

GEOLOGY AND SAMPLING REPORT  
SAN FELIX PROJECT  
MUNICIPIO DE CABORCA, SONORA MEXICO

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**Mexus Enterprises**  
S. A. DE C. V.



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## I.- LOCATION AND ACCESS

The San Félix Project is located in the North west portion of the Sonora state and is part of the Desert Gold Province, with La Herradura, Dipolos, La Choya, El Chanate, El Antimonio, Sierra Pinta, Tajitos, represent a segment of the regional mineral trend.

The geographical coordinates 341725 E, 3387165 N (Datum WGS84, Zone 12), represent the location of San Félix Pit. El Alamo Range is the most important geographical feature in the area and the Project is located in the SW.

Starting from Hermosillo, the access is by the paved route that connect with Nogales, until Santa Ana (Km168) where is necessary to continue toward west for 106 km to Caborca City, from here continuing by the route to Puerto Peñasco 60 km arriving to the town Comisaría Plutarco Elías Calles known as "La Y Griega" where driving 10 km by the route to El Desemboque and the last paved detour toward south connect with La Alameda Village ( 4.5 km). Finally a 21 km dirty route toward SE, communicates with San Félix area.

Total timing from Hermosillo is about 4 hours and from Caborca 1.5 hours.

## II.- LEGAL STATUS

The interest for the area has been increased during de last months and is confirmed by the presence of 3 main competitors for the ground:

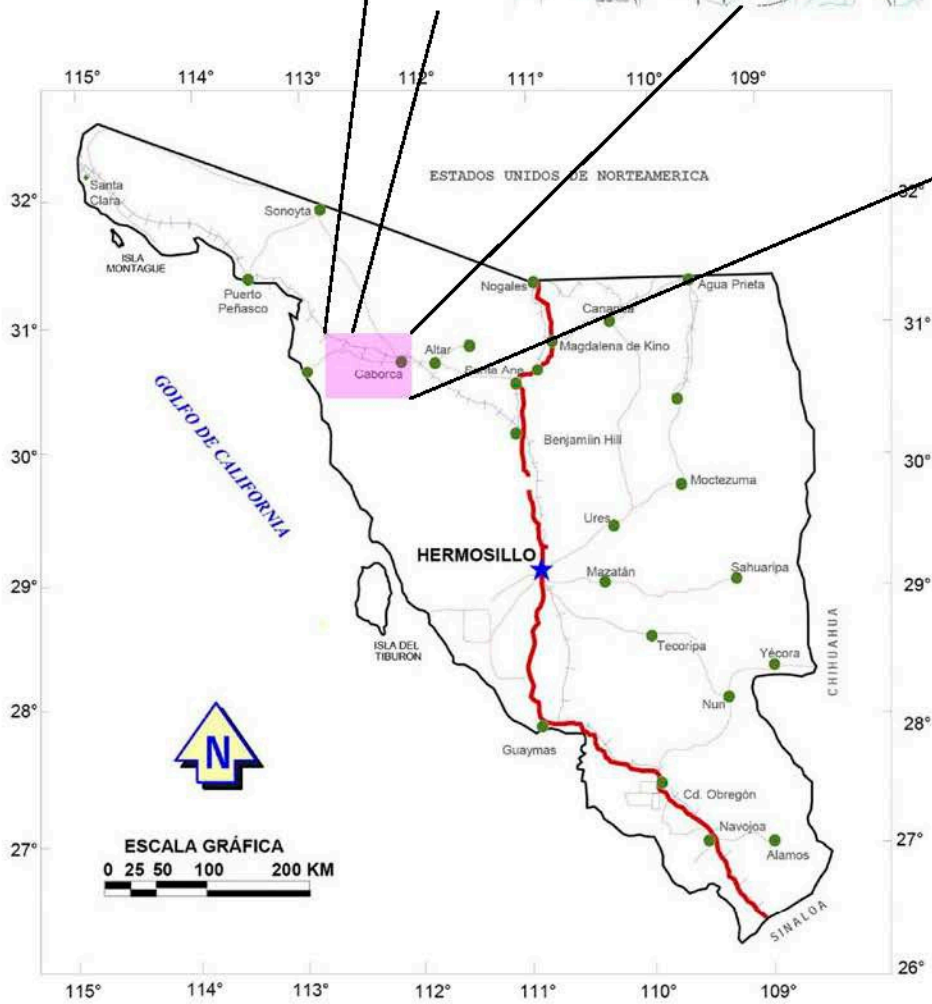
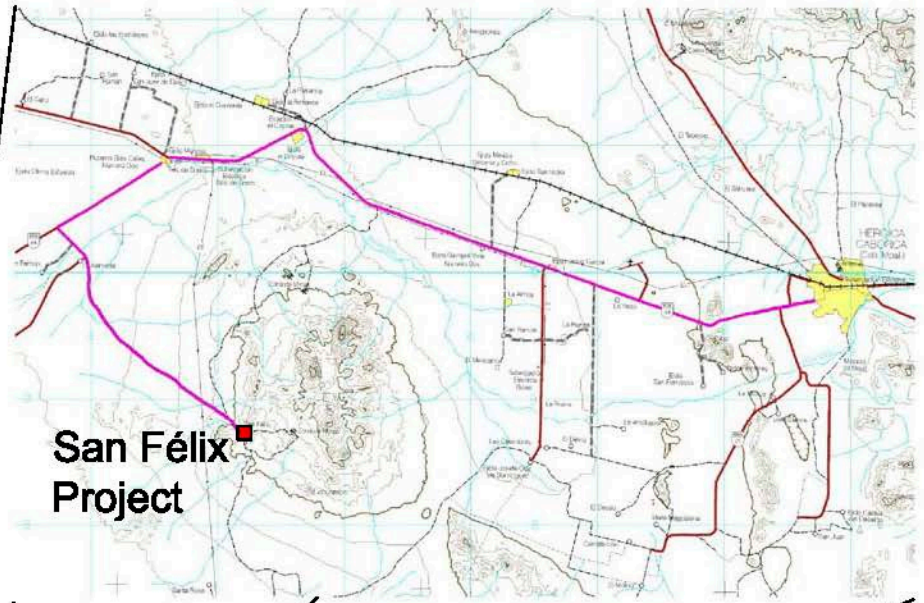
- Sundance Minerals with the subsidiary Minera Teocuitla S.A. de C.V.
- Mexichem Fluor S.A. de C.V.
- Riverside Resources Mexico S.A. de C.V.

The core of claims in the central part of the district is controlled by Mexus Gold Enterprises through right cessions contracts with the owners.

The corresponding Mining Agency to follow up the paper work of all the claims is in Hermosillo.

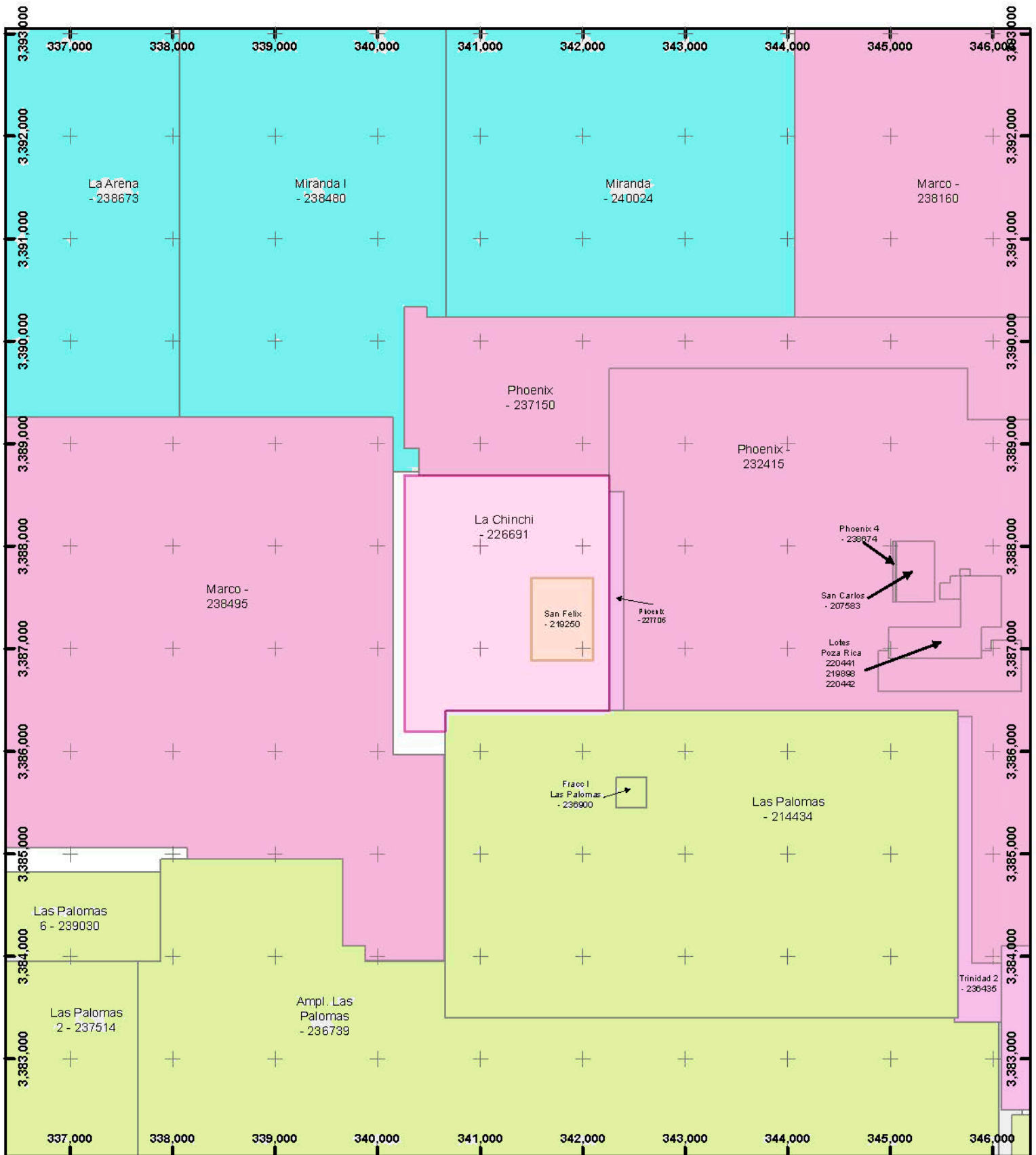
The mining activities at San Félix mine, are done in the claims San Félix and La Chinchi and the consolidation of the district is represented with the contracts with Mr. Marco Antonio Martínez Mora, adding the Marco and Phoenix claims with 3592.62, 4693.32 and 1498.13 has. The claims San Carlos and Phoenix 4 are under control with contracts with Mr Leopoldo Felix Badilla.

The Poza Rica claims of Alma Rosa Muñoz Gallardo and Phoenix claims of TMXI Resources, S.A. de C.V. are under negotiations. (Attached map and list for more detail).



**SAN FELIX PROJECT**  
**Map Location**  
**Caborca, Sonora, Mexico**



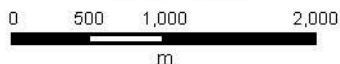


# CLAIM MAP OF SAN FELIX PROJECT, SHOWING THE MAIN COMPETITORS AND THE RECOMMENDED PROGRAM TO CONSOLIDATE THE DISTRICT

## Explicación

- San Felix - 219250
- La Chinchí - 226691
- Lotes Grupo a Consolidar
- Lotes Mexichem
- Lotes Sundance Minerals

Escala 1 : 50000



Coordinate System: WGS 1984 UTM Zone 12N Carta Inegi H12-A64 y H12-A65

Nota: La cartografía minera fue tomada de la carta H12A65 y se ajusto en relación al Lote de "La Chinchí" del cual se tiene las coordenadas exactas en base al título 226691.



## Claims in San Felix Area

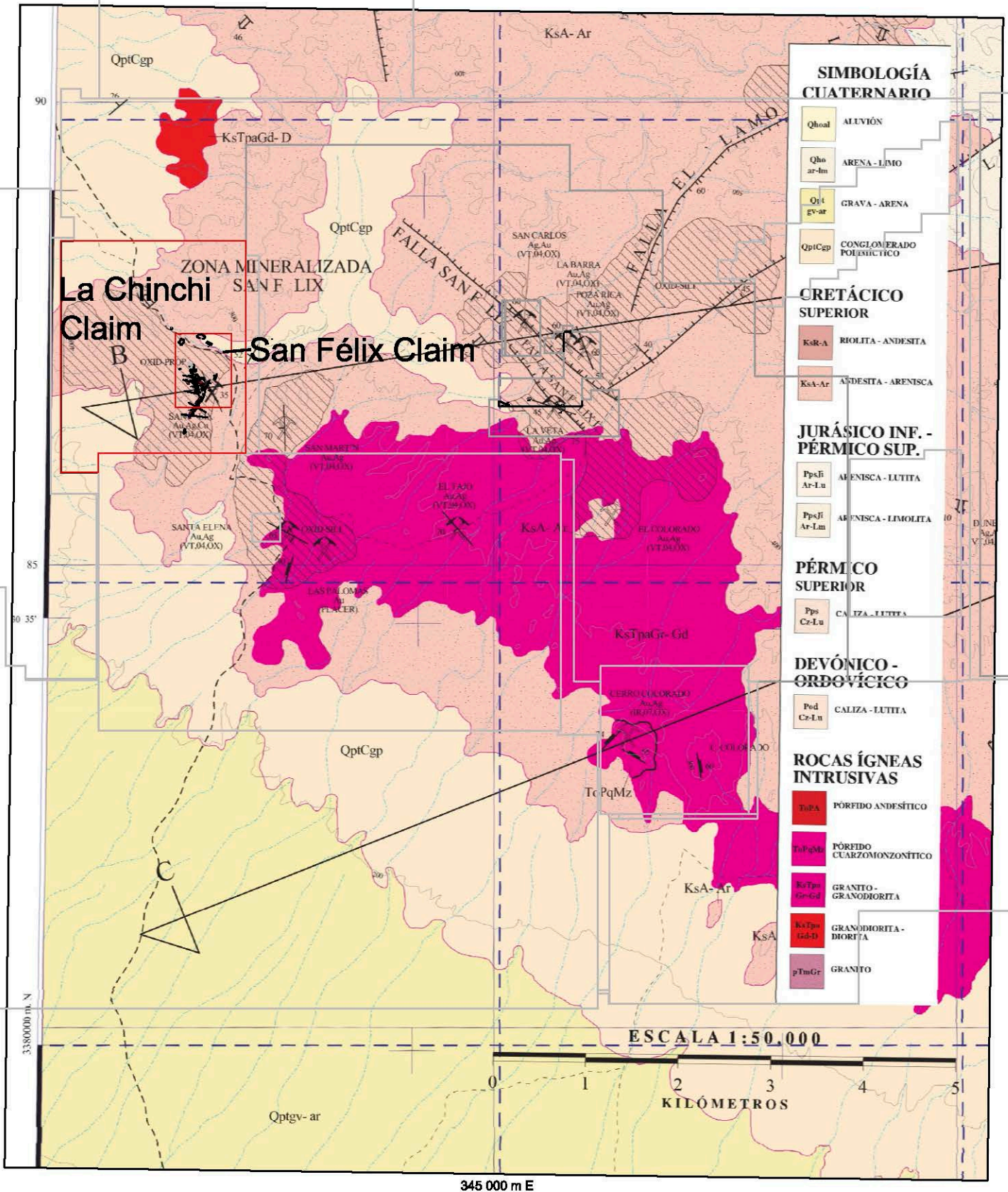
Claim	Owner	Title	Surface (has)
La Chinchi	TRINIDAD PACIFICA, S. DE R.L. DE C.V.	226691	411.83
San Felix	Leopoldo Felix Badilla	219250	48.00
Trinidad 2	TRINIDAD PACIFICA, S. DE R.L. DE C.V.	236435	58.51
San Carlos	Leopoldo Felix Badilla	207583	22.20
Phoenix 4	Leopoldo Felix Badilla	238674	1.80
Marco	Marco Antonio Martinez Mora	238160	3,592.62
Marco	Marco Antonio Martinez Mora	238495	4,693.32
Phoenix	Marco Antonio Martinez Mora	237150	1,498.13
Poza Rica	Alma Rosa Muñoz Gallardo	220441	4.76
Poza Rica	Alma Rosa Muñoz Gallardo	219898	47.00
Poza Rica	Alma Rosa Muñoz Gallardo	220442	52.62
Phoenix	TMXI RESOURCES, S.A. DE C.V.	232415	2,260.55
Phoenix	TMXI RESOURCES, S.A. DE C.V.	227706	31.12
Ampl. Las Palomas	MEXICHEM FLUOR, S.A. DE C.V.	236739	2,864.98
Fracc I Las Palomas	MEXICHEM FLUOR, S.A. DE C.V.	236900	9.00
Las Palomas	MEXICHEM FLUOR, S.A. DE C.V.	214434	1,491.00
Las Palomas 2	MEXICHEM FLUOR, S.A. DE C.V.	237514	15,725.95
Las Palomas 6	MEXICHEM FLUOR, S.A. DE C.V.	239030	893.02
La Arena	MINERA TEOCUITLA, S.A. DE C.V.	238673	9,138.21
Miranda	MINERA TEOCUITLA, S.A. DE C.V.	240024	4,552.01
Miranda I	MINERA TEOCUITLA, S.A. DE C.V.	238480	2,266.29

### III.- LOCAL GEOLOGY.

**Andesite.** The main outcrops of rocks are represented by a volcanosedimentary sequence of Cretacic age, andesites with interbedding of sandstone, minor siltstone and siliceous sediments. Andesite presents several textural variations from aphanitic to porphyritic and a regional low grade metamorphism (silicification, chloritization and minor and local epidotization), in general color is dark green. The sequence is tilted aprox 40 degrees toward west.

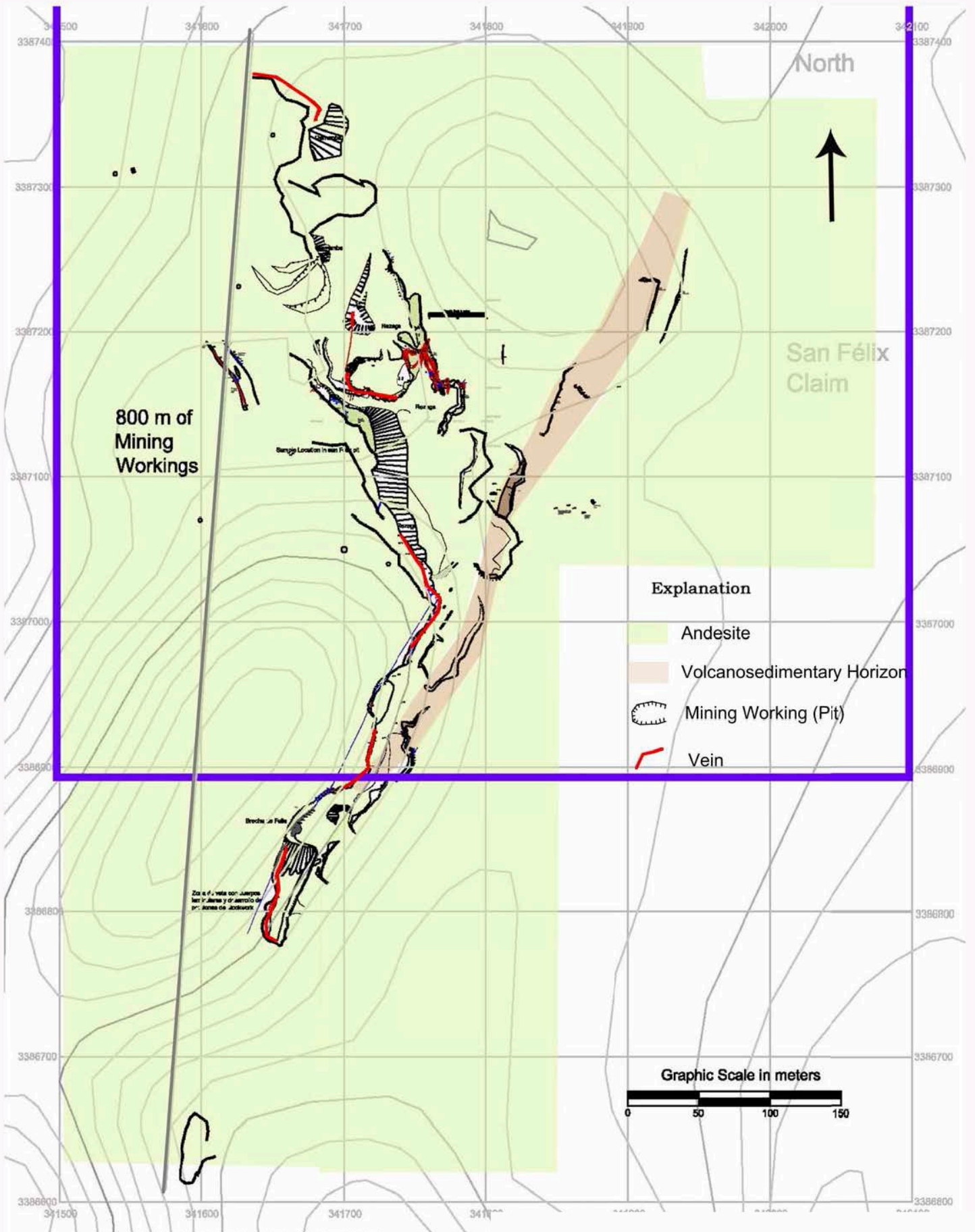
**Granite.** From the SE corner of San Félix Claim, toward SE an 1 km the granitic outcrops start, representing the transition between the moderate level topography and low level terrane. The rock is a clear biotite granite with variations to granodiorite, in exposed cuts along the wash, some low angle structures with possible mineralization (they are in Mexichem ground) are altering this intrusive, a Laramidic age (Cretacic – Tertiary) is suggested.

**Polimictic Conglomerate.** An N20E oriented graben has been filled with gravel of different composition and poorly cemented with sand and clays, is important to consider that Las Palomas is a Placer Gold deposit and this type of conglomerates can contain more extended free gold eroded from upper levels of mineral deposits of this area.



**SAN FELIX PROJECT**  
**Geologic map of San Félix District (from SGM)**  
**Caborca, Sonora, México**





**SAN FELIX PROJECT**  
**Simplified Geologic Map**  
 Showing mining workings along the SF Vein

**Mexus Enterprises**  
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**Caborca, Sonora, México**



**Alluvion.-** Recent eroded materials cover many of the flat terranes mainly toward south and in the small valleys of streams.

#### IV.- MINERAL DEPOSITS

In the area as a District, there are several historic mining workings that confirm an extended mineral system in this region, some of them are known as: San Martín, Santa Elena, Las Palomas, El Colorado, Cerro Colorado, San Carlos, La Barra, Poza Rica and Veta Amarilla, the considered most important are located in the calims controlled by Mexus. Mineralized area is distributed in aprox 4 x 4 km zone.

The San Félix Vein is a low angle vein that develops quartz stockwork zones with an argillic alteration halo in the footwall portion increasing the Au Ag values in thickness of 8 to 10 meters , the known mineral manifestations along this structure can be detected in a distance of 800 meters. Due the strong fracturing asociated, breccia development is suggested the model of Detachment fault to explain mineralization in this area and the strong structural preparation.

The physical characteristics of mineralized intervals are very similar to those located in the northern edge of El Alamo range in El Antimonio area where the geochemical signature of mineralized zones show an association of Au, Ag with As, Sb, Mn and discrete anomalies of Cu, Pb and Zn in oxidized intervals.

The mineralization styles defined in the locality are:

- Typical quartz vein subdivided in 4 zones
- Quartz stockwork in the footwall zone of the vein
- Fault breccia zones, moderated and abundant oxidation. This kind of breccias reported interesting Au Eq values in the samples collected aprox 30 m E of San Félix Pit.

#### V.- SAMPLING

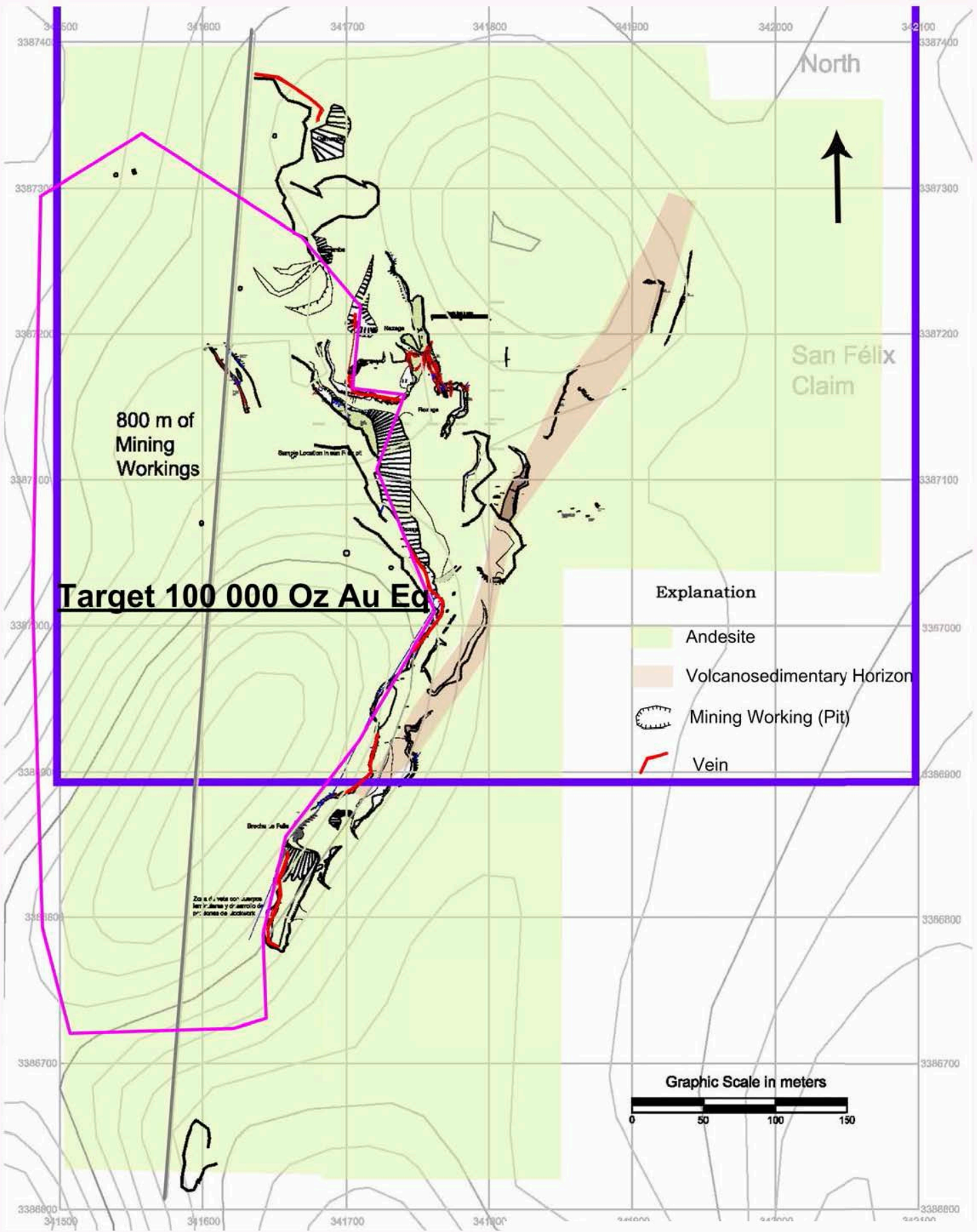
A total of 261 samples were collected during the recon program along the mining workings or the outcrops and trough the sampling and geology two remaining mineralized areas were located.

The obtained values in the segment of remaining vein (located in coordinates 341875 E, 3387082 N) at the pit returned maximum values of 11.43 g/t Au and 5.12 g/tAg along 0.70 m (11.79 Au Eq) and 4.82 g/t Au and 18.16 g/t Ag along 2 m interval, this exposed fece of the vein has been named as Block 1 and the estimated Au Eq average is 1.2 g/t Au Eq.

30 meters East of B1 Block 2 has been defined with maximum values of Au Eq of 10.9, 7.83 and 6.58 g/t Au Eq in an average of around 2 g/t Au.

#### CONCLUSIONS



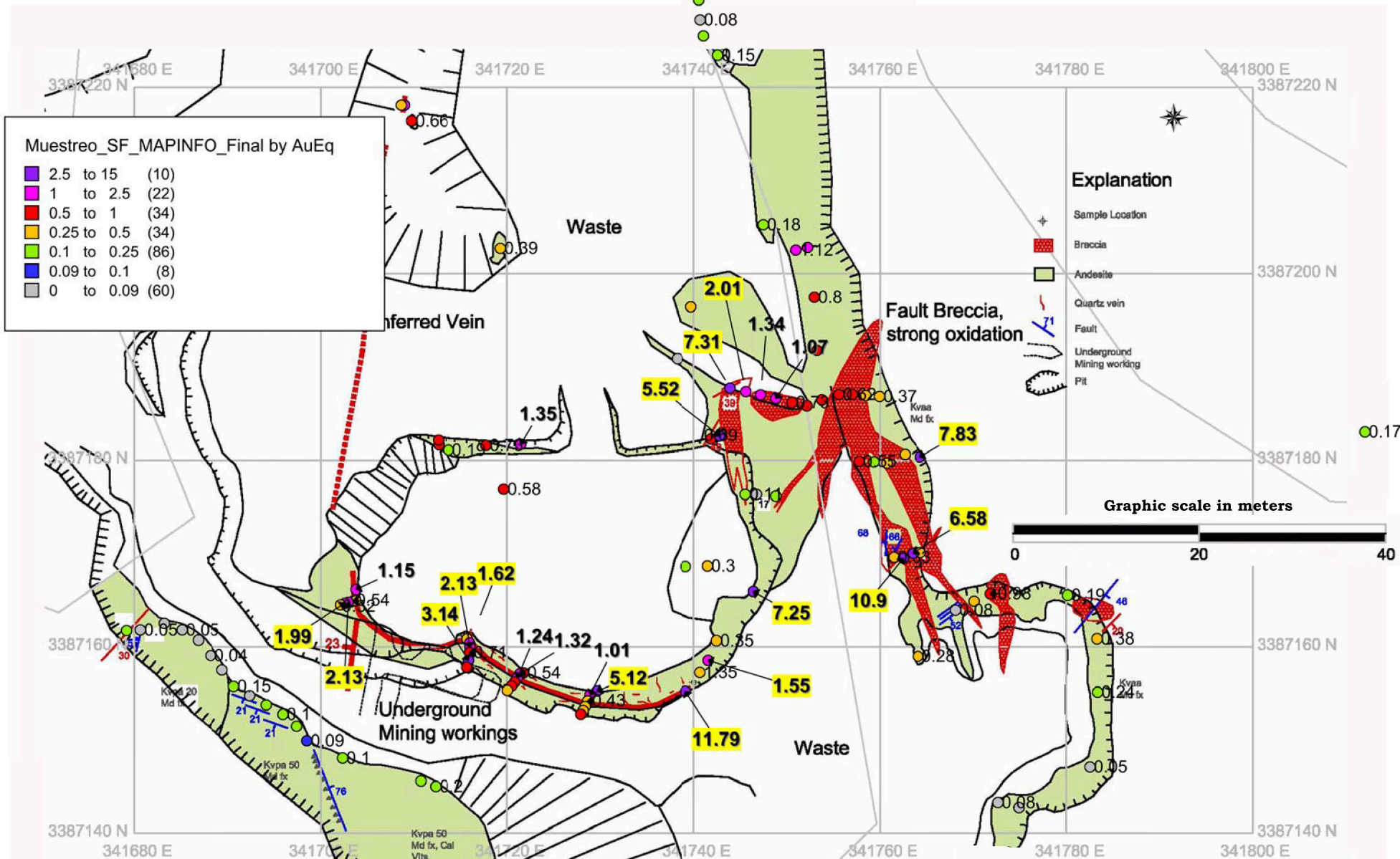


**SAN FELIX PROJECT**

**Polygon showing the expected underground extension of mineralization at San Félix Vein Caborca, Sonora, México**

**Mexus Enterprises**  
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**SAN FELIX PROJECT**  
**Sample location in San Felix Pit**  
**Significative Au Eq values**  
**Caborca, Sonora, México**

- As a level of Mining District, The San Félix Mining District is considered with amenable potential to contain 1 M Oz of Au Eq.
- There are enough mines and prospects to support the first aseveration, in addition the regional characteristics of tectonic settings show excellent geologic conditions to explore with good expectatives.
- The District value is supported on the integration of the control of all the mining claims to consolidate the positioning on the ground.
- Integral Exploration Program must be focused in:
  - San Félix vein drilling with the purpose of development of minable reserves
  - Area East evaluation, (zone of San Carlos claims and Poza Ricas) to defie new areas with possibilities for define minable reserves in short time.
  - Sampling and mapping to develop new targets
  - Condemnation drilling to be sure that the construction of new facilities will not be over mineralized zones.
    - Along 3 points of San Félix vein the observed characteristics of the structure shows good conditions for increase the thickness as the exposure in the pit where mineralization is in the vein and in a quartz stocwork in footwall with a total mineralized thickness of 8 to 10 meters. (picture of front page).
    - The first stage of Drilling program at San Félix will indicate the continuity of mineralization, with a 100 000 Oz Au Eq target, expecting the thickess behavior of 10 meters, in a zone of 650 meters (along the vein) and 200 wide.
    - 2 Blocks have been defined, the firts (B1) is the remanet of San Felix vein with dimensions of 40 m long, 7 m wide and 9 m high, average grade is 1.2 Au Eq. The second is located 30 m East of previous in the irregular fault breccia zone with strong oxidation, dimensions are 30 m long, 10 m wide and 8 m high the obtained average grade is aorund 2 g/t Au Eq

#### RECOMMENDATIONS

- Consolidate the District control through formal agreements (contrats) with the claim owners and Ejidos.
- Set up a claim control department to follow up the requirements to maintain in good shape every one of the claims.
- Agree with the cartography shown in internet, in the Direccion general de Minas site, small open ground exist by this reason a close review of cartography must be done and cover the possible open ground.
- Implement a first stage of 800 m drilling (RC) to indicate new resources at san Felix.
- Continue with reconn and sampling, generating information of surrounding areas, the medium term target is the development of a sustained operation program for the mine operation.

- Implement a total assay (Fire assay) technique at the mine due the actual process is cyanide and represents the leachable fraction of silver and gold contained in samples.
- Implement a QA/QC program at lab to improve the final information generated through the assaying.
- Start with ecological standards at the mine facility to avoid contamination of soil, water and air.