

MEXICO SNAPSHOT

Precious metals from coast to coast

Mineral companies large and small are active throughout Mexico. Precious metals remain the target of choice for explorers, developers and mine operators alike. Here are eight firms advancing assets in Mexico.

Excellon Resources

In central Mexico's Durango state, **Excellon Resources** (TSX: EXN) owns and operates the La Platosa underground mine. As of 2018, La Platosa has an indicated resource of 485,000 tonnes grading 549 grams silver per tonne, 5.6% lead and 5.9% zinc, for contained metal totalling 8.5 million oz. silver, 60 million lb. lead and 63 million lb. zinc.

The mine has produced more than 1 million tonnes of ore since beginning production in 2005. In 2018, the mine delivered 81,000 tonnes of ore with an average grade of 391 grams silver, 3.88% lead and 5.42% zinc, for 900,000 oz. silver, 5.4 million lb. lead and 7.9 million lb. zinc.

Excellon is also exploring at La Platosa and in neighbouring Zacatecas state on its 450 sq. km Evolucion silver-lead-zinc property. For 2019, the company will drill 6,000 metres at Evolucion, and work on reinterpreting regional geology to drive discoveries.

Impact Silver

Junior producer **Impact Silver** (TSXV: IPT) operates the 535-tonne-per-day Guadalupe Production Centre, which makes silver-lead-zinc concentrate. The mill is fed by Impact's three nearby mines: San Ramon, Guadalupe and Cuchara, which are in the historic colonial Royal Mines of Zacualpan district in west-central Mexico.

In second-quarter 2019, Impact produced 146,000 oz. silver from ore, with an average head grade of 160 grams silver per tonne.

The company also owns the 200-tonne-per-day Capire plant — which is on care and maintenance — and its nearby open-pit volcanogenic massive sulphide silver-lead-zinc deposit. Impact has started a Dense Media Separation engineering study, with an eye to improve Capire's economics.

Both projects are contiguous and sit on a combined 357 sq. km land package that houses more than 4,500 historic silver mines, and several active exploration targets, the company says.

Leagold Mining

Vancouver-based **Leagold Mining** (TSX: LMC) owns the Los Filos gold mine, 180 km south of Mexico City, in Guerrero state.

Los Filos began production in 2008, and consists of two open pits, an underground mine and heap-leach processing facilities. The company expects Los Filos will produce 200,000 to 220,000 oz. gold in 2019.

In July 2019, Leagold began work on a US\$180-million expansion at Los Filos, which entails developing a second underground operation, enlarging one pit, re-phasing the other pit into two sections, and building a 4,000-tonne-per-day, carbon-in-leach plant.

The expansion will be built in phases and should be fully up and running by fourth-quarter 2021, after which the mine will produce an average 350,000 oz. gold per year until 2028.

McEwen Mining

McEwen Mining (TSX: MUX; NYSE: MUX) operates the El Gallo gold-silver mine in the foothills of the Sierra Madre Occidental mountain range in Sinaloa state.



Sierra Metals' Piedras Verdes mill, which processes ore from its Bolivar copper-silver-gold mine in Chihuahua, Mexico. SIERRA METALS

In 2018, the mine yielded 39,000 oz. gold and 9,000 oz. silver. El Gallo transitioned from mining to residual heap leaching in second-quarter 2018.

For 2019, El Gallo is on track to produce 16,000 equivalent oz. gold (including silver credits). The mine produced 240,000 oz. gold and 125,000 oz. silver for the company between 2012 and 2017.

In 2018, McEwen released a preliminary economic assessment (PEA) for a redevelopment plan for El Gallo. The plan, called the Fenix project, would see the company build a mill on-site, which will initially reprocess heap-leach material, and then process ore from four deposits on the property. The plan would give El Gallo a 12-year mine life, producing 47,000 equivalent oz. gold per year on average.

McEwen is working on permitting and completing a feasibility study for Fenix by third-quarter 2019.

Mexican Gold

Junior explorer **Mexican Gold** (TSXV: MEX) is focused on its flagship Las Minas copper-gold property in Veracruz state.

Las Minas hosts two gold-copper skarn deposits, which are historic mines, and surface accessible.

A 2017 mineral resource estimate

for both zones outlined 5 million measured and indicated tonnes grading 0.92 gram gold per tonne, 0.59% copper and 4.37 grams silver per tonne, for 304,000 contained equivalent oz. gold. The inferred category adds 10.3 million tonnes of 1.08 grams gold, 0.66% copper and 3.99 grams silver, for 719,000 equivalent oz. gold.

In 2019, the company plans to complete a resource update for Las Minas, carry out a Lidar survey, and map and refine drill targets.

In June 2019, the company appointed Philip O'Neill as CEO. O'Neill was founder and CEO of Sunward Metals, before it was bought in 2015.

Minera Alamos

Aspiring producer **Minera Alamos** (TSXV: MAI) is developing two projects in Mexico.

The company expects to begin construction at the federally permitted Santana gold project in Sonora state, despite it lacking a technical report or compliant resource estimate, which are expected to come after the 2019 drilling season. Minera Alamos expects the open-pit, heap-leach operation will hit commercial production in mid-2020. Minera Alamos has mined a 50,000-tonne, pre-commercial

bulk sample at Santana. The material contained 0.67 gram gold per tonne and has yielded more than 1,000 oz. gold.

In Durango state, the company owns the La Fortuna gold-silver-copper project, which hosts measured and indicated resources of 3.5 million tonnes grading 2.78 grams gold per tonne, 16.5 grams silver and 0.22% copper, for 310,000 contained oz. gold, 1.8 million oz. silver and 7,600 tonnes copper. A 2018 PEA envisioned a five-year, open-pit operation processing 1,100 tonnes per day to produce an average 43,000 oz. gold, 1.1 million oz. silver and 1,000 tonnes copper-in-concentrate per year.

Sierra Metals

With two polymetallic mines, **Sierra Metals** (TSX: SMT) is heavily invested in Mexico.

Since 2012, the company has operated its Bolivar copper-silver-gold

mine in Chihuahua state. Bolivar's ore is processed at Sierra's Piedras Verdes plant, 6 km from the mine, where the company is expanding capacity to 4,250 tonnes per day by fourth-quarter 2019. Bolivar's 2019 guidance is between 30,000 and 33,000 equivalent lb. copper.

Also in Chihuahua state, the company is ramping up its Cusi silver-lead-zinc-gold mine to 1,200 tonnes per day by fourth-quarter 2019. Cusi's 2019 production guidance is set at 1,900 to 2,100 equivalent oz. silver.

Both mines will have their 2017 technical reports updated by second-quarter 2020, which will incorporate more than 70,000 metres of new drilling.

The company also holds a portfolio of early-stage exploration projects in the country.

Southern Silver Exploration

Southern Silver Exploration (TSXV: SSV) has been advancing the Cerro Las Minitas silver property in Durango state with a multi-pronged exploration campaign, including 60,000 metres of drilling since 2010.

It has found four silver-polymetallic deposits: Blind, El Sol, Las Victorias and Skarn Front.

Indicated resources total 11.1 million tonnes averaging 105 grams silver per tonne, 0.1 gram gold, 0.16% copper, 1.2% lead and 3.7% zinc. These grades amount to 37.5 million oz. silver, 35,000 oz. gold, 40 million lb. copper, 303 million lb. lead and 897 million lb. zinc.

Inferred resources total 12.8 million tonnes of 111 grams silver, 0.07 gram gold, 0.27% copper, 0.9% lead and 2.8% zinc. Contained metal in the inferred resource totals 45.7 million oz. silver, 31,000 oz. gold, 76 million lb. copper, 253 million lb. lead and 796 million lb. zinc.

Southern Silver Exploration (TSXV: SSV) operates the project and holds a 40% interest. Electrum Group owns the rest. TNM

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