

MOUNTAIN GOLD CLAIMS, LLC

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SPANISH CANYON GOLD-SILVER PROPERTY, Nye County Nevada

By: Thomas Callicrate; Revised: 1/1/2019
(Property Submittal: Available for Lease/JV)

SUMMARY: The Spanish Canyon Gold Property, located 60 miles northwest of Tonopah Nevada and is a large, sediment-hosted, gold-silver system that consists of broad alteration and mineralized zones with the formation of jasperoids (up to 1500' wide by +5,000' long) in the Triassic Luning Carbonate Formation. Wide-spread, highly anomalous gold and silver with up to 5.6 ppm gold and 2.6 opt silver has been identified in multiple stages of faults, replacement silicification, quartz stockwork, hydrothermal and tectonic breccia-bodies and argillic-decalcification alteration of limestone, shales and fossiliferous siltstone over a 2 square-mile area. Highly anomalous trace elements associated with gold mineralization include: silver, arsenic, antimony, mercury, lead and barium. Work conducted to date includes: geologic mapping, rock chip sampling, extensive pediment soil sample surveys (conventional soils and ionic leach soils) and magnetics, VLF and IP geophysical surveys. Approximately \$400,000 of work expenditures have been spent on the project. The property represents an untested gold system with bulk mineable potential situated in favorable geologic and geographic environments. Drill targets have been identified and include a large, basin pediment area, range front structural zone and mineralization exposed in the outcrops along the low-lying hills of the range.

DEPOSIT TYPE: The Spanish Canyon Gold Property is a "Carlin Type" strata-bound and structurally-controlled, disseminated gold-silver system hosted in the calcareous sediments of the Triassic Luning and Sunrise formations.

TARGET CONCEPT: The primary targets identified and ready for drilling (no drilling has tested these targets) include:

1. Extensive gold and silver bearing jasperoids, argillic-decalcified altered and mineralized areas and brecciated bodies developed along the Shoshone Thrust and high-angle northwest and northeast trending fault zones.
2. A +5,000 foot-long, major range front structural zone with cross striking fault intersections where the strongest alteration occurs; target in a pediment setting where northwest striking gold bearing jasperoids trend into the projected range front fault zone.
3. A broad, shallow, basin pediment in the western portion of the property where numerous mineralized structures project into it and extensive soil sampling and geophysical surveys have identified concealed mineralization beneath alluvial gravels.

LOCATION: The Spanish Canyon Gold Property is located along the west flank of the Shoshone Mountains, approximately 60 miles northwest of Tonopah and 20 miles east of the town of Gabbs, Nevada. The property is situated in the southern portion of the Grantsville Mining District. The property has excellent access via pavement and gravel/dirt roads and year-round exploration and mining capabilities.

OWNERSHIP: Mountain Gold Claims, LLC currently controls twenty-six (26) unpatented lode mining claims that cover the Spanish Canyon sediment-hosted system.

LAND-CLAIM STATUS: The property is located on both US Forest Service and BLM lands. No environmental issues are anticipated with the exploration or mining of the property.

NEIGHBORING DEPOSITS: Ione, Grantville, Sullivan, Bruner and Paradise Peak gold-silver deposits. Other nearby deposits include Round Mountain, Manhattan, Santa Fe, and Peril-Isabella deposits.

REGIONAL ECONOMIC GEOLOGY: The Spanish Canyon Gold-Silver Property is situated within a broad, north-northeast trending structural zone encompassing an area 15 miles long by +3 miles wide. This structural zone occurs along the west flank of the Shoshone Range and represents a large, tilted horst-block exposing Mesozoic age carbonates sediments and thrust fault zone, known as the "Shoshone Thrust Fault". The Shoshone Thrust Fault appears to control and host pervasive silicification and extensive "Carlin-style" gold and silver mineralization and is the primary focus of precious metal exploration at Spanish Canyon. Most of the gold and silver historical mining and deposits in the Union and Grantsville mining districts are replacement deposits in locally brecciated Triassic Luning and Grantsville carbonate formations along high-angle fault zones.

PROJECT GEOLOGY AND ALTERATION: At Spanish Canyon, the regional, north-northeast trending structural zone exposes basement Mesozoic sedimentary host rocks that have been altered and mineralized over a plus 2 square-mile area. The focus of exploration has been mapping and sampling the north-northeast trending structural zone, the Shoshone Thrust Fault zone exposures and the high-angle northwest and northeast intersecting fault zones. The Shoshone Thrust Fault places the Luning Carbonate Formation on top of the younger Sunrise and Gabbs formations consisting of clastic, carbonate and siltstone rocks. The Shoshone Thrust Fault appears to repeat its location probably by duplex thrusting. These duplexing thrust planes are excellent for creating several structurally prepared brecciated bodies for hosting mineralization. The high-angle northwest striking faults are possibly subsidiary-synthetic Walker Lane related right-lateral, strike-slip faults which the majority of the jasperoid bodies occur along, especially at the intersection of the Shoshone Thrust Fault zone.

Silicification of the Triassic Luning carbonates and siltstones occurs over +1,500 feet in width and extends over 5,000 feet in strike length. The three main target areas include:

1. The low-lying hills of the west slope of the Shoshone Range with numerous jasperoid outcrops and local thin klippe patched of post mineral volcanic cover;
2. The +5,000-foot-long range front structural zone with cross-striking, high-angle fault intersections and where the strongest alteration occurs;
3. The western portion of the Spanish Canyon Property where silicification and mineralized fault structures extend under the broad basin-alluvial pediment presenting several attractive buried structural intersection targets. The recently completed extensive ionic-leach survey has identified several anomalies beneath this alluvial covered pediment.

The Spanish Canyon Property contains pervasive hydrothermal alteration consisting of replacement silicification, secondary quartz veining/stockwork, argillization, decalcification-sanding, jarosite, and iron oxides developed along the hanging wall of the Shoshone Thrust Fault, brecciated, high-angle fault zones, fractures, bedding planes and porous-silty horizons. Silicification is characterized by multiple stage, jasperoid replacement bodies, locally strata-bound along bedding planes, later chalcedonic quartz stockwork and replacement of barite and calcite blades. A broad horizon of intense argillization, decalcification-sanding, iron oxidation, and quartz stockwork of a lower siltstone unit below one of the jasperoid zones was recently identified. The jasperoid appears to have acted as a silicified cap confining the hydrothermal alteration to the lower siltstone host unit.

MINERALIZATION: Widespread gold and silver mineralization has been identified over the majority of the Spanish Canyon Property through rock chip and soil sampling. Rock chip sampling has detected up to 5.6 ppm gold and 2.6 opt. Ag. Based on rock chip sampling, the geochemical trace element assemblage signature associated with gold mineralization is As, Sb, Hg, Pb, Zn, Ba, Mn and P. The following are ranges for the more significant trace elements: Arsenic (26 to 716 ppm); Antimony (8 to 4240 ppm); Mercury (360 to 15,500 ppb); Lead (2 ppm to 3.7%). Significant gold mineralization identified in surface sampling includes 5.6 ppm over a broad outcrop, continuous 50-foot rock chip assaying 220 ppb and 25-foot chip of 900 ppb. Recently completed soil geochemical surveys of the western alluvial pediment area and range front structural zone detected several gold, silver and pathfinder element anomalies. In general, the soil geochemical surveys show that the elements Ag, As, Ba, Ca, Hg, Pb, Sb, Se and Tl follow the gold response profile very closely and are recognized pathfinders of epithermal gold mineralization. The soil geochemical surveys conducted on the property include the following individual analytical methods and results that were used to delineate drill targets in combination with geophysics in the western pediment target area:

1. Standard-convention soil sampling: anomalous-positive element responses relative to gold mineralization include: Ag, As, Ba, Ca, Pb, Sb and Se.
2. Ionic leach soil sampling: anomalous-positive element responses relative to gold mineralization include: Ag, As, Ba, Ca, Hg, Pb, Sb, Se and Tl.
3. Soil pH
4. Lead isotope ratios.

EXPLORATION WORK: The Spanish Canyon Property has had approximately \$400,000 spent on a considerable amount of field work conducted on the property including: Open and private file data research and compilation, geologic mapping, remote sensing compilation, geochemical rock chip and soil sampling surveys and geophysical magnetic, IP and VLF surveys. The Spanish Canyon Property was initially leased to Teras Resources Inc., a Calgary, Canada based

company in 2007 and only recently did Teras Resources hire Richard “Criss” Capps, PhD geologist who supervised and/or conducted the field work consisting mainly of soil sampling and geophysical surveys.

Geochemical Sampling Data – Approximately **149 rock chip samples** have been collected over the west flank of the low-lying hills and slope of the Shoshone Range by Callicrate (owner). Recently, between 2011-2012, Teras Resources under Criss Capp’s supervision collected and analyzed for 60 trace elements approximately **1,255 soil samples** covering the majority of the range front and basin pediment target area. All of the data has been compiled and drill targets have been delineated based on the geochemical anomalies and geophysical data in the western pediment target area.

Geophysical Surveys Data – In 2008, a regional ground-based magnetics survey was conducted over the entire property by Big Sky Geophysics Inc. Between September and December 2012, Teras Resources contracted Big Sky Geophysics Inc. to complete two geophysical surveys covering the majority of the project which included:

1. Ten (10) north-south, VLF resistivity survey profile lines were completed, and the purpose of the survey was to map faults and more resistive zones possibly associated with silicification.
2. Four (4) north-south IP survey profile lines were completed, and the purpose of the survey was to identify concealed sulfide mineralization in the basin pediment.

Results of the geophysical surveys were very encouraging and the IP and VLF anomalies correlated well with the geochemical anomalies and several targets have been delineated for drilling. No drill holes have tested the Property, including the strongest gold anomalies or the permissive pediment target.

RECOMMENDATIONS FOR FURTHER WORK: Conduct additional outcrop surface sampling, additional detailed geologic mapping and possible additional geophysical VLF and IP surveys to better define additional drill targets. Drill approximately 10 reverse circulation drill holes on identified targets.

