MAG SILVER CORP
Form 20FR12G
October 24, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

[X]

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[ ]

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended _____

OR

[ ]

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number

MAG Silver Corp. (formerly Mega Capital Investments Inc.)

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

British Columbia

(Jurisdiction of incorporation or organization)

Suite 800, 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Name of each exchange on which registered

None

N/A

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common Shares Without Par Value

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 20,772,440 Common Shares at September 30, 2003

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[ ] Yes [X] No

Indicate by check mark which financial statement item the registrant has elected to follow.

[X] Item 17 [ ] Item 18

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INTRODUCTION AND USE OF CERTAIN TERMS

MAG Silver Corp. is a company incorporated under the *Company Act* (British Columbia) on April 21, 1999. As used herein, except as the context otherwise requires, the terms "Company" or "MAG" refer to MAG Silver Corp. Our financial statements are prepared in accordance with Canadian generally accepted accounting principles with a reconciliation to United States Generally Accepted Accounting Principles and are presented in Canadian dollars. All monetary amounts contained in this Registration Statement are in Canadian dollars unless otherwise indicated.

Our North American office and principal place of business is located at Suite 800, 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. Our registered office is located at Suite 1400, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9.

FORWARD-LOOKING STATEMENTS

The information set forth in this Form 20-F is as of September 30, 2003 unless otherwise indicated.

The following discussion contains forward-looking statements regarding events and financial trends, which may affect our future operating results and financial position. Such statements are subject to risks and uncertainties that could cause our actual results and financial position to differ materially from those anticipated in forward-looking statements. These factors include, but are not limited to, the fact that we will need additional financing to fully execute our business plan and will be subject to certain risks, all of which factors are set forth in more detail in the section entitled "Risk Factors" at Item 3 and "Operating and Financial Review and Prospects" at Item 5.

When used in this Registration Statement, the words "estimate," "intend," "expect," "anticipate" and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these statements, which speak only as of the date of this Registration Statement. These statements are subject to risks and uncertainties that could cause results to differ materially from those contemplated in such forward-looking statements.

GLOSSARY

The following is a glossary of terms that appear in this Registration Statement.

AA	Atomic Absorption Spectrophotometry, an industry standard analytical technique used for quantitatively determining the amounts of specific elements present in a rock sample.
actinolite	A calcium-iron-silicate mineral, and member of the amphibole group. Common component of skarn alteration.
adit	

	A horizontal or nearly horizontal passage driven from the surface for the working of a mine.
Ag	The elemental symbol for silver.
alteration	Usually referring to chemical reactions in a rock mass resulting from the passage of hydrothermal fluids.
alunite	A potassium-aluminum sulfate mineral, a common component of hydrothermal alteration assemblages.
andesite	Volcanic rock, low in quartz content, generally fine grained and moderately dark coloured.
adularia	Field name for orthoclase feldspar, a potassium-aluminum silicate mineral, formed as hydrothermal alteration product.
anomalous	A value, or values, in which the amplitude is statistically between that of a low contrast anomaly and a high contrast anomaly in a given data set.
aphanitic	A textural term describing very fine-grained igneous rocks.
arkoses	Immature sandstones with high feldspar content.
assay	An analysis to determine the presence, absence or quantity of one or more components.
As	The elemental symbol for arsenic.
Au	The elemental symbol for gold.
basalt	Volcanic rock, low in quartz content, generally fine grained and dark coloured.
Bi	The elemental symbol for bismuth.
botryoidal	A textural term describing rocks with bubbly or kidney-like shapes.
breccia	A rock comprised of angular fragments cemented by a finer grained matrix. Breccia may be formed either by primary deposition of coarse angular rock fragments or by intense fracturing of a pre-existing rock mass.
calcite	Calcium carbonate mineral. It is a common constituent of many rock types as well as occurring in veins and alteration assemblages.
calderas	A term used to describe the vent zone of a volcano. It is also used to describe a large-scale rhyolite volcanic dome and crater complex.
carbonate	Minerals which have the formula "X"CO3. Calcite is the most common carbonate mineral.
Cascabel	Minera Cascabel, S.A. de C.V., a company incorporated pursuant to the laws of the Mexican Republic
chalcedony	Very fine crystalline quartz which may be massive or banded (agate).
chalcopyrite	Copper sulfide mineral.
chlorite	A ferro-magnesian mineral, commonly a product of chemical alteration.
Common Shares	Common Shares without par value in the capital stock of the Company.
Company	MAG Silver Corp.
complexes	A group of genetically-related geologic features formed over time in a specific area.
Cretaceous	The geological period extending from 135 million to 63 million years ago.
Cu	The elemental symbol for copper.
dacite	Volcanic rock with moderate quartz content, generally fine grained and moderately dark coloured.

dextral	A sense of movement on a strike-slip fault where one side has moved to the right with respect to the other; the opposite of sinistral.
dike	Tabular intrusion, meaning sheet or slab-like, which cuts across the host rocks. Dikes vary from a few centimetres to many tens of metres in thickness and may extend for several kilometres.
diopside	A calcium-magnesium-silicate mineral and member of the pyroxene group. A common component of skarn alteration.
diorites	Medium-coloured intrusive igneous rocks of intermediate composition.
dip	Geological measurement of the angle of maximum slope of planar elements in rocks. Can be applied to beddings, jointing, fault plans, veins, etc.
distal	Formed at a distance from a source region; features found in the periphery of a geologic system.
drift	An underground passage, approximately horizontal, often along a mineralized zone.
epidote	Calcium, aluminum, iron silicate mineral commonly occurring in hydrothermally altered carbonate-bearing rocks.
epithermal	A mineralizing system of hot metal-rich solution which has deposited precious metals within the upper 1,000 metres of the earth's crust, typically as veins, stockworks, breccias or disseminated ores.
euhedral	"True-shaped"; a textural term used to describe rocks containing fully formed crystals.
eutaxitic foliation	A volcanic textural term used to describe pumice lumps flattened into planar features during compaction and cooling; a typical texture in rhyolite ash-flow tuffs.
Exchange	TSX Venture Exchange.
exploration concession	A defined area for which mineral tenure has been granted by the Mexican government for a period of six years to allow exploration. The concession may subsequently be upgraded to exploitation status.
fault	A fracture in rock where there has been displacement of the two sides.
felsic	light coloured, typically quartz-rich rock.
First Special Warrants	The special warrants issued by the Company on September 9, 2002 granting the holders thereof the right to acquire, without additional cost, up to an aggregate of 1,500,000 units of the Company, each unit consisting of one Common Share of the Company and one First SW Warrant, all of which were exercised on April 3, 2003.
First SW Warrants	Share purchase warrants of the Company that entitle the holder to purchase one First SW Warrant Share at a price of $0.20 until September 9, 2004.
First SW Warrant Shares	The Common Shares of the Company to be acquired upon exercise of the First SW Warrants.
flow	Volcanic rock comprised of flow lava.
footwall	The lower plate of an inclined fault such that if you were in the faultplane your feet would be on the "footwall".
fracture	Breaks in a rock, usually due to intensive folding or faulting.
g/T	Grams per tonne (31.1 g/T = 1.0 troy ounce/tonne).
galena	Lead sulfide mineral.

gangue	Minerals incorporated in an orebody other than those of economic interest.
gossanous	A textural term used to describe cellular iron-oxides left behind from the oxidation of iron sulfides (pyrite or pyrrhotite).
grab sample	A sample of selected rock chips collected at random from within a restricted area of interest.
grade	The concentration of each ore metal in a rock sample, usually given as weight percent. Where extremely low concentrations are involved, the concentration may be given in grams per tonne (g/T) or ounces per ton (oz/t). The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.
graywackes	Immature fine-grained sandstones with a significant shale component.
hangingwall	Term used in reference to planar features, such as faults where, when mining along a fault, your feet would be on the footwall side of the fault and the hangingwall side would be hanging over your head.
hectare or ha.	An area totalling 10,000 square metres.
hedenbergite	A calcium-iron-manganese-silicate mineral, and member of the pyroxene group. It is a common component of skarn alteration.
hg	The elemental symbol for mercury.
horst block	The upthrown block between two oppositely facing normal faults.
host rock	The rock within which the ore deposit occurs.
hydrothermal	Hot fluids, usually mainly water, in the earth's crust which may carry metals and other compounds in solution to the site of ore deposition or wall rock alteration.
ICP	Induction Coupled Plasma; an industry standard analytical technique used for quantitatively determining the amounts of specific elements present in a rock sample.
igneous	A rock formed by the cooling of molten silicate material.
illite	A potassium-aluminum-silicate mineral, and member of the mica group. It is a common component of hydrothermal alteration of siliceous rocks.
intrusive	A rock mass formed below the earth's surface from magma which has intruded into a pre-existing rock mass.
joints	Breaks in rocks which show no noticeable movement along them and which can provide porosity and spaces for disposition of mineralization.
K/Ar	A radiometric dating technique based on the ratios of radioactive isotopes of K (potassium) and Ar (argon) used to determine the absolute age of a rock.
kaolinite	An aluminum-silicate clay mineral. It is a common component of hydrothermal alteration of siliceous rocks.
Lagartos	Minera Los Lagartos, S.A. de C.V., a company incorporated pursuant to the laws of the Mexican Republic, the principal of which is the Company.
laramide	Referring to the Laramide Orogeny, a major regional deformation event at the end of the Cretaceous period (approximately 85 to 55 million years before present).
lithic	Comprised of rock.
magma	Molten rock formed within the crust or upper mantle of the earth.
magmatism	A magmatic event, typically of regional extent.
manto	A mineral deposit which is tubular and relatively flat-lying.

marmorization	Metamorphic alteration of a limestone or dolomite to marble.
matrix	Generally fine grained material between coarser particles.
miogeoclinal	Rocks formed in the continental side of an ocean basin, typically dominated by sediments derived from the continent.
mill	A facility for processing ore to concentrate and recover valuable minerals.
mineral reserve	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.
mineral resource	A concentration or occurrence of natural, solid, inorganic or fossilized organic material 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.
mineralization	Usually implies minerals of value occurring in rocks.
monzonite	An intermediate intrusive rock related to granite.
Mn	The elemental symbol for manganese.
net smelter returns royalty or NSR	Payment of a percentage of mining revenues after deducting applicable smelter charges.
ore	A natural aggregate of one or more minerals which may be mined and sold at a profit, or from which some part may be profitably separated.
ore shoot	Part of a mineral deposit that contains ore grade material.
orebodies	Bodies of ore.
outcrop	An exposure of rock at the earth's surface.
oxidation	Near surface alteration or weathering of minerals whereby sulfur ions are replaced by oxygen ions.
oz/T	Troy ounces per tonne.
Pb	The elemental symbol for lead.
pelitic	Fine-grained sediments dominated by clay and mica minerals.
phanerozoic	"Visible Life"; a term referring to all ages since the Paleozoic period (i.e. < 575 Million years).
phenocrysts	Crystals within an igneous rock.
plagioclase	A potassium-calcium-sodium aluminum-silicate mineral, and a member of the feldspar group. A principal primary component of many igneous rocks.
porphyry	Rock type with mixed crystal sizes, i.e., containing larger crystals of one or more minerals.
portal	Entrance from surface into an underground development.
ppb	Parts per billion. A unit of measurement applied to very low concentrations of any substance being measured.
ppm	Parts per million. A unit of measurement which is 1,000 times larger than ppb (1 ppm = 1,000 ppb = 1 g/T).
pyritization	A process which results in the introduction of pyrite to a pre-existing rock mass.

pyrite	Iron sulfide mineral.
pyrrhotite	Iron sulfide mineral.
Qualifying Transaction	The transaction conducted pursuant to Policy 2.4 entitled "Capital Pool Companies" of the TSX Venture Exchange whereby the Company acquired significant assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means and then qualified for a regular listing on the TSX Venture Exchange.
quartz	Si02, a common constituent of veins, especially those containing gold and silver mineralization.
rhyodacite	A volcanic rock type, slightly less siliceous than rhyolite.
rhyolite	Volcanic rock high in quartz content, generally fine grained and light coloured.
Second Special Warrants	The special warrants issued by the Company on December 20, 2002 granting the holders thereof the right to acquire, without additional cost, up to an aggregate of 900,000 units of the Company, each unit consisting of one Common Share of the Company and one-half of one Second SW Warrant, all of which were exercised on April 3, 2003.
Second SW Warrants	Share Purchase Warrants of the Company that entitle the holder to purchase one Second SW Warrant Share at a price of $0.40 until December 20, 2004.
Second SW Warrant Shares	The Common Shares of the Company to be acquired upon exercise of the Second SW Warrants.
serpentinite	A rock composed of serpentine, typically formed from the alteration of mafic igneous rocks.
shear zone	Where a fault affects a width of rock rather than being a single clean break, the width or affected rock is referred to as the shear zone. The term implies movement, i.e., shearing.
silicification	Replacement of the constituents of a rock by quartz.
sinter	A crust or infusion of very fine-grained silica (quartz) formed on at or near the surface of a hot spring.
sphalerite	Zinc sulfide mineral.
stockwork	Very abundant veinlets, occurring along fractures or joints often at various different attitudes, forming a net pattern.
strike	The direction of a horizontal line on the surface of a vein, or other planar feature.
sulphides	Metallic minerals comprised of a combination of a sulfur ion with a metal ion, such as iron, copper, zinc or lead.
syngenetic	"Formed at the same time"; a term used to describe mineralization formed at the same time as the sedimentary rocks that enclose it.
tailings	material rejected from a mill after recoverable valuable minerals have been extracted.
Tertiary	The geological period extending from 63 million to 2 million years ago.
tonne or "T"	Metric ton = 1,000 kilograms or 1,000,000 grams.
tpd	Tonnes per day.
tuff	A rock comprised of fine fragments and ash particles ejected from a volcanic vent.
U/Pb	A radiometric dating technique based on the ratios of radioactive isotopes of U (uranium) and Pb (lead) used to determine the absolute age of a rock.

vein deposit	A deposit that is narrow compared to its length and depth and usually occurs in fault openings or in shear zones.
veinlets	Small veins, generally measuring only a few millimetres in thickness, filling fractures in rocks.
veins	The mineral deposits that are found filling openings in rocks created by faults or replacing rocks on either side of faults.
vesicular	Having vesicles, or holes; spongy textured.
vitrophyres	Volcanic rocks having phenocrysts suspended in a glassy (obsidian) matrix.
volarenites	Sandstones composed dominantly of sand-sized fragments of volcanic materials.
volcaniclastic	Coarse-grained sedimentary rocks (sandstone or conglomerate) composed of fragments of volcanic rocks.
wallrock alteration	The rocks surrounding a mineral deposit that are chemically altered during the mineralizing event.
Zn	The elemental symbol for zinc.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Directors and Senior Management

The following table sets forth the names, business addresses and functions of our directors and senior management.

Name	Business Address	Position
George S. Young	Suite 800, 409 Granville Street Vancouver, British Columbia, Canada V6C 1T2	President, Chief Executive Officer and Director
David G. S. Pearce	3310 Mathers Avenue West Vancouver, British Columbia, Canada V7V 2K5	Secretary, Director and Audit Committee Member
Eric H. Carlson	Suite 300, Bentall 5 550 Burrard Street Vancouver, British Columbia, Canada V6C 2B5	Director and Audit Committee Member
R. Michael Jones	Suite 800, 409 Granville Street Vancouver, British Columbia, Canada V6C 1T2	Director and Audit Committee Member

Frank Hallam	Suite 800, 409 Granville Street Vancouver, British Columbia, Canada V6C 1T2	Chief Financial Officer

Advisers

Our legal advisers are Catalyst Corporate Finance Lawyers. Their address is Suite 1400, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9.

Auditors

Our auditors are Deloitte & Touche LLP, Chartered Accountants. Their address is 1055 Dunsmuir Street, 28th Floor, Vancouver, British Columbia, Canada, V7X 1P4.

Our registrar and transfer agent is Pacific Corporate Trust Company. Their address is 10th Floor, 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2B8.

ITEM 2. **OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

ITEM 3. **KEY INFORMATION**

Selected Financial Data

The following table sets forth our selected consolidated financial information, which has been derived from our consolidated financial statements included in this Registration Statement prepared in accordance with Canadian Generally Accepted Accounting Principles. Information for the 12 months ended December 31, 2002, 2001 and 2000 are derived from audited financial statements which are included elsewhere in this Registration Statement. Information for the six months ended June 30, 2003 and 2002 are derived from unaudited interim financial statements which are included elsewhere in this Registration Statement. Information for the period from April 21, 1999 to December 31, 1999 are derived from audited financial statements that are not included in this Registration Statement. The financial data should be read in conjunction with our consolidated financial statements and notes thereto and "Results of Operations" under "Item 5 - Operating and Financial Review and Prospects".

	6 months ended Jun. 30, 2003	6 months ended Jun. 30, 2002	12 months ended Dec. 31, 2002	12 months ended Dec. 31, 2001	12 months ended Dec. 31, 2000	Apr. 21/99 to Dec. 31, 1999
Revenue	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Total Expenses	$299,615	$15,662	$123,536	$288,449	$19,066	$8,521
Net Loss	$(274,525)	$(15,284)	$(122,631)	$(279,639)	$(5,641)	$(8,066)
Basic and Diluted Loss per Share	$(0.03)	$(0.01)	$(0.08)	$(0.19)	$(0.00)	$(0.00)
Weighted Average Common Shares Outstanding	8,819,326	1,500,000	1,500,000	1,500,000	1,304,066	Nil
Consolidated Balance Sheet						
Total Assets	$5,745,851		$408,125	$110,904	$386,192	$150,000
Total Liabilities	$118,365		$58,880	$14,028	$9,677	$8,066
Working Capital	$4,394,051		$108,472	$76,876	$376,515	$141,934
Shareholders' Equity	$5,627,486		$349,245	$96,876	$376,515	$141,934

Under U.S. GAAP, all amounts in the foregoing table remain the same except the following:

Net Loss	$(1,645,506)	$(15,662)	$(160,433)	$(279,639)	$(5,641)	$(8,066)
Loss per Share	$(0.19)	$(0.01)	$(0.11)	$(0.19)	$(0.00)	$(0.00)
Total Assets	$4,937,068		$370,323	$110,904	$386,192	$150,000
Shareholders' Equity	$4,818,703		$311,443	$96,876	$376,515	$141,934

On October 6, 2003, the Interbank rate of exchange for converting Canadian dollars into United States dollars equalled 1.3332 Canadian dollars for one United States dollar. The following table presents a history of the high and low exchange rates of Canadian dollars into United States dollars for the previous six months.

Month	High	Low
September 2003	1.3876	1.3469
August 2003	1.4100	1.3836
July 2003	1.4114	1.3368
June 2003	1.3768	1.3348
May 2003	1.4221	1.3446
April 2003	1.4843	1.4336

The following table presents a five-year history of the average annual exchange rates of Canadian dollars into United States dollars, calculated by using the average of the exchange rates on the last day of each month during the given year.

Year	Average Exchange Rate
2002	1.5705
2001	1.5490
2000	1.4855
1999	1.4858
1998	1.4836

The average exchange rate for the six months ended June 30, 2003 of Canadian dollars into United States dollars was 1.4541.

Capitalization

The following table sets forth the capitalization of the Company as of the dates indicated:

	Amount Outstanding as of December 31, 2002	Amount Outstanding as of June 30, 2003	Amount Outstanding as at August 31, 2003
Common Shares (authorized - 1,000,000,000 shares)	$390,222 (3,000,000 shares)	$6,276,588 (17,751,200 shares)	$7,280,218 (19,732,040 shares)
Special Warrants	$375,000 (2,400,000 warrants)	$Nil	$Nil
Contributed Surplus	$Nil	$41,400	$41,400
Deficit	$(415,977)	$(690,502)	$(735,352)
Total	$349,245	$5,627,486	$6,586,266

Diluted Share Capital

Assuming that all options and other rights to purchase Common Shares of the Company are exercised and all property share issuances are made, up to a maximum of 31,930,000 Common Shares of the Company will be issued and outstanding on a diluted basis, comprised of the following:

Description	Number of Common Shares
Outstanding as of Sept 30, 2003	20,772,440
Agents' Warrant Shares	428,800

First SW Warrant Shares	870,000
Second SW Warrant Shares	320,000
Prospectus Offering Warrant Shares	4,368,760
Options	1,170,000
Don Fippi Shares	2,000,000
Guigui Shares	2,000,000
Total	**31,930,000**

Risk Factors

The following is an overview of the risk factors to be considered in relation to our business. Specific risk factors to be considered are as follows:

1.

The Company has no proven history of performance, revenues, earnings or success. As such, the Company's ability to continue as a going concern is dependent upon the existence of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of its interests and future profitable production or alternatively, upon the Company's ability to dispose of its interests on a profitable basis. The amounts attributed to the Company's mineral properties in its financial statements represent acquisition and exploration costs and should not be taken to represent realisable value.

2.

The Company is dependent upon the continued availability and commitment of its key management, whose contributions to immediate and future operations of the Company are of central importance. The Company has not obtained "key man" insurance for any of its management.

3.

Payment of dividends on the Company's shares is within the discretion of the Company's Board and will depend upon the Company's future earnings, its capital requirements and financial condition, and other relevant factors. The Company does not currently intend to declare any dividends for the foreseeable future.

4.

None of the Company's directors or officers devote their full time to the affairs of the Company. Certain of the proposed directors and officers of the Company are also directors, officers and shareholders of other natural resource companies. Such directors and officers have been advised of their fiduciary obligations to the Company and its shareholders. Conflicts may arise, however, between the obligations of these directors and officers to the Company and such other natural resource companies.

Risk Factors Relating to Title

1.

Title to properties may be in doubt. A full investigation of legal title to the Company's property interests has not been carried out at this time. Accordingly, title to these property interests may be in doubt. Other parties may dispute title to the properties in which the Company has an interest. The Company's property interests may also be subject to prior unregistered agreements or transfers or land claims and title may be affected by undetected defects. In addition, the Company's ability to explore and exploit the property interests is subject to ongoing approval of local governments. The Company only has verbal permission to explore the Don Fippi Property. The Company is satisfied, however, that evidence of title to each of its property interests is adequate and acceptable by prevailing industry standards for pre-drilling surface access.

2.

Title Opinions provide no guarantee of title. Although the Company has or will receive title opinions for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will not be challenged or impugned. In Mexico, while the system for recording title to the rights to explore, develop and mine natural resources is reliable, a title opinion does not provide absolute comfort that the holder has unconditional or absolute title. Also, as in many other countries, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the Mexican government although no such claims have yet been made against any of the Company's properties.

Risk Factors Relating to the Company's Property Interests

1.

Properties are in the exploration stage. All of the Company's property interests are at the exploration stage only (even when some of the mining concession titles covering such property interests were issued as exploitation concessions) and there are no known commercial quantities of minerals or precious gems on such properties. Most exploration projects do not result in the discovery of commercially mineable deposits or ores or gems.

2.

Properties are in Mexico. The Company's property interests are primarily located in Mexico. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of the Company and may adversely affect its business.

3.

No guarantee licenses and permits will be obtained. The operations of the Company may require licenses and permits from various governmental authorities. The Company may not be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

4.

Environmental regulations are becoming more onerous to comply with. The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. Failure to comply with such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

5.

Mexican Income Tax Laws apply to the Company. Under the Foreign Investment Law of Mexico, there is presently no limitation on foreign capital participation in mining operations; however, the applicable laws may change in a way which may adversely impact the Company and its ability to repatriate profits. Under Mexican Income Tax Law, dividends paid out of "previously taxed net earnings" are not subject to Mexican taxes if paid to a foreign investor. Otherwise, such dividends paid to a foreign resident corporation are subject to the Mexican corporate tax rate, which presently is 34 percent over a gross up basis (amount of the dividend times 1.5152), payable by the Mexican company. "Previously taxed net earnings" are intended to represent cumulative post 1974 undistributed taxable revenues minus income tax paid, profit sharing and other deductions and certain dividends paid, plus certain dividends received and adjusted for inflation after each tax year (calendar) ends. Currently, there is no withholding tax on dividends paid by a Mexican company to a foreign shareholder.

6.

Foreign currency fluctuations and inflationary pressures may have a negative impact. The Company's property interests in Mexico make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position and results. With respect to Mexican currency, the Company transfers funds to Lagartos on an "as needed" basis to avoid significant pressure to currency fluctuations. The steps taken by management to address foreign currency fluctuations may not eliminate all adverse effects and, accordingly, the Company may suffer losses due to adverse foreign currency fluctuations. Mexico has not experienced significant inflationary rates recently. Although the situation appears to be stable, the Company bears the risk of incurring losses occasioned as a result of rampant inflation in Mexico.

Risk Factors Relating to Mining Generally

1.

Mining exploration is a speculative business. Exploration for minerals or precious gems is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures made by the Company described herein will result in discoveries of commercial quantities of minerals or precious gems.

2.

Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Company may become subject to liability for pollution, fire, explosions, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

3.

Mineral prices and marketability fluctuate. Mineral prices, particularly gold and silver prices, have fluctuated widely in recent years. The marketability and price of minerals and precious gems which may be acquired by the Company will be affected by numerous factors beyond the control of the Company. These other factors include delivery uncertainties related to the proximity of its reserves to processing facilities and extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals and precious gems and many other aspects of the mining business.

4.

Mining is a highly competitive industry. The mining industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of large established mining companies with substantial capabilities and greater financial and technical resources than the Company. The Company may be unable to acquire additional attractive mining properties on terms it considers to be acceptable. The effect of these factors cannot be accurately predicted.

Risk Factors Relating to Financing

1.

There is no assurance of adequate funding and funding will result in dilution. Sufficient funding may not be available to the Company for further exploration and development of its property interests or to fulfil its obligations under applicable agreements. The Company may not be able to obtain adequate financing in the future or the terms of such financing may not be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of new projects with the possible loss of such properties. The Company will require new capital to continue to operate its business and to continue with exploration on its properties, and additional capital may not be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders.

2.

Substantial expenditures are required for commercial operations. If mineable deposits are discovered, substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, resources may not be discovered in sufficient quantities to justify commercial operations or the funds required for development may not be obtained at all or on terms acceptable to the Company.

3.

Lack of funding to satisfy contractual obligations may result in the loss of property interests. The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Company may have its property interests subject to such agreements reduced as a result or even face termination of such agreements. The Company has acquired options to acquire interests in three properties in Mexico and in order to obtain ownership of each of such properties, it must make payments to the current owners and incur certain exploration expenditures on those properties. In order to secure ownership of all three properties, additional financing will be required. Failure of the Company to make the requisite payments in the prescribed time periods will result in the Company losing its entire interest in the subject property and the Company will no longer be able to conduct its business as described in this Registration Statement. The Company may not have sufficient funds to: (a) satisfy the minimum expenditures or the option payment required to be made in 2004 in relation to the Don Fippi Property; (b) satisfy the option payment required to be made in 2004 in relation to the Guigui Property; and (c) make the minimum expenditures to maintain the Don Fippi claims in good standing under Mexican law. In such event, in respect of any of the properties, the Company may seek to enter into a joint venture or sell the subject property or elect to terminate its option. The Company will have to raise further financing to fund the required exploration on the Don Fippi Property and if the Company fails to expend US$250,000 (of which US$15,000 has been spent) on the Don Fippi Property by April 21, 2004, its option to earn its interest in the Don Fippi Property will terminate.

Miscellaneous Risk Factors

1.

The price of the Company's shares is volatile. Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for the shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company in creating sales and revenues.

2.

There is an absence of a liquid trading market for the Company's shares. Shareholders of the Company may be unable to sell significant quantities of shares into the public trading markets without a significant reduction in the price of their shares, if at all. The Company may not continue to meet the listing requirements of the Exchange or achieve listing on any other public listing exchange.

3.

The Penny-Stock Rule may limit trading in the Company's shares. The "penny stock" trading rules impose duties and responsibilities upon broker-dealers and salespersons effecting purchase and sale transactions in the Company's shares, including determination of the purchaser's investment suitability, delivery of certain information and disclosures to the purchaser, and receipt of a specific purchase agreement from the purchaser prior to effecting the purchase transaction. Compliance with the "penny stock" trading rules affect or will affect the ability to resell the Company's shares by a holder principally because of the additional duties and responsibilities imposed upon the broker-dealers and salespersons recommending and effecting sale and purchase transactions in such securities. In addition, many broker-dealers will not effect transactions in penny stocks, except on an unsolicited basis, in order to avoid compliance with the "penny stock" trading rules. Consequently, the "penny stock" trading rules may materially limit or restrict the number of potential purchasers of the Company's shares and the ability of a holder to resell our stock.

In October 1990, Congress enacted the "Penny Stock Reform Act of 1990." "Penny Stock" is generally any equity security other than a security (a) that is registered or approved for registration and traded on a national securities exchange or an equity security for which quotation information is disseminated by The National Association of Securities Dealers Automated Quotation ("NASDAQ") System on a real-time basis pursuant to an effective transaction reporting plan, or which has been authorized or approved for authorization upon notice of issuance for

quotation in the NASDAQ System, (b) that is issued by an investment company registered under the Investment Company Act of 1940, (c) that is a put or call option issued by Options Clearing Corporation, (d) that has a price of five dollars (US) or more, or (e) whose issuer has net tangible assets in excess of $2,000,000(US), if the issuer has been in continuous operation for

at least three years, or $5,000,000(US) if the issuer has been in continuous operation for less than three years, or average revenue of at least $6,000,000(US) for the last three years.

The Company's Common Shares are presently considered "penny stock" under these criteria. Therefore, the Common Shares are subject to Rules 15g-2 through 15g-9 (the "Penny Stock Rules") under the Exchange Act. The Penny Stock Rules impose additional reporting, disclosure and sales practice requirements on brokers and dealers before they can recommend the Common Shares for purchase by their customers, and require that such brokers and dealers must make a special suitability determination of each purchaser and must have received the purchaser's written consent to the transaction prior to the sale. Consequently, the Penny Stock Rules may affect the ability of brokers and dealers to sell the Common Shares and may affect the ability of purchasers to sell any of the Shares acquired hereby in the secondary markets.

So long as the Common Shares are within the definition of "Penny Stock" as defined in Rule 3a51-1 of the Exchange Act, the Penny Stock Rules will continue to be applicable to the Common Shares. Unless and until the price per share of Common Shares is equal to or greater than $5.00(US), or an exemption from the rule is otherwise available, the Common Shares may be subject to substantial additional risk disclosures and document and information delivery requirements on the part of brokers and dealers effecting transactions in the Common Shares. Such additional risk disclosures and document and information delivery requirements on the part of such brokers and dealers may have an adverse effect on the market for and/or valuation of the Common Shares.

4.

Classification as a Passive Foreign Investment Company. The Company believes it is a Passive Foreign Investment Company ("PFIC"), as that term is defined in Section 1297 of the Internal Revenue Code of 1986, as amended, and believes it will be a PFIC in the foreseeable future. Consequently, this classification may result in adverse tax consequences for U.S. holders of the Company's shares. For an explanation of these effects on taxation, see Item 10 - United States Federal Income Tax Consequences. U.S. shareholders and prospective holders of the Company's shares are also encouraged to consult their own tax advisers.

5.

The Company and its principals and assets are located outside of the United States. Substantially all of the Company's assets are located outside of the United States and the Company does not currently maintain a permanent place of business within the United States. In addition, the directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to effect service of process or enforce within the United

States any judgments obtained against the Company or its officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. In addition, there is uncertainty as to whether the courts of Canada and other jurisdictions would recognize or enforce judgments of United States courts obtained against the Company or its directors and officers predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, or be competent to hear original actions brought in Canada or other jurisdictions against the Company or its directors and officers predicated upon the securities laws of the United States or any state thereof.

ITEM 4 NFORMATION ON THE COMPANY

History and Development of the Company

The Company was originally incorporated under the *Company Act* (British Columbia) on April 21, 1999 under the name "583882 B.C. Ltd.". On June 28, 1999, in anticipation of becoming a capital pool company, the Company changed its name to "Mega Capital Investments Inc.". On April 22, 2003, the Company changed its name to "MAG Silver Corp." to reflect its new business consequent upon the completion of its Qualifying Transaction. Our North American office and principal place of business is located at Suite 800, 409 Granville, Vancouver, British Columbia, Canada, V6C 1T2 (phone: 604-630-1399).

The Company is a "reporting" company in the Provinces of British Columbia, Alberta and Ontario.

The Company's Common Shares were listed and posted for trading on the TSX Venture Exchange (TSX VN: MGA) on April 19, 2000. Concurrent with the Company's name change to MAG Silver Corp. on April 22, 2003, the trading symbol was changed to "MAG".

The Qualifying Transaction

On April 5, 2001, the Company entered into a letter of intent to acquire all of the issued and outstanding share capital of Advanced Disc Manufacturing Corporation ("ADMC"), a private British Columbia start-up company engaged in the manufacture of injection moulded compact discs. Effective May 2, 2001, a formal share exchange agreement was entered into among the Company, ADMC and the shareholders of ADMC in which the terms of the acquisition were set forth (the "ADMC Agreement"). This proposed acquisition was intended to serve as the Company's Qualifying Transaction. On September 26, 2001, the Company issued a press release to announce that it had terminated its intention to purchase the share capital of ADMC, as a result of certain breaches of the ADMC Agreement by the vendors of the ADMC shares. In connection with this transaction, the Company incurred expenses of approximately $252,420.

In August 2002, the Company entered into an arms' length agreement dated August 8, 2002 (the "Lagartos Agreement") with Ing Porfirio Cesar Augusto Padilla Lara, Dr. Peter Megaw and Dr. Carl Kuehn (collectively, the "Vendors") pursuant to which the Company agreed to acquire (the "Acquisition") 98% (later amended to include 99%

registered ownership and beneficial ownership of the remaining 1%) of the issued and outstanding common shares of Lagartos. Lagartos is a private company incorporated under the laws of the Mexican Republic in the mineral exploration business, as described below. As consideration for the Acquisition, the Company agreed to pay the Vendors the sum of US$5,000, and to further pay the sum of US$50,000 for the reimbursement of funds advanced to secure the Juanicipio Option (described below), plus applicable purchase and transfer costs. The Acquisition of beneficial ownership of 100% of Lagartos was completed on January 15, 2003. The Company's Qualifying Transaction was completed on April 15, 2003, with a concurrent financing which raised gross proceeds of $5,750,000.

As at July 31, 2003, $955,948 has been advanced to Lagartos for the purposes of repaying the US$50,000 in respect of the Juanicipio Option, making payments for mining taxes and incurring amounts for exploration expenditures.

Business Overview

The Company is in the mineral exploration and development business.

Carrying on Business in Mexico

The Company's property interests are located in Mexico. A summary of the regulatory regime material to the business and affairs of the Company is provided below.

Mining Regulation

The exploration and exploitation of minerals in Mexico may be carried out by Mexican citizens or Mexican companies incorporated under Mexican law by means of obtaining exploration and exploitation concessions. Exploration concessions are granted by the Mexican federal government for a period of six years from the date of their recording in the Public Registry of Mining and are not renewable. Holders of exploration concessions may, prior to the expiration of such exploration concessions, apply for one or more exploitation concessions covering all or part of the area covered by one exploration concession. Failure to apply prior to the expiration of the term of the exploration concession will result in termination of the concession. An exploitation concession has a term of 50 years, generally renewable for a further 50 years upon application within five years prior to the expiration of such concession. Both exploration and exploitation concessions are subject to annual work requirements and payment of surface taxes which are assessed and levied on a semiannual basis. Such concessions may be transferred or assigned by their holders, but such transfers or assignments must comply with the requirements established by the Mexican Mining Law and be registered before the Public Registry of Mining, in order to be valid against third parties.

Mineral exploration and exploitation concessions may also be obtained by foreign citizens or foreign corporations, in this latter case, through the establishment of a branch or subsidiary in Mexico, and in the case of foreign citizens,

provided that they comply with certain requirements set forth in the Foreign Investment Law. Foreign citizens are required to apply for the corresponding authorization before the Ministry of Foreign Affairs and register their investment in the National Registry of Foreign Investment. In the case of foreign corporations, in addition to registration in the National Registry of Foreign Investment, additional authorization from the Ministry of Economy is

required in order to obtain subsequent registration in the corresponding local Public Registry of Commerce.

Mexican mining law does not require payment of finder's fees or royalties to the Government, except for a discovery premium in connection with national mineral reserves, concessions in marine zones and claims or allotments contracted directly from the Council of Mineral Resources. None of the property interests to be held by Lagartos are under such fee regime.

Foreign Investment Regulation

Foreign investment regulation in Mexico is basically governed by the Law of Foreign Investment and its Regulations. Foreign investment of up to 100% in Mexican mining companies is freely permitted. Foreign companies or companies with foreign investment in their capital stock must be registered with the National Registry of Foreign Investment which is maintained by the Ministry of Economy.

Environmental Regulation

Mexico has federal and state laws and regulations relating to the protection of the environment, including regulations concerning water pollution, air pollution, noise pollution and hazardous substances. The principal environmental legislation in Mexico is the *Ley General del Equilibrio Ecologico y la Proteccion al Ambiente* (the "General Law of Ecological Balance and Environmental Protection" or the "General Law"), which provides for general environmental rules and policies, with specific requirements set forth in regulations on air pollution, hazardous substances, environmental impact and others (the "Environmental Regulations"). Additionally, there are a series of "Mexican Official Norms" that establish ecological and technical standards and requirements on various environmental related matters (the "Ecological Standards").

The *Secretaria de Medio Ambiente y Recursos Naturales* (the "Ministry of the Environment and Natural Resources" or "SEMARNAT" for its initials in Spanish) is the federal agency in charge of monitoring compliance with and enforcing the General Law, the Environmental Regulations and the Ecological Standards (collectively the "Environmental Laws"). On enforcement matters the SEMARNAT acts mainly through the *Procuraduria Federal de Proteccion al Ambiente* (the "Federal Bureau of Environmental Protection" or "PROFEPA" for its initials in Spanish) and in certain cases through other governmental entities under its control.

Environmental Laws also regulate environmental protection in the mining industry in Mexico. In order to comply with these laws, a series of permits, licences and authorizations must be obtained by a concession holder during the exploration and exploitation stages of a mining project. Generally, these permits and authorizations are issued on a timely basis after the completion of an application by a concession holder. To the best of the Company's knowledge, all of the Company's property interests are currently in compliance with Environmental Laws.

Currency

The official monetary unit of Mexico is the peso. The currency exchange rate freely floats and the country has no currency exchange restrictions. Nevertheless, following the devaluation of the Mexican peso in December, 1994, uncertainties continue with respect to the financial situation of Mexico. See "Risk Factors" in Item 3, specifically those risk factors dealing with currency fluctuation and inflation.

The Juanicipio Property

Pursuant to an agreement dated July 18, 2002 as amended December 19, 2002 between Lagartos and Ing. Martin Bernardo Sutti Courtade I ("Sutti"), of Zacatecas, Mexico (the "Juanicipio Agreement"), Sutti granted to Lagartos an

option (the "Juanicipio Option") to acquire a 100% interest in the Juanicipio Property, which is located in the Fresnillo District, Zacatecas, Mexico. Sutti subsequently assigned his interest to Minera Venus, S.A. de C.V. In order to exercise the Juanicipio Option, Lagartos was required to:

(a)

drill a minimum of 3,500m of diamond core, reverse circulation or a combination of the two methods within 12 months following the date of ratification of the Juanicipio Agreement by all parties in the presence of a notary public (the "Ratification Date"), which was July 18, 2002;

(b)

pay 1,000 pesos plus applicable taxes and pay the Mexican Treasury one payment of approximately 200,000 pesos (approximately $32,629) representing mining taxes owed for the first half of 2002;

(c)

make payments aggregating US$1,225,000 plus Value Added Tax VAT ("VAT") on the following basis:

(i)

US$75,000 plus VAT on or before January 18, 2003 (which amount has been paid);

(ii)

US$100,000 plus VAT on or before the date that is 12 months following the Ratification Date;

(iii)

US$100,000 plus VAT on or before the date that is 18 months following the Ratification Date;

(iv)

US$150,000 plus VAT on or before the date that is 24 months following the Ratification Date;

(v)

US$150,000 plus VAT on or before the date that is 30 months following the Ratification Date;

(vi)

US$200,000 plus VAT on or before the date that is 36 months following the Ratification Date;

(vii)

US$200,000 plus VAT on or before the date that is 42 months following the Ratification Date; and

(viii)

US$250,000 plus VAT on or before the date that is 48 months following the Ratification Date and during each semester subsequently until the Juanicipio Property commences production;

(d)

incur expenditures on the Juanicipio Property in the amount of at least US$2,500,000 on the following basis:

(i)

US$750,000 (including amounts incurred in subparagraph (a) above) within 24 months following the Ratification Date;

(ii)

the cumulative amount of US$1,500,000 within 36 months following the Ratification Date; and

(iii)

the cumulative amount of US $2,500,000 within 48 months following the Ratification Date; and

(e)

pay a NSR on the following basis:

(i)

3.5% for silver priced up to US $5.50/troy ounce;

(ii)

3.75% for silver priced greater than US $5.50/troy ounce and up to US $6.50/troy ounce;

(iii)

4.0% for silver priced greater than US $6.50/troy ounce and up to US $7.50/troy ounce;

(iv)

4.25% for silver priced greater than US $7.50/troy ounce and up to US $10/troy ounce; and

(v)

5% for silver priced greater than US $10/troy ounce.

Royalties on other precious metals were to be paid at the same percentage rate then in effect for silver. Royalties on base metals recovered will be paid at half the then prevailing percentage rate for silver.

Minera Venus, S.A. de C.V., the Optionor, is owned as to 99% by Lexington Capital Group Inc. and as to 1% by Jose Ruiz Lopez. Lexington Capital Group Inc. was owned as to 100% by Strategic Investments Resources Ltd. Pursuant to a stock purchase agreement dated May 29, 2003 between the Company and Strategic Investments

Resources Ltd., on July 16, 2003, for consideration of US$250,000 and 200,000 common shares of the Company, the Company acquired 100% of the issued shares of Lexington Capital Group Inc., thereby acquiring 99% ownership of the Juanicipio property (with the remaining 1% held by Jose Ruiz Lopez). The Company intends to terminate the Juanicipio Agreement, thereby eliminating its obligations to make any further option payments, fulfill the above-described work commitments or pay any royalty.

The Don Fippi Property

Pursuant to an arm's length agreement (the "Don Fippi Agreement") dated as of November 18, 2002 between the Company, Lagartos and Minera Bugambilias, S.A. de C.V. ("Bugambilias"), Bugambilias granted to Lagartos an option (the "Don Fippi Option") to acquire a 100% interest in the Don Fippi Property located in the Batopilas, Chihuahua district of Mexico. In order to exercise the Don Fippi Option, Lagartos must:

(a)

pay to Bugambilias an aggregate of US$550,000 plus VAT (the "Don Fippi Payments") on the following basis:

(i)

US$50,000 plus VAT within five business days after the date the Don Fippi Agreement is accepted by the Exchange (the " DF Effective Date");

(ii)

US$50,000 plus VAT on or before the date that is 12 months following the DF Effective Date;

(iii)

US$100,000 plus VAT (the "Third DF Payment") on or before the date that is 24 months following the DF Effective Date, provided that if during the ten trading days prior to the date the Third DF Payment is due the average closing price of the Common Shares of the Company on the Exchange is more than US$0.50, the Third DF Payment is waived by Bugambilias and need not be made;

(iv)

US$150,000 plus VAT (the "Fourth DF Payment") on or before the date that is 36 months following the DF Effective Date, provided that if during the ten trading days prior to the date the Fourth DF Payment is due the average closing price of the Common Shares of the Company on the Exchange is more than US$0.50, the Fourth DF Payment is waived by Bugambilias and need not be made; and

(v)

US$200,000 plus VAT (the "Fifth DF Payment") on or before the date that is 48 months following the DF Effective Date, provided that if during the ten trading days prior to the date the Fifth DF Payment is due the average closing price of the Common Shares of the Company on the Exchange is more than US$0.50, the Fifth DF Payment is waived by Bugambilias and need not be made;

(b)

incur expenditures on the Don Fippi Property in the amount of at least US$4,000,000 (the "Don Fippi Expenditures") on the following basis:

(i)

US$250,000 within 12 months following the DF Effective Date, of which US$15,000 must be spent by December 31, 2002 (which has been spent);

(ii)

the cumulative amount of US$1,000,000 within 24 months following the DF Effective Date;

(iii)

the cumulative amount of US$2,000,000 within 36 months following the DF Effective Date;

(iv)

the cumulative amount of US$3,000,000 within 48 months following the DF Effective Date; and

(v)

the cumulative amount of US$4,000,000 within 60 months following the DF Effective Date;

(c)

allot and issue to Bugambilias an aggregate of up to 2,100,000 common shares of the Company (the "Don Fippi Shares") on the following basis:

(i)

100,000 Common Shares within five business days of the DF Effective Date (which have been issued); and

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(ii)

commencing eight months after the DF Effective Date, one Common Share for each US dollar expended by Lagartos as described in paragraph (b) above, up to a maximum of 2,000,000 Common Shares.

Provided that Lagartos has expended a cumulative minimum of US$1,000,000 of Don Fippi Expenditures within 24 months following the DF Effective Date as required by section (b)(ii) above, Lagartos may, at its sole option, elect to not incur any further Don Fippi Expenditures or make any further Don Fippi Payments or issue any further Don Fippi Shares under the Don Fippi Agreement and to enter into a joint venture with Bugambilias in respect of the Don Fippi Property in which Lagartos is immediately vested with a 50% interest and Bugambilias will hold a 50% interest and Bugambilias will be the initial operator of the Don Fippi Property under the joint venture. Lagartos and Bugambilias have agreed to enter into a joint venture agreement setting out the terms of such joint venture and including such other terms as are standard in the industry.

Provided that Lagartos has expended a cumulative minimum of US$2,000,000 of Don Fippi Expenditures within 36 months following the DF Effective Date as required by section (b)(iii) above, Lagartos may, at its sole option, elect to not incur any further Don Fippi Expenditures or make any further Don Fippi Payments or issue any further Don Fippi Shares under the Don Fippi Agreement and to enter into a joint venture with Bugambilias in respect of the Don Fippi Property in which Lagartos is immediately vested with a 60% interest and Bugambilias will hold a 40% interest and Lagartos will have the option to be the initial operator of the Don Fippi Property under the joint venture. Lagartos and Bugambilias have agreed to enter into a joint venture agreement setting out the terms of such joint venture and including such other terms as are standard in the industry. In the event that Lagartos elects to be the operator of the Don Fippi Property, but fails for a period of at least six months to advance any exploration or development of the Don Fippi Property, Bugambilias shall have the option to become the operator of the Don Fippi Property.

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Lagartos also agreed to pay to Bugambilias a 4.5% NSR unless a joint venture is entered into.

Alternatively, the Don Fippi Option may be exercised at any time by Lagartos by paying such amount as is required to make the total payments to Bugambilias aggregate US$550,000, and by issuing to Bugambilias an aggregate of 2,100,000 Don Fippi Shares.

All properties acquired by Lagartos, Bugambilias or any of their affiliates within the borders of the Don Fippi Property shall become part of the Don Fippi Property and be included under the Don Fippi Agreement.

Lagartos may terminate the Don Fippi Agreement at any time by providing Bugambilias with 60 days notice and failing to make any payment or incur any Don Fippi Expenditure when due, but must pay the applicable taxes for the following semester.

Lagartos has a right of first refusal in the event that Bugambilias wishes to dispose of its interest in the Don Fippi Agreement or NSR, except for transfers of interests in the NSR to Bugambilias' shareholders or heirs which are permitted without restriction.

Bugambilias has a right of first refusal in the event that Lagartos wishes to dispose of its interest in the Don Fippi Agreement.

The Guigui Property

Pursuant to an arm's length agreement (the "Guigui Agreement") dated as of November 18, 2002 between the Company, Lagartos and Minera Coralillo, S.A. de C.V. ("Coralillo"), Coralillo granted to Lagartos an option (the "Guigui Option") to acquire a 100% interest in the Guigui Property located in the Santa Eulalia, Chihuahua district of Mexico. In order to exercise the Guigui Option, Lagartos must:

(a)

pay to Coralillo an aggregate of US$550,000 plus VAT (the "Guigui Payments") on the following basis:

(i)

US$50,000 plus VAT within five business days after the date the Guigui Agreement is accepted by the Exchange (the "GG Effective Date");

(ii)

US$50,000 plus VAT on or before the date that is 12 months following the GG Effective Date;

(iii)

US$100,000 plus VAT (the "Third Guigui Payment") on or before the date that is 24 months following the GG Effective Date, provided that if during the ten trading days prior to the date the Third Guigui Payment is due the average closing price of the Common Shares of the Company on the Exchange is more than US$0.50, the Third Guigui Payment is waived by Coralillo and need not be made;

(iv)

US$150,000 plus VAT (the "Fourth Guigui Payment") on or before the date that is 36 months following the GG Effective Date, provided that if during the ten trading days prior to the date the Fourth Guigui Payment is due the average closing price of the Common Shares of the Company on the Exchange is more than US$0.50, the Fourth Guigui Payment is waived by Coralillo and need not be made; and

(v)

US$200,000 plus VAT (the "Fifth Guigui Payment') on or before the date that is 48 months following the GG Effective Date, provided that if during the ten trading days prior to the date the Fifth Guigui Payment is due the average closing price of the Common Shares of the Company on the Exchange is more than US$0.50, the Fifth Guigui Payment is waived by Coralillo and need not be made;

(b)

incur expenditures on the Guigui Property in the amount of at least US$2,500,000 (the "Guigui Expenditures") on the following basis:

(i)

US$100,000 within 12 months following the GG Effective Date;

(ii)

the cumulative amount of US $750,000 within 24 months following the GG Effective Date;

(iii)

the cumulative amount of US $1,500,000 within 36 months following the GG Effective Date; and

(iv)

the cumulative amount of US $2,500,000 within 48 months following the GG Effective Date; and

(c)

allot and issue to Coralillo an aggregate of 2,100,000 Common Shares of the Company (the "Guigui Shares") on the following basis:

(i)

100,000 Guigui Shares within five business days of the GG Effective Date (which have been issued); and

(ii)

commencing eight months after the GG Effective Date, one Guigui Share for each US dollar expended by Lagartos as described in paragraph (b) above, up to a maximum of 2,000,000 Guigui Shares.

Provided that Lagartos has expended a cumulative minimum of US$750,000 of Guigui Expenditures within 24 months following the GG Effective Date as required by section (b)(ii) above, Lagartos may, at its sole option, elect to not incur any further Guigui Expenditures or make any further Guigui Payments or issue any further Guigui Shares under the Guigui Agreement and to enter into a joint venture with Coralillo in respect of the Guigui Property in which Lagartos is immediately vested with a 50% interest and Coralillo will hold a 50% interest and Coralillo will be the initial operator of the Guigui Property under the joint venture. Lagartos and Coralillo have agreed to enter into a joint venture agreement setting out the terms of such joint venture and including such other terms as are standard in the industry.

Provided that Lagartos has expended a cumulative minimum of US$1,500,000 of Guigui Expenditures within 36 months following the GG Effective Date as required by section (b)(iii) above, Lagartos may, at its sole option, elect to not incur any further Guigui Expenditures or make any further Guigui Payments or issue any further Guigui Shares under the Guigui Agreement and to enter into a joint venture with Coralillo in respect of the Guigui Property in which Lagartos is immediately vested with a 60% interest and Coralillo will hold a 40% interest and Lagartos will have the option to be the initial operator of the Guigui Property under the joint venture. Lagartos and Coralillo have agreed to enter into a joint venture agreement setting out the terms of such joint venture and including such other terms as are standard in the industry. In the event that Lagartos elects to be the operator of the Guigui Property, but fails for a period of at least six months to advance any exploration or development of the Guigui Property, Coralillo shall have the option to become the operator of the Guigui Property.

Lagartos also agreed to pay to Coralillo a 2.5% NSR unless a joint venture is entered into.

Alternatively, the Guigui Option may be exercised at any time by Lagartos by paying such amount as is required to make the total Guigui Payments to Coralillo aggregate US$550,000, and by issuing to Coralillo an aggregate of 2,100,000 Guigui Shares of the Company.

All properties acquired by Lagartos, Coralillo or any of their affiliates within the borders of the Guigui Property shall become part of the Guigui Property and be included under the Guigui Agreement.

Lagartos may terminate the Guigui Agreement at any time by providing Coralillo with 60 days notice and failing to make any payment or incur any Guigui Expenditures when due, but must pay the applicable taxes for the following semester.

Lagartos has a right of first refusal in the event that the optionor wishes to dispose of its interest in the Guigui Agreement or NSR, except for transfers of interests in the NSR to Coralillo's shareholders or heirs which are permitted without restriction.

Coralillo has a right of first refusal in the event that Lagartos wishes to dispose of its interest in the Guigui Agreement.

Organizational Structure

The Company is the registered owner of 99% of the issued shares of Lagartos. The remaining 1% of Lagartos is held by Dave Pearce, a Director of the Company, in trust for the Company. This results in the Company having 100% beneficial ownership of Lagartos. The registered and records office of Lagartos is located at Paseo de Los Tamarindos 60, Bosques de Las Lomas, 05120 Mexico, D.F., Mexico.

The Company is also the owner of 100% of the issued shares of Lexington Capital Group Inc., a British Virgin Islands company, which holds a 99% interest in the claims underlying the Juanicipio Property.

Property, Plants and Equipment

The Company's administrative offices are located in leased premises at Suite 800, 409 Granville Street, Vancouver, British Columbia, V6C 1T2. The Company has no significant plant or equipment for its operations. Equipment used for exploration or drilling is rented or contracted as needed.

DESCRIPTION OF THE BUSINESS - JUANICIPIO

The disclosure in this section has been extracted from a November 19, 2002 report entitled "The Geology and Exploration Potential of the Juanicipio Property, Fresnillo District, Zacatecas, Mexico" prepared for the Company by Clancy J. Wendt ("Wendt"), P.G., of Pincock, Allen and Holt, of Lakewood, Colorado (the "Juanicipio Report").

Property Description and Location

The Juanicipio Property (the "Juanicipio Property" or "Juanicipio") is a single exploration claim, as defined by Mexican mining law, lying in central Zacatecas State, approximately 6 kilometres (km.) west of the city of Fresnillo and the Fresnillo Mine of Industrias Penoles S.A., currently the world's largest silver mine. The Juanicipio is an evaluation of the magnitude of the Fresnillo system, seeking a continuation of the high-grade silver veins beyond the

current mining area. The geology, structure, geochemistry and geophysics at Juanicipio are similar to Fresnillo.

The Juanicipio Property originally covered more than 28,000 ha. of ground and occupied most of the Sierra Valdecanas, a 13 km. by 30 km. long mountain range that lies immediately west of Fresnillo. The Juanicipio Property is located in the northeastern part of the range.

Claim Name	Claim Type	Application Number	Title Number	Issue Date	Expiration Date	Size (ha.)
Juanicipio I Superceded by Reduccion Juanicipio I	Exploration	17071	209790	Aug. 9/99	Aug. 8/05	28,103.98
Reduccion - Juanicipio I	Exploration	17071	218942	Mar 3/03	Aug. 8/05	7,679.12

On September 23, 2002, after consultation with and agreement from Sutti, Lagartos reduced the Juanicipio I claim to approximately 8,000 hectares covering the northeast portion of the original claim where Minera Sunshine's exploration efforts were focused. The Mexican General Department of Mines accepted the reduction and the title for the reduced claim, in the name of Lagartos, was granted on March 3, 2003. This claim, Reduccion Juanicipio I, supercedes Juanicipio I, but still has the same expiration date. Lagartos has the obligation to return title to Minera Venus, S.A. de C.V. on his request should the option be terminated.

The Juanicipio Property is current with respect to both tax and "comprobaciones de obra" (annual work expenditures required under Mexican mining law) to the end of 2002. To maintain the Juanicipio Property in good standing to the end of 2003, C$14,000 of taxes must be paid and C$954,500 of work must be incurred on the Juanicipio Property, respectively.

The Ejidos of Valdecanas and Saucito de Poleo hold surface ownership in the area of proposed drilling on the Juanicipio Property. Private individuals own land flanking the area of major interest to the south. The Ejidos have granted written permission to drill. The only known potential cultural liabilities in the area are rock shelters along Linares Canyon that are decorated with prehistoric cave paintings. There seems to be no formal status or protection for them and most have already been heavily vandalized. Documenting their condition before building roads or drilling would be prudent, in the opinion of Wendt.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The city of Fresnillo lies on the western edge of the Mexican Altiplano or "Mesa Central". The Altiplano is that portion of central northern Mexico lying north of the Trans-Mexico Volcanic Belt, between the Sierra Madre Oriental and Sierra Madre Occidental. This includes portions of the states of Guanajuato, Queretaro, Hidalgo, San Luis Potosi, Aguascalientes, Zacatecas, and Durango.

The region is characterized by broad plains, with mean elevations above 1,700 metres (m.), punctuated by mountain ranges rising to over 3,000 m. Vegetation is dominated by sparse thorny plants and cacti at low elevations giving way upwards to patchy oak forest. The climate is warm and arid, with an average temperature of 21.5 ºC (range of 0 to 45 ºC) and a median precipitation of <1,000 millimetres (mm.) per year. There is virtually no surface water available at any time, but water for exploration (drilling) is readily available from agricultural wells in the area. Water is abundant at depth and water rights for mine development should be part of the mineral rights.

The project area covers the northeastern third of the Sierra Valdecanas, a roughly N-S trending mountain range 25 km. long and up to 13 km. wide. The area lies 6 kilometres west of Cerro Proano, a prominent hill on the outskirts of Fresnillo City. Fresnillo City has approximately 75,000 inhabitants and supplies and lodging are readily available there. A substantial pool of mining professionals and miners are located in the Fresnillo area due to the presence of the several large mines. Zacatecas City, with a population of over 1,000,000 and the state capital, lies 55 km. away and is a major commercial, industrial and mining centre. Fresnillo is readily accessed from the cities of Zacatecas (55 km.), Durango (240 km.), or Torreon (350 km.) by Mexico Highway 45. Zacatecas International Airport receives numerous daily flights from the United States and other parts of Mexico. Driving time from Zacatecas International Airport to Juanicipio Property is about 40 minutes. Analytical preparation facilities belonging to ALS-Chemex are located in Guadalajara, about 350 km. away, with samples being flown to Vancouver, British Columbia for analysis. Intermittently, Chemex operates a sample drop facility in Zacatecas.

Elevation of the Project ranges from 2,200 m. in the centre of the Fresnillo District to 2,350 m. on the fringes of the Juanicipio Property, to almost 2,900 m. at the top of Cerro Altamira, the highest peak within Sierra Valdecanas.

Terrain in the Sierra Valdecanas is rugged, with deep canyons incised into the tertiary volcanic rocks. The central part is characterized by peaks that rise 250 - 400 m. above the canyons that cut them. The northern fringes, covered by the Juanicipio Property, are characterized by a broad mesa cut by 100 m. deep canyons. The Project area is very sparsely populated, but people in the scattered villages and Ejidos around the edges are generally supportive of potential mining employment.

Paved highways on the eastern, northern and western sides surround the Sierra Valdecanas, with a good-quality unpaved road linking the paved roads across the southern end of the range. This southern road is in the process of being paved. Despite the ruggedness of the central part of the Sierra Valdecanas, access to the northeastern area, where the Juanicipio Property is located, is good. A high quality dirt road runs about 1.5 km. up the Linares Canyon from the village of Presa Linares. This provides access to the extreme northeastern corner of the Juanicipio Property. A separate road proceeds from Fresnillo to the village of Valdecanas, and from there to a pass that allows access to Linares Canyon, some 4 km. south of the village of Presa Linares. Despite this road access, principal access to the bulk of the area of maximum interest is by foot. One major drill target should be accessible from existing roads; others will require road building up Linares Canyon. The routes for these roads have already been approved by the Mexican environmental agency.

Adjacent Properties

The Juanicipio Property is adjoined on the north and east by a continuous property package covering the Fresnillo District and alluvium mantled surroundings. It is adjoined on the south and southwest by the abandoned portions of the original Juanicipio Property. Juanicipio is also adjoined to the northwest by a claim that covers the Cesantoni Kaolinite Mine and the manganese mines that lie to the immediate south of it. There is also a large regional claim, of uncertain status, that lies to the northwest of these claims.

There is currently no free ground adjoining Juanicipio.

History

The Juanicipio Property was originally titled to Juan Antonio Rosales of Zacatecas on August 9, 1999. The Juanicipio Property was sold by Juan Antonio Rosales of Zacatecas to Sutti, who optioned the property on October 6, 1999 to Minera Sunshine de Mexico S.A. de C.V. ("Sunshine"), the Mexican subsidiary of Sunshine Mining Company of Kellogg, Idaho, USA. This option was terminated in late 2001 and ownership returned to Sutti. On July 18, 2002, Sutti granted to Lagartos an option in respect of the Juanicipio Property. Sutti then assigned his interest to Minera Venus, S.A. de C.V. As described above, the Company acquired ownership of Lexington Capital Group Inc., which in turn owns 99% of Minera Venus, S.A. de C. V., resulting in the Company indirectly owning 99% of the Juanicipio property, with the remaining 1% owned by Jose Ruiz Lopez.

The area has seen sporadic, small-scale prospecting by unknown individuals over the last several hundred years, but has seen no production. Sunshine performed the only known systematic exploration of Juanicipio, which occurred between 1999 and 2001.

Sunshine contracted IMDEX Inc./Cascabel to undertake a two-stage geologic and geophysical evaluation of the Juanicipio Property. Primary efforts were focused on:

1.

Determining the overall geology of the Sierra Valdecanas, with emphasis on mapping general distribution of volcanic rocks, structural fabric, and mineralization centres for more detailed exploration. This was accomplished via Landsat image analysis, 1:40,000 B&W air-photo analysis, and 1:50,000 scale reconnaissance geologic mapping. Preliminary dump and rock-chip sampling accompanied this work.

2.

Examining areas of alteration and mineralization, highlighted through Stage 1 work that might be indicative of the presence of Fresnillo-style high-grade Ag mineralization within Juanicipio. This was accomplished via 1:5,000 geologic mapping, Landsat image analysis, NSAMT geophysics, outcrop geochemistry, and comparing the combined results with data from published studies of the Fresnillo District. This work was focused on the extreme northeast corner of the Sierra Valdecanas because of the strength of alteration, structural continuity and proximity to Fresnillo. Additional mineralized areas were found at Santa Rosa in the southwest corner of the range, near the Cesantoni Kaolinite pit in the northwest corner of Juanicipio, and near the Piedras Kaolinite Mine adjoining the east-central part of Juanicipio. These areas were judged to have limited exploration potential. However, all but Santa Rosa are encompassed within the reduced Juanicipio Property.

The goal of the detailed work was to locate initial drilling targets and identify ground that could be eliminated from further exploration. Sunshine obtained drilling permits from SEMARNAT (Secretaria de Medio Ambiente and Recursos Naturales or Secretary of the Environment and Natural Resources) for an initial 6-hole program in the northeastern corner of the Juanicipio, but it went bankrupt before drilling the holes. Sunshine did not follow through on recommendations to abandon the low potential parts of the Juanicipio, but Lagartos did shortly after being granted the Juanicipio Option.

The following table sets out a summary of the work performed on the Juanicipio Property:

Year	Party	Work accomplished
1999	Juan Antonio Rosales	Staked Juanicipio Property
2000	Sunshine	Reconnaissance Work
2001	Sunshine	1:50,000 scale Mapping of Sierra Valdecanas
2001	Sunshine	1:5,000 scale Mapping of Sierra Valdecanas
2001	Sunshine	Zonge Engineering NSAMT Survey
2001	Sunshine	Drilling Permit Granted
2002	Lagartos	Refiling of Drilling Permit

Geological Setting

Regional Geology

The Juanicipio lies in the central western part of the Mexican Altiplano. The Altiplano is underlain by Paleozoic or older continental crust on the east and overthrust/accreted pre-middle Mesozoic oceanic volcanic materials on the west. These are overlapped by limestone and shale dominant Jurassic-Cretaceous basinal sedimentary sequences that grade into marine volcanic rocks on the west. These Cretaceous marine volcanic rocks contain the San Nicolas VMS deposit and the Francisco I. Madero Sedex deposit. Juanicipio lies in an area where calcareous shales and graywackes are interbedded with the marine volcanic rocks, indicating deposition in the extreme western part of the basin.

The roughly SSW-NNE-directed compressional Laramide Orogeny deformed the Mesozoic sediments of northern Mexico into the sinuous Mexican Thrust Belt and many of the region's ore deposits have structural grains parallel to the axis of the belt. Laramide deformation throughout the Altiplano is thin-skinned and characterized by broad to tight folding and overthrusting with strongly disharmonic behaviour between the massive limestone and shale dominated portions of the Mesozoic sequence.

Erosion that began during the Laramide Orogeny stripped off much of the upper Cretaceous sediments in the Altiplano and carved deep valleys into the underlying Mesozoic sediments. The Tertiary deposits of the Altiplano are overwhelmingly composed of volcanic and volcaniclastic rocks of both the "lower volcanic complex" and "upper volcanic supergroup" of the Sierra Madre magmatic arc. In the Altiplano, the lower volcanic complex consists principally of mixed limestone-volcanic conglomerates and andesitic to rhyolitic tuffs and ash-flow tuffs spanning the age from late Cretaceous to about 45 mega annums (or million years) ("Ma."). The upper volcanic supergroup spans the interval from 45 to 25 Ma., and is composed dominantly of rhyolite ash-flow tuffs and flows erupted from caldera complexes. An unconformity surface can be identified between these two groups in many areas. Numerous intrusion systems are present which largely match the upper volcanic supergroup in age and composition, including most of ore deposits of the region.

Regional NE-SW-directed extension began around 30 Ma. as subduction slowed and ceased along the western coast of Mexico and the overriding continental plate relaxed. This mild extension was oriented parallel to the earlier Laramide compression and was accompanied by significant strike-slip movement. This event may have caused re-opening of both deep basement flows and shallow-level structures allowing magmas and/or ore fluids to migrate along them. Extension accelerated during the late Miocene to create the broad range and valley geography seen today. The Recent is characterized by widespread alluvial deposits that fill the valleys. These deposits are capped by exceptionally well-developed calcrete throughout most of the Altiplano.

District Geology

The Fresnillo District stratigraphic section consists of the lower Cretaceous Proano Group, composed of at least three formations. Uncertainty arises because inferred thrust faulting may have duplicated certain units, or put units with no depositional relationship into structural juxtaposition. The oldest formation in the group is the lower Cretaceous Valdecanas formation (Fm.) (also known as the "Lower graywacke"), composed of calcareous graywacke with interbedded shales and limestones. This is overlain by an unnamed calcareous shale, in turn overlain by the Plateros Fm. (also known as the "Upper graywacke") composed of calcareous graywacke with interbedded shales. The Albian-Aptian Fortuna Fm. and Cerro Gordo Fm. limestones overlie the Proano Group. These are correlated regionally with the well-known Cuesta del Cura formation. The limestones are unconformably overlain (perhaps in overthrust contact) by the Chilitos Fm., composed of marine andesitic volcaniclastic sediments, andesite tuffs and flows, and mafic intrusive bodies. The section is capped by the Tertiary Fresnillo formation, which consists of basal conglomerates and volcaniclastics and overlying 38.3 Ma. rhyolite ash-flow tuffs. Everything older than the Fresnillo Fm. is intruded by andesite dikes and a 32.4 Ma. quartz-monzonite porphyry.

The pre-Tertiary section has been folded, tilted (N55W, 30SW) and complexly thrusted, largely during the Laramide Orogeny, but there is evidence for pre-Laramide deformation as well. Post-Laramide deformation is dominated by Fresnillo's position in the centre of a NW-trending dextral strike-slip fault zone. This complex shear has created a series of NE, NW and nearly E-W extensional and transpressional faults, many of which are locally occupied by major veins and mineralization. Post-mineral movement is dominated by NE-SW to N-S oriented extension that has broken the region into a series of roughly parallel NW-SE-trending horst and graben blocks.

Juanicipio Geology

Stratigraphy

The stratigraphy of the Juanicipio area is very similar to that of the adjacent Fresnillo District.

The following table is a schematic stratigraphic section for the Fresnillo District and Juanicipio Area.

Group Name	Formation Name	Local Name	Age	Thickness in meters	Lithotype	Mineralization or Alteration
			Recent	0-250	Alluvium	None
		Basalt	upper Tertiary	100	Olivine Basalt	None
		Altamira Volcanics	Mid-Tertiary (<29 Ma.)	400	Conglomerate, Rhyolite Welded Ash-Flow Tuffs, Volarenites	None

		Quartz Monzonite	Mid-Tertiary (32.4 Ma.)		Quartz Monzonite	Mineralized skarn and argillic alteration
	Fresnillo	Linares Volcanics	Mid-Tertiary (>29 Ma.)	400	Conglomerate, Rhyolite Welded Ash-Flow Tuffs, Flow Domes, Volarenites	Veins, Kaolinite, Alunite, Silicification
	Chilitos		L. Cretaceous	200	Marine Volcanics, Volcaniclastics and Intrusions	Veins, VMS, SEDEX
	Cuesta del Cura Formation	Cerro Gordo	L. Cretaceous	300	Limestone	Replacements and Veins
		Fortuna	L. Cretaceous	300	Limestone	Replacements and Veins
PROANO GROUP	Plateros Formation	Upper Graywacke	L. Cretaceous	250	Calcareous Greywacke and Shale	Veins
		Shale	L. Cretaceous	50	Calcareous Shale	Veins and Replacements
	Valdecanas	Lower Graywacke	L. Cretaceous	700	Graywacke	Veins

Mesozoic Rocks

The (apparently) oldest rocks seen to date at Juanicipio are fragments of graywacke seen on dumps in the Cerro Colorado area. These appear similar to the upper Jurassic-Lower Cretaceous upper Valdecanas Graywackes of the Proano Group seen in the main portion of the Fresnillo District.

The next oldest rocks are thinly bedded calcareous shales (lower) and andesitic volcaniclastic rocks (upper) of the lower Cretaceous Chilitos Formation. These are moderately to strongly folded and sheared. Overall, they strike north 20^{o} to 50^{o} east and dip 25 to 30^{o} to the northeast. These rocks are poorly resistant to weathering and crop out sparingly beneath materials sloughed off the bold outcrops of Tertiary volcanic rocks along Linares Canyon and at Piedras. The volcaniclastic portion of the Chilitos Fm. in Juanicipio consists dominantly of coarse volcanic sandstone (volarenites) to pebble conglomerates with tuffaceous andesitic matrix. Rock fragments are dominated by andesite porphyry with prominent blocky feldspar phenocrysts.

The uppermost surface of the Chilitos is an irregular unconformity, locally marked by deep weathering and paleo-calcrete. This surface is buried by Tertiary volcaniclastic paleo-alluvium, surface debris, and a variety of tuffs welded and unwelded. Where alteration is strong, especially beneath the pervasively silicified Tertiary welded tuffs (sinter) distinguishing the contact between altered Chilitos volcaniclastic sandstones and Tertiary volcaniclastic sandstones is very difficult.

Mid-Tertiary Igneous Rocks

The mid-Tertiary at Juanicipio is characterized by two principal groups of rhyolite-dominant volcanic units (separated by an unconformity), a basalt, and at least four intrusive phases. Rocks older than 29 Ma. are widely altered

throughout the map area and Fresnillo District, with younger units being fresh. Fresnillo District mineralization has been age-dated at between 28 and 32 Ma.

Linares Volcanics

The lower volcanic package, referred as the Linares Volcanics, consists of volcaniclastic sediments, welded and non-welded crystal and lithic tuffs, flow breccias, and rhyolite flow domes. The basal Linares is composed of 5-20 m. of epiclastic volarenites and arkoses that rest unconformably on the Chilitos formation. As mentioned above, where altered, these two units are very difficult to distinguish. These basal volcaniclastics are commonly pervasively flooded with iron-oxides, and they have a characteristic rust-red color.

The basal volcaniclastics are overlain by a prominent 20 - 100 m. thick variably welded composite ash-flow tuff unit that ranges in composition from rhyodacite to rhyolite. These tuffs locally show strong eutaxitic foliation and elsewhere flow brecciation is common. Foliation-parallel breaks are common suggesting that these are not intra-caldera facies, at least not in the detailed map area. Several curvilinear features, followed by major drainages, are visible in the satellite images outside of the detailed map area and these are interpreted as being ring-fracture zones of source calderas to the Linares Volcanics. This unit is the principal host for the pervasive silicification referred to as "sinter". Rocks seen in rapid visits to outcrops in the Fresnillo District and described as part of the "Fresnillo formation" are very similar to this unit and are tentatively considered correlative.

The ash-flow section is overlain by a coarse volarenite that is well bedded and locally shows low-amplitude cross-bedding. These are in turn overlain by another 100 - 150 m. of welded ash-flow tuffs, which typically are much less pervasively silicified than the lower ash-flow unit. Fracture-controlled silicification locally extends from the pervasively altered units into these overlying rocks.

Several large rhyolite flow domes lie in the central northern area, between Linares Canyon and the Cesantoni Kaolinite Mine. These are nearly aphanitic to sparsely porphyritic, flow banded and locally vesicular or auto-brecciated bodies, locally with black to gray-green marginal vitrophyres. Flow banding is highly variable, but dominantly N-S. These domes cut the lower ash-flows and are locally cut by structures along which bleaching, argillization and devitrification are concentrated**.**

Distribution and welding patterns, combined with a well-developed circular feature southwest of Valdecanas, strongly suggest that the source caldera for these welded ash-flow tuffs is located in this area. The rhyolite flow-domes are probably contemporaneous with resurgence of this caldera and may reflect the presence of a large intrusive body at shallow depth.

The Linares volcanics section is block-faulted along NNW-trending faults, with dips generally to the west or southwest at 15 - 50^{o}. Local dip reversals are known. Much of this faulting appears to have occurred prior to silicification, as the silicification level remains constant across a number of sharply displaced blocks.

There is a marked similarity between the stratigraphy of the silicified Linares Volcanics within Juanicipio and unsilicified volcanic rocks on Mesa San Albino, 3 km. north of Presa Linares.

Altamira Volcanics

The upper volcanic package is referred to as the Altamira Volcanics based on the thick section exposed in Cerro Altamira, the tallest peak in Juanicipio. The Altamira Volcanics horizontally overlie the tilted Linares Volcanics with a pronounced angular unconformity. The basal Altamira Volcanics consist of 20 - 50 m. of well-bedded volcaniclastic sediments composed of coarse volarenites to conglomerates. The most basal conglomerates contain abundant fragments of silicified Linares Volcanics indicating a significant time gap between them. Ma. age dates from welded ash-flow tuffs higher in the Altamira Volcanic sequence bears this out.

The basal bedded volcaniclastic rocks are overlain by a 20 - 350 m. thick section dominated by welded rhyolite to rhyodacite ash-flow tuffs. There are 3 to 5 major cooling units in these rocks and there are a number of circular features identifiable in satellite images, suggesting a series of overlapping resurgent calderas. As these rocks are post-alteration, little time was spent mapping them other than to approximate the major caldera breaks. Deep canyons cut into them show Linares Volcanics underlie them virtually throughout the area.

Upper Tertiary Basalts

Fresh olivine basalt flows locally cap the Altamira Volcanics and also occur widely throughout the plains between Fresnillo and Juanicipio, although they crop out sparingly.

Structure

Regional Scale

Satellite image analyses show that the Sierra Valdecanas is a topographically high block that lies at the intersection of several major NW and NE structures, and is marked by several circular features interpreted as calderas. The most notable structure in the region is the NW-trending dextral strike-slip "Fresnillo Fault" which cuts through the middle of the Fresnillo District and can be traced for over 200 km. This is paralleled to the southwest by the San Acacio-Zacatecas fault that lies along the northeast limit of Juanicipio and appears to coincide with the major belt of silicification in Juanicipio.

Juanicipio Area Structure

Juanicipio is dominated by major N20W-N20E ("N-S" for simplicity), N50-70W, and minor N40-50E structures. The N-S structures appear to be oldest and cut the area into elongate parallel blocks. The easternmost N-S block dips steeply west towards Linares Canyon, the block west of Linares Canyon dips less steeply west, the central area is almost horizontal, while the westernmost block dips east. The largest of these "N-S" structures controls the location of Linares Canyon and may be related to alteration. Linares Canyon is lined with a series of small to large (>200 m. long) slide blocks of silicified ash-flow tuff that appear to have skidded along their contact with underlying altered Chilitos Fm. The number and size of these blocks suggests that they are not simply related to erosion of Linares Canyon, but are likely related to late extensional opening along this fault. This would be consistent with regional late Tertiary extension. The western edge of the westernmost block is intruded by a N-S alignment of rhyolite flow domes cut by a strong kaolinite-bearing N-S structural zone (Cesantoni Kaolinite Mine). The data indicate that several of these N20W-N20E structures had multiple episodes of activity.

The area of principal exploration interest is dominated by a series of very strong and continuous N50-70 structures, which are parallel to the San Acacio and Fresnillo Fault Zones described above. These faults dip S and N and most are high angle (60º - 90º). A few dip as shallowly as 35º. These structures are typically composite fault zones comprising several individual strands over widths of up to 150 m. These fault zones are marked by brecciation, evidence for multi-stage movements, strong silicification, iron-oxide flooding, and local pyritization, kaolinite and

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alunite. Most are traceable for 500 - 3000 m. with little difficulty and many have been prospected. These fault zones clearly cut across the zones of massive silicification, but locally coincide with zones of thickest silicification, suggesting they acted as feeders for silicification prior to being reactivated for later iron-oxide and subsequent silicification.

From a mineralization standpoint, these N50-70W structures show the strongest alteration and mineralization effects and locally show anomalous geochemistry. They are parallel to many mineralized structures in the Fresnillo District. The fact that many of these structures are broad, multi-strand structural zones suggests that these may be near surface "horse tailing" zones that may coalesce into a master structure at depth. Similar features are noted in many epithermal vein systems including Fresnillo. These structures are the principal exploration targets.

From a mechanistic exploration standpoint, the most important structure may be the N45W (75SW)-trending range-bounding Valdecanas Fault inferred to lie along the northeastern limit of the Sierra Valdecanas. The Valdecanas Fault is nowhere exposed, but shows up very clearly on the NSAMT survey as a strong conductor. Several NW-trending faults are locally exposed along the largely talus-covered slope just uphill from the inferred position of the Valdecanas Fault and these dip steeply to the SW. If these are parallel to the Valdecanas Fault, it suggests that the Sierra Valdecanas is dropped down relative to the Fresnillo District.

Deposit Types

Regional Deposit Types

Epithermal Veins

The region contains a number of different base and precious metal ore deposit types including: Epithermal veins (Fresnillo, Zacatecas, Pachuca, Guanajuato), Carbonate Replacement Deposits (CRDs), Volcanogenic Massive Sulphides (VMS), Sedex, and Stockwork deposits. The syngenetic VMS and Sedex deposits occur in the Jurassic to lower Cretaceous marine island-arc, active at the same time carbonate deposition was occurring farther to the east. The other deposit types of the region are epigenetic and distinctly younger than the VMS. In these, mineralization occurs in structures created during Laramide compression. Altered and/or mineralized Tertiary volcanic and intrusive

rocks are found in all districts. Regionally, mineralization apparently occurred contemporaneously with magmatism during a restricted period 45 to 28 Ma. ago.

Fresnillo District

The Fresnillo District currently produces over 10% of the world's silver from a series of high-grade epithermal veins and the Juanicipio target essentially boils down to seeking the continuation of these veins beyond the current mining area. Because Fresnillo's importance has made it the subject of many exploration and academic studies, there are abundant data for comparison and exploration modeling.

Mineralization and Alteration

Fresnillo District Mineralization

Three ore types have been recognized in the Fresnillo District: (1) "oxide ores" which are ores rich in silver; (2) "Light Sulphide Mineralization" (LSM) which are ores rich in acanthite and ruby silvers (the highest grade "Santo Nino" type ores and the focus of current mining and exploration); and (3) "Heavy Sulphide Mineralization" (HSM), which are ores rich in argentiferous galena, sphalerite and pyrite (massive sulphide ores exhausted by the mid-1970s).

Fresnillo District mineralization can be divided into four zones relative to Cerro Proano; the prominent hill that rises above the surrounding plain and is the discovery outcrop for the districts' oxide ores. They are:

1.

The Fortuna Zone, which lies to the northwest and consisting of skarn and massive sulphide mantos (heavy sulphide mineralization), and some NW-trending veins: all in the lower graywacke and closely related to the quartz-monzonite stock.

2.

Plateros, lying to the northeast and consisting of moderate-grade NW-trending light sulphide mineralization veins hosted in the Fortuna Limestone and spatially related to a quartz monzonite body.

3.

Cerro Proano Zone, where mineralization consists dominantly of NW-trending light sulphide mineralization veins with some mantos, mostly hosted in the upper graywacke. Where the veins extend into the rhyolites they form a stockwork of low-grade (80 g/T Ag) open-pittable mineralization.

4.

Santo Nino Zone, which lies to the southeast, where mineralization occurs exclusively as very silver-rich blind light sulphide mineralization veins ranging from WSW through E-W to WNW. Recently, it has been shown that the Santo Nino Zone is much more extensive than previously thought and continues to the south, west and northwest for at least 5 km.

The economically most important ore bodies are the blind veins of the Santo Nino-style that characteristically top out along a zone ranging from 180 - 250 m. below the surface with the top of each vein being near-horizontal. The veins swell rapidly from 20 cm. calcite veins above the top-out to 2 m. of high-grade mineralization 30 m. below. The overall high-grade zone is 280 - 340 m. high and can be continuous for nearly 2.5 km. The veins persist to greater depths (>600 m.), but become poorer in Ag and relatively richer in Pb, Zn Cu and Au, none of which are considered worth mining given the abundant high-grade Ag reserves. In the centre part of the district, the high-grade zone lies almost exclusively in the lower graywacke but to the E and SE the dip of the sediments causes the tops to occur in the upper graywacke, Chilitos andesite, and the conglomerates. The veins hold their thicknesses well in all but the conglomerate, where they thin radically. It has been noted that the mineralization is strongest in the most pelitic parts of the section. There are 4 major vein sets in the area ranging from 1 - 10 m. wide (average 1 - 2 m.) with numerous branches and cross-veins. Major mantos connect between some of the veins in the northwest area. The major vein sets trend N20-30W; N45W; N90E; N75E; and N70W: most dip 60 - 80 NE or SW, flattening towards the NE or SW; some are vertical.

There are distinct metallogenic, timing, temperature/pressure, and alteration differences between the "heavy sulphide mineralization" (HSM: Pb, Zn, Ag, As) and the "light sulphide mineralization" (LSM) (Ag, Au, Sb, Hg, Pb, Zn). The HSM is paragenetically earlier, occurs over 1000m vertically (reaches the surface), is associated with skarn and the quartz monzonite intrusions and formed at high temperatures (250 - 330 ^{o}C) under non-boiling, lithostatic conditions. Alteration associated with this stage is widespread silicification, calcite, and illite, plus or minus chlorite, pyrite and adularia: interpreted as forming from the widespread presence of near-neutral pH chloride waters. Geochemical response from this alteration stage includes Pb, Zn and Cu with weak Ag and As. The LSM is paragenetically later, occurs over 350 m. vertically (topping out about 200 m. below the modern surface and zoning into base metal dominant mineralization below 550 m.), lies distal to the HSM and formed at lower temperatures (190 - 250 ^{o}C) under boiling, hydrostatic conditions. Alteration associated with this stage is strongly limited to LSM-hosting structures and consists of kaolinite, plus or minus alunite or natroalunite: interpreted as forming from acid-sulphate steam-heated condensates formed above the then water table. Geochemical response from this alteration stage is very weak and dominated by Zn, As, and Hg with low to negligible Ag, Pb and Au. In some places both HSM and LSM occur in the same structures, but always with LSM cross-cutting the HSM.

Manganese-Oxide Veins

A series of very strong, N75W to nearly E-W manganese oxide veins lies just off the northwest corner of Juanicipio, just south of the Cesantoni kaolinite pits. Writing etched in concrete sorting pads (12/16/50) indicates activity during the late 1940s to early 1950s, a time when Mexico was a major producer of high-grade manganese. These veins are dissimilar to the regions hard psilomelane rich "Volcanogenic Manganese Veins" in that they carry anomalous metals in addition to Mn. They may be related to Fresnillo-style mineralization, perhaps as distal manifestations.

Kaolinite

Kaolinite has been mined just outside the Juanicipio Property. These are relatively clean, ceramic grade kaolinite produced to feed the Cesantoni plant 35 km to the south. Numerous small prospect pits of kaolinite occur within Juanicipio, but none were produced.

Miscellaneous Prospects

Numerous small prospect pits have been found within Juanicipio. Most were probably related to exploration for Fresnillo-type mineralization, testing massive red iron-oxides and strong pyritic alteration. The pyritization is characterized by laterally continuous fine-grained dispersions around low and high-angle post-sinter faults, commonly with brecciation. Most are anomalous in Hg and As with Zn, Ag and Au being locally elevated.

Alteration

Silicification (Sinter or Jasperoid)

The most pronounced alteration at Juanicipio is widespread pervasive silicification. The strongest area lies along the northeastern corner of Juanicipio and shows up as a strong color anomaly on satellite images (due to associated argillization) running from south of the Piedras Kaolinite (Hg) mines to northwest of Presa de Linares. The second strongest zone lies just north of the northwest corner of Juanicipio, in the area surrounding the Cesantoni kaolinite mines.

These silicified zones consist of central zones of pervasive silicification along major structures and laterally diminishing flooding of certain densely welded ash-flow tuff units of the Linares volcanics. The silicification zone is roughly horizontal and cuts across dipping beds. Volcaniclastic units above, below, and occasionally between, pervasively affected beds are flooded with iron-oxides and have a cellular "clinkery" silicification, but can only be considered weakly to moderately silicified except along structures where silicification may be locally strong. Where pervasive, the silicification can range from chalcedonic and glassy, to very fine-grained, to sugary, to drusy. Along fractures and breccias, it is commonly botryoidal chalcedony, locally with euhedral quartz druses to 1 cm. thick. Brecciation and resilicification are common mega-textures in this material. The base of a silicified bed is often marked by a cellular or ropy open textured silicification with brick-red iron oxides that can be geochemically anomalous.

Similar silicification is reported as occurring along structures in the upper parts of the Fresnillo Mine and is interpreted as hot springs sinter deposited in a very near surface environment from near neutral chloride waters associated with the Heavy Sulphide Mineralization stage at Fresnillo.

Specularite

The sinter is widely brecciated and cut by younger structures carrying a distinctive purplish fine-grained dissemination of specular hematite. This is a widespread alteration type and commonly outlines major through- going structures cutting the sinter. In some places, it is converted to earthy red-brown hematite or goethite. Samples of this material are locally geochemically anomalous, but not consistently.

Iron-oxide Flooding

In many places, the rocks underlying the sinter are flooded with bright red, iron-oxides. These are fed by vertical structures and locally extend laterally as mantos along permeable beds. These zones host the strongest Hg, As, Zn and Cu anomalies in Sunshine sampling results.

Kaolinite

Structurally-controlled kaolinite is very well developed in several areas within and around the fringes of Juanicipio. The kaolinite is developed as an alteration of rhyolite tuffs and flow domes in the Linares volcanics. In most places, it is a creamy white material, locally with iron-oxide staining.

Kaolinite is reported as one of the major alteration styles associated with the upper portions of the Santo Nino-style vein LSM in the Fresnillo district. The presence of this along structures roughly parallel to the major veins, and cutting the sinter, strongly indicate that the Juanicipio kaolinite is analogous to that in the district and should be considered an important exploration guide. Geochemically anomalous silicification cutting kaolinite bolsters this interpretation.

Alunite

Alunite and natroalunite are reported as diagnostic alteration products along the upper reaches of Santo Nino-style veins in the Fresnillo District associated locally with the kaolinite.

Post-sinter veinlets of fine-grained silica replacing an earlier fibrous mineral occur in several places in the northeastern corner of Juanicipio map area. At one place, a zone of intersecting N45W and N50E structures is laced with these veinlets over an area 15 m. square. A strong resemblance to alunite has been noted and interpreted as silicified alunite veins. These veins are locally associated with very strong iron-oxide flooding that is anomalous in Bi and As and Cu. These veinlets are commonly associated with the strongest structures in areas of considerable prospecting and limited drilling.

Exploration

Recent District Exploration Activity by Penoles S.A.

Much of the Fresnillo district, except for Cerro Proano, is covered with alluvium and the Santo Nino style veins pinch out 180 - 220 m. below the surface. This has necessitated blind exploration and resulted in a biased perception of the limits of the system. The San Carlos discovery, coupled with discovery of numerous parallel veins and zoning patterns contrary to the "conventional wisdom" regarding the district, have caused recognition that the overall system is very much larger than previously appreciated and has caused many areas previously regarded as "outside the limits" of the district to become prospective. It is suggested that the Fresnillo system might extend to the west into Juanicipio and several altered areas along structural intersections in Juanicipio have been identified.

Exploration by Sunshine

Data Acquisition and Geologic Mapping

Sunshine began its exploration with a comprehensive literature search and data acquisition phase. The resulting data were compiled into Resource Science Inc's *Azteca* (c) MapInfo(c) based GIS package with processed Landsat Imagery, infrastructure, sampled topography, regional geochemical and regional geophysical data from the Consejo de Recursos Minerales (COREMI). This was followed by 3 weeks of reconnaissance geologic mapping of the entire Sierra Valdecanas at 1:50,000 to identify areas of maximum exploration interest.

A subsequent 3 weeks was spent mapping an area approximately 6 by 7 km. covering the northeastern corner of the range at 1:5,000. This mapping was focused on the area closest to the Fresnillo Mine, where maximum silicification, structural density, and kaolinite alteration had been observed in the reconnaissance phase. This included mapping the flanks of the range, outside of the claim boundaries, reaching to the alluvium-covered plains. Sampling accompanied both mapping stages.

Geochemistry

Rock chip outcrop and selected prospect dump geochemical samples have been taken throughout Juanicipio, with limited surface and underground sampling from the Fresnillo District for comparison. All samples were prepared and assayed by conventional AA and multi-element ICP geochemical techniques at ALS-Chemex Laboratories of Vancouver, British Columbia.

Mineralized and altered structures, dumps, and outcrops were sampled throughout the map area on a reconnaissance basis. There was no systematic sampling attempted, but the major structures were sampled repeatedly over several kilometres of lateral extent. Given the small number of samples, and the mixture of materials sampled, it is difficult to draw firm conclusions from the geochemistry beyond saying that certain structures and alteration and mineralization types appear to have distinctive enough responses that a systematic sampling program could be warranted before full-scale drilling commences.

Following is a summary of the results of Sunshine's sampling:

Element (range: low anomaly; high anomaly; *very anomalous*)

Gold: (>40 ppb; >80 ppb; *>1 ppm*) Strongest in N60-70W structures with silicification, pyrite, specularite and kaolinite. The highest samples are from the structural zone that corresponds to the strongest NSAMT anomaly.

Silver: (>0.15 ppm; >0.50 ppm; *> 1 ppm*) All anomalies associated with strong silicification on dominantly NW structures. Pyrite, specularite and strong iron-oxides are common associates. Kaolinite is present in two. Correlation with high Au and As in sample from major structure corresponding to NSAMT anomaly (see gold).

Lead: (>20 ppm; >50 ppm; *none*) Overall weak response, but where appreciable associated with NW silicified structures and iron-oxides.

Zinc: (>30 ppm; >100 ppm; >*300 ppm*) Virtually all anomalies associated with strong silicification on NW structures. Many associated with pyrite or hematite. Best sample is from gossanous material cutting Chilitos formation in bottom on Linares Canyon along major N70W structure with strong NSAMT signature.

Copper: (>10; >20; >*100 ppm*) Generally weak, but associated with NW-trending, silicified, pyritic, and goethitic structures. Best sample is from gossanous material cutting Chilitos formation in bottom on Linares Canyon along major N70W structure with strong NSAMT signature (see zinc).

Iron: Generally high, qualitatively shows areas of most ferruginous material and pervasive oxidation. Commonly associated with NW structures, especially after pyrite. Where highly correlated with S, indicates mineralization is dominantly pyritic.

Antimony: (>10 ppm; >20 ppm; *none*) Nowhere very strong, but generally associated with iron oxides (goethite and specularite) on NW structures, and not with strong silicification. Occurs locally in basal zone of sinter.

Arsenic: (>50 ppm; >100 ppm; >*500 ppm*) Persistently anomalous, with strong association with NW silicified and iron-oxide rich structures. Some association with kaolinite and alunite. Strongest values in iron-oxides from beneath sinter along major structural zones with strong NSAMT signature.

Mercury: (>5 ppm; >10 ppm; >*100 ppm*) Mercury is probably the most consistently anomalous element throughout the area. Mercury is very strong along N50-70W trending faults throughout the detailed map area. Mercury is associated with kaolinization, alunite and pyritization, but appears most consistently associated with specific structures. The highest values are associated with Target #4, a kaolinite-rich structure, and Target #3 an iron-oxide, pyrite, and alunite-bearing, 3.5 km. long structure.

Bismuth: (>1 ppm; >3 ppm; >*6 ppm*) Nowhere very strong, but highest values concentrated along 2.5 km. long major NW-trending structure that cuts from alunite-iron-oxide pits on eastern limit of Juanicipio to north-central flow dome area. Most values lie west of Linares Canyon.

Geophysics

Natural Source Audio Magneto Tellurics (NSAMT) was run along approximately 8 km. of line across the northeast corner of Juanicipio. Sunshine selected NSAMT because of its ability to: discriminate horizontal and vertical discontinuities (stratigraphic breaks and structures); measure resistivity contrasts across these breaks; penetrate to depths of >1 km. with minimal loss of resolution; favourable experiences elsewhere using AMT for vein exploration; high sun-spot activity giving strong NS signal; recent improvements in NSAMT technology; high flexibility in line orientation; and low cost.

The longest line (Line 1) was run up the axis of Linares Canyon. This was done to: cut the major mapped NW-trending structures at a high angle; take readings below the 100 m. thick sinter body; and ease line layout across a large area. Line 2 was run along the top of the ridge paralleling Line 1. This was done to offset the same major structures at the same angle; determine if the method worked well on the sinter; and determine that, if the ridges could be used, were they easier routes from a layout and production perspective. Line 3 was run perpendicular to Line 1 to ascertain if there is a strong structural control on Linares Canyon.

The results correlate well with surface geology and reinforce the surface mapping indicated drill targets. Major features are:

1.

Linares Canyon is controlled by a major N20-30W-trending structure. This may have been the principal feeder, or one of several parallel feeders, for the sinter. Line 3 shows the resistivity contrast between the two sides of the canyon very clearly.

2.

The mapped N50-70W structures that cut the area Canyon show up very clearly and persist to depth. Several have very strong conductors associated with them at depth. These reportedly look very similar to conductors associated with the productive veins in the Fresnillo District. The presence of these conductors associated with only some structures suggests an important drilling target parameter.

3.

There is a strong resistivity contrast between the sinter (highly resistive) and the underlying unsilicified Linares Volcanics and Chilitos formations on Line 2. This shows the sinter very clearly, and structural breaks in the sinter show up strongly.

4.

The range-bounding Valdecanas Fault shows up very strongly at the town of Presa Linares.

Environmental Surveys

The only environmental surveys done on the Juanicipio Property are those required for drill permitting. These surveys involve preparing inventories of floral and faunal species and assessments of the impact of road building for drilling. Drilling permits were granted to Sunshine by SEMARNAT on the basis of these studies. The permits are being regenerated in the name of Lagartos.

The only surface disturbances on the Juanicipio are small prospect pits from which there has been no production. Reconnaissance coverage indicates that there are no inherited environmental liabilities from these disturbances.

Drilling

Drilling commenced on the Juanicipio property on May 10, 2003. The Company entered into a contract to drill its Juanicipio Project with Major Drilling de Mexico, S.A. de C.V., the Mexican subsidiary of Major Drilling Group International, Inc.

Sampling, Analysis and Security

Rock chip and dump samples of altered and mineralized materials were taken throughout Sunshine's reconnaissance and detailed mapping phases. Field samples were located with GPS, plotted on field sheets, bagged and tagged for shipping. Daily accumulations of samples were transported to the field office and stored under lock and key. The samples also include two high-grade ore samples and several surface samples from the Fresnillo Mine for comparison. A total of 119 samples were taken. The work was done to industry standards.

Samples were picked up on site by Chemex representatives and transported to their Guadalajara preparation facility. Chemex prepared the samples by crushing, homogenizing, splitting, grinding, homogenizing, and final splitting for analytical pulps. Pulps were flown to Vancouver, British Columbia for analysis first by 32 element ICP, then AA for silver and gold.

Bulk rejects and assay pulps were discarded by the request of Sunshine.

Analytical results from Chemex were downloaded as Excel spreadsheets and reviewed for quality and coherence. No clerical errors were found in laboratory reporting. The following table compares check samples with the original sample. The J samples were taken from the same outcrops that had previously been sampled. The second sample shows the comparison.

Sample #	Au ppb	Ag ppm	Pb ppm	Zn ppm	Cu ppm	Fe %	Sb ppm	As ppm	Hg ppm	Bi ppm
J-1	210	0.31	6.8	2	5.6	9.13	9.15	370	0.38	0.06
ZS-82	1,000	1.17	3	<2	3	6.5	5.6	169	0.6	0.03
J-2	16	0.41	7.6	62	6.2	1.79	0.50	21.9	0.94	<0.01
ZS-12	17	0.85	8	48	5	2	0.65	22.3	60	<0.01
J-3	1	0.05	3.0	4	1.8	12.75	0.70	31.9	1.18	0.03
ZS-15	<1	0.13	5	6	3	>15	0.65	27	7.3	0.05
J-4	37	0.05	6.2	604	8.2	2.44	7.95	88.2	7.12	<0.01
ZS-83	89	0.05	8.2	92	9.4	2.39	7.85	91.9	24.7	0.02

Mineral Resources and Mineral Reserves

The Juanicipio Property remains at an early exploration stage. No data has yet been generated from which to estimate resources and reserves.

Interpretation and Conclusions

The geology, structure, geochemistry and geophysics at Juanicipio are similar enough to Fresnillo that exploration models from Fresnillo can be readily applied to Juanicipio to generate high quality, potentially high-grade, drilling targets. The results of the initial mapping, geochemistry and geophysics include the following favourable comparisons:

1.

Similar structural environment with both parallel structures and structures aligned with drilled structures in the Fresnillo District. An important corollary to this is the extreme lateral continuity of Fresnillo veins, suggesting that mineralization may extend much farther from the historic mining centre than previously thought.

2.

A two-stage alteration history with early massive silicification cut by a later iron-oxide, pyrite, kaolinite and alunite stage. This is directly analogous to that seen in Fresnillo.

3.

Similar surface geochemistry. This is significant evidence because the Fresnillo District has such a subdued geochemical signature. However, the metals that are anomalous in Fresnillo are anomalous in Juanicipio in the same amounts and proportions. It is worth noting that the geochemical characterization of Fresnillo proper is based on thousands of samples, versus about 100 from Juanicipio.

4.

Strong NSAMT response for the major structures shows persistence to depth and reportedly very similar conductivity patterns to those from Fresnillo.

5.

The major geologic, geochemical and geophysical features coincide: It is the late N50-70W structures that have the pyrite, kaolinite, and alunite alteration, geochemical anomalies, and NSAMT responses.

Significance of Silicification (Sinter)

The most important difference between the two areas is that there is much more silicification at Juanicipio than Fresnillo and similar silicification extends regionally for many kilometres away from Fresnillo. There are several possible explanations for this:

1.

The sinter is not directly related to Fresnillo mineralization. This would require that within a very few million years the Fresnillo region was subjected to first a world-class silicification event and then a world-class mineralizing event. It is more likely that these are products of a single major event.

2.

The sinter was once as extensive over the Fresnillo District, but has since been eroded off. Initially this seems unreasonable given the resistant nature of the sinter. However, the Recent conglomerates and alluvium east of the district (down stream) contain a very high percentage of sinter fragments. There is a well-established drainage divide between Fresnillo and Juanicipio so it is more likely that these sinter fragments came from Fresnillo than Juanicipio.

3.

The silicification was not uniformly developed over the system and it may have been zoned vertically or horizontally relative to the mineralization centre. A corollary to this is that the sinter may have formed as a shell around mineralization and the Juanicipio sinter is preserved on the flanks of the shell whereas it has been eroded off the apex.

4.

The Valdecanas Fault, which probably dips southwest, has dropped Juanicipio down relative to Fresnillo. In this case, the sinter above Fresnillo would have been topographically higher and exposed to erosion sooner and

longer than Juanicipio. If true, this indicates that the depth to the "top-out" of Santo Nino-style veins is greater than that at Fresnillo, even factoring in the effect of being topographically higher.

Depth to "Top-Out" in Juanicipio

Two geological possibilities exist in that either Juanicipio is dropped down relative to Fresnillo along the Valdecanas Fault; or that it is not and the paleosurface dips down towards Juanicipio from Fresnillo as discussed above. Geological mapping better supports the former interpretation, although it makes little difference in terms of depth to "top-out".

The Santo Nino-style veins "top-out" at 2,000 m. elevation, about 200 m. below the current surface, which lies at 2,200 m. This places the "top-out" at about 500 m. below the inferred paleosurface at HSM time. Taking the Juanicipio sinter as reflecting the same HSM time paleosurface, the base of the Juanicipio sinter lies at 2,300 m., so the "top-out" should lie at about 1,700 m. elevation. This is clearly a very rough estimate and that an error of 100 m. or more either way should be expected.

This target depth is about 500 m. below the 2,300 m. elevation base of the canyon, so depth to target in steeply inclined drill holes will be >575 m. These depths of drilling are clearly expensive, and steeply dipping holes may miss steeply dipping targets. A tactic exists of drilling shallow holes (45º) first to locate structure, and then drilling more steeply to hit the deep target with increased accuracy and confidence. This results in somewhat higher drilling costs, but has the added benefit of locating unanticipated veins that dip parallel, or contrary, to the veins they are targeting. At Juanicipio, a similar tactic could be employed for similar reasons, with the additional justification that the shallow holes would help locate the master structure below the inferred "horse tailing" zone and allow more precise location and dip determination for the deep targets.

Recommendations

Drill Targets

The following six major target structures have been identified as warranting drilling in a Phase I program, based upon their orientation, alteration history, geochemistry and geophysics:

Fe Oxide Pit Structure

This structure is one of the major structures in the Juanicipio property. It is a major N70W structural zone that extends over 3 km. across the Juanicipio Property from prominent Fe-oxide pits with alunite just east of Juanicipio border, to 1.5 km. west of the Canyon. This structure has very strong alteration, good geochemistry and corresponds to strong NSAMT feature.

Zonge Structure "A"

It is a major N70W structural zone that nicks the NE corner of Juanicipio and runs up to a few hundred meters north of the boundary west of this. It has strong alteration and geochemistry and the strongest NSAMT conductivity signature. A 2D model indicates that this anomaly dips south. The drill road to this target already exists. Much will depend on the dip of the master structure and depth to the "top-out". Strands in the zone dip from 70º to 85º S on surface, but may flatten as many of the Fresnillo veins do. If it flattens to 65º quickly, the vein will enter Juanicipio along Linares Canyon at 450 - 500 m. depth. If it does not flatten, there are still some 800 m. of strike length east of the canyon that are in, or will pass into, Juanicipio at reasonable depth.

Zonge Structure "B"

It is a strong N50W structural zone with numerous kaolinite pits, moderate geochemistry and a strong NSAMT response. The structure has several parallel strands with strong alteration and multiple NSAMT breaks. This structural zone is wide enough and attractive enough to warrant two overlapping set-ups. It also has some strands that dip NE, so it may need to be tested with a SW oriented hole.

Zonge Structure "C"

It is a major N50W structural zone that cuts Linares Canyon in middle of large Chilitos exposure. It has strong geochemistry in the Chilitos formation below the sinter, strong alteration, and a strong NSAMT signature.

South Target

It is a moderate structure that has alteration on surface, and a very strong NSAMT conductor that appears right at inferred top-out elevation. It is between zones of colourful alteration that have weaker NSAMT responses.

Zonge Structure "D"

This is a strong N70W structural zone in the southern part of the detailed area with extensive brecciation and locally colourful Fe-oxide alteration. It has spotty geochemistry and a strong NSAMT response. It will be very difficult to get a road to test this target, so this target may be reserved for a Phase II drilling program, if warranted.

Drilling Program

The "top out" should lie at about a 1,750 m. elevation, about where strong conductors appear along structures on the NSAMT sections. Problems in getting holes down to this depth may stem from the fact that this is a vertical distance of 500 - 600 m. below the surface and, in some places, the bottom of the canyon lies at 2,250 - 2,350 m. in elevation. The structures are also steeply dipping. As a result, it is not recommended to drill much more steeply than 65º or the chances of missing them increase unacceptably. This would result in drill holes of 700 - 750 m. in depth. One way to improve targeting is to first drill shallow holes (45º) to locate structure, and then to drill more steeply to hit the deep target with increased accuracy and confidence. This method has the added benefit of locating unanticipated veins that dip parallel, or contrary, to the target veins. At Juanicipio, there is the additional justification that shallow holes would help locate the master structure below the inferred "horse tailing" zone and allow more precise location and dip

determination for the deep targets.

The following are recommended to reduce exploration costs and risks:

(a)

collar the drill hole with reverse circulation drilling to the capacity of the equipment, probably about 300 m. Drill core from this point down. This will result in a substantial savings in drilling expenditures;

(b)

consider additional NSAMT work. This method appears to have outlined structures with associated conductors quite well. Additional lines, especially over stretches of structures with good geochemistry, might dramatically improve target concepts cheaply;

(c)

several of the major structures yield reconnaissance geochemical anomalies in several elements, so detailed geochemistry along them might allow locating the most favourable zones for containing ore shoots. Keeping in mind that the ore shoots at Fresnillo range from a few hundred to 1,000's of meters long, structures can be tracked with confidence through Juanicipio for up to 3.5 km., a 50 m. sample spacing could yield good results quickly and relatively cheaply.

(d)

drill initial shallow angle holes (45º) to pinpoint structures and tighten definition of deep targets.

Recommended Work Program and Budget

Estimated depths to the top of the high-grade "Santo Nino" style mineralization, the most attractive target type, are on the order of 500 to 600 meters (Note that mining at these depths is undertaken routinely in this part of Mexico). Given angle drilling, the total depths of these holes will average 750 m. Testing the 6 proposed targets will require 4,500 m. of drilling at an estimated cost of $1,184,500. Once the regenerated drilling permits are in place work can commence immediately. The following Phase I exploration budget is proposed:

Item	Amount
Logistics: miscellaneous support expenses	$5,000
Geochemical study of structures	5,000
Drilling road work	40,000
Drilling and support for 4,500 meters of drilling @ $200 per m.	900,000
Assaying	20,000
Environmental remediation and review	50,000
Final report	10,000
Sub-Total	$1,030,000
VAT (15%)	154,500
Total	**$1,184,500**

The Company is proceeding with the proposed work program.

DESCRIPTION OF THE BUSINESS - DON FIPPI

The disclosure in this section has been extracted from a November 19, 2002 report entitled "The Geology and Exploration Potential of the Don Fippi Property, Batopilas District, Chihuahua, Mexico" prepared for the Company by Wendt (the "Don Fippi Report").

Property Description and Location

The Don Fippi Property comprises seven exploration claims covering approximately 3,511 ha. in the Batopilas Mining District in southwestern Chihuahua State (the "Don Fippi Claims" or "Don Fippi").

Claim Name	Concession Type	Application Number	Title Number	Issue Date	Expiration Date	Size (ha.)
Don Fippi	Exploration	10/22430	205962	24-Oct-1997	23-Oct-2003	3181.57
Santo Domingo	Exploration	16/29872	214671	30-Oct-2001	29-Oct-2007	26.61
San Martin	Exploration	16/29873	214672	30-Oct-2001	29-Oct-2007	2.15
Don Fippi 2	Exploration	16/30103	215474	22-Feb-2002	21-Feb-2008	152.02
Don Fippi 3	Exploration	16/30953	215481	22-Feb-2002	21-Feb-2008	56.00
Don Fippi 4	Exploration	16/30952	217251	2-Jul-2002	1-Jul-2008	10.00
Pastrana	Exploration	16/31077	217467	16-Jul-2002	15-Jul-2008	82.68
Total						**3511.03**

The Don Fippi Claims are "exploration claims" as defined by the Mexican mining law, and cover 95% of the Batopilas Silver District. Within the Don Fippi Claims there are 7 claims held by other parties totalling approximately 222.5 ha. These "internal claims" range in size from 6 to 95.8 ha. and are scattered across the district.

The Don Fippi Claims are current to the end of 2002 with respect to both tax and annual work expenditures required under Mexican mining law. To maintain the Don Fippi Claims in good standing to the end of 2003, C$5,500 of taxes must be paid and C$346,500 of work must be incurred on the Don Fippi Property, respectively.

Surface ownership in the area is held by the Batopilas Ejido and various private owners. The Ejido gave verbal permission to explore the Don Fippi Claims. There are no known cultural restrictions on exploration activity other than the need to respect some of the historic mining ruins. There seems to be no formal status or protection for these and most have already been heavily vandalized. Documenting their condition before building roads or drilling would be prudent in the view of Wendt.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Don Fippi lies in the topographically rugged central spine of the Sierra Madre Occidental, a range of high volcanic mountains that follow the Pacific coast and extends from the border between Chihuahua or Sonora with the United States to the Trans-Mexico Volcanic Belt. The Sierra Madre Occidental is a high volcanic plateau, with mean elevations generally above 2,200 m., dissected by deeply incised canyons that go as deep as the 500-m. elevation level.

Vegetation is dominated by pine forests in the highest elevations and cacti mixed with tropical flora in the canyon bottoms. The intermediate slopes are covered with manzanita, scrub oak, various thorny plants, and grasses. The climate is temperate at the higher elevations and warm and humid in the canyons. The average annual temperature ranges from 20 ºC (range of -10º to 35 ºC) in the upper elevations to 23 ºC (range of 0º to 45 ºC) in the canyon bottoms. Precipitation averages 3,000 millimetres (mm.) per year. The bulk of the rain falls during the summer and winter rainy seasons with an occasional extra storm from Pacific Ocean hurricanes. Snowfalls of up to 10 centimetres (cm.) commonly occur in the upper elevations. The Rio Batopilas is the major drainage in the area and always contains significant amounts of water. Water is abundant at depth in the mines and water rights for mine development should be available to the mineral rights.

The Don Fippi project area is roughly centred on the town of Batopilas which lies at the bottom of the deep canyon of the Rio Batopilas at about 600 meters elevation. The Don Fippi project area encompasses the river and surrounding mountains and canyons.

There is a good quality 70 km. unpaved road connecting Batopilas to the paved highway that leads to Creel and thence to the cities of La Junta, Cuauhtemoc and Chihuahua 300 km. to the east. The main road runs along the river and is in very good condition through the town of Batopilas. Conditions deteriorate south of the town, but the road is passable south to Satevo and west to Camuchin. A few spur roads run from the main road to the area above the Porfirio Diaz Tunnel. Access to the balance of the area is by foot or horseback. Underground access is extensive through the Santo Domingo, San Miguel, Penasquito and Pastrana mines. The Porfirio Diaz Tunnel is caved about 1.5 km. from the portal, leaving the back 2.5 km. accessible only through stopes leading from the Penasquito Level. Locals note that the tunnel has caved in the same place before and that past rehabilitation efforts have taken only a few days.

There is also a small airstrip at the bottom of Batopilas Canyon at which only very experienced pilots are willing to land. Helicopter transport into the area is intermittently available from Creel. Chihuahua International Airport receives numerous daily flights from the United States and Mexico. Driving time from Chihuahua International Airport to Batopilas is about 8 hours.

Local heli-contractors, hotels, and labour-pool etc. are familiar with the needs of an exploration group. Chihuahua City, the largest population centre in the region with a population of over 1,500,000, is a major industrial and mining centre. ALS-Chemex Laboratories operates a drop facility in Chihuahua, from which they fly samples to Guadalajara for preparation. Samples are then flown to Vancouver for analysis.

Adjacent Properties

The Batopilas District is surrounded by mineralization on all sides, although the claim packages related to these neighbouring districts do not necessarily abut Don Fippi. The Corralitos Copper Porphyry lies immediately to the south. The Tres Hermanos Gold Vein system lies about 5 km. to the east. The Cerro Colorado Gold-Silica deposit lies 6 km. north of Batopilas.

History

On October 24, 1997, title to the Don Fippi Claims vested with Bugambilias. The Internal Claims were acquired by the holders thereof as older claims expired and were liberated under Mexican mining law. On November 18, 2002, Bugambilias granted to Lagartos an option on the Don Fippi Claims.

High-grade native silver outcrops in the Batopilas district were discovered around 1630 and production records begin in 1632. The district contains between 65 and 300 mines developed during three major periods of mining activity: (1) from 1632 to 1732; (2) from 1790 to 1819; and (3) from 1862 to 1914. An estimated 200,000,000 to 300,000,000 ounces of silver have been produced from the district, although pre-1880 records are poor. 30,000,000 ounces of silver were produced by the Batopilas Mining Company between 1880-and 1914, and are well documented.

The Spanish era (1632-1732) was the most productive, but the last period (1862-1914) was the most sophisticated and organized. A.R. Shepherd, former mayor of Washington DC, formed the Batopilas Mining Company and worked the mines on a systematic basis from 1880-1914. That company invested heavily in district-scale engineering projects such as the Porfirio Diaz Tunnel and a hydroelectric system to provide pumping power for deep mining. A.R. Shepherd died in 1902 and his sons ran the mines until 1914 when Pancho Villa's troops arrived and devastated the area. Villa's revolutionaries wrecked the hydroelectric plant and drove the Americans from the district.

Attempts were made to put the mines back into production after the Mexican revolution, but the destruction of the power plant made it impossible to pump out the deep workings. Shepherd's sons attempted to revive the Batopilas Mining Company in the mid 1930's but were unsuccessful due to prevailing attitudes towards investment in Mexico following the 1936 expropriation of the oil industry. Mexican government statistical publications show almost no production from the district for the period 1920 through 1975.

In the late 1970's and early 1980's, local miners reopened the New Nevada Mine and hit a high-grade breccia pipe that yielded a significant amount of native silver and some high-quality mineral specimens. This development ended when the silver prices dropped in 1983. A program in the early 1980's drove into the hangingwall of the Roncesvalles Fault from the Porfirio Diaz Tunnel and hit a vein carrying native silver ore. This was the first discovery of mineralization in the immediate hangingwall (NW side) of this structure, but it was not systematically followed up. No exploration or mining activity of note has occurred since 1983.

Geological Setting

Regional Geology

The Batopilas District lies in the heart of the Sierra Madre Occidental magmatic province. Geologically, this province consists of two thick Tertiary volcanic sequences deposited on a basement of Mesozoic sediments, metasediments, and intrusive rocks. The lower part of the volcanic sequence, referred to as the "lower volcanic complex" is composed dominantly of andesite tuffs and flows with lesser dacites and rhyolites. This lower complex was tilted, locally folded, and deeply eroded before the deposition of the upper sequence. The upper volcanic sequence, referred to as the "upper volcanic supergroup", is dominantly composed of welded rhyolite ash-flow tuffs with lesser andesites, dacites, and basalts erupted from caldera complexes. These are mostly flat-lying and form most of the high plateau into which the deep canyons of the Barranca country have been carved. Numerous intrusions, mostly subvolcanic equivalents to the extrusive volcanic units, cut the basement rocks and the lower part of the volcanic sequence.

Batopilas District Geology

Batopilas District mineralization is hosted entirely within the lower volcanic complex which here consists of intermediate composition intrusive rocks, dominantly dacites and diorites, and extrusive rocks, dominantly andesite tuffs, flows and volcaniclastic sediments. Rhyolite ash-flows of the upper volcanic supergroup form the prominent mesas that rim the canyon several hundreds to thousands of meters above the vein system.

The oldest exposed rocks, and hosts to the majority of mineralization, are the sequentially emplaced Pastrana Dacite (85+ Ma.), Dolores Microquartz Diorite (52 Ma.), and Tahonas granodiorite (undated, probably about 45 Ma.).

Some of these intrusive units may have vented to surface. The Los Corralitos Granodiorite porphyry lies 2 km. south of the main silver zone and is apparently roughly contemporaneous to the Tahonas. The Corralitos Porphyry appears to be the centre of district-scale metal zonation and has been interpreted as the source of mineralization. The intrusive episode was followed by prolonged erosion that completely unroofed these intrusions. Andesitic volcanism, related to the lower volcanic complex, followed with the deposition of the San Jose, Arenal, and Casas Coloradas flow breccias. Erosion occurred between each of these volcanic events and rhyolite, basalt, and andesite dikes were emplaced at various times during this period. All of these older units were then subjected to the tectonic uplifts and erosion that characterize the break between the lower volcanic complex and the upper volcanic supergroup. The upper volcanic supergroup in the area is represented by the massive rhyolite ash-flow tuffs of the Yerbanis formation.

Unit Name	Age	Thickness in meters	Lithotype	Mineralization or Alteration
Yerbanis Rhyolite	25-30 Ma.	700	Rhyolite Welded Ash-Flow Tuffs	None
Cinco de Mayo	>35 Ma.	100	Conglomerate	None
Casa Colorada	40 Ma.	100	Rhyolite tuff and flow breccia	Veins
El Arenal	40 Ma.	200	Andesite and Volcaniclastics	Veins
San Jose	40 Ma.	200	Andesite and Volcaniclastics	Veins
Corralitos Porphyry	App. 45 Ma.	0-300	Granodiorite porphyry	Porphyry Cu, Mo
Tahonas Granodiorite	App. 45 Ma.	0-500	Granodiorite porphyry	Veins
Dolores Microquartz Diorite	51.1 Ma.	0-500	Diorite porphyry	None
Pastrana Dacite	>85 Ma.	0-600	Dacite porphyry	Veins