Memorandum

To: Mineral Ridge Gold, LLC
Attention: Chris Zerga, General Manager and President Scorpio Gold Corporation
From: Todd Wakefield, Ian Crundwell, and Mike Drozd of Mine Technical Services Ltd.
Date: 10 July 2017
Re: Mineral Ridge Leach Pad Resource Estimate

Introduction

Mineral Ridge Gold, LLC (MRG) commissioned Mine Technical Services Ltd. (MTS) to estimate the mineral resources contained within the active leach pad at its Mineral Ridge Mine in Esmeralda County, Nevada, USA. This memo report presents the results of the mineral resource estimation. The results of the resource estimate will support MRG's decision whether to proceed with a Feasibility Study for the project.

The resource estimate was prepared with reference to Canadian Institute of Mining Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (2014) and CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2003). This report will provide the basis for Section 14 – Mineral Resource Estimates of the updated National Instrument 43-101 (NI 43-101) Technical Report for the Mineral Ridge Project.

Leach Pad

The Mineral Ridge leach pad is a lined, valley-fill heap leach facility that produced about 61 koz gold from 1.9 Mt ore placed on it from 1993 to 2005, prior to MRG's restart of production in 2011. This includes production from crushed and agglomerated ore placed by Cornucopia and Vista and run-of-mine ore placed by Golden Phoenix.

MRG has placed almost 5.3 Mt of ore on the leach pad from 2011 through the end of May 2017. Regular belt sampling indicates that the average gold grade of the ore placed on the pad is 0.054 oz/ton. Of the 287 koz contained gold placed on the pad by MRG, 205 koz have been recovered by MRG.

Combining historic and MRG production data, MRG estimates that approximately 399 koz contained gold has been placed on the leach pad, and approximately 268 koz gold has been recovered. Therefore, approximately 131 koz contained gold remains in the leach pad. Table 1 lists Mineral Ridge heap leach gold production data and the estimated contained gold ounces remaining.

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Table 1 – Mineral Ridge Heap Leach Production Data

Production Source	Material Mined/Placed on Leach Pad Tons	Grade Gold (oz/ton)	Contained Gold Ounces	Recovered Gold Ounces
Cornucopia	644,587	0.062	40,076	23,645
Vista	1,010,940	0.052	52,367	32,232
Golden Phoenix	287,000	0.068	19,516	4,925
Total historical production	1,942,527	0.058	111,959	60,802
Previously placed oz recovered by MRG				4,021
MRG Production through 2013	2,064,755	0.066	136,136	77,138
Actual 2014	1,013,644	0.053	53,979	40,814
Actual 2015	1,085,592	0.040	43,539	39,690
Actual 2016	826,944	0.047	39,084	36,879
2017 through May	275,293	0.048	13,143	8,452
Ending stockpile	16,180	0.043	696	
Total MRG Production	5,282,408	0.054	286,577	206,994
Ending inventory - ADR				960
Ending inventory - Metals Research				1,405
Total Leach Pad Prodction	7,224,935	0.055	398,536	267,796
MRG only total	5,282,408	0.054	286,577	205,338
Remaining contained ounces (resource)				130,740

Sonic Drilling

A total of 3,671 ft of drilling in 34 sonic core drill holes was completed from 24 March to 7 April 2017 by Boart Longyear (Boart) to test the grade of the leach pad. Boart used a LS 250 sonic drill rig equipped with 10 ft drill casing and a 4.0 in diameter core barrel. Drill core was sampled at nominal 2.5 ft intervals.

The total length of the drill holes varied from 25 to 155 ft. Most of the drill holes were oriented vertically, but 10 drill holes were inclined to acquire grade information near the perimeter of the leach pad. Table 2 shows the drill hole collar information and Figure 1 is a plan view of the drill hole traces.

Todd Wakefield of MTS visited the Mineral Ridge property on 21 February 2017 to help design the drill program, and again on 5 April 2017 to observed the sonic drilling and sampling. Figure 2 shows Boart drilling drill hole HP17007 and Figure 3 shows sonic core samples from drill hole HP17007.

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Table 2 – Sonic Drill Hole Collars (local mine grid coordinates)

Hole ID	Easting (ft)	Northing (ft)	Elevation (ft)	Azimuth (degrees)	Dip (degrees)	Depth (ft)	Date
HP17001	12597.5	12497.4	7197.4	0	90	25	4/7/2017
HP17002	12466.0	12441.3	7210.3	0	90	35	4/7/2017
HP17003	12326.8	12381.4	7225.8	0	90	65	4/7/2017
HP17004	12190.9	12325.2	7242.5	0	90	90	4/7/2017
HP17005	12074.9	12261.4	7249.1	333	52	115	4/6/2017
HP17006	12212.3	12227.1	7259.9	0	90	105	4/6/2017
HP17007	12495.2	12179.0	7291.7	10	53	141	4/5/2017
HP17008	12561.6	12055.1	7318.7	0	90	125	3/25/2017
HP17009	12321.6	12126.3	7303.4	0	90	130	4/1/2017
HP17010	12413.9	12021.5	7303.5	0	90	120	3/30/2017
HP17011	12128.0	12092.3	7304.4	275	54	150	4/1/2017
HP17012	12240.6	11960.1	7304.3	0	90	130	4/2/2017
HP17013	12284.4	11978.9	7304.1	250	53	135	3/31/2017
HP17014	12404.0	11905.1	7303.3	0	90	115	3/31/2017
HP17015	12291.6	11819.7	7303.3	0	90	120	4/2/2017
HP17016	12435.1	11759.0	7303.0	0	90	110	4/5/2017
HP17017	12427.7	11648.6	7303.6	0	90	105	4/4/2017
HP17018	12321.4	11631.9	7303.6	230	53	135	4/4/2017
HP17019	12572.0	11927.0	7319.3	0	90	115	3/26/2017
HP17020	12731.9	11934.6	7332.7	0	90	105	3/24/2017
HP17021	12732.7	12053.4	7332.6	0	90	115	4/3/2017
HP17022	12713.0	12089.8	7332.4	15	54	145	4/3/2017
HP17023	12877.7	12106.8	7349.5	0	90	120	3/29/2017
HP17024	12897.5	12157.8	7349.2	30	53	155	3/29/2017
HP17025	12862.4	11973.3	7332.6	0	90	90	3/24/2017
HP17026	12912.3	11849.8	7333.1	90	50	90	3/30/2017
HP17027	12792.1	11742.9	7333.3	0	90	100	3/24/2017
HP17028	12682.3	11827.5	7334.0	0	90	115	3/25/2017
HP17029	12559.0	11774.5	7319.3	0	90	110	3/26/2017
HP17030	12550.2	11660.4	7321.6	0	90	110	3/27/2017
HP17031	12589.3	11569.1	7321.6	210	52	110	3/27/2017
HP17032	12760.2	11623.4	7320.0	0	90	80	3/28/2017
HP17033	12801.8	11522.9	7320.6	0	90	80	3/28/2017
HP17034	12894.7	11446.7	7320.1	170	48	80	3/28/2017
					TOTALS	3,671	

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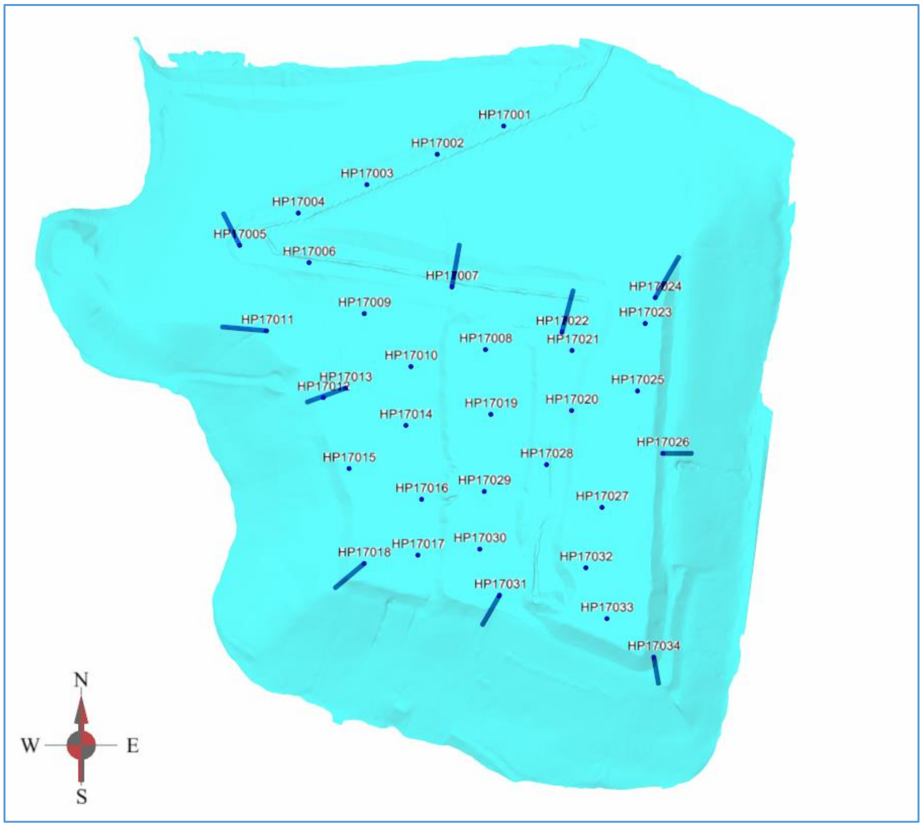

Figure 1 – Plan View of Sonic Drill Hole Locations

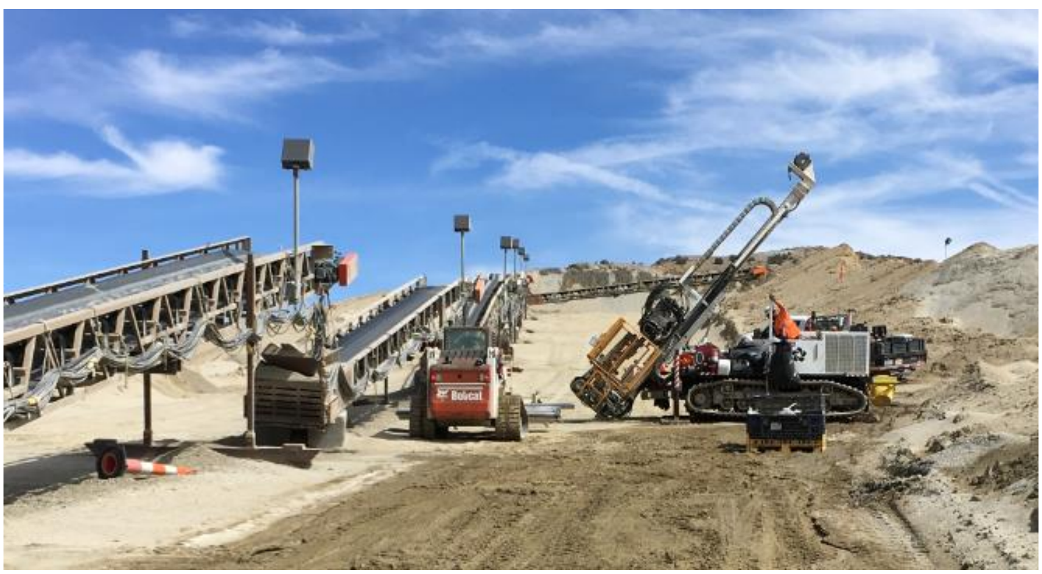

Figure 2 – Boart Longyear setup at inclined sonic drill hole HP17007 on the leach pad ramp

Figure 3 – Sample bags representing 2.5 core intervals from drill hole HP17007

Sample Preparation and Analysis

The core from the sonic drill holes was placed in plastic bags in nominal 2.5 ft intervals at the drill rig and transferred to the Mineral Ridge assay laboratory on site. At the Mineral Ridge assay laboratory, the following procedure was followed:

1. Material from the sample bags was composited into 10 ft intervals and placed in metal sample trays (typically 2 trays per 10 ft interval)
2. Samples were dried in the oven until completely dry
3. Each sample was loaded into a large-capacity Gilson Universal splitter, disaggregated, and processed (split nine times) to produce a ¼ split (Figure 4)
4. Each ¼ split was loaded into a second, smaller capacity Gilson splitter and processed to produce a 500 g split
5. Each 500 g split was loaded into the Gilson mini-splitter to produce the final two 250 g splits
6. One 250 g split was placed into a small plastic cup with a lid
7. The other 250 g split was added to a bulk composite sample
8. Sample numbers were assigned to each 10 ft interval
9. Each plastic cup was labeled with the appropriate sample number
10. Control samples (duplicates, blanks, and standards) were inserted at random intervals
11. The plastic cup samples and the control samples were sent to Florin Analytical Services (Florin) in Reno, Nevada for gold and silver assay
12. The bulk composite sample was sent to Kappes Cassiday and Associates (KCA) in Reno, Nevada for metallurgical testwork

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Figure 4 – Disaggregating sonic drill samples in the large-capacity Gilson splitter

A total of 375 sonic drill samples and 74 control samples were sent to Florin for analysis. At the Florin laboratory, the following procedures were performed:

1. Pulverize the entire 250 g sample to 80% passing 75 µm using a ring-and-puck pulverizer
2. Homogenize each pulverized sample by rolling the entire sample 20 times on a rubber mat
3. Determine gold concentration by 1 assay ton fire assay using AAS finish
4. Determine silver concentration by 4-acid digestion using AAS finish

Data Quality

Blanks, standards, and duplicates were inserted into the sample sequence by MRG prior to sending the samples to Florin for analysis.

All blanks returned acceptable values. Most of the standards returned acceptable results. Three standards returned values outside acceptable limits (± 10% of the recommended value), and the samples around these standards are being investigated by Florin.

An analysis of the duplicates indicates that the assay precision for gold is poor. The precision of the duplicate pairs at the 90% confidence interval is ±108%, where the expected precision for coarse duplicates is ±20%.

Upon request by MRG, Florin performed metallic screen analysis on two 1.0 kg subsamples of the KCA bulk sample (Table 3) to determine whether coarse gold was a contributing factor to the poor precision of the 1 assay ton fire assay results. The coarse (+150 mesh) fraction reported a significantly higher grade than the fine (-150 mesh) fraction for one subsample and a slightly higher grade for the other subsample. These results suggest that coarse gold is likely a contributing factor in the poor precision of the duplicate results.

Table 3 – Metallic Screen Analysis on the Leach Pad Bulk Sample

Sample Number	78343A Split A	78343A Split B
Total weight (g)	986.87	994.13
+150# weight (g)	33.37	27.13
-150# weight (g)	953.50	967.00
+150# assay (Au oz/ton)	0.0273	0.0188
-150# assay (Au oz/ton) 1	0.0253	0.0167
-150# assay (Au oz/ton) 2	0.0206	0.0173
-150# assay (Au oz/ton) 3	0.0157	0.0194
-150# assay (Au oz/ton) 4	0.0144	0.0171
Average -150# assay (Au oz/ton)	0.0190	0.0176
Metallic Screen assay (Au oz/ton)	0.0193	0.0177
Average of two splits (Au oz/ton)	0.0185	

The implication of the poor assay precision for resource estimation is that the global estimate will be accurate, but local estimates (individual blocks) are likely to be biased high or low. The implication for mining is that by applying a cutoff grade, there will be a significant risk of misclassification – ore going to the waste dump and waste going to the ore process. If no cutoff grade is applied, this risk is mitigated.

Database

MTS loaded collar coordinates, drill hole azimuth and inclination, and sample interval data provided by MRG into a Microsoft Access database. MTS also loaded the assay data from six Florin assay certificates received from 5 June to 12 June 2017. MTS exported collar, survey, and assay data that was used for resource estimation. No lithology or logging information was incorporated into the database.

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Resource Estimation

Sample Data

Sample data consists of 34 drill holes identified as HP17001 through to HP17034, and 375 samples at 10 ft length intervals, plus a residual length for the final sample of each hole. Assay results include Au and Ag in ounce per ton (oz per short ton) units.

Raw Sample Data

Histograms with summary statistics of the 10 ft length composites for Au and Ag are shown in Figure 5.

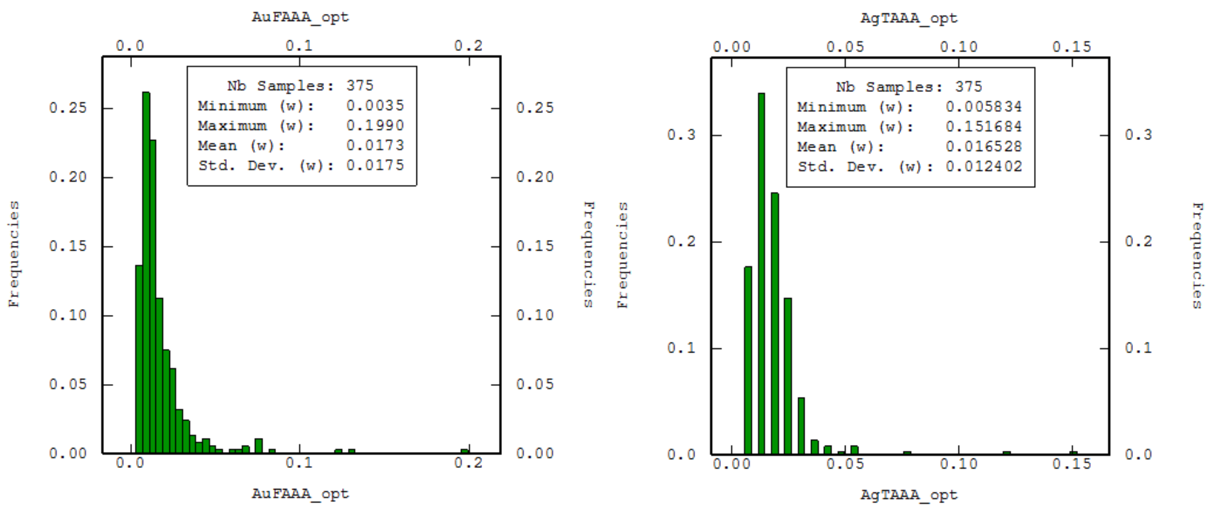

Figure 5 – Histogram Plot of Au and Ag Assay Data

Checks were performed on the Au grade versus Elevation to determine if there was any grade trend with elevation (Figure 6). No significant trends were identified.

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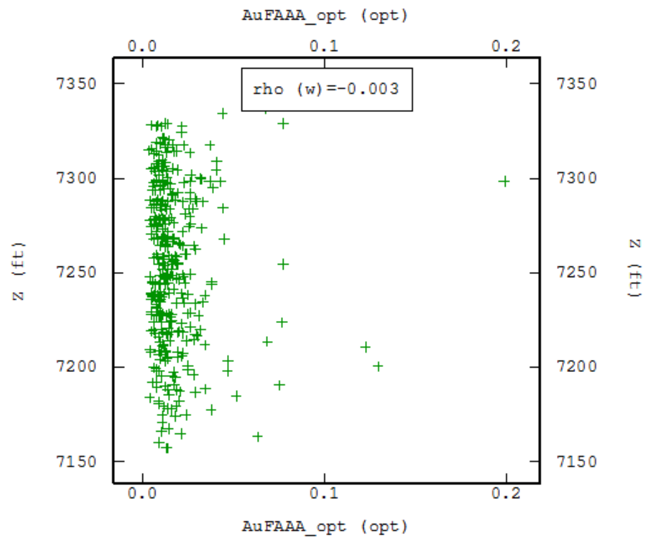

Figure 6 – Au vs. Elevation Correlation Check

Composites

Samples were composited into both 10 ft length composites and 10 ft bench composites. Also, 20 ft composites were tested, but these were discarded since they resulted in a smoothing (averaging) effect on the data. Gold grade profiles using the 10 ft composites are shown in Figures 7 and 8. Figure 9 shows an isometric view of the 10 ft composites.

The 10 ft length composites were selected for the resource estimation. These will be very similar to the sample data since the sample intervals are 10 ft. The only difference is that the minimum composite length was set to 5 ft and as a result samples less than this interval were disregarded for the estimation.

Domain Investigation

The leach pad was split into seven areas which correspond to the individual leach pad cells (Figure 10). The pad was further split vertically to approximate the elevation of the pad at the time of the change of ownership from Golden Phoenix Minerals to MRG. An elevation of 7,209 ft was used as a vertical boundary (based on the mean surface elevation – Ref. 2005Topo_3D_5Ft.dwg).

Domains were investigated for Au and Ag on the 10 ft length composites. Boxplots of Au and Ag for the lower and upper domains are shown in Figures 11 to 14.

The gold values in the lower domains are more erratic due to a combination of fewer data and potentially different leaching efficiency before MRG's involvement with the project. The upper domains are more similar to the northern cells (Cells 1 – 4) showing a slightly higher average grade compared to cells 5 - 7.

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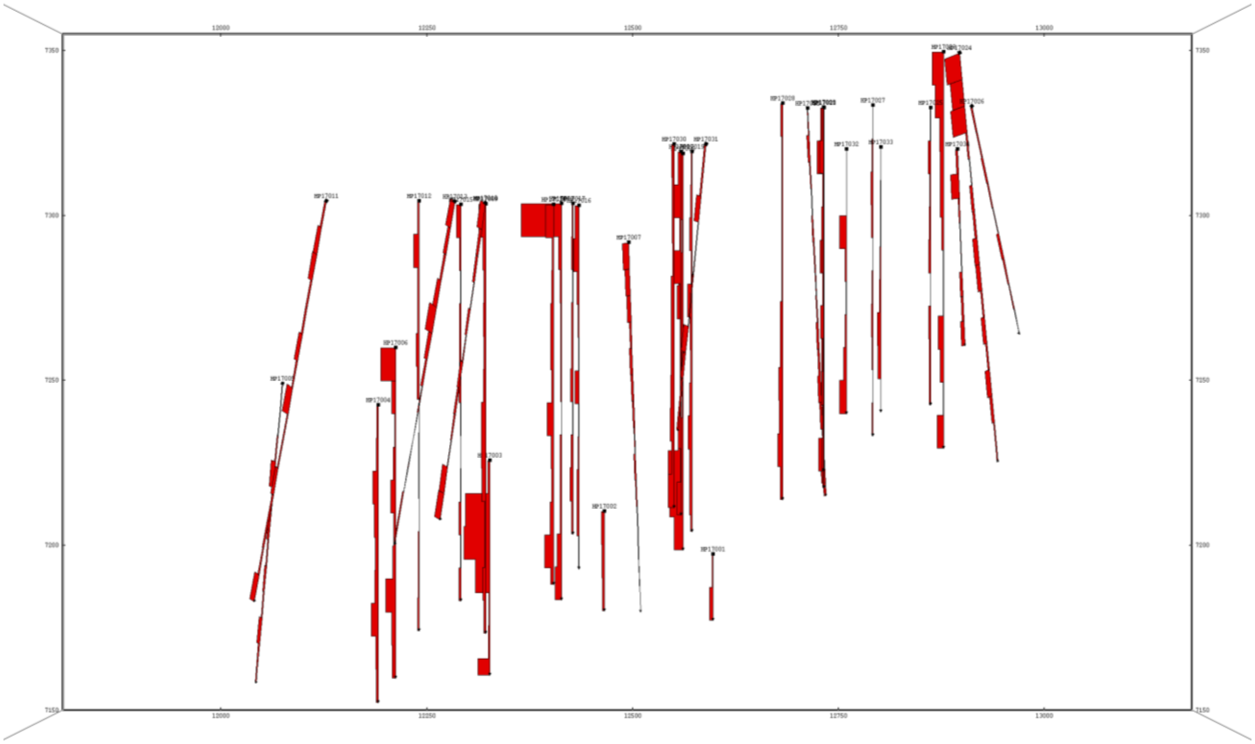

Figure 7 – Au Grade Profiles – View from South looking North

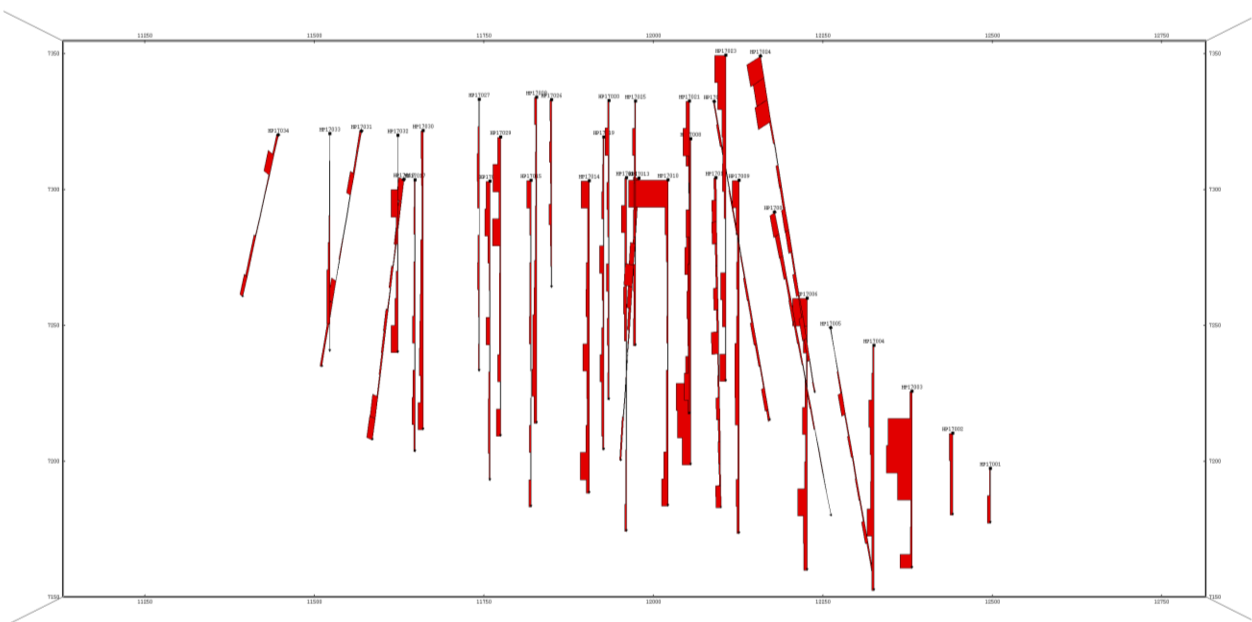

Figure 8 – Au Grade Profiles – View looking from East to West (Ramp on RHS)

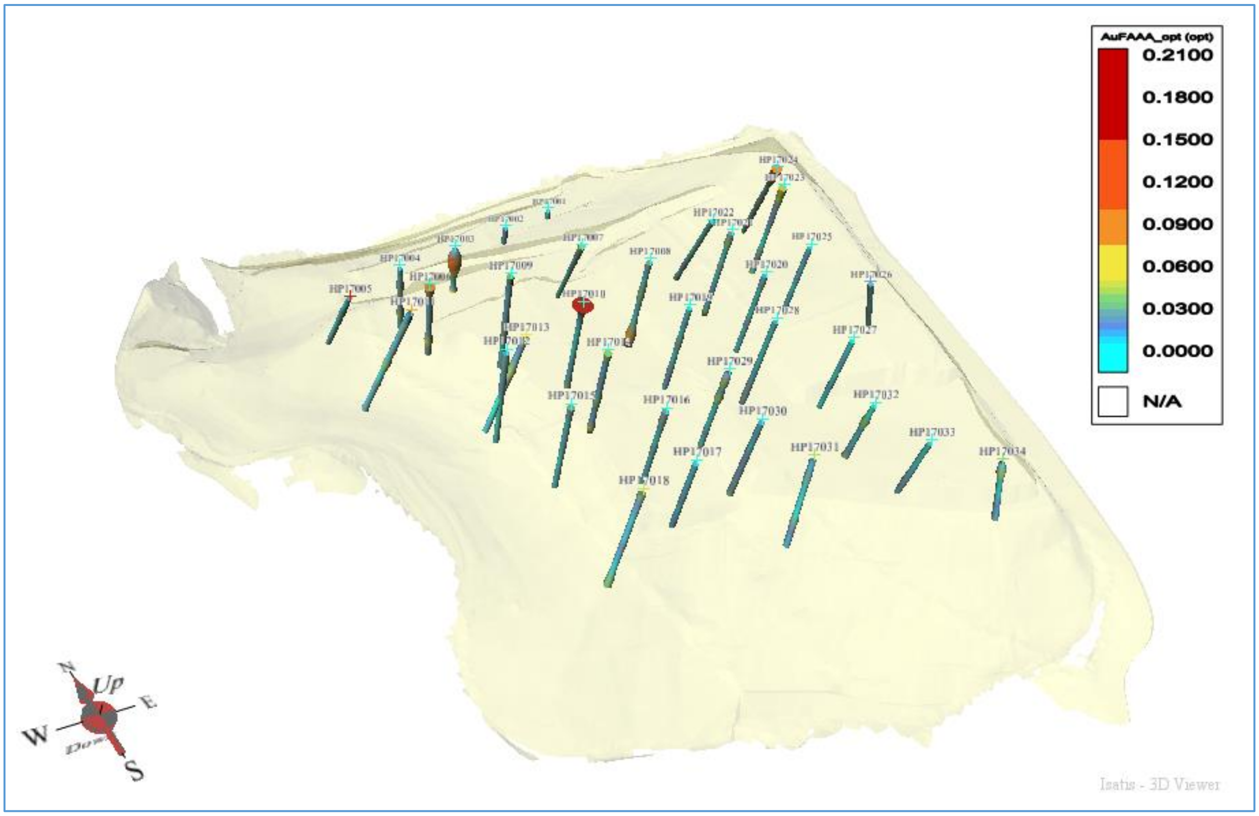

Figure 9 – Isometric View of 10 ft Composites Showing Au Values

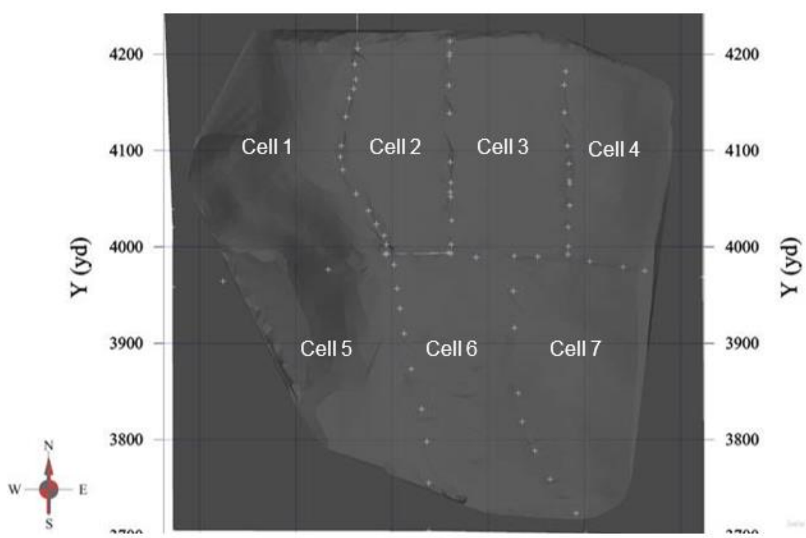

Figure 10 – Plan View of Leach Pad Base Showing Cell Boundaries

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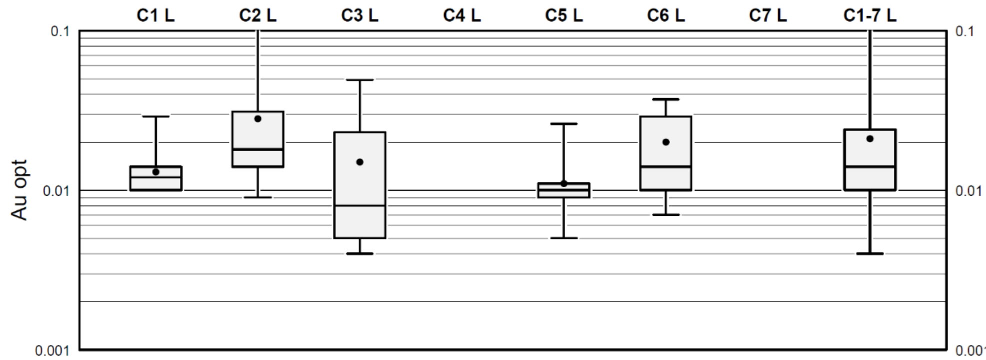
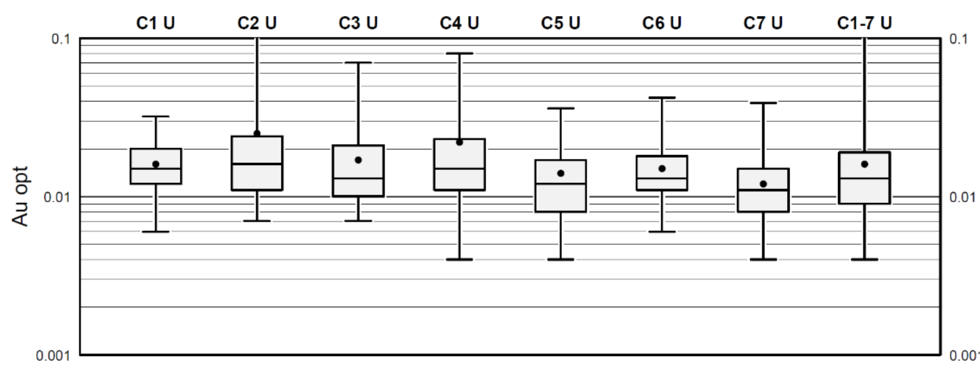


	C1 L	C2 L	C3 L	C4 L	C5 L	C6 L	C7 L	C1-7 L	
Number of data	8	27	8	0	9	6	0	58	Number of data
Mean	0.013	0.028	0.015	0.0	0.011	0.02	0.0	0.021	Mean
Maximum	0.029	0.126	0.049	0.0	0.026	0.037	0.0	0.126	Maximum
Upper quartile	0.014	0.031	0.023	0.0	0.011	0.029	0.0	0.024	Upper quartile
Median	0.012	0.018	0.008	0.0	0.01	0.014	0.0	0.014	Median
Lower quartile	0.01	0.014	0.005	0.0	0.009	0.01	0.0	0.01	Lower quartile
Minimum	0.01	0.009	0.004	0.0	0.005	0.007	0.0	0.004	Minimum
Variance	0.0	0.0007	0.0002	0.0	0.0	0.0001	0.0	0.0004	Variance
CV	0.385	0.937	0.987	0.0	0.482	0.558	0.0	0.997	CV
Skewness	2.24	2.592	1.409	0.0	1.988	0.537	0.0	3.377	Skewness

Figure 11 – Boxplot of Au – Lower Cell Domains



	C1 U	C2 U	C3 U	C4 U	C5 U	C6 U	C7 U	C1-7 U	
Number of data	15	28	42	34	36	69	62	286	Number of data
Mean	0.016	0.025	0.017	0.022	0.014	0.015	0.012	0.016	Mean
Maximum	0.032	0.135	0.07	0.08	0.036	0.042	0.039	0.135	Maximum
Upper quartile	0.02	0.024	0.021	0.023	0.017	0.018	0.015	0.019	Upper quartile
Median	0.015	0.016	0.013	0.015	0.012	0.013	0.011	0.013	Median
Lower quartile	0.012	0.011	0.01	0.011	0.008	0.011	0.008	0.009	Lower quartile
Minimum	0.006	0.007	0.007	0.004	0.004	0.006	0.004	0.004	Minimum
Variance	0.0001	0.0007	0.0002	0.0003	0.0001	0.0001	0.0	0.0002	Variance
CV	0.453	1.103	0.752	0.843	0.588	0.467	0.546	0.818	CV
Skewness	0.661	2.825	2.787	1.87	1.126	1.503	1.799	4.11	Skewness

Figure 12 – Boxplot of Au – Upper Cell Domains

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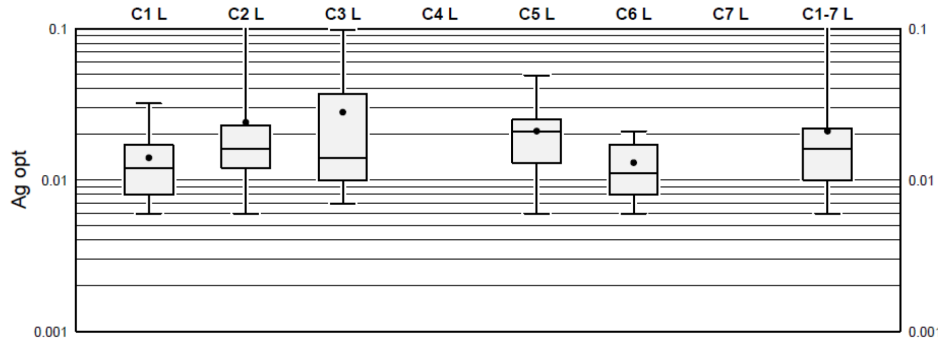
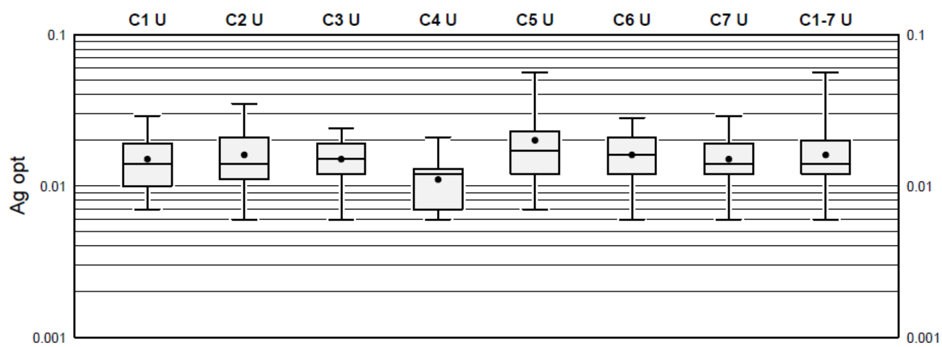


	C1 L	C2 L	C3 L	C4 L	C5 L	C6 L	C7 L	C1-7 L	
Number of data	8	27	8	0	9	6	0	58	Number of data
Mean	0.014	0.024	0.028	0.0	0.021	0.013	0.0	0.021	Mean
Maximum	0.032	0.147	0.098	0.0	0.049	0.021	0.0	0.147	Maximum
Upper quartile	0.017	0.023	0.037	0.0	0.025	0.017	0.0	0.022	Upper quartile
Median	0.012	0.016	0.014	0.0	0.021	0.011	0.0	0.016	Median
Lower quartile	0.008	0.012	0.01	0.0	0.013	0.008	0.0	0.01	Lower quartile
Minimum	0.006	0.006	0.007	0.0	0.006	0.006	0.0	0.006	Minimum
Variance	0.0001	0.0007	0.0009	0.0	0.0001	0.0	0.0	0.0005	Variance
CV	0.565	1.158	1.046	0.0	0.55	0.423	0.0	1.068	CV
Skewness	1.228	3.66	1.64	0.0	0.996	0.458	0.0	3.803	Skewness

Figure 13 – Boxplot of Ag – Lower Cell Domains



	C1 U	C2 U	C3 U	C4 U	C5 U	C6 U	C7 U	C1-7 U	
Number of data	15	28	42	34	36	69	62	286	Number of data
Mean	0.015	0.016	0.015	0.011	0.02	0.016	0.015	0.016	Mean
Maximum	0.029	0.035	0.024	0.021	0.056	0.028	0.029	0.056	Maximum
Upper quartile	0.019	0.021	0.019	0.013	0.023	0.021	0.019	0.02	Upper quartile
Median	0.014	0.014	0.015	0.012	0.017	0.016	0.014	0.014	Median
Lower quartile	0.01	0.011	0.012	0.007	0.012	0.012	0.012	0.012	Lower quartile
Minimum	0.007	0.006	0.006	0.006	0.007	0.006	0.006	0.006	Minimum
Variance	0.0	0.0001	0.0	0.0	0.0001	0.0	0.0	0.0	Variance
CV	0.393	0.465	0.349	0.355	0.498	0.351	0.388	0.433	CV
Skewness	0.586	0.78	0.021	0.402	1.666	0.073	0.375	1.274	Skewness

Figure 14 – Boxplot of Ag – Upper Cell Domains

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The variography was tested for the domain combinations but there was no clear improvement in the interpretation, likely due to the relatively low count of data for individual cells and combinations thereof. MTS therefore decided to run the variography analysis on the combined data but to present the final estimates for the 14 domains separately for comparative purposes only.

The upper and lower elevation domains, and horizontal cell domains, were treated as soft boundaries (blocks in one domain may be informed by composites in other domains). However, MTS decided to limit the searches in the vertical direction to effectively force a layered type estimation approach. This also reduced any potential influence of grade trends within individual holes.

Variography

A variogram map was created for Au based on 35 ft lags in the North-South direction, and 10 ft lags in the vertical direction (to correspond to the composite interval). The variogram map (Figure 15) shows isotropy for the northing and easting directions. The vertical directions indicate that variance increases beyond approximately 60 ft, but there is no preferential azimuth direction (plots are however influenced by the nature of the mainly vertical drill holes).

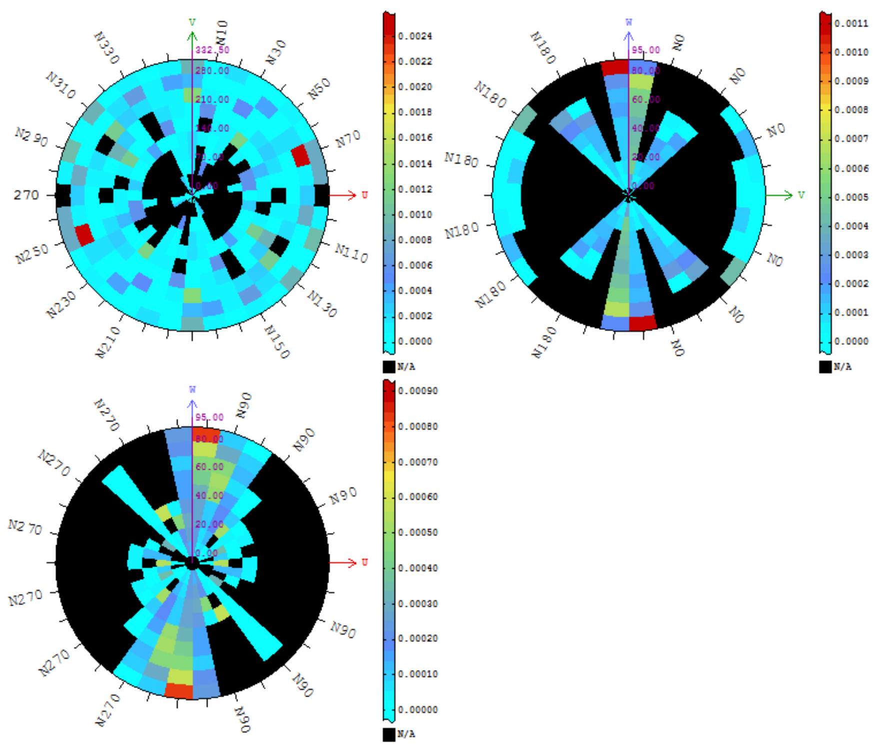

Figure 15 – Variogram Map for Au

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A traditional variogram was fitted to the 10 ft length composites after temporarily removing the influence of gold values > 0.1 oz/ton (note these values were only removed during the analysis of the experimental variogram and were still used for the latter estimation process). An omnidirectional horizontal variogram was used for the long range variography, and an orthogonal variogram (effectively a down-the-hole variogram) was used to determine the nugget effect and short-range variability based on the 10 ft composite intervals.

Note that the orthogonal (vertical) variogram (Figure 16) displays increasing variance beyond 40 ft suggesting a vertical trend. As such the searches in the elevation direction were restricted to 15 ft in either direction. The nugget effect represents approximately 1/3 of the sill value.

The maximum range of the horizontal variogram is 150 ft (Figure 17) which implies that samples separated beyond this distance are effectively averaged due to them getting the same weighting.

A summary of the variogram structures is provided below:

Structure 1: Nugget Effect (C0) 4.10128417e-005

Structure 2: Spherical, Range 25.488 ft, Sill 6.77613216e-005

Structure 3: Spherical, Range 150.412 ft, Sill 1.33496143e-005

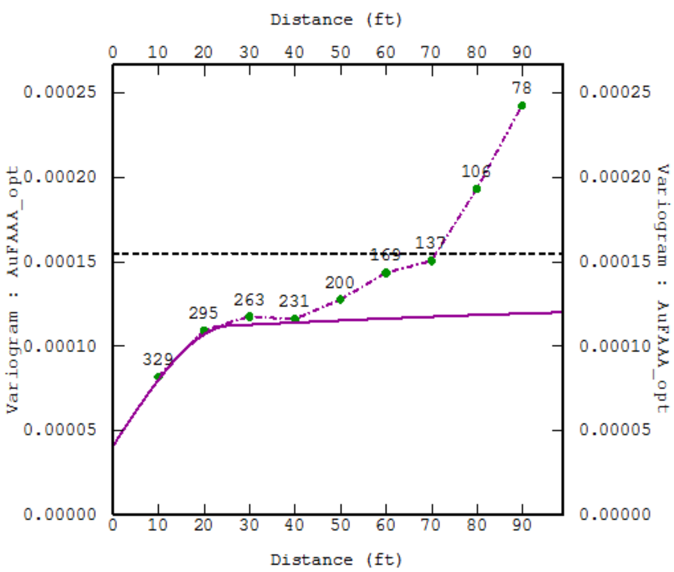

Figure 16 – Vertical Variogram for Au (Experimental and Fitted)

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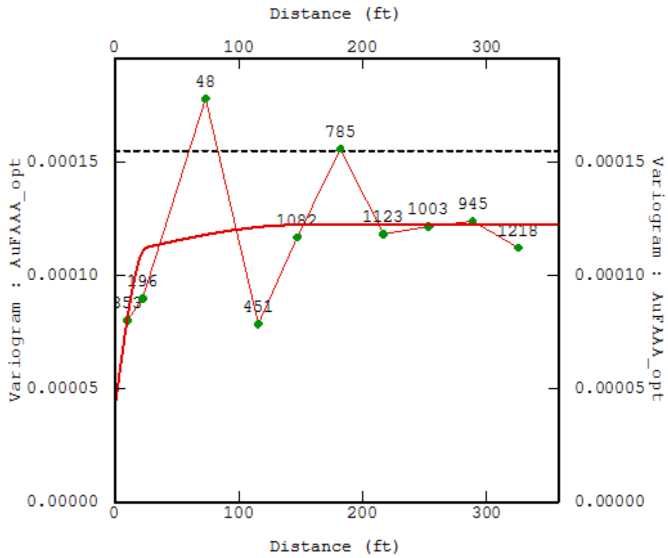

Figure 17 – Horizontal Variogram for Au (Experimental and Fitted)

Block Model Setup

The block model was defined as:

Origin (Corner of Lower Left Block):	$X_{\circ}$ = 11,575 ft
	$Y_{\circ}$ = 11,075 ft
	$Z_{\circ}$ = 7,095 ft
Block Size:	50 ft x 50 ft x 10 ft
No. of Blocks In X, Y, Z direction:	35 x 35 x 30
Rotation:	0º

Figure 18 is an isometric view showing the block model limits and the individual blocks of the leach pad.

Neighborhood Definition

As discussed earlier, the selection of samples was forced to restrict the influence of samples from the same hole (vertically) and thus mimic a layered type estimation approach. This was done to reduce the influence of observed leaching vertical profiles, and hence to reduce the influence of any grade trend (non-stationarity). Using the KNA (Kriging Neighborhood Analysis)

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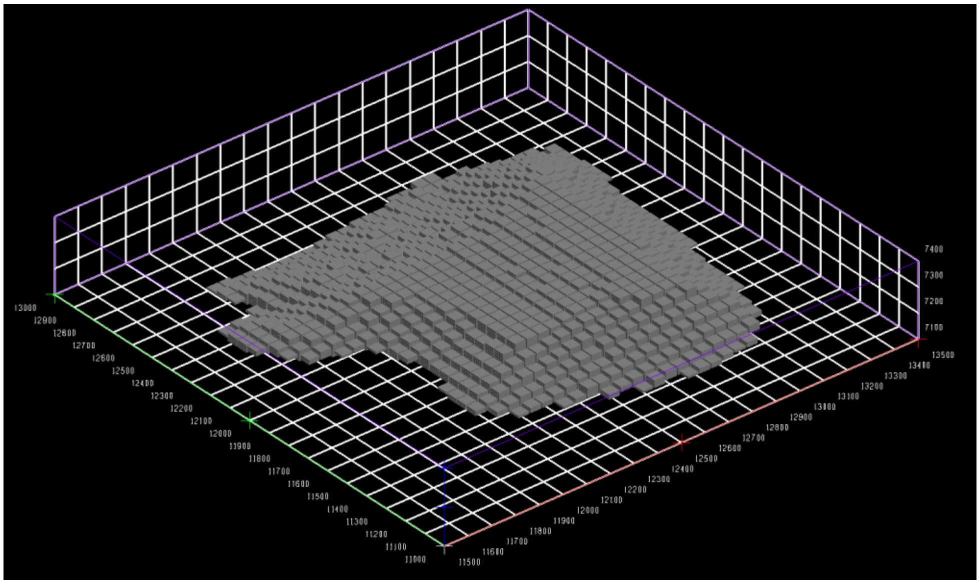

Figure 18 – Isometric View of Grid Layout and the Leach Pad Blocks

option in Isatis, the initial neighborhood definition, and subsequent 2nd and 3rd passes were set as:

	1st Pass	2nd Pass	3rd Pass
Search ellipsoid along X & Y (Easting & Northing)	200	400	600
Search ellipsoid along Z (Elevation)	15	30	30
Min No. of samples	8	4	4
No. of sectors	1	1	1
Optimum No. of Samples	12	8	8
Max No. of Samples per Hole per Sector	3	6	N/A

A single large neighbor search was used for the inverse distance and the nearest neighbor estimates.

	ID and NN
Search ellipsoid along U & V (Easting & Northing)	600
Search ellipsoid along W (Elevation)	50
Min No. of samples	4
No. of sectors	4
Optimum No. of Samples	10
Max No. of Samples per Hole per Sector	N/A

Estimates

Ordinary Kriging (OK) was performed as the main Au estimation methodology with Inverse Distance (ID1), Inverse Distance Squared (ID2) and Nearest Neighbor (NN) estimates serving as validation models.

Ag estimates were run using a single Inverse Distance (ID) model and a Nearest Neighbor (NN) estimate as a validation model.

Summary Statistics

Comparisons of the 10 ft composite grades and the kriged grades for Au and Ag are shown in the histograms in Figures 19 and 20.

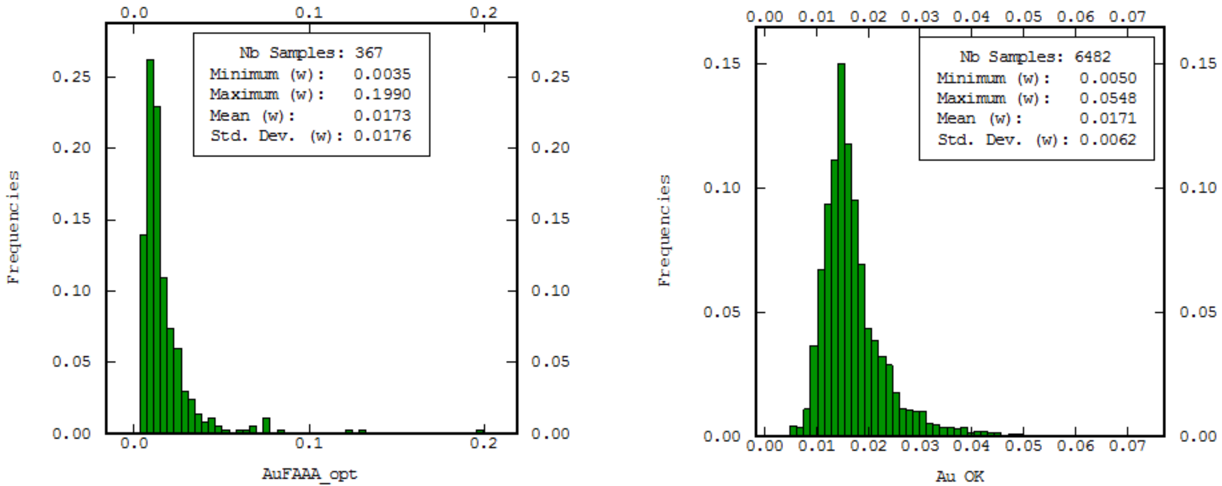

Figure 19 – Summary Stats for Au – 10 ft Comps vs. Au Estimate (Ordinary Kriged Estimate)

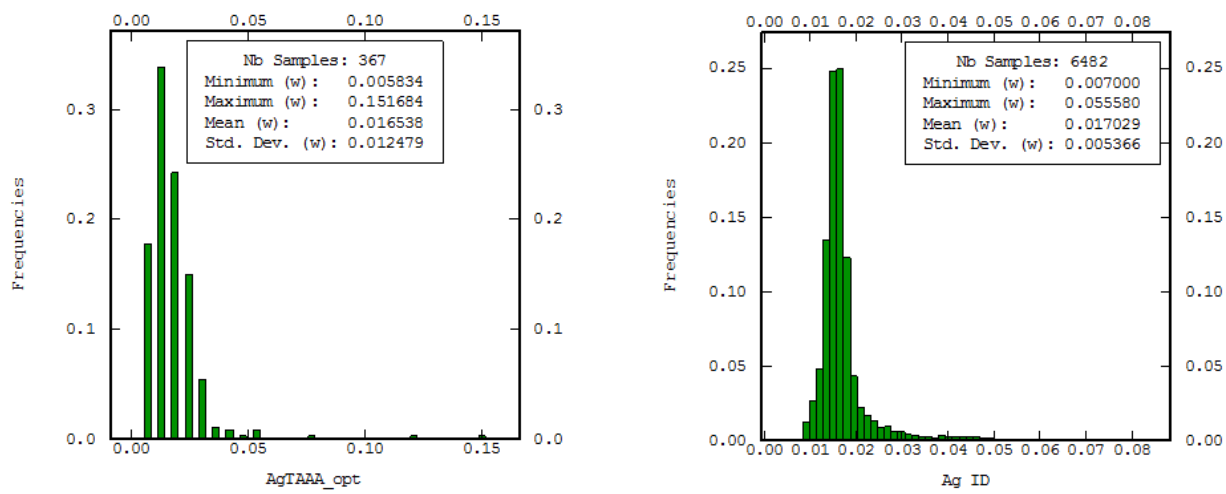

Figure 20 – Summary Stats for Ag – 10 ft Comps vs. Estimates (Inverse Distance Estimate)

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Section and plan view validations are provided as attachments to this report in files:

3D Viewer - [New Page] 2017-06-24 8_50_34 PM.mp4 and

3D Viewer - [New Page] 2017-06-24 8_53_04 PM.mp4.

Model Validations

Swath plots comparing the kriged grades to the grades of the 10 ft composites and the NN grades are provided in Figures 21 and 22.

The model estimates extend further to the sides of the leach pad (within slope area) compared to the composite data. Extreme high values in composites are reduced in the model estimate. The kriged estimates are smoother compared to the nearest neighbor and composite data.

High composite values in the northern area of the leach pad appear to influence both the ID and the NN model estimates. Similarly, grades are overall higher in the lower elevations.

Resource Classification

Resources were classified as Measured Mineral Resource where blocks were kriged in Pass 1. This equates to blocks estimated using a search neighborhood slightly larger than the maximum range of the variogram (150 ft) and covers the majority of blocks within the core of the leach pad.

An area of Indicated Mineral Resource bounds the Measured Mineral Resource and covers most of the area surrounding the sides of the leach pad, including the ramp and the side slopes less informed with drill data, and therefore where some extrapolation of grade estimates has occurred.

A final zone of Inferred Mineral Resource covers the areas effectively vertically above or below the unsampled areas, either due to drill holes having intentionally stopped short of the leach pad membrane, or unsampled areas where new material has been placed above the area covered by the 2017 sampling campaign (below the May 2017 topo). Since the grades are effectively extrapolated beyond the range of the influence of the variogram (specifically vertically), MTS assigned these areas a lower level of confidence.

In a practical sense, the Measured blocks correspond to the area covered by drilling that extends vertically downwards and where drilling is approximately 150 ft apart, and where there is a reasonable understanding of the leaching based on the grade data. The Indicated areas correspond to the ramp and the outer slope areas where there is less confidence in the data due to lesser sample coverage and a higher variability in data. The Inferred areas cover the extreme outer vertical layers of the pad where drilling data does not exist and where some uncertainty exists on the true expectation of the grades – do grades increase or decrease the closer we get to these vertical extents?

Measured blocks represent 40.3% of the total volume, Indicated blocks represent 58.7% of the total volume and Inferred blocks represent 1.0% of the total volume.

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Swaths Plot - Mineral Ridge Leach Pad

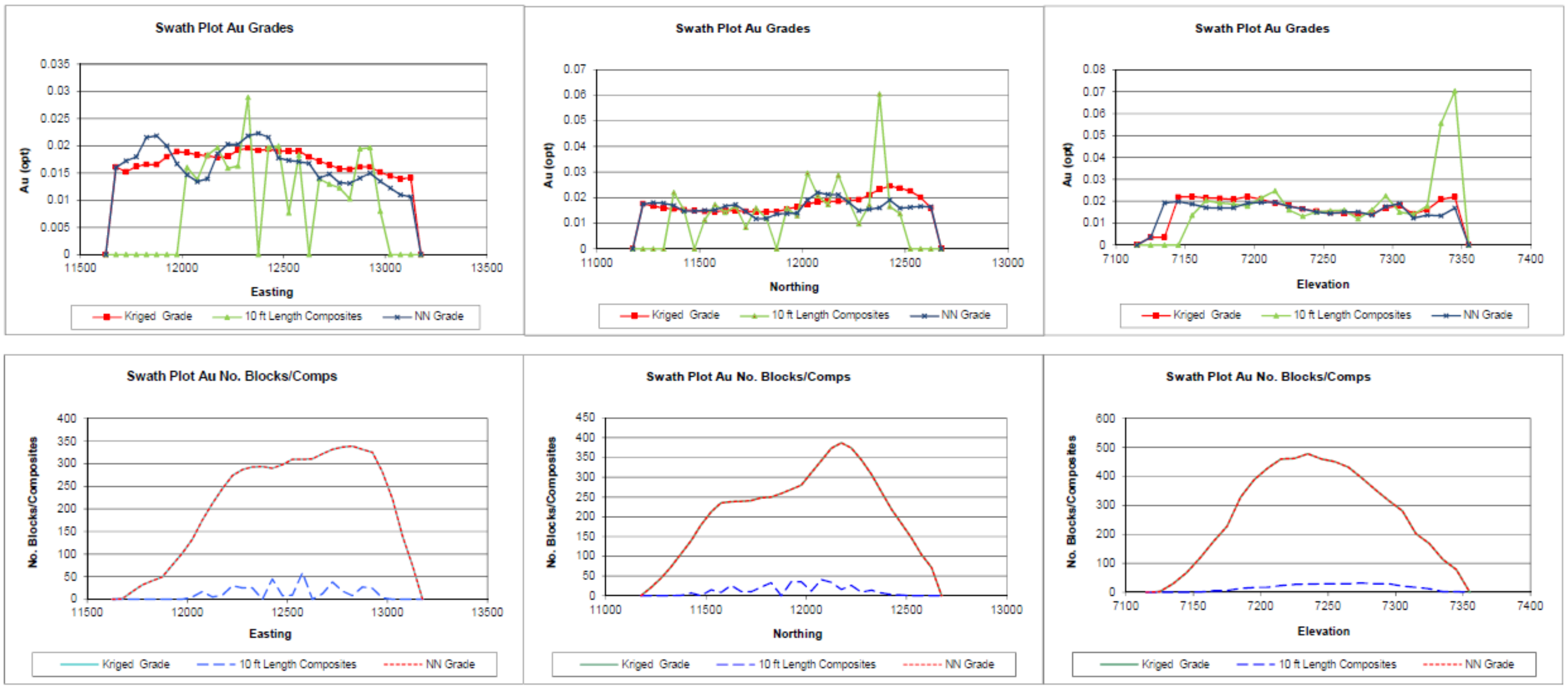

Figure 21 – Au Swath Plot

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Swaths Plot - Mineral Ridge Leach Pad

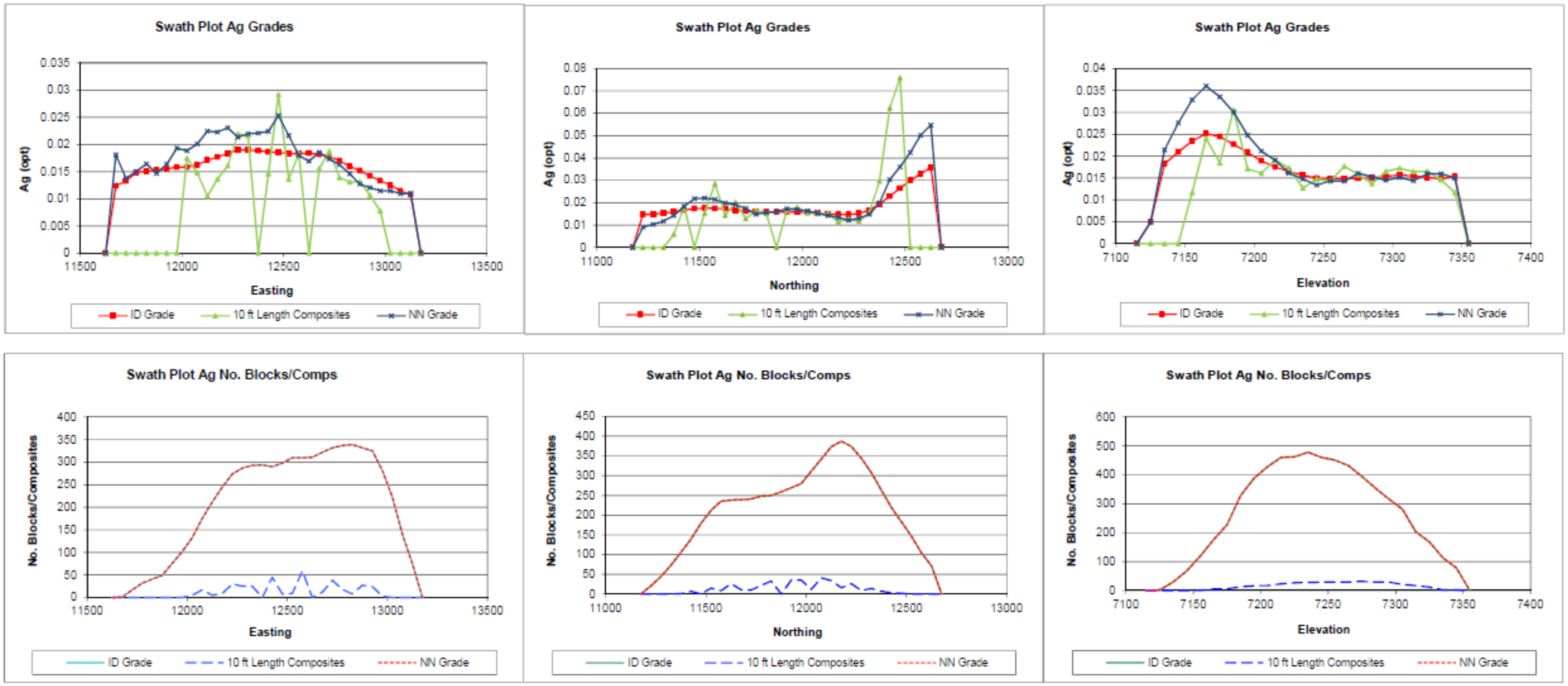

Figure 22 – Ag Swath Plot

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Resource Tabulation

Mineral resource tabulations by leach pad cell and combined are shown in Tables 4 and 5.

Volumes are based on the triangulated surfaces provided by MRG bounded by the Leach Pad Base Liner (adjusted upwards by 3 ft to account for the base layer which will not be mined) and the May 2017 topographic surface. MTS understands that there will be no selective mining of waste/ore blocks and as such the mineral resource represents a global estimate of the potential tonnage and grade. This is a key consideration when factoring the local accuracy of the estimates due to the reproducibility issues of the gold assays.

A global tonnage factor of 17.61 ft^3/ton was used to calculate tonnage. This is derived from Compacted Permeability Test Work data completed by KCA in 2009 on nominal ¼ inch, crushed material with cementation material (KCA, 2009).

MTS assessed whether the Mineral Ridge Mineral Resource has reasonable prospects for eventual economic extraction (RPEEE) by applying key economic parameters to the leach pad material (Table 6). The gold price used is the 3-year trailing average gold price through June 2017. The process recovery is that obtained by KCA testwork using reasonable mill-scenario assumptions (KCA, 2017). The processing cost was provided by MRG using actual Mineral Ridge Mine labor costs and conceptual mill processing costs estimated by SNC (SNC, 2015) factored for a 4,500 tpd mill operation (Mill Operations Costs – updated for 2016 actual costs.xlsx). The cut-off grade assumes that the entire leach pad will be processed (0.0002 oz/ton Au is the lower detection limit of the Florin fire assay procedure).

MTS considers that the material on the leach pad has reasonable prospects for eventual economic extraction using the parameters in Table 6.

MTS recommends that MRG use Table 7 for reporting purposes because the tons, grade, and contained ounces values are rounded to three significant digits.

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Table 4 – Mineral Resource Tabulation by Cell Division

Area			Volume (ft^3)	Tons (Short)	Au (oz)	Ag (oz)	Au (opt)	Ag (opt)
Measured	Lower	Cell 1	1,250,000	70,982	1,252	1,155	0.0176	0.0163
		Cell 2	2,700,000	153,322	4,269	2,887	0.0278	0.0188
		Cell 3	100,000	5,679	150	85	0.0264	0.0150
		Cell 4						
		Cell 5	325,000	18,455	253	307	0.0137	0.0166
		Cell 6	550,000	31,232	574	452	0.0184	0.0145
		Cell 7						
		Total	***4,925,000***	***279,671***	***6,498***	***4,886***	***0.0232***	***0.0175***
	Upper	Cell 1	3,302,325	187,526	3,083	3,047	0.0164	0.0162
		Cell 2	6,040,775	343,031	7,359	5,623	0.0215	0.0164
		Cell 3	9,091,375	516,262	8,805	7,549	0.0171	0.0146
		Cell 4	1,788,825	101,580	1,564	1,310	0.0154	0.0129
		Cell 5	3,632,350	206,266	2,793	3,571	0.0135	0.0173
		Cell 6	14,613,850	829,861	13,109	13,683	0.0158	0.0165
		Cell 7	7,589,375	430,970	5,296	6,703	0.0123	0.0156
		Total	***46,058,875***	***2,615,495***	***42,010***	***41,485***	***0.0161***	***0.0159***
	Combined		**50,983,875**	**2,895,166**	**48,507**	**46,371**	**0.0168**	**0.0160**
Indicated	Lower	Cell 1	6,473,750	367,618	7,098	6,077	0.0193	0.0165
		Cell 2	5,748,450	326,431	7,912	7,852	0.0242	0.0241
		Cell 3	5,711,100	324,310	6,357	9,438	0.0196	0.0291
		Cell 4	818,125	46,458	722	1,327	0.0155	0.0286
		Cell 5	3,706,925	210,501	3,368	4,498	0.0160	0.0214
		Cell 6	2,592,400	147,212	2,646	2,355	0.0180	0.0160
		Cell 7	31,150	1,769	33	28	0.0188	0.0160
		Total	***25,081,900***	***1,424,299***	***28,137***	***31,575***	***0.0198***	***0.0222***
	Upper	Cell 1	5,393,125	306,254	5,047	4,652	0.0165	0.0152
		Cell 2	2,098,875	119,187	2,972	2,178	0.0249	0.0183
		Cell 3	6,026,975	342,247	6,490	5,760	0.0190	0.0168
		Cell 4	9,855,525	559,655	9,308	6,716	0.0166	0.0120
		Cell 5	4,473,225	254,016	3,365	4,825	0.0132	0.0190
		Cell 6	6,782,025	385,124	6,273	6,335	0.0163	0.0164
		Cell 7	14,599,500	829,046	11,635	12,015	0.0140	0.0145
		Total	***49,229,250***	***2,795,528***	***45,089***	***42,481***	***0.0161***	***0.0152***
	Combined		**74,311,150**	**4,219,827**	**73,226**	**74,056**	**0.0174**	**0.0175**
Inferred	Lower	Cell 1	448,875	25,490	446	459	0.0175	0.0180
		Cell 2	369,475	20,981	347	593	0.0165	0.0283
		Cell 3	157,850	8,964	163	427	0.0182	0.0477
		Cell 4	78,325	4,448	55	195	0.0123	0.0439
		Cell 5	131,200	7,450	82	201	0.0110	0.0270
		Cell 6	25,325	1,438	26	31	0.0182	0.0218
		Cell 7						
		Total	***1,211,050***	***68,771***	***1,120***	***1,907***	***0.0163***	***0.0277***
	Upper	Cell 1						
		Cell 2						
		Cell 3						
		Cell 4	14,875	845	10	17	0.0123	0.0202
		Cell 5						
		Cell 6	32,650	1,854	35	28	0.0187	0.0152
		Cell 7	88,100	5,003	73	82	0.0146	0.0164
		Total	***135,625***	***7,702***	***118***	***127***	***0.0154***	***0.0165***
	Combined		**1,346,675**	**76,472**	**1,238**	**2,034**	**0.0162**	**0.0266**
Measured & Indicated			**125,295,025**	**7,114,993**	**121,733**	**120,428**	**0.0171**	**0.0169**
Inferred			**1,346,675**	**76,472**	**1,238**	**2,034**	**0.0162**	**0.0266**

Table 5 – Combined Mineral Resource

Area	Volume (ft^3)	Tons (Short)	Au (oz)	Ag (oz)	Au (opt)	Ag (opt)
Measured	50,983,875	2,895,166	48,507	46,371	0.0168	0.0160
Indicated	74,311,150	4,219,827	73,226	74,056	0.0174	0.0175
Measured & Indicated	125,295,025	7,114,993	121,733	120,428	0.0171	0.0169
Inferred	1,346,675	76,472	1,238	2,034	0.0162	0.0266

Table 6 – Reasonable Prospects Parameters

Item	Unit	Value
Measured and Indicated Mineral Resources	tons	6,532,587
Average gold grade	oz/ton	0.0171
Gold price	US$/oz	$1,216
Gold process recovery	%	93
Processing cost	US$/ton	$11.0
Cut-off grade	Au oz/ton	0.0002

Table 7 – Mineral Ridge Mineral Resource Statement, Effective 29 June 2017 (For Release)

	Tons (kt)	Au (oz/ton)	Ag (oz/ton)	Contained Au (koz)	Contained Ag (koz)
Measured	2,895	0.017	0.016	48.5	46.4
Indicated	4,220	0.017	0.018	73.2	74.1
Measured & Indicated	7,115	0.017	0.017	121.7	120.4
Inferred	76	0.016	0.027	1.2	2.0

The following notes should accompany the Mineral Ridge Mineral Resources table:

1. The effective date of the Mineral Resources is 29-Jun-2017.
2. Mineral Resources are reported at or above a 0.0002 oz/ton Au cut-off grade.
3. Mineral Resources are contained within the Mineral Ridge leach pad facility with the following assumptions. A long-term gold price of US$1,216/oz. Assumed process costs are US$11.0/ton. Metallurgical recovery for gold is 93%.
4. Rounding may result in apparent differences between when summing tons, grade and contained metal content.
5. Tonnage and grade measurements are in Imperial units. Grades are reported in oz/ton.
6. The resource estimate was prepared with reference to CIM Definition Standards for Mineral Resources and Mineral Reserves (2014) and CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2003)

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Conclusions

The resource estimates are, in MTS's opinion, reasonably similar to the expectations estimated based on the historical production and metal accounting data (130 koz from 1st principal accounting versus 123 koz from resource estimates). Total tons estimated (7.1 Mt) is in line with the 7.2 Mt placed on the pad by MRG and its predecessors.

The average grade reported in the resource estimate (0.0171 oz/ton Au) is slightly lower than the average of the two metallic screen assays completed on the bulk leach pad sample (0.0185 oz/ton Au). This 8.2% difference between the fire assay grade and the metallic screen grade indicates that there is upside potential to the average grade that, if realized, will increase the potential project economics. Metallurgical testwork completed by KCA (KCA, 2010) also indicates that coarse gold may be recovered in a gravity circuit prior to fine grinding.

To determine whether the mineral resources have reasonable expectations for economic extraction, MTS used rough cost and price assumptions to demonstrate that the material is potentially economic (Table 7). Further, MTS understands that MRG will process future mine production (not currently in Mineral Reserves) through the mill, thus improving its economics.

MTS understands that MRG expects to mine (process) the entire leach pad. This model should not be used for selectivity of mining blocks as ore/waste because the local accuracy will not be suitable for this level of selectivity.

References

CIM, 2003, Estimation of Mineral Resources and Mineral Reserves Best Practices Guidelines.

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Kappes, Cassiday & Associates, 2009, Compacted Permeability Test Work.

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SNC Lavalin, 2015, Power and Reagent Costs Estimate.

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