HIGHLY ACCESSIBLE LOCATION

The Pino de Plata property is comprised of four road accessible, 50 year exploration concessions (397 hectares) situated in the SW corner of the northern state of Chihuahua, Mexico and on the western flank of the prolific Sierra Madre Occidental gold-silver belt. It lies 5.5 km due south of the town of Chinipas de Almada which is a 9 hour drive (440 km) SW from Ciudad Chihuahua, Mexico. A small paved airstrip is located 1 km north of Chinipas. The Pino de Plata property is just 15 km southwest of the Coeur Mining, Palmarejo Mine which produced 6.6M oz. Ag and 86,673 oz. Au in 2014. (Figure 2)

43-101 EXPLORATION REPORT HIGHLIGHTS

Three viable drilling targets.

CARBONATE REPLACEMENT TARGET

“The Santa Elena gossan area presents a viable target for replacement Ag-Pb-Zn-Cu deposits. Unoxidized replacement mineralization from the Santa Elena Mine approaches 200 g/t [6.4 opt] Ag. This area has the potential for relatively shallow replacement mineralization over an area of > 20 Ha.”

EPITHERMAL TARGET

At the Terrero target, an area of over 20,000 square metres (>2 Ha), “the replacement epithermal mineralization in igneous rocks contains good silver grades at surface in unoxidized rock. Seven out of nine samples contained > 1 opt Ag to as much as 17.9 opt Ag. Little additional work in the way of mapping and sampling is required prior to drilling this prospect.”

VEIN TARGETS

“The Sierpe and Theodora veins are open on strike and have indications of ore grade Ag (>250 g/t or 8 opt Ag) and reasonably minable widths (>= 1 m). Newly exposed, Ag mineralized quartz veins in road cuts to the west along with favorable alteration west of the Sierpe and Theodora mines make these attractive vein targets.”
HIGHLIGHTS OF WORK TO DATE

Preliminary exploration work was carried out in May 2015 with a view to completing a maiden 43-101 assessment of the property to guide further exploration efforts. This included mapping and sampling of mineralized outcrops and historic workings, including the Santa Elena, Santa Clara, La Perla, Sierpe I, Theodora, Terrero and Agua Hedionda II mines. Numerous road cuts and other outcrop areas were also sampled. A preliminary geologic map was also developed. (Figure 4.)

FAVORABLE GEOLOGY

Basement rock at Pino De Plata is comprised of Cretaceous to Tertiary volcanic units; mainly andesite and rhyolite. These have been intruded by diorite and granodiorite which have produced epithermal alteration and mineralization in veins and skarns. Above the altered volcanics lie marine calcareous limestone formation(s) that have been hydrothermally altered and mineralized, producing carbonate replacement deposits with bonanza grades of silver (Ag), lead (Pb) and Zinc (Zn) and with significant copper (Cu) and some potential for gold (Au) at depth. Limestone beds are flat lying, outcropping and partially overlain with thin volcanic ash flows (ignimbrites). In the context of the larger Sierra Madre gold–silver belt, Pino de Plata represent a classic low-sulphidation epithermal environment showing several forms of mineralization and alteration as well as faulting and veining orientations that align well with regional trends associated with producing structures.

WIDESPREAD ALTERATION

Even with preliminary mapping, it is evident that property contains significant areas of alteration that are likely more extensive. Intrusives are typically argillized and locally silicified, especially where mineralized or adjacent to mineralization in veins and limestone. Extensive areas of gossan are developed within the limestone, presumably where replacement sulfide mineralization was leached by weathering. Skarn, propylitic alteration and abundant calcereonic quartz subcrop we also noted. (Figure 6)

EXPLORATION HISTORY

Since the Spanish Colonial era (1600’s) small scale artisanal mining of high grade silver veins and replacement zones (> 1000 g/ton) has occurred sporadically in nine discrete areas. (Figure 4) No production records are available but examination indicates it unlikely that each produced more than a few hundred tons of ore.

The property was examined in 1985 by Consejo de Recursos Minerales and in 2013 and by Arcelia Gold. Both focussed on existing workings and made resource estimates which could not be assessed due to unclear methodology and unsafe access to their sampling areas. Over the last thirty years, the recent owner surface mined and direct shipped high grade (est. > 1000 g/ton) ores to third party mills and smelters including Torreon, Queretaro (Penoles) and Guanacevi (Endeavor Silver).

In the immediate area, Paramount Gold, Minera Gama and Coeur d’Alene Mines have conducted exploration programs. Coeur and others remain significant concession holders in the area surrounding the Pino De Plata Project. (Figure 2). There has also been some consolidation with Coeur Mining acquiring Paramount Gold and Silver Corp. for $146 million in December 2014. Paramount’s San Miguel mining project neighbours Coeur’s Palmarejo silver-gold mine complex.
TYPES OF MINERALIZATION

The property hosts both epithermal veins and replacement mineralization. The most likely targets are volcanic hosted epithermal silver-base metal veins, silver-base metal carbonate replacement deposits, and silver-base metal stockwork and replacement deposits within volcanic and intrusive rocks.

Carbonate replacement deposits of Ag-Pb-Zn could occur wherever limestone/marble beds are present in the section. It is likely that these will be related to structural feeder zones and more than one mineralized horizon may be present. Ore may also be developed along the marble-intrusive contact as skarn mineralization.

There is also potential for discovering extensions of existing epithermal veins and enlarging the area of known limestone replacement mineralization, as well as delineating a body of mineralization hosted by igneous rocks at the Terrero Mine.

MOST PROSPECTIVE TARGET AREAS

Epithermal Replacement Target - The Terrero Mine - Workings consist of several small adits and shafts developed in an irregular fashion near the centre of the concession. Very strong clay alteration has obliterated rock textures in the area. Mineralization occurs in stratiform zones a meter or more thick containing <= 1 cm thick parallel lenses of pyrite comprising up to 10% of the host rock.

The rocks contains good silver grades at surface in unoxidized areas. Seven out of nine samples contained > 1 opt. Ag to as much as 17.9 opt. Ag. Consejo de Recursos took 26 samples at the Terrero mine and calculated a resource totaling 18,887 t grading 0.078 g/t Au, 206 g/t Ag, 1.47% Pb, 1.23% Cu, and 0.52% Zn. Our report could not verify this resource but the sampling confirms the tenor of Consejo’s Ag values. Little additional mapping and sampling is required prior to drilling this prospect.
Carbonate Replacement Target – The Santa Elena Gossan Area - An area that is at least 20 ha presents a viable target for relatively shallow deposits of Ag-Pb-Zn-Cu replacement mineralization. The gossan area is anomalous in silver and base metals and this allows for the possibility of economic grades in the unweathered marble. Unoxidized replacement mineralization from the Santa Elena Mine approaches 200 g/t Ag.

Vein Targets - The Theodora, Sierpe I, and Sierpe II Mines - Located on an east facing escarpment on the western side of the property, all are developed on narrow quartz veins which rarely exceed 1 metre. The Sierpe and Theodora veins are open on strike and have indications of ore grade Ag (>250 g/t Ag) and reasonably minable widths (> 1 m). Several new veins were found in a recent road cut 80 m west of the Theodora. Two of these veins were sampled and returned 108 g/t Ag over 0.5 m and 72 g/t Ag with 0.403 g/t Au over 0.95 m. Other veins were not sampled due to time constraints.

Consejo de Recursos took samples across the veins at Sierpe I and Sierpe II in 1985 that reportedly contained 0.0 g/t Au, 123 g/t Ag, 2.31% Pb, 0.072% Cu, 2.57% Zn in the Sierpe I and 0.0 g/t Au, 146 g/t Ag, 0.41% Pb, 0.118% Cu, and 0.153% Zn in the Sierpe II. Our qualified person was unable to verify these results largely due to safety concerns with accessing shafts that lead to the old adits on the property. With limited sampling, we were generally able to confirm the tenor of the Consejo samples.

EXPLORATION PROGRAM PLAN 2015-2016 - $1.4 MILLION

Despite the significant amount of small scale surface mining, the Pino De Plata Property has never been drilled. Regardless, Silver Spruce Resources is committed to systematic assessment of all its properties.

The 2015-2016 program which would happen over a 9 month period calls for more detailed mapping of the property and more concentrated sampling and mapping in the areas of alteration and veining. This will be done in tandem with a soil geochemistry program and both will be used as inputs for a proposed geophysics program. Collectively, these activities will be used to focus a targeted drilling program budgeted at $1 million. Based on our current knowledge of the mineralization, we expect many of these drill holes to be shallow.