

SANTA ELENA PROJECT.- MEXUS GOLD US AUGUST 2018.

INTRODUCTION.-

During the past years, several quartz vein structures were mapped and systematically sampled to increase the database information.

The Santa Elena area is well known for its gold abundance as alluvial placer, the kilos- bonanza gold showings and the location, on the Major gold belt of the NW extension of the Sonora Megashear, where major producing mines exist like Herradura, La Choya and Chanate and recently Tajitos new discovery.

Recent work in the area has some encouraging results in the economic geologic setting, leading to outcropping resource structures with amazing gold values and existence of major structural bulk tonnage features know as low angle shear zones which could develop as large ore zones with readily open pit mining.

A preliminary core drilling program is planned this time with a Resource Estimate purpose of the major shear zone areas that resulted from the geologic mapping interpretation.

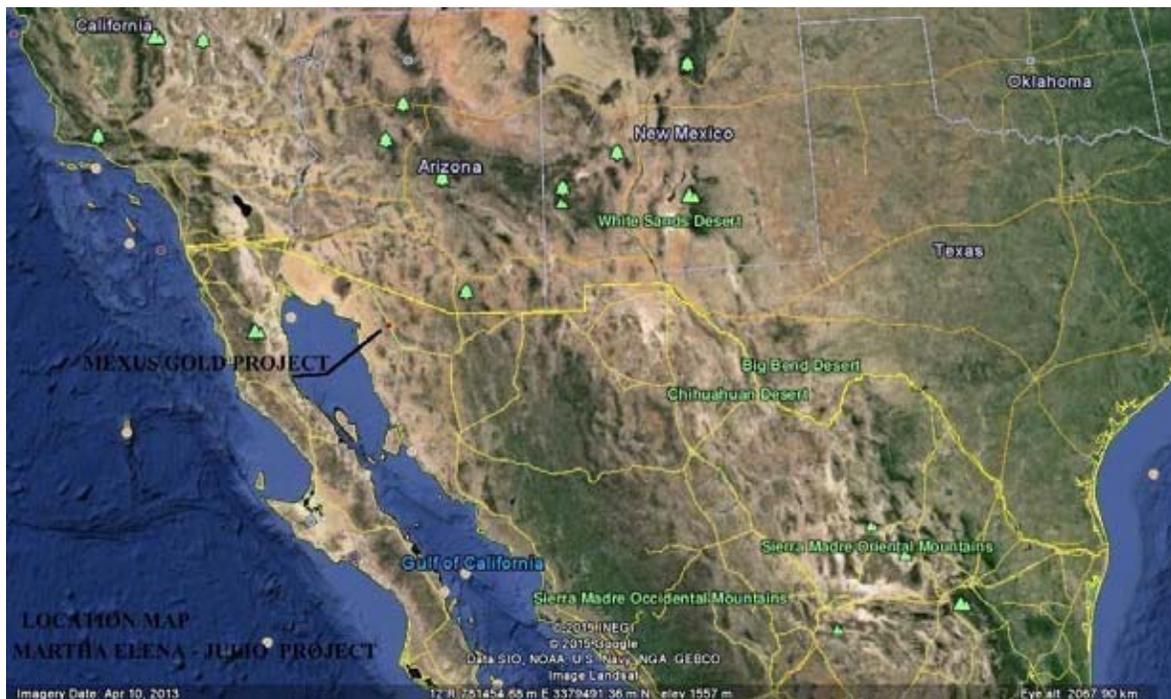
The purpose of this report is to encourage an aggressive exploration stage that will be a short term positive valuation of the resources in the area and eventually a production stage in a no longer than a year time frame because of the outcropping structures.

Vein production from select areas underground could be a simultaneous operation with small tonnage-and bonanza gold values.

LOCATION.-

Martha Elena-Julio area is located 54 kilometers NW of Caborca, Sonora, Mexico just off to the west of Mexico Highway 2. The studied area is on Private Property, owned by the Baltazar family. The land is Sonoran desert type, with scarce cattle rising and numerous old to recent placer and small mine workings and diggings.

The area is known to have abundant gold placer workings from old to recent activity. Location Coordinates are lat N 31.127185°, long W -112.459838°, at an elevation of 505 meters above sea level.



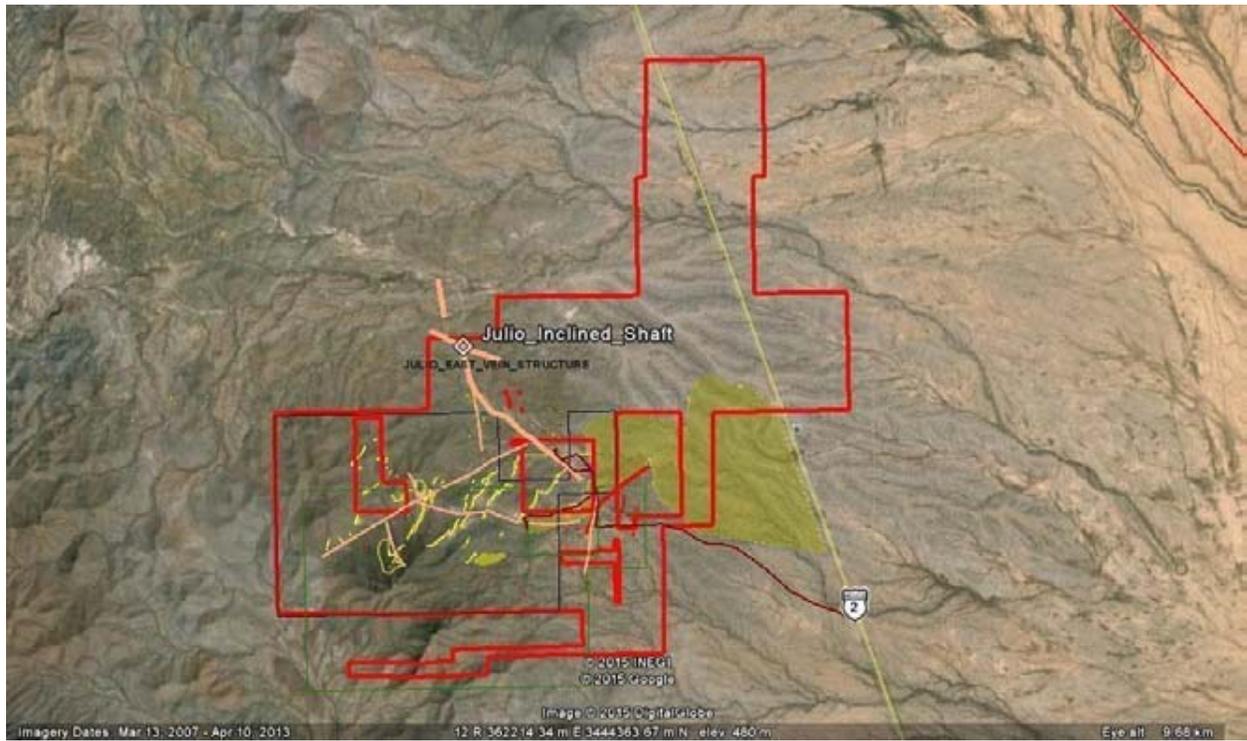
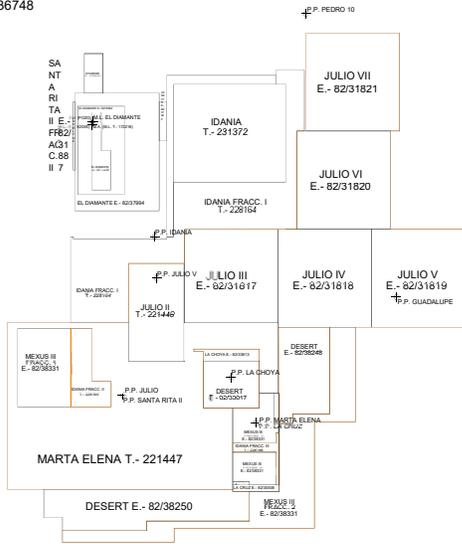
MINE PROPERTY.-

The Mine property is mostly controlled by MEXUS GOLD SA de CV and consists of several mining concessions totaling approximately 1083 hectares.

TABLE 1 Claims in the area

No	CLAIM NAME	TITLE NO	AREA	DATE ISSUED	END DATE	STATUS	
1	MARTHA ELENA	221447	339.3811	10/2/2004	9/2/2054	valid	MEXUS
2	JULIO II	221448	59.0401	10/2/2004	9/2/2054	valid	MEXUS
3	LA CRUZ	228167	3.6629	6/10/2006	5/10/2056	valid	MEXUS
4	JULIO III	231609	99.6381	3/25/2008	3/24/2058	valid	MEXUS
5	JULIO IV	231610	99.9687	3/25/2008	3/24/2058	valid	MEXUS
6	JULIO V	231611	100	3/25/2008	3/24/2058	valid	MEXUS
7	JULIO VI	231612	100	3/25/2008	3/24/2058	valid	MEXUS
8	JULIO VII	231613	100	3/25/2008	3/24/2058	valid	MEXUS
9	MEXUS III	PEND	182	PEND	PEND	Valid	MEXUS

E.- 82/36748



EXPLORATION.-

Small prospects on quartz veins, shafts to 30 meters depth and other small workings and extensive placer work in the whole area. Old bonanza findings as kilos of gold on selected veins shoots and shear zones.

Geologic mapping and sampling was directed during 2012-2013.

Ground EM and radiometrics on selected areas was also done in 2012.

Limited test core drilling has been done in few areas to intercept vein at shallow depths.

Limited Placer gravel processing also has been done to produce gold nuggets in selected areas.

A 35 000 ton heap leach pad and Merrill Crowe recovery system has been operating as a pilot plant to test recoveries and ore properties. Heap leach pad can be expanded to 100 000 tons production with minor cost.



TARGET.-

Bulk -Orogenic Au-Ag shear zone type mineralization combined with medium to high grade vein quartz, associated with the Mojave-Sonora megashear zone.

Herradura Deposit is a geologic model for the area.

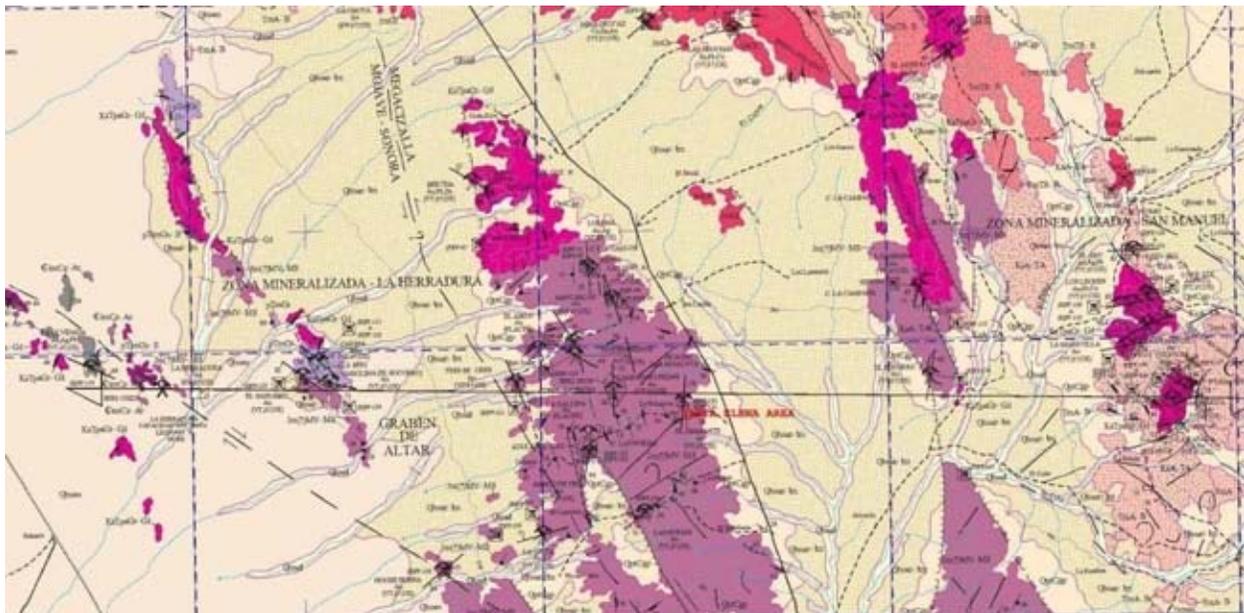


REGIONAL GEOLOGY.-

The area is in highly tectonized and within dynamically metamorphosed rocks as shifts from volcanic flows and intrusive rocks such as an older medium grained to porphyritic granodiorite grading into hypabyssal rhyodacite porphyry to gneissic phacies apparently of Jurassic to Cretaceous age.

Parallel and conjugate structures to the main NW-SE tectonism, related to Mojave Sonora Megashield are likely to be the hosts for latter tertiary mineralization as fissure quartz veins, and also low angle shear zones which are the best permeable conduits. Coincident structures are best targets in this area.

Host rocks in the area are Jurassic – (quartz feldspar porphyry) with some basalt cappings or rhyolite flows.

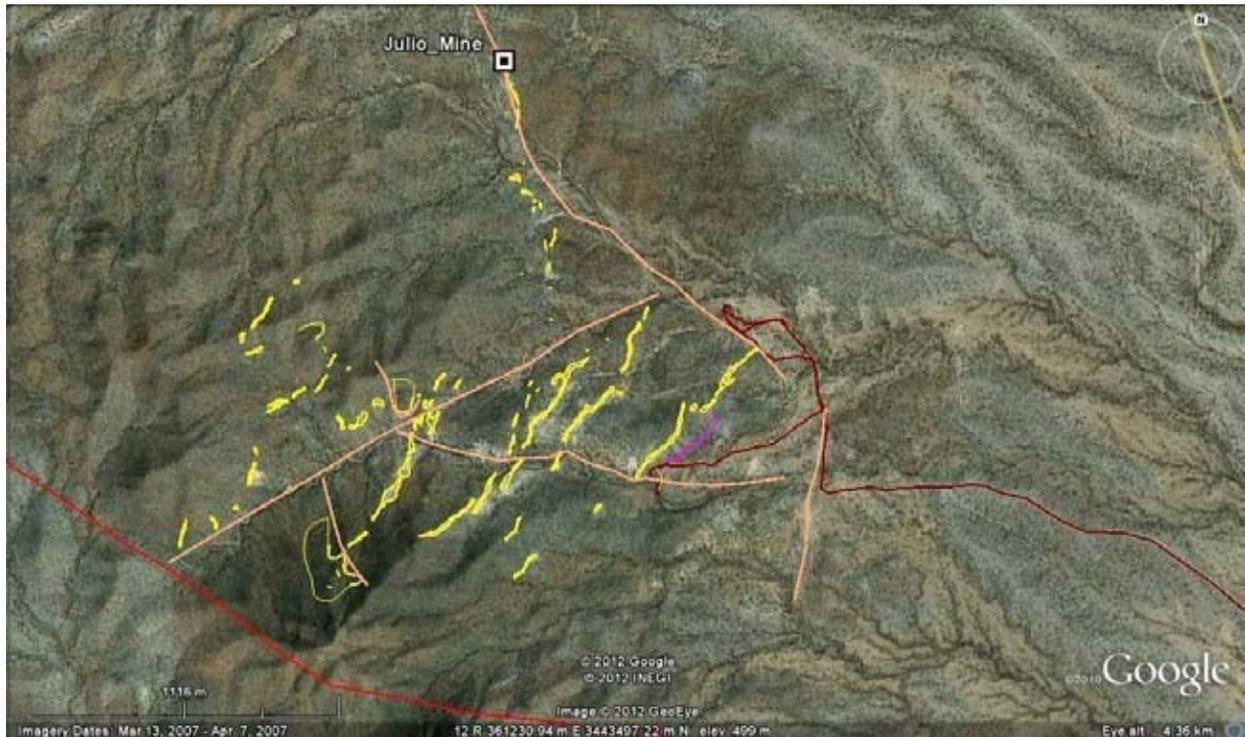


LOCAL GEOLOGY AND MINERALIZATION.-

Santa Elena area is dominated by a series of fissure white quartz veins where 6 important systems have been recognized in this stage hosted in moderately tectonized granodiorite mostly with some latter flow volcanic in the higher elevations as vesicular basalts.

3 or 4 low angle shear zones are also present with important prospects in them and notable higher gold grades as bonanza pockets. These shear zones, contain gouge material mainly from granodiorite and accompanied by pyrolusite seams as an

accessory mineral. Quartz veining is present as a carrier but not as the major constituent of the structure.



FISSURE QUARTZ VEINS.-

The fissure quartz vein systems have a general attitude of N33E and dip to the SE 6070. They have a width average of 2.1 meters.

The quartz is massive and mostly fractured, and often brecciated due to multiple pulses during deposition.

They carry low sulphide content. Minor pyrite is present and mostly turned to hematite. Some malaquite after chalcopyrite is also common but not abundant.

The fissure quartz veins were deposited on tensional fracturing possibly created by the left-lateral movement on the major Mojave_Sonora megashear supposedly located only about 13 kilometers west of the area. These fissures have a conjugate attitude to the major trend.

The depth of the quartz vein depends on the brittleness of the host rock, in this case a granodiorite is a basement rock which is very homogeneous and can have constant brittle consistency for hundreds of meters as noted in the lengths observed on the surface. Quartz veins could attain depths to 1000 meters before they reduce to a tight fissure.

Although metal deposition is often zoned at depth controlled by the pressure - temperature conditions, it is known to have these zones extending for more than 1000 meters in depth.

At this stage we will have these possibilities open until some deeper drilling is directed.

A database of 164 samples collected from surface is plotted here with au values >0.50 g/t in red to show consistency of economic grades.



LOW ANGLE SHEAR ZONES.-

A few similar shear zones have been identified, all apparently related to major tectonism in the area, and containing old workings showing evidence of gold values.

Shear Zone 1 coincident in part with the Julio Vein just south of the Julio Inclined Shaft.

This is a flat mylonitized rhyolite porphyry about 2 to 4 meters in thickness dipping to the east, parallel to the main Julio trend and possibly controlling some of the mineralization.

Shear Zone 2 is recognized also coincident with a steep 0.50 m quartz vein at the “La Cruz” pit.

A test core drill hole intercepted from the surface, 30 meter thick shear zone mixed with quartz vein breccia with random gold values in the order of 0.5 to 4 g/t Au.

Shear Zone 3, “La Bolsa” a 0.55 m thick shear zone with granodiorite on the base and capped by a foliated gneiss or cooked granodiorite. This shear zone appears mostly eroded and a cap still remains over a small hill with interesting grade history, (6 kgs Manganese-Gold bonanza).



Shear Zone 4, on the SW area and NW hillside of the higher peaks in the area. This is a more extensive structure with 2.1 meters width, and with excellent tonnage possibilities as it is dipping into unknown and good host rock. This shear zone also shows pyrolusite –siderite seams where the old mining seemed to be concentrated on.



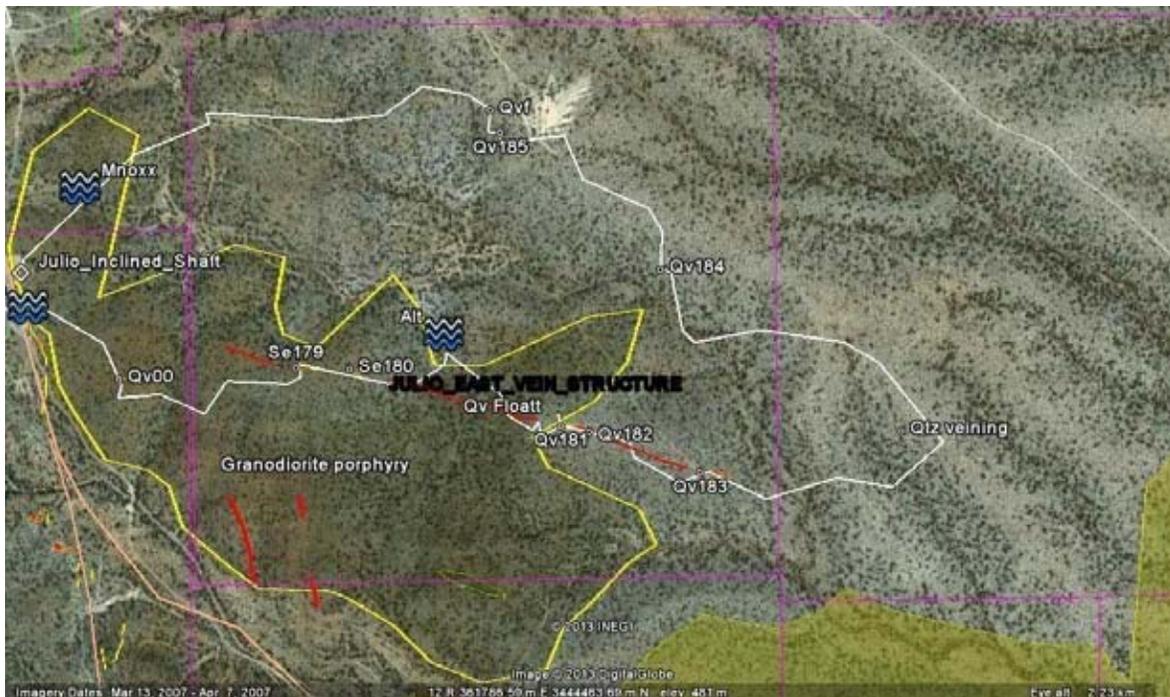
JULIO EAST AREA.- (main target)

A new quartz vein structure East of the Julio vein structure was followed for a little over 1000 meters to the East. This structure attitude is about 290 azimuth and dipping 35SW and is not continuous on its trend, but it is noted as sub cropping and float on the shallow alluvium. Average width noted is about 1 meter.

This is a white quartz vein with occasionally Fe Ox's as pinkish staining on fracturing, but mostly massive quartz.

The area shows a pervasive alteration of biotites to FeOxs, and an increase in MnOx's staining on fracturing to the West, near the main Julio structure.

The main host rock is still a porphyritic granodiorite with oxidized and leached mafics.



JULIO MINE SHAFT AREA:

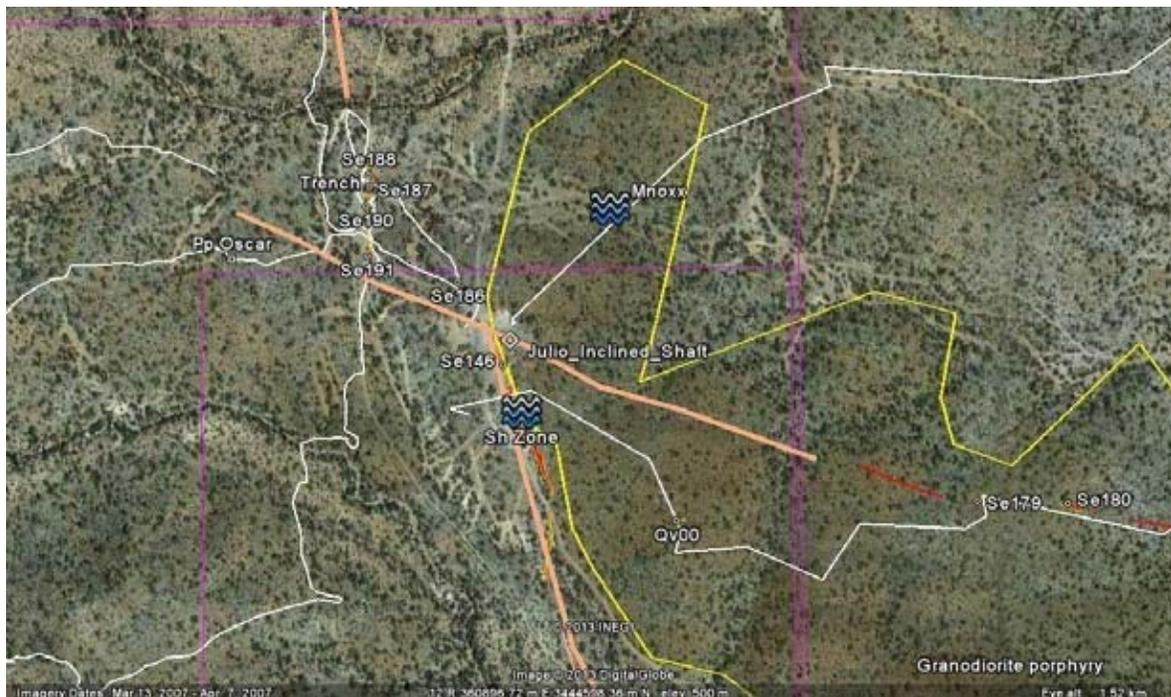
In this area, the Julio vein is cut off and offset to the west 140 meters by an apparently transverse fault zone creating also another quartz vein structure and showing evidence that the NW-SE system is the latest in time and also mineralized, possibly simultaneously with tectonism as evidenced in some quartz vein breccias in the area.

The Julio Vein intersection with the Julio vein east structure is creating a more favorable conduit and mineralization deposition partly by open space filling and the fact that the second period of mineralization seems to contain higher values in Au.

The Julio inclined shaft appears to be just south of this structure, which coincides with the bonanza grades in the underground workings on the north adit.

Recent 2016 work in this area has revealed a major shear zone coincident with the Julio quartz vein. About 200 meters distance of this convergence will be the next area to test.

Exploration and underground mining should also be directed to this structure besides the old Julio quartz vein.



The Julio offset section of the vein is traced to the North for about 280 meters before it is covered by alluvium.

JULIO SHEAR ZONE DEVELOPMENT PLAN.-

The Julio Vein area is a combination of a narrow high-grade quartz vein, roughly N-S and dipping 45 E, and a pre-quartz vein major low angle NW-SE, east dipping 25-30 shear zone. The two structures are coincident for about 200 meters, before the quartz vein gets offset by a normal fault on the north side right next to the Julio inclined shaft and the structures separate after 200 meters to the south.

It is geologically estimated about 200 000 tons of about 5-10 g/t Au at a depth of 50 meters (30-60 000 oz Au).

The potential is imminent due to the major scale of the low angle shear zone which has proven that it is mineralized just by itself.

Small scale mining by blasting and open trenching would be the way to develop this area, as it was already started.

A local EM geophysics survey would aid in structural behavior of structure at depth.

SANTA ELENA RESOURCE DRILLING PLAN.-

The purpose of the Core drilling stage is to follow at depth the surface expression of the Julio Vein and Shear zone and check all structural features and mineralization types in the rocks involved. First, holes 00- 04 it will be testing the extent depth of 50 meters, to check if the structure maintains a width of about 10 meters and the au-ag content. Then holes 05 and 06 will check the offset fault for mineralized pocket and breccia structures.

Holes 05-08 will test the depth extent to 100 meters and au-ag content.

This drilling will test a structure containing approximately 500 000 tons along 300 meters roughly north-south.

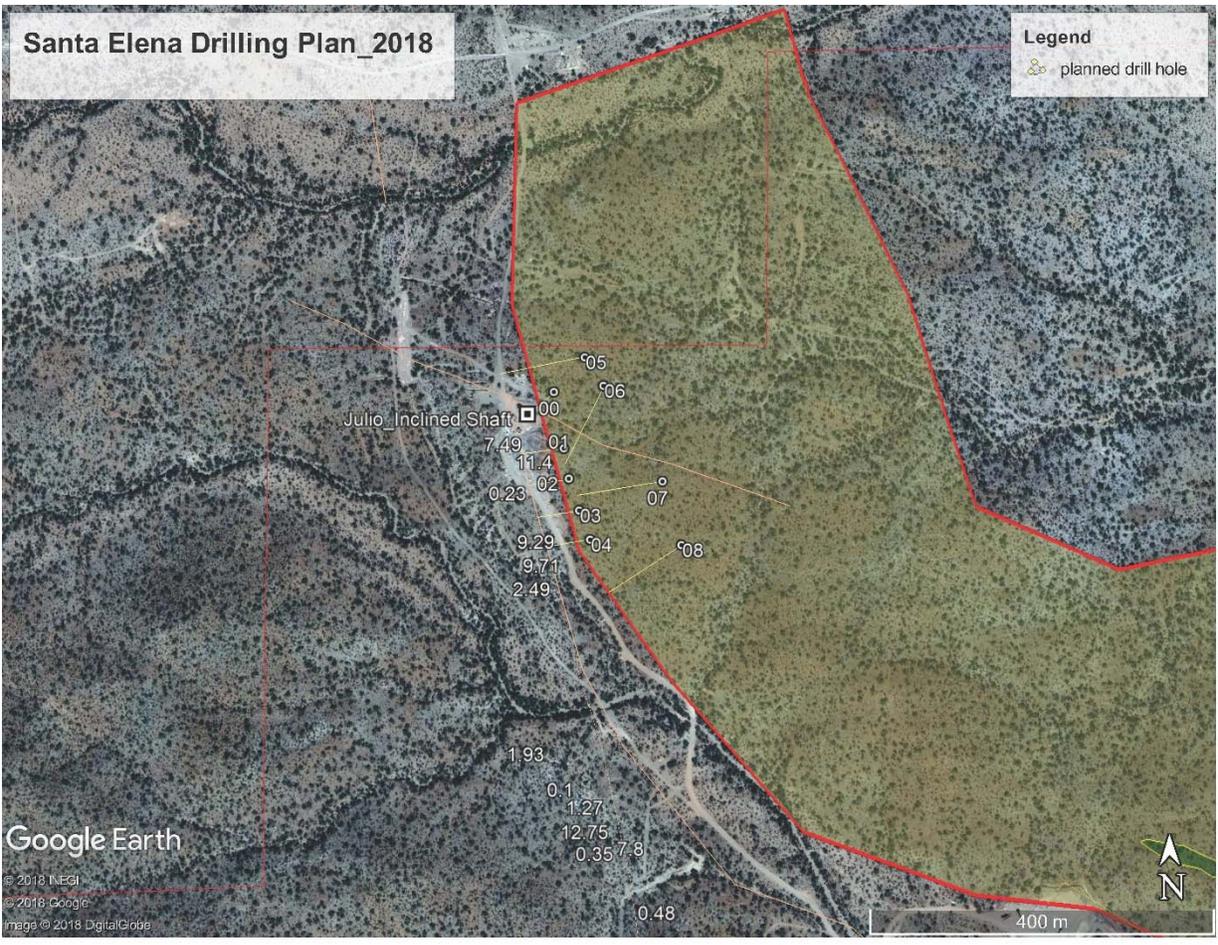
It is very likely to average good gold grades as observed in a 25 meter deep inclined shaft where bonanza gold grades have been obtained from pillar samples.

The target at this stage would be 50 to 100 000 oz gold, with an average of 5 g/t Au.

Santa Elena Project Core Drilling				2018			
Hole No.	UTM E	UTM N	elev.	bearing	dip	depth	target
JL_00	360847.00 m E	3444630.00 m N	505	220	-65	50	julio vein/shear zone
JL_01	360857.00 m E	3444564.00 m N	505	260	-65	50	julio vein/shear zone
JL_02	360862.00 m E	3444529.00 m N	505	260	-65	50	julio vein/shear zone
JL_03	360873.00 m E	3444492.00 m N	503	260	-65	50	julio vein/shear zone
JL_04	360885.00 m E	3444458.00 m N	502	260	-65	50	julio vein/shear zone
JL_05	360884.00 m E	3444670.00 m N	502	260	-65	100	offset fault/shear zone
JL_06	360905.00 m E	3444636.00 m N	503	205	-65	100	julio vein/shear zone
JL_07	360971.00 m E	3444523.00 m N	505	260	-65	100	julio vein/shear zone
JL_08	360991.00 m E	3444449.00 m N	503	210	-65	100	julio vein/shear zone
						650 meters	

Santa Elena Drilling Plan_2018

Legend
planned drill hole



PRELIMINARY BULK TONNAGE ESTIMATE FROM SURFACE SAMPLING FISSURE QUARTZ VEINS AND SHEAR ZONES.-

Quartz vein structures are measured directly from plotted data and a specific gravity of

2.6 is being used for tonnage calculations.

Although drilling will determine the depth value, 100 meters will be used for this preliminary estimate.

Shear zones 3 and 4 have a probable area determined by the structural geology. Drilling will also expand the volumes. A 2.4 specific gravity is used for the shear zone material.

Shear Zones 1 and 2 are undetermined at this stage. Ground EM would increase information on these concealed structures on the East area of the Property.

QUARTZ VEIN AND SHEAR ZONE BULK TONNAGE ESTIMATES

Structure	total length	Area	width ave.	samples	Au	Ag	Volume/100 m	Tonnage
VEIN_1	1192		3.48	3 - 28	0.93	1.6	414816	1078522
VEIN_2	676		2.42	29-30,48-64	0.97	0.8	163592	425339
VEIN_3	954		1.98	31-47, 67-78	0.92	0.1	188892	491119
VEIN_4	682		5.4	81-93, 106,125-128	2.08	10.9	368280	957528
VEIN_5	176		1.25	116-119	7.26	23.0	22000	57200

VEIN_5	370		1	112-115, 132-138	1.36	7.3	37000	96200
VEIN_5	317		0.87	108-111	0.09	1.0	27579	71705
VEIN_5	304		1.8	141-145	4.99	5.2	54720	142272
VEIN_JULIO	826		1.66	146-163	4.12	14.3	137116	356502
VEIN TOTAL			2.2		2.52	7.1		3,676,387
Shear Zone 1	Julio		3	148	11.4	16		500 000 -1 000 000
Shear Zone 2	La Cruz		4	62	0.37	<5		Undetermined
Shear Zone 3	Gordos	7109	0.55	120-123	5.45	6.0	3909.95	10 000
Shear Zone 4	SW corner	27509	2.1	96-104	1.59	21.8	57768.9	140 000
			2.4		4.7			1 650 000 -2 000 000 tons

**APPROXIMATE TIME-BUDGET REQUIREMENT ESTIMATE
FOR 2018 WORK ON SANTA ELENA PROJECT.**

MAPPING SAMPLING CONTINUED	60 DAYS
GROUND GEOPHYSICS SURVEY	30 DAYS
ECOLOGICAL REPORTS	60 DAYS
DRILL ROAD/SITE CONSTRUCTION	100 CAT HOURS
CORE DRILLING	2060 METERS
SAMPLE PREPARATION	300 SAMPLES
SAMPLE ANALYSIS	300 SAMPLES
RESOURCE ESTIMATE REPORT 43-101	

UNDERGROUND MINING

EXPLOSIVE PERMITS	30 DAYS
EXPLOSIVE ACQUISITION	
UNDERGROUND LABOR	5 PEOPLE

HEAP LEACH TEST PREPARATION

PROJECT VIABILITY REPORT WITH

RESOURCE ESTIMATE

ENVIRONMENTAL REPORT	
WATER PERMITS AND ACQUISITION	
LAND STATUS PERMITTING	
UNDERGROUND AND SURFACE VEIN PRODUCTION.	

PLACER POTENTIAL.-

As observed in the erosion of the quartz vein structures that have been subject to since their deposition and the faster and flatter, less competent shear zones possibly contemporaneous to the veins, it is reasonable to believe the shear zones have provided most of the gold in the rather recent alluvial deposits. It is evident that some of the placer gold comes from the quartz veins but apparently larger portions of shear zones to the west have been washed away.

As a guide to placer exploration it is important to keep in mind the fact that these shear zones might be the best placer gold producers.

CONCLUSIONS.-

The ongoing and updated geologic stage has resulted in the discovery of potential mineralized structures besides the exposed quartz vein structures.

Quartz vein structures considered to a 100 meter depth are accumulating approximately 4 million tons. So increased tonnage with depth is a fact.

Exposed mineralized shear zones have a potential tonnage of 500 000 tons.

Potential Concealed mineralized shear zones can be in the order of 1 to 5 million tons.

Approximately 2000 meters of core drilling are required to achieve a measured resource estimate, including assays of approximately 300 samples.