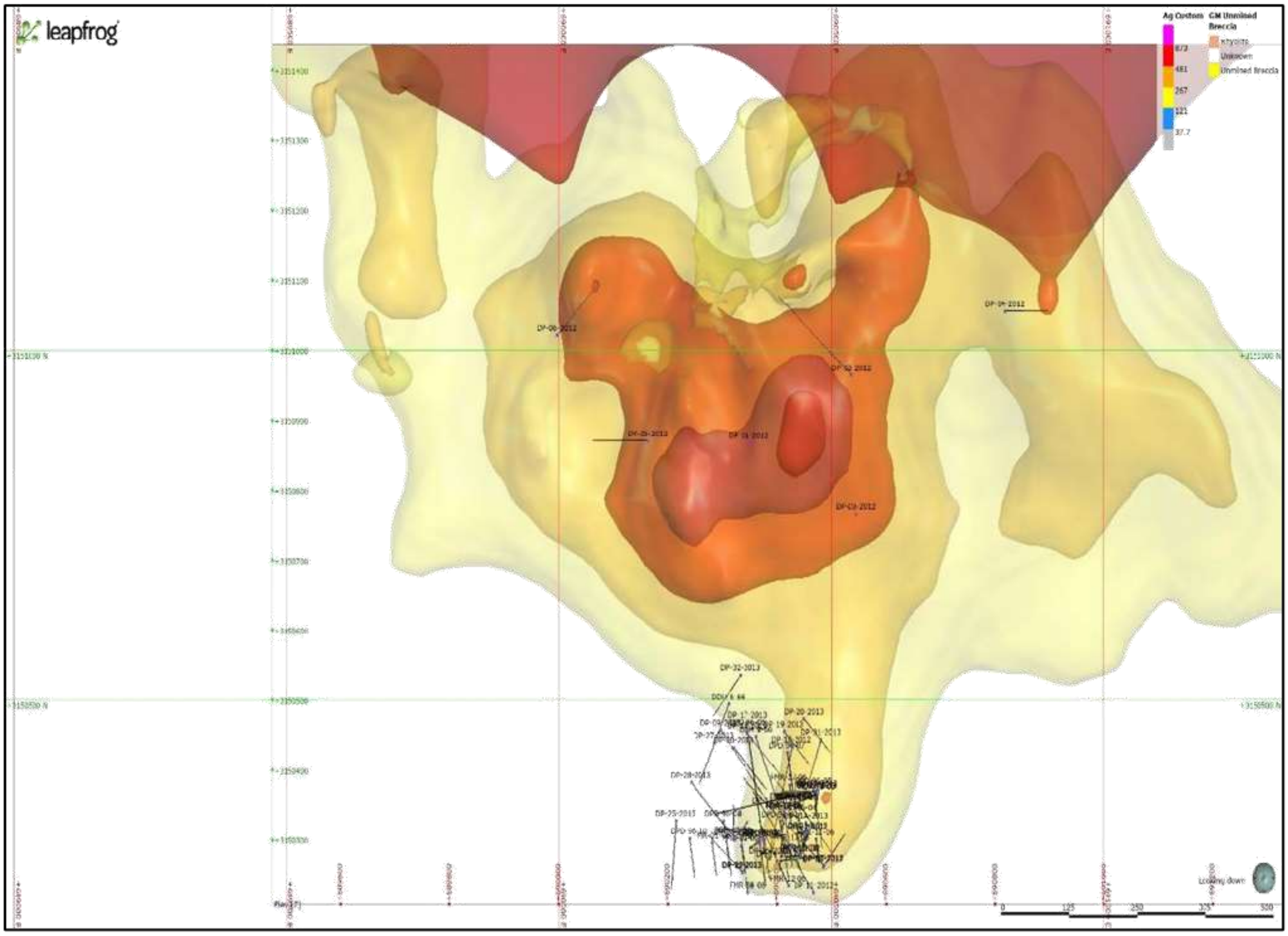

Figure 6-5. Plan view of IP chargeability isosurfaces (20-38 ms). The Dios Padre mine is located in the south center of the view. Note the strong anomaly centered 550m north of the mine. Outlying drill holes DP-01- 2012 to DP-06-2012 failed to properly test the anomaly. *Note: high chargeability indicated along the north edge of the map is spurious, an artifact or "edge effect" resulting from the inversion algorithm.*

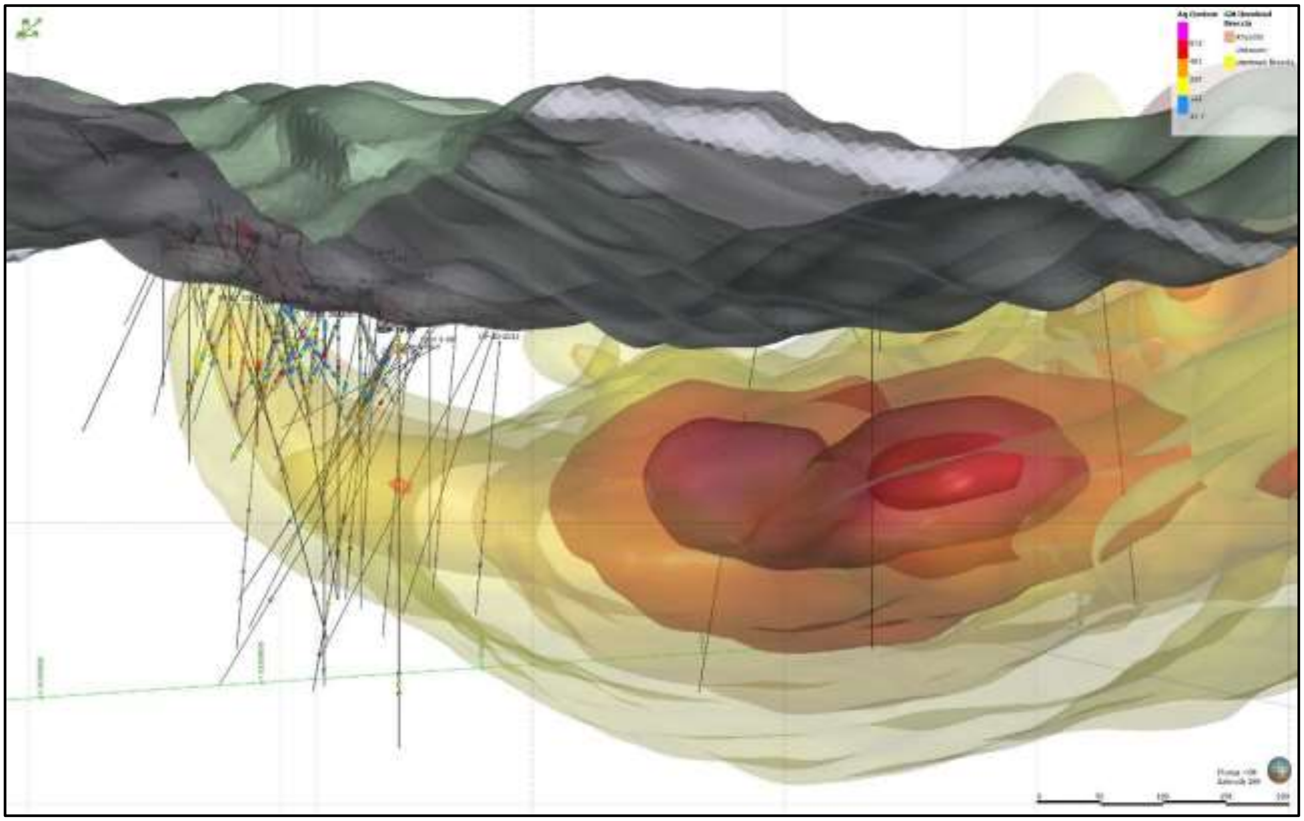

Figure 6-6. Cross-sectional view looking west of IP chargeability isosurfaces (20-38 ms) showing the anomaly north of the Dios Padre mine. Highest chargeability lies 150-200m below surface.

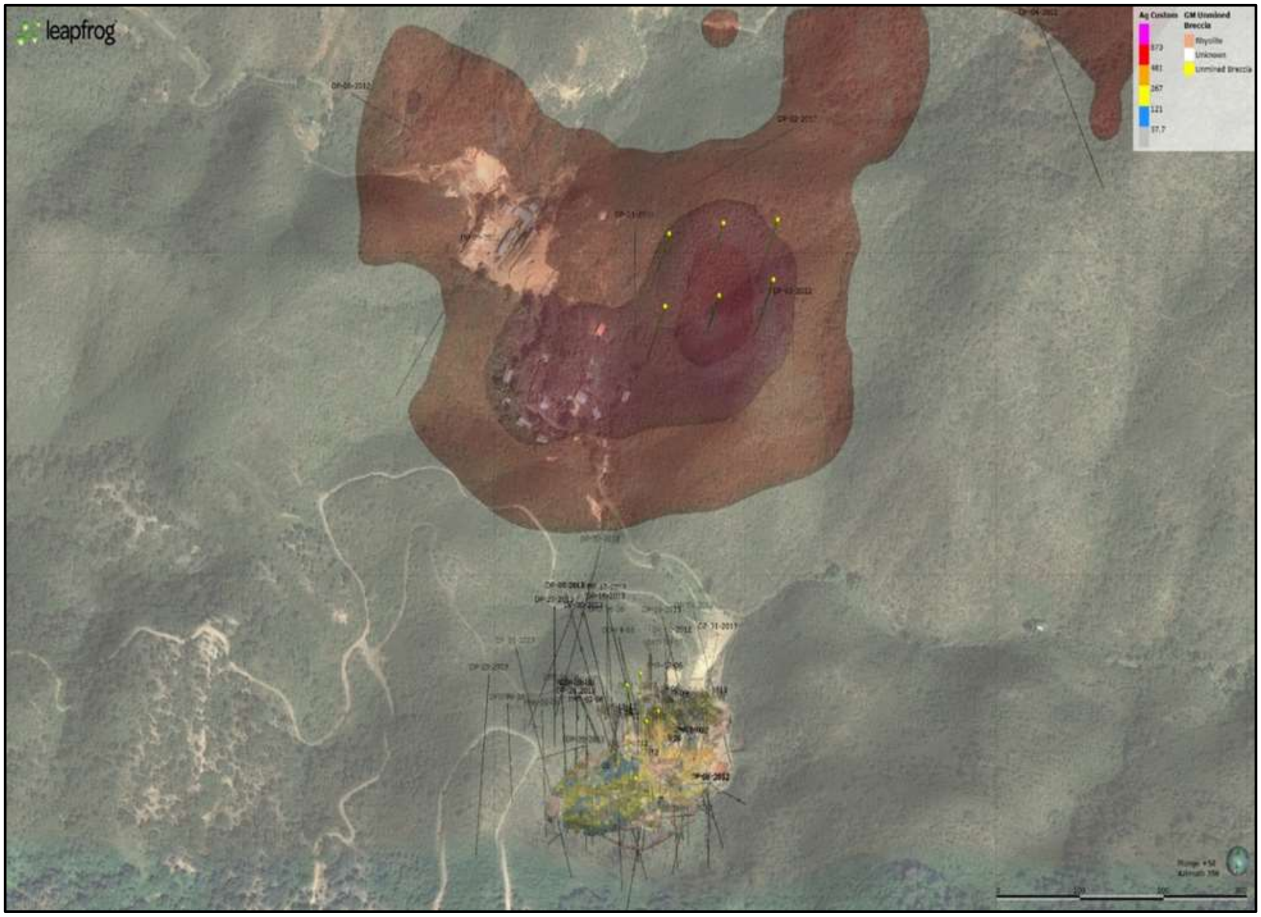

Figure 6.7. Chargeability at 200m below topography. Higher amplitude anomalies are purple shades.

Other evaluators: In mid-2013 following the completion of NS Gold/NS Silver 2013 drill programs, Mercator Geologic Services (Dartmouth, Nova Scotia, Canada) completed a digital 3D model of the drilled area but the study was flawed by failure to consider late-stage cross faults and the lack of internal continuity to breccia hosted mineralization. In October 2013, Hector Mariano (2013), a Mexican consultant, completed an evaluation of the area around the Dios Padre Property on behalf of Oso Blanco S.A. de C.V, the Mexican subsidiary of NS Gold/NS Silver. Mariano suggested that the Dios Padre mine area was segmented by N25°E, 40°SW and N40°W, 80°SE striking faults and cut by sub-horizontal faults with shallow dips to 20°.

6.4 Drill programs – results

Drill programs: Drill hole parameters from the Silver Standard (1996), First Majestic (2006) and NS Gold/NS Silver (2012, 2013) drill programs appear in Tables 6.2 through 6.4 below. Significant (intervals = or > than 2.0 m 60 g Ag) are tabulated below (Tables 6.6 through 6.8). Drill hole locations from these programs are shown in Figures 6.8 and 6.9.

	WGS 84-Z 12N		Collar				Deviation		
Drill Hole	**East**	**North**	**Elev. (m)**	**Depth (m)**	**Azimuth**	**Dip**	**Survey**	**Year**	**Company**
DPD 96-01	690377.0	3150299.0	1313.3	96.0	170	-55	No	1996	Silver Standard
DPD 96-03	690406.0	3150327.0	1293.2	111.3	170	-45	No	1996	Silver Standard
DPD 96-04	690440.0	3150336.0	1272.1	120.7	170	-55	No	1996	Silver Standard
DPD 96-05	690468.0	3150373.0	1266.5	120.7	170	-45	No	1996	Silver Standard
DPD 96-06	690346.6	3150457.7	1270.5	262.7	170	-45	No	1996	Silver Standard
DPD 96-07	690419.0	3150425.0	1258.1	211.8	170	-45	No	1996	Silver Standard
DPD 96-08	690302.0	3150328.0	1331.8	112.3	170	-45	No	1996	Silver Standard
DPD 96-09	690302.0	3150328.0	1331.8	166.4	170	-65	No	1996	Silver Standard
DPD 96-10	690239.0	3150302.0	1355.2	101.2	170	-55	No	1996	Silver Standard

Table 6–2. Drill hole parameters for Silver Standard.

	WGS 84-Z 12N		Collar				Deviation		
Drill Hole	**East**	**North**	**Elev. (m)**	**Depth (m)**	**Azimuth**	**Dip**	**Survey**	**Year**	**Company**
FMR-01-06	690281.0	3150296.0	1339.5	155.8	170	-72	No	2006	First Majestic
FMR-02-06	690334.1	3150291.9	1330.2	85.3	170	-90	No	2006	First Majestic
FMR-03-06	690334.1	3150291.9	1330.2	160.0	170	-75	No	2006	First Majestic
FMR-04-06	690347.1	3150226.0	1332.5	189.7	350	-65	No	2006	First Majestic
FMR-05-06	690347.1	3150226.0	1332.5	130.3	350	-90	No	2006	First Majestic
FMR-06-06	690368.0	3150299.8	1318.4	158.4	350	-90	No	2006	First Majestic
FMR-07-06	690368.6	3150296.9	1318.2	150.1	170	-65	No	2006	First Majestic
FMR-08-06	690369.2	3150294.8	1318.0	77.7	170	-45	No	2006	First Majestic
FMR-09-06	690441.1	3150351.9	1269.2	84.3	170	-90	No	2006	First Majestic
FMR-10-06	690442.1	3150350.9	1268.8	157.5	140	-55	No	2006	First Majestic
FMR-11-06	690472.0	3150300.8	1277.2	51.4	170	-50	No	2006	First Majestic
FMR-12-06	690421.1	3150235.0	1294.1	188.4	330	-55	No	2006	First Majestic
FMR-13-06	690427.6	3150292.8	1283.9	105.1	155	-65	No	2006	First Majestic
FMR-14-06	690420.6	3150352.0	1281.1	72.3	170	-65	No	2006	First Majestic
FMR-15-06	690412.1	3150339.9	1287.6	148.8	185	-55	No	2006	First Majestic
FMR-16-06	690414.0	3150337.9	1287.1	109.2	170	-45	No	2006	First Majestic
FMR-17-06	690422.6	3150378.9	1274.5	192.3	170	-85	No	2006	First Majestic

Table 6-3. Drill hole parameters for First Majestic.

	WGS 84-Z 12N		Collar				Deviation		
Drill Hole	**East**	**North**	**Elev. (m)**	**Depth (m)**	**Azimuth**	**Dip**	**Survey**	**Year**	**Company**
DP-01-2012	690349.0	3150867.0	1278.9	292.0	0	-90	Yes	2012	NS Silver
DP-02-2012	690537.0	3150964.0	1313.3	351.0	310	-60	Yes	2012	NS Silver
DP-03-2012	690546.0	3150765.0	1317.8	108.5	0	-90	Yes	2012	NS Silver
DP-04-2012	690819.0	3151055.0	1404.0	299.0	90	-75	Yes	2012	NS Silver
DP-05-2012	690164.0	3150870.0	1217.5	302.0	270	-70	Yes	2012	NS Silver
DP-06-2012	689997.0	3151021.0	1201.1	203.0	45	-60	Yes	2012	NS Silver
DP-07-2012	690486.0	3150264.0	1285.8	300.5	310	-50	Yes	2012	NS Silver
DP-08-2012	690485.0	3150262.0	1285.6	124.0	40	-60	Yes	2012	NS Silver
DP-09-2012	690297.0	3150457.0	1270.8	333.0	140	-60	Yes	2012	NS Silver
DP-10-2012	690427.0	3150433.0	1253.6	316.0	195	-55	Yes	2012	NS Silver
DP-11-2012	690468.0	3150226.0	1284.9	316.5	322	-55	Yes	2012	NS Silver
DP-12-2012	690475.0	3150371.0	1269.7	300.0	260	-50	Yes	2012	NS Silver
DP-13-2012	690392.0	3150346.0	1295.9	300.0	0	-90	Yes	2012	NS Silver
DP-14-2012	690400.0	3150270.0	1302.2	139.5	85	-50	Yes	2012	NS Silver
DP-15-2012	690387.0	3150274.0	1309.4	51.0	20	-60	No	2012	NS Silver
DP-16-2012	690444.0	3150278.0	1276.1	70.5	16	-50	Yes	2012	NS Silver
DP-17-2013	690346.0	3150468.0	1264.6	200.0	0	-90	Yes	2013	NS Silver
DP-18-2013	690346.0	3150453.0	1273.1	260.7	135	-70	Yes	2013	NS Silver
DP-19-2013	690413.0	3150455.0	1251.3	200.0	135	-70	Yes	2013	NS Silver
DP-20-2013	690450.0	3150473.0	1238.7	200.0	135	-70	Yes	2013	NS Silver
DP-21-2013	690457.0	3150311.0	1270.1	28.0	0	-90	No	2013	NS Silver
DP-21A-2013	690454.0	3150325.0	1267.4	200.2	0	-90	No	2013	NS Silver
DP-22-2013	690337.0	3150254.0	1332.0	185.6	0	-90	No	2013	NS Silver
DP-23-2013	690336.0	3150255.0	1332.0	140.5	310	-55	Yes	2013	NS Silver
DP-24-2013	690336.0	3150255.0	1332.0	99.4	310	-70	Yes	2013	NS Silver
DP-25-2013	690215.0	3150328.0	1345.6	196.3	185	-60	No	2013	NS Silver
DP-26-2013	690322.0	3150300.0	1331.6	134.6	0	-90	No	2013	NS Silver
DP-27-2013	690285.0	3150439.0	1276.0	250.0	0	-90	No	2013	NS Silver
DP-28-2013	690243.0	3150382.0	1303.0	301.5	135	-70	Yes	2013	NS Silver
DP-29-2013	690475.0	3150368.0	1270.1	300.2	0	-90	No	2013	NS Silver
DP-30-2013	690321.0	3150432.0	1281.2	250.1	135	-70	Yes	2013	NS Silver
DP-31-2013	690481.0	3150444.0	1253.3	265.0	200	-60	Yes	2013	NS Silver
DP-32-2013	690333.0	3150536.0	1249.0	224.2	220	-70	Yes	2013	NS Silver

Table 6-4. Drill hole parameters for NS Silver/NS Gold.

Several drill core intervals of Silver Standard, First Majestic and NS Silver/NS Gold were not assayed. No documentation exists as to why core intervals were not assayed, but the authors surmise that the supervising geologist of these drill programs only selected core for analysis based on visible or suspected mineralization.

Company	Drill Hole	Sum of Intervals m	Total Depth m	% of Total Depth
Silver Standard	DPD 96-01	27.1	96	28
Silver Standard	DPD 96-03	30.6	111.3	27
Silver Standard	DPD 96-04	28.5	120.7	24
Silver Standard	DPD 96-05	19.5	120.7	16
Silver Standard	DPD 96-06	157.7	262.7	60
Silver Standard	DPD 96-07	123.8	211.8	58
Silver Standard	DPD 96-08	84.6	112.3	75
Silver Standard	DPD 96-09	91.6	166.4	55
Silver Standard	DPD 96-10	94.4	101.2	93
First Majestic	FMR-01-06	134.5	155.8	86
First Majestic	FMR-02-06	85.3	85.3	100
First Majestic	FMR-03-06	84.02	160	53
First Majestic	FMR-04-06	88.35	189.7	47
First Majestic	FMR-05-06	119.48	130.3	92
First Majestic	FMR-06-06	64.12	158.35	40
First Majestic	FMR-07-06	74.22	150.1	49
First Majestic	FMR-08-06	30.1	77.7	39
First Majestic	FMR-09-06	24.05	84.3	29
First Majestic	FMR-10-06	72.75	157.5	46
First Majestic	FMR-11-06	5.9	51.4	11
First Majestic	FMR-12-06	92.67	188.4	49
First Majestic	FMR-13-06	16.55	105.1	16
First Majestic	FMR-14-06	21.15	72.25	29
First Majestic	FMR-15-06	36.4	148.8	24
First Majestic	FMR-16-06	13.45	109.2	12
First Majestic	FMR-17-06	73.47	192.3	38
NS Silver	DP-08-2012	5	124	4
NS Silver	DP-10-2012	54.4	316	17
NS Silver	DP-11-2012	27	316.5	9
NS Silver	DP-12-2012	18	300	6
NS Silver	DP-13-2012	16	300	5
NS Silver	DP-17-2013	62.92	200	31
NS Silver	DP-18-2013	75.7	260.7	29
NS Silver	DP-22-2013	34.5	185.6	19
NS Silver	DP-23-2013	6.6	140.5	5
NS Silver	DP-25-2013	196.3	196.3	100
NS Silver	DP-26-2013	44.15	134.6	33
NS Silver	DP-27-2013	133.3	250	53
NS Silver	DP-31-2013	19	265	7
NS Silver	DP-32-2013	27	224.2	12
	TOTAL	**2414.15**		

Table 6-5. Unassayed core from Silver Standard, First Majestic, NS Silver drill programs.

Company	Hole No.	From M	To M	Interval M	g/t Ag
Silver Standard	DPD 96-01	20.1	42.2	22.1	79.9
Silver Standard	DPD 96-02			None	
Silver Standard	DPD 96-03	16.6	26	9.4	86.8
Silver Standard		57.2	60.2	3	106
Silver Standard		84.2	87.2	3	64
Silver Standard	DPD 96-04	9.1	17.8	8.7	142.2
Silver Standard		43.8	52.8	9	76.2
Silver Standard		58.5	67.5	9	446.8
Silver Standard	DPD 96-05	21.6	26.1	4.5	213.7
Silver Standard		29.1	32.1	3	195
Silver Standard	DPD 96-06			None	
Silver Standard	DPD 96-07	65.8	68.8	3	694.5
Silver Standard	DPD 96-08			None	
Silver Standard	DPD 96-09	87.5	125.6	38.1	281.8
Silver Standard	DPD 96-10			None	

Table 6-6. Drill hole results for Silver Standard. Only intervals = or > than 2.0 m = or > 60 g Ag are included. Intervals reported are down-hole intercepts, not true thicknesses.

Company	Hole No.	From M	To M	Interval M	g/t Ag
First Majestic	FMR-01-06	88.7	96.2	7.5	194.1
First Majestic	FMR-02-06			None	
First Majestic	FMR-03-06	59.6	61.6	2	498.9
First Majestic	FMR-04-06	113.1	128.35	15.25	167.8
First Majestic		159.35	164	4.65	60.3
First Majestic	FMR-05-06	25.1	27.15	2.05	8.1
First Majestic	FMR-06-06	65.2	81.8	16.6	242.2
First Majestic		87.2	104.55	17.35	190.5
First Majestic		128.3	132.15	3.85	88
First Majestic	FMR-07-06	33.95	39.95	6	77.5
First Majestic		55.05	59.35	4.3	99.6
First Majestic		68.3	75.15	6.85	233.6
First Majestic	FMR-08-06	34.5	46.1	11.6	162
First Majestic		59.95	69	9.05	291.6
First Majestic	FMR-09-06	15.05	24.05	9	123.9
First Majestic		68.35	72.25	3.9	82.5
First Majestic	FMR-10-06	51.2	60.7	9.5	90
First Majestic		67.7	74.1	6.4	96.9
First Majestic	FMR-11-06	6.4	49.9	43.5	115.7
First Majestic	FMR-12-06	76.05	108.55	32.5	408
First Majestic	FMR-13-06	0	5.2	5.2	145
First Majestic		65.45	72.1	6.65	88
First Majestic	FMR-14-06	30.25	36.3	6.05	950.9
First Majestic		39	43.1	4.1	302.5
First Majestic	FMR-15-06	46.5	75.35	28.85	467.8
First Majestic		78.3	87.95	9.65	224.9
First Majestic		134.9	141.15	6.25	67.4
First Majestic	FMR-16-06	46.3	95.95	49.65	141.9
First Majestic	FMR-17-06	58.2	81.3	23.1	376.2
First Majestic		96.3	100.5	4.2	154.1

Table 6-7. Drill hole results for First Majestic. Only intervals = or > than 2.0 m = or > 60 g Ag are included. Intervals reported are down-hole intercepts, not true thicknesses.

Company	Hole No.	From M	To M	Interval M	g/t Ag
NSX Silver	DP-01-2012	21.88	23.65	1.77	78.3
NSX Silver	DP-02-2012			None	
NSX Silver	DP-03-2012			None	
NSX Silver	DP-04-2012			None	
NSX Silver	DP-05-2012			None	
NSX Silver	DP-06-2012			None	
NSX Silver	DP-07-2012	81	84	3	132.5
NSX Silver	DP-08-2012			None	
NSX Silver	DP-09-2012	64	68	4	72.7
NSX Silver		193.5	199.5	6	704.8
NSX Silver		217.5	226.5	9	242.4
NSX Silver		261	264	3	183
NSX Silver	DP-10-2012	241	244	3	275.6
NSX Silver	DP-11-2012	89	93	4	205.4
NSX Silver		268.5	273	4.5	80.9
NSX Silver	DP-12-2012	16.5	49.5	33	107.3
NSX Silver		54	57	3	215
NSX Silver	DP-13-2012	16	20.5	4.5	91.9
NSX Silver		50.5	53.5	3	63
NSX Silver		59.5	70	10.5	67.9
NSX Silver	DP-14-2012	0.88	7.5	6.62	166.7
NSX Silver		61.5	66	4.5	145.2
NSX Silver		76.5	91.5	15	89
NSX Silver	DP-15-2012	1.5	7.5	6	74.3
NSX Silver	DP-16-2012	9	18	9	67.6
NSX Silver		28.5	31.5	3	91.6
NSX Silver		37.5	61.5	24	117.2
NSX Silver		66	70.5	4.5	96.8
NSX Silver	DP-17-2013	28.6	30.6	2	33.5
NSX Silver	DP-18-2013	193.7	198.7	5	111
NSX Silver	DP-19-2013	149.25	151.5	2.25	183.5
NSX Silver	DP-20-2013	125.7	131.7	6	90.2
NSX Silver	DP-21-2013	0	7.8	7.8	77.9
NSX Silver		17.6	26.6	9	342.3
NSX Silver	DP-21A-2013	27.2	46.1	18.9	256.8
NSX Silver	DP-22-2013	126.45	140.6	14.15	241.6
NSX Silver	DP-23-2013	30.4	32.4	2	83.8
NSX Silver	DP-24-2013			None	
NSX Silver	DP-25-2013			None	
NSX Silver	DP-26-2013	91.3	132.3	41	400.1
NSX Silver	DP-27-2013			None	
NSX Silver	DP-28-2013			None	
NSX Silver	DP-29-2013	0	4.3	4.3	83.8
NSX Silver		10.3	20.9	10.6	165.3
NSX Silver		245.75	250.3	4.55	53.8
NSX Silver		253	257.6	4.6	141.5
NSX Silver		259.95	262.65	2.7	83.3
NSX Silver	DP-30-2013	203.6	214.1	10.5	236.7
NSX Silver	DP-31-2013			None	
NSX Silver	DP-32-2013	87.7	91.7	4	229.9

Table 6-8. Drill hole results for NS Gold/NS Silver. Only intervals = or > than 2.0 m = or > 60 g Ag are included. Intervals reported are down-hole intercepts, not true thicknesses.

NS Silver NS Gold drill holes DP-01- 2012 through DP-06-2012 were collared to test the geophysical anomalies (Figures 6.4 through 6.7) north of the Dios Padre mine. Results from these holes for both silver and copper-lead were disappointing with no significant intervals equal or exceeding two m at 60 g Ag or any copper or lead values greater than 1% intercepted.

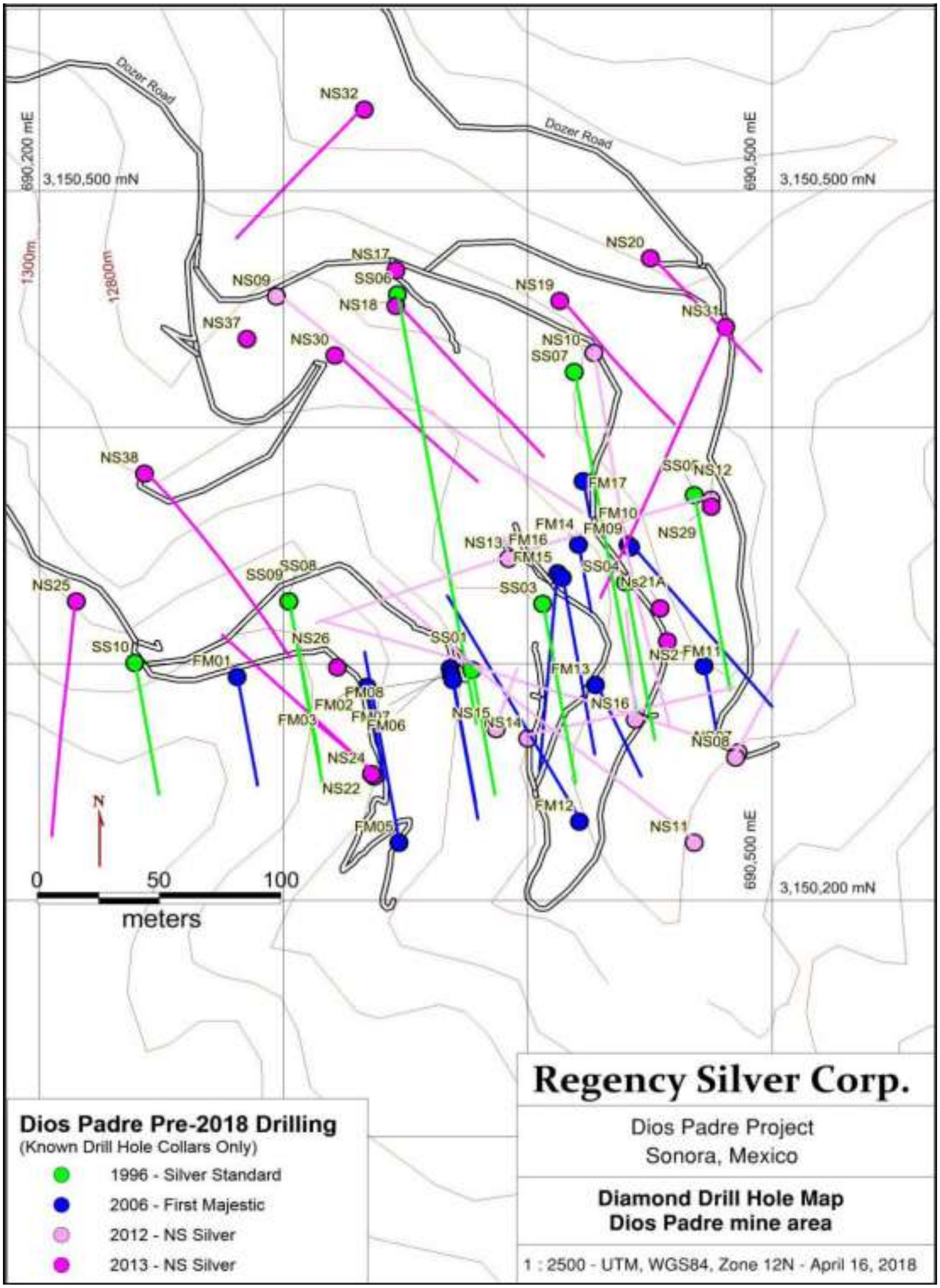

Figure 6-8. Pre-2018 diamond drill holes.

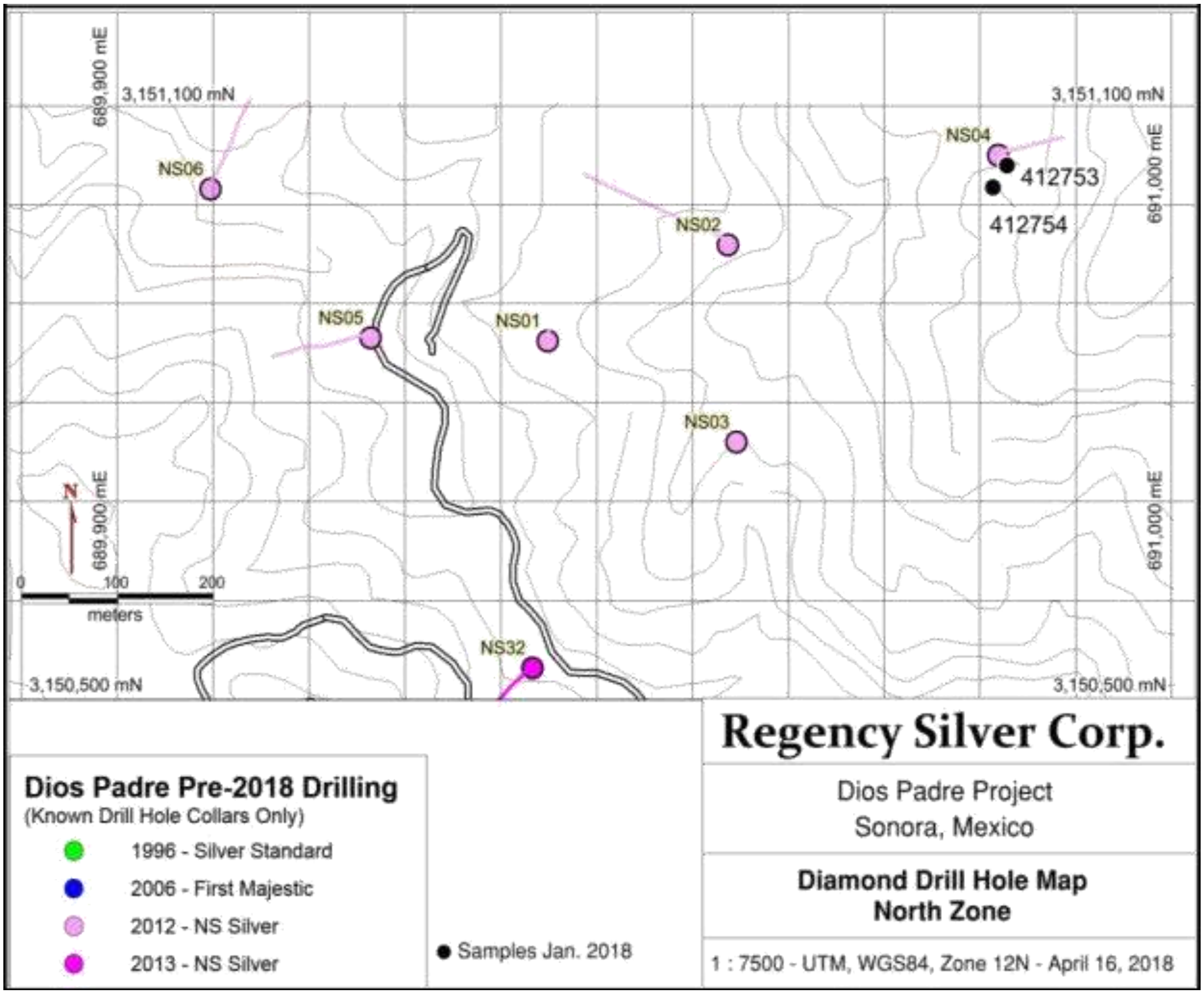

Figure 6-9. NS Silver drill holes DP-01-2012 through DP-06-2012. For reference location, NS Silver drill hole DP-32-2013 appears at the top of Figure 6.7 and the bottom of Figure 6.8.

7.0 GEOLOGICAL SETTING AND MINERALIZATION

7.1 Regional Geology

The Dios Padre Property is located on the western flank on the northern part of the Sierra Madre Occidental (SMO) physiographic province, a 1,400 km-long and 300 km-wide mountainous belt with elevations 2000 m above sea level.

Stratigraphy-Structure: The stratigraphy of the greater SMO consists of five main igneous complexes: (1) Late Cretaceous to Paleocene plutonic and volcanic rocks; (2) Eocene andesites and lesser rhyolites, traditionally grouped into the so-called “Lower Volcanic Series” (LVS); (3) silicic ignimbrites mainly emplaced during two pulses in the Oligocene (ca. 32–28 Ma) and Early Miocene (ca. 24–20 Ma), referred to as the “Upper Volcanic Series” (UVS); (4) transitional basaltic-andesitic lavas that erupted toward the end of, and after, each ignimbrite pulse and (5) post-subduction volcanism consisting of alkaline basalts and ignimbrites emplaced in the Late Miocene, Pliocene, and Pleistocene (Ferrari, et. al., 2007).

Since the Mesozoic, the region around Yecora (Figure 7.1) has been affected by three successive magmatic events directly related to the tectonic pulses resulting from the subduction of the Farallon plate beneath North America and to the opening of the Gulf of California. These rock units include 1) a calc-alkaline sequence (90 to 40 Ma) characterized by the emplacement of granitoids, 2) an Eocene-Oligocene (~35 Ma) sequence represented by calc-alkaline andesites and high potassium ignimbrites, and 3) a bimodal Oligocene-Miocene (30-17 Ma) sequence consisting of successive eruptions of basalt and basaltic andesite associated with acidic calc-alkaline tuffs and lavas (Cocheme, Demant, 1991). Stratigraphic units are summarized in Figure 7.2.

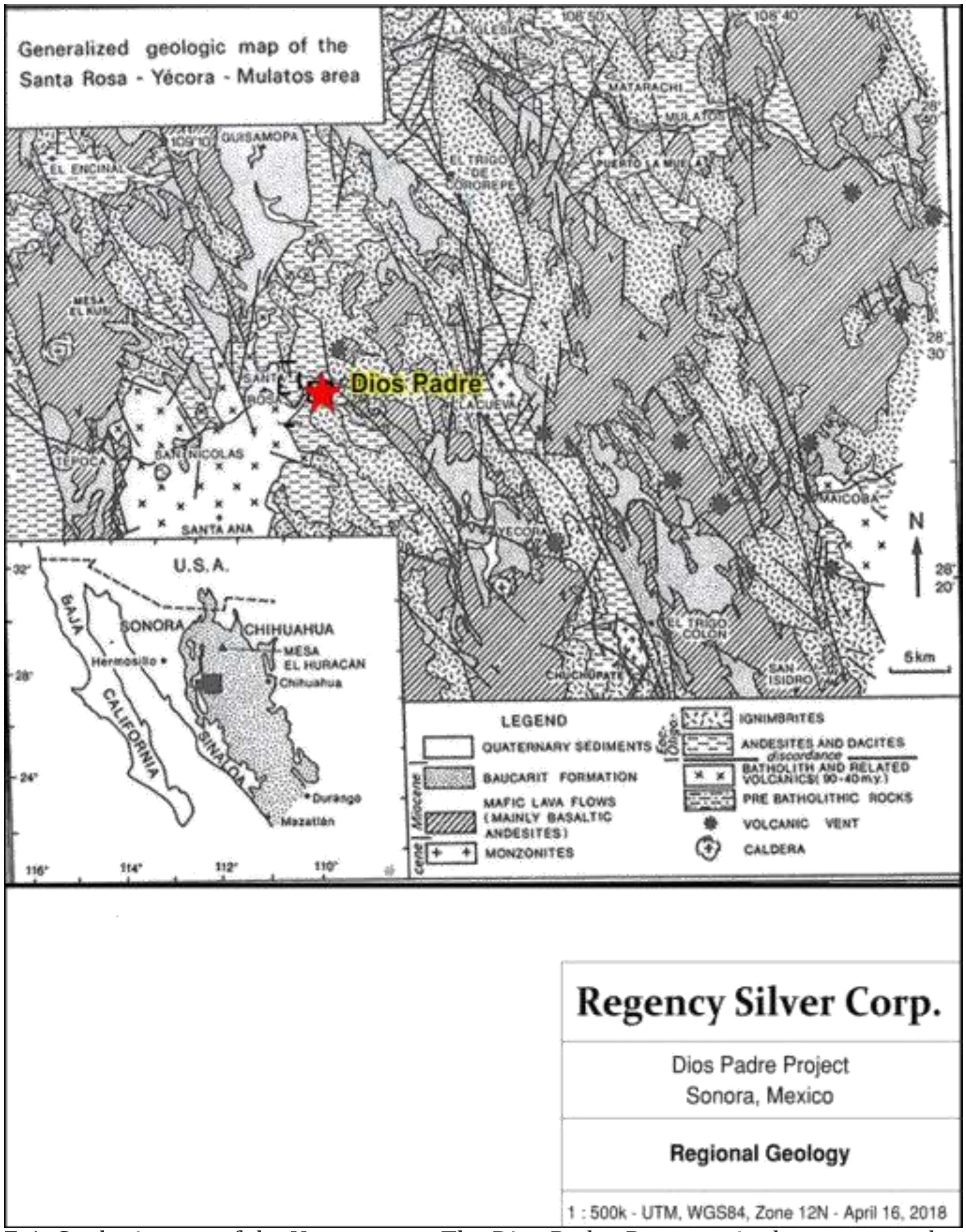

Figure 7-1. Geologic map of the Yecora area. The Dios Padre Property is shown as a red star (after Cocheme, Demant, 1991).

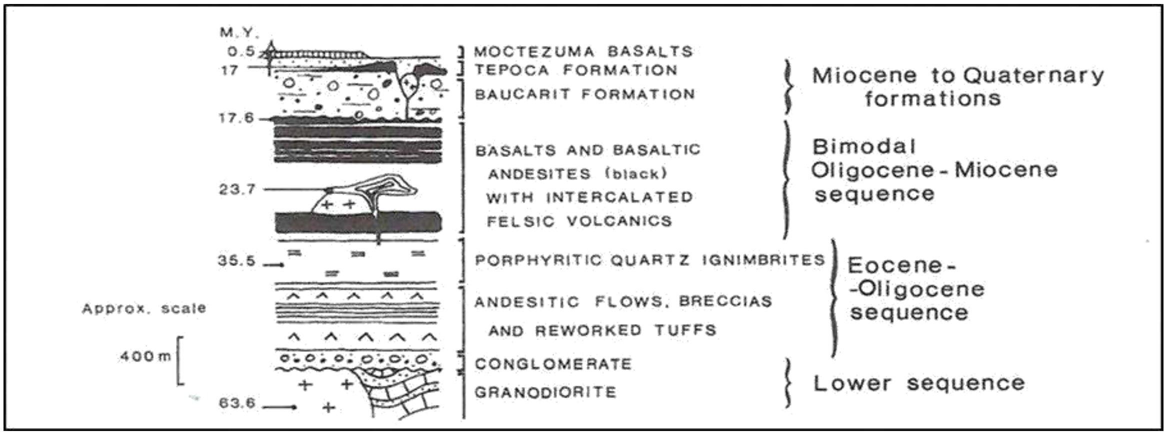

Figure 7-2. Stratigraphic units around Yecora. The Lower sequence partially correlates with the Lower Volcanic Series while the younger units comprise the Upper Volcanic Series (after Cocheme, Demant, 1991).

In the Yecora area, three distinct tectonic phases are recognized, including in relative age from oldest to youngest 1) N40°E to N64°E stress resulting in N10°W to N40°W striking faults, 2) N56°W to N88°W stress corresponding to faults striking N10°W to N20°E, and 3) NS compression resulting in ENE-WSW extension, dated in Baja California around 5-6 Ma (Cocheme, Demant, 1991). At the La Colorada mine located about half-way between Chihuahua City and Hermosillo (about 152 kms west-northwest of the Property) mineralization has been dated between 27 and 22 Ma within faults that strike ENE-WSW to E-W and dips both N and S.

Metallogeny: The SMO is host to both high-sulfidation and low-sulfidation epithermal gold-silver deposits. Many of the high-sulfidation precious metal systems appear to be high-level expressions of porphyry type copper-molybdenum (Cu +/- Mo) deposits that occur in the northern Sierra Madre. Many of the known mineral deposits were formed during the Laramide period (Late Cretaceous-early Tertiary) in northwest Mexico. These include Cu +/- Mo porphyry deposits and skarns, tungsten (W) deposits and related Au-Ag quartz veins. Most of the mineralization is related to calc-alkaline magmatism that was emplaced in a variety of environments from near-surface volcanic to deep plutonic settings. The middle Tertiary period (late Eocene-Oligocene) experienced a major mineralizing event, with the formation of a large number and variety of ore deposits in the SMO. Several of these deposits occur near the boundary of the UVS and LVS. The principal deposit types include low-sulfidation epithermal veins of Ag-Au (+/- Pb-Zn-Cu), high-sulfidation Au and Au-Cu deposits, and high-temperature carbonate hosted Pb-Ag deposits (Duncan, 2012).

Three significant epithermal gold-silver deposits are located northeast of the Property (Figure 5.). These include Pan American Silver's Dolores mine (124 kms ENE of the Property at 29°00' North, 108°32' West) which commenced operation in 2009. Current production from open pit operations is 20,000 TPD and production to date has been 31.6 Mozs of silver and 794,000 ounces of gold. Current proven and probable reserves (December 2017) are 34.7 Mt grading 30 g/t (33.0 Mozs silver) with 0.93 g/t gold (1,048 Mozs Au) and probable 16.3 Mt grading 25 g/t Ag (13.1 Mozs Ag) and 0.69 g/t Au (360kozs Au). The Dolores mine is a low sulfidation epithermal system with gold and silver mineralization hosted in mid-Tertiary volcanic rocks as veins, stockworks, breccias, and shears (https://www.panamericansilver.com). Alamos Gold Inc's Mulatos mine (35 kms ENE of the Property at 108° 44' by 28° 39', Figure 7.1) is an epithermal high-sulfidation disseminated gold system hosted in a mid-Tertiary dacite dome complex. By early 2018, open-pit operations generated more than 1.7 million ounces of gold. As of EOY 2019, Proven (12,610,000 tonnes at an average grade of 1.28 g/t containing 520,000 ounces gold) and Probable (28,562,000 tonnes at an average grade of 1.14 g/t containing 1,043,000 ounces gold reserves were 41.172Mt at a grade of 1.14 g/t gold containing 1.563M ounces (https://www.alamosgold.com). The La India mine of Agnico Eagle, located about 17 kms northwest of Mulatos (at 24°43'19.6" North by 108°53.17'17.8" West) is an intrusion related, high sulfidation, epithermal gold-silver system. The mine, which began production in February 1, 2014 had Proven reserves of 279,000 tonnes, grading 0.49 g/t Au and 1.64 g/t Ag, and Probable reserves of 20,152,000 tonnes grading 0.75 g/t Au, and 2.63 g/t Ag as of December 31, 2019 (https://www.agnicoeagle.com).

The resources and reserves on the Mulatos, Dolores, and La India mines discussed above are not necessarily indicative of the mineralization on the Property and should not be relied on for any economic assessment of the Property.

7.2 Property geology

Regency has not yet conducted any geologic mapping on and around the Property and the descriptions of the lithology, structure, alteration and mineralization are based on the author's field visit, review of the available drill core, and descriptions from previous reports, some of which are listed in the References section.

The Dios Padre mine and surrounding area is underlain dominantly by porphyritic andesite, porphyritic rhyolite, and younger basalt (Figure 7.3). Previous authors (see Phillips, 2005, Duncan, 2012) surmise that these units lie within the uppermost LVC (Lower Volcanic Series). This conclusion is supported by Ferrari, et. al. (2007) who described the upper part of the Lower Volcanic Series (LVC) as being comprised of Eocene andesite and lesser rhyolite "traditionally" grouped in the LVC. In the Dios Padre mine area, these units are capped by basalt which may be part of the Upper Volcanic Series (UVC) suggesting a profound disconformity separating the basalt from older units. The base of the basalt was noted by Mclean and Ledgerwood (1966) to be mineralized, but no other observers commented on this. The age of mineralization at the La Colorada mine (22-27 Ma) located 152 kms west-northwest of the Property, would suggest that the basalts are well within the UVC as described in Figure 7.2, above. Volcaniclastic arenaceous sediments overlie the basalt. The thickness of the basalt and overlying sediment is believed to be less than 60 m.

The andesite has been described by Konkin (1996) as a medium to dark grey-green rock containing up to 10-15% 1-4 mm calcite altered plagioclase phenocrysts. Minor 2-3% 1-2 mm chlorite altered hornblende phenocrysts are also common with trace to 1% disseminated fine pyrite. The rhyolite porphyry is described as a pale buff yellow beige rock with 10-15% 1-3 mm plagioclase and quartz phenocrysts. Drill logs from the 1996 program describe dominant intervals of rhyolite porphyry intercepted in drill holes and this is confirmed by subsequent authors (Phillips, 2006, Duncan, 2012). Lithologic logging of just completed Regency drill holes indicated that the major lithology intercepted was andesite. Surface geologic mapping completed by First Majestic in 2006 indicated the western part of the Dios Padre stock is principally underlain by andesite while the eastern portions are comprised of rhyolite (Figure 7.3). Within and surrounding the Dios Padre stock, previous evaluators have logged transitional sub-volcanic rocks ranging from rhyodacite to latite in some drill holes indicating the composited nature of the stock.

Dios Padre breccia zone: As presently defined by drill holes and underground workings, the dimensions of the Dios Padre mineralized stock (i.e., the "Dios Padre breccia zone" or "DP breccia") are believed to be approximately 300 m long by 115 m wide, with a depth of at least 200 m aligned along a N70°E trend (Figure 7.4). To date, the DP breccia has not been completely closed off either laterally or at depth. The DP breccia is described as a semi-tabular to oval plug deformed to a bell- shaped body partly to completely constrained by pre-, syn- and post-mineral faults. However, based on drill evidence, the certainty of the fault-bounded contacts is greater in some areas than others.

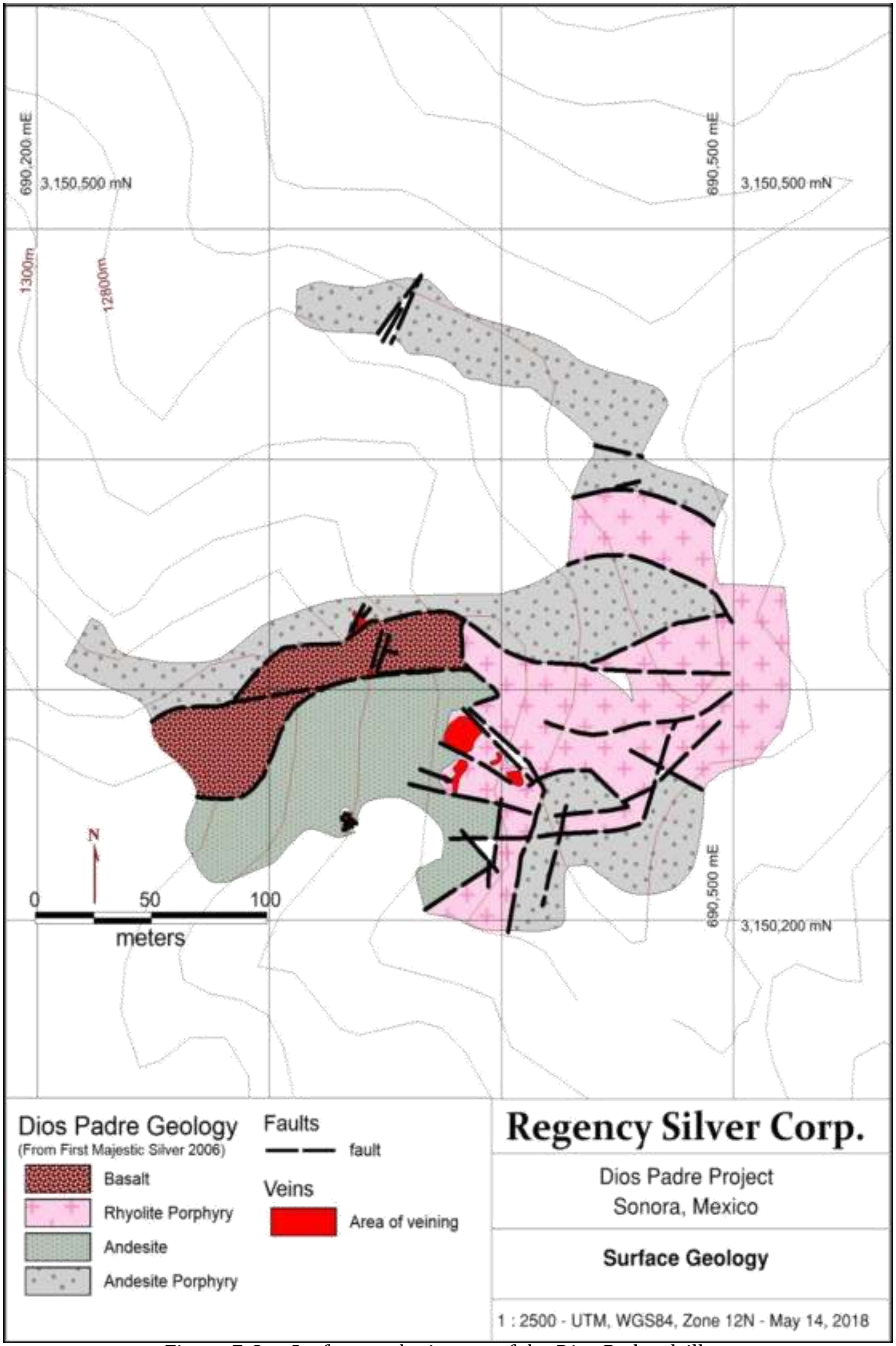

Figure 7-3. – Surface geologic map of the Dios Padre drill area.

Figure 7-4. Dios Padre mineralized breccia looking south.

The DP zone is made up of several composite magma pulses, has a 70° dip on the south side and a 40° dip on the north side. Konkin (1996) suggested the mineralized stock is bounded on the east by a northerly fault, while the north and south sides are constrained by a single anastomosing fault which was intercepted in Silver Standard drill holes DPD 96-09, and DPD 96-10.

Internally, the DP breccia is cut by numerous fractures and related breccias that in general, strike northwest and dip northeast at 40° to 70° (Mclean, Ledgerwood, 1966) while other fractures strike northeast and dip steeply to the northwest (Phillips, 2006). Konkin (1996) described internal, unaltered fault-bound blocks of andesite within the rhyolite porphyry, intercepted in drill holes DP 96-09 and DPD 96-10. In drill hole DPD 96-09 fracturing and brecciation intensified at higher levels of the stock. Konkin (1996) observed centimeter-scale, tabular brecciation and other observers noted flat-lying horizontal fractures and joints. Shearing has produced conjugate and link fractures and associated brecciation. Recent logging of Regency drill holes has defined several faults internal to the breccia body which are believed to be important to hosting mineralization. These are designated as *Fault 1*), the most common fault is characterized by 1 – 3 m wide crushed zones comprised of oxidized clay gouge, brecciated angular to infrequent milled fragments, and coarse rubble, *Fault 2*) small fractures 3-10 cm in width, with incremental slippage with clay at the top hanging wall and dry rock at the footwall, and *Fault 3*) a commonly intercepted set of listric-shaped, conjugate micro – fracture/faults, with a basal low angle 5- 25° from horizontal which transition to near vertical accommodation fractures dipping 5-30° at the upper end over a scale of less than 0.25 m. Many of these smaller faults and fractures with both normal and reverse movement strike north-northwest. Surface geologic mapping by NS Silver in 2011 recognized in road cuts, predominantly are east-west

(70°-80°) faults which dip either steeply south or more generally north 50° to 70°. Based on drill hole intercepts, dip angles of all faults within the mineralized Dios padre breccia are estimated at 20% at 0-20°, 60% at 20 to 60°and 20% at 70-80°. Fault widths (down-hole, not true widths) range from less than a meter to as much 15 meters. At least two stages of brecciation occurred. Primary breccia fragments (Stage 1 breccias) are often broken and partially or completely re-healed. Secondary breccias (Stage 2 breccias) consist of broken fragments of the Stage 1 type. In some instances, open voids and unfilled vugs suggest the second episode of brecciation and mineralization was not as intense as the first.

Alteration – mineralization: No definitive studies have been directed at determination of the mineralogy or paragenesis. However, previous evaluators (see Phillips, 2006, Duncan, 2012, Mclean, Ledgerwood, 1966) have described freibergite, pyrargyrite, native silver, argentite, galena, tetrahedrite, sphalerite, chalcopyrite with quartz, pyrite, calcite, and especially common, barite gangue. Sulfide and sulfosalt minerals are generally coarse grained in vugs and cavities, and breccia fragment coatings, and fine grained in micro-fractures and stockworks and fault gouge. Konkin (1996) suggests that galena is more common in the upper limits of the breccia zone while tetrahedrite is more abundant in the lower part. Other evaluators indicate that sphalerite and barite occur only in the upper 30 m or so, while chalcopyrite, though scarce apparently increases with depth. Native silver was reported about 100 m beneath the surface. Typically, pyrite-galena-tetrahedrite (freibergite) associated with bladed barite and quartz occur as coarse in-filling in fractures and vugs. As observed by the authors in several drill holes, generally breccia fragments are closed ("crackle breccia") with fragments partially or completely enclosed by quartz+barite+sulfides.

Logging of 2018 Regency drill holes, and selective re-logging of previous drill holes has defined mineralization types as 1) re-healed microfractures/stockworks, 2) fault conduits as gouge and breccia fragments, and 3) coarse breccia coatings, some of which are re-healed, and related fracture and vug fillings. Examples appear in Figure 7.5, below.

As would be expected, moderate argillic alteration is widespread around primary fault conduits, while discrete silicification is generally moderate to weak except in areas of fine stockwork/fracture sets. Propylitic alteration is more common and widespread. Konkin (1996) described the andesite as locally altered by weak to moderate, pervasive propylitic alteration with up to 2-3% barren calcite and quartz veinlets and stringers. Rhyolite porphyry has been strongly clay altered proximal to fault conduits. Multi-element analyses from drill core indicates that potassium is widely elevated in and around the Dios Padre stock, particularly in rhyolite. Quartz is reported as banded and sometimes drusy, typical of epithermal deposition. Oxidation is strongest in the upper 30 m or so and is mostly confined to and around structural conduits.

Metal associations of silver with copper, lead, zinc, and gold are poorly constrained. Table 7.1 indicates negative correlation of silver with gold copper lead and zinc. In contrast, base metals Cu-Pb-Zn have a strong correlation.

	Ag_ppm_plot	Au_ppm_plot	Cu_pct_plot	Pb_pct_plot	Zn_pct_plot
Ag_ppm_plot	1				
Au_ppm_plot	-0.028309395	1			
Cu_pct_plot	-0.003671991	-0.014544224	1		
Pb_pct_plot	-0.004697436	-0.015171807	0.99966979	1	
Zn_pct_plot	-0.003687024	-0.014548608	0.999999798	0.999673146	1

Table 7-1. Correlation of silver with Au, Cu, Pb, Zn based on all Ag intervals >71 g/t.

DP 21A -2013 39.5 – 41.9 m, 780 g Ag Breccia 1- stockwork, micro-fractures in rhyolite, note re-healed textures.

RDP 18-02 63.8 – 66.1 m, 931 g Ag Breccia 1,2 - primary and secondary breccia in andesite, note open vugs.

DPD 26 -2013 106 – 108 m, 1000 g Ag Fault 1 - fault gouge in rhyolite.

Figure 7-5. Mineralization textures, types at Dios Padre.

8.0 DEPOSIT TYPES

The Property is located at the southernmost tip of a belt of predominantly Low Sulphidation ("LS") epithermal precious and base metal deposits that extends through much of western into southern Mexico. The mostly Tertiary deposits are generally associated with volcanic rocks comprising the Sierra Madre Occidental, which extends in excess of 2,000 kilometers from the US-Mexico border to the Trans-Mexican volcanic belt where it is covered (Figure 8.1). Epithermal deposits within the Tertiary volcanic belt mainly formed less than 2.0 million years after the occurrence of the youngest acid volcanic rocks in early Oligocene, (Camprubi, et. al., 2003).

The Mexican epithermal deposits are believed to be related to intrusive rocks that crystallized during pauses in volcanic activity, providing a heat source and related mineralizing fluids and ligands (Camprubi, et. al., 2003). The deposits are closely related to regional structures and although the overall trend is dominantly northwest, several east-northeast faults that are believed to have been reactivated during the Laramide Orogeny have localized systems (Camprubi, Albinson, 2007).

The breccia-hosted mineralization observed on the Dios Padre Property conforms to a low sulphidation epithermal Pacific Rim model of mineralization by Corbett and Leach (1998), (Figure 8.2). Specifically, within this environment, breccia-hosted mineralization Ag (+/-Au-Ag-Cu-Pb-Zn) is regarded as a phreatic breccia (or hydrothermal breccia). Phreatic breccia structures ubiquitously occur in the upper levels of hydrothermal systems, towards their discharge zone where physical conditions lead to hydraulic fracturing and hydrothermal/phreatic brecciation. Deep-seated hydrothermal/phreatic eruptions occur at depths of around 850-1,000 m depth. These deep phreatic events generate breccia conduits that represent the main access ways of the hydrothermal fluids towards the surface. The major channeling of the mineralized solutions within the country rocks along these paths is mainly responsible for the genesis of high-grade ore bodies. The contacts of the phreatic breccia pipes with their host rocks are usually sharp, but they have an irregular shape, with multiple interpenetrations, which form finger-like contacts. Characteristics and features of phreatic breccias are summarized in Table 8.1 (Tamas, Milesi, 2003).

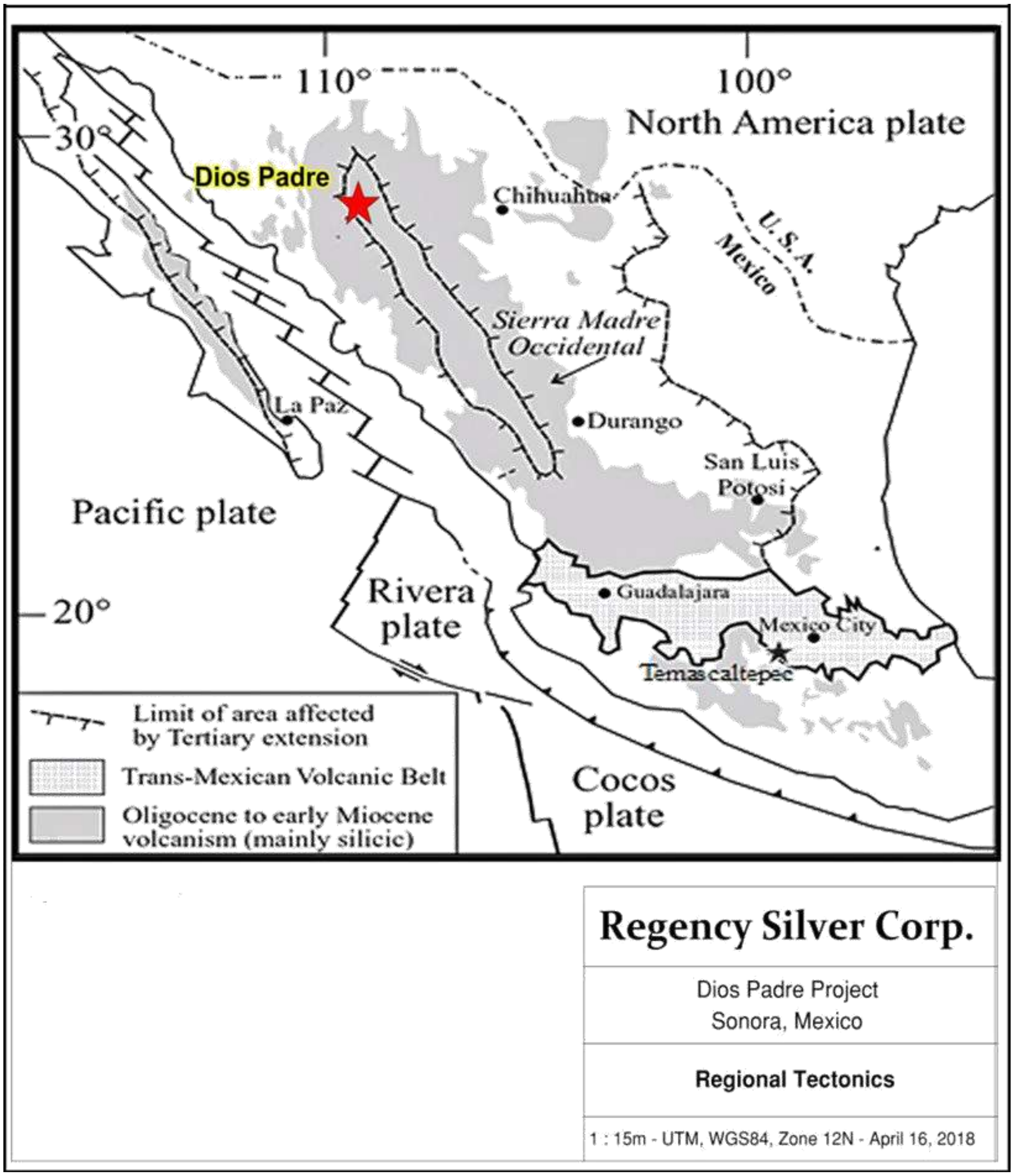

Figure 8-1. Tectonic map of Mexico. Tertiary extension and volcanism and the present configuration of plates (Camprubi, et. al., 2003). The Dios Padre Property is located by the red star.

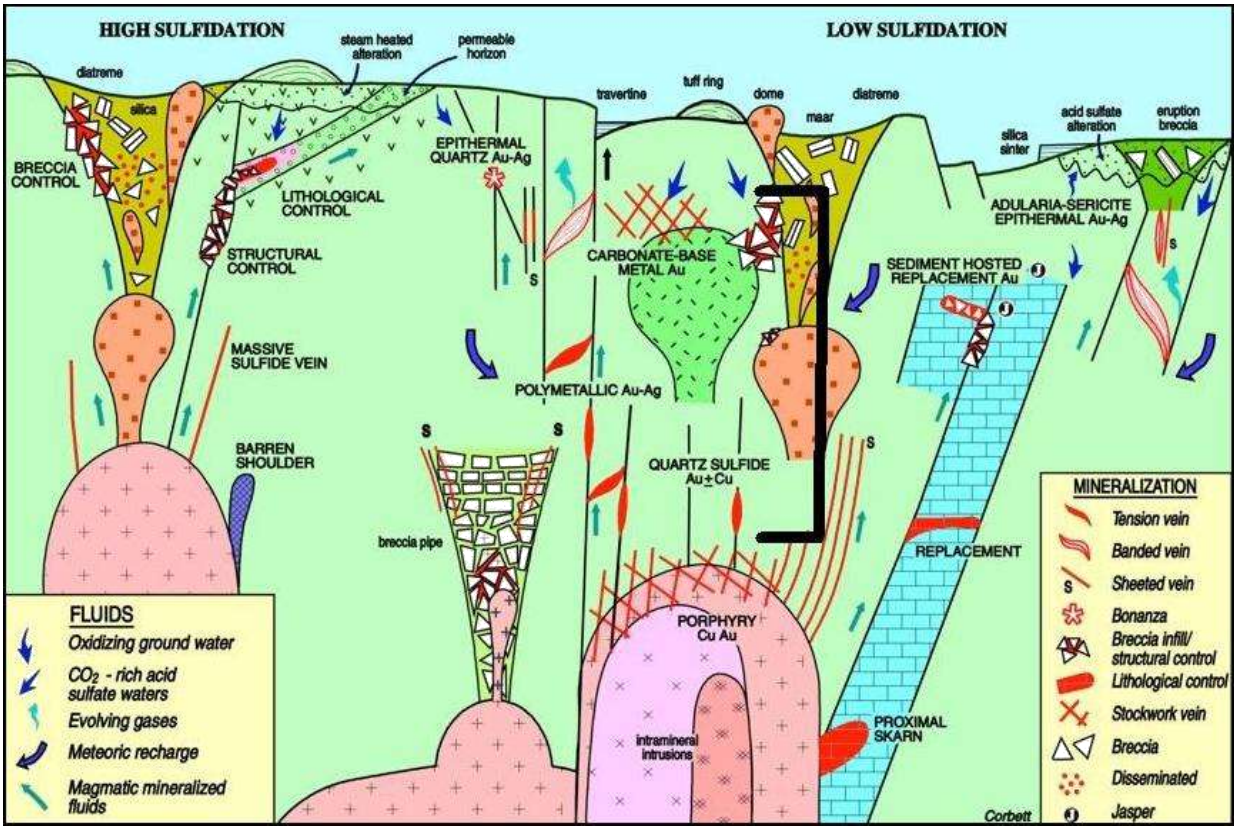

Figure 8-2. A Pacific Rim model of mineralization. The Dios Padre mineralized breccia occurs within the continuum (defined by the black lines) between an intrusive stock and the sub-surface. Vertical and horizontal distances are schematic (after Corbett, Leach, 1998).

Items	Description
Environment/ Depth of formation	Shallow depth of emplacement; volcanic/geothermal
General form/ Geometry	Inverted cone, pipe like but commonly irregular bodies (which range from small veins and veinlets to large pipes, tabular masses, and anastomosing bodies)[3]
Dimensions	Horizontal dimensions: several meters to hundreds of meters; usually up to 500m; Vertical dimensions: less than 300m (boiling level).
Breccia – host rock contact features	Sharp complex finger-like contacts; gradation to stockwork fracturing. Marginal sheeted zone and rocks adjacent to the pipe may be densely crackled, and lead to jigsaw (mosaic) or crackle breccias.
Fragments	Fragments mixed. <u>Shape:</u> - angular to sub-rounded, generally more angular; The movement of the fragments within the pipe is often minor. <u>Composition:</u> - no juvenile fragments; - fragments from earlier mineralization events (with typical features of epithermal mineralization, such as crustiform banding, hydrothermal mud, gangue minerals); - significant proportion of stockworked country rock fragments and earlier breccias.
Matrix	- Variable amount of matrix, often low in volume, usually replaced; - matrix less than 50%, fragment dominated; - rock flour, hydrothermal clays and gangue minerals; - frequent open spaces and fragment supported breccias; - usually fragments are covered by hydrothermal cement (ore or gangue minerals); - rock flour matrix usually absent in the upper parts of the pipe.
Alteration	- Pervasive alterations (silicification, potassium silicate, phyllic, argillic); - clasts onion-skin or exfoliated textures; - hydrothermally altered clasts in a clayly matrix; - widespread occurrence of quartz as both pervasive replacement of, and cement to fragments.
Mineralization	- High grade mineralization mostly as vugs infilling, replacement of matrix and clasts; - ore clasts from earlier mineralization events; - ore cement; - overprinting veins;

Table 8-1. Features and characteristics of phreatic breccias (after, Tamas, Milesi, 2003).

9.0 EXPLORATION

With the exception of drilling described in Section 10, Regency has not conducted any exploration on the Property.

10.0 DRILLING

Under contract with Toro Drilling S.A. de C.V. (Hermosillo, Sonora, Mexico) Regency commenced a diamond drill campaign on January 23, 2018 which was completed on February 5, 2018. A Golden Bear 1400 Model N, track-mounted core rig (Figure 10.1) used HQ sized core rod reduced to NQ to penetrate underground workings. A Reflex EZ- Shot® electronic single shot magnetic instrument provided down-hole deflection. Drill operations were supervised on-site by the technical services company, ProDeMin of Guadalajara, Mexico. Execution and management of the drill program was supervised by three on-site, ProDeMin geologists and at the completion of the program two geologists remained to log core.

The 2018 drill program undertaken by Regency consisted of 13 drill holes accruing 1,208.3 m. Collar and down-hole parameters for each drill hole are summarized in Table 10.1 below. The overall objective of the program was in-fill, and confirmation drilling leading to development of a NI 43-101 compliant resource estimate described within section 14 of this Technical Report.

Figure 10-1. Regency diamond drill hole RDP-18-07.

Regency drill hole collars were capped, labeled and cemented with a plastic pipe and then accurately surveyed with a ProMark 200/220 differential GPS unit. Initially, the survey relied on a local base station but a malfunction required that the signal was subsequently acquired from the Hermosillo station.

	WGS 84-Z 12N			Total	Down Hole				
Drill hole	East	North	Elev. m	depth m	Core-HQ	Core-NQ	Depth m	Azimuth	Inclination
RDP-18-01	**690,454**	**3,150,309**	**1,284**	**77.4**	**77.4**		**0**	**270**	**-75**
RDP-18-01							40	263.39	-75.81
RDP-18-01							77.4	263.99	-76
RDP-18-02	**690458**	**3150309**	**1284**	**80**	**80**		**0**	**206**	**-60**
RDP-18-02							40	199.96	-59.49
RDP-18-02							80	200.56	-59.82
RDP-18-03	**690,475**	**3,150,367**	**1,254**	**74**	**74**		**0**	**188**	**-65**
RDP-18-03							35	179.44	-64.1
RDP-18-03							70	181.94	-64.41
RDP-18-04	**690,470**	**3,150,369**	**1,252**	**88**	**88**		**0**	**270**	**-45**
RDP-18-04							40	263.54	-44.18
RDP-18-04							85	263.42	-44.65
RDP-18-05	**690,474**	**3,150,366**	**1,252**	**82.4**	**82.4**		**0**	**252**	**-50**
RDP-18-05							40	244.91	-49.61
RDP-18-05							82	245.03	-49.83
RDP-18-06	**690,444**	**3,150,278**	**1,275**	**86**	**86**		**0**	**350**	**-68**
RDP-18-06							43	335.24	-67.3
RDP-18-06							86	336.75	-67.33
RDP-18-07	**690,444**	**3,150,278**	**1,275**	**85.5**	**85.5**		**0**	**307**	**-45**
RDP-18-07							40	294.32	-45.28
RDP-18-07							85.5	294.7	-46
RDP-18-08	**690,444**	**3,150,278**	**1,275**	**80.4**	**53.4**	**27**	**0**	**265**	**-70**
RDP-18-08							40	253.88	-70.37
RDP-18-08							80	250.73	-70.35
RDP-18-09	**690,431**	**3,150,352**	**1,277**	**63.2**	**63.2**		**0**	**315**	**-45**
RDP-18-09							30	305.26	-45.12
RDP-18-09							63.2	303.81	-45.13
RDP-18-10	**690,433**	**3,150,352**	**1,274**	**82.7**	**76.7**	**6**	**0**	**0**	**-65**
RDP-18-10							38	355.13	-61.03
RDP-18-10							79.2	354.89	-60.86
RDP-18-11	**690,320**	**3,150,304**	**1,360**	**134**	**128**	**6**	**0**	**0**	**-70**
RDP-18-11							67	354.14	-71.24
RDP-18-11							134	355.64	-71.24
RDP-18-12	**690,373**	**3,150,301**	**1,328**	**143.5**	**35.5**	**108**	**0**	**240**	**-80**

RDP-18-12							70	248.12	-77.97
RDP-18-12							143	226.49	-77.64
RDP-18-13	**690,323**	**3,150,303**	**1,360**	**131.2**	**113.2**	**18**	**0**	**45**	**-75**
RDP-18-13							65	39.76	-75.31
RDP-18-13							131.2	34.8	-75.45

Table 10-1. Regency 2018 drill hole parameters.

Core recovery is the amount (i.e., length) of recovered core divided by the total length of the core run. Rock-quality designation (RQD) is a rough measure of the degree of jointing or fracturing in a rock mass, measured as a percentage of the drill core in lengths of 10 cm or more. High-quality rock has an RQD of more than 75%, low quality less than 50%. Average down-hole core recovery and RQD is summarized in Table 10.2 below. In general, core recovery was very poor when underground workings were intercepted, but generally excellent in areas of competent rock.

Drill hole	Core Recov.%	RQD %
RDP-18-01	93.7	71.5
RDP-18-02	92.6	55.4
RDP-18-03	92.1	69.4
RDP-18-04	83.7	51.4
RDP-18-05	92.5	69.3
RDP-18-06	97.3	78.2
RDP-18-07	96.6	76.2
RDP-18-08	80.7	53.2
RDP-18-09	82.3	11.7
RDP-18-10	76.9	55.4
RDP-18-11	86.1	15.8
RDP-18-12	83.1	32.2
RDP-18-13	93.0	47.0
Average	88.5	52.8

Table 10-2. Average core recovery and RQD, Regency 2018 drill holes.

Drill operations were conducted 24 hours per day, and shift changes occurred each 12 hours. Drill core was collected on site and packaged in plastic core boxes, labeled, and transported to the logging facility at the end of each shift. Core was then cleaned, and quick logged for obvious mineralization and structures. Core with visible or suspected mineralization was half-sawed with a 2-hp core saw with a 10-inch blade. All sawed and unsawed core was then systematically photographed. The half-sawed core selected for analyses was double-bagged in a plastic sample bags, with an inserted sample tag, and secured with a zip lock tie. All bagged samples ready for shipment to the assay lab, Bureau Veritas Mineral Laboratories in Hermosillo, Sonora were stored in a secure facility prior to transport. Bagged core ready for analyses was picked up approximately every 4-5 days and transported directly to the Hermosillo lab. All remaining core from the Regency program is stored in a locked secure facility at the project site.

The collar locations, and traces of all Regency drill holes, relative to historic drill holes are shown in Figure 10.3. Assay intervals for all Regency 2018 drill holes are summarized in Table 10.5. Down-hole assay intervals for silver from Regency and previous programs are shown in Figures 10.3 through 10.5. Un-assayed Regency core which contained no visible or apparent mineralization, as determined by the supervising ProDeMin geologist is summarized in Table 10.3.

In addition to drilling operations, ProDeMin geologists re-logged select historical drill core, focusing on lithology, alteration, mineralization, and structure (Figure 10.2). Recognized inconsistency in the quality of previous logging necessitated this exercise. A total of 2,410.5 m was re-logged during this phase of the drill operations (Table 10.4).

Company	Drill Hole	Sum of Intervals m	Total Depth m	% of Total Depth
Regency Silver	RDP-18-08	9.65	80.4	12
Regency Silver	RDP-18-09	63.2	63.2	100
Regency Silver	RDP-18-10	24.25	82.7	29
Regency Silver	RDP-18-11	71.5	134	53
Regency Silver	RDP-18-12	10.5	143.5	7
Regency Silver	RDP-18-13	19.65	131.2	15
	TOTAL	**198.75**		

Table 10-3. Un-assayed Regency drill core.

Figure 10-2. Regency on-site core logging.

Drill hole	Meters	Drill hole	Meters
DP-07-2012	24	DPD 96-03	49.4
DP-09-2012	140	DPD 96-04	46.7
DP-10-2012	22.5	DPD 96-05	36.6
DP-11-2012	38	DPD 96-07	70.3
DP-12-2012	73.5	DPD 96-09	133.2
DP-14-2012	75	FMR-01-06	134.75
DP-16-2012	72	FMR-03-06	143
DP-18-2013	16.6	FMR-04-06	60.4
DP-19-2013	6.2	FMR-06-06	112
DP-20-2013	24	FMR-07-06	99.45
DP-21-2013	28	FMR-08-06	77.7
DP-21A-201	83.28	FMR-09-06	6.8
DP-22-2013	90	FMR-11-06	51.4
DP-26-2013	134.6	FMR-12-06	127.85
DP-29-2013	68.6	FMR-14-06	72.25
DP-30-2013	61.5	FMR-15-06	110.15
DP-32-2013	2	FMR-16-06	31.95
DPD 96-01	45.2	FMR-17-06	41.6

Table 10-4. Pre-Regency drill holes, re-log totals.

Significant underground workings consisting of stopes, adits, shafts, raises, levels, etc. have been historically documented. Historic reports discuss at length the geometry, extent, condition, and contents of the workings but the ultimate volume and extent of workings remains incompletely known. It is apparent from Regency and previous company drill intercepts logged as intercepting workings, that many areas of in-situ material consist of back-fill material remaining as a process of past mining. Some areas identified by log, and verified by core photos when available, represent areas of historic production. Through core drilling, some of the back-fill in these areas returned significant grades of Ag while many returned low Ag or are open void areas. Drill hole intercepts identified as "not in-situ material" i.e., back-fill (68 intercepts, 35 with backfill, 18 without backfill and 15 unknown) or no mention beyond encountering "workings" in the drill log are listed in Table 10.5. Based on Regency logging, work by First Majestic, and the proportion of drill hole intercepts identified as likely back-fill material or unknown material with Ag grades above 200 ppm, the authors estimate 5 % to 15 % of the total volume of the workings contain backfill that is mineralized above 100 ppm Ag.

Workings - Ag grades	Count of intervals	Meters	Average Ag ppm
>200 ppm Ag	10	27	377
100-200 ppm Ag	8	16.7	126
40-100 ppm Ag	11	34.9	69
10-40 ppm Ag	11	46.5	23
2-10 ppm Ag	5	30.4	6
0-2 ppm Ag	10	9.4	
Open Workings	13	92.2	
Total	67	252	

Table 10-5. Drill intercepts within workings and silver grades.

No drill intercepts which intersected underground workings were included in the resource estimate (section 14, below). All underground drill intervals within the block model were assigned "0" g/t Ag.

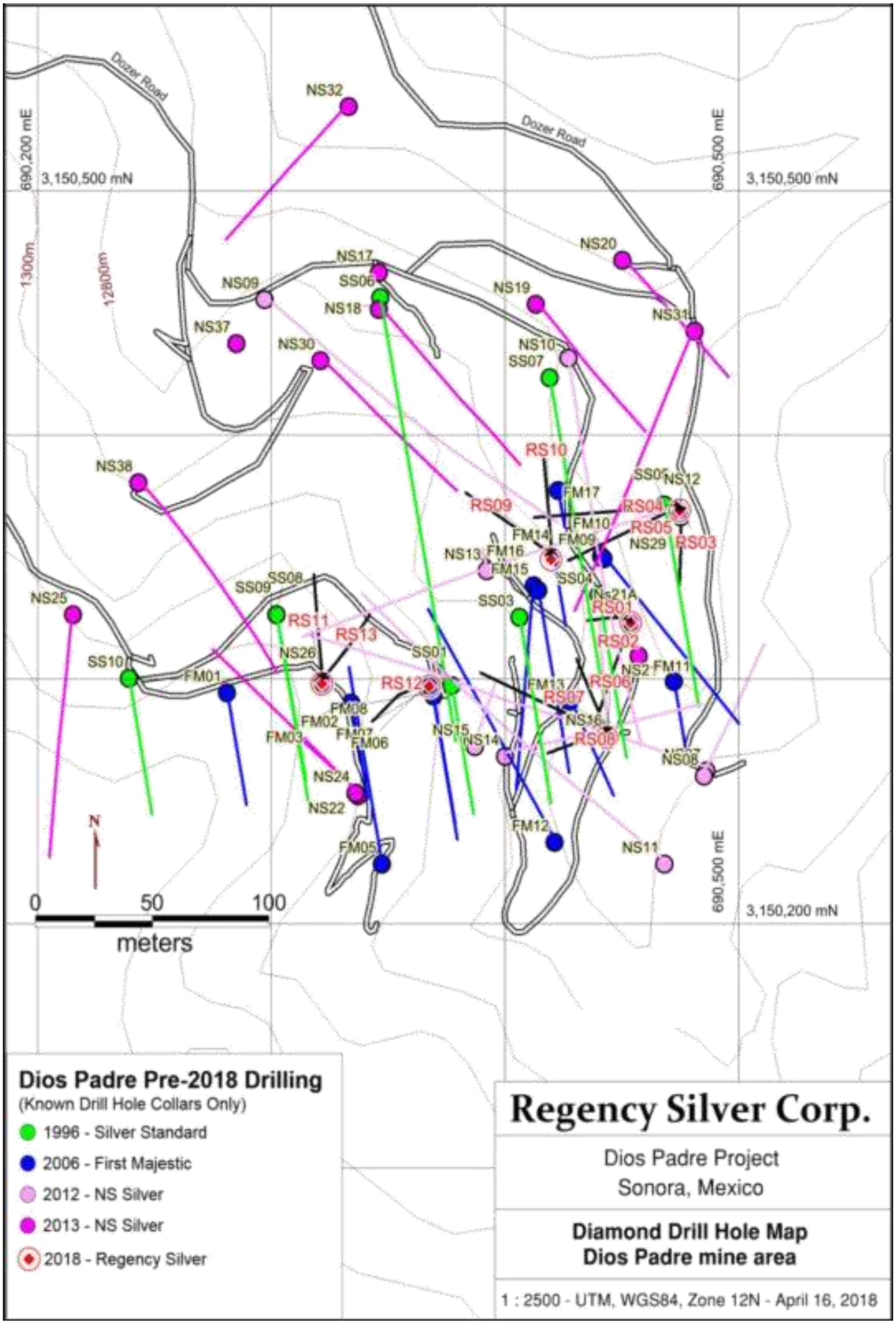

Figure 10-3. Regency 2018, and historic drill hole collars and traces.

Drill hole	From m	To m	Interval m	Ag ppm	Au ppm	Cu %	Pb %	Zn %
RDP-18-01	0.00	63.50	63.50	124	0.119	0.08	0.17	0.04
	26.00	34.00	8.00	369	0.052	0.16	0.06	0.03
	55.00	63.50	8.50	235	0.084	0.23	0.05	0.05
RDP-18-02	1.50	69.70	68.20	158	0.346	0.05	0.33	0.04
	21.00	69.00	48.00	209	0.470	0.07	0.22	0.03
	31.00	36.00	5.00	680	0.236	0.18	0.22	0.06
	inc. 31.0	*32.00*	*1.00*	*1241*	*0.204*	*0.2703*	*0.4308*	*0.0865*
	inc. 34.0	*36.00*	*2.00*	*967*	*0.1075*	*0.2988*	*0.1694*	*0.0825*
	50.00	68.00	18.00	224	0.257	0.07	0.37	0.04
	65.00	68.00	3.00	724	0.337	0.22	1.08	0.17
RDP-18-03	0.00	29.00	29.00	135	0.179	0.06	0.23	0.02
	8.00	25.00	17.00	189	0.230	0.08	0.14	0.02
	53.00	61.00	8.00	1.00	0.318	0.00	0.05	0.00
RDP-18-04	7.20	38.00	30.80	99	0.451	0.04	0.15	0.06
	16.00	29.00	13.00	201	0.214	0.07	0.17	0.03
	16.00	20.00	4.00	359	0.081	0.10	0.49	0.05
	inc. 16.00	*17.00*	*1.00*	*534*	*0.094*	*0.13*	*0.44*	*0.06*
RDP-18-05	0.00	66.35	66.35	47	0.557	0.02	0.20	0.02
	0.00	35.00	35.00	69	0.652	0.02	0.33	0.02
	22.60	34.00	11.40	26	1.513	No assay		
RDP-18-06	4.00	64.00	60.00	131	0.181	0.09	0.28	0.05
	0.20	12.00	11.80	76	0.047	0.10	1.38	0.04
	23.00	62.00	39.00	174	0.251	0.10	0.08	0.03
	23.00	29.00	6.00	230	0.020	0.06	0.05	0.03
	23.00	27.00	4.00	249	0.022	0.06	0.06	0.03
	29.00	57.00	28.00	89	0.333	No assay		
	38.00	41.00	3.00	445	0.171	0.13	0.27	0.02
	inc. 39.00	*40.00*	*1.00*	*812*	*0.153*	*0.21*	*0.47*	*0.03*
	58.00	62.00	4.00	718	0.075	0.68	0.04	0.12
	68.00	86.00	18.00	28	0.848	0.02	0.02	0.01
	inc. 59.00	*60.00*	*1.00*	*1704*	*0.074*	*1.63*	*0.05*	*0.28*
RDP-18-07	1.50	57.00	55.50	40	0.038	0.04	0.41	0.10
	1.50	21.00	19.50	85	0.051	0.08	0.75	0.08
	69.00	85.50	16.50	64	0.221	0.02	0.14	0.05
RDP-18-08	0.50	60.00	59.50	76	0.082	0.04	0.50	0.06
	0.50	45.30	44.80	94	0.098	0.05	0.49	0.06
	0.50	24.00	23.50	143	0.115	0.07	0.61	0.04
	inc. 5.40	*6.00*	*0.60*	*746*	*0.188*	*0.9266*	*2.89*	*0.3599*
	40.00	45.30	5.30	103	0.297	0.03	0.48	0.04
	54.95	60.00	5.05	60	0.093	0.08	1.53	0.13

Drill hole	From m	To m	Interval m	Ag ppm	Au ppm	Cu %	Pb %	Zn %
RDP-18-09	No assay							
RDP-18-10	16.05	30.30	14.25	40	0.010	0.04	0.57	0.14
	60.45	79.70	19.25	104	0.207	0.05	0.17	0.02
	inc. 78.7	*79.70*	*1.00*	*680*	*0.071*	*0.33*	*0.06*	*0.07*
RDP-18-11	122.50	134.00	11.50	163	0.527	0.10	0.38	0.21
RDP-18-12	23.50	70.50	47.00	113	0.037	0.03	0.67	0.08
	25.50	66.50	41.00	121	0.034	0.04	0.70	0.07
	91.00	133.50	42.50	258	0.121	0.14	0.17	0.04
	98.50	111.00	12.50	558	0.070	0.26	0.41	0.07
	inc. 103.70	*106.00*	*2.30*	*1743*	*0.109*	*0.78*	*0.71*	*0.16*
RDP-18-13	104.90	120.30	15.40	326	0.103	0.17	1.64	0.10
	110.20	131.20	21.00	234	0.494	0.12	1.07	0.10
	inc. 113.20	*114.20*	*1.00*	*1273*	*0.258*	*0.8452*	*4.001*	*0.2069*
	inc. 117.10	*118.00*	*0.90*	*938*	*0.162*	*0.5674*	*3.84*	*0.2255*
	inc. 119.20	*120.30*	*1.10*	*670*	*0.12*	*0.1218*	*0.1328*	*0.1145*

Table 10-6. Regency 2018 drill holes, select assay results. *Inc.* means an intercept included in the interval above. Intervals reported are down-hole intercepts, not true thicknesses.

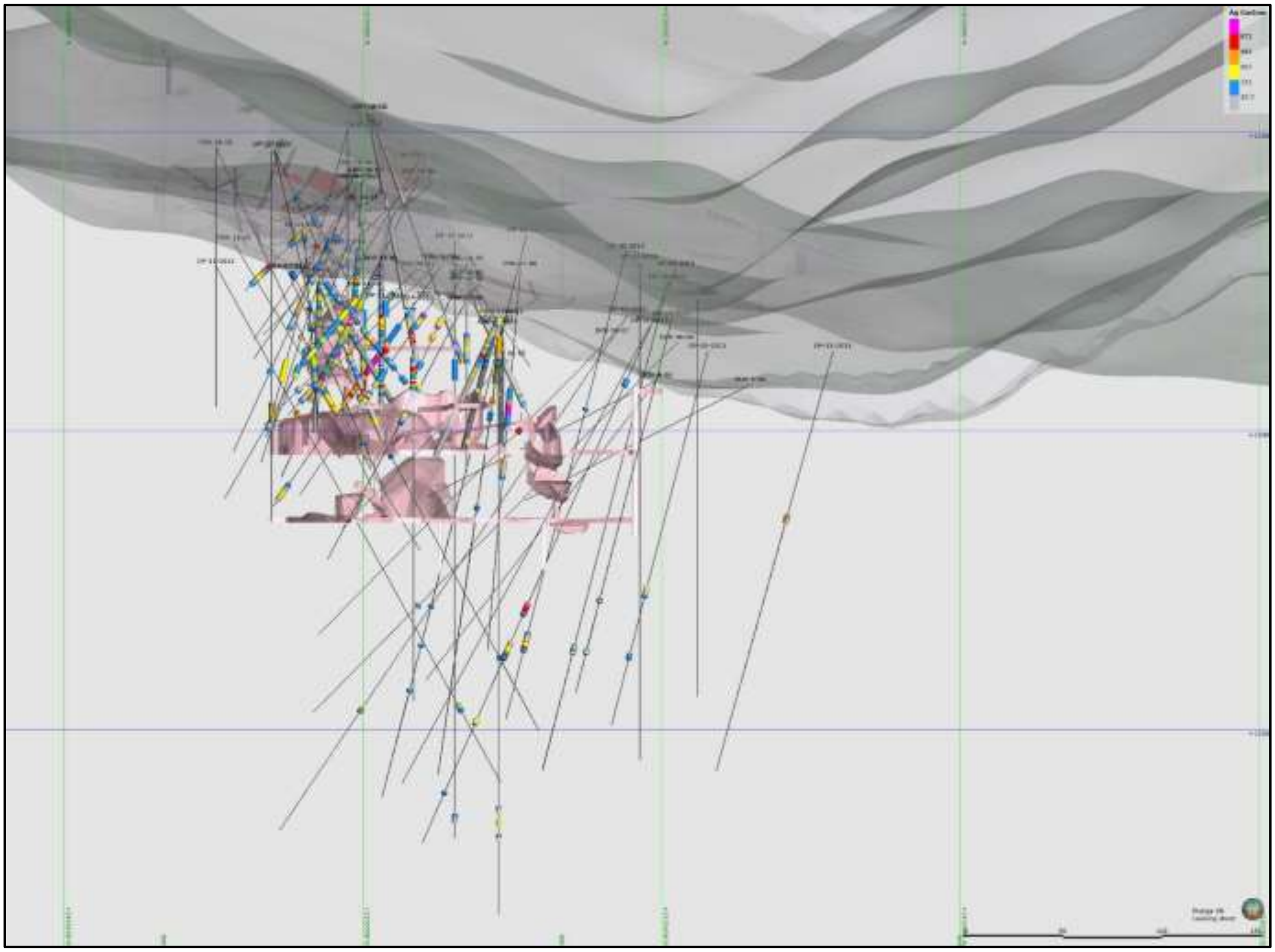

Figure 10-4. Regency and historic drill holes looking west. Dios Padre historic underground workings are shown in pink.

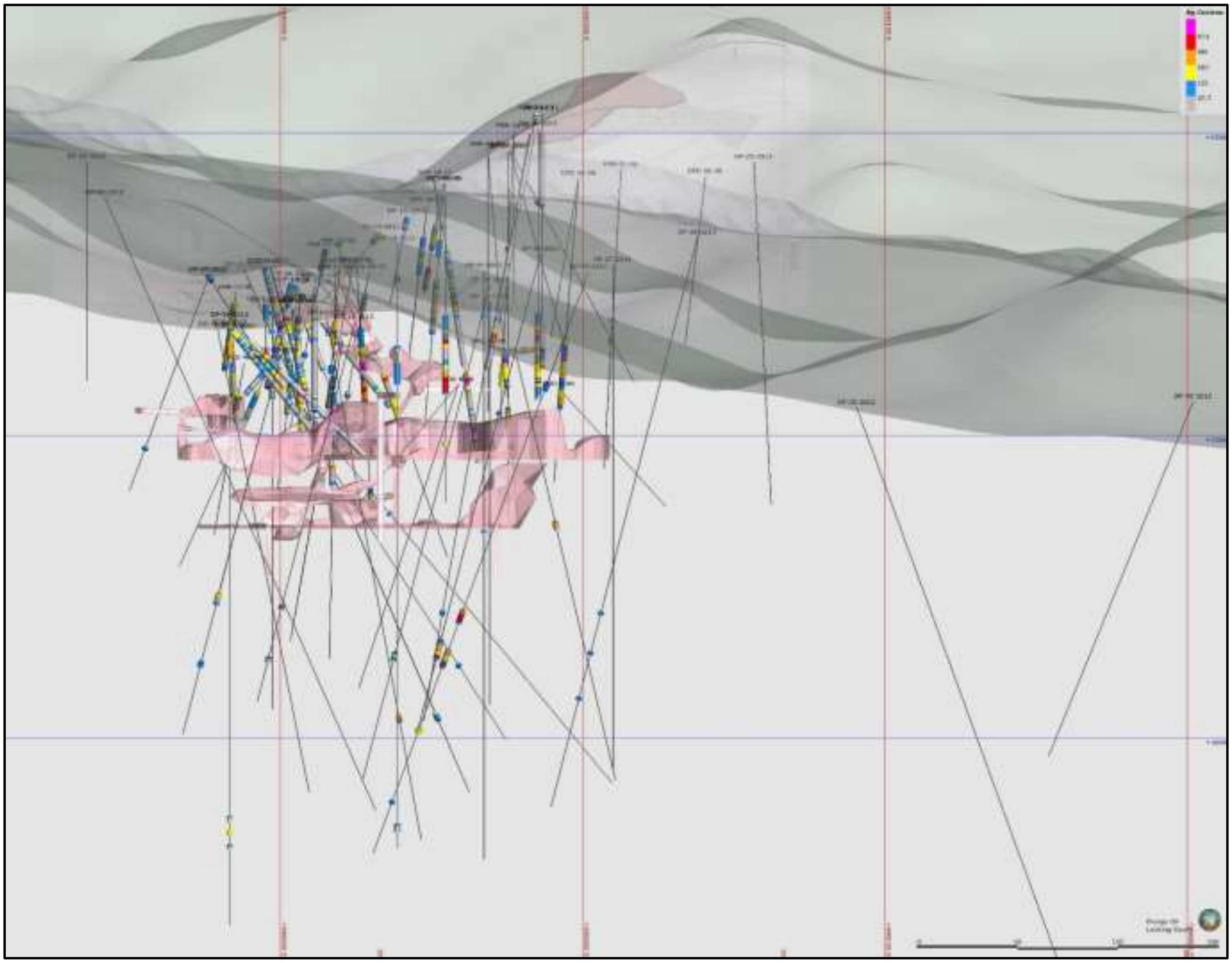

Figure 10-5. Regency and historic drill holes looking south. Dios Padre historic underground workings are shown in pink.

10.1 Summary and Interpretation

Silver +/-Au+Cu+Pb+Zn mineralization is directly related to proximity to fault conduits and intensity of brecciation. Mineralization is hosted in both rhyolite and andesite host rocks. Within highly fractured or brecciated areas, continuity of mineralization is good within the Dios Padre breccia, often extending over 10's of meters. Given the sometimes poorly constrained limits and often chaotically distributed breccia, the true thicknesses of mineralized intervals are not known. Results to date, indicate an upper zone of mineralization that has been partially historically exploited. Underground workings, some of which have back-fill material exceeding 100 g/t Ag, are extensive but unexploited mineralized breccia remains. For example, Regency drill hole RDP-18-13 intercepted a 7.1 m interval grading 660 g Ag (from 113.2 to 120.3 m), and bottomed in significant gold mineralization (1.7 m grading 2.11 g Au) at the hole terminus at 131.2 m. Although at least some of the margins of the breccia zone are believed to be fault bound (see Section 7.2 above) the extent, orientation, and continuity of these structures are not well known. Based on all drilling to date, the ultimate extent of brecciation and suspected mineralization is not well known.

11.0 SAMPLE PREPARATION, ANALYSES, AND SECURITY

Sample preparation, and security were supervised by the technical services company, Prospeccion y Desarrollo Minero (ProDeMin) based in Guadalajara, Mexico. Three ProDeMin geologists were continuously on site to assure that the drill program met all requirements, procedures, and protocols recommended under a drill program management manual, "Geologic Procedures & Guidelines at the Dios Padre Project, January 22, 2018", 24 p. The extensive and detailed manual was prepared by Dr. Craig Gibson, the Technical Director of ProDeMin, and a Qualified Person as defined by NI 43-101. Dr. Gibson visited the project site intermittently to assure that drill operations were proceeding as required.

Sample collection, logging, security, and shipping: As described in the Drilling section (10) above, all NQ and HQ core was retrieved at the end of the 12-hour shift and transported in plastic core boxes to the core processing facility under the supervision of the ProDeMin geologists. There, the core was washed, and quick logged. Core intervals were evaluated for visible and obvious mineralization, structures, veining, alteration, brecciation, etc. and selected for analysis. Not all core intervals from all Regency drill holes were assayed. The intervals selected for analysis were half-sawed with a 2-hp core saw. Sampled intervals of core ranged from 4.4 m to 0.35 m and averaged 1.2 m in length. At the judgement of the geologist, sample intervals were determined based on lithologic contacts, brecciation, faulting, mineralization and other factors. All core selected for analysis was double bagged in plastic sample bags, with an inserted anonymous sample control number, and secured with a plastic zip tie. Analytical samples were stored on site in a secured, fenced facility to await pick up and transport to the analytical lab, Bureau Veritas Mineral (BVM) Laboratories in Hermosillo, Sonora. BVM is a major analytical and testing laboratory with offices or labs in 130 countries around the world. All BVM facilities are registered or are pending registration to ISO 9001:2015 under the Bureau Veritas corporate registration. Additionally, a number of analytical labs have received ISO/IEC 17025 accreditation for specific laboratory procedures. Under the sole supervision of ProDeMin personnel, analytical core samples were picked up at the project site and transported directly to the BVM lab.

Concurrent with drill operations, all Regency drill core was logged onsite by ProDeMin geologists. Extensive parameters, including dates (start finish), hole location/orientation (azimuth, inclination, collar elevation), core size, depths, core recovery, RQD (rock quality designation – measuring sample length versus natural breaks in core intervals), lithology, alteration, structure, mineralization, brecciation, oxidation, veining, etc. Detailed information was initially entered on hard copy forms and then converted to digital logs using systematic codes. Subsequent to logging, each core box was methodically photographed with the hole number and interval displayed.

Sample database: As a part of Regency's drill program a detailed master sample data base was maintained, and updated with new information as it became available. This included sample ID, drill hole interval, sample tag number, lab analytical certificate number, and all multi-element analytical results. Additionally, all sample shipments were tracked and logged on a separate Excel sheet which includes sample numbers or series in each shipment, type of sample medium (rock, core), date shipped and date received at the lab, geologist supervising the shipment, and analytical certificate number pertaining to each shipment.

Analytical laboratory, preparation, and analytical procedures: The principal laboratory selected for the analytical determination of Regency 2018 drill core was BVM Laboratories in Hermosillo, Sonora, Mexico. Preparation procedures (crushing, grinding, pulverization) to produce sample pulps were conducted at the BVM Hermosillo facility and the prepared pulps were then shipped to the world headquarters of BVM in Vancouver, B.C. Canada for all analytical determinations.

BVM operates their labs with the highest professional standards using validated methods to achieve accurate reproducible results with equipment that is maintained and calibrated to achieve the highest levels of performance. They employ extensive procedures for internal quality control, sample preparation, analyses, proficiency testing programs, and scheduled audits. BVM blanks, replicates, and reference standards are anonymously inserted into client's sample batches to assure analytical accuracy and validation.

The authors emphasize that ProDeMin and Regency personnel, their contractors, and the authors, are completely independent of BVM, its employees and operations. Under a chain of custody maintained by ProDeMin personnel, samples were submitted to the BVM facility in Hermosillo, and subsequently, preparation and analyses of all samples were conducted solely by BVM personnel.

BVM preparation and analytical procedures: Based on the type and tenor of mineralization, host rock, and metals of interest including Ag (+/- Au+Cu+Pb+Zn), R. Lunceford, the supervising QP on behalf of Regency, and Dr. Craig Gibson collaborated to select the most effective and appropriate type of preparation and analytical procedures offered by BVM for Dios Padre core analyses.

Preparation

PRP70 -250: Bulk sample is crushed 1 kg to ≥70% passing 2mm - Pulverization 250 g ≥85% 75μ.

Analyses

Modified Aqua Regia (1:1:1 HNO3: HCl:H2O), was selected to provide partial digestion regarding mobile and easily soluble species, such as base metal-sulfide and precious metal ores. Final metal assay and chemical content were determined using Inductively Coupled Plasma Atomic Emission Spectroscopy (ICP-AES), a type of emission spectroscopy that uses inductively coupled plasma to produce "excited" atoms and ions that emit electromagnetic radiation at wavelengths characteristic of a particular element. The intensity of this emission is indicative of the concentration of the element within the sample.

AQ201: Aqua Regia ICP-ES/MS, 36 elements, 15 g. Upper limit Ag 100 ppm, lower limit Ag 0.100 ppm.

AQ370-X: Aqua Regia ICP-ES, requires at least 2 g sample. Upper limit Ag 1000 ppm, lower limit Ag 2 ppm.

FA530-Ag: 30g/fire assay/gravimetric. No upper limit to Ag; lower limit Ag 20 ppm, no upper limit. Lead collection fire assay fusion is a classic method for total sample decomposition. Total Ag content is determined by digesting a dore bead and analyzing by AA, ICP-ES, or ICP-MS. Gravimetric analysis describes a set of methods used in analytical chemistry for the quantitative determination of an analyte (the ion being analyzed) based on its mass.

Regency QA/QC: ProDeMin geologists initiated and commenced a QA/QC sampling program concurrent with core logging and analytical sampling. The program included anonymous insertion of reference sample standards and blanks. Sample duplicates were not employed, partly due to the coarse nature of mineralization and difficulty of sawing a representative split. As described above, the principal analytical laboratory utilized to assay Regency core was BVM.

During and following drill operations ProDeMin geologists instituted a QA/QC to validate analytical results. The program consisted of a series of blanks, and sample reference standards that were inserted into the sample stream at the project site. To assure anonymity, selected standards, and blanks were inserted into plastic bags along with a sample tag and then secured with a zip tie, the same as each analytical core sample. For each drill hole, blanks and/or standards were inserted into each sample batch approximately every 20 m. No sample duplicates were used.

Before the commencement of the program reference sample standards were purchased from Rocklabs of Auckland, New Zealand. Three standards were purchased, including the following:

OxQ114: Recommended Values and 95% Confidence Intervals;Gold Concentration: 35.20 (+/- 0.28) µg/g; Silver Concentration: 127.1 (+/- 1.5) µg/g.

SP72: Recommended Values and 95% Confidence Intervals;Gold Concentration: 18.16 (+/- 0.10) µg/g, Silver Concentration: 83.0 (+/- 0.9) µg/g.

SQ70: Recommended Values and 95% Confidence Intervals; Gold Concentration**:**39.62 (+/- 0.25) µg/g; Silver Concentration: 159.5 (+/- 2.6) µg/g.

Before certifying the sample value for Au and Ag, Rocklabs submits a duplicate reference sample to 27 ISO/IEC certified analytical laboratories around the world. Assay results are then statistically validated. Blank material consisted of basalt lava rock used for decorative stone and grills purchased at a Home Depot store in Hermosillo.

"Outside" or external laboratory lab checks were also part of the Regency's QA/QC program. One-hundred fifty duplicate sample pulps prepared by BVM were delivered to ALS Chemex in Hermosillo (ALS Chemex de Mexico, S.A. de C.V.). ALS is part of the ALS Group (a subsidiary of Campbell Brothers Ltd. – ASX:CPB) a diversified group of testing companies with offices strategically located around the world. Most ALS Geochemistry laboratories are registered or are pending registration to ISO 9001:2008, and a number of analytical facilities have received ISO 17025 accreditations for specific laboratory procedures. Sample pulps prepared in Hermosillo were then shipped to the Vancouver facility of ALS in Vancouver Canada for Ag and other multi- element determination using ALS analytical procedure *ME-ICP61a,* (ICP-ES) and for overlimit analysis, *ME-GRA22* (fire assay, gravimetric finish). Regency personnel, and contractors are completely independent of ALS, it's employees and operations.

The use of sample blanks, standards, and "outside check" analyses are summarized in Table 11.1.

Analytical results appear in Figures 11.1.

QA/QC assay checks using anonymously labeled standard reference material inserted into each sample batch indicate an acceptable level of accuracy and precision when assays fall within one standard deviation of the original reference assay. All BVM Ag assays of reference material meets this criterion (Figure 11.1). BVM assays of blanks indicate acceptable results with the exception of sample blank #190480 (Figure 11.1, upper left graph), which returned elevated Ag (+/- 0.3 ppm) versus the nine other blanks which contained silver values ranging from 0.05 to 0.10 ppm. Sample #190480 was submitted with a sample batch that contained earlier adjacent core sample that exceeded 100 ppm Ag, suggesting that there was contamination of the blank sample material in the preparation procedure. In effect, the pulverizing machine in which the sample was prepared for analysis was not adequately cleaned between the sample run in question. Despite this one instance of apparent contamination, other blanks returned acceptable analyses. One hundred-fifty BVM sample pulps were collected and submitted to a third-party analytical laboratory ALS (Figure 11.2) adequately confirming original Ag analyses by BVM.

Drill Hole	Standard & blank	# ALS re-assays
RDP-18-01	STD-OxQ114	4
	STD-SP72	
	STD-SQ70	
RDP-18-02	Blank	25
	STD-OxQ114	
	STD-SP72	
	STD-SQ70	
RDP-18-03	Blank	3
	STD-OxQ114	
	STD-SP72	
	STD-SQ70	
RDP-18-04	STD-OxQ114	25
	STD-SP72	
	STD-SQ70	
RDP-18-05	Blank	13
	STD-OxQ114	
	STD-SP72	
	STD-SQ70	
RDP-18-06	Blank	17
	STD-OxQ114	
	STD-SP72	
	STD-SQ70	
RDP-18-07	Blank	8
	STD-OxQ114	
	STD-SQ70	
RDP-18-08	Blank	9
	STD-OxQ114	
	STD-SP72	
	STD-SQ70	
RDP-18-10	Blank	3
	STD-SP72	
RDP-18-11	STD-OxQ114	2
	STD-SQ70	
RDP-18-12	Blank	19
	Blank	
	STD-OxQ114	
	STD-SP72	
	STD-SP72	
	STD-SQ70	
RDP-18-13	Blank	22
	STD-OxQ114	
	STD-SP72	
	STD-SQ70	
	STD-SQ70	

Table 11-1. Blanks, standards, check re-assays, Regency 2018 drill program. The re -assay totals are the number of pulp duplicate analyses, per hole, conducted by ALS. The standards and blanks are those anonymously inserted into each sample batch per drill hole.

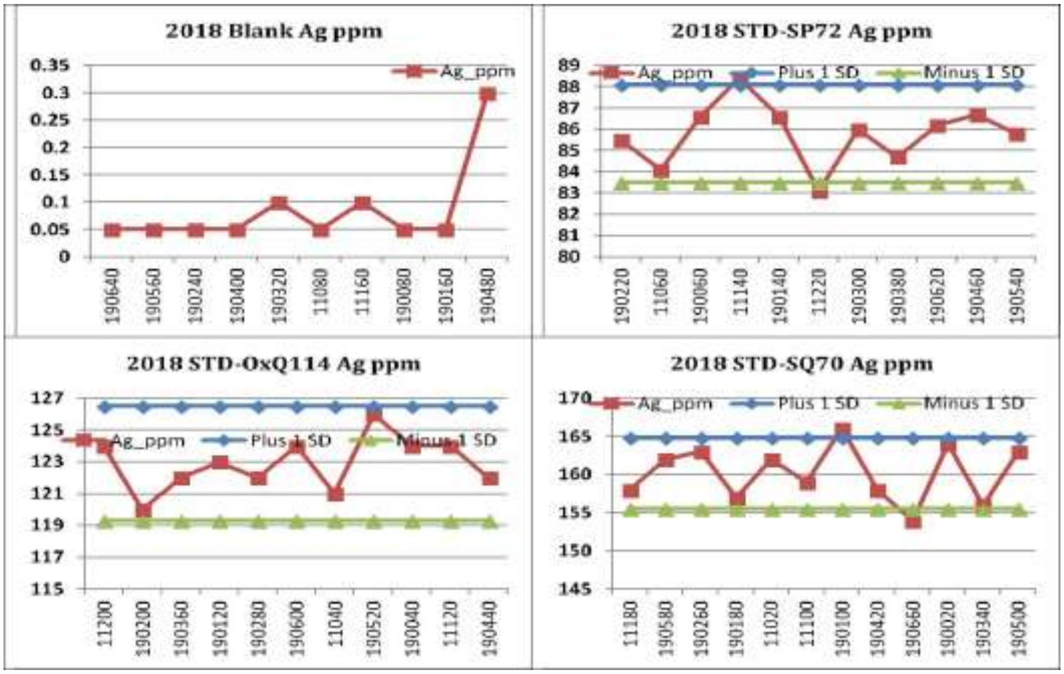

Figure 11-1. Blank and reference standard assays for Ag.

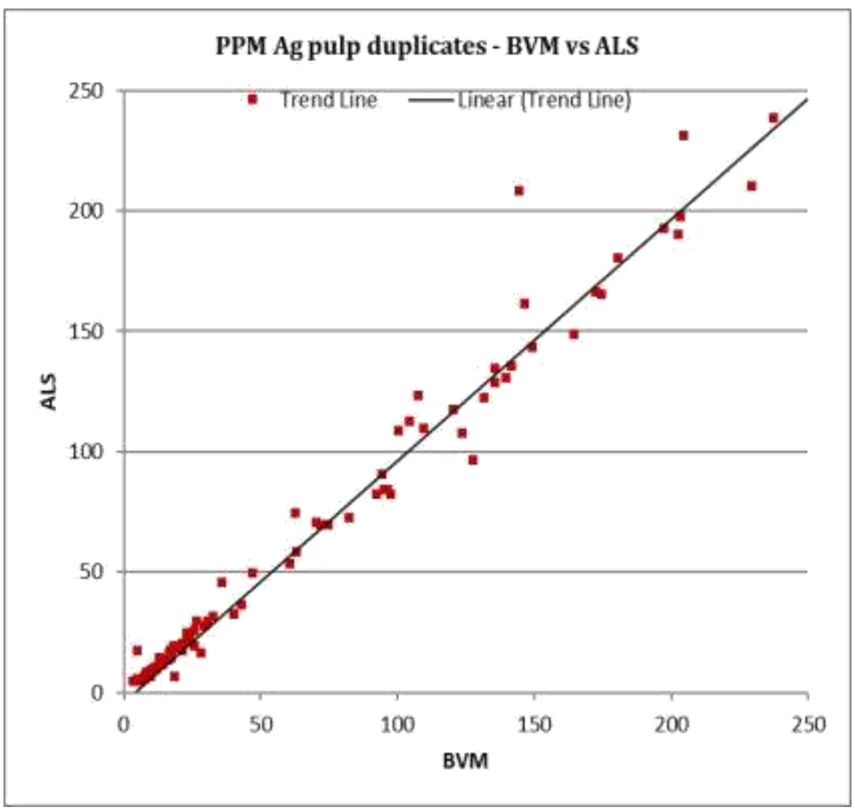

Figure 11-2. Pulp Ag re-assays BVM vs. ALS.

It is the opinion of the authors that the procedures and methods of sample collection, logging, security, shipping, preparation, and analyses are adequate and appropriate for the core samples obtained in Regency's drill program. The QA/QC program employed provides an adequate check on samples submitted to BVM to assure confidence in the results.

12.0 DATA VERIFICATION

A site visit was conducted to the Property on January 27 and 28, 2018. To confirm the presence of silver (+/- Au-Cu -Pb-Zn) six validation samples were collected including, two rock-chip and four ¼ cut core samples from 2018 and previous drill holes. During the site visit, the authors examined select previous, and available 2018 Regency core, which was selectively photographed, and examined various outcrops with exposed mineralization.

Additionally, the authors reviewed publications of the Geological Society of America, *Economic Geology,* and previous published NI 43-101 technical reports pertaining to the Property. Several summary reports generated by previous companies such as Silver Standard Resources Inc. (1995-1996), First Majestic Resource Corp. (2006) and NS Silver Inc./NS Gold Corporation (2012-2013) were also reviewed.

As received by the author's on November 2017, the initial Dios Padre Property data set consisted of drilling data that included a collar, survey, assay, and rock type set of tables. The data set apparently had been prepared for modeling purposes by previous workers in 2013. The original data did not indicate how the collar coordinates were determined, if down hole surveys had been completed, did not contain many original assay certificates, nor many original logs. Subsequent research has provided additional original assay certificates, drill logs, source commentary and some core photos. A new data set has been prepared for the resource estimate (section 14) which includes meta-data indicating method of determination, validity, source, time, etc.

Previous workers from 1996, 2006 and 2012-13 appear to have employed industry standard methods to verify available data. However, whether such work was supervised by Qualified Persons (as defined by NI 43-101) is not known. Based on a review of previous QA/QC sampling programs conducted, Silver Standard's logs (1996) indicate insertion of Standard Reference Material (SRM) samples, First Majestic reports graphs of SRM results (2005-2006) and assay certificates indicating insertion of SRM. NS Silver's work appears that reasonable, professional efforts were made in implementing QA/QC programs for sampling but no primary data is available. NS Silver's available original assay certificates include periodic samples with weights and clustered values suggesting they came from SRM samples. Selected intervals from First Majestic and NS Silver drill core available onsite and in a condition to verify in-sequence-conformity were selectively re-logged (Table 10-4)., and/or re-sampled and photographed by ProDeMin geologists. The results of this resampling exercise are within acceptable ranges of repeatability.

12.1 Procedures

Topography: The topographic file contains contour lines in the WGS84, Zone 12 North coordinate system in meters. The file appears to be sourced from INEGI (the Instituto Nacional de Estadística Geografíca e Informática in Mexico) at a published 1:50,000 scale.

Drill Collar Coordinates: A total of 72 drill holes were used for the resource estimation process. Using a Promark 200/220 survey instrument and Spectra Precision software, the thirteen 2018 Regency Silver drill holes were recorded and entered into the collar table. Of the remaining historic 59 drill holes, 26 holes were located and surveyed with the Promark survey tool by ProDeMin geologists in January and February of 2018. Due to vegetation overgrowth and surficial erosion, the remaining drill locations could not be specifically located to allow a survey of the actual collar. The collar table contains documentation of past efforts to improve the quality of the location. Because of discrepancies with the collar elevation and the location of the surface within the topography file, for the purposes of the resource estimate all collars were pressed to the surface.

Review of Drill Core: During the site visit by the authors, select higher grade intervals from the 2006 and 2012-13 drilling were examined in their core boxes. The core appears to have been sawn into half portions, with one half remaining in most cases, though zones of only quarter core remaining in the boxes were observed. In areas of highly broken rock associated with higher grade mineralized intervals, core recovery was poor, and no core remains. While reviewing pre-Regency core, full core remains were observed indicating that no core was cut for analyses (see Table 6.5, 10.3). Comparison between stated rock types in the as-provided rock type table (which originally distinguished 140 rock types) and observations by the authors suggest that in highly altered, multi-phase volcanic rocks like those found at Dios Padre, consistent determination of a base rock name has proven difficult. Adding in significant rock breakage, deformation and infill-replacement as rock type names, has led to a complete re-coding of the rock types based on the authors observations, core photos, and the notes found in logs for this Technical Report. The new classification is limited to basalt, rhyolite porphyry, andesite and andesite porphyry. Faulted, brecciated, altered, and mineralized properties, as recorded in the available logs, including the log notes, appear to have good agreement with the observed core.

Core Photos: Core photos from only three holes of the 2006 drilling program were included in the data set available to the authors. ProDeMin geologists photographed select intervals from the 2016 to 2012-13 drilling at a 180 dpi, 24-bit, resolution with a Canon PowerShot SX420 IS digital camera at f3.5, 1.25 sec, ISO-400, RGB and saved as .jpg type images. The 1996 Silver Standard core samples are in a generally chaotic state, with labels strongly faded or missing and require extensive re-organization and re-boxing to be acceptable for identifiable core photos.

Drill Assay Database Preparation: Visual checks between original assay certificates in .pdf format against values found in the data set showed consistent agreement. In addition, original assay result files in spreadsheet format were imported and checked based on sample ID as to appropriate interval and analytical result. Out of a total of 6,319 samples from all drilling that were analyzed and available in the database, 5,232 samples have confirmed source analytical certificates.

> <u>Silver Standard</u> - Silver Standard drill holes contain 425 sample intervals. There are no original source assay sample results on hand. It appears that the values have been taken from the results written on the scanned logs that are a part of a report. Only two discrepancies were found in visual checking, related to the same interval having two results, including two sample ID's.
>
> <u>First Majestic</u> - First Majestic drill holes contain 1001 samples in the database. Assay certificates are available for 515 samples and all sample interval values in the database matched to their source documentation.
>
> <u>NS Gold/NS Silver</u> - The 2012-13 drilling has 3893 samples with 1986 samples that match to certificates on hand. From the samples with source certificates a total of 7 sample intervals in the database did not originally match exactly, and only two samples were different by more than 1 ppm Ag. Those two samples not matching by more than 1 ppm Ag, appear to have had re-runs.

All discrepancies between database sample values and available source documentation (Assay Certificates) have been corrected.

12.2 Author's audit samples

The author's sample results, collected January 28, 2018 appear in Table 12.1 below. The authors collected and transported the samples in their custody and delivered them directly to the preparation facility of ALS Chemex de Mexico S.A. de C.V. (see Section 10 - Sample Preparation, Analyses, and Security section, above) for silver and multi-element analyses. ALS Chemex in Mexico is part of the ALS Group a diversified, testing laboratory with offices strategically located around the world. Most ALS Geochemistry laboratories are registered or are pending registration to ISO 9001:2008, and a number of analytical facilities have received ISO 17025 accreditations for specific laboratory procedures. Author samples collected in at the Property were submitted to ALS, using the ALS analytical codes *ME-ICP61*, (33 element, four acid digestion) *Ag-ME-OG62* (ore grade Ag, four acid digestion), *Hg-MS42* (trace Hg by ICPMS). These analytical procedures employ an ICP (Inductively Coupled Plasma) method and either MS (Mass Spectrometer) or AES (Atomic Emission Spectroscopy) instrument for final determination of each element.

SAMPLE DESCRIPTIONS – Dios Padre, January 28, 2018											
						UTM, WGS84, 12A		PPM			
Sample #	**Type**	**Description**	**Drill Hole**	**Interval m**	**Ag g original assay**	**E**	**N**	**Ag**	**Cu**	**Pb**	**Zn**
412753	discont. chip, 5.0m	Red FeOx breccia, no silic, goethite, jarosite, limonite, barite.	NA	NA	NA	690828	3151044	12	1460	422	72
412854	discont. Chip, 8.0 m	Strong FeOx, jarosite, barite, resistant outcrop, strong silic, irregular fractures, breccia, altered phenos (alunite?).	NA	NA	NA	690814	3151022	37.1	246	190	33
412755	drill core, ¼ cut	Dacite porphyry texture 1-3 mm plagioclase white to crème in color. Tr-mnr open space infill with 40% FeOx and 60% Sulfides. Tr pyrite. Alteration away from openspaces fine grained it brown to tan color. 2% open space. Medium to light gray groundmass. Fractures at 45d to core-axis.	RDP-18-01	27-28	NA	NA	NA	551.0	1870.0	691.0	218.0
412756	drill core, ¼ cut	Tuff very fine grained. Pink tone. Strongly broken rock over 10cm interval zones of less than 50$ recovery. Open space surface completely covered with 80% euhedral pyrite-chalcopyrite and 20% euhedral tenantite tetrahedrite dull gray sulfides. Fracture at 20d to core-axis and at 45d	DP-12-2012	123-124.5	26.4	NA	NA	182.0	2030.0	53.0	413.0

		to core-axis. *2012 assay: 26.4g Ag.*									
412757	drill core, ¼ cut	Dacite porphyry texture plagioclase rims angular. Pyrite common as infill between porphyry phenocrysts. Micro fracture open space with plag replaced with dark grey blebs. Rare to trace other sulfides.	RDP-18-01	15-16.5	NA	NA	NA	50.1	176.0	6630.0	940.0
421758	drill core, ¼ cut	Lt tan color granular porphyritic, maybe tuff. Strongly altered and with replacement. Fracture fill 30% pyrite and quartz. Fracture sets at 80d to Core-Axis with dilation zones. Moderate porph phenos with soft edges. 5% open space. Brx angular with 1-3 mm matrix. Disseminated pyrite common. Tr dark sulfides. Completely altered. *2013 assay: 2120 ppm Ag.*	DP-26-2013	102.7-104.5	2120.0	NA	NA	625.0	2350.0	9180.0	749.0

Table 12-1. Results of Author's audit samples, collected January 28, 2018. Sample locations for 412753 and 412754 are located on Figure 6-9.

Notes:

- Abbreviations: "discont. chip" is a rock chip sample, intermittently collected across an exposed face, "silic" – silicification, "phenos" – phenocrysts, "tr" – trace, "plag" – plagioclase, "lt" – light, "porph" – porphyry, "brx" – breccia.
- Gold analyses not conducted.
- All intervals are not true thicknesses.

12.3 Author conclusions on the adequacy of the data

No external technical auditor(s) or professional consultants, including the authors, has validated all aspects of the database to date. Only data believed to have been collected and recorded in a professional, industry standard manner is included

The authors have validated a sub-set of the data that has been compiled and is available. Due to issues related to the potential for errors found in the topography, collar locations, down hole surveys, and other factors, the updated, cleaned data set used for the resource calculation (section 14) is sufficient to report any resource at the **Inferred level of confidence** only. To determine a Measured and Indicated resource would require a measure of precision and reliability not demonstrated in the data at this time.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

No mineral processing and metallurgical testing has been carried out by Regency on mineralized rock from the Property. The only documented process testing was completed in 1984 by Mountain States Research and Development (formerly Tucson, now Vail, Arizona) which described the mineral composition of samples of mill products from the Dios Padre mine (or alternatively the Pena Blanca Mine) with respect to silver and lead (Dudas, 1984). This report also provides insight as to the cause of silver losses in flotation tailings from the historic mill at the Pena Blanca Mine.

Despite the conclusions reached in the Dudas report, Duncan (2012) questioned whether the mineralized rock tested by Dudas was sourced from the Dios Padre mine as "…. there is no indication in the Dudas report that Dios Padre is the actual source of the mill products…." examined. Duncan continues to explain, however, that "…Compania Sahuaripa was active at Dios Padre during this time period and likely would have sent samples of its products to Mountain States". The authors of this Technical Report note that despite the lack of explanation in the Dudas report regarding the confirmed source of the material tested, it is likely that the origin of the mineralized rock was the Dios Padre mine since the Pena Blanca mine name refers to the previous and current ownership entity, Pena Blanca S.A. de C.V. of the Property (see section 4, above).

The Dudas (1984) report investigated samples of ore feed, flotation concentrates, and flotation tailings for their volumetric percent distribution of minerals, categorized into either transparent (gangue) or opaque mineral types. Conclusions from the study are summarized as follows:

- Mineralogy of the samples is complex with both oxides and sulfides present.
- Gangue minerals dominate in the ore feed and flotation tailings (76% to 78% by volume), but only comprise 11% by volume in the flotation concentrate. Gangue minerals include sericite-clay-feldspar, quartz, biotite, jarosite, anglesite, cerussite, and barite.
- Opaque minerals comprised 29% by volume in the ore feed, 20% by volume in the flotation tailings, and 89% in the flotation concentrates. Hydrous iron oxides are the dominant opaque minerals in the ore feed and flotation tailings (14% and 10% by volume respectively), while only a trace amount was observed in the flotation concentrate. Since these oxides may carry Ag in solid solution, they may cause metallurgical recovery issues for Ag and Pb.
- Pyrite dominated in the flotation concentrates at 40% by volume, with a large portion of the pyrite existing as large particles (+ 65 mesh). Marcasite is a minor opaque mineral in the ore feed and flotation concentrates. Galena ranks third in frequency among the opaque minerals, with some galena grains carrying tetrahedrite and silver-sulfosalt inclusions. Sphalerite, covellite, chalcopyrite and rutile were observed as minor constituents of the opaque minerals.
- Due to mixing of oxide and sulfide mineral types, silver, lead and copper losses to flotation tailings is possible. An assay of a tailings sample showed it contained 1.6 ounces of silver per ton.

In conclusion, Dudas (1984) recommended that different metallurgical treatments be applied to the oxides and sulfides to improve recoveries. Since the mill feed consists of both hard and soft mineral types, the soft minerals are prone to overgrinding which can produce an undesirable amount of slimes in the flotation circuit, handicapping recoveries. Good screening and classification procedures will be required to mitigate this issue. The coarse pyrite grains in the flotation concentrates tested suggest poor grinding and classification in the mill. Improvements in the use of reagents to reduce the pyrite concentration were recommended. Low flotation recovery of silver is probably caused by the silver-bearing lead oxide minerals, anglesite and cerussite, which don't respond well to sulfide flotation treatment methods.

The authors note that, the Dudas samples tested would have been sourced from a small (100 TPD) mill in 1984 that would not have benefited from advances in flotation metallurgy over the last four decades. Dudas (1984) noted that the average recovery through the plant into concentrates was reportedly 84%. Thus, although the Dudas report mentions deficiencies in the processing plant, it is highly likely that many of the operating and metallurgical issues can be mitigated with modern metallurgical practices, and that significant improvement in Ag recoveries into flotation concentrates above the reported 84% can be achieved.

For the purposes of this resource estimate, it is assumed that +/- 92% recovery of silver and gold into either lead or bulk flotation concentrates is achievable. Similarly, the Dudas report suggests that mass pull into flotation concentrates at the historic mill at Dios Padre might have been high due to plant inefficiencies and metallurgical issues. For reasons stated above, it is assumed for the purposes of this resource estimate that modern metallurgical practices can result in mass pulls of 6%, resulting in a concentration ratio of 16.7 dry mill feed tonnes to dry concentrate tonnes. However, in the absence of production reports, it is not known to what extent the mill feed in 1984 is representative of the Dios Padre mineral deposit subject to this Mineral Resource estimate. Since tetrahedrite is a dominant silver-bearing mineral at Dios Padre, there could be processing and marketing issues with flotation concentrates due to the presence of antimony. The lead content of the Dios Padre mineralization may not be high enough to warrant marketing of a silver-lead concentrate to lead smelters. Conversely, the lead content may be high enough to cause metallurgical issues if cyanidation is utilized to recover silver and gold from Dios Padre.

14.0 MINERAL RESOURCE ESTIMATES

14.1 Introduction

The information and work in this Technical Report represents one of the first modern, industry standard, best practice mineral resource estimates completed on the Dios Padre Property. Gordon Gibson P. Geo., one of the authors has organized and conducted this mineral resource estimate in accordance with National Instrument 43-101 and CIM standards.

The effective date of the mineral resource estimate contained in this study is 29 August 2019.

14.2 Data

The drilling sample database is kept in a Microsoft Access relational database. Seventy-two (72) drill holes in the data set have collars and assays. Six holes drilled outside of the Dios Padre historic mine area have been removed from the drill hole data set used in the mineral resource estimate. A total of 10,415.2 meters of drilling in 66 drill holes comprise the data set for modelling and mineral estimation. Master tables are built from the individual source files of analytical job batches and drill hole logs including documenting source file parameters. The lithology information is kept in a set of columns maintaining historic rock type categories, as well as the model final rock type. No geotechnical information is available for drilling prior to 2018. Geotechnical parameters were recorded in 2018 on to paper logs and a summary is provided in section 10 of the Technical Report. All analysed intervals have an Ag value. Table 6.5 and 10.3 of the Technical Report list core intervals that were never analysed. Some of the 1996 drilling results include Au, Cu, Pb, and Zn. The 2006, 2012-13 and 2018 drilling contain multi element analyses.

Microsoft Excel, and ASCII CSV type files comprise the current master table set which include collar, survey, assay log, and specific gravity tables used for loading data into Leapfrog+EDGE. Figure 14.1 shows a plan view of drill holes.

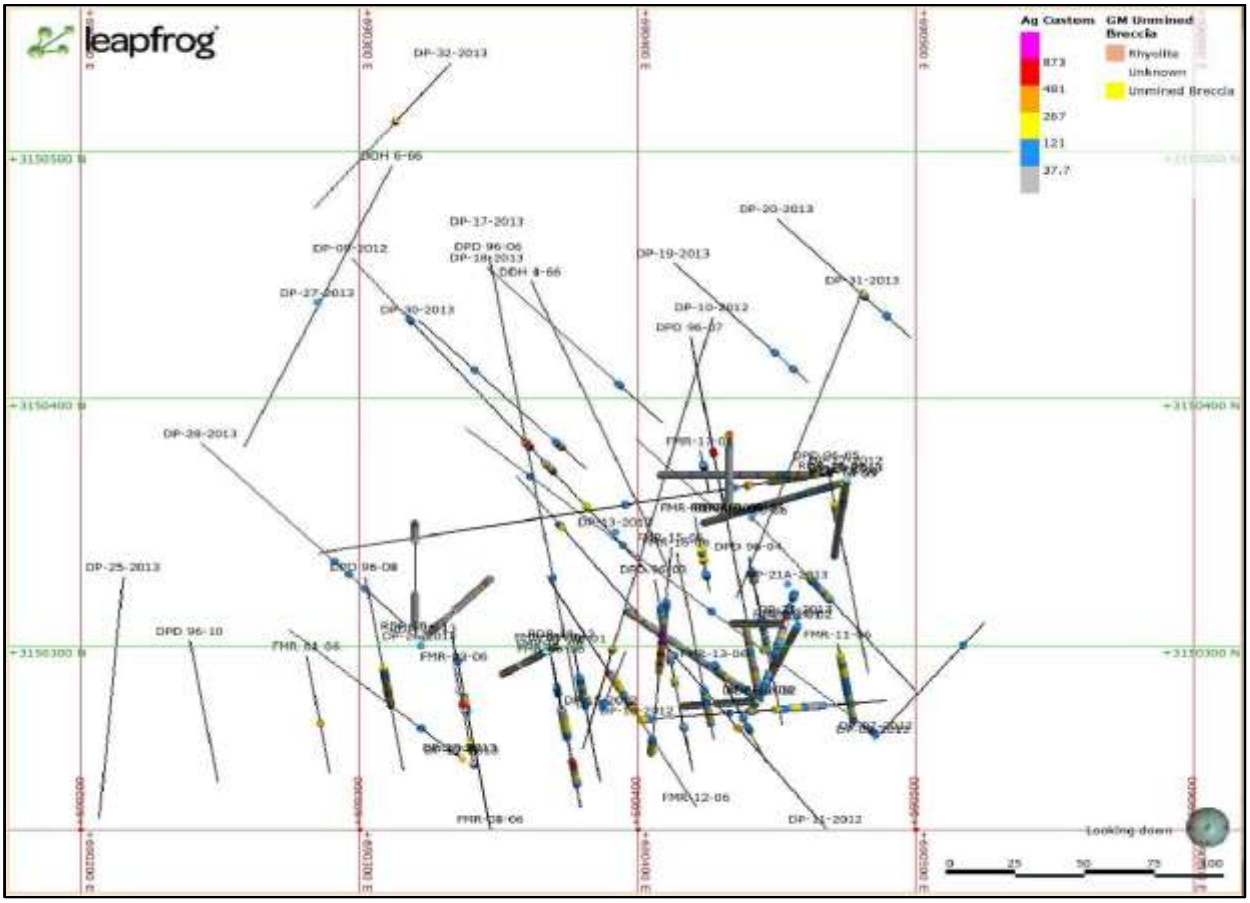

Figure 14-1. Plan view of Dios Padre drill holes.

14.3 Geology Model

The geological model was built using Leapfrog Geo 3D-v4.5.1™ software.

<u>14.3.1 The steps taken in building the model are outlined as follows:</u>

1. Collect, validate and build master data set. The drill hole data set collars are coded for quality of coordinates, if a downhole survey was recorded, and assays verified. Incorporate and standardize data acquired since receiving the original data set, document meta-data.
2. Extract, transform and load the dataset into Leapfrog+EDGE software (Seequent, formerly ARANZ Geo).
3. Explore and analyze data for trends in continuity by examining sectional views, 3D slices, descriptive statistics, and data plots.
4. Recreate the underground workings as a mesh of 3Dfaces in AutoCAD Map 3D by projecting from available plans, sections, long sections and DXF files digitized by First Majestic from drawings prepared in the 1960's. Clean and simplify the mesh until it imports without error as a single closed manifold "water-tight" surface into Leapfrog. Cross-check those drill intercepts flagged as "not in-situ material", etc. against the underground geometry.
5. Build numeric interpolants from Ag downhole assay data, as nested grade shells, using possible trend surface(s) noted in 3 above.

6. Build a lithology solid in Leapfrog representing the outer contact of the rhyolite porphyry stock using 3D polylines digitized from underground plans on 3 production levels, and surface geological mapping. Cross-check against downhole lithology data to ensure the solid is appropriate.
7. Build a lithology solid in Leapfrog to simulate unmined breccia bodies (UBx) by intersecting the union of anisotropic 200 g/t Ag grade shell(s) from 5 with the unmined volume surrounding the underground workings manifold surface from 4, while confining all to the interior of the RP solid from 6. This is the domain for the grade estimation.
8. Determine compositing length as guided by block model dimensions, and histogram of sample lengths.
9. Determine domain contact boundary nature, i.e., hard or soft, for Ag grades.
10. Build sub-block model on 5m x 5m x 5m parent block size, with 1m x 1m x 1m sub-blocks triggered by the underground workings manifold surface from 4.
11. Calculate/fit variogram profiles, determining the most appropriate model, and trend direction, trend strength and trend range(s) of the ellipsoid axis for the UBx domain.
12. Analyse results of 134 samples tested for specific gravity. Select global value for use in the mineral resource estimate.
13. Run grade estimation runs informing blocks for values for Ag, Au, Cu, Pb, Zn, As, and Sb for Ordinary Kriging, Nearest Neighbor, Inverse Distance and Radial Basis Function using the EDGE software. Determine method most appropriate for estimation.
14. Visual examination and validation of block assignments composite values, and geological trends in sections and plan views.
15. Prepare statistical checks of block model.
16. Prepare Resource Reports for Ag, Au and Ag equivalent

Build, review and finalize the mineral resource estimate.

14.3.2 Domain Analysis

Determination of a domain takes into consideration the stationarity of analysis results, lithological continuity, consistent mineralization, fault types, fault extents, and degree of rock breakage. The quality rating of the data also influences the determination of domains.

For the Sub-block Model, the following assumptions and parameters were used.

<u>Rock Types have been grouped into the following:</u>

Rhyolite Porphyry (RP) consists of a lighter gray to tan colored rock often with abundant 3mm – to 5mm plagioclase phenocrysts, visible quartz phenocrysts, and is commonly broken, mineralized with sulfide infill (veinlets and stockworks), and alteration overprinting.

Andesite Porphyry (AP) consists of a darker gray and occasionally brown colored rock with abundant 1mm to 5mm plagioclase phenocrysts, generally breaks into larger clasts than the RP, is occasionally mineralized with sulfide infill. This unit as modeled includes fine grained rock with little to no visible phenocrysts.

Basalt (BS) consists of dark gray to black aphanitic to fine grained plagioclase phenocrysts. Often appears unbroken and fresh, though rarely with near horizontal mineralized zones 1 to 3 cm in width, and within proximity to contacts.

The rock type groups of basalt and andesite porphyry contain such a relatively small portion of the mineralization, that they do not impact the estimation process in a meaningful way. Since the great majority of silver mineralization is confined to rhyolite porphyry and breccia bodies contained therein, only RP was considered for the resource domain. Geological mapping on surface and underground reveal the RP to be a cylindrical, vertically emplaced stock more than 500m long, elliptical in cross- section, measuring about 265m ENE x 150m NNW - see Figure 14-2. In detail, the RP stock is partially bounded and cross-cut by younger faults, and contains screens and faulted-in blocks of wallrock.

Structural Controls

There are no explicit faults in the model. Influence in building the model has taken into account faults that are recorded in four primary trends; a) N-NW at near vertical dips, b) E-W at near vertical dips with right lateral displacement noted, c) NE at moderate to near vertical dips and d) E-W at low angle toward the south dips. In the vicinity of the Dios Padre mine vertical drill holes have fracture sets composed of very low angles associated with very steep angles, and separately occurring individual fractures at intermediate angles. Mineralization is often associated with a conjugate set of very steep and very low angle fault/fracture intersections. The numerous thrust and reverse faults found in the area have so far precluded applying structural controls other than recognizing the formation of breccia and open space as important to mineralization.

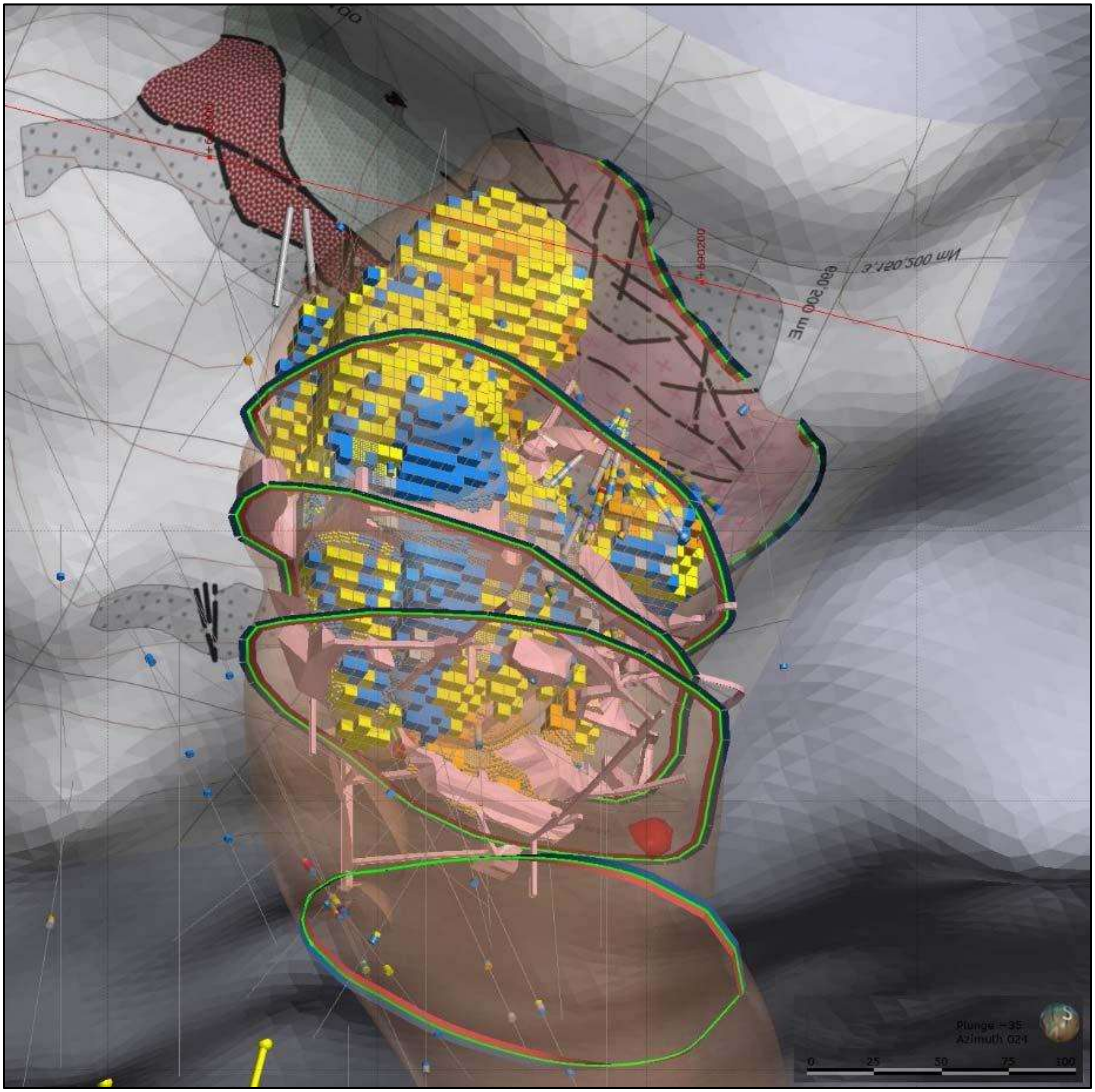

Figure 14-2. Oblique view from below showing the rhyolite porphyry stock in pale red enclosing the Dios Padre underground workings (pink) and sub-block model. 3D polylines used to guide & construct the outer boundary of the RP, shown in red & green, were digitized from underground plans of the Santa Fe (1154m), Arroyo (1188m), and Santa Gertrude (1242m) levels, and surface geological mapping. Note the fault complexity affecting the margins and interior of the stock, and the included wallrock mapped on surface.

Two ENE, N-dipping slightly offset trends were noted visually in examining the Ag 200 g/t RBF interpolant (isotropic) grade shells – these can reasonably be assumed to arise from alignment of fault-controlled mineralized breccia bodies. The trends were estimated to be:

Directions			Ellipsoid Ratios		
Dip	**Dip Azimuth**	**Pitch**	**Maximum**	**Intermediate**	**Minimum**
55	330	125	4	2	1
53	350	127	3	3	1

Table 14-1. Trend directions and ellipsoid ratios of Ag 200 g/t RBF interpolant grade shells.

Silver 200 g/t grade shells were regenerated using the parameters above and the union of the resulting isosurfaces comprise the "Breccia" (Bx) solid model in subsequent work.

Underground workings

Significant underground workings consisting of stopes, adits, shafts, raises, winzes, etc. have been historically documented. Historic reports discuss at length the geometry, extent, condition, and contents of the workings but the ultimate volume and extent of workings remains poorly known. Drill hole intercepts identified as "not in-situ material" (68 intercepts, 35 with backfill, 18 without backfill and 15 unknown) or no mention beyond encountering "workings" in the drill log were noted. No drill intercepts which intersected underground workings were included in the mineral resource estimate.

Considerable effort was expended to recreate the underground workings as a mesh of 3Dfaces in AutoCAD Map 3D by orthogonal projection from available plans, sections, long sections (JPG format) and DXF files digitized by First Majestic from drawings prepared in the 1960's – see Figure 14-3. The resulting mesh was converted from DXF to STL (stereolithography) format using CloudCompare-v2.11 and exported into MeshLab-v2016.12 for subsequent clean up involving removal of self-intersecting faces, removal of non-manifold edges, and merging of close vertices. The cleaned mesh was then saved as DXF and imported into Leapfrog Geo 3D-v4.5.1. Additional manual edits and iterations were required until the mesh imported without error as a single closed manifold "water-tight" surface into Leapfrog – see Figures 14-4, 14-5 and 14-6. This is the first attempt to render the Dios Padre historical underground (mining activity dates to the 1600's) as a fully qualified 3D surface for modeling.

The volume of the Dios Padre underground workings so created to 15m north of the main shaft headframe, is approximately 150,000 cubic meters (150,310 cubic meters by actual calculation) but is subject to considerable uncertainty. Caution: results can only be expected to be as accurate and complete as the few available 2D hand-drafted plans & sections from which they are derived.

As a cross-check, those drill intercepts flagged as "not in-situ material", etc. were examined against the new underground 3D geometry, with good agreement.

Finally, a solid model was created from the 3D underground manifold surface, and the unmined volume surrounding it was intersected with the "Breccia" solid model above, while confining all to the interior of the rhyolite porphyry volume to create the "Unmined Breccia" (UBx) volume - the ultimate domain for subsequent resource estimation in this study – see Figure 14-7.

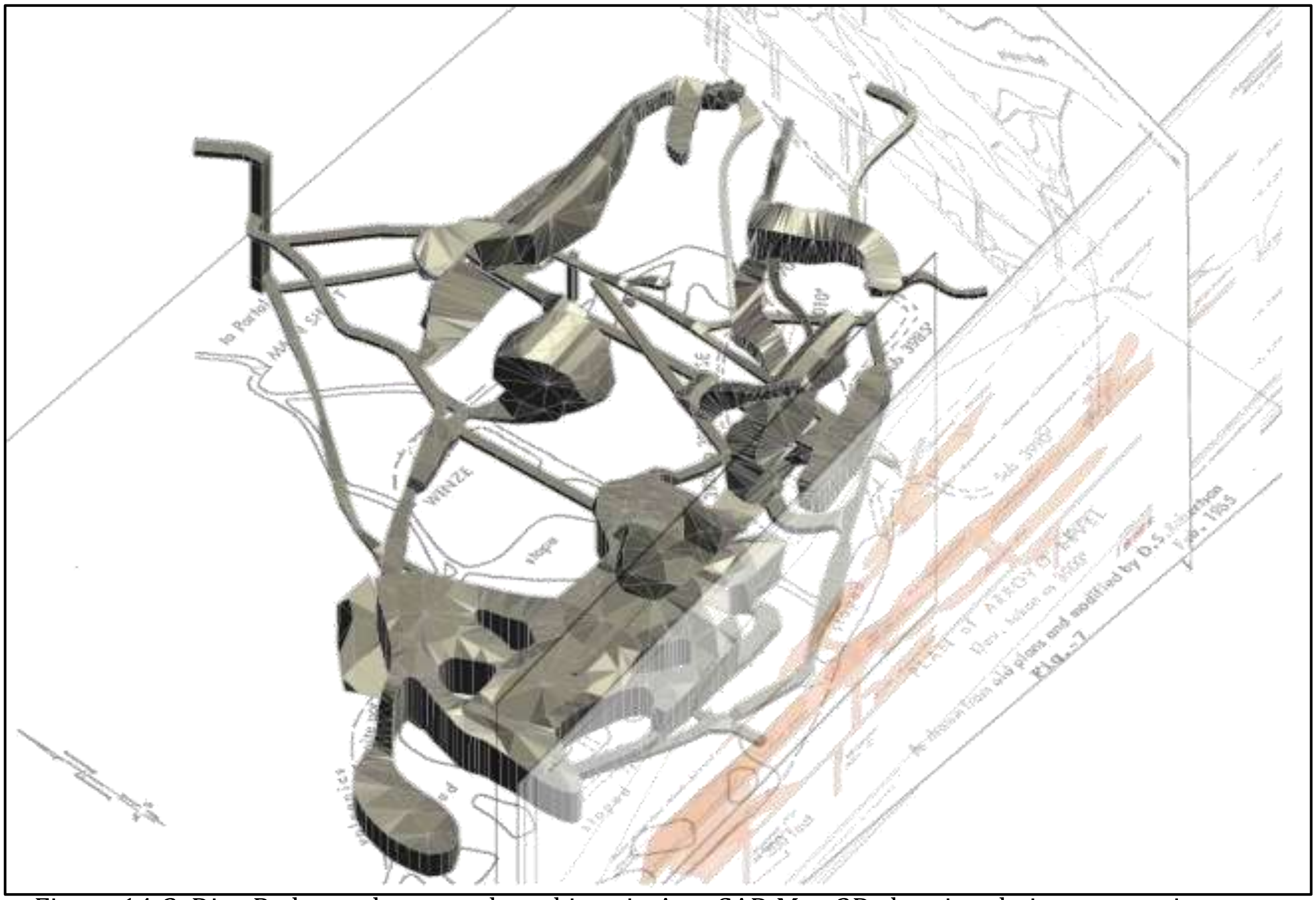

Figure 14-3. Dios Padre underground workings in AutoCAD Map 3D showing their construction as a mesh of 3D faces from historical plans & sections.

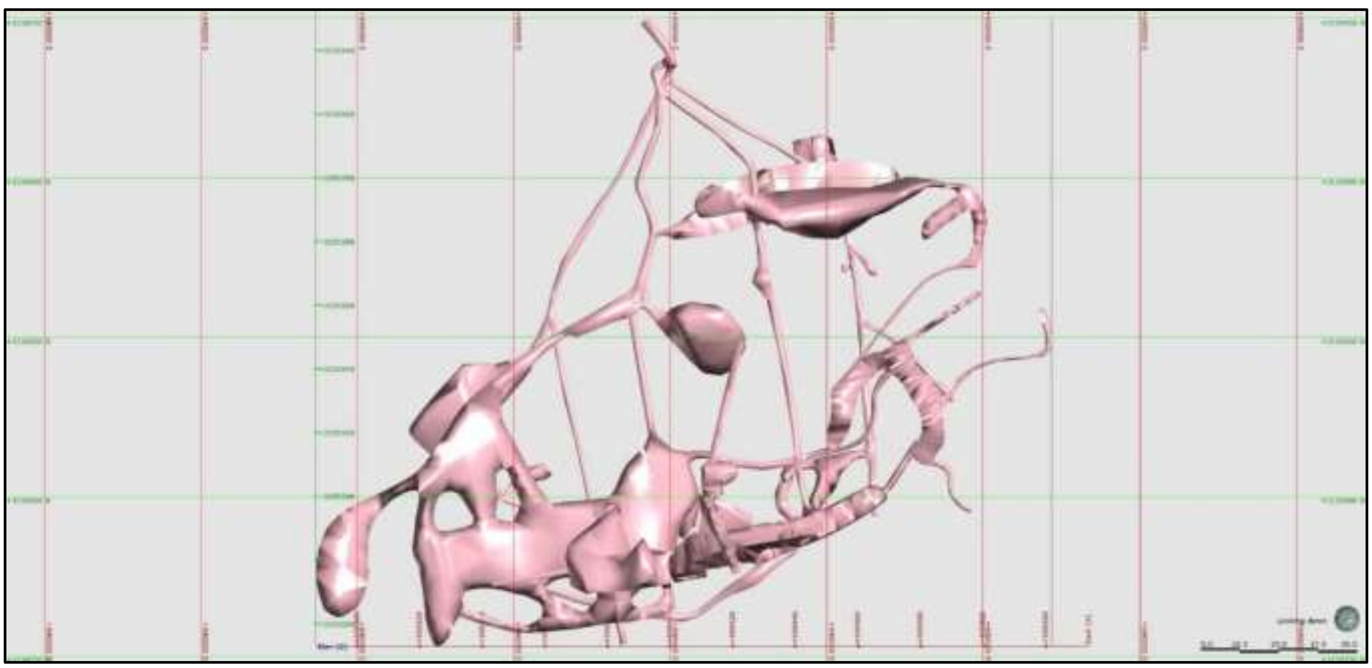

Figure 14-4. Dios Padre underground workings in Leapfrog Geo 3D. Smoothed. Plan view.

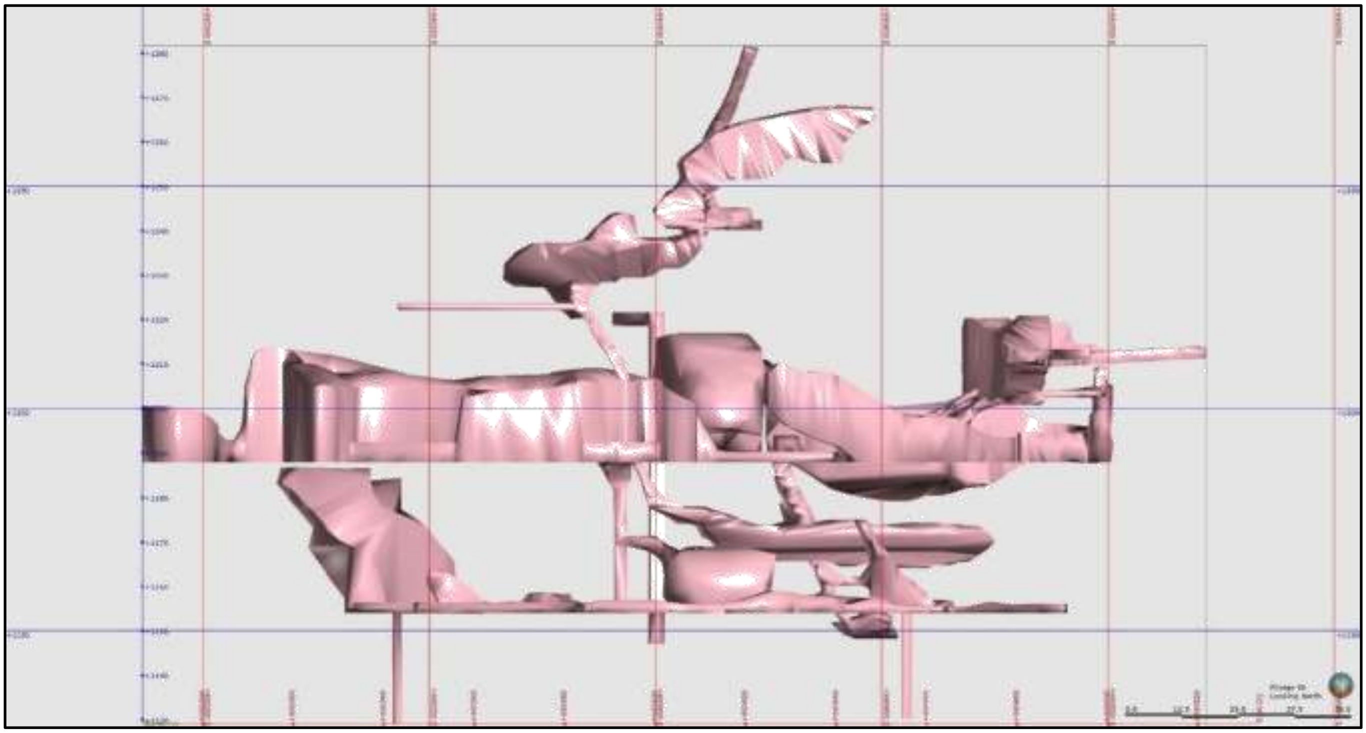

Figure 14-5. Dios Padre underground workings in Leapfrog Geo 3D. Smoothed. Long section looking north.

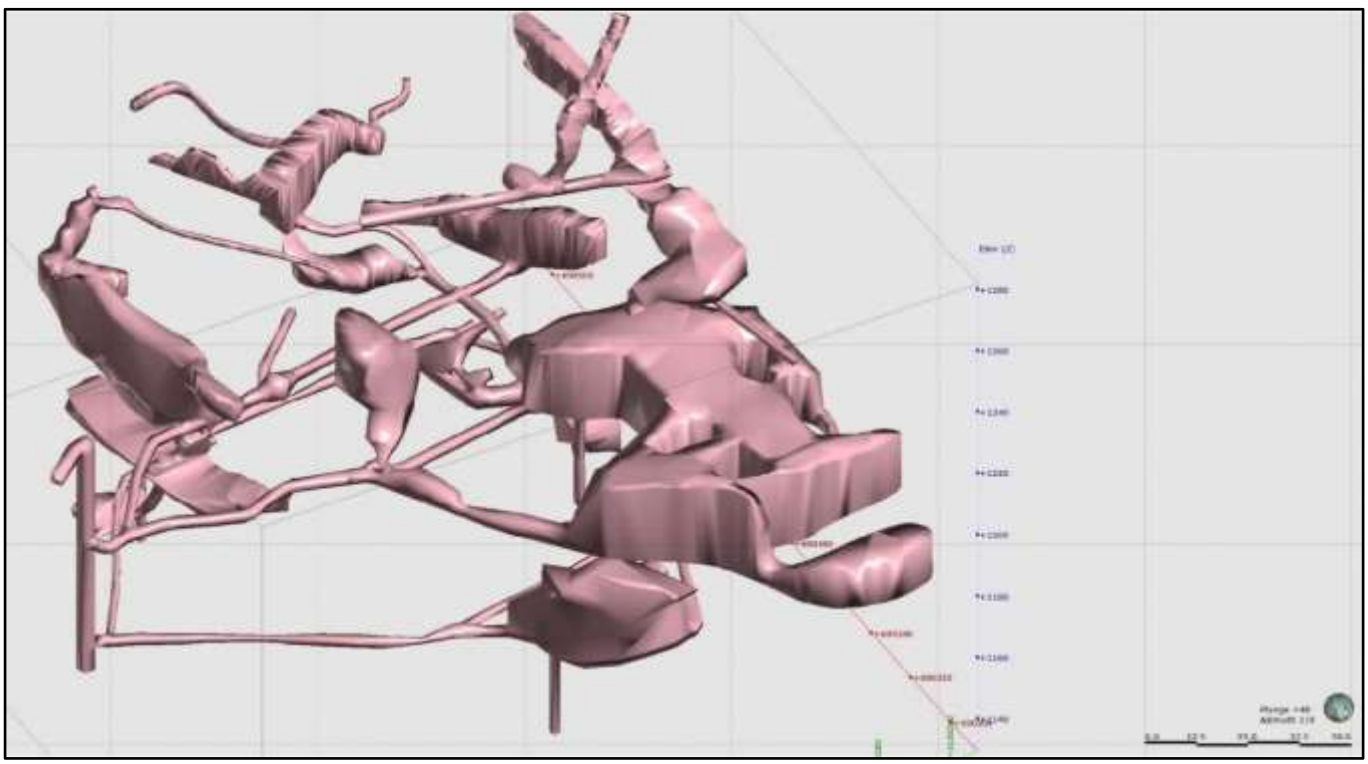

Figure 14-6. Dios Padre underground workings in Leapfrog Geo 3D. Smoothed. Oblique view looking southeast.

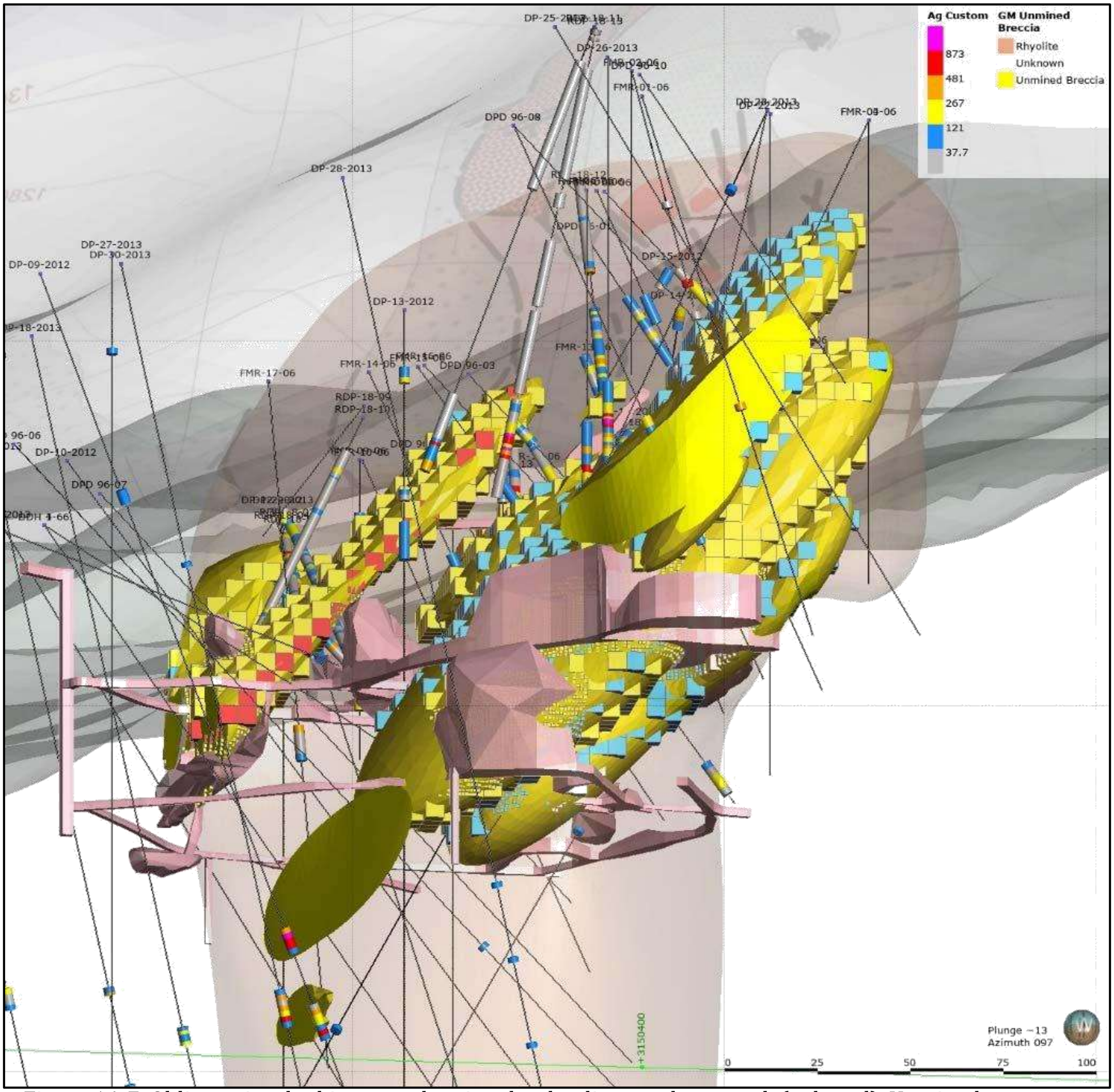

Figure 14-7. Oblique view looking east showing the rhyolite porphyry stock (pale red), Unmined Breccia (UBx) resource domain (yellow), Dios Padre underground workings (pink) and sub-block model. The UBx resource domain is constructed from 200 g/t Ag grade shells on two ENE trends thought to approximate fault-controlled mineralized breccia bodies. It excludes mined-out portions of the deposit and is truncated against the contacts of the RP stock. Note how the resource comprises 2 main lobes: a larger lower one and a smaller richer structurally higher one which is partially exploited by the Santa Fe and Cal y Canto stopes along the north margin of the stock, but is under-explored by drilling on its projection upward to surface.

14.3.3 Data Analyis

Rock Code	Ag Mean	Ag Max	Ag Min	Ag StDev
Unmined Breccia	169.41	676	0	97.70
Rhyolite	79.64	422	0	69.48
All other	43.99	540	0	61.97

Table 14-2. Basic summary statistics. Ag distribution within the modeled solids, un-composited.

14.3.4 Composites

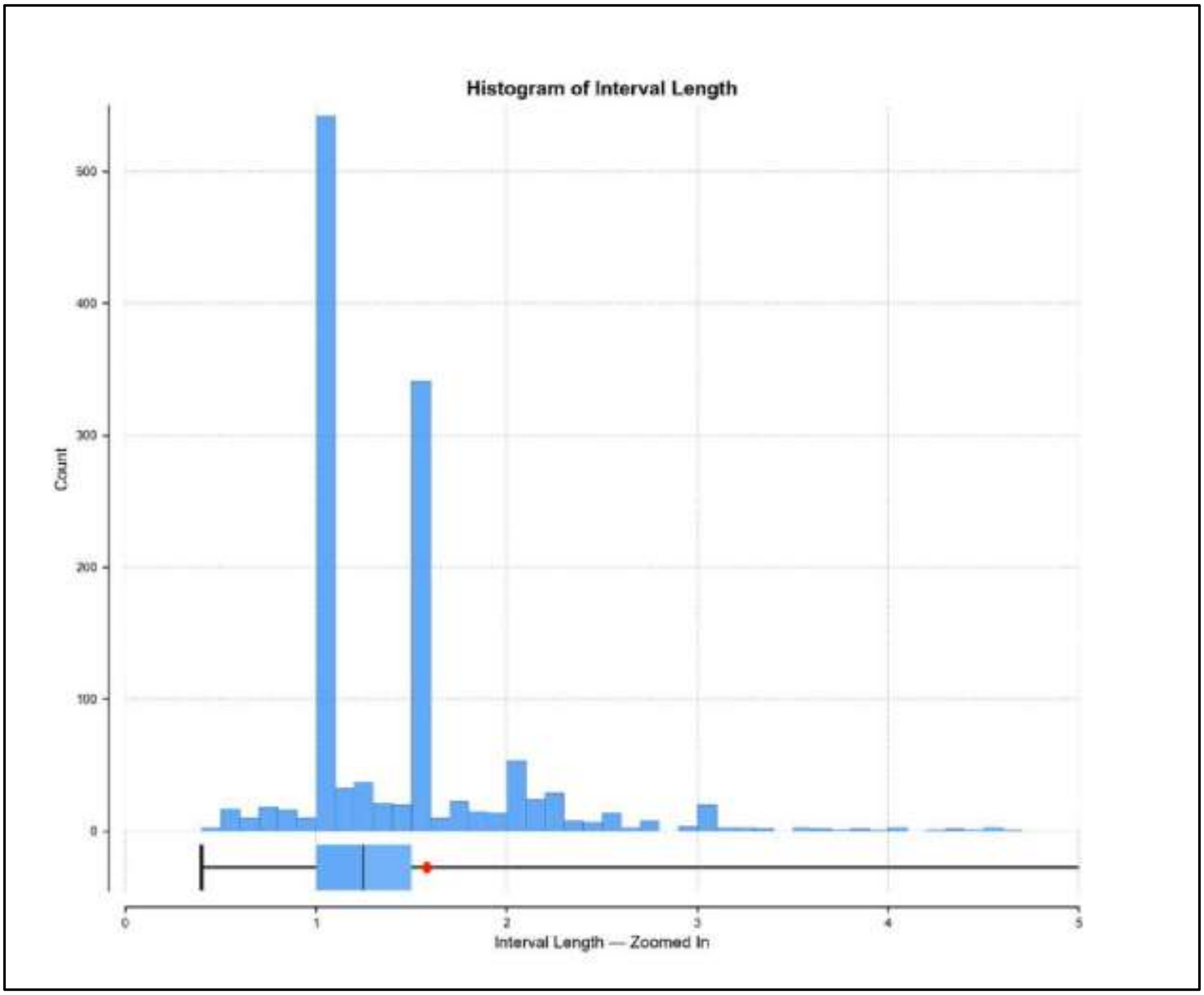

Figure 14-8. Assay Interval Lengths (range below 5 meters interval). 1m, 1.5m and 2m intervals comprise the majority of sample interval lengths.

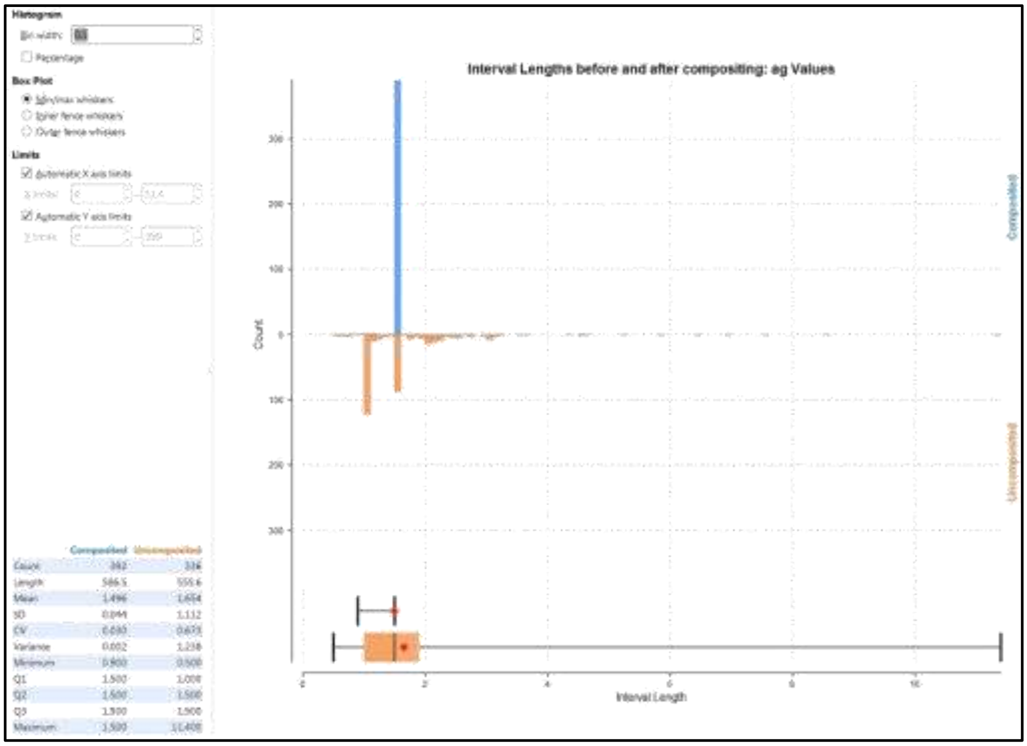

Figure 14-9. Unmined Breccia Ag values for comparison – Assay Interval Lengths vs Composite 1.5-meter Lengths. Mean values between composited and un-composited intervals within acceptable difference.

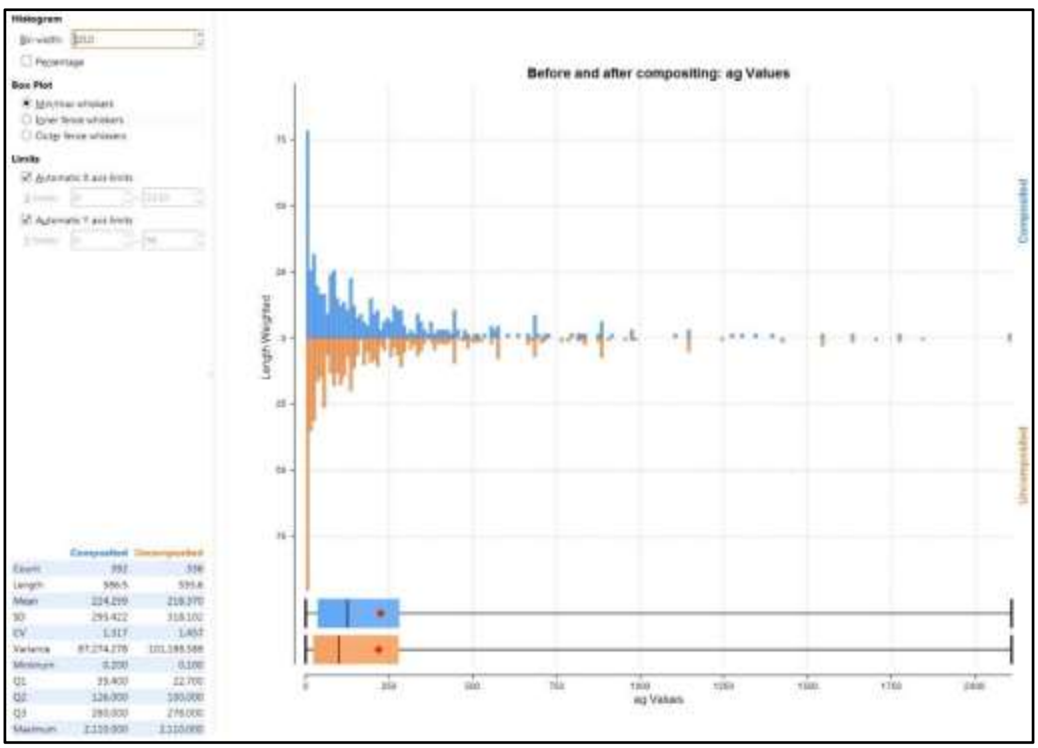

Figure 14-10. Histogram of composited and un-composited Unmined Breccia Ag values. Distribution retains form of un-composited interval lengths.

14.3.5 Ag distribution in the Unmined Breccia

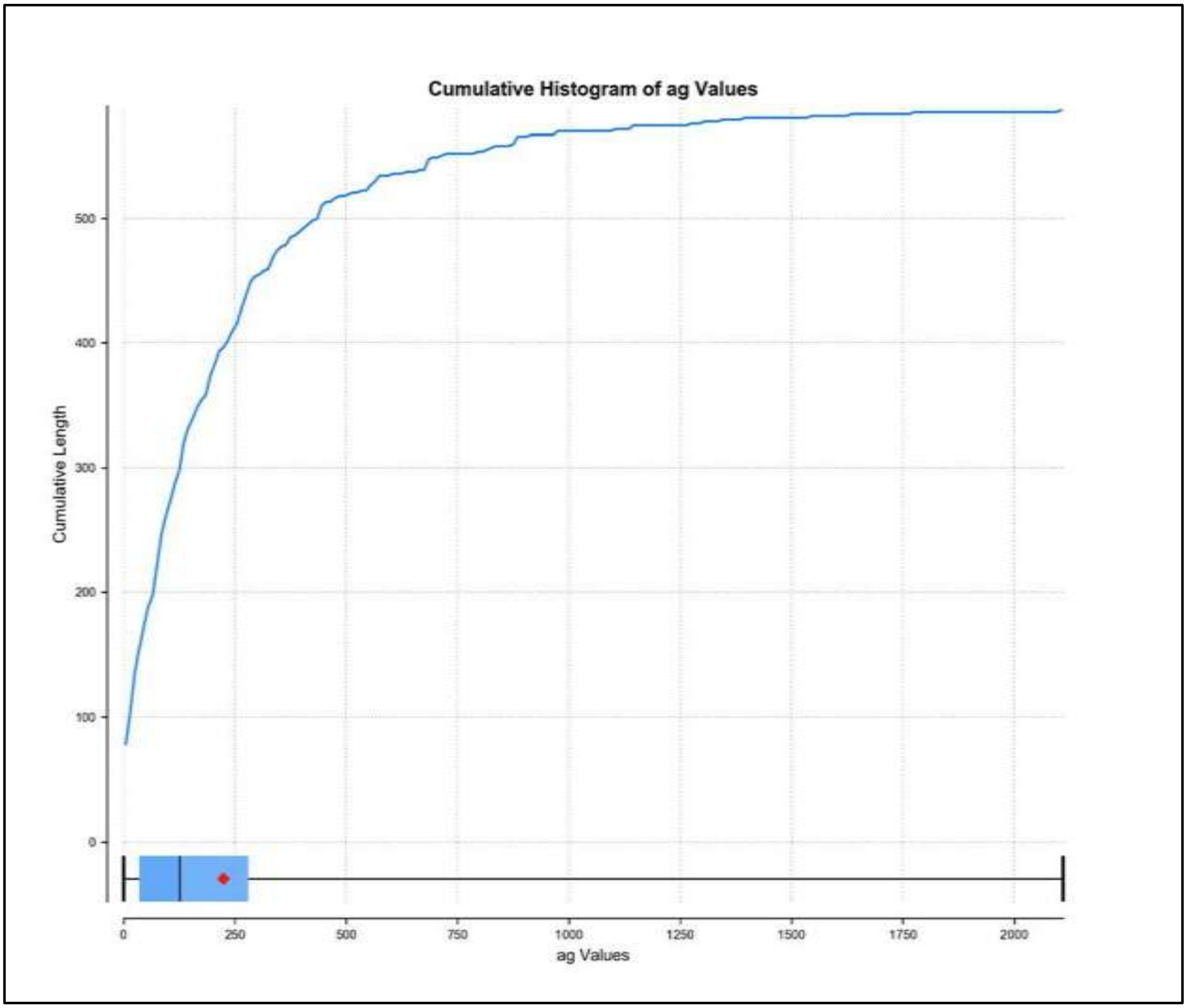

Figure 14-11. Ag cumulative histogram in the Unmined Breccia domain.

The Ag grade distribution as illustrated in Figure 14.11 of the Unmined Breccia exhibits the characteristics of a log normal distribution. It is believed that this does not warrant using log values of Ag in the resource estimation process. After consideration of the impact on uncertainty related to the problem of an exact block transform from log values, the composited, top cut Ag intervals established the basis for informing the block model.

No de-clustering of samples was performed. Visual inspection of section views, and test de-clustering indicate that higher grades encountered in different drill holes often have greater than 25-meter separation (5 blocks of separation).

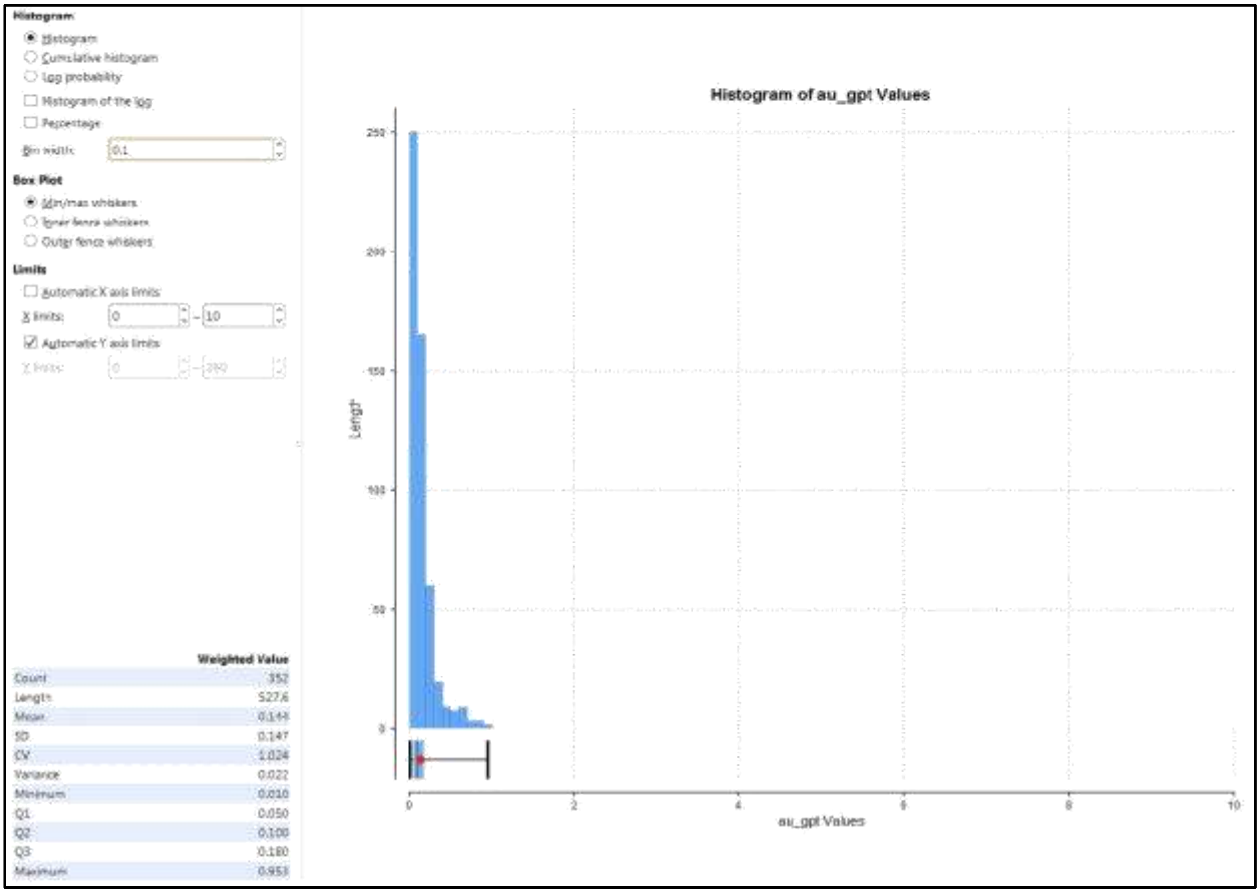

Figure 14-12. Au histogram in the Unmined Breccia domain. This is a strongly positive skew consistent with expected precious metal distributions.

14.4 Outlier Assay Values

Extreme high grades can unduly influence the interpolation process. If deemed excessively high, grades should be set to a maximum cap value. After compositing to a 1.5m interval length the highest-grade Ag interval was 3220 ppm. An appropriate top cut was selected at 1000 g/t Ag and is believed to represent a relatively low risk of undue influence from outlier values based on visual inspection of histograms, and probability plots.

14.5 Specific Gravity

During the 2018 drill program ProDeMin geologists collected 134 samples for density measurements from Regency and historic drill core. Eighteen of the samples were not sampled for Ag. The core selected for density measurements were sourced as follows; a) 27 samples from First Majestic, b) 39 samples from NS Gold/NS Silver, and c) 73 samples from Regency drill holes. Nineteen of these samples were sent to SGS Servicios Minerales (SGS) laboratory in Ciudad Durango (SGS, 2018). Industry standard pycnometer and wax-immersion methods were used for the determination of specific gravity of the samples.

The SGS and ProDeMin methodology for density measurements area described below. Samples are collected of split or unsplit core that has been sawed to about 10-15 cm length giving smooth surfaces. SGS used the wax immersion method for determination of bulk density in their laboratory in Durango, Mexico (SGS method G_PHY17V). The samples are dried at low temperature, and then weighed. The samples are subsequently dipped in wax, applying a thin coating and covering holes or pores. The samples are then weighed while immersed in water. The resulting bulk density is calculated by using the formula:

$$\text{bulk density} = \frac{\text{weight in air}}{(\text{weight in air} - \text{weight in water})}$$

The method used by ProDeMin at the core handling facility was similar, but using plastic wrap instead of wax to coat the sample and prevent water from entering pore space. Generally, about 10-20% of the samples measured in the field are checked at an independent laboratory.

The SGS results as compared to the ProDeMin determination indicated a 0.012 higher value, with plus 0.11 to -0.07 as the range. For values above Ag 40 ppm, SGS samples indicated a 0.014 higher value. The range of samples appears to be representative of rocks in the Dios Padre area. Based on the average value for all samples at 2.47 SG, plus the SGS average difference of + 0.012, a value of 2.48 SG is selected to inform the block model in the resource calculation.

The model uses a value of 2.48 SG for all rock types.

During the 2018 drill program ProDeMin geologists collected 134 samples for density measurements from Regency and historic drill core. Eighteen of the samples were not sampled for Ag. The core selected for density measurements were sourced as follows; a) 27 samples from First Majestic, b) 39 samples from NS Gold/NS Silver, and c) 73 samples from Regency drill holes. Nineteen of these samples were sent to SGS Servicios Minerales (SGS) laboratory in Ciudad Durango (SGS, 2018).

The SGSIndustry standard pycnometer and ProDeMin methodology for density measurements area described below. Samples are collected of split or unsplit core that has been sawed to about 10-15 cm length giving smooth surfaces. SGS used the wax -immersion methodmethods were used for the determination of bulk density in their laboratory in Durango, Mexico (SGS method G_PHY17V). The specific gravity of the samples are dried at low temperature, and then weighed. The samples are subsequently dipped in wax, applying a thin coating and covering holes or pores. The samples are then weighed while immersed in water. The resulting bulk density is calculated by using the formula. Generally about 10-20% of the samples measured in the field are checked at an independent laboratory.

14.6 Variography

The Unmined Breccia experimental variogram model settled upon the search ellipsis at dip azimuth of 340 degrees, dip of -53 degrees, and a pitch of 113 degrees. Silver estimation used a multi-structured variogram model with search ellipses of the spheroidal variogram (ellipsis distances of 20 m maximum, 12 m intermediate, and 3 m minimum) and spherical variogram (ellipsis distances of 60 m maximum, 30 m intermediate, and 6 m minimum).

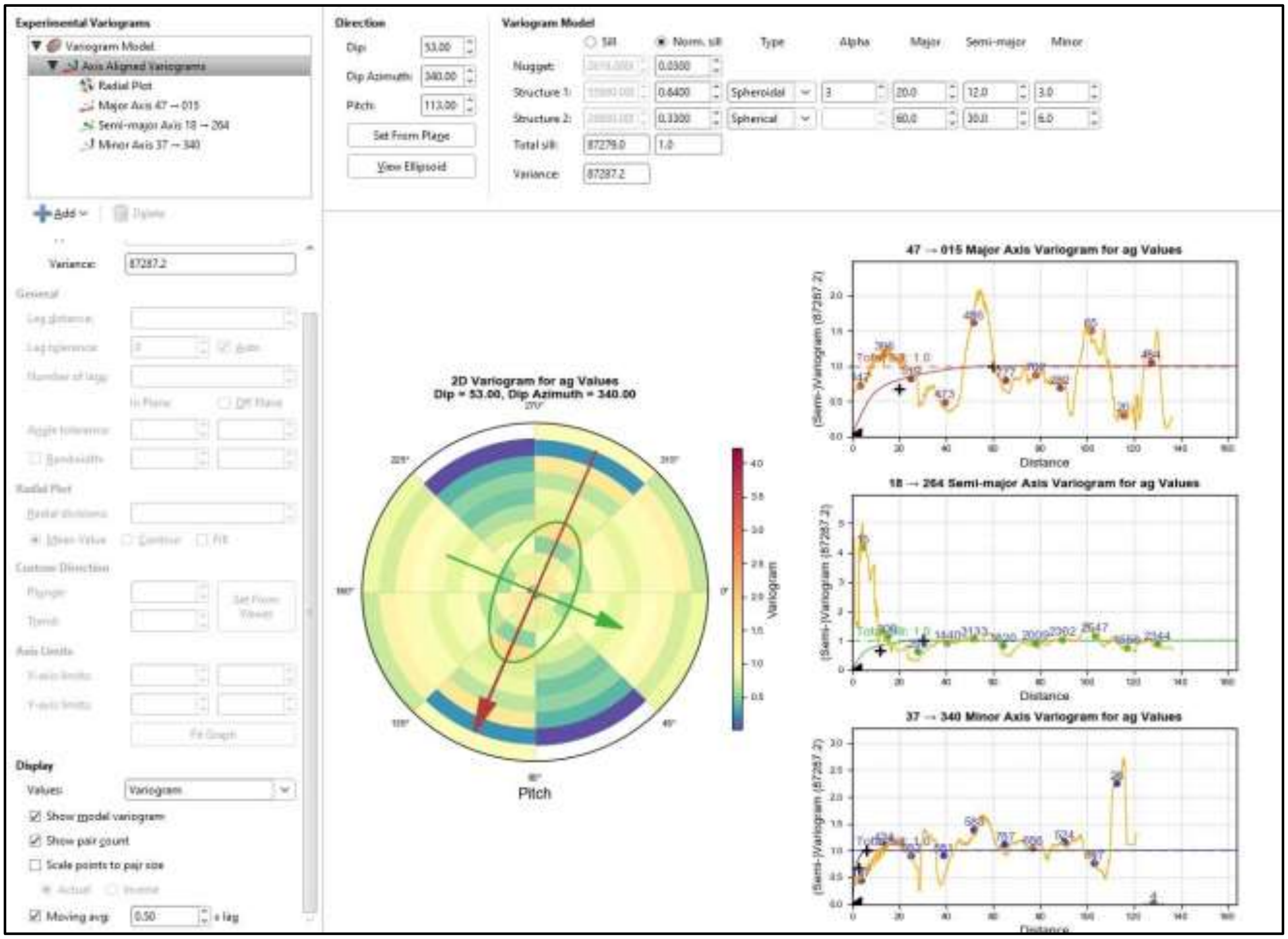

Figure 14-13. Variography of Unmined Breccia, silver.

14.7 Sub-block Model Definition

The sub-block model for this resource estimate is orthogonal, non-rotated and appropriately accommodates the geometry of the mineralization. Drill hole collar spacing varies from 0 (same drill pad), to 10 meters, to over 100 meters apart. The block size was selected at 5 m x 5 m x 5 m and was chosen to reflect good support for an appropriate standard mining unit (SMU). Sub-blocking using a 1m x 1m x 1m sub-block size triggered by the 3D underground manifold surface was employed to improve accuracy of the resource estimate in the immediate vicinity of mine openings and pillars – see Figures 14-14 and 14-15.

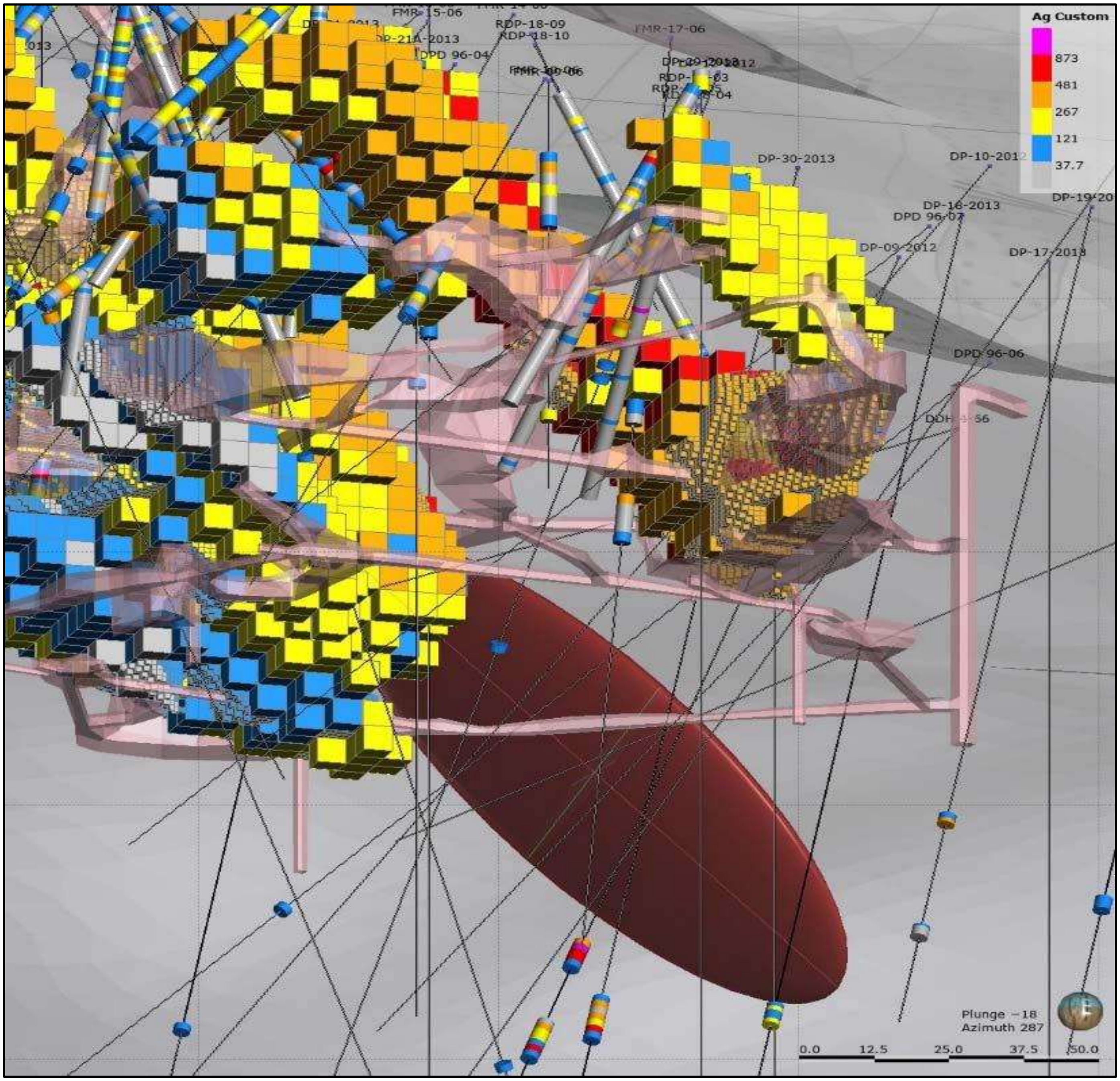

Figure 14-14. Oblique view looking northwest showing the Dios Padre underground workings (pink) and detail of sub-block model. Note automatic reduction in block size to 1m x 1m x 1m near mine openings. The Ag Unmined Breccia (UBx) domain variogram search ellipsoid is illustrated in dark red.

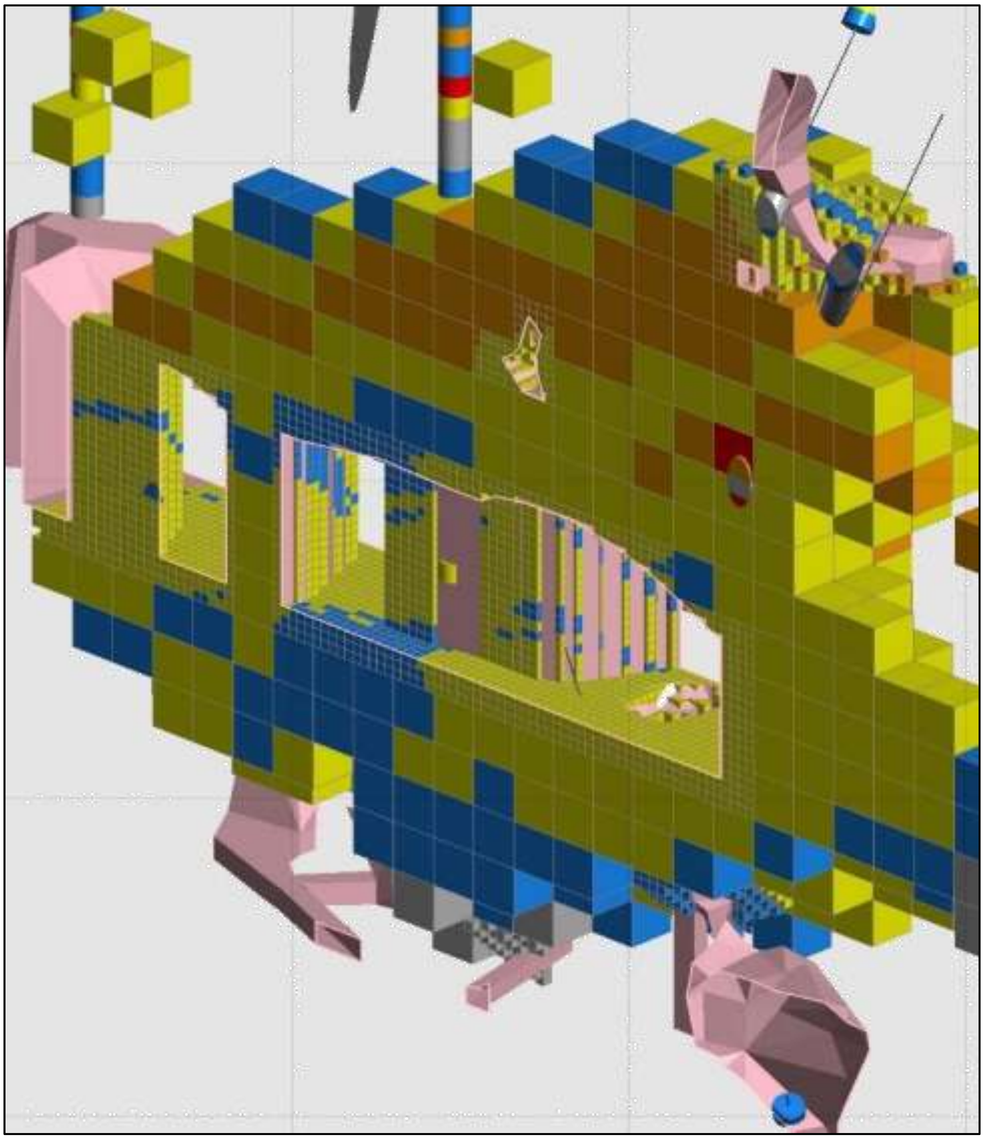

Figure 14-15. Oblique view looking northwest. Vertical east-west cutaway slice 15m (3 blocks) wide through Dios Padre underground workings and pillars (pink) at the Arroyo (1188m) level, showing detail of sub-block model.

14.8 Resource Estimation Methodology

Estimation was conducted on Ag, Au, Cu, Pb, Zn, As, and Sb. Ordinary Kriged (OK), Inverse Distance (ID2.5), Nearest Neighbor (NN), and Radial Basis Function (RBF) methods were evaluated. The ordinary kriging method of informing block grades was selected for Ag and Au. Values for Cu, Pb, and Zn were determined to likely not meet reasonable economic thresholds for reporting. As and Sb were calculated for metallurgical consideration and were determined to be below thresholds likely to cause economic impact.

Silver estimation used a single pass, OK, using a multi-structured variogram model with search ellipses of the spheroidal and spherical variograms, maximum search distance of 60 meters at a dip azimuth of 340 degrees a dip of -53 degrees and a dip pitch of 113 degrees. A minimum of 5 samples and a maximum of 12 samples. Top cut was 1000 ppm Ag.

A soft estimation boundary was used for the Unmined Breccia Ag domain. This set a 2-meter buffer beyond the domain boundary causing composites exterior by 2 meters to be considered to influence the grade determination within the domain.

Gold estimation used a 1.5 composite with a 2-meter soft domain boundary, single pass, OK using a multi-structured variogram model with search ellipses of the spheroidal and spherical variograms, maximum search distance of 60 meters at a dip azimuth of 340 degrees and a dip of -53 degrees. A minimum of 5 samples and a maximum of 12 samples. Top cut was 2 ppm Au.

When estimation occurred that informed a block with negative weights, the value was set to 0, impacting a very small proportion of the blocks.

14.9 Block Model Validation

- Graphical and statistical validation was performed on the block model.

A graphical validation involved examination of section, long section and plan views of the block model grades, block sample counts, drill hole Ag composites, and topography. It was observed that grades of the blocks exhibited reasonableness in relation to nearby composites, that the continuity of block grades match the local grade trends of the composites, all blocks within the mineralized zone have been estimated, that the topography was accounted for, and that extreme high grades have not unduly influenced nearby block grades. Every block grade appeared to reflect the proximate composites and estimation process used to inform. No block gave indication of an inappropriate estimation.

- Statistical validation of the block model.

The nearest neighbor unconstrained estimate may be considered a good representation of the global mean. Summary statistics for composites compared to block model silver grades, for block model estimation methods and swath plots between OK and NN suggest some variation within an acceptable minor bias.

	Mean	SD	CV	Var	Min	Q1	Q2	Q3	Max
UBx composites	224.26	295.42	1.32	87,274	0.20	35.40	126.00	280.00	2110
UBx Block Model	195.02	116.77	0.60	13,635	4.94	122.33	158.44	239.89	806

Table 14-3. Comparison of summary statistics for UBx 1.5 m composites to UBx block model Ag.

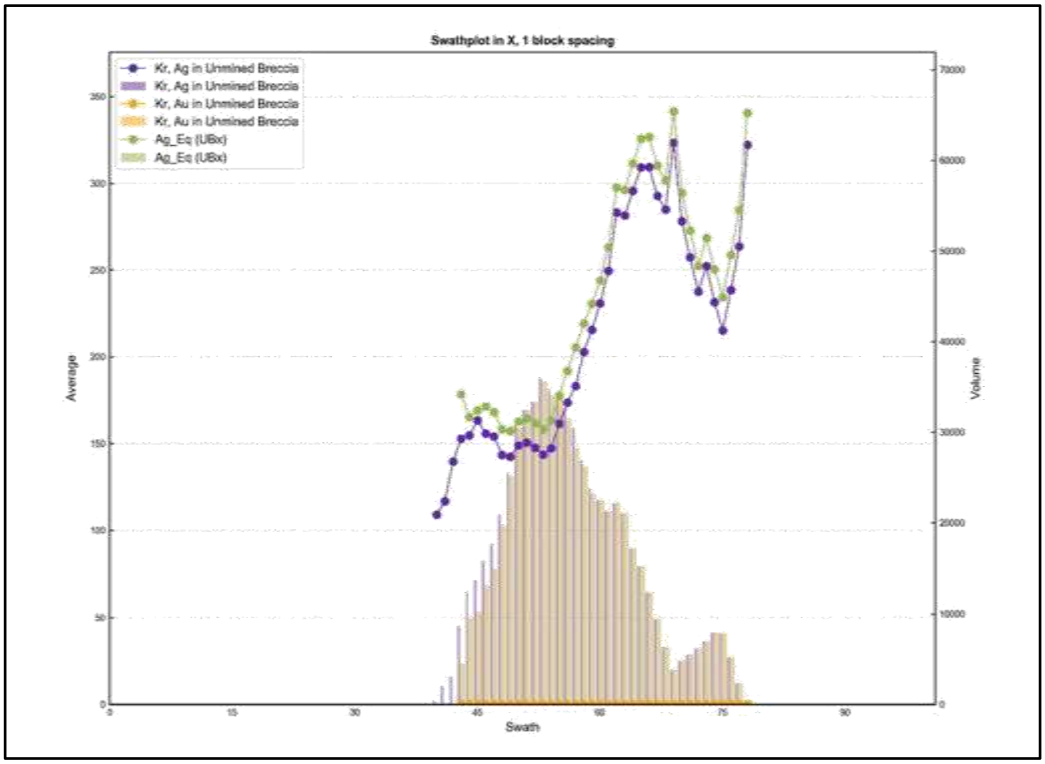

Figure 14-16. Swath plot 1 block spacing X direction UBx Ag OK, Au OK, and Ag_Eq. Volume of blocks informing the calculation represented by vertical bars.

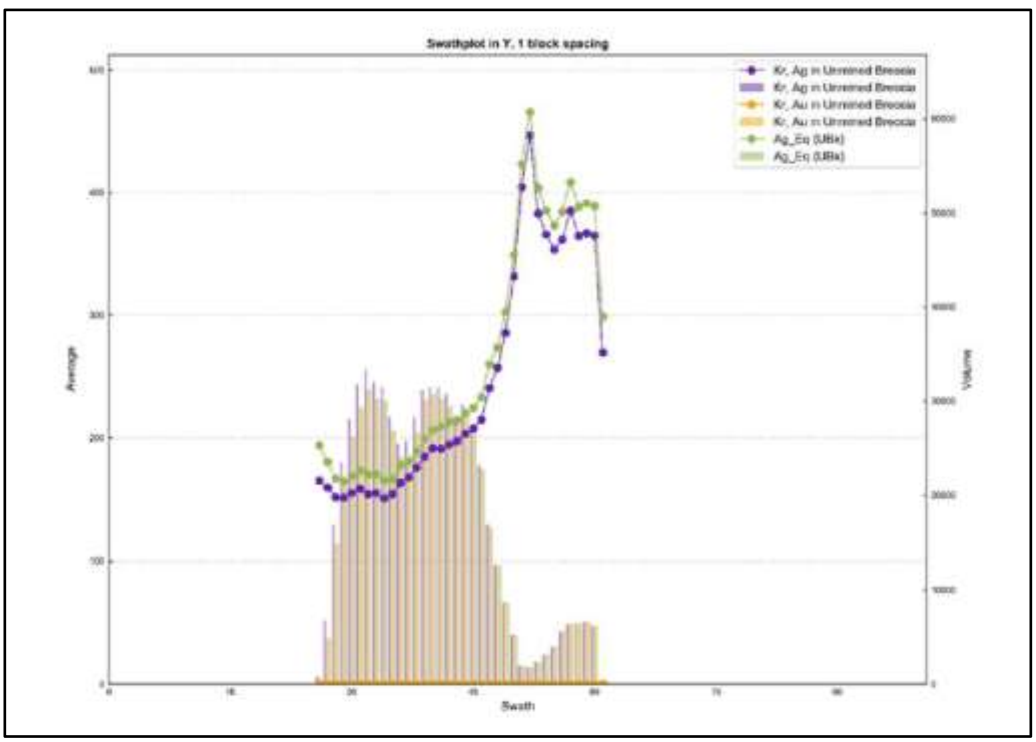

Figure 14-17. Swath plot 1 block spacing Y direction UBx Ag OK, Au OK, and AgEq. Volume of blocks informing the calculation represented by vertical bars.

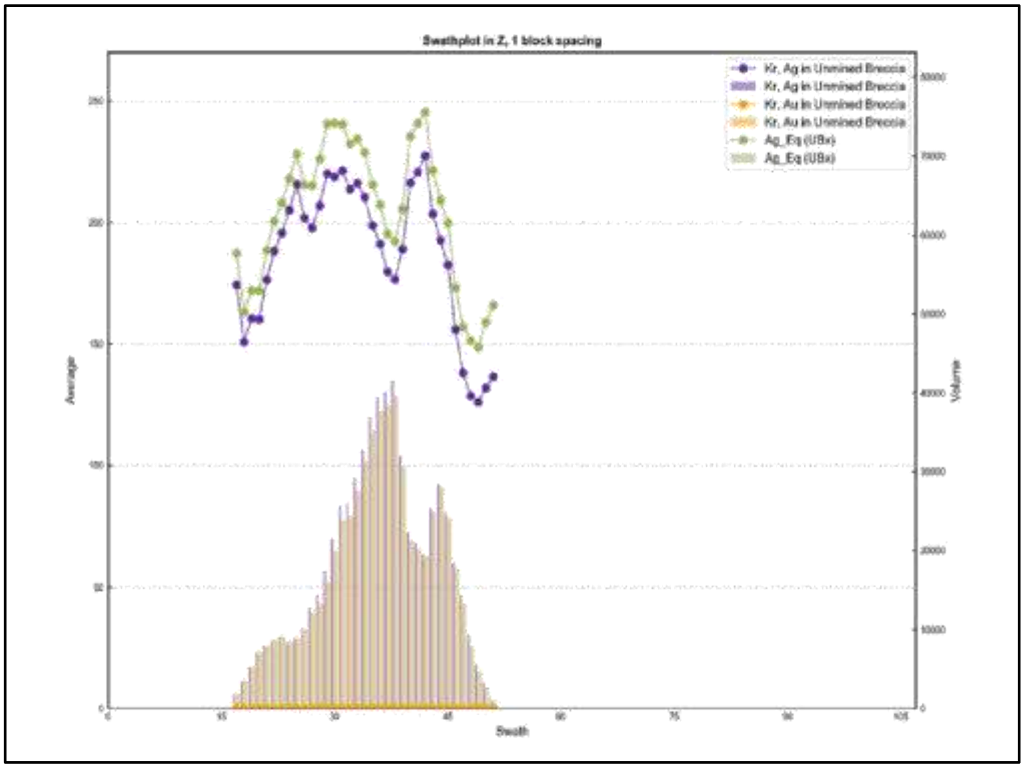

Figure 14-18. Swath plot 1 block spacing Z direction UBx Ag OK, Au OK, and AgEq. Volume of blocks informing the calculation represented by vertical bars.

14.10 Resource Classification

This resource estimation meets the requirements for the INFERRED classification level.

Mineral resource classification is a judgement process subject to industry best practices. Consideration of the degree of accuracy and repeatability of sampling, assaying, logging, and surveying determines the level of confidence that the volumes, grades, and tonnages exist. The degree of geological continuity, and geostatistical analysis, and characterization of stationary domains are as important as the quality of the underlying data. The difference between the levels of mineral classification: Measured, Indicated and Inferred reflect the amount and degree of the data available in that determination. The CIM Definition Standards For Mineral Resources and Mineral Reserves provide the framework for the assignment of confidence, using defined mineral resource and mineral reserve classes, for resource and reserve estimation. This estimate is prepared in accordance with said CIM Definition Standards, which are incorporated by reference into NI 43-101.

Measured

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

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

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

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

Indicated

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics as estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

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

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

Inferred

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

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

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

There may be circumstances, where appropriate sampling, testing, and other measurements are sufficient to demonstrate data integrity, geological and grade/quality continuity of a Measured or Indicated Mineral Resource, however, quality assurance and quality control, or other information may not meet all industry *norms for the disclosure of an Indicated or Measured Mineral Resource. Under these circumstances, it may be reasonable for the Qualified Person to report and Inferred Mineral Resource if the Qualified Person has taken steps to verify the information meets the requirements of an Inferred Mineral Resource.*

14.11 Mineral Resource Statement

The Dios Padre Mineral Resource is envisioned to be extracted using underground mining methods and onsite processing involving a combination of flotation and hydrometallurgical methods.

The Dios Padre Mineral Resource Estimate is as summarized in Table 14-4.

Classification: Inferred
Domain: Unmined Breccia
Density: 2.48 g/cm^3

		Average Grade			*Metal Content*		
Cut-off (AgEq)	**Tonnes**	**AgEq**	**Ag**	**Au**	**AgEq**	**Ag**	**Au**
g/t	Mt	g/t	g/t	g/t	million t.oz	million t.oz	million t.oz
100	1.363	225.79	211.35	0.17	9.893	9.260	0.007
110	1.322	229.49	215.05	0.17	9.755	9.141	0.007
120	**1.249**	**236.18**	**221.70**	**0.17**	**9.483**	**8.902**	**0.007**
130	1.186	242.03	227.52	0.17	9.232	8.679	0.006
140	1.094	250.99	236.47	0.17	8.832	8.321	0.006
150	0.976	263.80	249.21	0.17	8.281	7.823	0.005
160	0.887	274.72	260.07	0.17	7.839	7.421	0.005

Table 14-4. Inferred Mineral Resource Estimate Dios Padre Property for selected cut-off grades. *Note: the formula for silver equivalent used is: AgEq (g/t) =((Ag(g/t)*Ag price*Ag recovery)+ ([Au (g/t)*Au price*Au recovery))/(Ag price*Ag recovery) based on a silver price of US$17.00/oz and a gold price of US$1479/oz, current as at 2019, Julyl0, and assumed metallurgical recoveries of 92% Ag and 91% Au.*

14.12 Economic Assumptions

The effective internal Cut-off grade can be calculated according to the following formula:

AgEq Cut-off Grade = [(US$/tonne marginal costs) x (31.1035 g/Troy oz)] / [(overall recovery) x (US$/Troy oz Ag Price)]

Where marginal costs include the following:

General & Administrative:	US$/tonne processed
Processing:	US$/tonne processed
Total Selling costs:	US$/tonne processed
Total Royalties:	US$/tonne processed (1.5% at Dios Padre)
Total Payables:	US$/tonne processed
Total Marginal Costs:	US$/tonne processed

Comprehensive and reliable data on silver and gold recoveries and marginal cost breakdowns for past production at Dios Padre are not available. However, an estimate of the effective internal Cut-off grade can be obtained by examining production records for other underground Ag-Au mines in Mexico. For example, mineral Reserves for Fortuna Silver's San Jose Mine (located about 1800 km southeast of Dios Padre in the Taviche Mining District, Oaxaca) are estimated using an NSR break-even cut-off grade of US$65.90/t, equivalent to **131 g/t AgEq** based on assumed metal prices of US$18.25/oz Ag and US$1,320/oz Au; estimated metallurgical recovery rates of 92% for Ag and 91% for Au and mining costs of US$31.48/t; processing costs of US$16.55/t; and other costs including distribution, management, community support and general service costs of US$17.91/t based on actual operating costs. Mining recovery is estimated to average 89% and mining dilution 12%. Mineral Resources are estimated at a **100 g/t AgEq** cut-off grade using the same metal prices and metallurgical recoveries as for Mineral Reserves and a mine to mill operating cost of US$52.50/t. Proven and Probable Mineral Reserves include 3.20 Mt containing 26.9 Moz of silver and 164 Koz of gold reported at a **134 g/t AgEq** cut-off grade, in addition to Inferred Resources totaling 1.32 Mt containing 7.1 Moz of silver and 49 Kozs of gold reported at a **100 g/t AgEq** cut-off grade, located in the Taviche Oeste concession and subject to a 2.5 % royalty [information provided by Bruce Bragagnolo 2019, June 19. The San Jose Mine is considered a close analogue to Dios Padre, and is used in this Technical Report as the operation from which to establish the cut-off grade used to determine reasonable prospects for eventual economic extraction at Dios Padre.

15.0 MINERAL RESERVE ESTIMATES

There is no information available on the Dios Padre Property that would allow for estimation of a mineral reserve.

16.0 MINING METHODS

There is no information available on the Dios Padre Property that would allow for a discussion of mining methods.

17.0 RECOVERY METHODS

There is no information available on the Dios Padre Property that would allow for a review of the recovery methods anticipated.

18.0 PROPERTY INFRASTRUCTURE

There is no information available on the Dios Padre Property that would allow for the Property infrastructure to be reviewed.

19.0 MARKET STUDIES AND CONTRACTS

Possible market studies and contracts associated with possible development of the Dios Padre Property are not known.

20.0 ENVIRONMENTAL, PERMITTING, SOCIAL OR COMMUNITY IMPACT

No information is available on the Dios Padre Property to determine environmental, permitting, and social and community impact.

21.0 CAPITAL AND OPERATING COSTS

No information is available on the Dios Padre Property to determine possible capital and operating costs.

22.0 ECONOMIC ANALYSIS

No information is available on the Dios Padre Property to provide an economic analysis.

23.0 ADJACENT PROPERTIES

In April 2015, Compania Minera Oso Blanco S.A. de C.V., a wholly owned subsidiary of NS Silver Inc. held nine concessions comprising approximately 5,658 ha surrounding the Property on the south, east, and west borders. Geologic mapping, sampling, and trenching on these concessions, collectively referred to as the Oso Blanco project began in 2013. As of 2015, no drill operations had been conducted but sample values up to 2,030 g/t Ag and 9.4 g/t Au were reported (NSX Silver, 2015). The current status and ownership of these concessions and any work completed since 2015 is not known. The mineralization described on the Oso Blanco project has not been verified by the authors and is not necessarily indicative of the mineralization on the Property that is the subject of this Technical Report.

24.0 OTHER RELEVANT DATA AND INFORMATION

The authors found no evidence for significant environmental problems, social, or security concerns in the course of this investigation. The Company employs security and social protocols that conform to both Mexican and Canadian laws. The technical programs are supervised by a Qualified Person as defined by NI 43-101.

25.0 INTERPRETATION AND CONCLUSIONS

The Dios Padre Property is located within the western flank of the northern part of the Sierra Madre Occidental (SMO), a major magmatic-volcanic and tectonic feature dominating northern and central Mexico.

The Dios Padre mine and surrounding area is underlain dominantly by andesite, which has been intruded by porphyritic rhyolite, and subordinate, disconformable overlying basalt. Within this environment, Ag mineralization (+/-Au-Ag-Cu-Pb-Zn) is hosted in a phreatic breccia (or hydrothermal breccia) body. As presently defined by drill holes, and underground workings, the dimensions of the Dios Padre mineralized stock (or the Dios Padre breccia) are believed to be approximately 300 m long by 115 m wide, with a depth of at least 200 m aligned along a N70°E trend.

The morphology of the Dios Padre breccia is complex with an irregular shape and multiple interpenetrations, which form finger-like contacts. At least two and probably more stages of brecciation related to pre-, -syn, and post mineral faulting are evident. At least two episodes of sulfide mineralization occurred, consisting of coarse freibergite, pyrargyrite, native silver, argentite, galena, tetrahedrite, sphalerite, chalcopyrite with quartz, pyrite, calcite, and especially common, barite gangue.

A total of 10,415.2 meters of drilling in 66 drill holes comprise the data set for modeling and mineral estimation. From this data, an **Inferred Mineral Resource** estimate which is compliant with National Instrument 43-101 and CIM standards includes the following estimate (Table 25.1).

Classification	Inferred
Cutoff Grade g/t AgEq	120
Tonnes	1,249,000
Est. Silver Grade g/t Ag	221.70
Est. Gold Grade g/t Au	0.17
Contained Silver Troy ozs	8,902,000
Contained Gold Troy ozs	6,757

Table 25-1. Inferred Mineral Resource Estimate Dios Padre Property.

The uncertain morphology and poorly-constrained fault controls to the Dios Padre mineralized breccia provide opportunity and risk. Both internal (in-fill) potential is indicated as well as deep mineralization intercepted (e.g. drill holes beneath all working levels in previous drill campaigns). For example, NS Silver/NS Gold drill hole DP-26-2013 intercepted 41 m (91.3 to 132.3) grading 400.1 g/t Ag near the bottom of the hole at 134.6 and Regency in-fill hole RDP-18-13 near the central part of the Dios Padre breccia body which penetrated 15.4 m grading 452.2 g Ag/t from 104.9 to 120.3 m just off the hole bottom at 131.2 m. The erratic nature of the breccia hosted mineralization both in morphology and grade implies that continuity is uncertain both laterally and at depth.

26.0 RECOMMENDATIONS

The Regency drill campaign described within this Technical Report partially delineated significant silver (and +/- gold) mineralization and further drilling is warranted.

The next phase of drilling should focus on two high-priority target areas:

<u>Target I</u>

In the Dios Padre mine vicinity with the purpose of expanding the rich, but poorly explored (and unmined) north plume of the established resource upward toward the ground surface in the area of known Ag mineralized showings in the stripped portion of the deposit – see Figure 26-1.

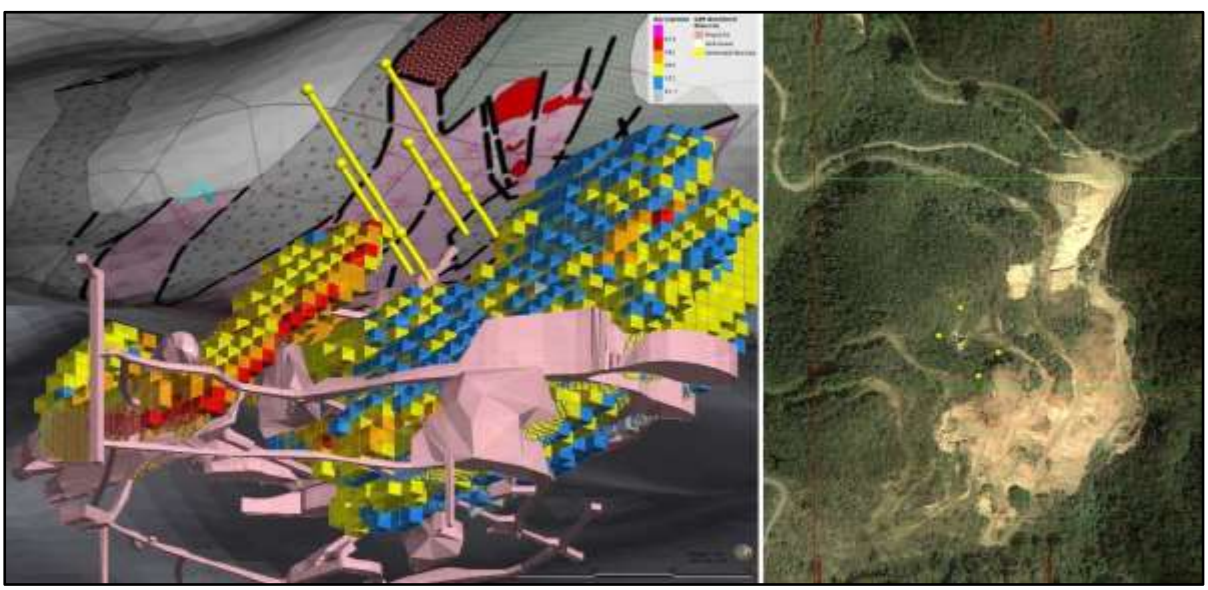

Figure 26-1. Target I. Proposed drill holes (in yellow). Left panel shows the north plume of the Dios Padre resource projecting upward toward Ag mineralized showings on surface. Right panel shows location of proposed drill collars north of the disturbed/stripped portion of the deposit.

This cost-effective drill program in four (4) shallow holes, totals just 156m – see Table 26-1.

Hole	Easting (m)	Northing (m)	Elev. (m)	Azimuth	Dip	Depth(m)
1	690405	3150307	1308	172°	-45°	18
2	690418	3150325	1300	172°	-45°	26
3	690380	3150337	1322	172°	-45°	52
4	690394	3150357	1312	172°	-45°	60
Total						156 m

Table 26-1. Target I. Proposed drill holes.

Trenching and sawn channel sampling is also recommended in the area of the surface Ag mineralization. Results of the drilling and trenching will be added to the digital database and used to recalculate and potentially enlarge the Dios Padre mineral resource estimate.

Target II

Up to six (6) drill holes are recommended to test the prominent IP chargeability anomaly located 550 m north of the Dios Padre deposit – see Figures 26-2 and 26-3. One (or two) initial holes will determine the cause of the IP response. Subsequent drilling will be contingent on success from the initial holes. As much as 1520m (Table 26-2) of drilling is conditionally proposed.

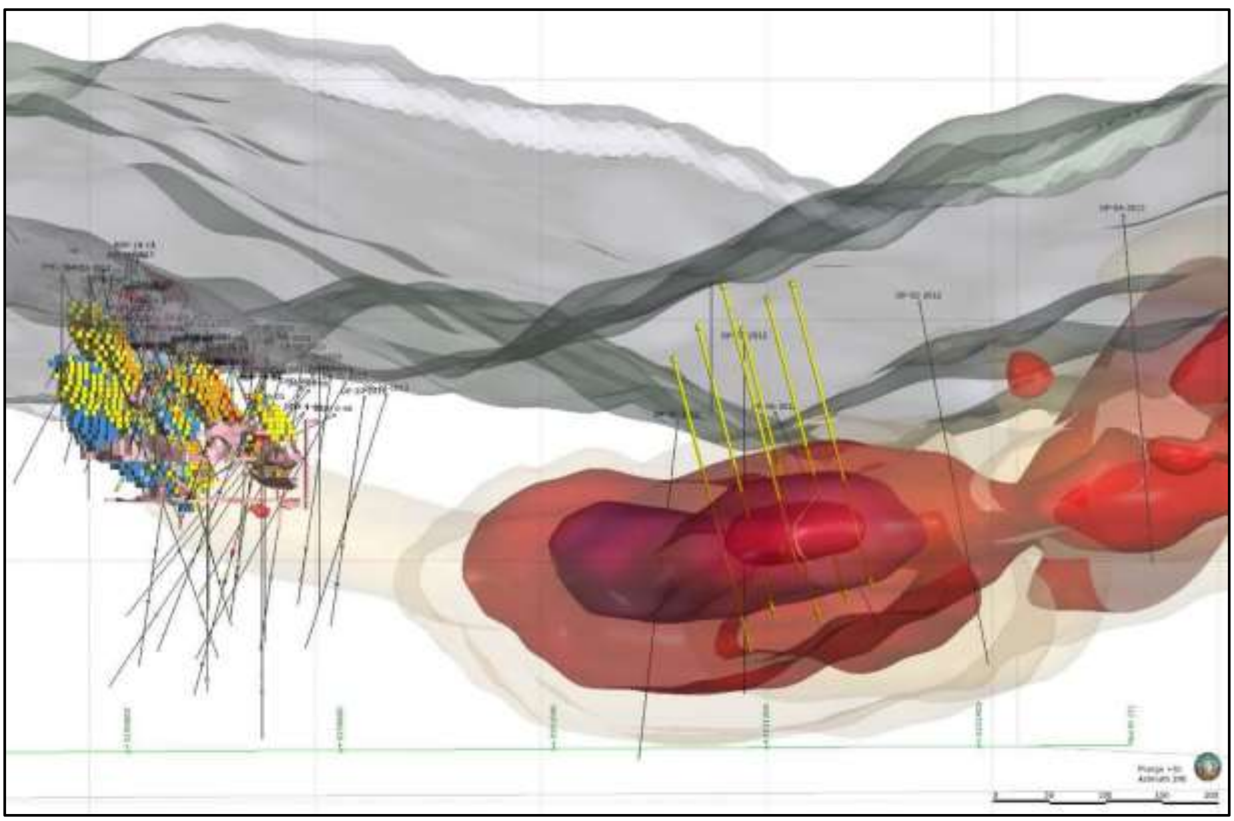

Figure 26-2. Target II. Sectional view toward the west, with the Dios Padre deposit, underground workings and block model visible on the left, and the IP chargeability response at depth on the right. Proposed drill holes (in yellow) will target the center of the IP anomaly 150-200m below surface.

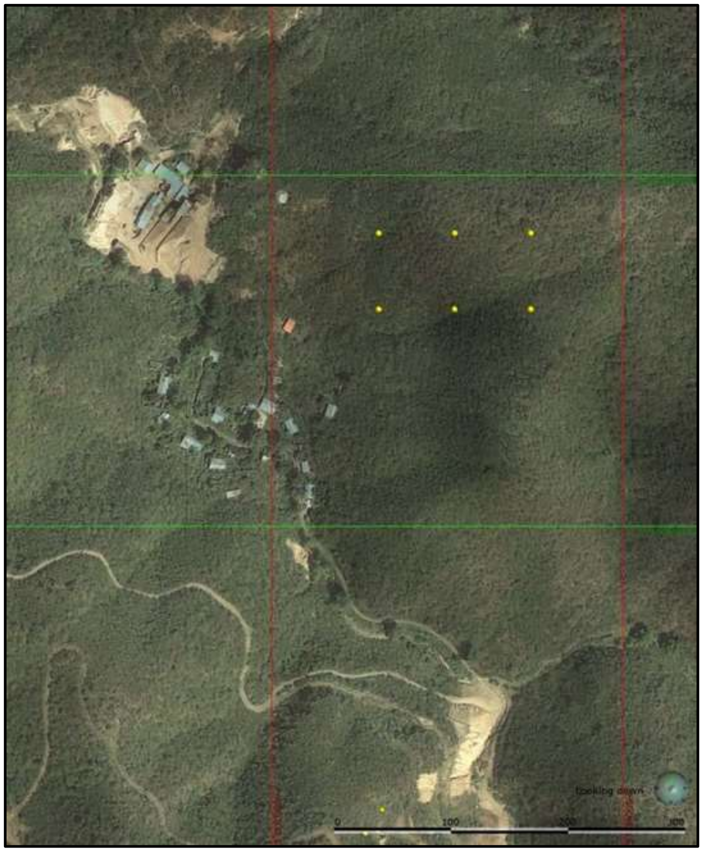

Figure 26-3. Target II. Proposed drill holes (in yellow). The holes are located on the hillside east of the Dios Padre mill complex.

Hole	Easting (m)	Northing (m)	Elev. (m)	Azimuth	Dip	Depth(m)
1	690391	3150850	1293	340°	-70°	250
2	690456	3150850	1320	340°	-70°	260
3	690521	3150850	1333	340°	-70°	260
4	690391	3150785	1269	340°	-70°	250
5	690456	3150785	1297	340°	-70°	250
6	690521	3150785	1332	340°	-70°	250
TOTAL						**1520 m**

Table 26-2. Target II. Proposed drill holes.

26.1 Budget

The budget proposed in Table 26.3 outlines the next phase of drilling (Phase 1) at the Dios Padre Property and is based on the drilling of up to 6 core holes to a maximum depth of 260 m on the IP (Induced Polarization)/Resistivity anomaly to the north and four shallower core holes to a maximum depth of 60 m near the Dios Padre Mine. The total cost of this program is estimated to be USD$500,000 including assays and contingency for additional drill holes, if warranted.

Item	Units	US $
Drilling	1,676m @ $150/m	252,000
Down hole optical viewer - rental		3,000
Dozer		2,000
Water		1,400
supplies, local labor, etc.		10,000
Local lodging + meals		4,000
Transport		2,000
Assays, including transport	1,500 @ $40/sample	60,000
Geologic services		50,000
Environmental permit		3,700
Supervision, data base, reporting QP		25,000
Administrative support		2,000
Contingency for additional drill holes (if warranted)		$85,000
	Total	**$500,000**

Table 26-3. Phase 1 proposed drill budget.

Future drill phases are anticipated but are contingent on positive results from the Phase 1 drill program.

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