SUMMARY OF THE UPDATED RESOURCES FOR THE EMPIRE MINE PROJECT

TO: Konnex Resource, Inc.

FROM: Zachary J. Black, SME-RM

DATE: May 6, 2019

SUBJECT: 2019 Empire Mine Resource Update

Introduction

This memo summarizes Hard Rock Consulting's ("HRC") update of the copper, zinc, silver, and gold mineral resource estimates at the Empire Mine (Empire) and the maiden estimate of the Red Star Sulfide Area (Red Star) . Konnex Resources, Inc. ("Konnex") commissioned HRC to update the resources for the Empire Mine (the "Project") with the drilling completed in 2018.

Zachary J. Black, SME-RM, a Resource Geologist with HRC is responsible for the mineral resource estimate presented herein. Mr. Black is a Qualified Person as defined by NI 43-101 and is independent of Konnex. HRC estimated the mineral resource for the Project based on drillhole data constrained by grade boundaries with an Ordinary Krige ("OK") algorithm. Leapfrog Geo V4.4.2 ("Leapfrog") software was used to complete the resource estimate. The metals of interest at the Project are copper, zinc, gold and silver. All units are imperial, and all costs are reported in US Dollars unless otherwise specified.

The mineral resources for the Project have been estimated in a manner consistent with the Committee of Mineral Reserves International Reporting Standards ("CRIRSCO") of which both the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") and Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") are members.

The mineral resources reported herein are classified as Measured, Indicated and Inferred in accordance with standards defined by the CIM, "CIM Definition Standards - For Mineral Resources and Mineral Reserves", prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on May 10, 2014.

The mineral resources statement presented in this report will serve as the basis for an updated National Instrument ("NI") 43-101 technical report, which is underway and will be completed according to the standards of disclosure for mineral projects as defined by NI 43-101 Form F1.

2018 Exploration

In 2018 Konnex completed 7,161.2 ft of Diamond Core Holes (DDH), 20,085 feet of Reverse Circulation (RC) drilling, 1,645 feet of surface channel samples, and a complete relogging of the historic geologic drilling to further the understanding of the mineralization at the Project.

Exploration Drilling

The 2018 drilling campaign was designed with three primary objectives based on the results of the 2017 mineral resource update. The first objective was to target the inferred areas within the PEA pit boundary to improve the understanding of the mineralization in those areas. The second objective utilized drilling to target peripheral mineralization in the northern and eastern areas of the project outside of the PEA pit. The third objective was to provide additional core for further metallurgical test work in support of future feasibility studies.

Channel Samples

Konnex geologist collected channel samples from rock outcrops in areas difficult to drill due to topographical constraints. The samples assisted in extending the known mineralization to the surface within the existing PEA pit limit. Additionally, channel sampling led to the discovery of the Red Star resource area.

The channel samples were collected as continuous 5-foot samples, end-to-end, and oriented cross dip as much as possible to mimic the trace of a drill hole and represent the true thickness of mineralization. Konnex geologists attempted to collect sample weights consistent with that of one-half of an HQ core sample. Channel samples were assayed using the same methodology as core and RC chip samples.

Relogging

Konnex geologist undertook a relogging program of the historic drill logs to develop more consistent geologic descriptions. The updated geologic logs were used to update the sectional interpretation of the geologic model. A summary of the changes is presented in Table 1.

Table 1 – Summary of Relogging Program

2017 Drillhole Lithology				**2018 Drillhole Lithology**			
Lithology	**Count**	**Length**	**Cu (%) Average**	**Lithology**	**Count**	**Length**	**Cu (%) Average**
Total	7,810	80,311	0.196	Total	7,810	80,311	0.196
Alluvium	225	1,815	0.341	Alluvium	146	1,344	0.313
Quartz Feldspar Porphyry	1,884	20,064	0.072	Quartz Feldspar Porphyry	1,459	16,312	0.089
FeOx Breccia	277	2,671	0.360	FeOx Breccia	331	2,677	0.352
Garnet Skarn	680	6,231	0.206	Garnet Skarn	993	10,082	0.151
Pyroxene Skarn	2,519	23,358	0.338	Pyroxene Skarn	2,017	20,717	0.390
Magnetite Skarn	453	4,499	0.247	Magnetite Skarn	513	5,193	0.280
Limestone	685	8,183	0.061	Limestone	660	8,175	0.057
Mackay Granite	197	2,556	0.004	Mackay Granite	772	8,417	0.027
Late Barren Dikes	150	1,444	0.069	Late Barren Dikes	502	4,787	0.101
NL	0	0	0.000	NL	198	831	0.207
VOID	0	0	0.000	VOID	135	861	0.411
No Code	740	9,489	0.188	No Code	84	914	0.166

Geologic Model

Empire Mine

Nine distinct lithologic units (Table 2) were modeled based on the historic geologic documents (Farwell and Full, 1944), the 2017 SRK CPR report (An Independent Competent Person's Report on the Empire Mine, Idaho, USA) dated May 11, 2017, and geological logging and interpretation by Konnex geological staff.

Table 2 – Model Lithology Codes

Age	Model Lithology Code	Lithology
Oldest	51	Limestone
	60	Mackay Granite
	12	Quartz Feldspar Porphyry (QFP)
	30	Garnet Skarn (Endo)
	32	Pyroxene Skarn (Exo)
	34	Magnetite Skarn
	20	FeOx Breccia
	61	Late Barren Dikes
Youngest	10	Alluvium/Overburden

Konnex provided HRC with a geologic model created from sectional interpretations, and indicator estimates of the non-granite intrusive units. The sections cover the geology from 806,540 north through 811,300 north on centers varying from 50 to 200 ft. The following process was used to generate the geologic model:

- Digitize geologic interpretation of the granite, limestone, skarns, FeOx Breccia, and alluvium on sections;
- Flag blocks with lithology code based on sectional interpretation;
- Estimate probability of a block being QFP or Dike using an indicator methodology;
- Flag blocks above indicator threshold value as QFP or Dike based on the indicator estimates;

Figure 1 is an oblique view of the final Project geologic model based on the updated data and observations from Konnex. Figure 2 is a sectional interpretation of the geology on Section 807,820 North, as provided by Konnex.

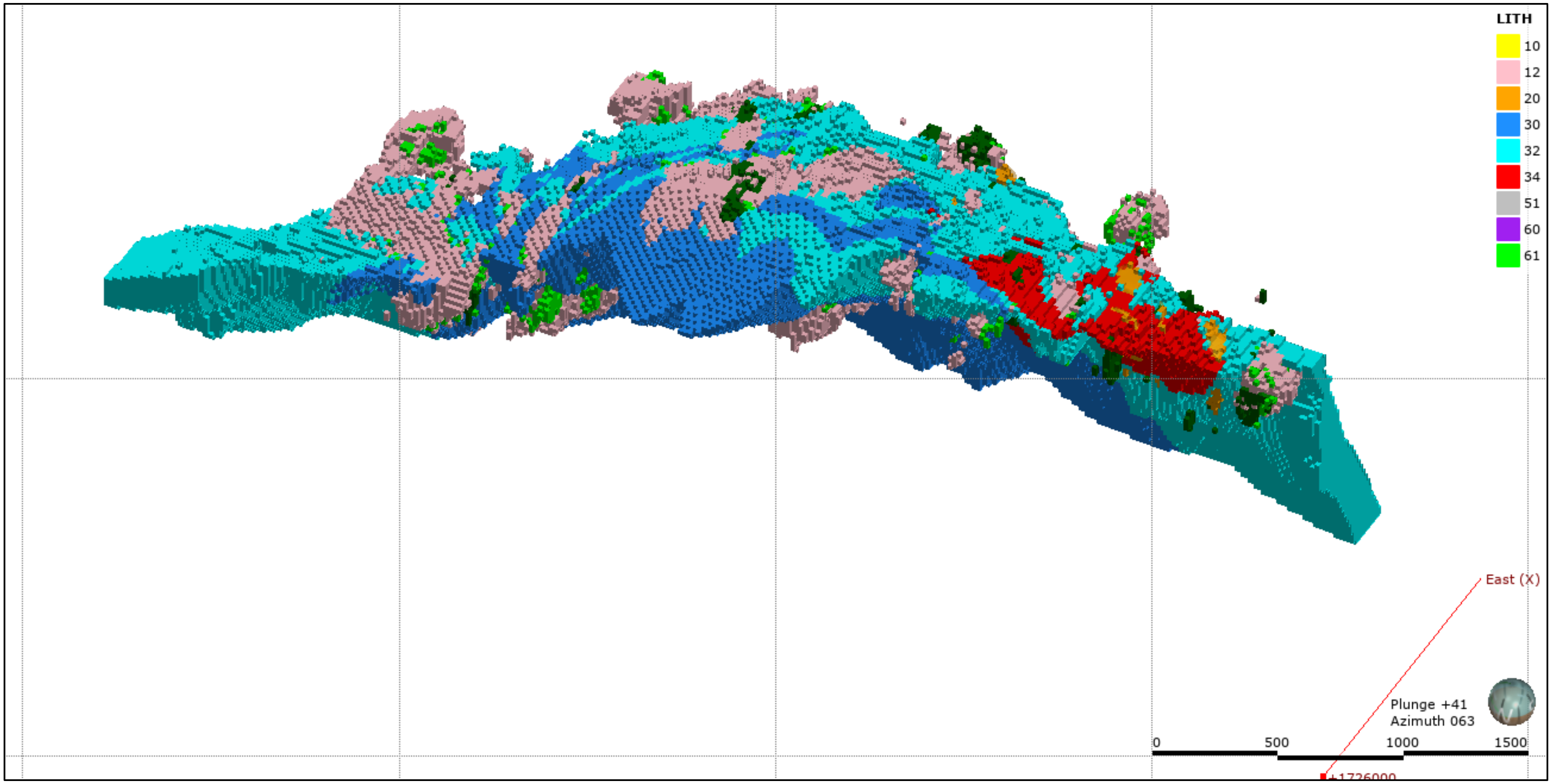
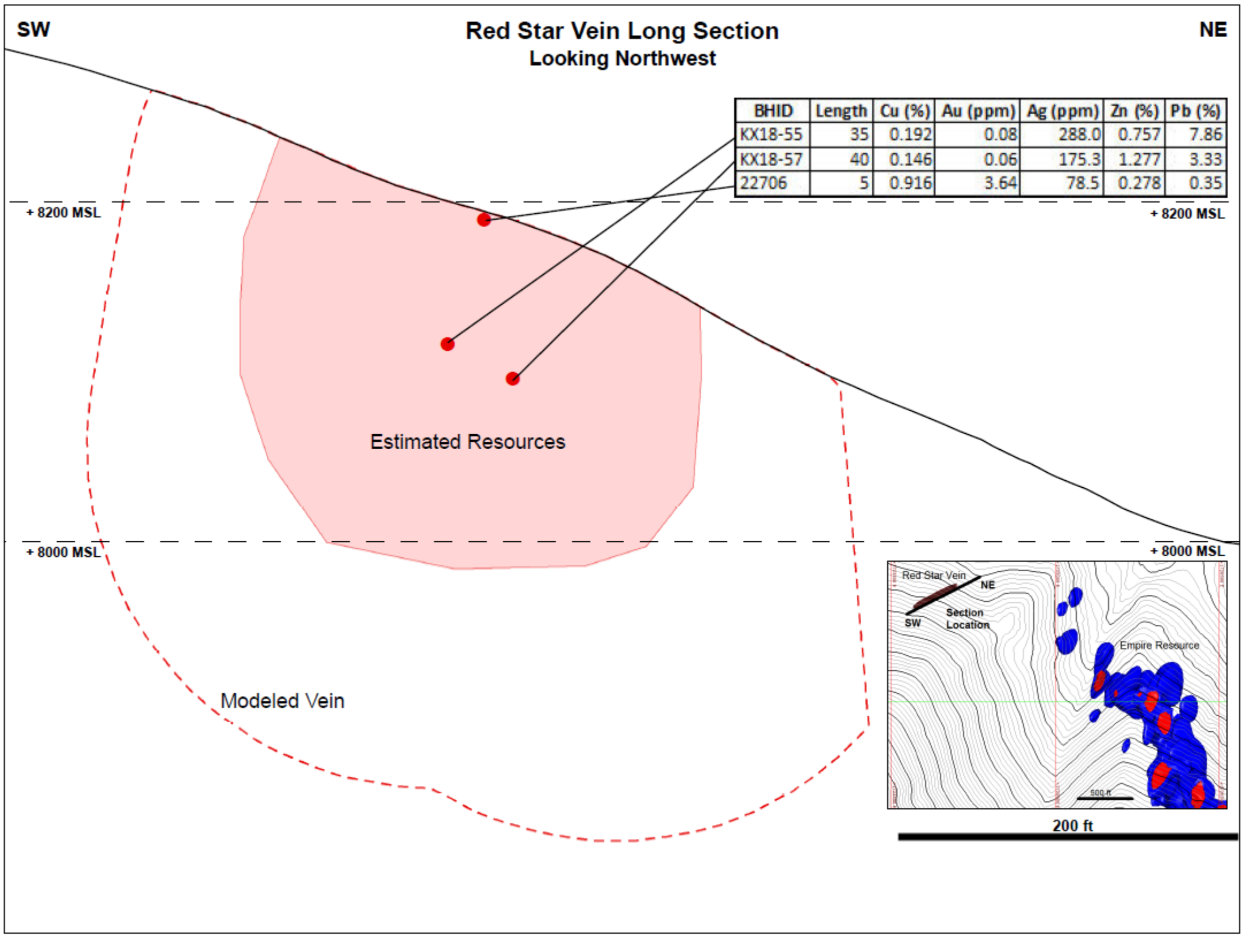


Figure 1 – Oblique view of Generalized Geologic Model (excluding granite and limestone units)

RED STAR SULFIDE AREA

Red Star was modeled by selecting mineralized intervals based on the geology and metal content. A solid was created using the hanging wall and footwall contacts to create a structural shape representing the zone of interest. The solid was then clipped to a maximum 200-foot distance from the nearby samples. A long section of the Red Star area is shown in Figure 2 below.



BHID	Length	Cu (%)	Au (ppm)	Ag (ppm)	Zn (%)	Pb (%)
KX18-55	35	0.192	0.08	288.0	0.757	7.86
KX18-57	40	0.146	0.06	175.3	1.277	3.33
22706	5	0.916	3.64	78.5	0.278	0.35

Figure 2 - Red Star Resource Area

ESTIMATION DOMAINS

Visual evaluation of the assay data in the cross-sections revealed that while the majority of the mineralization is constrained within the general grouping of skarns (magnetite, iron oxide breccia, pyroxene and garnet), zones of higher-grade mineralization are found along other sub-parallel structures within the prevailing skarn and neighboring lithologic units. HRC utilized a copper indicator shell to evaluate the mineralization along the structures and lithologic contacts within the Empire Project. HRC found that a +0.14 % Cu grade population represented a continuous zone of mineralization related to the higher-grade mineralization. Two grade boundaries were created at indicator (Cu +0.14 %) thresholds of +0.25 and +0.5 (Figure 3) in order to better model the gradational boundaries of the structurally controlled areas. These boundaries are representative of the lithology, alteration, and grade of the zone being modeled. The grade domains were used as soft boundaries designed to replicate the gradational changes identified in the drill-hole assay data. Table 3 summarizes the codes used to define the domains for the purpose of the estimation.

Table 3 – Grade Boundary Model Codes

Grade Boundary	Model Code
Alluvium	10
Outside Grade Boundaries	100
0.14% Cu Indicator, +0.25 Threshold	400
0.14% Cu Indicator, +0.50 Threshold	500

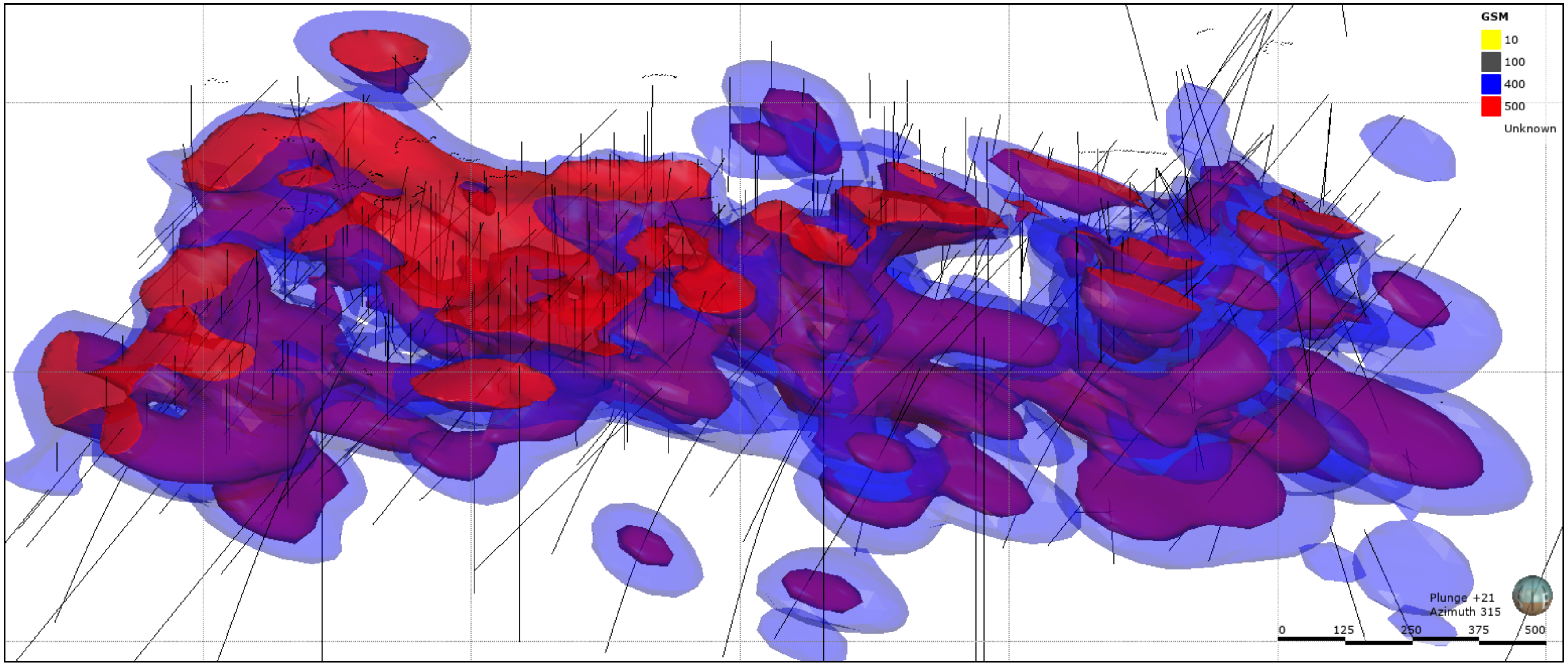


Figure 3 – Oblique View of Indicator Grade Boundaries – (Blue +0.25 Threshold, Red +0.50 Threshold)

Depletion

A polygon outlining the mapped stopes on each accessible level was used create a 3D solid representing the mined-out material between levels. Additionally, shapes were constructed around intervals logged as voids in areas without mapped stopes. The solid was combined with the provided level plan solids to code the block model with the mined-out material.

Database

HRC limited the audit to the Lithology, Assay, Collar, and Survey data contained within the database. A mechanical audit of the database was completed using Leapfrog. The database was checked for overlaps, gaps, total drill hole length inconsistencies, non-numeric assay values, and negative numbers. Samples below detection limit and un-sampled intervals were assigned values of 0.001. Zero values are assumed to be un-mineralized and are set to 0.001 for the purpose of mineral resource estimation.

Drillholes which are missing lithology data are generally so because complete geologic logs were not available at the time of modeling. These holes are not used for geologic modelling, but the assay values are used for mineral resource estimation.

HRC concludes that the data is adequate for the purposes of preparing a report on mineral resources.

Compositing

Twenty-foot downhole composites were created from the drillhole database. The composites were then used for grade capping analysis and variography for each domain solid. Table 4 presents the composite data for each domain.

Table 4 – Domain Composite Data

Metal	Domain	Count	Minimum	Maximum	Mean	Std. Dev.	CV
Cu (%)	10	398	0.001	4.60	0.234	0.460	1.96
	100	3961	0.000	1.32	0.023	0.039	1.70
	400	731	0.001	2.09	0.128	0.193	1.51
	500	1372	0.001	6.22	0.561	0.601	1.07
Zn (%)	10	278	0.001	1.66	0.080	0.172	2.16
	100	3592	0.001	1.43	0.058	0.116	2.02
	400	559	0.001	2.02	0.132	0.241	1.82
	500	945	0.001	3.62	0.235	0.365	1.55
Ag (g/t)	10	286	0.001	167.30	5.85	17.80	3.04
	100	3707	0.001	141.15	1.32	3.28	2.48
	400	599	0.001	69.52	4.61	6.88	1.49
	500	1008	0.001	394.10	15.08	24.45	1.62
Au (g/t)	10	286	0.001	2.02	0.066	0.169	2.57
	100	3707	0.001	19.58	0.054	0.389	7.15
	400	599	0.001	54.10	0.310	2.529	8.17
	500	1008	0.001	7.57	0.339	0.642	1.90

The Red Star assays intervals used to define the hanging wall and footwall intercepts within the structural zone were composited into a single intercept and the true thickness was calculated using the vein dip and dip direction.

CAPPING

Grade capping is the practice of replacing any statistical outliers with a maximum value from the assumed sampled distribution. This is done statistically to better understand the true mean of the sample population. The estimation of highly skewed grade distribution can be sensitive to the presence of even a few extreme values. HRC utilized a log scale Cumulative Frequency Plot ("CFP") of the composited assay data for each metal to identify the presence of statistical outliers. Capping for each element within the estimation domains was determined from these plots.

A high-grade search distance constraint was also implemented in interpolation. This methodology limits the samples that will be considered to those within a specified distance percentage of the search ellipsoid size, and only those outside that distance if they are within the threshold value. If a sample point is beyond the distance threshold and the point's value exceeds the threshold, it is set to the threshold value. Table 5 summarizes the capping strategy used in the estimation process. Distance percentages are based on the total search volume for the domain as defined in Table 6.

Table 5 - Capping Strategy

Domain		Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
10	Cap	1.5	0.4	40	0.55
	Threshold	0.6	0.2	15	0.3
	Distance (%)	25%	25%	25%	25%
100	Cap	---	---	26	1.5
	Threshold	0.25	0.25	14	0.6
	Distance (%)	25%	25%	25%	25%
400	Cap	3	2.5	100	5
	Threshold	1	1.25	50	2
	Distance (%)	25%	25%	25%	25%
500	Cap	5	5	150	5
	Threshold	3	3	85	3
	Distance (%)	50%	50%	50%	50%

No capping was applied at Red Star due to the limited data available.

VARIOGRAPHY

A variography analysis was completed to establish spatial variability of the estimated metals for the Project. Variography establishes the appropriate contribution that any specific composite should have when estimating a block volume value within a model. This is performed by comparing the orientation and distance used in the estimation to the variability of other samples of similar relative direction and distance.

Variography was analyzed using Leapfrog Edge. The continuity is established by analyzing variogram contour fans in the horizontal, across-strike, and dip planes to determine the direction of maximum continuity within each plane. The subsequent variograms defining the maximum continuity were modeled with a spherical variograms. The resulting variogram models were used as part of the ordinary kriging estimation methodology.

Estimation Methodology

The copper, zinc, gold and silver grades were estimated from 20-foot down-hole composites using Ordinary Kriging in the 100, 400, and 500 domains. Composites were coded according to the estimation domain. The search volumes were established based on the variograms and the practitioner's experience with similar style deposits and are summarized in Table 6. The estimation was completed in a single pass with the maximum search volume set to 400 feet and using an approximate anisotropic ratio of 3:2:1. The same search volume was used to select samples for the mineral resource estimation for all metals in domains 100, 400, and 500.

In Domain 10 an Inverse Distance (ID) to the power of 2 was used to estimate grade for all metals. Estimation parameters for each of the domains are presented in Table 6.

Table 6 - Estimation Parameters

Domain	Search Ellipse						Number of Composites		
	Dip	Dip Az.	Pitch	Search Distance (ft)			Max/Drillhole	Min	Max
10 (ID)	0	0	90	200	200	50	2	3	15
100 (OK)	40	80	40	400	250	130	2	3	9
400 (OK)	40	80	40	400	250	130	2	3	9
500 (OK)	40	80	40	400	250	130	2	3	9

A true thickness composite length weighted ID to the power of 2.5 was used to estimate grade for the Red Star Sulfide Area.

Density

The following discussion of the density specific to the Project is largely modified from, and in some cases, is excerpted directly from the 2017 SRK report.

Density measurements of unaltered material were applied from literature research (Berkman, 1989). Oxidized densities were derived from a combination of data from metallurgical reports of in-pit bulk samples completed by Kappes, Cassidy & Associates ("KCA") in 2013 and from a 2017 campaign of density determinations directed by SRK and carried out by Konnex (n = 83). Konnex used ASTM C914 – Standard Test Method for Rock Density and Volume of Solid Refractories by Wax Immersion. This method was adopted by Konnex from KCA for consistency.

The resultant density database consists of 99 measurements, with an average SG of 2.95. A total of 18-20 samples were averaged for each of the mineralized rock types (Table 7). There was a strong correlation between 2017 density determination by Konnex and densities from KCA.

Table 7 - Modeled Density Factors

	Rock Code	ton/ft^3	ft^3/ton
Qal	10	0.062	16.18
QFP	12	0.081	12.32
FeOxBx	20	0.076	13.13
Garnet Skarn	30	0.111	9.00
Pyroxene Skarn	32	0.102	9.80
Mt Skarn	34	0.144	6.96
Limestone	51	0.084	11.91
Granite	60	0.078	12.81
Dike	61	0.078	12.87

As stated in the 2017 SRK report, the oxidation state is a critical component to modeling because it affects both the acid-leach recovery and the density of the material. The density has been shown to vary with the degree of oxidation, but the oxidation state is not uniformly addressed in the geologic data collected for the Project. HRC utilized an average density of the oxidized material for the updated resource estimate. This is a conservative approach to be used until such time as the degree of the oxidation can be quantified.

The structural zone used to model the Red Star was given a density of 0.144 ton/ft^3 as the core in this area was most similar to the magnetite skarn.

VALIDATION

Overall, HRC utilized several methods to validate the results of the estimation method. The combined evidence from these validation methods verifies the OK estimation model results.

Comparison with Nearest Neighbor Models

Nearest Neighbor (NN) models were run to serve as comparison with the estimated results from the OK method. Descriptive statistics for the OK method along with those for the NN and drill hole composites for the domains are shown in Table 8.

Table 8 - Model Comparison Descriptive Statistics

Copper %						
Estimate	Count	Minimum	Maximum	Mean	Std. Dev.	CV
Composites	6,907	0.000	9.45	0.176	0.457	2.595
Nearest Neighbor	579,752	0.000	9.45	0.051	0.223	4.409
Ordinary Krige	434,536	0.000	2.84	0.058	0.143	2.493
Zinc (%)						
Estimate	Count	Minimum	Maximum	Mean	Std. Dev.	CV
Composites	5,782	0.001	5.83	0.099	0.227	2.291
Nearest Neighbor	540,765	0.001	5.83	0.056	0.136	2.455
Ordinary Krige	419,270	0.001	1.71	0.057	0.083	1.457
Silver (g/t)						
Estimate	Count	Minimum	Maximum	Mean	Std. Dev.	CV
Composites	6,009	0.001	580.00	5.189	18.102	3.488
Nearest Neighbor	548,478	0.001	580.00	1.876	6.895	3.674
Ordinary Krige	425,221	0.001	89.38	2.020	3.991	1.975
Gold (g/t)						
Estimate	Count	Minimum	Maximum	Mean	Std. Dev.	CV
Composites	6,009	0.001	54.10	0.142	1.025	7.243
Nearest Neighbor	548,478	0.001	54.10	0.061	0.482	7.950
Ordinary Krige	425,221	0.001	4.18	0.058	0.135	2.333

The overall reduction of the maximum and standard deviation within the OK model represent an appropriate amount of smoothing to account for the point to block volume variance relationship while maintaining similar means.

Swath Plots

Swath plots were generated to compare average estimated gold grade from the OK method to the NN validation model. The results from the OK model are compared using the swath plot to the distribution derived from the NN model.

Three swath plots were generated for each element. Swath plots for copper are presented as an example of the results: Figure 4 shows average copper grade from west to east; Figure 5 shows average copper grade from south to north, and Figure 6 shows average copper grade from bottom to top.

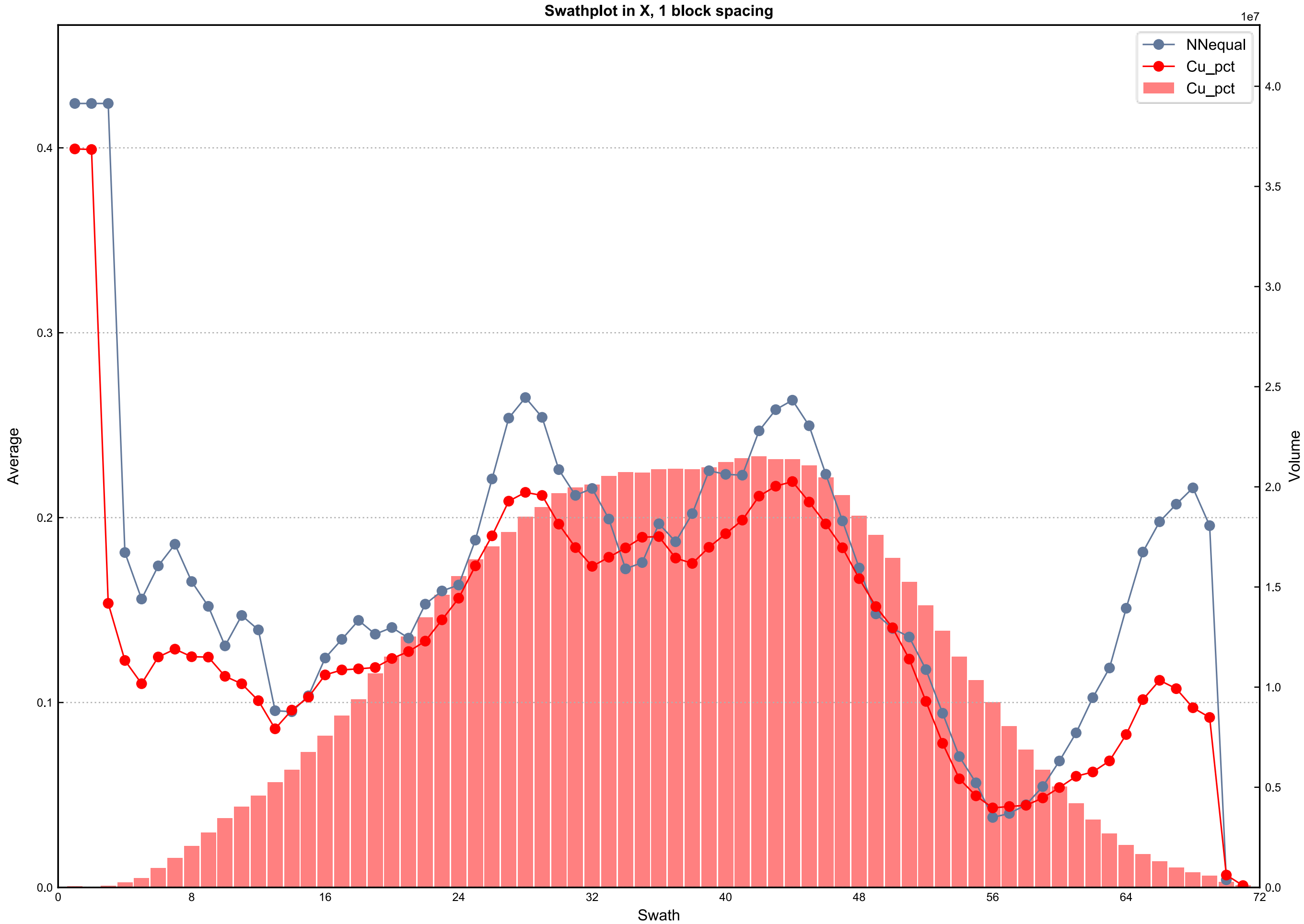


Figure 4 - East/West Copper Swath Plot

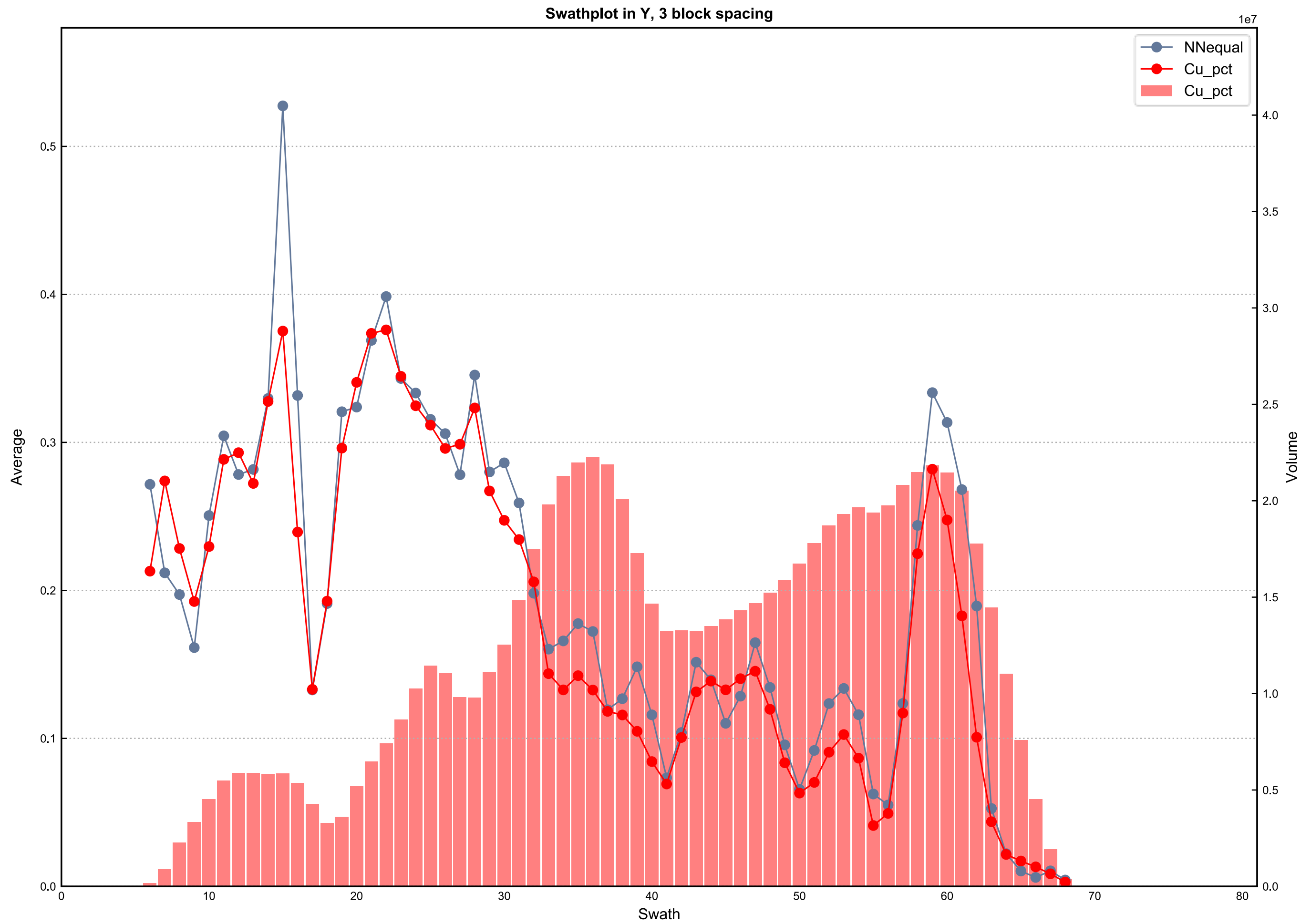


Figure 5 - North/South Copper Swath Plot

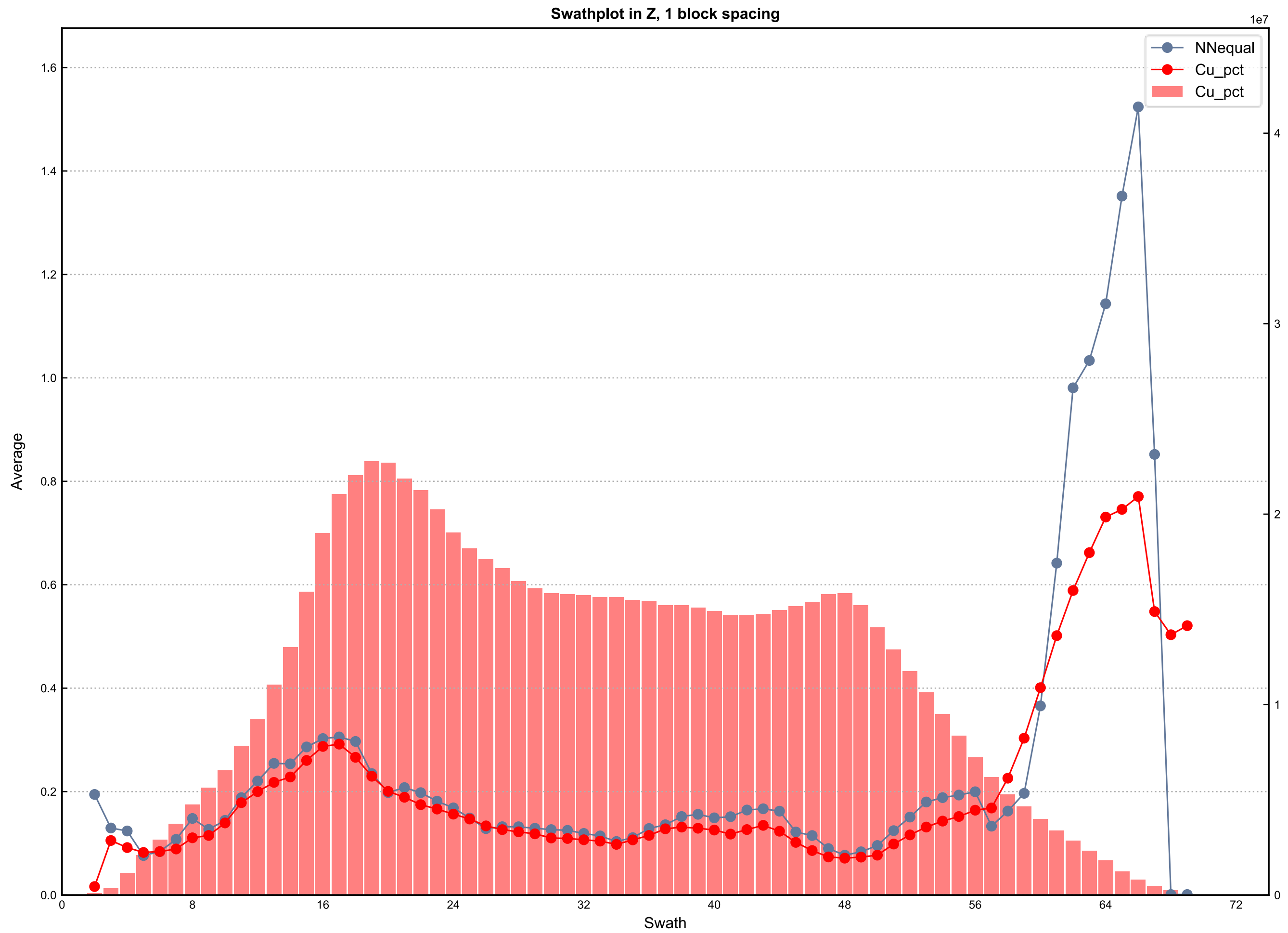


Figure 6 - Elevation Copper Swath Plot

On a local scale, the nearest neighbor model does not provide a reliable estimate of grade, but on a much larger scale, it represents an unbiased estimation of the grade distribution based on the total data set. Therefore, if the OK model is unbiased, the grade trends may show local fluctuations on a swath plot, but the overall trend should be similar to the distribution of grade from the nearest neighbor.

Overall, there is good correlation between the grade models, although deviations occur near the edges of the deposit and in areas where the density of drilling is lesser, and material is classified as Inferred resource.

Section Inspection

Bench plans, cross-sections, and long sections comparing modeled grades to the 20-foot composites were evaluated. The example sections displaying estimated copper grades are shown in Figures 7 - 9. The figures show good agreement between modeled grades and the composite grades. In addition, the modeled blocks display continuity of grades along strike and down dip.

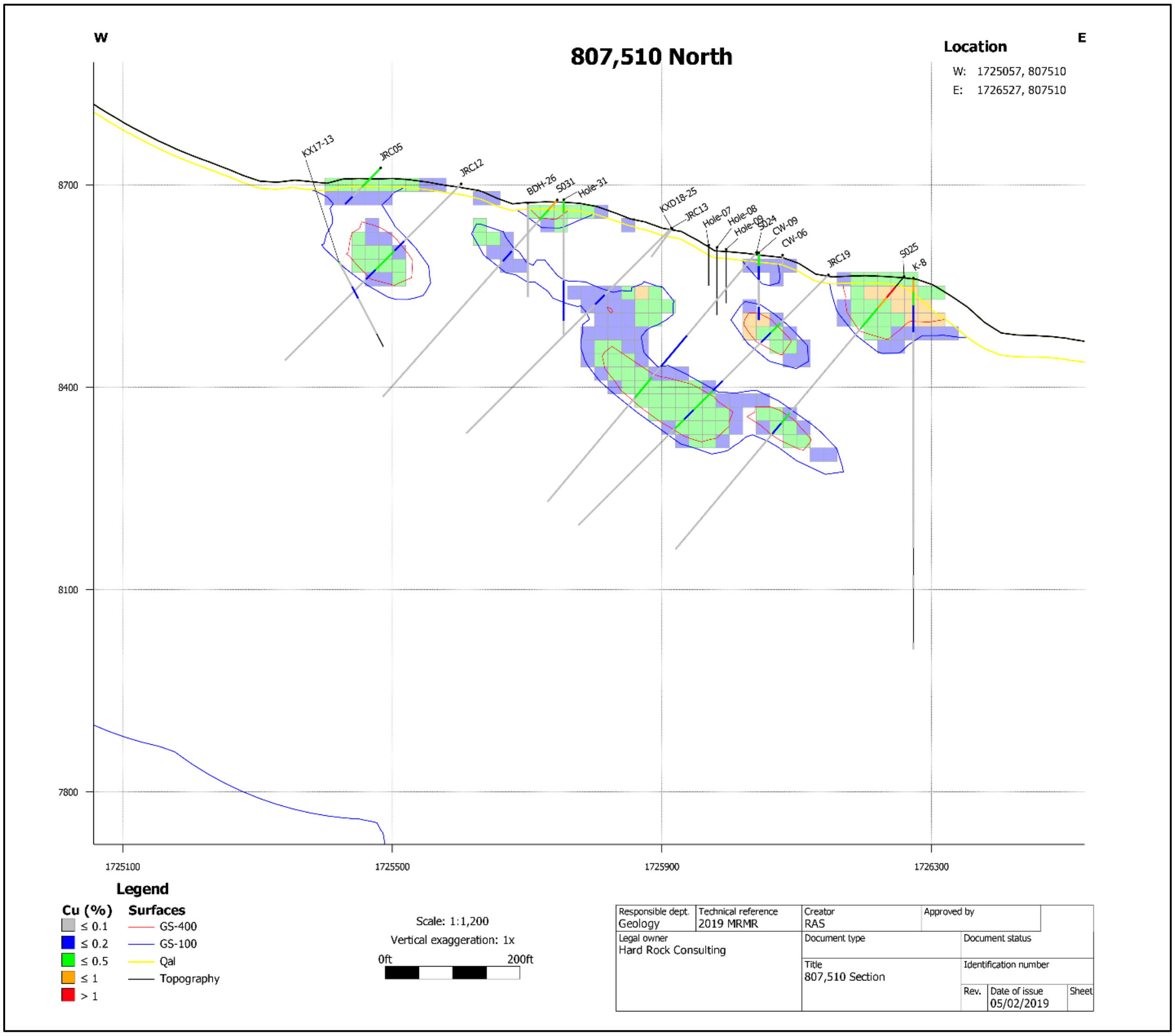


Figure 7 - N807,510 Cross-Section of Estimated Copper Grades with Composites

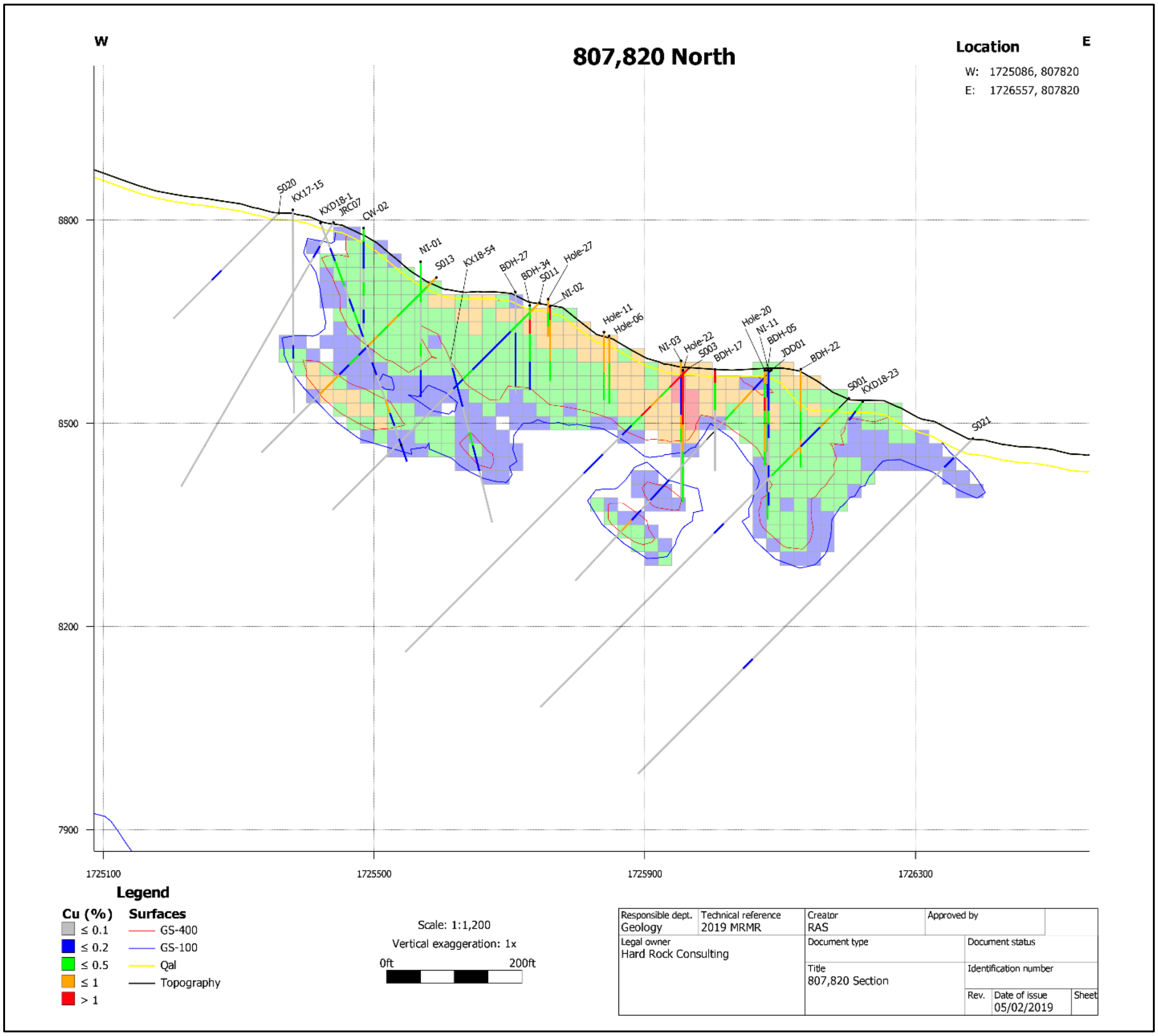


Figure 8 - N807,820 Cross-Section of Estimated Copper Grades with Composites

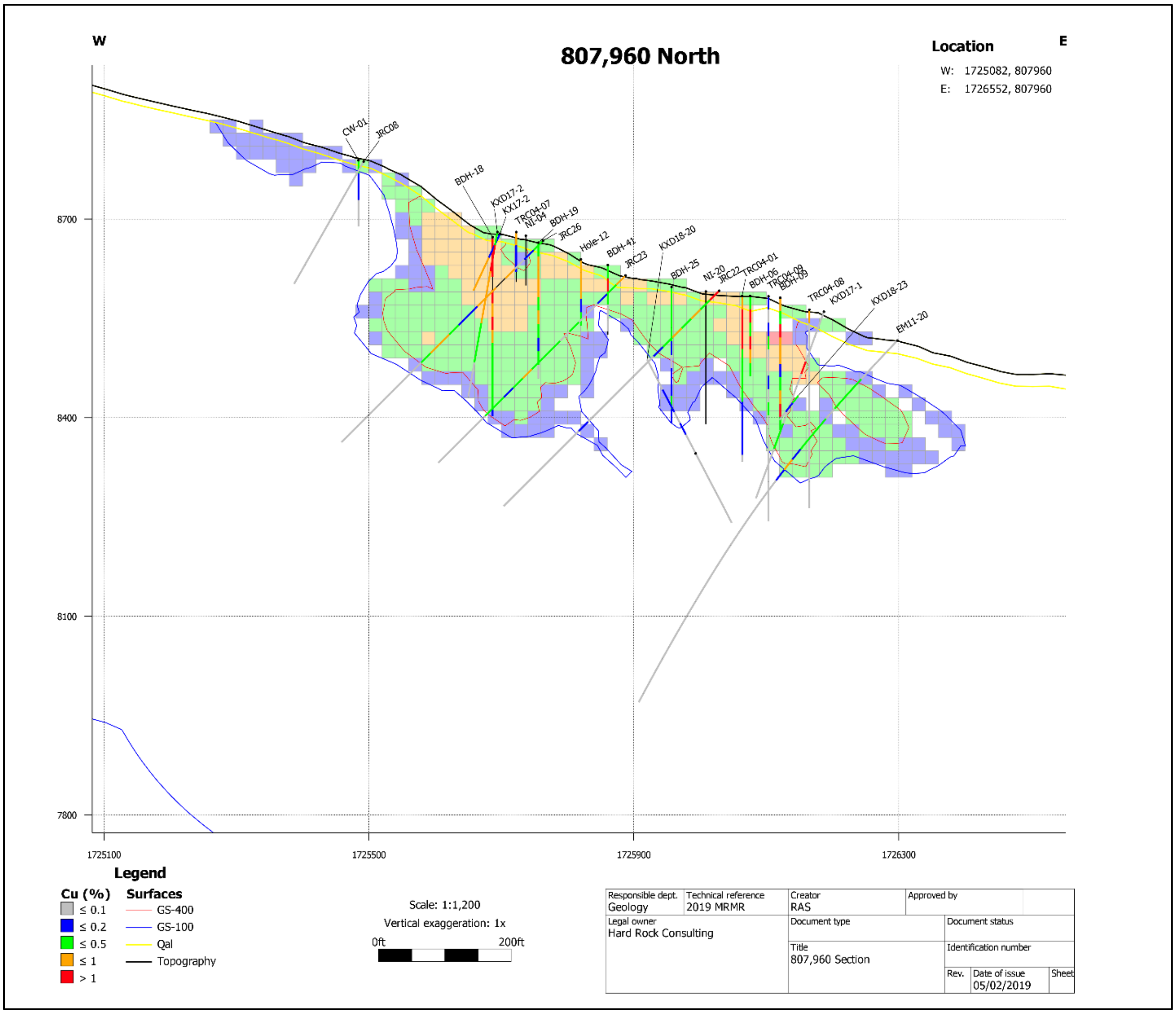


Figure 9 - N807,960 Cross-Section of Estimated Copper Grades with Composites

Mineral Resource Classification

HRC classified the resources as Measured, Indicated or Inferred based on the lithology code, using the minimum distance to the nearest composite and the average distance of the composites used to estimate a block. The classification scheme coded blocks following the steps below.

1) Blocks coded as alluvium or as dike have been assigned to the inferred class.
2) Blocks with a minimum distance to the closest composite of <40 feet and have an average distance to composites of <100 feet are classified as measured resources.
3) Blocks with a minimum distance to the closest composite of <80 feet and have an average distance to composites of <175 feet are classified as indicated resources.
4) The remaining estimated blocks are classified as inferred.

All blocks within the Red Star Sulfide Area were classified as inferred.

Mineral Resource Tabulation

The "reasonable prospects for economic extraction" requirement referred to in NI 43-101 was tested by designing a series of conceptual open pit shells using Whittle software. After review of several scenarios considering different metal prices (Figure 10), HRC utilized a pit optimization with a long-term copper price of US$3.25/lb for determining the limit of reasonable prospects for economic extraction.

The economic parameters used for this analysis are based upon estimated operating costs at the project scaled to reflect production rates, expected processing costs, and upon estimated copper recoveries from metallurgical tests completed to date. Table 9 summarizes the cost and recovery parameters used in the analysis. Blocks classified as Measured, Indicated, and Inferred were used to define the resource pit shell. HRC notes that mineral resources are not mineral reserves with demonstrated economic viability.

Table 9 - Parameters used for Resource Pit Shell Generation

Pit Optimization Parameters		
Item	**Cost/Rate**	**Units**
Base Case Cu Price	$3.25	US$ per lb Cu
Mining Cost	$1.80	US$ per Total ton
Production Taxes	$0.20	US$ per Ore ton
Processing Cost	$6.80	US$ per Ore ton
G&A	$1.25	US$ per Ore ton
Process Recovery	76	%
Mining Dilution	0	%
Royalty	2.5	%

Sensitivity

The block model tons and total copper are presented in Figure 10 at variable copper prices within corresponding pits and at the economic cutoff (Table 10), as a sensitivity analysis.

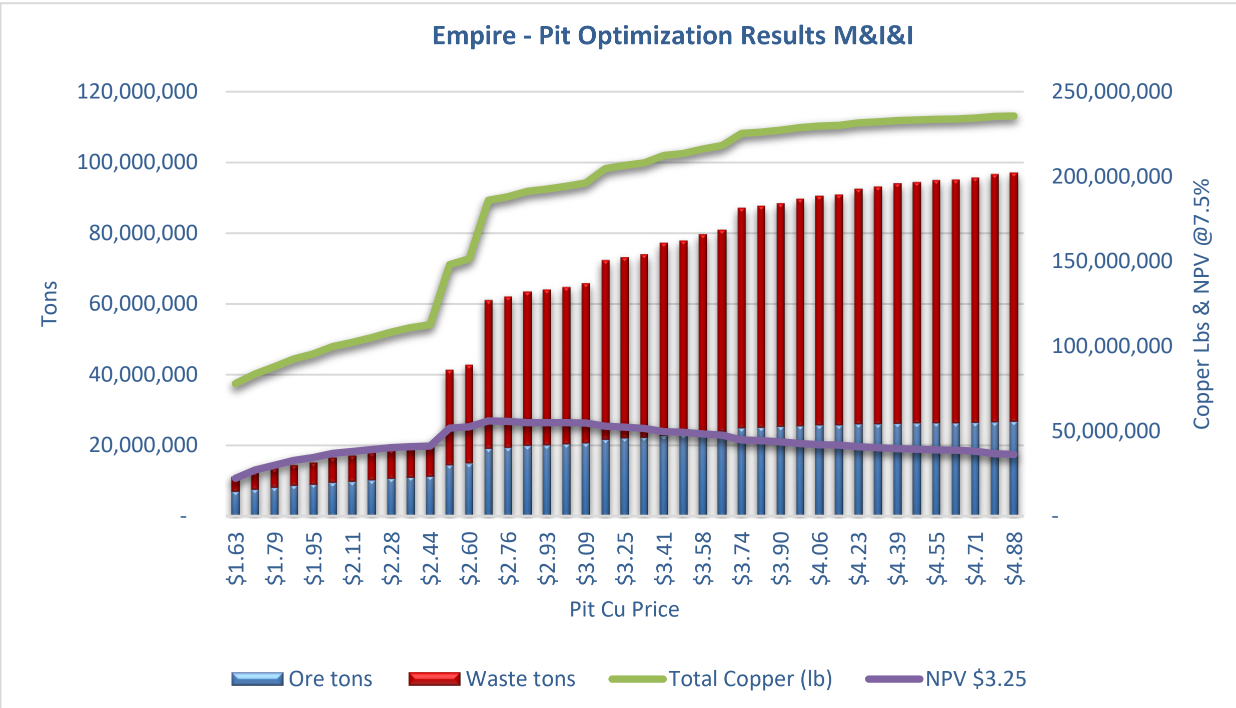


Figure 10 - Pit Optimization Copper Sensitivity Chart

Mineral Resource Statement

The mineral resource estimate for the Empire Project is summarized in Table 11. Mineral Resources are reported within an optimized pit shell and meet the test of reasonable prospect for economic extraction. The cutoff used to report resources inside the optimized pit shell is based on a $3.25/lb Cu price. The cutoff is calculated to be 0.171% total copper based on the operating costs, royalties, recoveries and metal prices as presented Table 10; however, Konnex is using a cutoff of 0.184% total copper as the base case cut off for reporting mineral resources. Note that the mining costs are not included in the cutoff calculation as an internal cutoff is used and the mining costs are considered a sunk cost. The block model colored by the estimated copper grade inside of the optimized pit shell is presented in Figure 11.

Table 10 – Resource Cutoff Parameters

Economic Cutoff @		$ 3.25
Processing	$/ore ton	$ 6.80
Production Taxes	$/ore ton	$ 0.20
G&A	$/ore ton	$ 1.25
Recoveries	%	76%
Royalties	gross	2.5%
Total Processing Cost	$/ore ton	$ 8.25
Copper Selling Price	lb	$ 3.25
Cu T Cutoff Grade		**0.171%**

The mineral resource estimate is based on all data obtained as of April 10, 2019 and has been independently verified by HRC. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves. HRC does not know of any environmental, permitting, legal, socio-economic, marketing, political, or other factors that may material affect the mineral resources.

Table 11 - Mineral Resource Statement for the Copper Oxide Empire Mine, Custer County, Idaho, U.S.A., Hard Rock Consulting, LLC, April 10, 2019

Classification	Tons	Copper		Zinc		Gold		Silver	
	(x1000)	%	lb (x1000)	%	lb (x1000)	g/tonne	oz (x1000)	g/tonne	oz (x1000)
Measured	6,802	0.492	67,060.6	0.208	28,360.2	0.255	50.7	12.2	2,419.5
Indicated	9,913	0.483	95,797.0	0.188	37,366.2	0.303	87.6	12.5	3,618.2
Measured + Indicated	16,715	0.487	162,857.6	0.197	65,726.4	0.284	138.4	12.4	6,037.6
Inferred	4,708	0.445	41,872.8	0.128	12,013.5	0.317	43.6	9.8	1,339.8

***Notes:**

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

(2) The Mineral Resources captured within optimized pit shell meet the test of reasonable prospect for economic extraction and can be declared a Mineral Resource. Open Pit Resources are reported at a 0.184% total copper cutoff based on a $3.25/lb Cu price. No value was given to the gold, silver and zinc in determining the reasonable prospect for economic extraction of the resource.

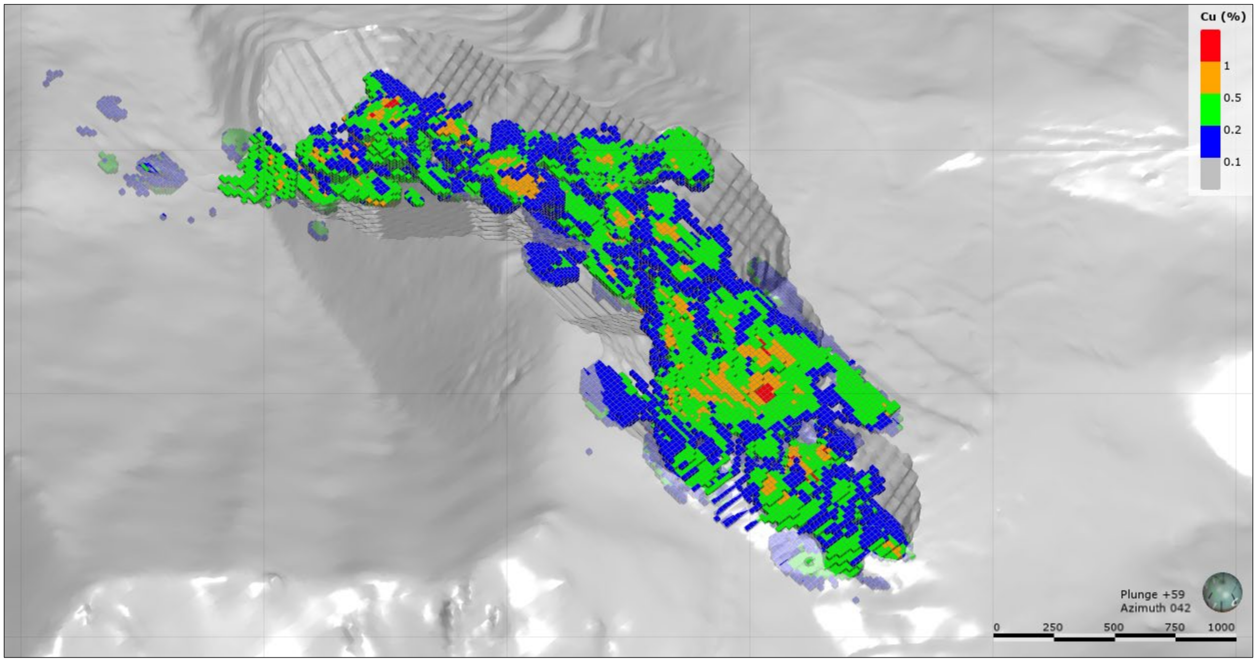


Figure 11 - Block model colored by the estimated copper grade within the optimized pit shell

The Red Star Sulfide Area resource statement is based on the assumptions presented in Table 12. HRC considers that reporting resources at a silver 100 g/t cutoff constitutes reasonable prospects for economic extraction based on a bulk underground mining method and assumed recoveries from a flotation processing system.

Table 12 – Red Star Cutoff Parameters

Economic Cutoff @	Ag	$ 17.00
Processing and Mining	$/ore ton	$ 45.00
G&A	$/ore ton	$ 2.50
Recoveries	%	95%
Total Ore Cost	$/ore ton	$ 50.00
Silver Selling Price	oz	$ 17.00
Silver Cutoff Grade	**g/tonne**	**100**

Table 13 - Mineral Resource Statement for the Red Star Resource Area, Custer County, Idaho, U.S.A., Hard Rock Consulting, LLC, April 10, 2019

Class	Tons	Ag	Ag	Au	Au	Pb	Pb	Zn	Zn	Cu	Cu
	tons (x1000)	g/t	oz (x1000)	g/t	oz (x1000)	%	lb (x1000)	%	lb (x1000)	%	lb (x1000)
Inferred	114.13	173.4	577.3	0.851	2.8	3.85	8,791.2	0.92	2,108.8	0.33	745.0

***Notes:**
(1) Inferred resource cut-off grades were 100 g/tonne silver.
(1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.
(1) Metallurgical recovery is assumed at 95%.
(1) Price assumptions are $17.00 per ounce for silver for resource cutoff tabulations.

Conclusions and Recommendations

CONCLUSIONS:

Geology and Deposit Type

The structural controls on the mineralization are well understood. Detailed descriptions are provided in historical reports, but the geologic interpretations compared to the mineralization should be reviewed periodically. The mineralization in the resource area is hosted in gently dipping skarn material with local variations to the strike and dip related to higher angle trans-Challis structures. These zones may represent favorable limestone horizons that have been folded and displaced by faulting within the region. This is consistent with the descriptions provided in the historical reports, and efforts to confirm the structural orientations of the mineralization should be made in the field, where available.

Exploration, Drilling, and Analytical

Potential exists for each resource area to be expanded through targeted drilling programs. Step out drilling in the Red Star area will likely result in expansion of the resources in that area. Addition infill drilling along the northern extent targeting the historic ore shoots within the Empire mine area will assist in defining the deeper mineralized zones within the pit and assist in delineating the oxide/sulfide boundaries.

Data Verification

As a result of the work completed by Konnex on digitizing the historical data, HRC has been able to complete validation work on the analytical database. HRC concludes that the historical and current QA/QC protocols in effect for the drilling, logging, sample generation, sample preparation and analytical procedures at the Empire Mine Project have been completed in a professional manner, and meet or exceed what HRC considers industry standard. Konnex has completed relogging the historic drill holes and is in the process of updating the geologic models.

Resource Estimation

HRC finds that the density of data within the resource base is adequate for the use in more advanced studies of the project. The mineral resource estimation is appropriate for the geology. Additional modeling should be conducted to refine the geologic interpretations to better reflect the mineralization and to define the alteration/oxidation state of the host rocks to support further metallurgical characterization.

Risks and Uncertainties

The oxidation state has not been systematically collected in the database from operator to operator and will need to be addressed. Konnex geologists are continuing to analyze the available data in an effort to delineate the oxidation state in an effort to refine the model for use in more advanced studies.

RECOMMENDATIONS:

Geology and Deposit Type

Detailed structural maps should be completed and checked in the field. HRC recommends working with a structural geologist with experience in mapping similar mineralized systems. The geologic model should be updated as this information becomes available. Additionally, drill targets designed to expand the resource base should be based on this interpretation.

Exploration, Drilling, and Analytical

Due to the complex nature of the mineralization HRC recommends that Konnex employ oriented coring methods in exploration. Utilizing the structural data collected from the core will reduce risk associated with geometries of the ore zones and assist in creating a geologic model consistent with the mineralization. Additionally, HRC recommends Konnex conduct infill drilling within the optimized pit limit to try and upgrade the classification of the inferred blocks into measured and indicated blocks during the bankable feasibility study period.

Resource Estimation

As the geologic understanding improves, the resource models should be updated to reflect the increase in confidence in the estimates. Estimates for the other constituents within the system should be added to the estimates to assist in metallurgical delineation of the ores.

DATE AND SIGNATURE PAGE

This Report entitled Summary of the Updated Resources for the Empire Mine Project, Custer County, Idaho, USA, dated May 6, 2019, effective date April 10, 2019, was prepared and signed by the following qualified persons (as such term is defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects):

Prepared by: ________________________________ Date: May 6, 2019

Zachary J. Black, SME-RM
Hard Rock Consulting, LLC

Prepared by: ________________________________ Date: May 6, 2019

Jeffery Choquette, P.E.
Hard Rock Consulting, LLC