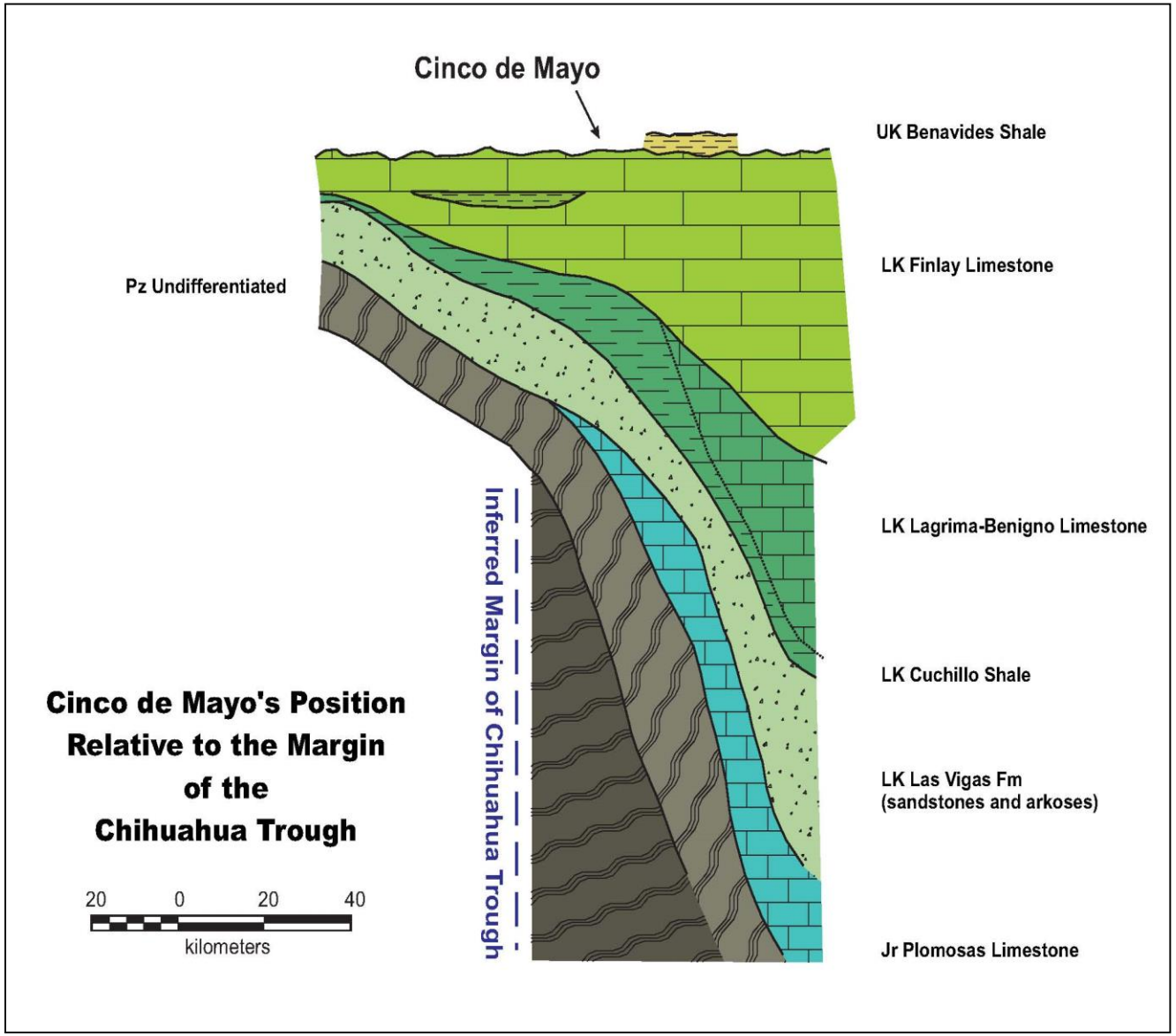
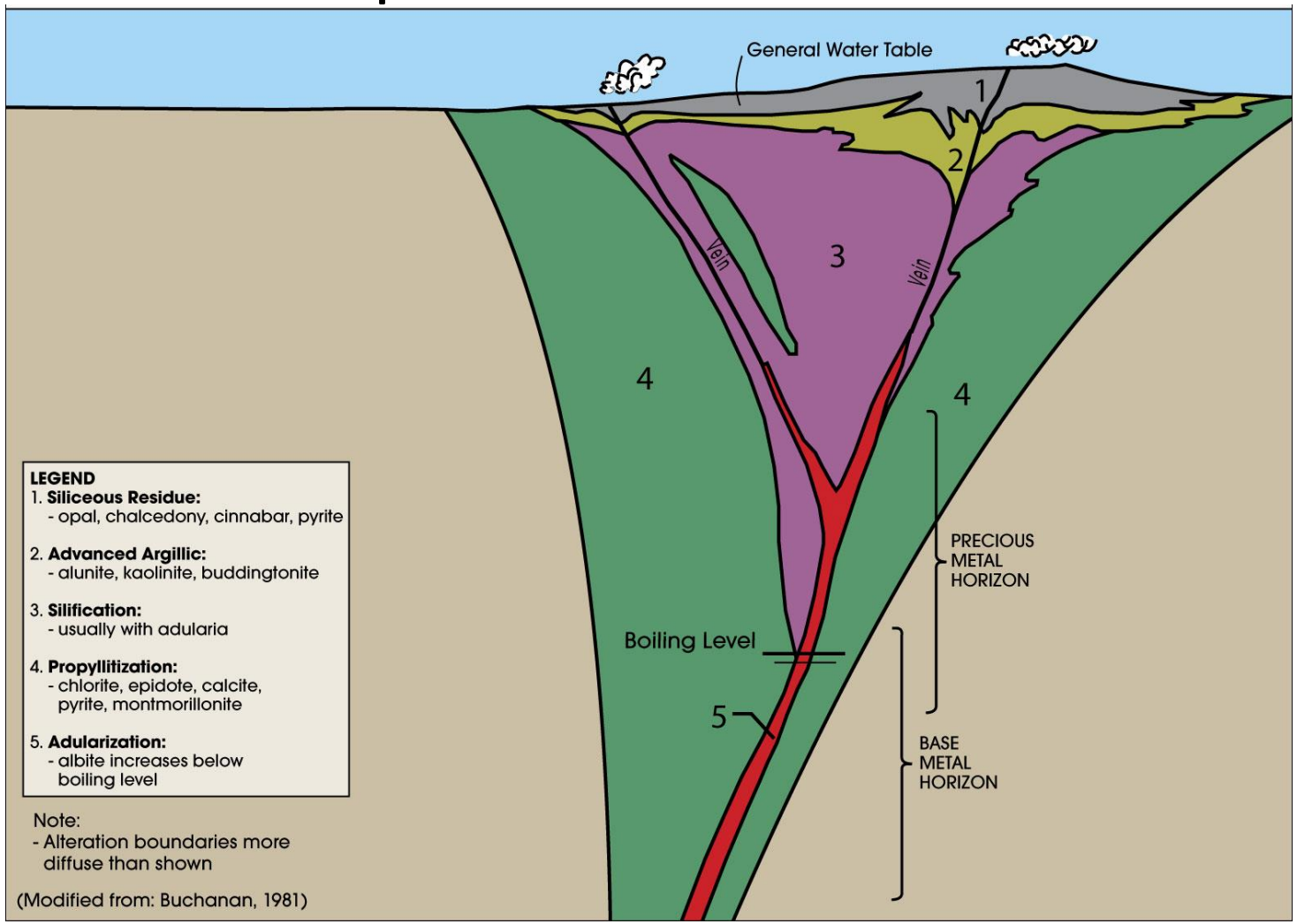
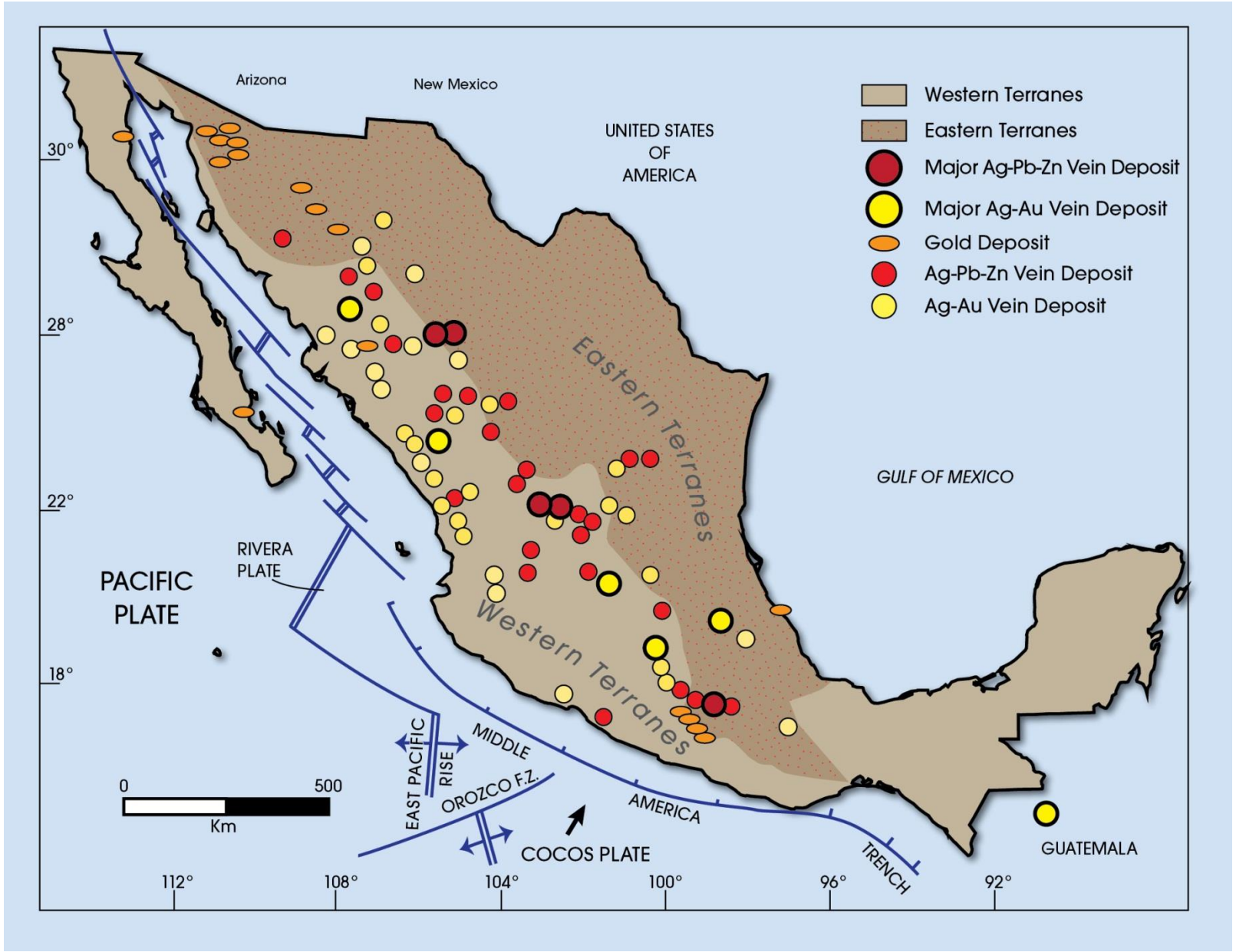
CRD Position Relative to Basin Margins



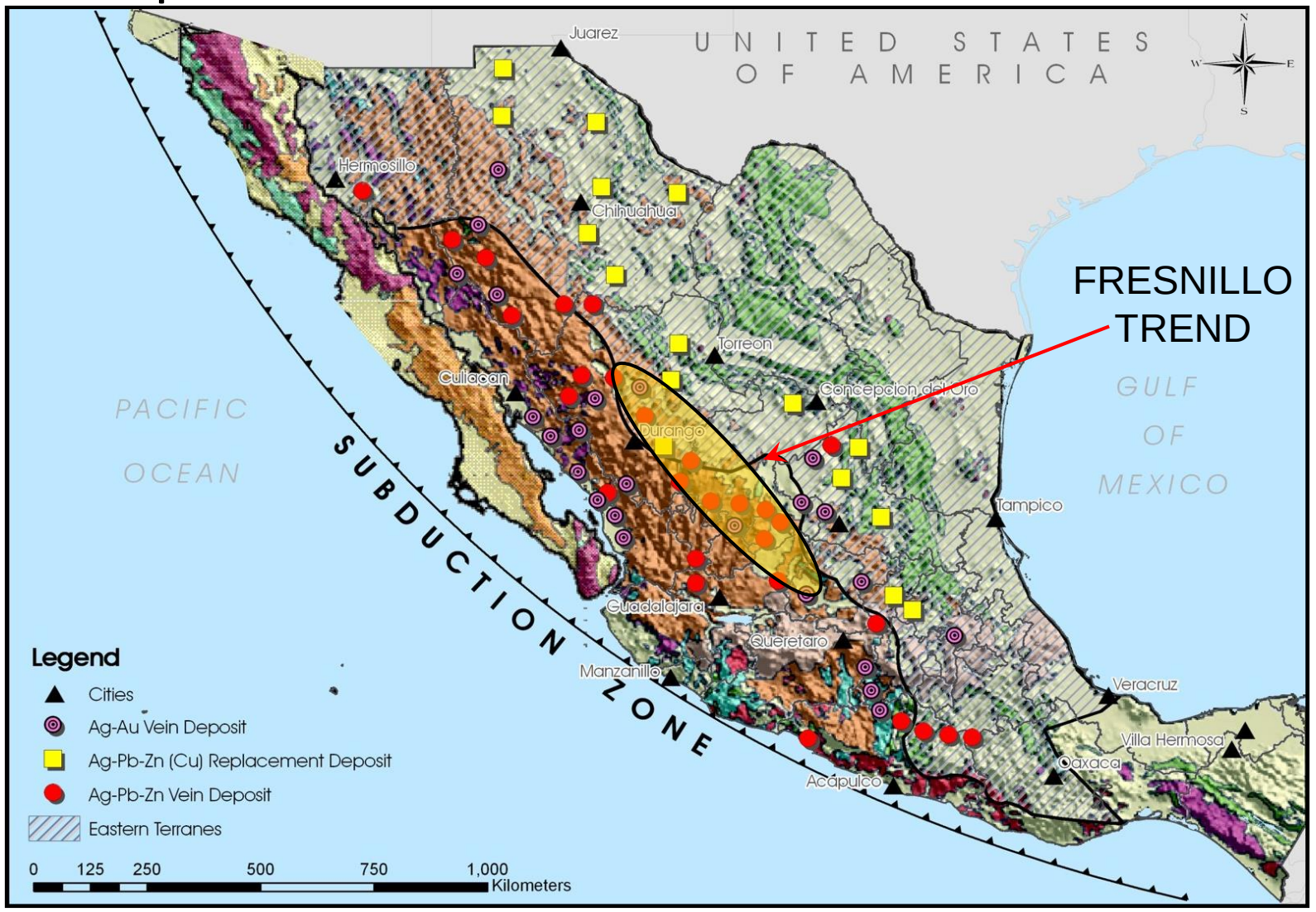
Buchanan's Epithermal Vein Model



Mexico: Basement Terranes and Vein Deposits

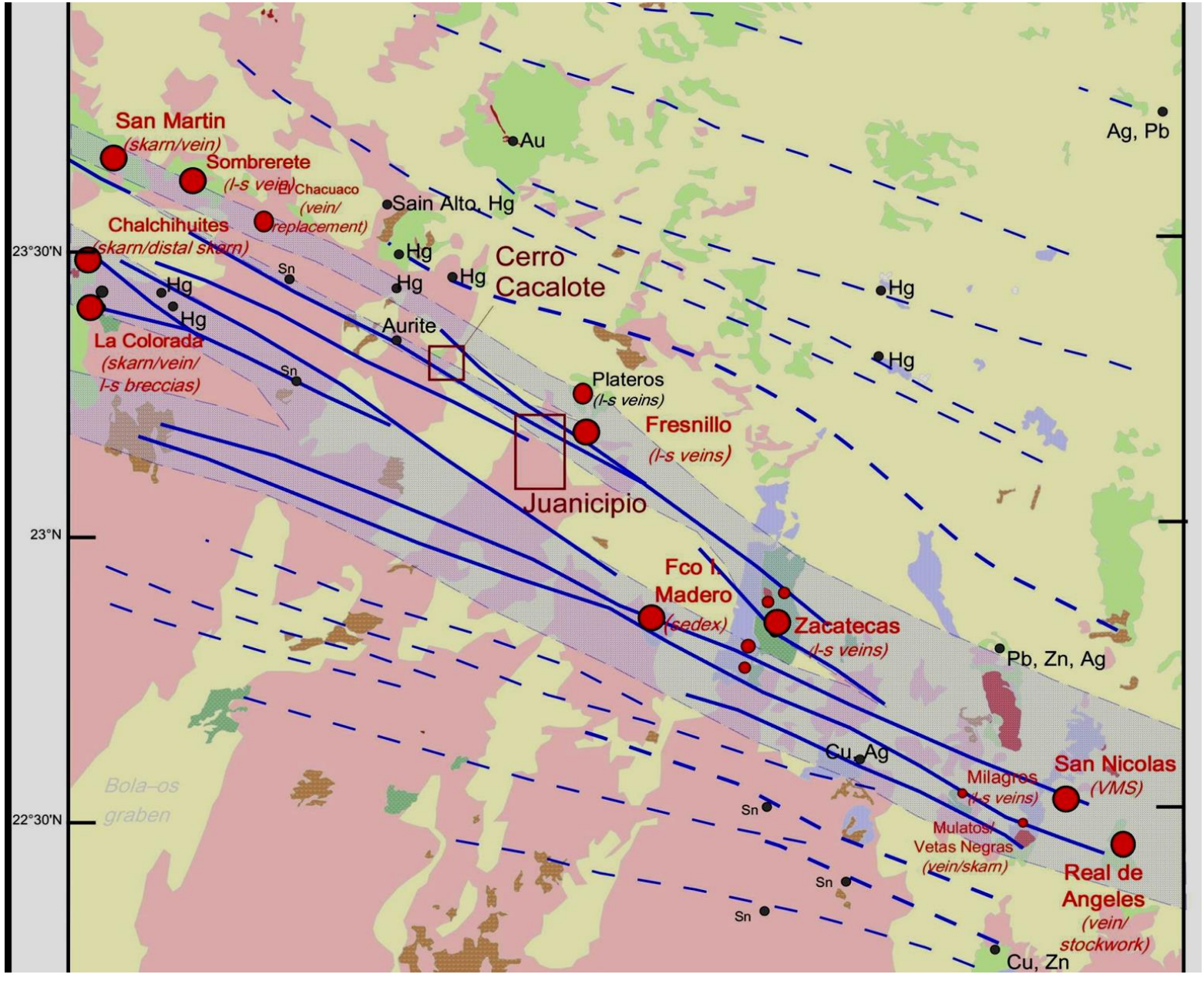


Tertiary Mexico & Related Ore Deposits



Mexico: Fresnillo Silver Trend

México: Fresnillo Silver Trend Structural Fabric



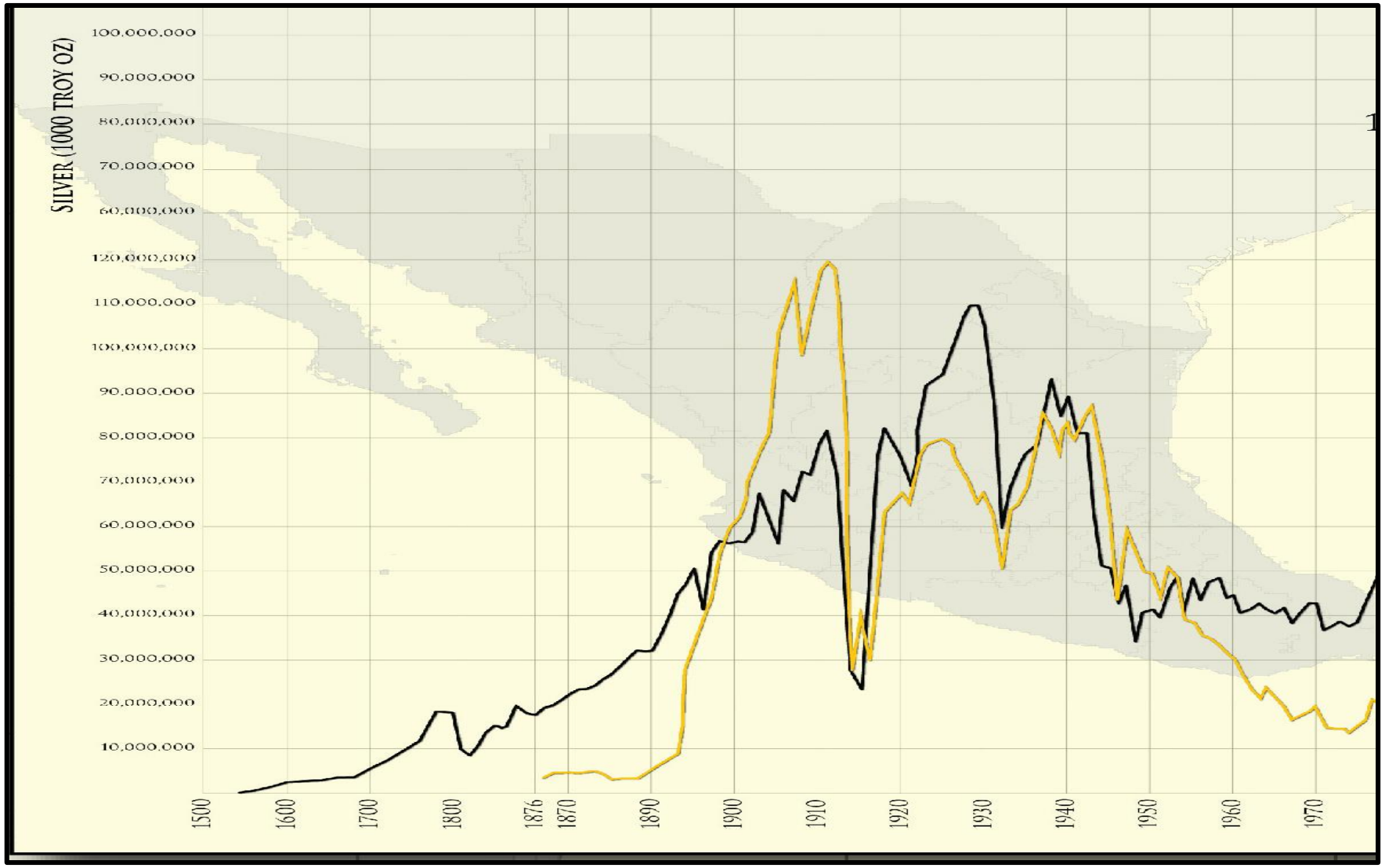
MEXICO: WHY SO RICH IN BIG SILVER?

- **Source**
  - All deposit types Ag-rich
  - Crust either especially rich in Ag or it is more accessible than elsewhere
- **Processes**
  - Long-lived magmatic belt with associated hydrothermal activity
  - Silver moves best in High T- acid fluids…expected with felsic magmatism
  - Certain deposit types associated with felsic magmatism especially prolific
- **Environment**
  - Excellent, structurally-prepared host rocks
- **Timing**
  - Near-perfect timing for magmas and fluids to get to high crustal levels
  - Old enough to be exposed
  - Young enough to be preserved

EXPLORATION IS *NOT* DEAD!!!

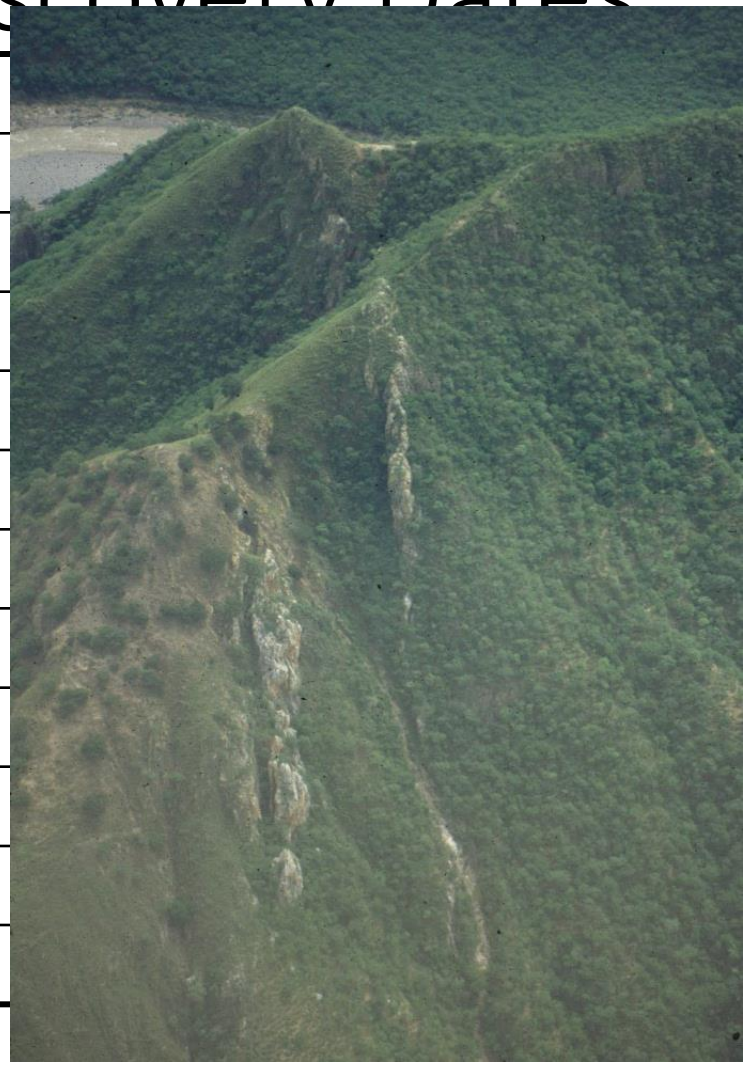
Does any of this help us find ore?

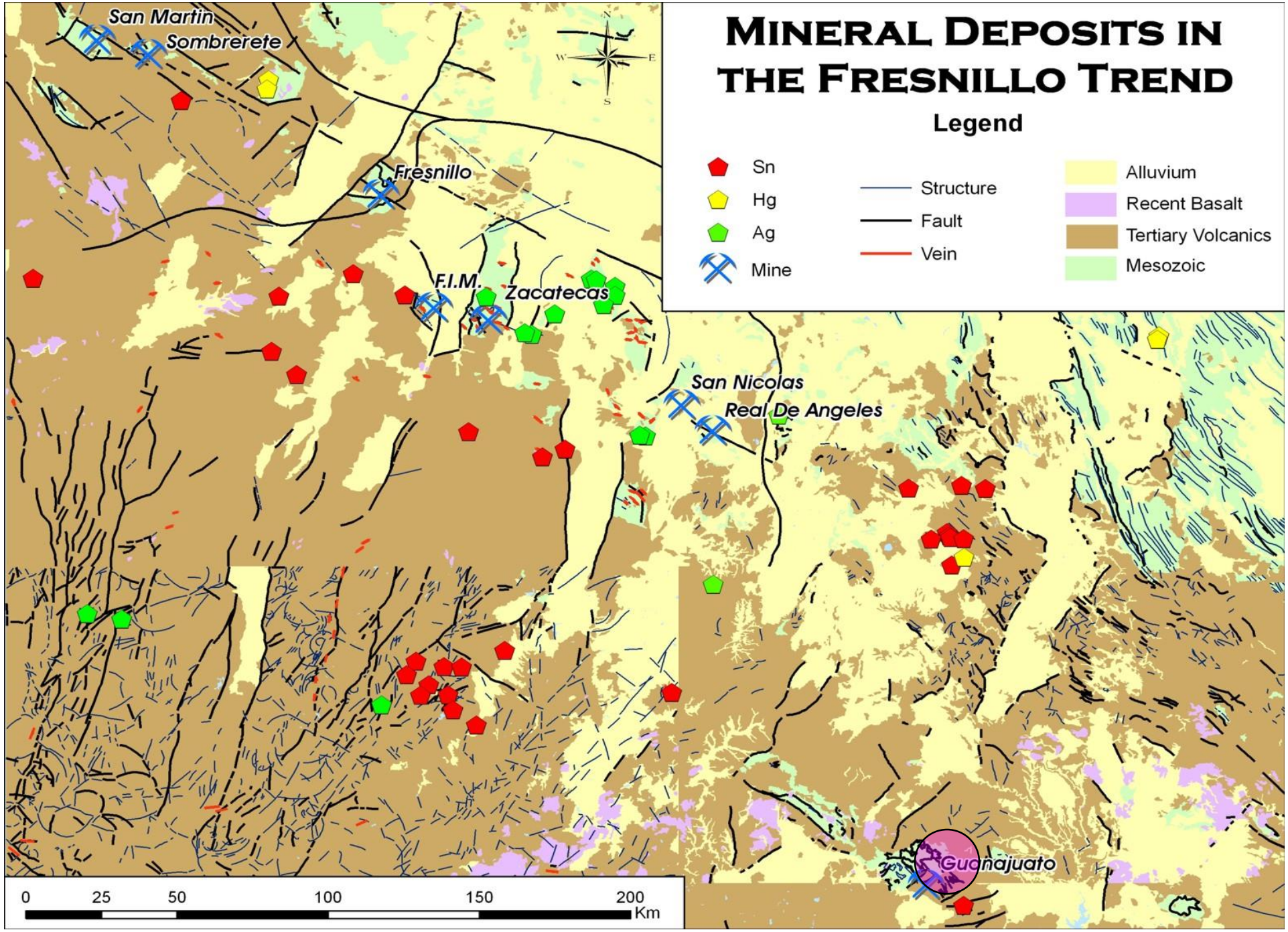
Mexico's Silver & Gold Production 1521-1980



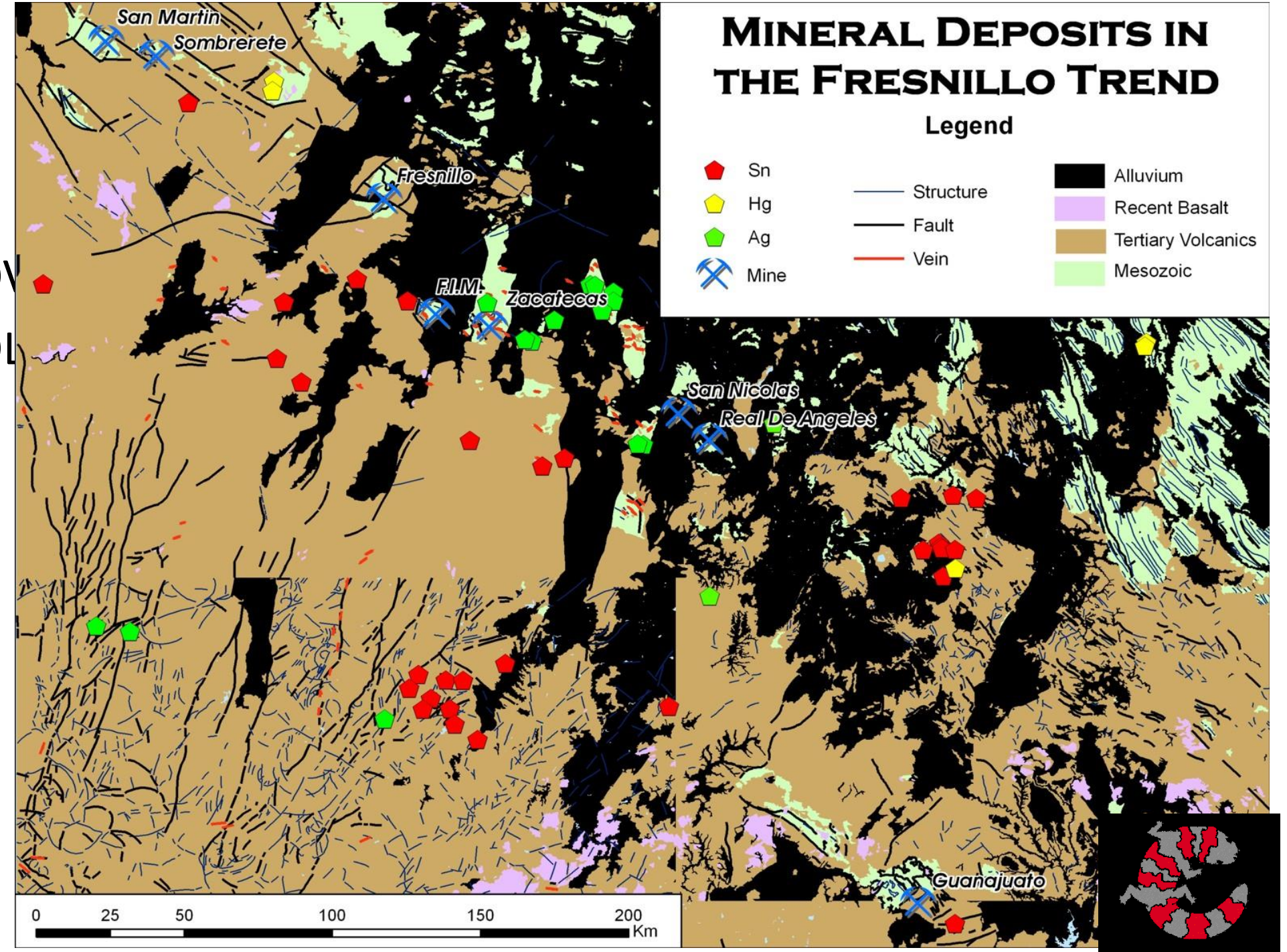
Mexican Districts: Discovery Dates

Taxco	1522
Pachuca	1524
Guanajuato	1529
Sombrerete	1542
Zacatecas	1543
Fresnillo	1553
Charcas	1570
Cerro San Pedro	1575
Santa Eulalia	1593
Mapimi	1598
Santa Barbara / Parral	1600
Batopilas	1632




Mineral Deposits in the Fresnillo Trend
Legend
Sn
Hg
Ag
Mine
Structure
Fault
Vein
Alluvium
Recent Basalt
Tertiary Volcanics
Mesozoic
San Martin
Sombrerete
Fresnillo
F.I.M.
Zacatecas
San Nicolas
Real De Angeles
Guanajuato
0
25
50
100
150
200
Km

- COV
- COL


San Martin
Sombrerete
Fresnillo
F.I.M.
Zacatecas
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Mineral Deposits in the Fresnillo Trend
Legend
Sn
Hg
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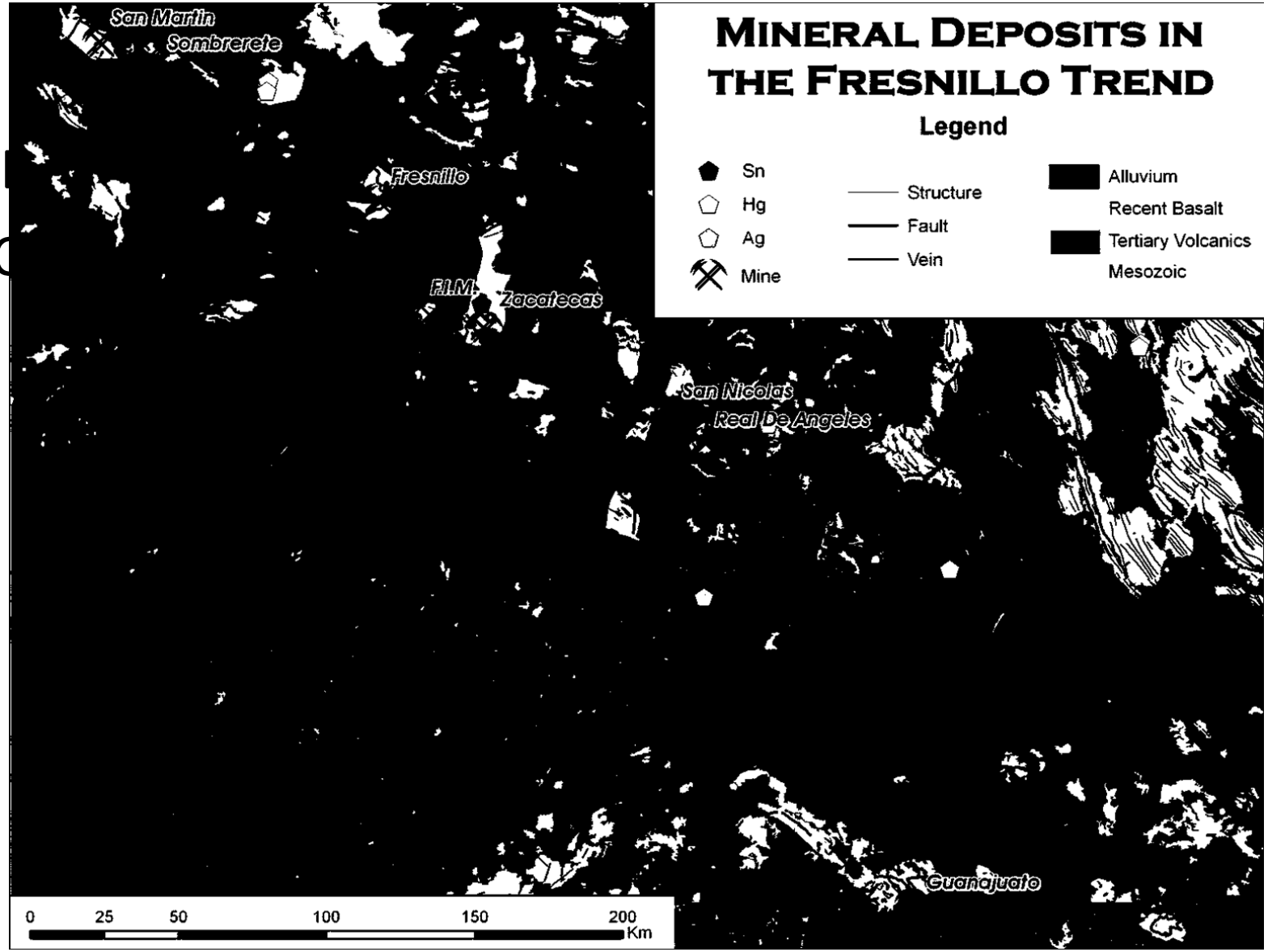
Fault
Vein
Alluvium
Recent Basalt
Tertiary Volcanics
Mesozoic
0
25
50
100
150
200
Km

Mexico: Explore Through Cover in Known Belts

- COV
- COLC



Mineral Deposits in the Fresnillo Trend

Legend

- Sn
- Hg
- Ag
- Mine
- Structure
- Fault
- Vein
- Alluvium
- Recent Basalt
- Tertiary Volcanics
- Mesozoic

Exploring Through Cover…Cutting the Risks

BLIND EXPLORATION

Geological Model

Location, Location, Location

Geophysics

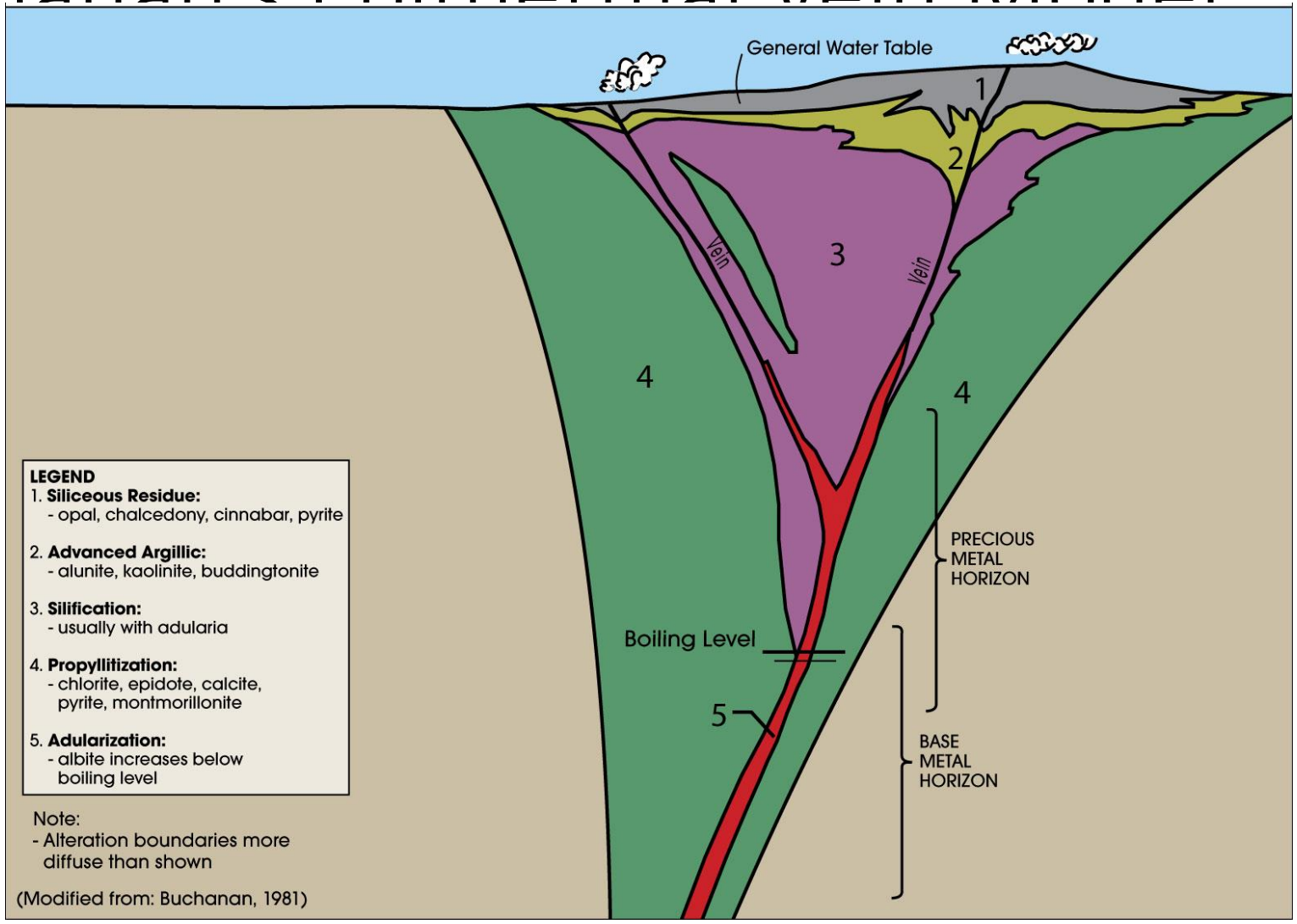
Drilling

Reinterpretation

Repeat

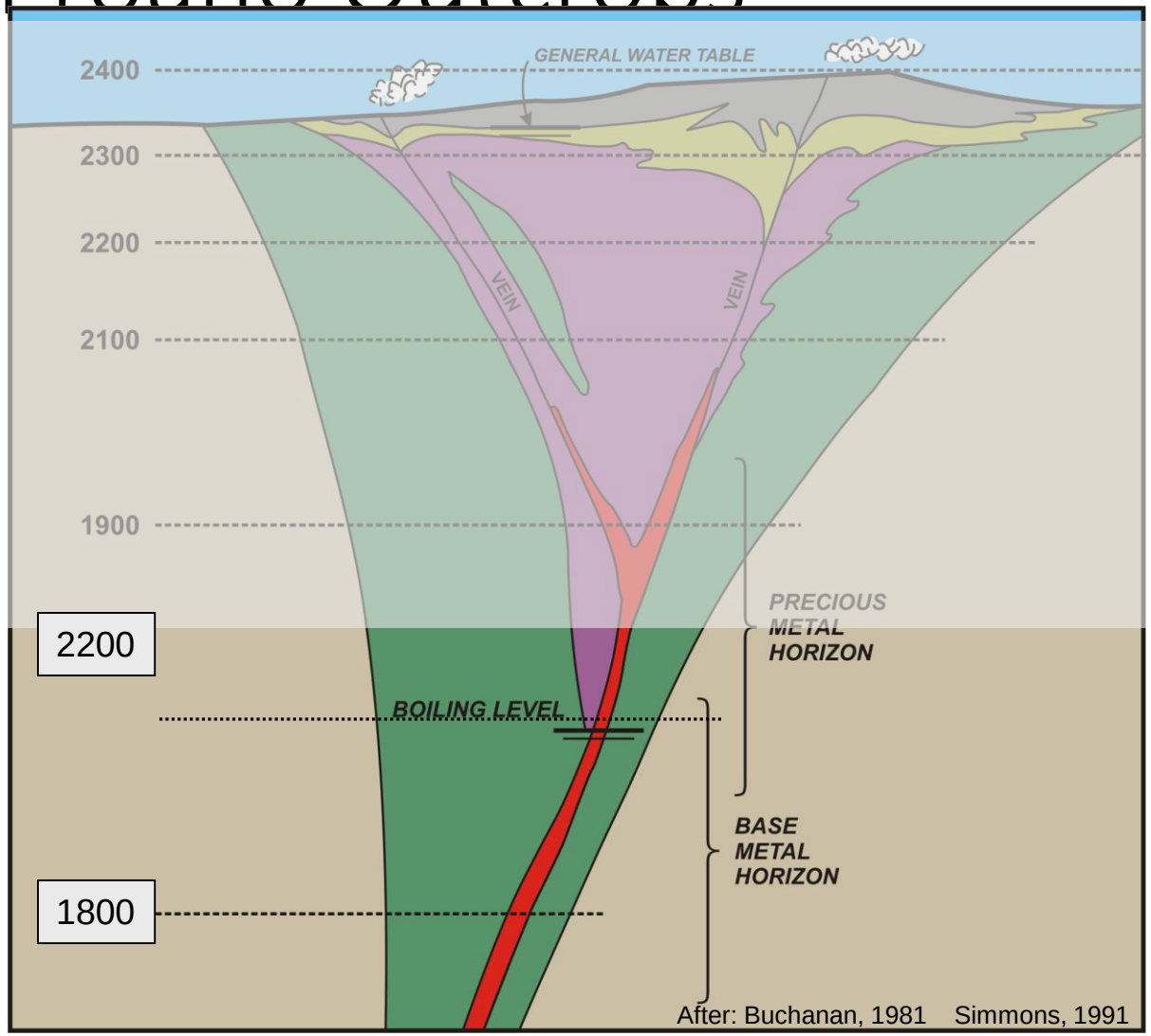
PATIENCE, BELIEF, FUNDING, PERSEVERANCE…REPEAT

Buchanan's Epithermal Vein Model



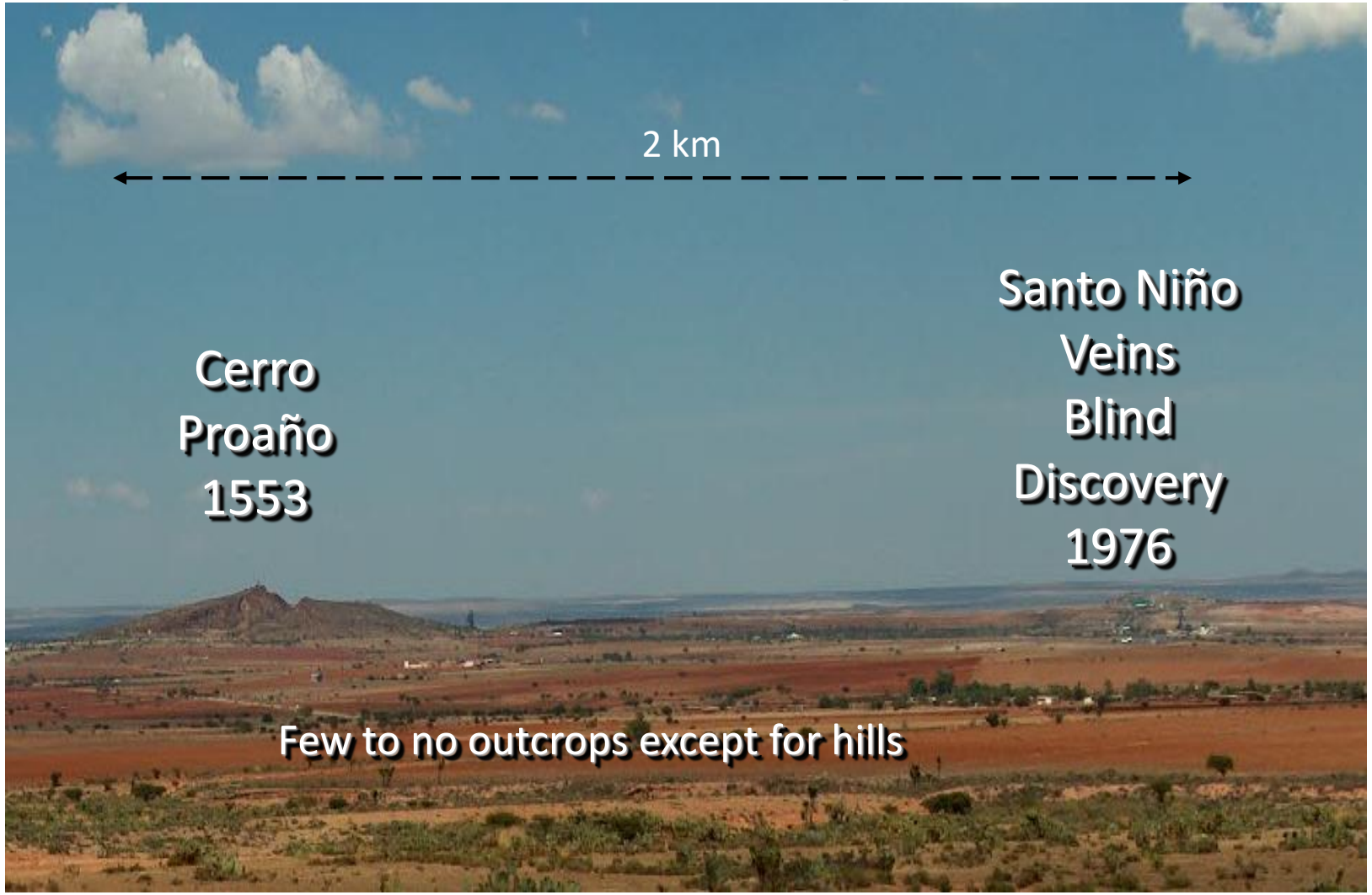
Fresnillo: Cerro Proaño Outcrop Discovery 1553

Cerro Proaño Outcrops

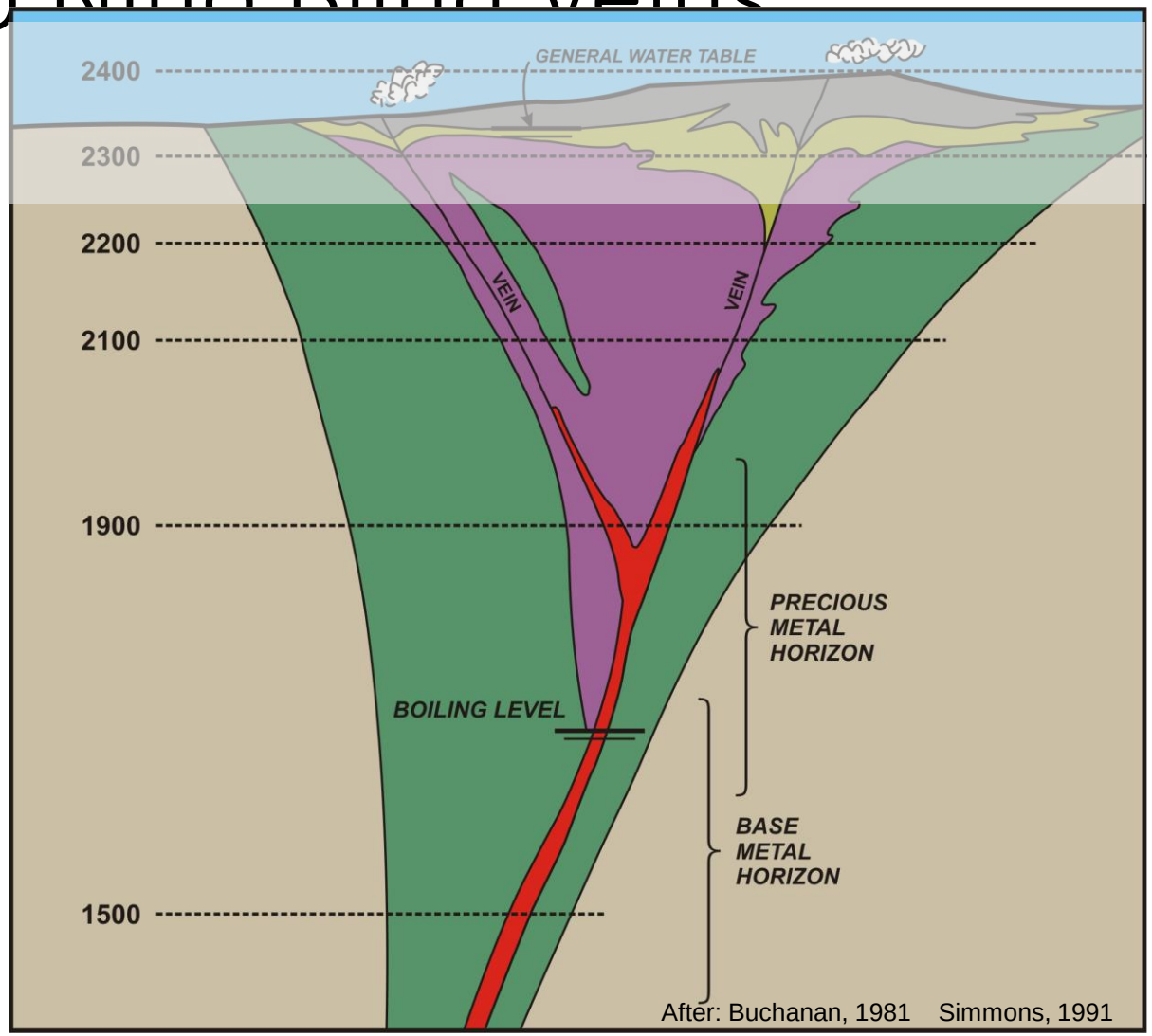


Depth of Erosion of Cerro Proaño Stage Vein Outcrops

Fresnillo: Historic Mining Area

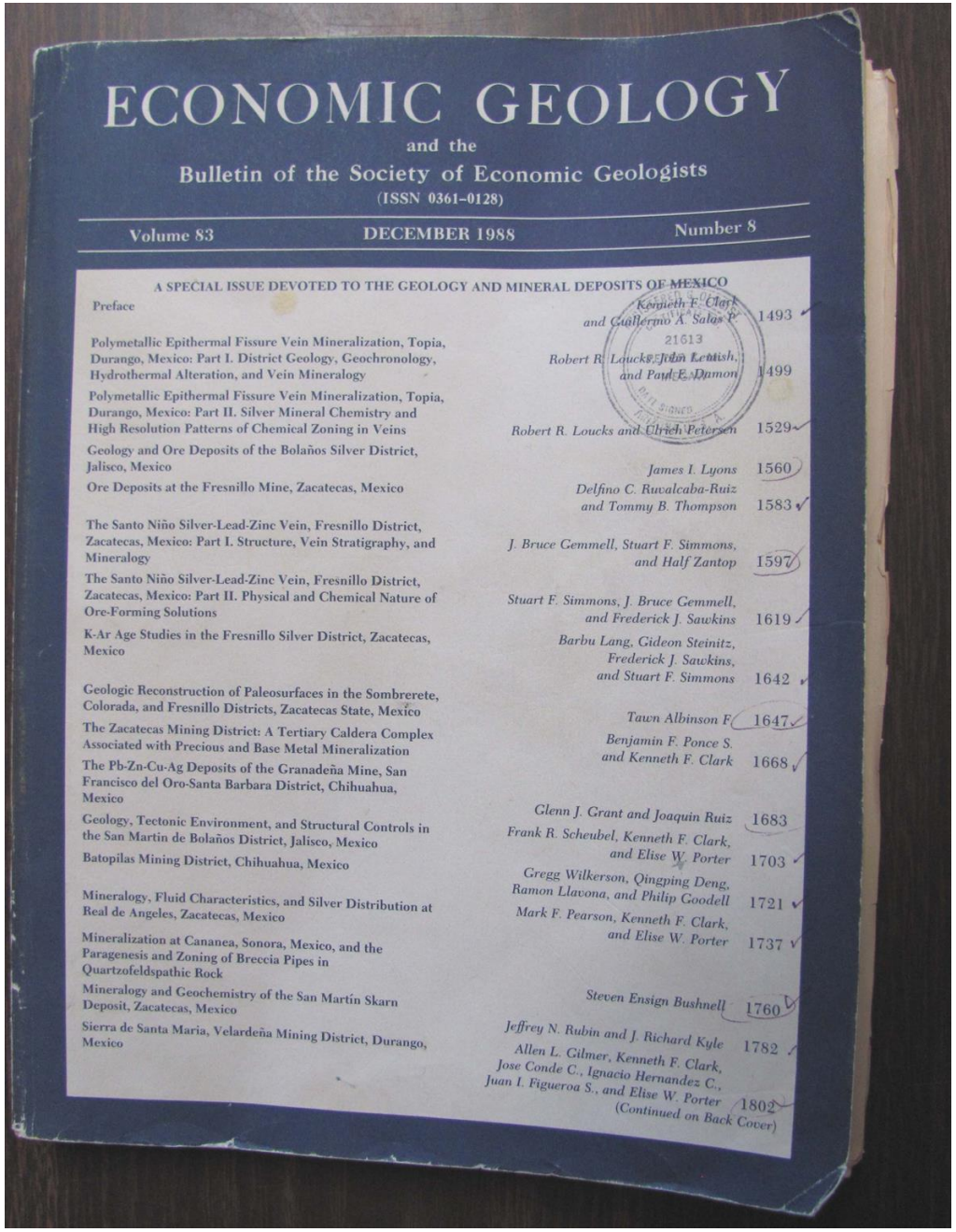


Santo Niño Blind Veins



Depth of Erosion on Santo Niño Stage Veins

Discovered 1976
No significant surface expression



ECONOMIC GEOLOGY

and the

Bulletin of the Society of Economic Geologists

(ISSN 0361-0128)

Volume 83 DECEMBER 1988 Number 8

A SPECIAL ISSUE DEVOTED TO THE GEOLOGY AND MINERAL DEPOSITS OF MEXICO

(Continued on Back Cover)

ECONOMIC GEOLOGY DECEMBER ’88 SPECIAL MEXICO ISSUE

K.F. Clark Editor

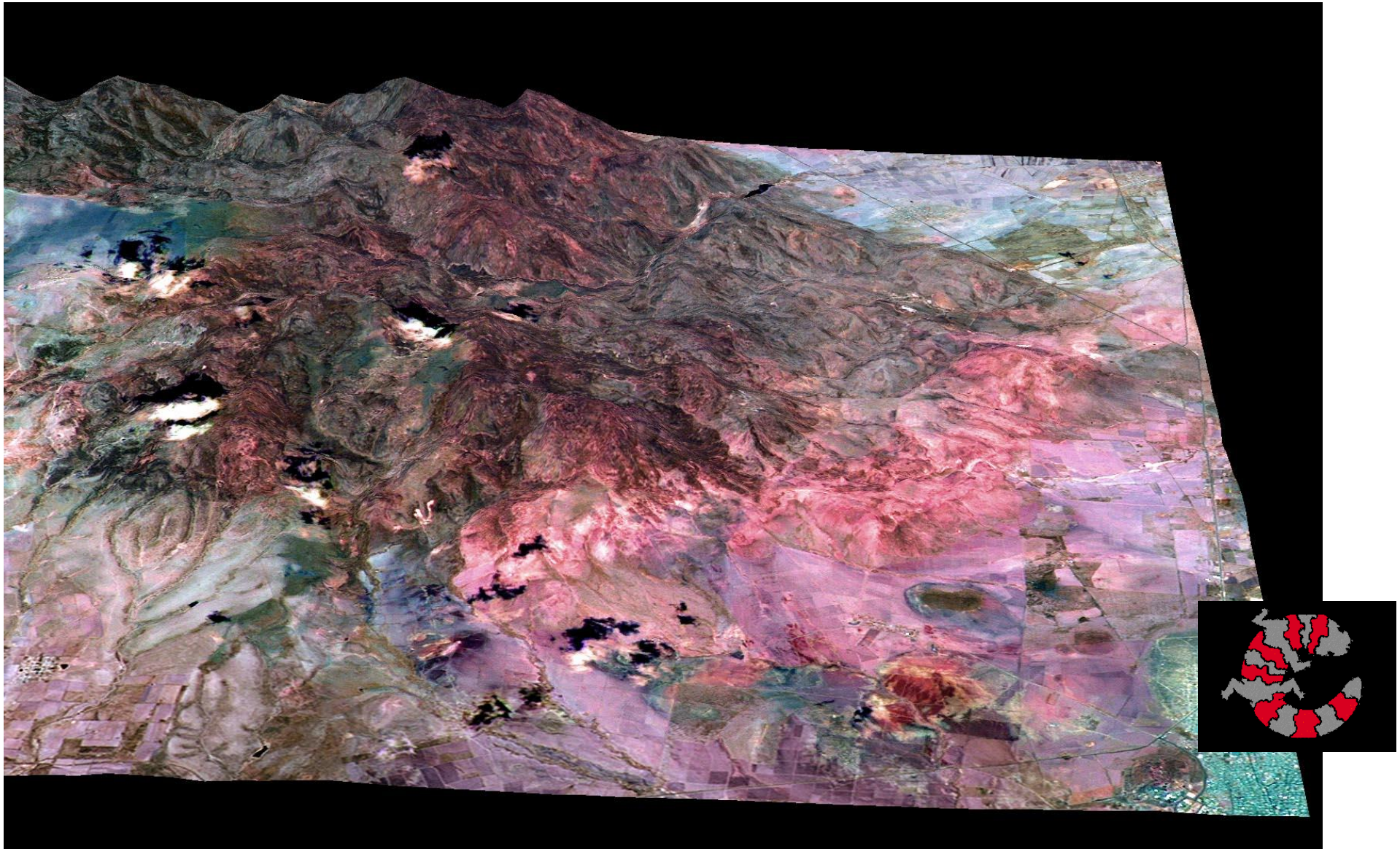
Fresnillo District Landsat Imagery

=

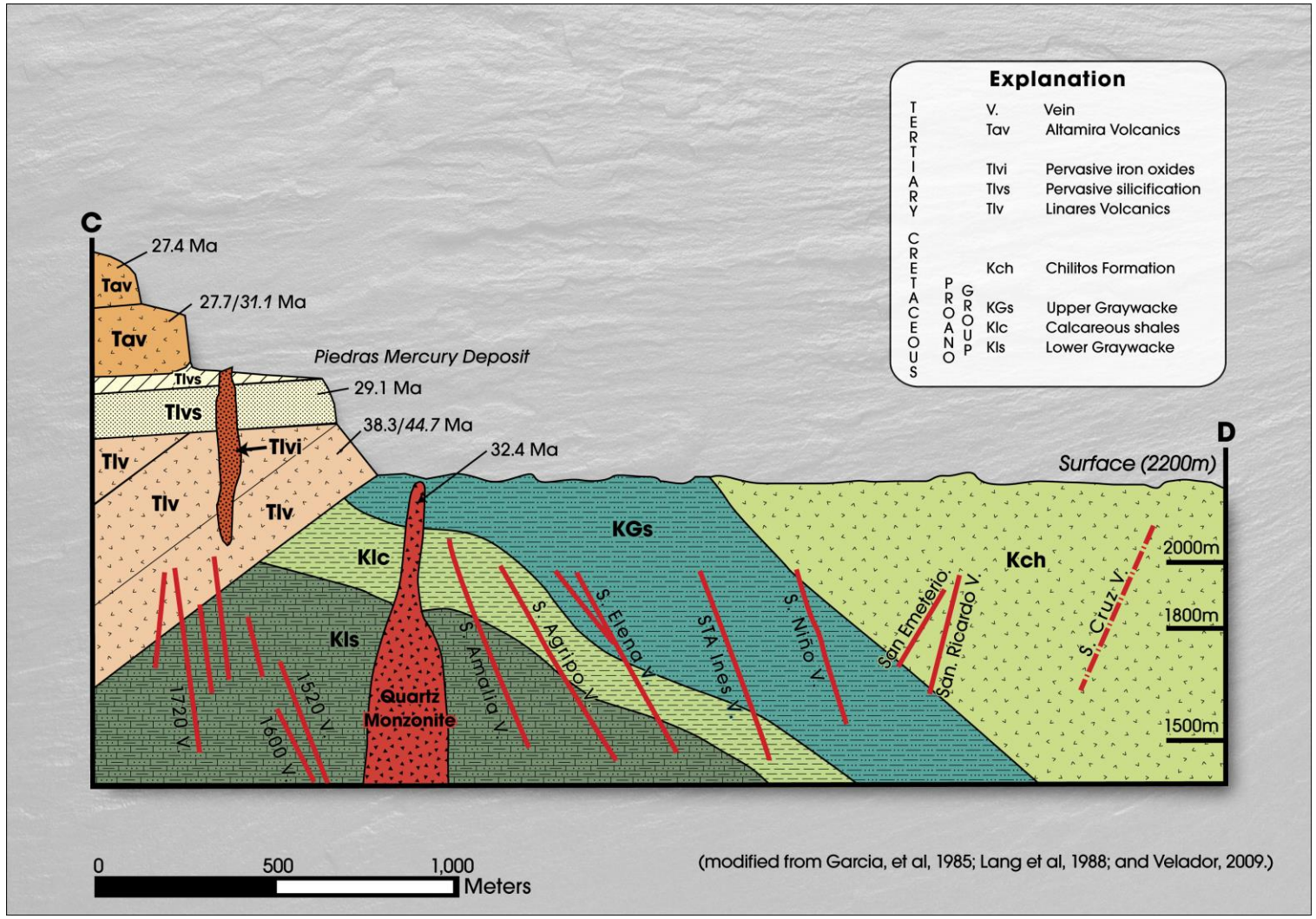
Pervasive
Clay
Alteration

Juanicipio Area Alteration

Juanicipio Area Alteration



Fresnillo District Composite Cross-Section with Age Relations

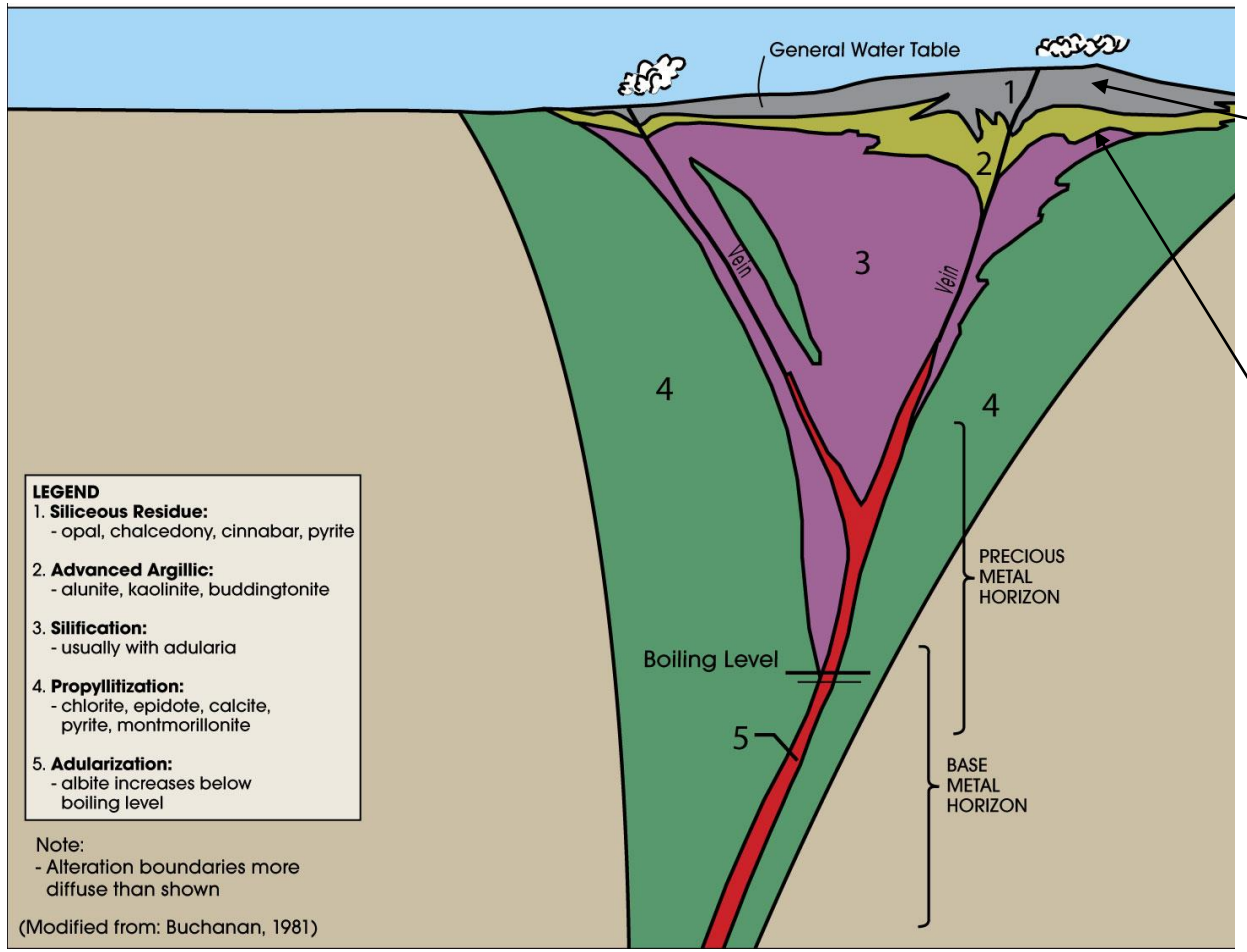


Note: Lang, 1988 dates used in 1995-2003 work. *Velador, 2009 dates in italics*

<u>Lang indicated Mineralization at <32.4 Ma and Juanicipio Alteration at 29.1 Ma.</u>

A maximum 3 Ma span

Buchanan's Model Applied to Juanicipio



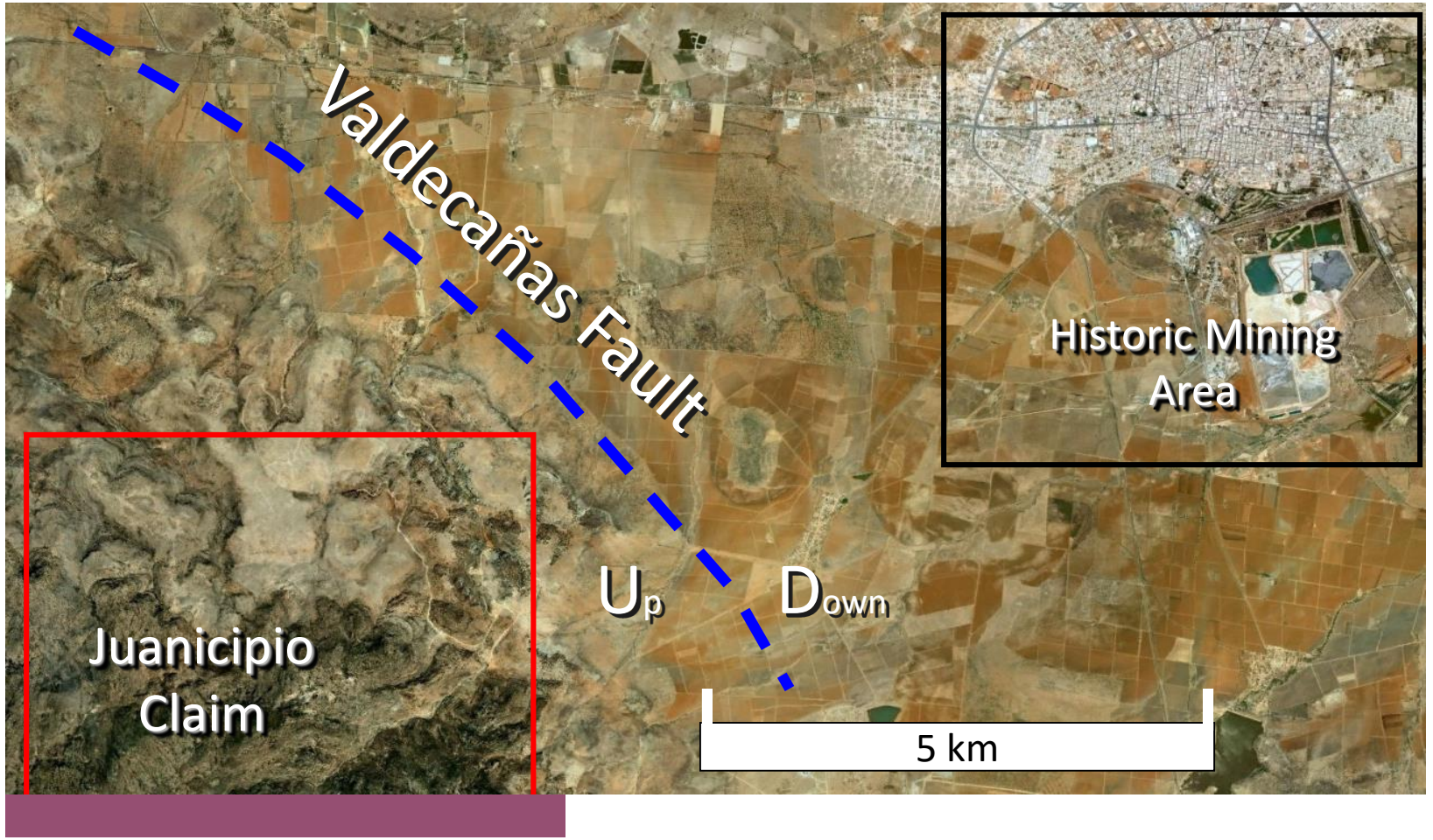
Juanicipio
"Sinter"

Hg, As
No Au, Ag, BM+

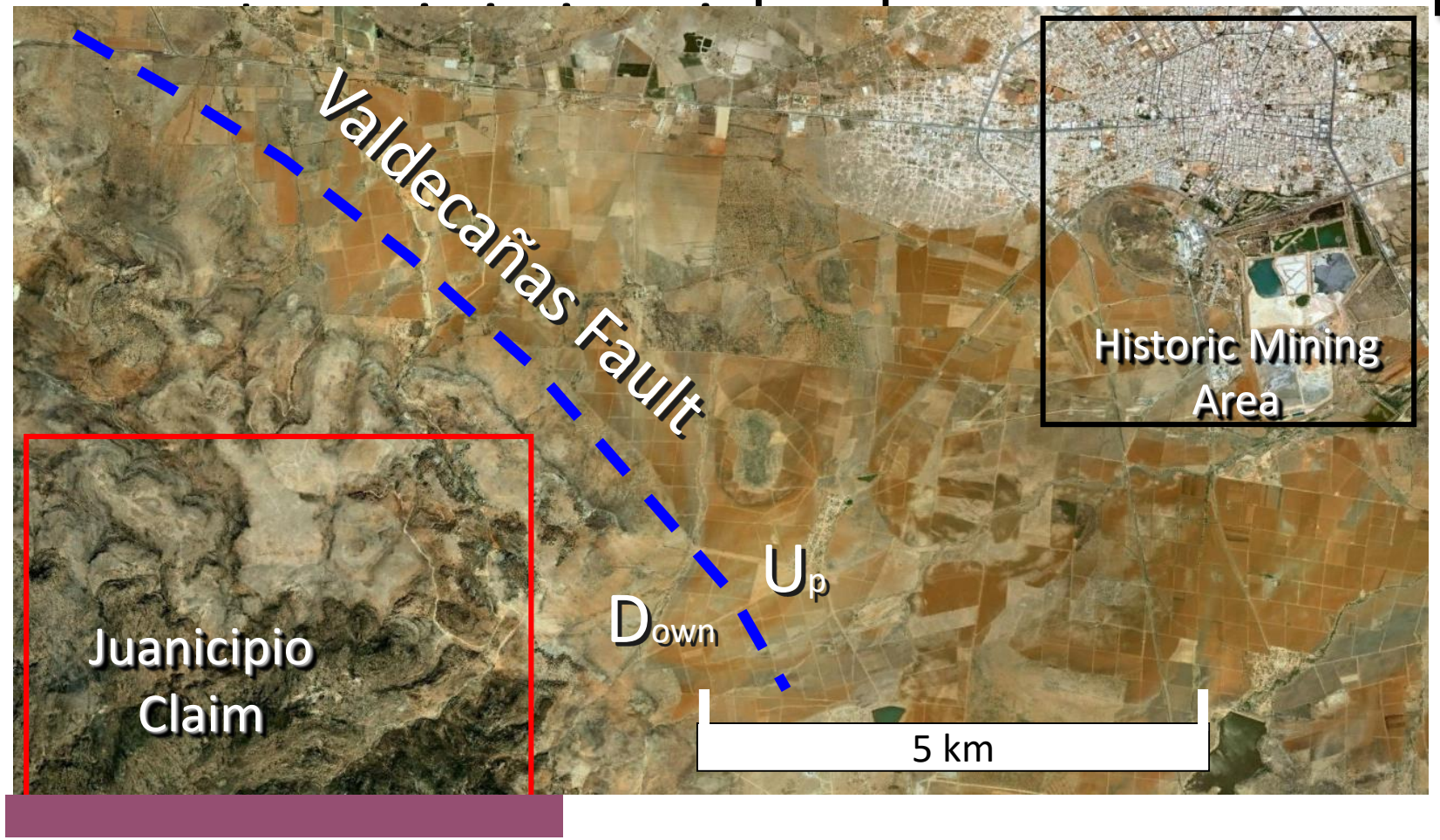
Adv. Arg. Alt

Therefore
Bonanza Veins
At some depth ??

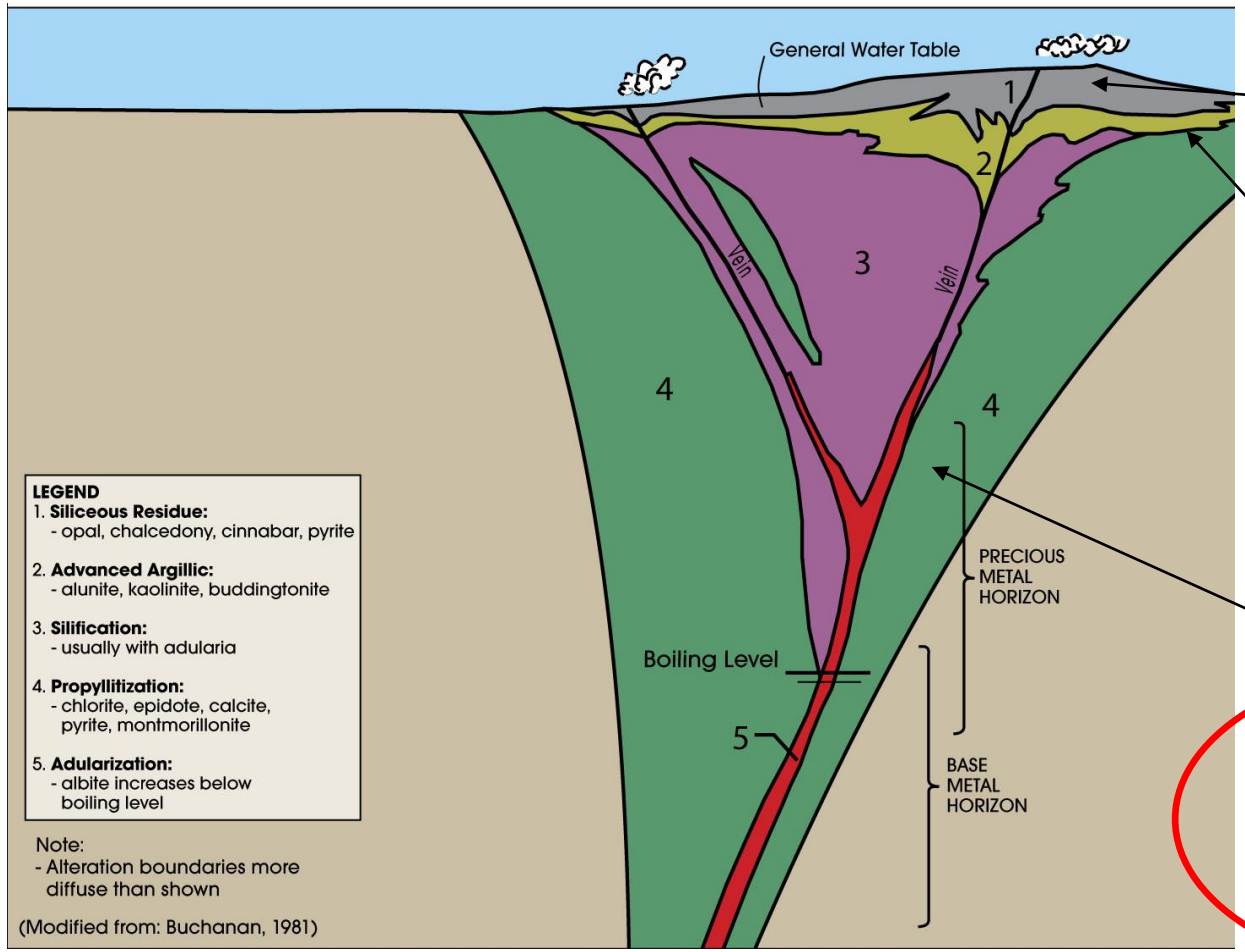
Fresnillo: conception in 1998, District side down



Fresnillo: Re-Interpretation



Buchanan's Model Applied to Juanicipio



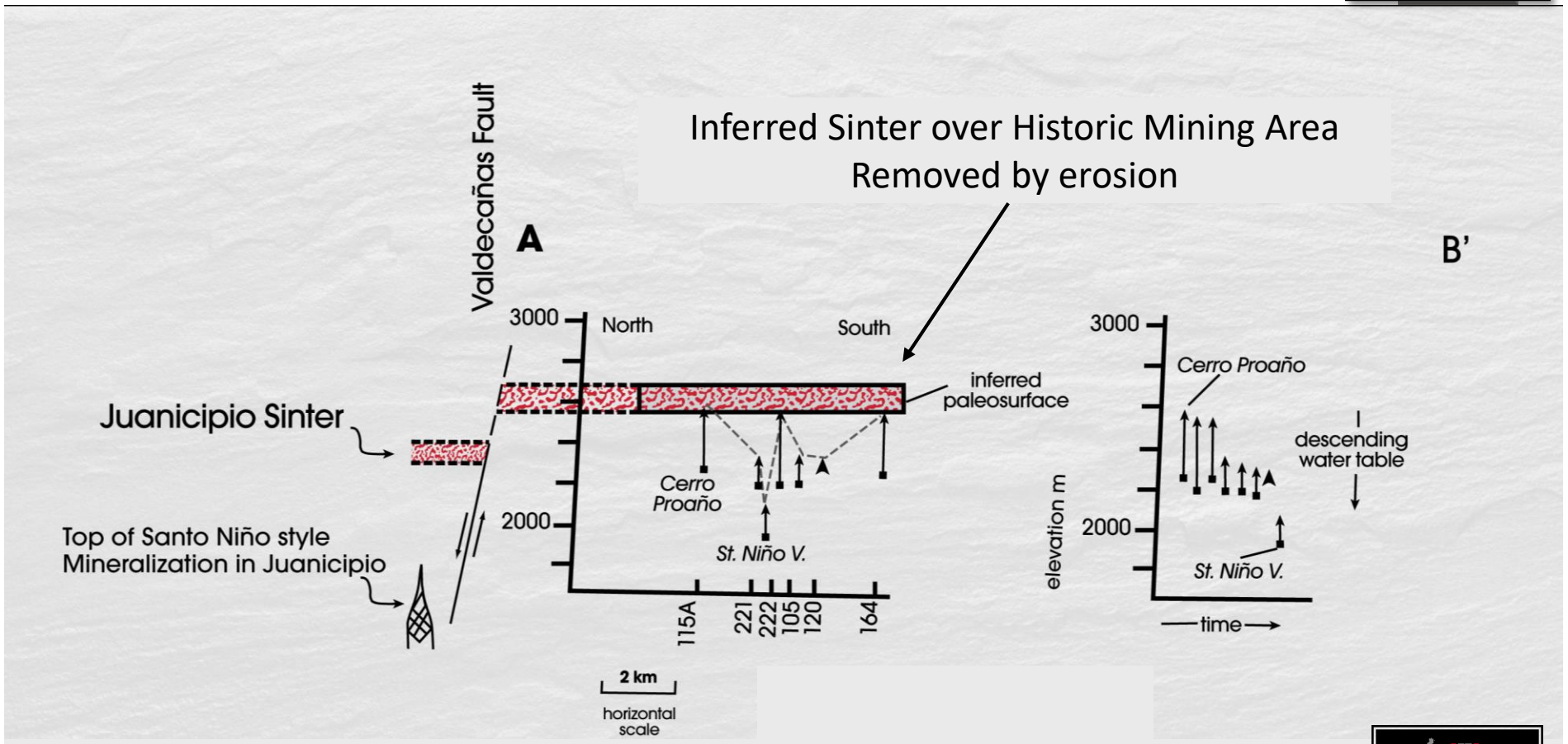
Juanicipio "Sinter"

Adv. Arg. Alt

Therefore Bonanza Veins At some depth

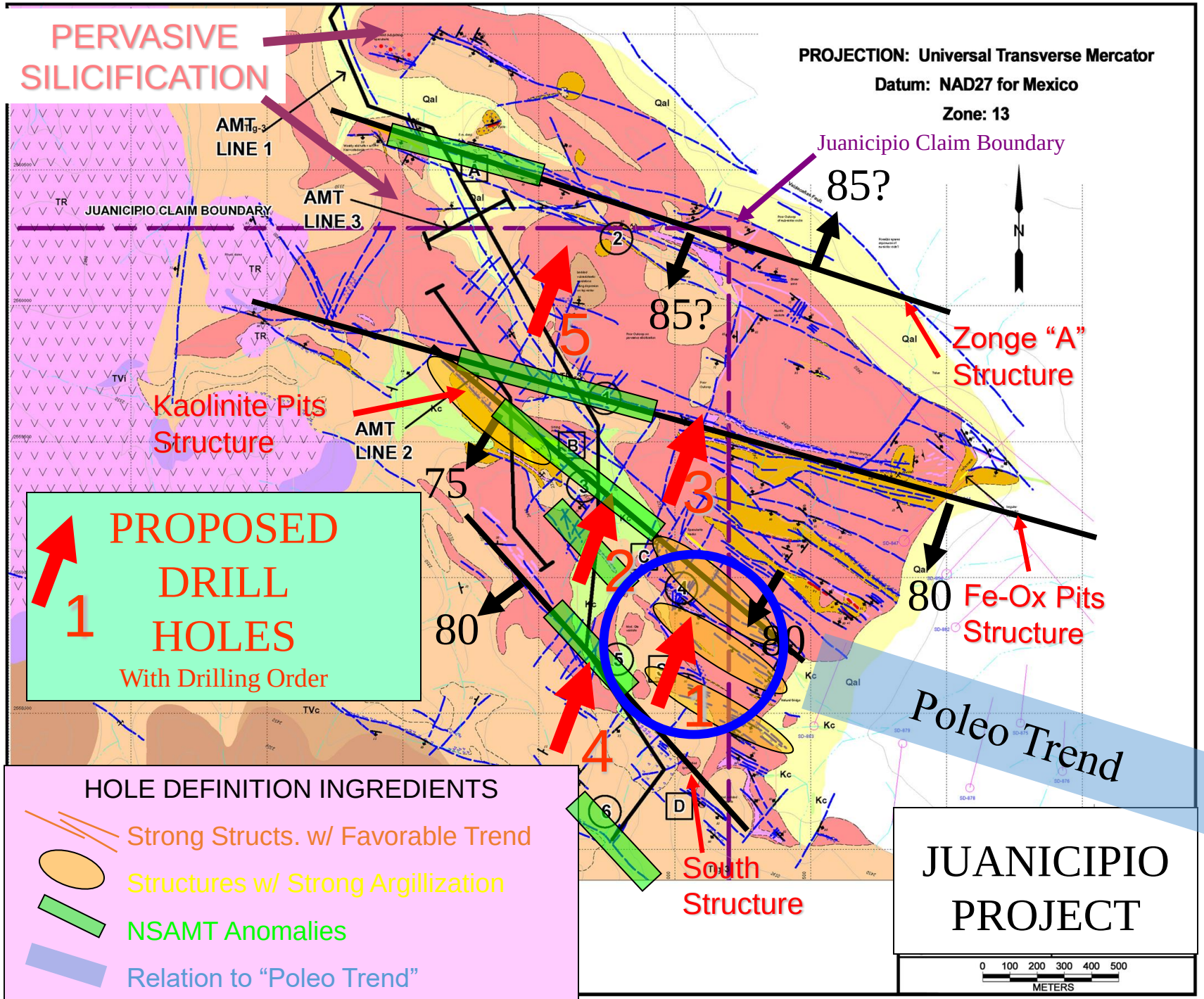
But HOW Deep? and in which Faults?

Depth to Veins under Juanicipio “Sinter”



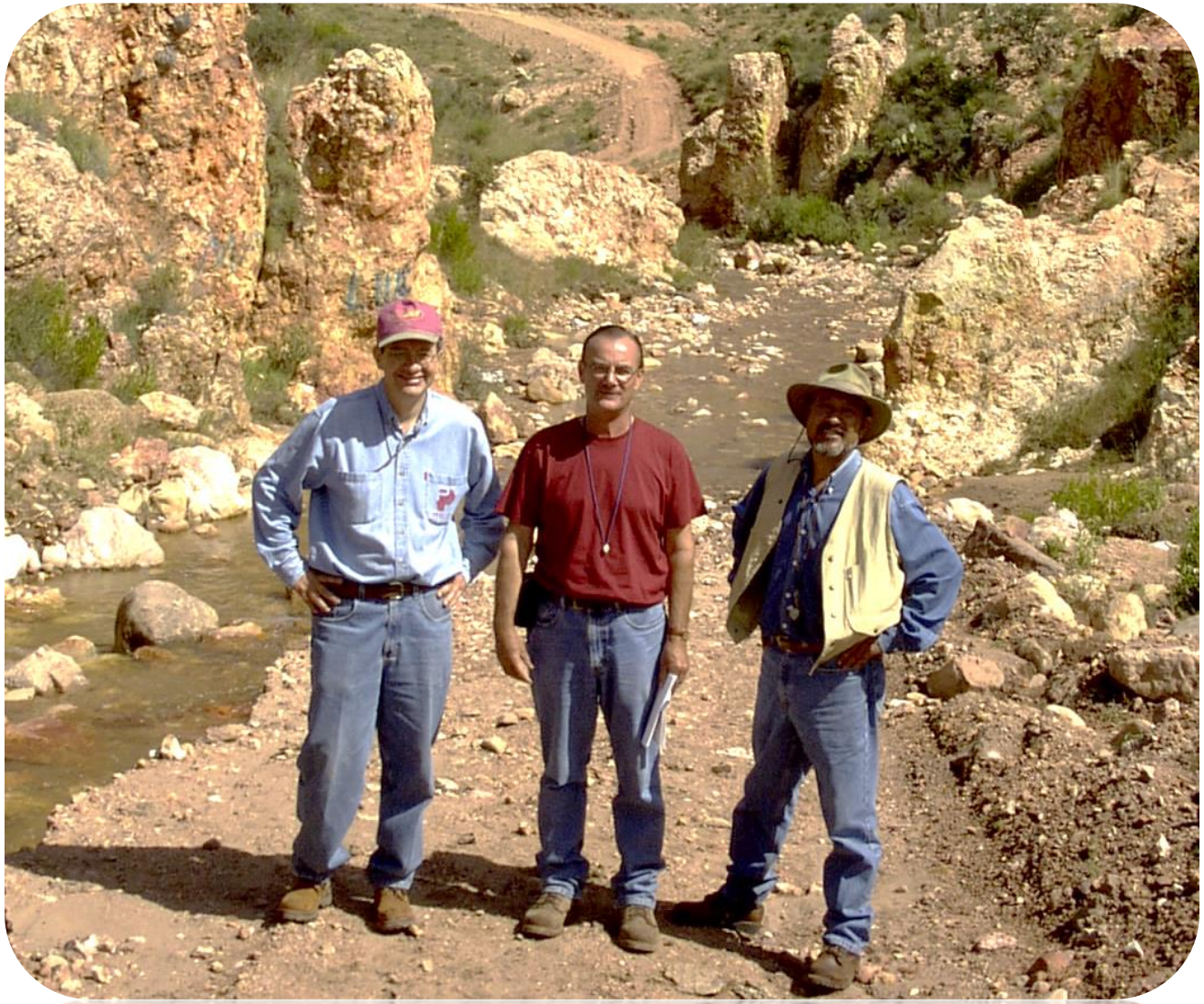
2001 Estimate was to hit veins at 1800 m depth

Megaw & Ramirez, 2001 Modified from Simmons, 1991


PERVASIVE SILICIFICATION
PROJECTION: Universal Transverse Mercator
Datum: NAD27 for Mexico
Zone: 13
Juanicipio Claim Boundary
AMT LINE 1
AMT LINE 3
AMT LINE 2
JUANICIPIO CLAIM BOUNDARY
85?
85?
75
80
80
80
Kaolinite Pits Structure
Zonge "A" Structure
Fe-Ox Pits Structure
South Structure
Poleo Trend
PROPOSED DRILL HOLES
With Drilling Order
HOLE DEFINITION INGREDIENTS
Strong Structs. w/ Favorable Trend
Structures w/ Strong Argillization
NSAMT Anomalies
Relation to "Poleo Trend"
JUANICIPIO PROJECT
0 100 200 300 400 500
METERS
N
2003

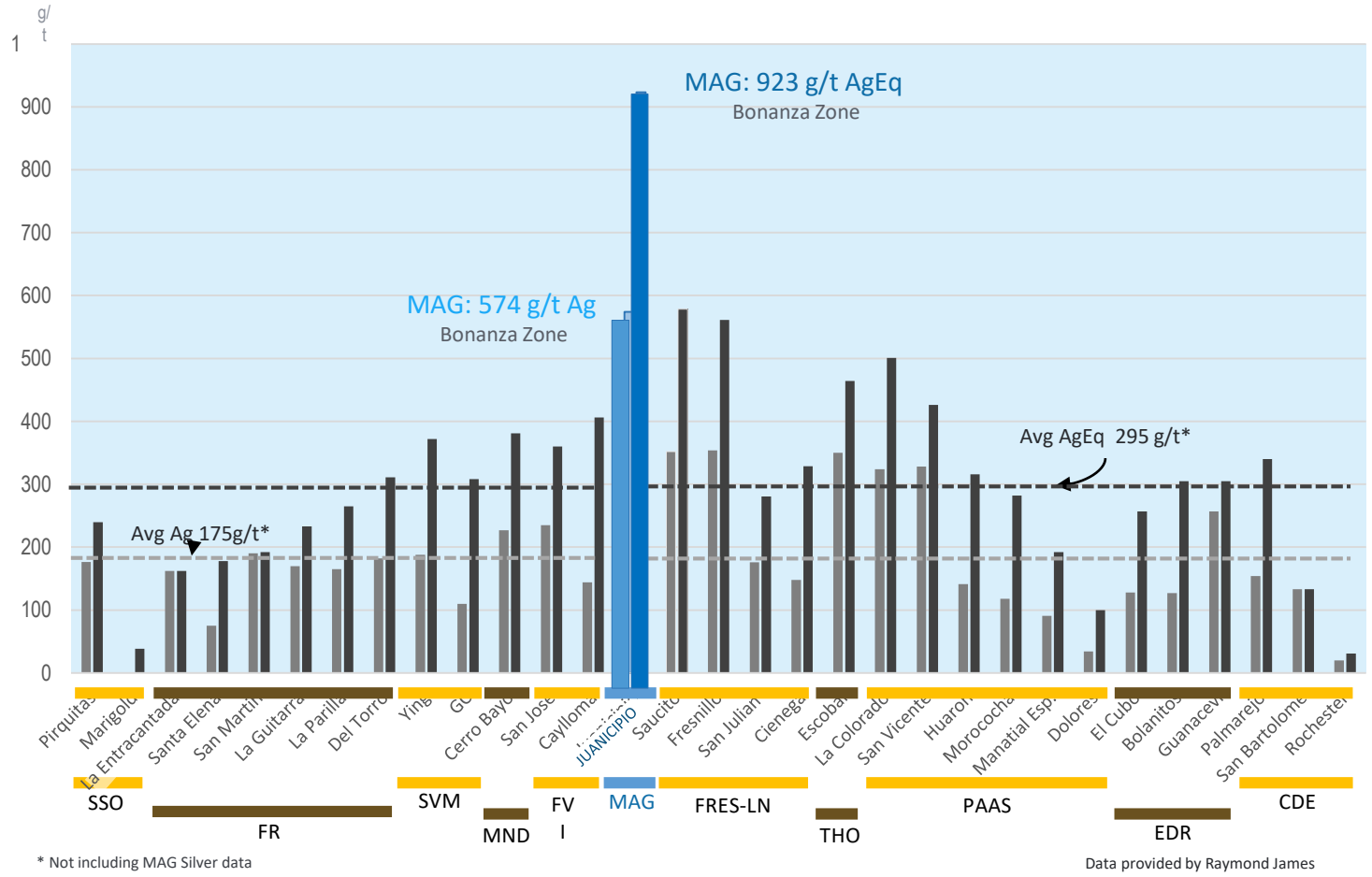
MAG Silver's First Hole, DDH JI03-01, May 2003
Juanicipio Vein @ 1850 m elev.

Fresnillo plc Team

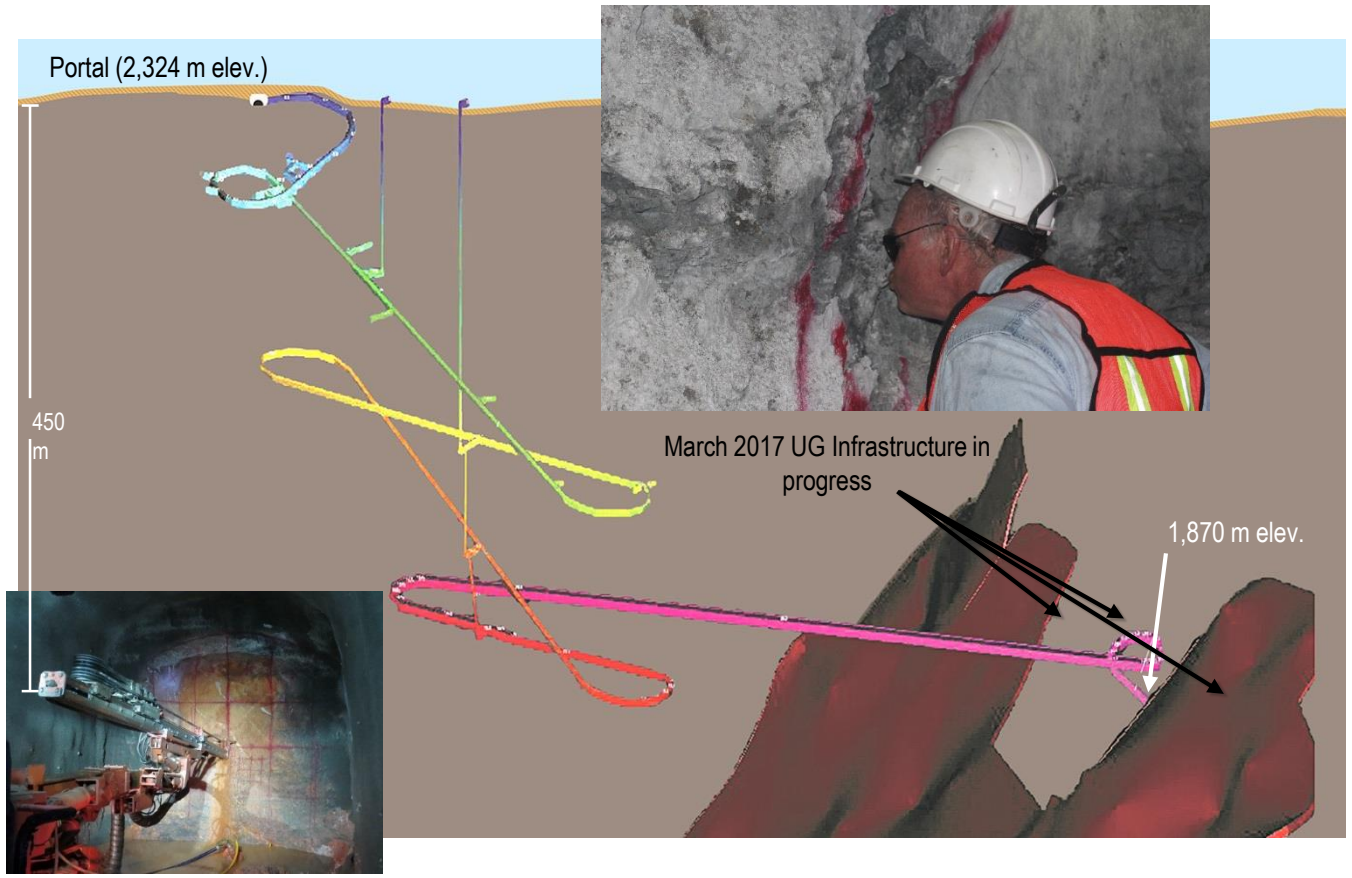


6.35 m
@ 1798 g/T Ag (56 oz/T); 2.91 g/T

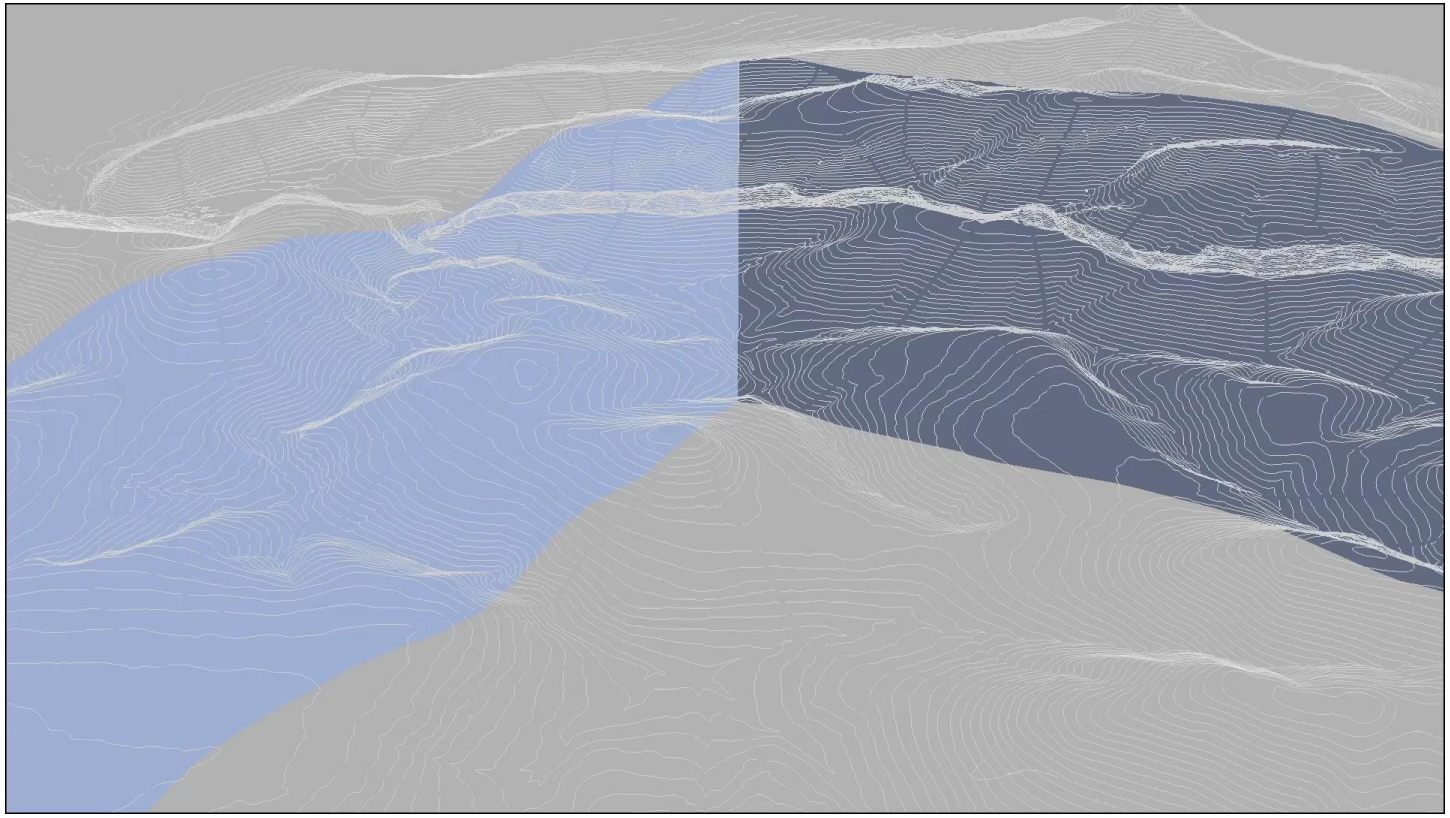
Average LOM Grades: Comparison



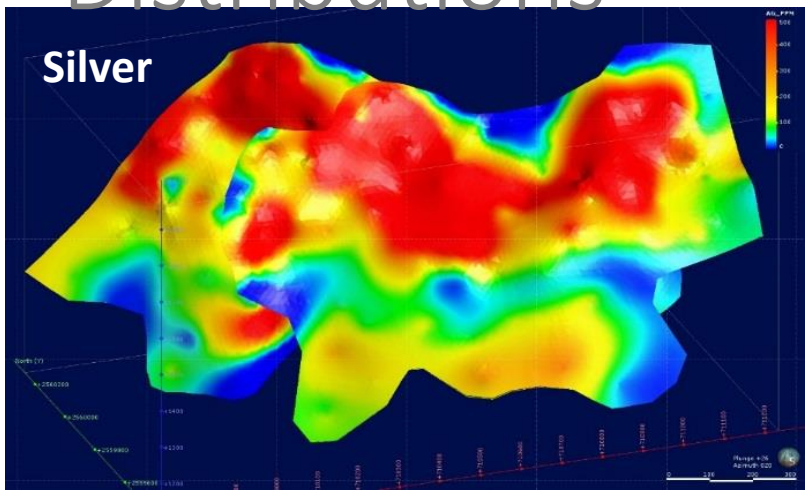
Current Ramp Progress

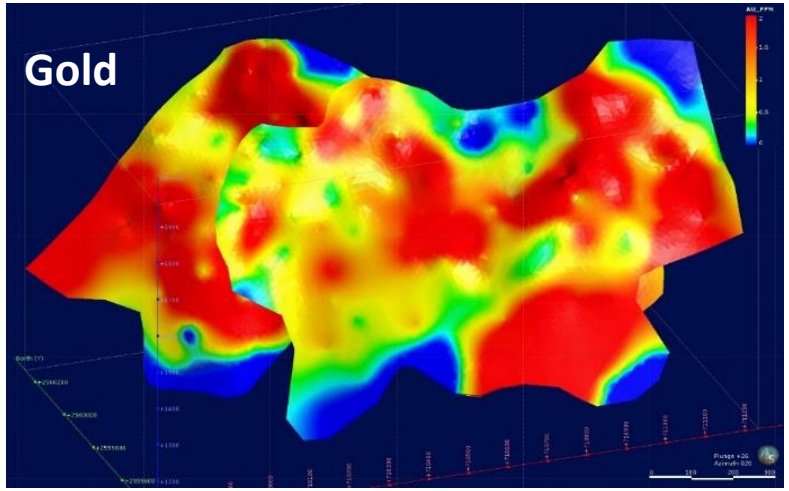


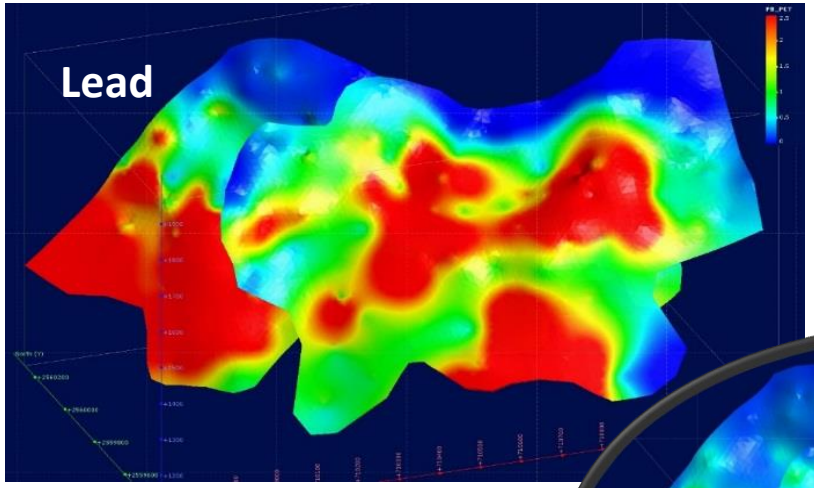
Valdecañas Vein – 3D Video

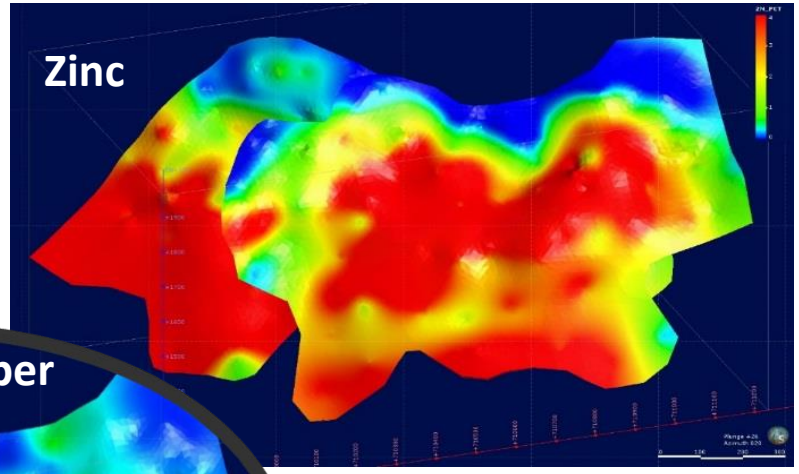


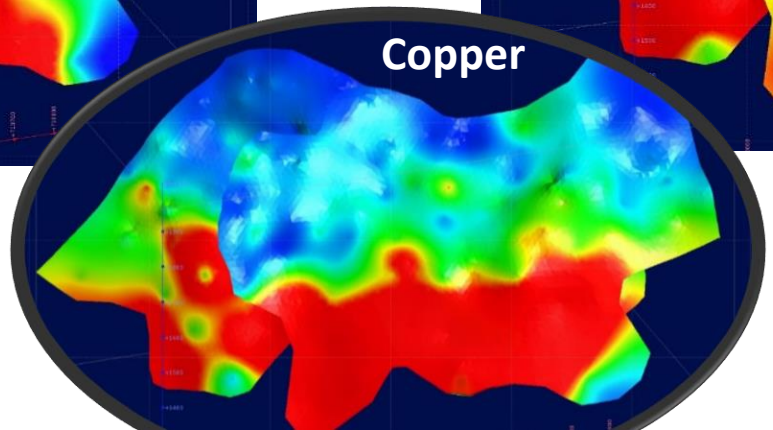
Valdecañas – Metal Grade Distributions



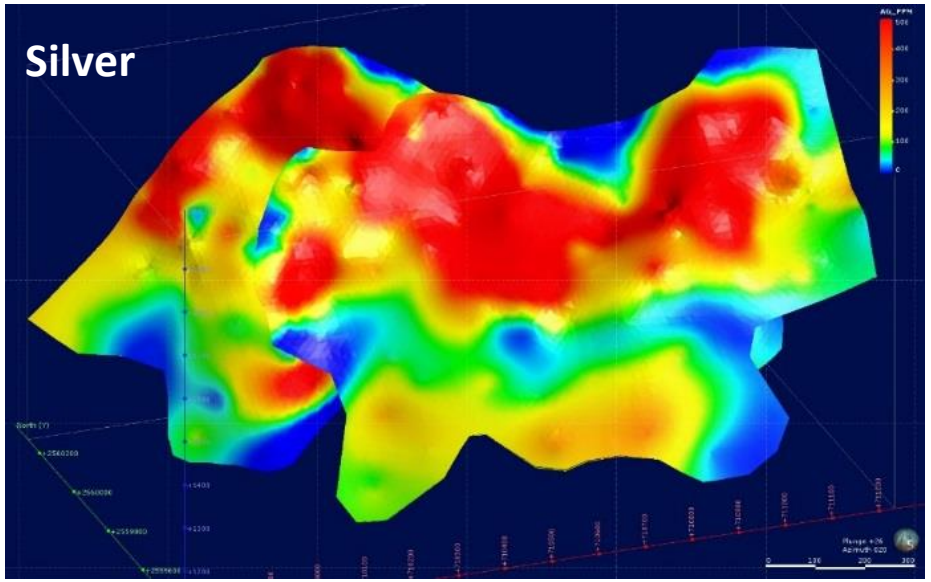








Valdecañas – Metal Grade Distributions

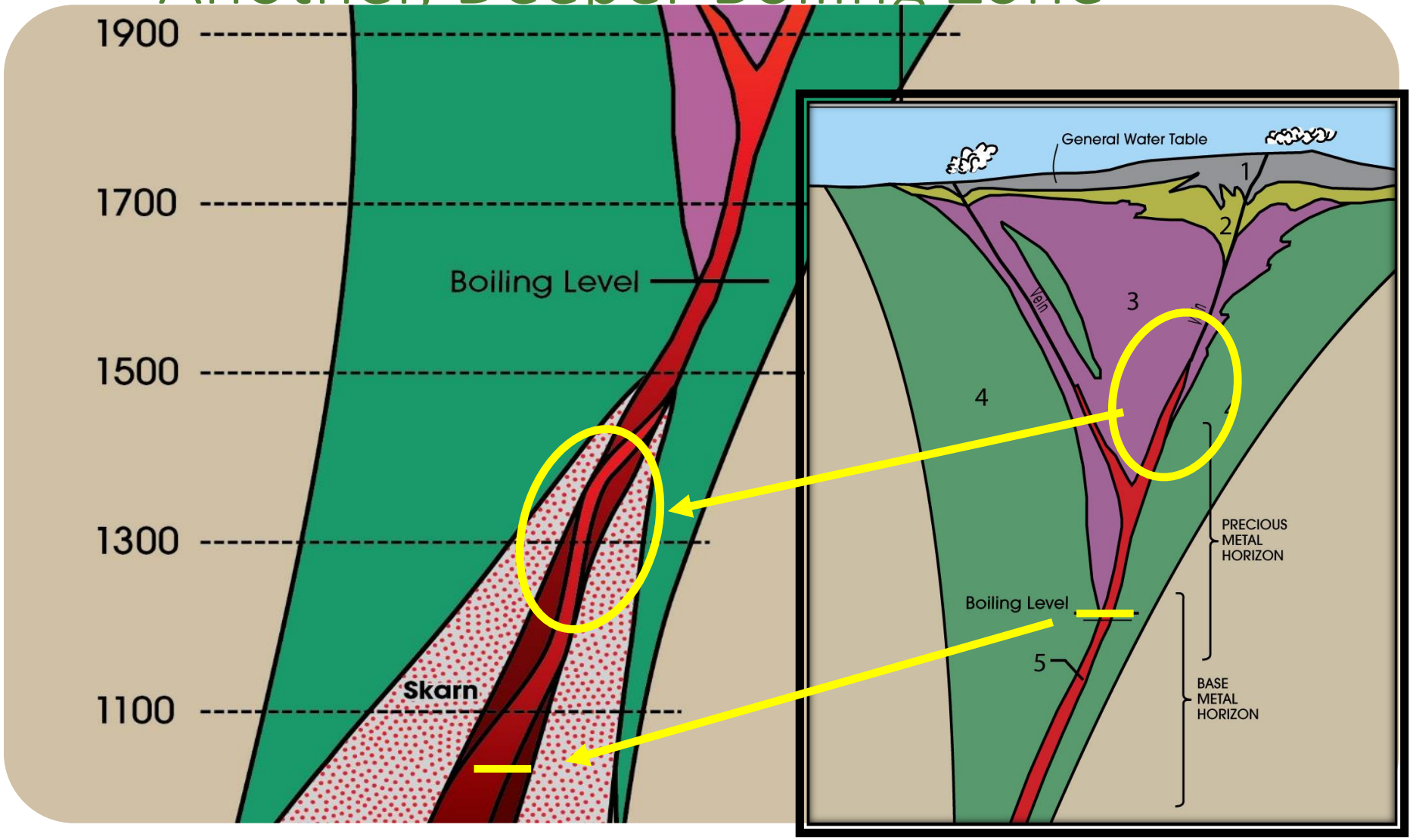


Increase/repeat of high Silver and Gold in the Deep Zone may be Further evidence for stacked boiling and repeat of metals zonation

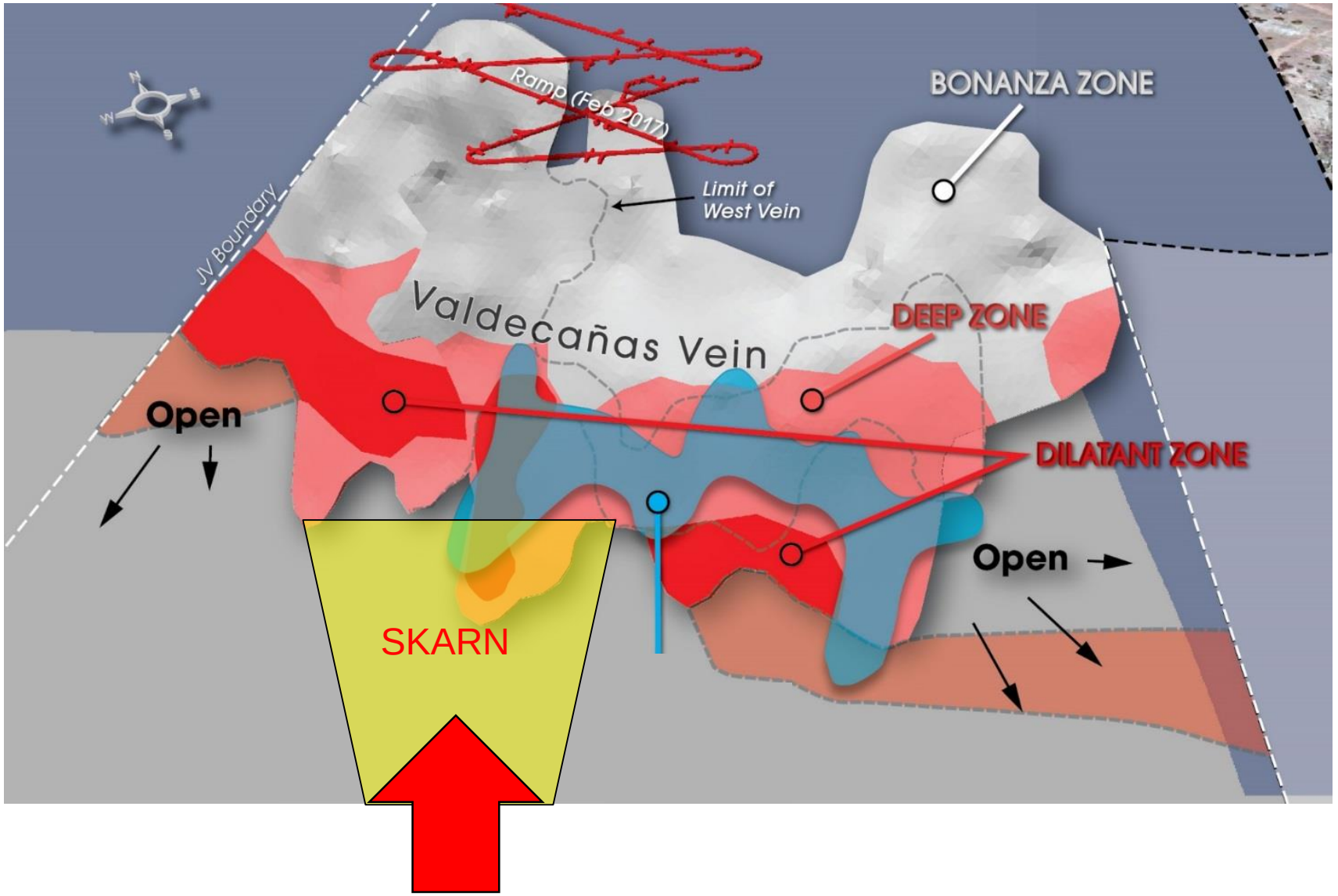
Valdecañas Vein Stacked Boiling

Interpretation:

Another, Deeper Boiling Zone

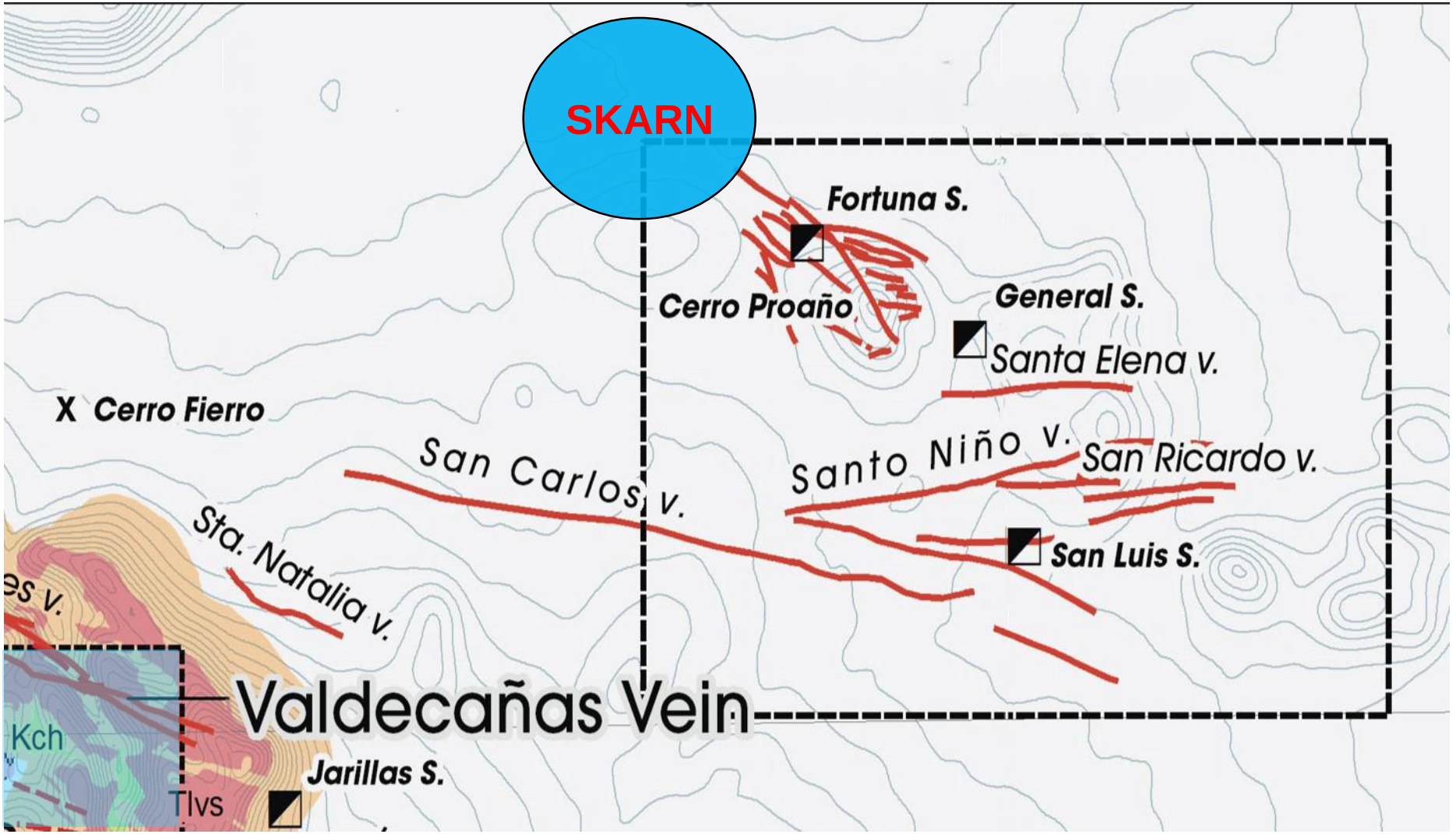


Valdecañas Vein: Repeatedly Active, Structural Intersection, + Skarn + B-minz = Ore Fluid Upwelling Zone?

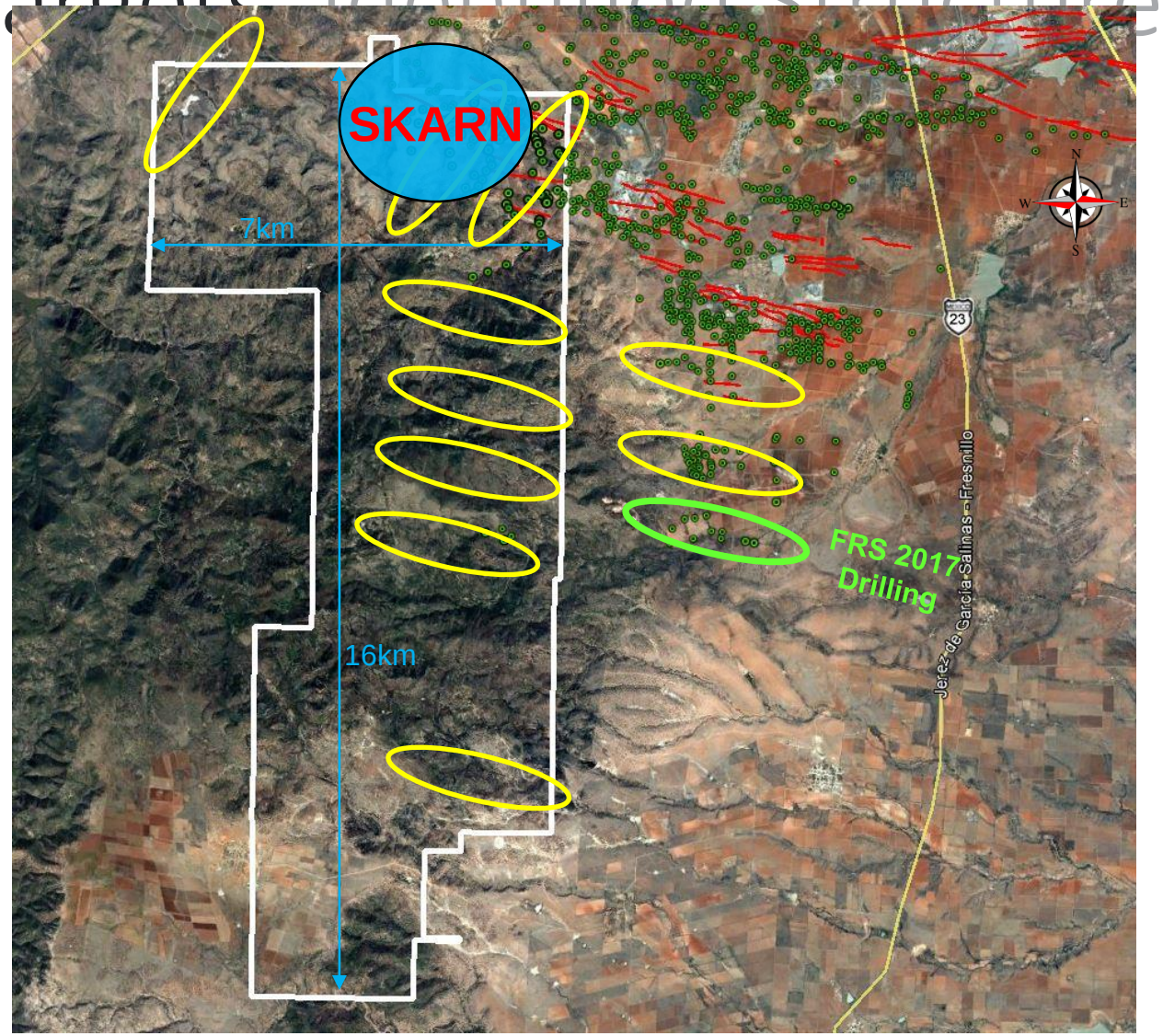


Peshine District:

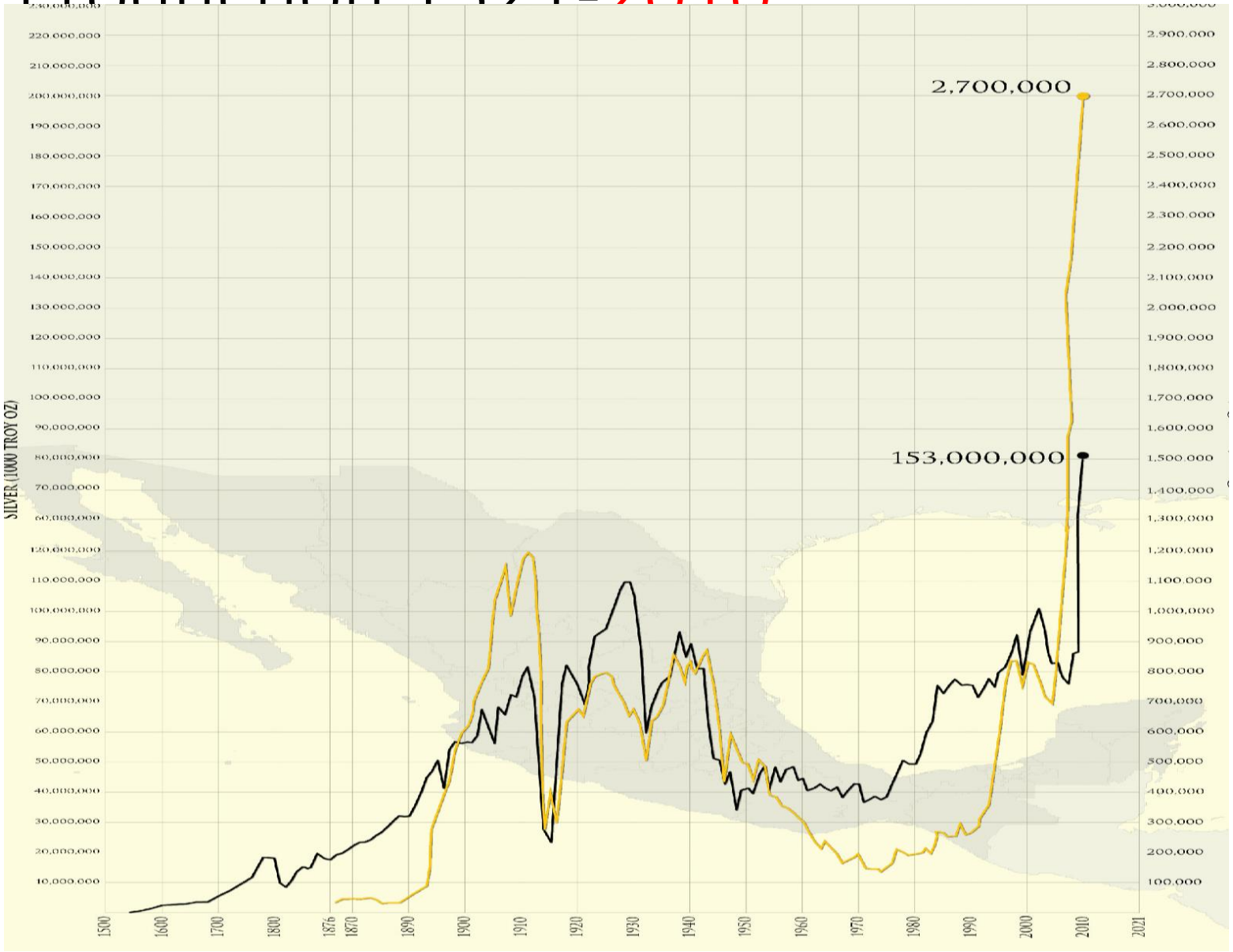
Skarn Zone in Historic Mining Area



Regional Targets: Identified Structures



Mexico's Silver & Gold Production 1521-2010



Thank You

UTEP Entrepreneurial Geology Program

El Paso, Texas

October, 2013

Peter K.M. Megaw

IMDEX Inc.

MAG Silver

Minera Cascabel S.A. de C.V.