Geology of the Morelos Skarn-Hosted Gold-Copper-Silver Deposits, Guerrero State, Mexico

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For additional information, please see the technical reports entitled “Morelos Gold Project, 43-101 Technical Report Feasibility Study, Guerrero, Mexico”, dated effective September 4, 2012 (the “Feasibility Study”) and “Media Luna Gold–Copper Project, Guerrero State, Mexico NI 43-101 Technical Report”, dated effective September 13, 2013 (the “Media Luna Report”). The technical information contained in this presentation is based upon the information contained in the Feasibility Study and Media Luna Report, prepared by or under the supervision of the authors of the Feasibility Study and Media Luna Report, who are each qualified persons for the purposes of National Instrument 43-101.
The Geology of the Morelos Skarn-Hosted Gold and Gold-Copper-Silver Deposits

- Introduction
- Regional Geologic Setting
- District Geology
- Alteration and mineralization
- El Limón-Guajes Deposit
- Media Luna Deposit
- Morelos Summary
Introduction - Project Location
Looking south from the town of Nuevo Balsas at the El Limón-Guajes deposit (outlined) with Media Luna ridge in the background
Introduction - Project History

Pre-1998  Morelos Mineral Reserve (Mexican government)
1998     Teck acquired area and commenced exploration
2000-2001 El Limón deposit discovered
2001-2002 Guajes East & West deposits discovered
2009     Torex acquired project
2012 (June) El Limón-Guajes Resource: 5.43 million oz. Au (4.81 M M&I)
2012 (March) Media Luna deposit discovered
2013 (Sept) Media Luna Maiden Inferred Resource (5.84 M oz. Au eq.)
## Mineral Resources

### El Limón – Guajes Deposit*

<table>
<thead>
<tr>
<th>Resource category</th>
<th>Tonnes (M t)</th>
<th>Au Grade (g/t)</th>
<th>Au (M oz)</th>
<th>Ag Grade (g/t)</th>
<th>Ag (M oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;I</td>
<td>55.2</td>
<td>2.79</td>
<td>4.95</td>
<td>4.71</td>
<td>8.36</td>
</tr>
<tr>
<td>Inferred</td>
<td>9.2</td>
<td>1.95</td>
<td>0.58</td>
<td>3.9</td>
<td>1.14</td>
</tr>
</tbody>
</table>

* Mineral Resources are reported above 0.5 g/t Au cut-off grade

### Media Luna Deposit**

<table>
<thead>
<tr>
<th>Resource category</th>
<th>Tonnes (M t)</th>
<th>AuEq Grade (g/t)</th>
<th>AuEq (M oz)</th>
<th>Au Grade (g/t)</th>
<th>Au (M oz)</th>
<th>Ag Grade (g/t)</th>
<th>Ag (M oz)</th>
<th>Cu Grade (%)</th>
<th>Cu (M lb)</th>
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<tr>
<td>Inferred</td>
<td>39.9</td>
<td>4.55</td>
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<td>2.63</td>
<td>3.38</td>
<td>24.46</td>
<td>31.39</td>
<td>0.97</td>
<td>852.48</td>
</tr>
</tbody>
</table>

* NI 43-101 Mineral Resources as per Press Release of 10th September 2014
** NI 43-101 Mineral Resources as per Press Release of 15th September 2013
Regional Geologic Setting

Map showing the regional geologic setting with various geological features and mineral occurrences marked. The map includes labels for locations such as Ana Raula, El Limon-Guajes, Media Luna, Los Filos, and El Bermejal. The legend on the right details different geological formations and mineral occurrences.
District Geology – Geologic Map
District Geology - Stratigraphy

- Cretaceous Mezcala Fm: thin bedded shale, siltstone and sandstone
- Cretaceous Cuautla Fm: thin bedded limestone and siltstone
- Cretaceous Morelos Fm: limestone

- Hornfels in Mezcala fm. at El Limón
- Cuautla fm. limestone
- Morelos fm. limestone
District Geology - Intrusions

- **Limon granodiorite (pre-skarn)**
- **FGB Fine-grained biotite-rich andesite (pre-skarn)**
- **FP Feldspar porphyry (pre-skarn)**
- **FBHQ Feldspar-biotite-hornblende-quartz porphyry (syn-skarn)**
- **FBP Feldspar-biotite porphyry (syn- to post-skarn)**
- **QFHP Quartz-feldspar-hornblende porphyry (post-skarn)**

Scale: 4 cm
District Geology - Intrusions

Relative age of intrusions

- **granodiorite [66.9 – 65.6 Ma]**
  - More skarn altered
  - FGB

- **FP [66.3 – 65.9 Ma]**
  - Pre-skarn

- **FBHQ [65.7 – 63.9 Ma]**
  - Syn-skarn

- **QFHP [65.3 – 64.9 Ma]**
  - Post-skarn

- **FBP1 [65.9 Ma]**
  - Older

- **FBP [64.7 Ma]**
  - Less skarn altered

- **FGB**
  - Younger
Alteration at Morelos - Skarn

Skarn mineral zonation is present in both the intrusive and sedimentary rocks – an example from El Limón.
El Limón-Guajes Deposit

- Reserves: 48.8 MT @ 2.61 g/t Au
- Mill gold recovery: 87.4%
- Average annual production: 358 Koz (max: 464 Koz)
- LOM strip ratio (waste: ore): 5.6:1
- Capex (up to commercial production): $725 M
El Limón-Guajes Resources

El Limón – Guajes Deposit

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</tr>
<tr>
<td>Inferred</td>
<td>9.2</td>
<td>1.95</td>
<td>0.56</td>
<td>3.86</td>
<td>1.14</td>
</tr>
</tbody>
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Mineral Resources are reported above 0.5 g/t Au cut-off grade

And as per Press Release of 10th September 2014
El Limón-Guajes Geology

Section 421190E

Guajes

El Limón

Section 1990145N

Morelos lithology
- Quaternary
- Broccia
- Skarn
- QFHP
- FBP
- FBHQ
- FP
- Granodiorite
- Mezcal fm. - hornfels
- Mezcal fm. - shale/ss
- Morelos fm. - marble/imst
- Fault - inferred

Pit outline Feasibility Study 24 Aug 2012
El Limón Cross Section 1990145N

Geologic units

- QFHP
- FBHQ
- Exoskarn
- Endoskarn
- Feldspar Porphyry
- Granodiorite
- Mezcala fm - hornfels
- Morelos fm - marble
Mineralization at El Limon - high grade gold

TMP-1259
244.9-246.9m
74.0 g/t Au
5 g/t Ag

TMP-1307
21.0-23.2m
84.9 g/t Au
37 g/t Ag
Mineralization at Guajes - high grade gold

T10-099C
57.9-60.9m
53.7 g/t Au
25 g/t Ag

TMP-1049
122.5-125.5m
39.1 g/t Au
11  g/t Ag
Media Luna Deposit

Los Filos pit (Goldcorp)

Ridge above Media Luna

Front side of Media Luna looking SW; Site of ML-02 Discovery hole

Back side of Media Luna; View from El Limón, looking SE
### Media Luna Inferred Resource

#### Media Luna Deposit

<table>
<thead>
<tr>
<th>Resource category</th>
<th>Tonnes (M t)</th>
<th>Au Eq. Grade (g/t)</th>
<th>Au Eq. (M oz)</th>
<th>Au Grade (g/t)</th>
<th>Au (M oz)</th>
<th>Ag Grade (g/t)</th>
<th>Ag (M oz)</th>
<th>Cu Grade (%)</th>
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<td>24.46</td>
<td>31.39</td>
<td>0.97</td>
<td>852.48</td>
</tr>
</tbody>
</table>

Mineral Resources are reported above 2.0 g/t Au Eq. cut-off grade

NI 43-101 Mineral Resources as per Press Release of 16th September 2013
Media Luna Deposit

El Limón-Guajes deposit

Media Luna deposit
Media Luna – Cross Section Looking NW

[Graph showing geological units with labels: Quaternary cover, QFHP, Massive sulfide/oxide, Exoskarn, Endoskarn, FBHQ, FGB, Granodiorite, Mezcala Fm, Morelos Fm. The graph includes elevation and horizontal scales.]
Mineralization at Media Luna - high grade gold and copper

NEZML-22
451.44-453.47 m
23.1 g/t Au
9.4% Cu

WZML-47
806.9-808.13 m
25.3 g/t Au
8.0% Cu
Mineralization at Media Luna - high grade gold and copper

ML-20
333.6-335.1m
33.5 g/t Au
14.0 % Cu

NEZML-12
415.3-416.1m
87.1 g/t Au
8.3% Cu
Media Luna – 3D view looking north

- Massif sulfide/oxide
- Exoskarn
- Endoskarn
- Granodiorite

Topography along section
Seventeen historic reverse-circulation holes completed in 3 phases during 2001-2004 with the aim of testing the Geochem anomalies and the strong magnetic anomaly with inconclusive results.

Several zones of anomalous geochemistry, especially gold, copper, bismuth, zinc and arsenic, were identified on surface.
Media Luna - Geochemistry & Magnetics

Historic Rock Geochemistry
Au ppb
- < 100
- 100 - 300
- 300 - 1000
- > 1000

Geology
- Qal
- Qche
- FeOx
- Bx
- FBHQ
- Hf
- Sk
- Gdi1
- Mezcala
- Mb/Cza

Historic RC drill hole collar

RCML-11
ML-02

500 Meters
Media Luna Discovery

Media Luna NE-SW Cross Section
1985105N

ML-02 discovery intersection
15.8m at 3.10 g/t Au eq.
Media Luna – 2013 Magnetics

Media Luna - Resource Area and Magnetic Anomalies

Todos Santos
Area: 107 Ha

Media Luna West - Media Luna NW
Area: 263 Ha

MEDIA LUNA RESOURCE AREA
Area: 150 Ha

Media Luna
Area: 260 Ha

Legend
- DDH Inf. Resource
- DDH Exploration
- Geological cross section
- Road
- 2013 - Magnetics
- Media Luna resource area
Residual magnetic - RTP
High Pass Filter 3 Km (nTesla)
High
Low
# Gold Skarn Size Comparison

<table>
<thead>
<tr>
<th>District</th>
<th>Location</th>
<th>Gold (M oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morelos</td>
<td>Mexico</td>
<td>8.81</td>
</tr>
<tr>
<td>El Limon-Guajes</td>
<td></td>
<td>5.43</td>
</tr>
<tr>
<td>Media Luna</td>
<td></td>
<td>3.38</td>
</tr>
<tr>
<td>Los Filos (skarn)</td>
<td>Mexico</td>
<td>4.3 (?)</td>
</tr>
<tr>
<td>Hedley</td>
<td>Canada</td>
<td>3.8</td>
</tr>
<tr>
<td>Nambija</td>
<td>Ecuador</td>
<td>2.7 (?)</td>
</tr>
<tr>
<td>Rio Narcea</td>
<td>Spain</td>
<td>2.4</td>
</tr>
<tr>
<td>Fortitude</td>
<td>USA</td>
<td>2.3</td>
</tr>
<tr>
<td>Kettle River</td>
<td>USA</td>
<td>2.1 (?)</td>
</tr>
</tbody>
</table>
# Copper (Gold) Skarn Size Comparison

<table>
<thead>
<tr>
<th>Deposit</th>
<th>Location</th>
<th>Tonnes (M t)</th>
<th>Gold Grade (g/t)</th>
<th>Silver Grade (g/t)</th>
<th>Copper Grade (%)</th>
<th>Gold (t)</th>
<th>Copper (M t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kucing Liar</td>
<td>Irian Jaya</td>
<td>420</td>
<td>1.09</td>
<td>7.01</td>
<td>1.23</td>
<td>458</td>
<td>5.17</td>
</tr>
<tr>
<td>Big Gossan</td>
<td>Irian Jaya</td>
<td>56</td>
<td>0.97</td>
<td>13.45</td>
<td>2.18</td>
<td>54</td>
<td>1.22</td>
</tr>
<tr>
<td>Tintaya</td>
<td>Peru</td>
<td>88</td>
<td>0.18</td>
<td>n/a</td>
<td>1.17</td>
<td>15.8</td>
<td>1.03</td>
</tr>
<tr>
<td>Ertsberg</td>
<td>Irian Jaya</td>
<td>32.6</td>
<td>0.8</td>
<td>9.1</td>
<td>2.30</td>
<td>22</td>
<td>0.75</td>
</tr>
<tr>
<td>Bingham (skarn)</td>
<td>USA</td>
<td>20</td>
<td>1.62</td>
<td>n/a</td>
<td>3.65</td>
<td>32</td>
<td>0.73</td>
</tr>
<tr>
<td>Media Luna</td>
<td>Mexico</td>
<td>39.9</td>
<td>2.63</td>
<td>24.5</td>
<td>0.97</td>
<td>105</td>
<td>0.39</td>
</tr>
<tr>
<td>Ok Tedi (skarn-1988)</td>
<td>PNG</td>
<td>28.9</td>
<td>1.58</td>
<td>n/a</td>
<td>1.25</td>
<td>44</td>
<td>0.36</td>
</tr>
<tr>
<td>Cadia (skarn)</td>
<td>Australia</td>
<td>50.3</td>
<td>0.37</td>
<td>n/a</td>
<td>0.40</td>
<td>18.5</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Resource figures from Jowitt et al., 2013
Morelos Project - Summary

• The majority of gold, copper and silver Mineralization is hosted in pyroxene-garnet ± magnetite exoskarn along the contact of Paleocene granodiorite with Cretaceous sedimentary rock

• Both exoskarn and endoskarn are extensively developed. Mineralization is dominantly hosted in exoskarn

• Porphyritic felsic dikes and sills intrude sedimentary rocks and granodiorite. These intrusions are both pre- and post-skarn alteration

• There is a clear association of gold, copper and silver with retrograde amphibole, phlogopite, chlorite, calcite ± quartz ± epidote alteration of exoskarn

• Sulphidation of skarn assemblages is closely related to retrograde alteration and is more extensively developed at Media Luna than at El Limón-Guajes

• Nearly 9 M oz of gold, 41 M oz of silver and 400 K t of copper have been discovered to date and several high-quality exploration targets have yet to be tested