Precious and Base Metals Deposit at
La Sabila Ranch
In Southern Michoacán, Mexico
Technical Report on a Mineral Property

Prepared for:
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Introduction

U.S. Precious Metals Inc. (OTCQB: Symbol “USPR”) is a minerals exploration company incorporated in the state of Delaware on January 21, 1998. U.S. Precious Metals of Mexico is a wholly owned subsidiary with an office and laboratory facility in Morelia, Michoacán, Mexico. U.S. Precious Metals de Mexico, S.A. de C.V. conducts all exploration on 8 concessions totaling 37,000 acres. The first known exploration of the property was completed in 1997-98 by Mount Isa Mines (MIM). Significant mineral occurrences have been identified and partially explored with assay results from three drilling campaigns identifying ore grade copper, silver and gold. USPR continues to explore the 37,000 acre concessions by drilling an area referred to as the Main Zone, and the surrounding area which includes the North Zone, and Cuendeo, 2 kilometers south of the Main Zone. To date, USPR has completed 3 drilling programs, 2008, 2010 and 2015. All three drilling campaigns have been successful with each substantially better in grade than the previous.

Source of Data

Meetings were held with the following individuals:

David Burney: Chief Geologist, U.S. Precious Metals, Inc.
Mr Juan Cardenas: Project Manager, ACT.
Juan Contreras: Geologist, U.S. Precious Metals de Mexico de SA de CV.

All references to measurements in this report conform to metric units commonly used in the United States and used in the exploration industry. All currency is in U.S. Dollars (USD) unless otherwise stated. All grades, tonnage and resource numbers are compliant to NI 43-101 standards.

Disclaimer

All information in this report is from historical data collected and reported by persons and corporations performing mining and exploration on the La Sabila Ranch Site.

Site Visits

Michael Floersch, geologist, metallurgist, Applied Minerals, has made numerous trips to both the lab facility in Morelia and the La Sabila project site.

Property Description and Location

The property consists of 8 mining concessions (Table 1) totalling 37,316.76 acres and is located approximately 14 kilometers from Paso de Nunez along a winding partially paved road in Southeastern Michoacán in an area referred to as Tierra Caliente and within the mineral district called “Regiones de Mineras Huetamo”. The property consists of small mountains with steep and rugged terrain. Small adits are located throughout the property. Past mining conducted was non-mechanized and most likely conducted by artisanal miners high grading the small oxide and sulfide veins at or near the surface. Small but significant dumps totalling approximately 4000 to 5000 tons are located at the Cuendeo Site (approximately 2 kilometers south of the La Sabila Main Zone). Large cobbles and boulders of near solid sulfides are easily located in the streambed cutting the Cuendeo workings. U.S. Precious Metals de Mexico is the current owner of the eight mining concessions totalling 37,316.76 acres at the La Sabila Project. The mining concession title name, number and hectares are shown in the Table 1, below. Note; 2.47 acres equal 1 Hectare.

Figure 1: Orientation map of Mexico. Yellow Star represents the property location.
Figure 2: State map of Michoacán. Concessions indicated with blue star.

Figure 3: Topographic map with the concessions plotted. The mineralized area lies within Solidaridad.
Accessibility, Climate, Local Resources, Infrastructure and Physiography

The La Sabila Mine Project is accessible by a state maintained partially paved road from the nearest town, Paso de Nunez. On the La Sabila ranch USPR maintains all roads. The climate of the region consists of two seasons, a dry desert like climate from November to July and a rainy season from August to October. Rainfall during the rainy season varies from 18 to 22 inches with the temperature ranging from 70 to 95 degree Fahrenheit. During the dry season temperatures during the day can easily reach 110 degrees Fahrenheit with only slight cooling in the night hours.

The infrastructure is limited at this time and although somewhat isolated the main road into the concession is well maintained. Electricity is provided by the State. One hospital is available between Caracuaro and Nocupetaro, however the hospital has limited services. Food and supplies must be obtained from Morelia however limited supplies can be purchased from Paso de Nunez, Huetamo, Caracuaro or Nocupetaro. Physiography consists of a rugged volcanic terrain dissected by valleys and streams. Elevations vary from 100 meters above sea level to 1000 meters above sea level.

History

The property was discovered and acquired by La Esperanza del Oro after a favorable report by their geologist Juan Contreras Vasquez in 1995. Further property acquisitions around the original concessions were made in 1996 by La Esperanza del Oro. Exploration on the property was conducted through the late 1990s by La Esperanza del Oro (1996) and Mount Isa Mines (M.I.M.) Exploration Pty. LTD (1997-1998). All work performed through 1997 was done by La Esperanza as manager of a joint venture between La Esperanza and Mount Isa Mining. M.I.M. took over as manager of the project in 1998. USPR began exploration and drilling in 2008. A second drilling campaign was completed in 2010 and the third, recently completed this year.

Mount Isa Mines Exploration (MIM)

MIM completed drilling of the property in December of 1997 after drilling 11 R.C. holes. Hot Springs Gold Corporation drilled an additional 10 R.C. holes in 1998. Three mineralized zones were identified from this work; the North Zone, the Main Zone and Cuendeo, (2 km south of the Main Zone). The Main Zone and North Zones are clustered near the ranch of La Sabila. Fourteen holes had significant mineral intercepts. The Main Zone is 400 meters wide on the surface and approximately one km in length. Seven R.C. drill holes were drilled in the Main Zone. The North Zone was tested with three drill holes. Drill hole 97-8 intercepted 6 meters of 8 g/t Au, and requires additional drilling. Cuendeo was tested with one drill hole with poor results. MIM was led to Cuendeo as a result of an old adit discovered during recon mapping. From the drilling completed by MIM, a resource estimate of 3 million tons of 3 g/t gold, 20 g/t silver and .5% copper was reported.
Figure 4: Original map produced by MIM Exploration. The Main Zone is center.

Figure 5: Digital map of the Main and North Zones using current technology.
Regional Geology

La Sabila lies within the geographic region of southern Michoacán referred to as Tierra Caliente and within the mineral district called “Regiones de Mineras Huetamo.” The property also lies to the south of the Trans-Mexican Volcanic belt. This geographic region is characterized by rugged volcanic mountain terrain. The surface volcanics consist of Tertiary rhyolites and andesites with granitic intrusives. The regional geology consists of a north-northwest trending anticlinal sequence, believed to be the Tzitzio-Huetamo Anticline, of upper Jurassic and lower Cretaceous sedimentary rocks and volcanic andesites. Ebert, S. (1997), Druecker M. (1997) and Smith D., (1997) believed the Jurassic-Cretaceous units to be phyllites metamorphosed to a greenschist phase of metamorphism. Core drilling by US Precious Metals suggests that little to no metamorphism of the black shales, and mudstones has taken place in the upper sediments (above 900 feet). However, Hole #11 was drilled to a depth of 1200 feet at a ~55 degree inclination. A black shale encountered at the bottom of the hole may be demonstrating a very weak schistosity in the bedding planes of the shale. This characteristic is suggestive of low grade metamorphism.

Property Geology

The geology of the 37,000 acre concession as established by past and current drilling consists of a stratigraphic sequence of mudstones, black shales and interbedded andesites, to a depth of at least 1200 feet, which have been folded and faulted and are believed to lie on the west edge of the Tzitzio-Huetamo anticline. The age of this sedimentary sequence was reported by Hot Springs Gold Corporation as Jurassic to Upper Cretaceous in age. Many intervals appear to have undergone soft sediment deformation and associated brecciation. Quartz dikes and potentially interbedded quartz layers are enriched in pyrite and chalcopyrite and can be characterized as quartz sulfide veins typical of porphyry copper systems. Additionally preliminary microprobe work has identified various tellurides suggesting the potential for rare PGM’s. In some of the interbedded andesites weakly disseminated pyrite has been observed. U.S. Precious Metals drilling has identified a sedimentary sequence; believed to be Cretaceous, black shales and mudstones with interbedded units of andesites. The stratigraphy is folded and includes the interbedded andesites. Andesite contact with the mudstones and shales indicates that the magma flowed out onto the sea floor and was laid down unconformably or disconformably on top of the sea floor sediments in semiregular intervals. On the other hand, the sediments overlying the andesites are conformable. This scenario is consistent with fluid inclusion studies completed by Jim Reynolds work as noted in the Shane Ebert report of 1997. It should be noted that Druecker (1997) identified the andesites as fine grained quartzites. The stratigraphy thus far in this drilling campaign, is dominated by steeply dipping black shales and mudstones with abundant interbedded andesite beds. The quartz and dolomite veining appears to be steeply dipping also and possibly concentrated in the crest of the folds. Often well brecciated intervals with both dolomite and quartz matrix have been observed in the core. Diorite dikes and small intrusive bodies of diorite were identified and mapped by M.I.M. These diorites may not be the source of mineralization but may have played a role in mobilizing the mineralization. No phaneritic intrusive igneous rocks have been identified or observed to date.

The property is heavily faulted. Shane Ebert (1997) reported the area as dominated by a north south striking east dipping thrust fault placing Jurassic to Cretaceous phyllite and quartzite over non-metamorphosed Cretaceous sandstone conglomerate. U.S. Precious Metals drilling have not identified the Cretaceous sandstone-conglomerates nor the green schist facies sequences reported by Ebert.

Mineralization

The mineralization is hosted in an interbedded shale and siltstone unit of Cretaceous age. The sedimentary unit is metamorphosed on the surface to phyllites and quartzites and non-metamorphosed to weakly metamorphosed at depth. The entire sedimentary package is foliated, folded and faulted with beds dipping up to 70 degrees. A quartz sulfide stockwork is contained within the sedimentary sequence with quartz sulfide veins exposed on the surface. A Tertiary intrusive, probably a diorite, has intruded the sedimentary sequence and outcrops in several locations on the property.

Figure 6: Trans-Mexican Volcanic Belt with property located by the red circle.
Figure 7: Chevron fold in phyllites

Figure 8: Mineralized host rock

Figure 9: Mineralized drill core from the 2015 drilling campaign
The mineralization consists of quartz dolomite veining with strong sulfide mineralization. The sulfides consist of chalcopyrite, pyrite, pyrrhotite and small amounts of galena and sphalerite. Both silver and gold values are present in the sulfides. The sulfides discovered thus far occur within the northeasterly trending vein network that has been traced and mapped for 2200 meters remaining open on both ends.

A major northeasterly trending fault lies just west of the mineralized quartz stockwork and may be responsible for the northeasterly trending valley as seen on the topographic map. This fault is interpreted to be a thrust fault that has been studied and a controlling factor for the metamorphosed shales and siltstones on the surface. Additionally folding, to include chevron folding of the metamorphosed section is suggestive of contact metamorphism caused by the regional thrust faulting.

The interbedded black shale and siltstone, the host unit for the quartz sulfide stockwork, also shows localized, sporadic and weak schistosity. Sericitic alteration and advanced argillic alteration are common, however neither propylitic nor potassic alteration have been observed although there are few Tertiary intrusives outcropping in the area. No petrographic analysis has been completed on the intrusives. No chloritic zones have been observed, common in VMS deposits. The shallow marine sediments lie above a fine grained arkosic sandstone with a hematite cement, referred to as the red beds and has been observed in core and outcrop near the La Sabila ranch. Folded and faulted, the sedimentary package is steeply dipping giving the appearance of concordant quartz sulfide veining. At the base of the sedimentary unit is an interpreted decollement zone about 3 meters in thickness indicating the sedimentary unit has been thrust faulted easterly.

Northwest of the Main Zone is a felsic intrusion separated from the other zones by a fault with silicified hydrothermal veins. This intrusive was drilled in 2010, however there was no economic mineralization observed. There have been ongoing discussions with other exploration geologist regarding the intrusion. Some speculate the intrusion is a low sulfidation epithermal gold system.

Figure 10: Example of digital drill logs used by SPM Geologic Services, Contractor for the 2015 drilling campaign.

Figure 11: Silicified felsic intrusive
Deposit Type

The style of mineralization in the La Sabila project area of Tierra Caliente is consistent with volcanogenic massive sulfide origin, however, a high temperature, steeply dipping quartz sulfide vein network of mesothermal origin has not been ruled out. Ore microscopy completed on a limited number of ore samples indicates textures consistent with VMS style mineralization The mineralization consists primarily of hypogene sulfides, pyrite and chalcopyrite. Gold, silver and electrum are commonly associated with the sulfides.

Excerpt from a study by Professor John Nold, University of Central Missouri, a professor of geology and an ore microscopist and petrologist, now retired, regarding samples from La Sabila.

1. All the samples appear to be from a high-grade sulfide deposit (or deposits). They appear to be from samples of massive sulfide ore, although a high-grade vein deposit cannot be ruled out.

2. All have undergone significant supergene alteration from weathering, and deposition of sulfide minerals within the zone of supergene sulfide enrichment.

3. All samples show evidence of minor weathering and oxidation after exposure.

4. Perhaps the most surprising thing is the presence of sphalerite stars within chalcopyrite, accepted by ore microscopists as evidence of high temperature formation of the chalcopyrite, allowing it to absorb the zinc that is later exsolved during cooling as the sphalerite stars.

5. The high percent copper and the modest amounts of zinc are suggestive of a copper-zinc massive sulfide deposit, although other deposit types cannot be ruled out.
Exploration

A soil survey along the northeasterly trending mineralized trace is currently in the planning stages. The purpose is to better plan for the upcoming drilling campaign by better targeting of drill holes.

Satellite imaging and ground geophysics has been completed on the property with good results. It is the intentions of the company to continue satellite imaging and ground geophysics in the future.

Figure 13: The above map provides an overview of the property with soil survey area, areas designated for additional mapping and sampling and the location of Cuendeo for reference.

2015 Drilling Campaign

The 2015 drilling campaign focused on the Main Zone and areas surrounding the Main Zone. The strategy was to obtain assay data from the drilling to facilitate a feasibility study in preparation for an open cut mining operation. That strategy still remains a priority, however with the encouraging field mapping; the company will continue exploration while beginning predevelopment studies.
Ten discrete mineralized zones are currently recognized within the 2220 m strike length studied to date. These are, from north to south: North Vein Zone, Main Zone, Mojonera Zone, Tunnels Zone, Mano de Chango Zone, Contact Zone, Medio Cuendeo Zone, Arroyo Cuendeo Zone, Cuendeo and Cuendeo Sur.

1. North Veins
Five zones of NNE striking veins are recognized. These veins were sampled on surface by MIM and were tested by two RC holes. One of the holes SD 97-08 returned significant grades with 8.1 gpt Au and 0.09% Cu over 6.0 m while holes SD97-09 and 10 cut 2 m intervals ranging from 0.9 to 1.4 gpt Au. In general these veins are lower in copper than the other areas but strong copper is still locally present. Drilling in 2015 tested the southwest extension of this target in seven holes LS 15-01 through LS15-07. These holes cut narrow intervals of strong sulphide veining and associated gold but only holes 6 and 7 cut significant intercepts. LS15-06 returned
8.6 gpt Au, 7 gpt Ag, 0.08% Cu over 1.55 m and LS15-07 cut 2.1 gpt Au, 16 gpt Ag and 0.16% Cu over 5.4 m including 6.1 gpt Au, 15 gpt Ag and 0.18% Cu over 1.2 m. Narrow high grade intervals occur in holes LS15-03 and LS15-05 but require additional sampling of adjacent wall rock to provide assays over 1.5 m. In general the north veins are lower grade and narrower targets than elsewhere drilled to date and make a lower priority target at this time.

Some highlights include the following.

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<th>DH_Hole</th>
<th>DH_From</th>
<th>DH_To</th>
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<th>Ag_ppm</th>
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Includes 145.8 m, 10.7 m @ 8.5 gpt Au, 53 gpt Ag, 1.7% Cu and 115.8 m, 19.98 m @ 7.3 gpt Au, 53 gpt Ag, 1.4% Cu.

To date and make a lower priority target at this time.

2. Main Zone

The Main Zone has the strongest concentration of mineralization observed to date. It is a prominent hill crisscrossed by drill roads and has been well sampled by MIM in 1997 and has been the focus of most of the drilling. The zone consists of several north striking shear veins with strongly developed 060 extension veining resulting in wide zones of mineralization. Due to the various orientations of veining present on surface, drilling has been undertaken on a variety of orientations. Most of the drill holes are inclined to the west or northwest and the 2015 drilling consists largely of inclined holes to 315. Surface mapping identified five well developed N-S striking mineralized zones across a width of 90 m. Extension veining is well developed throughout this zone providing a nearly continuous zone of mineralization in the road cuts and numerous stacked intercepts in drilling. Drilling has indicated two well-developed mineralized zones that can be traced across several sections as well as numerous smaller mineralized intervals that may prove to be continuous zones with further drilling. The two zones have been drilled along a strike of about 100 m with several strong intercepts another 100 m to the south; suggesting a minimum of 200 m of strike. Most of the drilling is shallow but several holes drilled in 2015 have cut the principal mineralized zones at 140 m below surface. There are numerous strong mineralized intervals as tabulated below. Some highlights include the following.

- LS08-05 5.2 m @ 10.46 gpt Au 50 gpt Ag 0.8% Cu
- LS08-06 11.6 m @ 5.88 gpt Au 20 gpt Ag, 0.5% Cu
- LS15-020 4.3 m @ 7.67 gpt Au 33 gpt Ag, 1.4% Cu
- LS15-020 2.3 m @ 13.63 gpt Au, 56 gpt Au, 2.4% Cu
- LS15-022 9.6 m @ 7.25 gpt Au 9 gpt Ag, 0.2% Cu
- LS15-023 4.0 m @ 14.84 gpt Au, 31 gpt Ag, 1.4% Cu
- LS15-024 5.2 m @ 8.6 gpt Au 17 gpt Ag, 0.7% Cu
- SD97-3 14.0 m @ 7.60 gpt Au, 10 gpt Ag, 0.3% Cu
- SD97-4 6.0 m @ 10.30 gpt Au, 70 gpt Ag, 1.7% Cu
- SD98-19 6.0 m @ 6.39 gpt Au, 10 gpt Ag, 0.2% Cu

About 50 m west of Main zone a road cut intersects a well-developed zone of shear veinng with a well-developed halo of alteration and extension veining. MIM obtained some good surface grades in this area. Several drill holes intersected mineralization. Grades are weak but hole LS08-09 did intercept 5.1 gpt Au, 1.3 gpt Ag and 0.7% Cu over 4.9 m and LS 15-09 cut 7.3 gpt Au, 53 gpt Ag and 1.8% Cu over 2.7 m at greater depth. This may be the north continuation of the Tunnels zone.
<table>
<thead>
<tr>
<th>Table 3: Main Zone Drill Intercepts</th>
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3. Mojonera (Mina Vieja) Zone

About 90 m west of Main zone there are substantial collapsed old workings along a N-S shear zone with mineralized veining. Two drill holes have been drilled in this area but both (LS15-17 and 18) are parallel to the strike of the zone. Both holes cut anomalous values associated with strong sulphide mineralization.

4. Tunnels Zone

There are seven 2010 drill holes located here, all drilled in a fan pattern from 2 locations approximately 50 feet apart. There are numerous good intercepts but most holes cut shallowly across the mineralized trend. Hole LS15-06 and LS15-07 and SD 97-07 all cut obliquely across the zone exposed on surface with a robust intercept of 13.2m @ 8.45 gpt Au in LS15-07. Holes LS 10-01 and 04 are drilled west of the zone and along strike while holes 002 and 003 are drilled to the west across a zone that is poorly expressed on surface. Some drilling highlights include the following.
5. Mano de Chango Zone

A road cut cutting the main fault contact between the Balsas Conglomerate and the Cretaceous metasediments exposes a wide fault zone with several mineralized structures striking N-S, including a panel of altered conglomerate. Surface values are significant and several generations of holes have been collared in the immediate vicinity of the outcrop. LS08-02 and LS 15-08 where drilled across this zone and yield fairly weak intercepts. Hole LS15-011 was collared very close to the vein and drilled at as shallow angle to one of the veins. This yielded a strong Ag intercept with modest gold of 5.3 m (not true width) @ 2.64 gpt Au, 301 gpt Ag and 2.2% Cu as well as significant Zn.

Table 4: Mano de Chango Drill Intercepts

<table>
<thead>
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- LS10-001 1.5m @ 14.49 gpt Au, 73 gpt Ag, 1.7% Cu
- LS10-002 1.5m @ 29.46 gpt Au, 43 gpt Ag, 0.5% Cu
- LS10-007 13.2m @ 8.45 gpt Au, 8 gpt Ag, 1.3% Cu
6. Contact Zone

Road cuts along the fault contact exposed alteration, veining and minor Cu mineralization. This zone and several adjacent veins to the east did not yield strong gold values in surface sampling however systematic mapping and sampling is warranted.

7. Medio Cuendeo

A small hill and a south facing ridgeline, as well as road cuts, are underlain by altered and veined rocks with localized Cu mineralization. MIM reported a single grab sample assaying 31 gpt Au in this area. Preliminary follow-up work failed to duplicate the assay result. However, the 2015 field sampling resulted in numerous samples with anomalous Au values. Also mineralized shear and extension veining were discovered. This area has seen no drilling and warrants further mapping and sampling.

8. Arroyo Cuendeo

A single grab sample collected in 2015 of a hematite stained outcrop assayed 6.8 gpt Au and 0.9% Cu over 0.8 m. No drilling or other work has been completed in this area.

9. Cuendeo

The Cuendeo area is one of the more significant areas of historical workings. The old workings are no longer accessible but road cuts exposed a mineralized zone. Extension veins striking ENE dominate the exposed area and N-S shear veins are locally present lower on the slope. Chip samples collected in the area assayed up to 1.9 gpt Au and 0.22% Cu while a single grab sample of massive sulphide mineralization assayed 8 gpt Au and 5.2% Cu. A single RC hole was drilled by MIM, SD97-11, intersected 16m @ 0.6 gpt Au and 0.6% Cu. This area warrants follow up drilling.

10. Cuendeo Sur

Approximately 200 meters south of Cuendeo, MIM maps show several samples with values up to 4 gpt Au. This area has not been mapped. However mapping and sampling is warranted.

Cross-Sections

Two cross-sections are shown on the following page. These section illustrations provide a digital image of the quartz sulfide stockwork. The second cross section provides assay data information, based on drilling results and assay data.

Figure 15: The above map is of the Main Zone and a portion of the North Vein Zone. The diagonal lines indicate cross section lines.
Figure 16: Cross section through the Main Zone.

Figure 17: Cross section across the Main Zone
Drilling

USPR has completed three drilling campaigns to date totaling approximately 11,300 meters of core. The company is currently planning another 5000 meter drilling campaign scheduled to begin in early 2016. The purpose of the next drilling campaign is to better define the Main Zone so that proven resources can be determined prior to a feasibility study. Additionally there are targets to the south where copper oxides are exposed on the surface.

Figure 18: The above map illustrates drilling targets for the next 5000 meters of drilling.

Figure 19: Engineer, geologists, drillers, supervisors discussing roads, drill pads, etc.
Figure 20: Road improvement, embankment scaled, water tank installed, ready to drill.

Chain of Custody, Sample Preparation and assays

All three drilling campaigns adhered to Chain of Custody procedures. Records are kept in the office in the Morelia Lab facility. All cores has been logged in the lab, cut and sampled and shipped from the Lab to a certified assay lab for assaying.

The mineralized intervals from every hole were sawed longitudinally with half of the core sawed in half again. This procedure provided a quarter section of core for assaying. This procedure was initiated in the event the core was lost in shipment, we would have samples for assay without re-drilling a hole. All core is in storage in the lab and available for inspection.

Three different assay labs have been used; each drilling campaign utilized a different assay lab for accuracy and precision of the assay results. In 2008, USPR used Chris Christopherson Lab of Kellogg, Idaho. In 2010, the company used ALS Chemex with sample prep completed in Guadalajara, Jalisco, with pulps shipped to Vancouver, Canada for assay. In 2105 samples were sent to ACT Labs in Zacatecas, Mexico.

USPR Lab Facility, Morelia, Michoacán

The lab facility is located about 20 minutes from Morelia International Airport and about 30 minutes from the Centro Historico or the center of the capital city. The facility is a converted warehouse with about 10,000 square feet of floor space. In the rear of the facility a 1000 square feet office and chemistry lab is located. USPR built the structure in 2008.

All core to date is stored in the lab and available for inspection. There is sufficient space to park the company vehicles, an F-150 Ford pickup, a Chevrolet 4x4 pick-up and a minivan.

Additionally there are two core saws, a crusher and pulverizer and an assortment of necessary equipment and tools.

Figure 21: Photos of the Lab facility in Morelia
### Mineral Processing and Metallurgical Testing

There has been no metallurgical testing completed to date. However, in 2010, two acid leach pilot plants were built in the lab. The first was a cyanide leach and the second a sulfuric acid leach.

The cyanide leach plant was to leach gold from hematitic gossan float collected from the dry washes. The samples were crushed and leached and small amounts of gold were produced.

The sulfuric acid pilot plant was never tested. However leaching was completed using a 5 gallon bucket and iron bars. The copper oxide was collected and reduced in the furnace.

![Figure 22: Pilot plants for leaching Gold and Copper and a copper silver bar produced in the Lab](image)

### Project Infrastructure

To date all existing roads have been widened, repaired and graded. Some rain water drainage pipes have been installed, although more are needed to prevent road damage during monsoons. All rock embankments have been scaled and stabilized to avoid loose rocks and slabs from falling onto the road. A heliport was constructed northwest of the Main Zone and has been used at least 4 times.

### Environmental Studies, Permitting and Social or Community Impact

Two permits are currently required for exploration and exploitation:

- Environmental Impact Statement (MIA) per the abbreviation in Spanish, USPR has been approved for exploration and exploitation and this permit was issued in 2008.
- Land Use Change (ETJ) per the abbreviation in Spanish is a recent requirement. USPR has been working with the University of Michoacán in preparing this study. This study has been submitted to SEMARNAT for approval. The company anticipates receiving the permit in 30 work days.
- A government fee must be paid to the Fondo Forestal Mexicano after the ETJ permit is approved.

As part of our community cooperation program, USPR has initiated relations with the University of Michoacán to facilitate field trips and studies on the La Sabila property. USPR has established a professional relationship with the professors and students. A portion of the Biology and Geology curriculum at UM now includes studies in Biology, Environmental and Metallurgy as related to the La Sabila project.

U.S. Precious Metals Inc. has begun community assistance in “El Zapote” a pueblo 2 kilometers north of La Sabila. USPR will continue the assistance during exploration. USPR has a commitment to maintain roads around the communities and provide a soccer field for recreational use.

### Mineral Resources & Reserve Estimates

A resource and reserve estimate has been calculated from the initial footages and assay findings from all available assay data. The latest down hole data now suggests that Vein systems are converging on each other from the southwest. The data, in general, also suggests that the veins are narrowing as they approach the surface.

Based on this model a resource calculation is as follows:

Weighted averages were used to calculate indicated resource.

### Main Zone

Area = 10,270 sq.Meter  
Depth = 100 Meter avg.  
Density = 3.0  
Mineral Deposit = 10,270x 100 x 3 = 3,081,000 tonnes

Indicated resources Au  
Grade: 4.85 grams per tonne  
3,081,000 x 4.85 = 15,405,000g or 480,423.80 troy ounces
Indicated resources Ag
Grade 24.7 gpt
3,081,000 x 24.7g = 76,100,700g or 2,378,146.88 Troy ounces

Indicated resource Cu
Grade 1.08%
3,081,000 x 1.08% = 33,274.80 Tonnes

NORTH OLD MINE AND BACK ZONE
Area = 2,962 sq.Meter
Depth = 100 Meter avg.
Density = 3.0
Mineral Deposit = 296,200x 100 x 3 = 888,600 tonnes

Indicated resources Au
Grade 4.63gmt
888,600 x 4.63 = 4,114,218g or 128,569.31 troy ounces

Indicated resources Ag
Grade 23gpt
888,600 x 23 = 20,437,800g or 638,681.25 troy ounces

Indicated resources Cu
Grade 1.12%
888,600 x 1.12% = 9,952.32 Tonnes

NORTHWEST ZONE to MANO DE CHANGO ZONE
Area = 3,317 sq.Meter
Depth = 100 Meter avg.
Density = 3.0
Mineral Deposit = 3,317x 100 x 3 = 995,100 tonnes

Indicated resources Au
Grade 4.87gmt
995,100 x 4.87 = 4,846,137g or 151,441.8 troy ounces

Indicated resources Ag
Grade 21.23gpt
995,100 x 21.23 = 21,125,973g or 660,186.65 troy ounces

Indicated resources Cu
Grade 1.11%
995,100 x 1.11% =10,946.1 tonnes

SOUTH OLD MINE ZONE
Area = 4,396 sq.Meter
Depth = 100 Meter avg.
Density = 3.0
Mineral Deposit = 4396x 100 x 3 = 1,318,800 tonnes

Indicated resource Ag
Grade 23.65gpt
1,318,800 x 23.65 = 31,189,620g or 974,675.6 troy ounces

Indicated resource Cu
Grade 1.11%
1,318,800 x 1.11% = 14,506.8 tonnes.

Total Indicated Resource

Indicated Mineralized Material: 6,283,500 tonnes

Au Indicated resource: 954,957.91 troy ounces
Ag Indicated resource: 4,651,690.38 troy ounces
Cu Indicated resource: 68,680 tonnes
Drill hole Database

Drill hole information consists of geological logs for the 2008 drilling and laboratory assay results from the 2008, 2010 and 2015 drilling. Original certified assay documents are on file at the USPR office in Mexico.

Risk Factors

As with all properties in Mexico, land access can be an issue, though USPR has a good relationship with all land holders and have the mineral rights per Mexican law; it would be practical as the project moves forward to legally lock up the access rights.

Water is a key component of any operation, be it exploration or mining, USPR should identify multiple locations where they can access water to further the project.

The area over the years has been prone to unrest mainly related to the cartels. Though USPR has not experienced any issues and the area has been much less dangerous in recent years, as with all remote areas, proper protocol needs to be put in place to ensure minimum disruption and staff safety.

Interpretation and Conclusions

La Sabila deposit is a copper, silver, gold deposit within a dolomitic quartz sulfide stockwork and hosted in shallow marine black shale siltstone sedimentary unit of Cretaceous age. A volcanogenic massive sulfide origin has been suggested by several geologists although not confirmed at this time by academic studies. The system is a minimum of 2200 meters in length and lies adjacent a reverse fault that creates a northeasterly trending valley. However, at this time in the exploration, the system is open to the north and south. It is worth pointing out that USPR has explored less than 1% of the entire concession; further exploration in targeted areas will lead to other strike zones and areas.

It is the opinion of the author the project merits continued exploration and drilling. Due to the success of the 2015 drilling campaign the project is reclassified as a mid-level exploration project and pre-development planning should begin.

Recommendations

Complete reconnaissance exploration to the north and south to include soil survey and chip samples.

Further exploration of the 99.9% of the property that is unexplored

Potential sources of water should be located.

At least one more geologist should be on staff to increase the throughput of core logging and conducting more field exploration on the property.

Complete reconnaissance exploration to the east of the trend.

Mine 30 ton bulk samples from different locations for metallurgical testing.

In the Morelia lab, complete the assay lab, upgrade computers, software and upgrade trucks.
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20. US Precious Metals Internal Geological Report. (David Burney)

Certificate of Qualifications

I, Michael J. Floersch, hereby do certify that:
1. I am a graduate of the University of Central Missouri with a BA in earth sciences in 1979.
2. I have practiced my professions continuously since 1979. I have twenty-eight years’ experience in mining, exploration, laboratory and smelting experience.
3. I am a Qualified Professional Member in good standing with the Mining and Metallurgical Society of America with special expertise in Geology and Metallurgy.
4. I am a “Qualified Person” for the purposes of National Instrument 43-101 of the Canadian Securities Administrators. My specific relevant expertise for the purpose of this technical report includes:
   a. Valuation of mineral properties
   b. Metallurgical and Assay Testing
   c. Exploration for mineral properties
   d. Mining geology
5. I have read National Instrument 43-101 its Companion Policy and Form 43-101F1
7. I am familiar with the geology and operating conditions in Mexico having made multiple visits to Mexico over the last two years. I have made several visits to the La Sabila project site several times this year to the property for which this report was made.
8. I am not aware of any material fact or material change with respect to the subject matter of the report, the omission to disclose which, makes this report misleading.
9. I authorize US Precious Metals, Inc. to use this report in connection with submissions to regulatory authorities and shareholders, provided it is use in its entirety and not taken out of context.

Michael J. Floersch
Geologist/Metallurgist
Applied Minerals
### Appendix A

**Assay results for 2008 and 2010**

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La Sabila Precious & Base Metals Deposit Project Report, Southern Michoacan, Mexico Prepared for US Precious Metals, Inc

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La Sabila Precious & Base Metals Deposit Project Report, Southern Michoacan, Mexico Prepared for US Precious Metals, Inc
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La Sabila Precious & Base Metals Deposit Project Report, Southern Michoacan, Mexico Prepared for US Precious Metals, Inc
Appendix B.
Professor John Nold, University of Central Missouri Petrographic and ore Microscopy Report

Report

To: David Burney, President, U. S. Precious Metals, Inc.
From: John L. Nold, Fellow in the Society of Economic Geologists
Mark A. Dudley

Re: Report on ore microscopy of polished sections from Michoacan, Mexico

Date: January 2, 2010

Sample C2a hypogene massive sulfide py-qtz-cp rock cut by supergene vein of porous iron oxides

Description:
- pyrite - hypogene, clean, large crystals ~ 30%
- chalcopyrite - yellow-green, almost isotropic ~ 2-3%
- pyrrhotite - large bleb in chalcopyrite, strong anisotropism, light-brown color Trace
- quartz - same polishing hardness as py, somewhat brown from iron oxides ~ 15%
- supergene pyrite - in vein with marcasite, porous, low polishing hardness & negative relief compared to hypogene pyrite, light brownish green tint compared to hypogene pyrite ~ 25%
- supergene marcasite - more white than pyrite, anisotropic, mostly as lath-shaped crystals ~ 25%
- sphalerite ? - small blebs in pyrite Trace

Sample C2b hypogene massive sulfide, mostly pyrite and chalcopyrite cut by supergene marcasite and quartz

Description:
- pyrite - large euhedral to subhedral crystals up to 5 mm, hypogene, containing blebs of chalcopyrite, with gray gangue (mostly quartz) between py crystals ~ 50%
- chalcopyrite - present as separate large blebs and as small blebs in pyrite, hypogene, negative relief compared to pyrite ~ 7-10%
- supergene marcasite - porous, in bands, about same reflectance as py but distinctly whiter, anisotropic, supposed green tint not very apparent under scope but can easily see under hand lens, cutting py and cp ~ 30%
- gangue - probably mostly quartz, has about same polishing hardness as py ~ 10%
- sphalerite ? - gray, low reflectance, small blebs in gangue Trace

Sample C06-25 084a hypogene massive sulfide composed of massive chalcopyrite with minor pyrrhotite, fractured and veined with supergene py-qtz-cc

Description:
- chalcopyrite - the dominant mineral, massive, contains sphalerite exsolution stars ~ 40%
- pyrite - hypogene, clean crystals, euhedral ~ 5%
- supergene pyrite - porous, deposited in bands, very small crystals compared to hypogene pyrite, in cross-cutting vein ~ 15%
- pyrrhotite - brownish, anisotropic, small equidimensional crystals within chalcopyrite, contains thin lamellae and irregular veinlets of chalcolite ? replacing part of the pyr, pyrr is also associated with the hypogene pyrite -- the pyrrhotite is apparently a hypogene mineral ~ 2%
- chalcolite ? - gray veinlets with bluish tint cutting pyrr and py Trace

- gangue - probably mostly quartz ~ 20%
- hematite - red crystals in cavities on polished surface, from weathering few %
Sample CO6-25 O84b  hypogene massive chalcopyrite with sphalerite stars, cut by supergene py-mar

Description:

chalcopyrite - coarse grained, has small exsolution sphalerite stars, stars indicate high-temperature, hypogene formation, at least for this mineral ~ 40 %
pyrite - large, clean, euhedral crystals, hypogene, creamy yellow, isotropic ~ 10 %
supergene pyrite - porous, creamy but slight anisotropism
supergene marcasite - whiter than py, anisotropic, mostly as elongate laths and plates, together the supergene pyrite and the supergene marcasite constitute about 25 % of the sample
sphalerite - as exsolution stars in chalcopyrite, four-pointed stars are aligned crystallographically along lattice directions in the cp with legs parallel, largest stars are about 20 microns in length, some sph also within quartz as small blebs up to 0.22 mm in length
gangue - probably mostly quartz, stained brownish-red from iron oxides from weathering

Comments on the polished sections:

1. Samples were submitted by D. Burney and not collected by J. Nold, so my comments will be somewhat limited.
2. All the samples appear to be from a high-grade sulfide deposit (or deposits). They appear to be from samples of massive sulfide ore, although a high-grade vein deposit cannot be ruled out.
3. All have undergone significant supergene alteration from weathering, and deposition of sulfide minerals within the zone of supergene sulfide enrichment.
4. All samples show evidence of minor weathering and oxidation after exposure.
5. Perhaps the most surprising thing is the presence of sphalerite stars within chalcopyrite, accepted by ore microscopists as evidence of high temperature formation of the chalcopyrite, allowing it to absorb the zinc that is later exsolved during cooling as the sphalerite stars.
6. The high percent copper and the modest amounts of zinc are suggestive of a copper-zinc massive sulfide deposit, although other deposit types cannot be ruled out.

Comments on thin section analyses of Michoacan ore sent previously on October 18, 2009, and included here so that the Polished Section info and the Thin Section info are included within the same final report.

The Michoacan thin sections have been finished and described. The polished sections have been mounted and still need to be polished which may take a few weeks. This is a preliminary report on the thin section samples. All the samples were leached in hydrofluoric acid and stained in sodium cobaltinitrite for K-feldspar, and none contained even a trace, which I found a bit surprising.

I will write a more formal report later when the polished sections are finished.

LS08-1 209 feet
pyritic sericitic quartz sandstone.
pyrite 5 %, euhedral to subhedral and a late hydrothermal addition, not pyrite sand grains. quartz ~ 55 %, very angular, undulose extinction, source area is a plutonic terrane, not volcanic quartz, larger crystals up to 1.5 mm.
sericite 30-35 %, perhaps from clay matrix in original sandstone and changed by thermal event.
carbonate, ~ 1-2 %, probably dolomite, as small veinlets.

LS08-2 101 feet
dolomitic sericitized porphyritic andesite
plagioclase ~ 60 %, as phenocrysts and as aphanitic matrix. Phenocrysts highly sericitized.
sericite ~ 20 %, high percent as alteration of plagioclase phenocrysts, some in matrix. Completely replaces some plagioclase phenocrysts.
carbonate, probably dolomite, ~ 10 %, scattered through the rock.
apatite, ~ 1 %, small hexagonal crystals in the matrix.
opaques, ~ 1 %.
titanite ?, ~ 1 %, disseminated through the rock.

LS08-2 695 feet
dolomitic arkosic sandstone, very fine grained with red hematite coloring
plagioclase, ~ 60 percent, the main component in the rock.
quartz, ~2-3%, very angular, one large grain up to 0.5 mm.

hematite, trace, translucent red, the red coloring in the rock.

dolomite, ~15-20%, scattered through the rock.

opales, ~10%, probably mostly hematite.

Only 19 feet above LS08-2, 714 feet, and considerably finer grained, so could represent grading; need to see the core to tell.

Appendix C

ELECTRON MICROPROBE and
SCANNING ELECTRON MICROSCOPE ANALYSIS of
DRILL CORE SEGMENTS From LA SABILA PROJECT

Hole #5 @ 399.5' and Hole #6 @ 157'

Description of Samples
2 small wedges of diamond drill core.

Purpose of Analysis
Characterize precious and base metal mineralogy with emphasis upon platinum group element minerals.

Sample Preparation
Prepare polished thick sections from core wedges. Grind and polish to show the mineral phases in cross section. Coat each polished thick section with 40 angstroms of evaporated carbon to create an electrically conductive surface.

Electron Microprobe Instrumentation and Operating Conditions.
Analyze in an ARL SEMQ electron microprobe equipped with 6 wavelength dispersive x-ray spectrometers, a Robinson full television rate back scattered electron detector, DigiSem digital image acquisition, KEVEX / PGT MCA 4000 EDS detector system.

Analysis Method
Survey the sample at 300 X using back scattered electron imaging which shows compositional variation using atomic number as the video contrast basis.

Obtain scanning electron microscope back-scattered electron (SEM BSE) images using DigiSem digital acquisition hardware and software. Atomic number is the contrast source in the images.

Use energy dispersive x-ray spectrometer (EDS) for basic mineral identification and wavelength dispersive x-ray spectrometer (WDS) for trace analysis.

Analyst
The analyst on all instruments and the author of the report was Bart Cannon

Hole #5 @ 399.5' (La Sabila)

Pyrite showing networks of crosscutting voids. The voids show white, end member siderite and euhedral crystals of pyrite. Rare chalcopyrite can be seen intergrown with the pyrite when the stereomicroscope is used to examine the sample.

No discrete platinum group element bearing phases were encountered.

Pentlandite, a nickel iron sulfide is the most likely phase which might host palladium in solid solution, but no nickel bearing minerals were encountered. It is conceivable that PGE could occur in solid solution in the gold and silver bearing phases.
Wavelength dispersive x-ray micro-analysis was conducted on the pyrite and chalcopyrite in the sample. No palladium or platinum in concentrations greater than 100 ppm could be detected. Platinum normally occurs in discrete platinum group minerals rather than in solid solution in base metal sulfides.

The silver bearing minerals heissite, and a lillianite homologue which may be either gustavite or eskimoite were encountered frequently, but no gold bearing phases were located.

The heissite and gustavite were most commonly included in siderite rather than in the pyrite or chalcopyrite. When precious metal bearing phases occur in pyrite, those occurrences are always very close to areas of siderite.

Arsenic bearing pyrite is a known solid solution or submicron gold host in Carlin and other types of deposits. The pyrite in this sample is arsenic free.

**SEM BSE Photos**
01 Heissite (xrs 03) showing gustavite (xrs 02) rim in siderite.
02 Mag view of SEM photo 01.
04 Heissite (xrs 03), pyrite in siderite, magnesian siderite and quartz.
05 Gustavite in pyrite, siderite, magnesian siderite and chalcopyrite.
06 Gustavite in siderite and pyrite.
07 Gustavite in pyrite and siderite.

**X-Ray Spectra**
01 Siderite in all photos
02 Gustavite / eskoimite rim in SEM photos 01 and 02.
03 Heissite core in SEM photo 02 and 04.
04 End member siderite in all photos.
05 Magnesian siderite in SEM photo 03.
06 Typical pyrite spectrum. Note absence of arsenic.

**Hole # 6 @ 157′ (La Sabila)**
Pyrite is the predominant phase with abundant cross cutting veinlets of chalcopyrite siderite and magnesian siderite. This core segment shows very few voids in contrast to the core segment from Hole # 5 which is described above.

No discrete platinum group element bearing phases were encountered.

Pentlandite a nickel iron sulfide is the most likely phase which might host palladium in solid solution, but no nickel bearing minerals were encountered.

Wavelength dispersive x-ray micro-analysis was conducted on the pyrite and chalcopyrite in the sample. No palladium or platinum in concentrations greater than 100 ppm could be detected. It is conceivable that PGE could occur in solid solution in the gold and silver bearing phases. Platinum almost always occurs in ore systems as discrete mineral grains containing essential platinum rather than it does in solid solution in base metal sulfides.

Numerous small inclusions of silver bearing phases were encountered. Heissite is the most common phase, but preliminarily identified rare silver bismuth selenide, bohdanowiczite is almost as common. Acanthite occurs as well, and it is the most frequent precious metal bearing phase included in pyrite.

The most common gold bearing phase is electrum. It has a fineness of 620. Gold bearing phases are much less common than silver bearing phases.

The great majority of precious metal bearing phases occur in siderite and magnesian siderite rather than as inclusions in sulfides. Several grains of acanthite included in chalcopyrite, and one grain of electrum included in pyrite were observed, however.

Arsenic bearing pyrite is a known solid solution or submicron gold host in Carlin and other types of deposits. The pyrite in this sample is arsenic free.

**SEM BSE Photos**
01 Acanthite in chalcopyrite and zoned iron carbonates (xrs 01,02).
02 Electrum (Au 620)(xrs 03) in siderite (xrs 01) and chalcopyrite.
03 Possible bohdanowiczite (xrs 05) intergrown with heissite in siderite.
04 Possible bohdanowiczite and heissite in siderite with chalcopyrite.
06 Electrum in pyrite swarm enclosed in siderite and magnesian siderite (xrs 04).

**X-Ray Spectra**
01 End member siderite in all SEM photos.
02 Magnesian siderite in SEM photo 03.
03 Electrum in SEM photo 02.
04 Magnesian siderite with pyrite and electrum in SEM photo 06.
05 Possible bohdanowiczite in SEM photo 03 and 04.

**Appendix D**
MINERAL RESOURCE ESTIMATES

Canadian NI 43-101 definitions of mineral resource and mineral reserve refer to the terms as defined by the Canadian Institute of Mining, Metallurgy, and Petroleum (CIM). The CIM definition standards on mineral resources and mineral reserves are as follows:

“A Mineral Resource is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.”

**Measured Mineral Resource**

A ‘Measured Mineral Resource’ is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

**Indicated Mineral Resource**

An ‘Indicated Mineral Resource’ is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

**Inferred Mineral Resource**

An ‘Inferred Mineral Resource’ is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.