KAIZEN DISCOVERY

PINAYA GOLD-COPPER PROJECT
CAYLLOMA AND LAMPA PROVINCES, PERU

NI 43-101 Technical Report

Prepared for:
Kaizen Discovery Inc.

Prepared by:
Brian Cole, P.Geo. and Ronald G. Simpson, P.Geo., Geosim Services Inc.

Effective Date:
26 April, 2016

Title Page

Project Name:	Pinaya Gold-Copper Project
Title:	Pinaya Gold-Copper Project Technical Report
Location:	Caylloma and Lampa Provinces, Peru
Effective Date of Technical Report:	26 April 2016
Effective Date of Mineral Resource:	26 April 2016
Effective Date of Drilling Database:	30 May 2011

Qualified Persons:

Brian Cole, P.Geo. was responsible for Sections 2 through 13, 15, 16, 18, 19 and for Sections 1 and 17 as a co-author

Ronald G. Simpson, President of Geosim Services Inc. was responsible for Section 14 of the Technical Report and Sections 1 through 13, 15, 16, and 17 as co-author.

SIGNATURE PAGE & CERTIFICATES

Effective Date of Technical Report 26 April 2016

{Signed and Sealed}

Brian Cole, P.Geo.

{Signed and Sealed}

Ronald G. Simpson, P.Geo.
Geosim Services Inc.

CERTIFICATE OF QUALIFIED PERSON

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I, Ronald G. Simpson, P.Geo., am employed as a Professional Geoscientist with GeoSim Services Inc.

This certificate applies to the technical report titled "**Pinaya Gold-Copper Project Technical Report**" with an effective date of April 26, 2016 (the "**Technical Report**").

I am a Professional Geoscientist (19513) with the Association of Professional Engineers and Geoscientists of British Columbia. I graduated with a Bachelor of Science in Geology from the University of British Columbia, May 1975.

I have practiced my profession continuously for 41 years. I have been directly involved in mineral exploration, mine geology and resource estimation with practical experience from feasibility studies.

As a result of my experience and qualifications, I am a Qualified Person as defined in National Instrument 43–101 *Standards of Disclosure for Mineral Projects* ("**NI 43–101"**).

I have not visited the Pinaya Gold-Copper Project, located in the Caylloma and Lampa Provinces, Peru (the "**Property**").

I am responsible for Section 14 of the technical report and Sections 1 through 13, 15, 16, and 17 as a co-author.

I am independent of Kaizen Discovery Inc. and Kaizen Discovery Peru S.A.C. as independence is described by Section 1.5 of NI 43–101.

My prior involvement with the Property that is the subject of this Technical Report was as co- author of previous technical reports dated May 30, 2011 and July 26, 2012.

I have read NI 43–101 and the sections of the Technical Report for which I am responsible have been prepared in compliance with that Instrument.

As of the effective date of the technical report, to the best of my knowledge, information and belief, the Technical Report contain all scientific and technical information that is required to be disclosed to make those sections of the Technical Report not misleading

Dated: 26 April 2016

{Signed and Sealed}

Ronald G. Simpson, P.Geo.

CERTIFICATE OF QUALIFIED PERSON

Brian Leslie Cole, P.Geo.
3979 Victoria Ave.
Vineland, Ontario, Canada L0R 2C0

I, Brian Leslie Cole, P.Geo., do hereby certify that:

1. I am a graduate of Lakehead University, Thunder Bay, Ontario, with an Honours Bachelor of Science degree – Geology, completed 1978.
2. This certificate applies to the Technical Report entitled **"Pinaya Gold-Copper Project Technical Report"**, with an effective date of April 26, 2016 (the "**Technical Report**").
3. I have worked as a geologist for a total of 37 years since my graduation, both domestically and internationally. Experience has been primarily focused in gold exploration and to a lesser degree in base metal, diamond, uranium exploration, and geothermal. More specifically, I have reviewed or performed mineral resource estimations of gold intermittently over the last 23 years. These have mainly dealt with epithermal, porphyry-related, and lode gold deposit types in South America and the Caribbean.
4. I am a Practising Member in good standing with the Association of Professional Geoscientists of Ontario, (APGO member #0165).
5. I have read the definition of "Qualified Person" set out in National Instrument 43-101 ("**NI 43-101"**) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101), and past relevant work experience, I fulfill the requirements of a "Qualified Person" for the purposes of NI 43-101.
6. I am responsible for Sections 2 through 13, 15, 16, 18, 19 and Sections 1 and 17 as a co-author, of the Technical Report relating to the **Pinaya Gold-Copper Project** located in the Caylloma and Lampa Provinces in Peru (the "**Property**"). I visited the aforementioned Property on April 08-09, 2010 for two days.
7. I have co-authored a report for Rokmaster Resources Corp dated July 23, 2012 and I have also authored or co-authored reports for AM Gold Inc. on this Property dated May 05 2011, May 30 2011 and July 26, 2012 which contains much of the same information disclosed in this Technical Report; otherwise I have had no prior involvement with the property that is the subject of this Technical Report.
8. To the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
9. I am independent of the issuer, Kaizen Discovery Inc. and Kaizen Discovery Peru S.A.C. and the property that is the subject of the Technical Report applying all of the tests as described in section 1.5 of NI 43-101.
10. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

Dated this 26th day of April, 2016

{Signed and Sealed}

Brian Cole *P.Geo.*

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

This technical report uses the terms 'measured resources', 'indicated resources' and 'inferred resources'. Kaizen Discovery Inc. advises United States investors that while these terms are recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), the United States Securities and Exchange Commission does not recognize them. **United States investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves**. In addition, 'inferred resources' have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for a Preliminary Assessment as defined under 43-101. **United States investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.**

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1 SUMMARY

Kaizen Discovery Inc. (the "Company"), is an exploration and mineral development company listed on the TSX Venture Exchange (TSXV:KZD). The Company's wholly owned subsidiary, Kaizen Discovery Peru S.A.C., acquired 100% of the Pinaya Project from Canper Exploraciones S.A.C. ("Canper"), a subsidiary of AM Gold Inc. (AM Gold), in October 2015. The Pinaya property hosts a significant gold/copper resource with the balance of the Property largely underexplored.

This document is restricted to the description of the Pinaya gold-copper project in Peru. The bulk of the contents of this report were previously prepared at the behest of AM Gold and Rokmaster Resources Corp. (Rokmaster) and filed on SEDAR (Cole and Simpson, 2011 and 2012). The Company requested the authors to update the report for their use and re-state the Mineral Resource Estimate using current metal price assumptions.

The Pinaya Project area is situated in the eastern portion of the Andean Western Cordillera in south-central Peru. The Property covers 19,200 hectares ("ha") in 35 contiguous concessions, in which the Kaizen holds a 100% interest through its wholly owned Peruvian subsidiary, Kaizen Discovery Peru S.A.C.

Figure 1-1 General Location Map

The project is a moderately advanced stage exploration project. A range of opportunities exist, insofar as ten mineralized zones and occurrences have thus far been identified, at least three of which are significant: the Gold Oxide Skarn Zone ("GOSZ"), the Western Porphyry Zone ("WPZ") and the Northwestern Porphyry Zone ("NWPZ"). Additional exploration work is required to better assess the size, nature, grade and distribution of the mineralization contained in the seven other mineralized occurrences and zones: the Vizcachani, Montaña de Cobre y Oro ("MCOZ"), Antaña Este, Los Vientos and Saitocco Zones, and the Minas Jorge and Pedro 2000 mineralized occurrences.

The metals with economic potential include gold and copper (not listed in order of economic significance). Silver anomalies have also been identified in samples from the MCOZ and Saitocco Zone.

The feature that first garnered interest was a historical open cut located on the GOSZ mineralized material that was hand-excavated by artisanal miners. AM Gold, under its former name, Acero-Martin Exploration Inc., undertook an initial exploration program shortly after acquiring Canper in 2004. Surface mapping and rock grab sampling programs, geophysical surveys, soil geochemistry programs, trenching programs, and seven surface diamond drilling programs have since been carried out. To date, a total of 160 exploration holes (46,530 metres) have been drilled by AM Gold on the Project Area.

Of the 160 completed holes that have been sampled, only five had been completed on the MCOZ, nine on the Vizcachani Zone, one on the Los Vientos Zone, and two on the Minas Jorge mineralized occurrence. To date, no holes have been drilled on the Antaña Este and Saitocco Zones, or the Pedro 2000 mineralized occurrence. The last major drilling program was carried out in 2008 when eleven exploration diamond drill holes were completed for a cumulative total of 5,588 metres ("m"). Rokmaster reportedly completed 2 core holes in 2014 but no information was released and the core did not appear to have been sampled or analyzed before the option agreement was terminated.

GeoSim Services Inc., a co-author of this report, prepared a resource estimate for the Pinaya Property. The work was undertaken by Ronald G Simpson P.Geo. This estimate superseded a previous estimate prepared by Blanchflower (2006). Mineral resources were estimated for the Gold Oxide Skarn Zone as well the two copper / gold zones: the Western and Northwestern Porphyry Zones. The resources were estimated using ordinary kriging for the GOSZ and the WPZ zones and by the inverse distance squared method for the NWPZ zone. Classified blocks were constrained by an optimized pit shell. Cut-off values utilized are 0.25 grams gold per tonne ("g/t Au") and 0.3 percent copper equivalent ("%CuEq"). The copper equivalent determination is based upon metal values of US$2.84/lb copper and US$1,236/oz gold. The resource estimate is effective April 26, 2016 and was prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") as well as commensurate with CIM definitions (2005).

The tables below present the pit-constrained Mineral Resource Estimates for the Pinaya Gold-Copper Project at a base case cut-off grade of 0.25 g/t Au equivalent for the Gold Oxide Skarn Zone (GOSZ) and 0.3% Cu Equivalent for the Western and Northwestern Porphyry Zones (WPZ & NWPZ).

The GOSZ zone model extends up to 894m in a NW-SE direction, varies from about 50 to 140m in width and has a vertical extent varying up to 270m from 4230 to 4520m elevation.

The WPZ overlaps a portion of GOSZ forming two lobes meeting at depth. Strike extent averages between 250-850m and it extends down-dip up to 290m NE. Width varies considerably from 60 to 290m across strike.

The NWPZ model extends up to 860m NW-SE, up to 700m down dip to the NE and up to 470m across strike.

The interpolation methods used were a combination of ID^2 and ordinary kriging. The effective date of the Mineral Resource Estimate is April 26, 2016.

Table 1-1 Pinaya Measured and Indicated Mineral Resources

Class	Zone	Tonnes '000's	Average Grades			Contained Metal	
			% Cu	g/t Au	% CuEQ	lbs Cu '000's	oz Au '000's
Measured	GOSZ	2,212	0.094	0.913	0.674	4,584	65
	WPZ	5,992	0.412	0.484	0.720	54,427	93
	NWPZ	-	-	-	-	-	-
	Total	**8,204**	**0.326**	**0.600**	**0.708**	**59,011**	**158**
Indicated	GOSZ	4,367	0.091	0.732	0.556	8,761	103
	WPZ	13,660	0.385	0.488	0.694	115,942	214
	NWPZ	15,460	0.335	0.362	0.564	114,183	180
	Total	**33,487**	**0.324**	**0.462**	**0.616**	**238,886**	**497**
Measured + Indicated	GOSZ	6,579	0.092	0.793	0.596	13,345	168
	WPZ	19,652	0.393	0.487	0.702	170,369	308
	NWPZ	15,460	0.335	0.362	0.564	114,183	180
	Total	**41,691**	**0.324**	**0.489**	**0.634**	**297,897**	**656**

Table 1-2 Pinaya Inferred Mineral Resources

Class	Zone	Tonnes '000's	Average Grades			Contained Metal	
			% Cu	g/t Au	% CuEQ	000 lbs Cu	000 oz Au
Inferred	GOSZ	2,644	0.077	0.607	0.457	4,489	52
	WPZ	7,868	0.375	0.333	0.587	65,046	84
	NWPZ	29,704	0.381	0.264	0.548	249,506	252
	Total	**40,216**	**0.360**	**0.300**	**0.550**	**319,041**	**388**

Notes to accompany Mineral Resource tables:

- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability
- Mineral Resources have an effective Date April 26, 2016; Ronald G. Simpson, P.Geo. is the Qualified Person responsible for the Mineral Resource estimates.
- Mineral Resources are reported within a conceptual open pit shell based on metal prices of $2.84/lb Copper and $1236/oz gold and average metallurgical recoveries of 80%. The pit shell also considers a mining cost of $2.00/t for mineralized and waste material and $1.75/t for overburden; processing cost of $8.50/t; G&A cost of $1.50/t; and an ultimate pit slope angle of 45°.
- Copper-equivalent grade estimate based on $2.84/lb copper and $1236/oz gold.
- Mineral Resources are reported at cut-off grades of 0.25 g/t Au for the GOSZ and 0.3% Cu Equivalent for the WPZ and NWPZ zones.
- Tonnages are rounded to the nearest thousand tonnes; grades are rounded to three decimal places. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

2 INTRODUCTION AND TERMS OF REFERENCE

Kaizen Discovery Inc. ("Kaizen" or the "Company"), is an exploration and mineral development company listed on the TSX Venture Exchange (TSXV:KZD). In October2015, the Company's wholly owned subsidiary, Kaizen Discovery Peru S.A.C., acquired 100% of Canper Exploraciones S.A.C. ("Canper"), a Peruvian subsidiary of AM Gold Inc. ("AM Gold"). The Pinaya Project is Canper's principal asset.

This report was prepared jointly by Brian Cole, P.Geo and GeoSim Services Inc. ("GeoSim") at the request of the Company. GeoSim modelled the mineral resources with the information as it was provided to them and Mr. Cole obtained, reviewed and/or validated all information contained within this report, inclusive of that passed on to GeoSim for the resource estimation. Cole visited the Property for two days in April 2010, with the site visit primarily confined to the resource area. As of the effective date of this report, the status of the resource has been updated to reflect current metal price assumptions, and the work completed post the last field visit is either incomplete or of such a nature as to not justify a new site inspection.

AM Gold was actively performing exploration on the Property from 2004 until 2008 under its former name, Acero-Martin Exploration Inc. There was then a hiatus till December 2010, with work being confined to a brief and general on-site physical assessment of the entire Property by an entirely new technical team. Fieldwork on the Property renewed in January 2011. AM Gold has not processed much of the data/samples collected during that field season.

Rokmaster optioned the property in July 2012 and reportedly completed two core holes and additional exploration work in 2014 but no results were released and few details of the programs were disclosed in press releases. The option agreement was terminated in October 2015.

The authors have depended heavily on past work reports related to the Property. In addition, information was also gleaned from other third party data inclusive of information from an assortment of public and private sources. All sources of information utilized are referenced and listed in Section 19.

This report is prepared in accordance with the requirements of National Instrument 43-101 ("NI 43-101") and the mineral resource estimates are prepared in compliance with the CIM Definitions and Standards on Mineral Resources and Mineral Reserves, as adopted by the CIM council in 2005.

2.1 Terms of Reference

Authors Cole and Simpson are independent of Kaizen Discovery Inc. and Kaizen Discovery Peru S.A.C., and have no beneficial interest in the Pinaya Gold-Copper Project. Fees for this Technical Report are not dependent in whole or in part on any prior or future engagement or understanding resulting from the conclusions of this report. Although the Mineral Resource Estimate reported in the previous reports has not been updated, the numbers have been re-stated based on updated mineral price assumptions within a revised pit shell.

All measurement units used in this report are metric, and currency is expressed in United States dollars unless stated otherwise.

The coordinate system used by locating and reporting drill hole information is the UTM system. The property is in UTM Zone L 19 and the WGS84/NAD83 datum is used. Maps in this Report use either the UTM coordinate system or latitude and longitude.

2.2 Qualified Persons

Brian Cole, P.Geo. and Ronald G. Simpson, P Geo. (Geosim Services Inc.) served as Qualified Persons (QPs) as defined in NI 43-101.

2.3 Site Visits and Scope of Personal inspection

Author, Brian Cole, P.Geo. visited the site for two days in April 2010, with the site visit primarily confined to the resource area. The purpose of the visits was to review the drilling, sampling, and quality assurance/quality control procedures. The geology and mineralization encountered in the drill holes completed to date were also reviewed. A detailed description of the site visit findings is included in Section 12.4.

2.4 Effective Date

The effective date of the Technical Report and Mineral Resource estimate is April 26, 2016.

2.5 Information sources and References

Reports and documents listed in Section 19 were used to support the preparation of the Report.

2.6 Previous Technical Reports

Five previous NI43-101 Technical Reports have been prepared for the project:

McCrea, J.A. (2006) Technical Report on the Pinaya Copper-Gold Property, South Central Peru. NI 43-101 Technical Report prepared for Acero-Martin Exploration Inc. July 14, 2006.

Blanchflower, D.J. (2006) Technical Report on the Pinaya Copper-Gold Property, Departments of Puno and Arequipa, Caylloma and Lampa Provinces, Callalli and Santa Lucia Districts, Southcentral Peru. NI 43-101 Technical Report prepared for Acero-Martin Exploration Inc. October 2006.

Cole, B.L. (2011) Progress Report on the Pinaya Gold/Copper Property, Caylloma and Lampa Provinces, Peru for AM Gold Inc. NI 43-101 Technical Report prepared for AM Gold Inc. May 05 2011.

Cole, B.L. and Simpson, R.G (2011) Updated Resource Estimate on the Pinaya Gold/Copper Property, Caylloma and Lampa Provinces, Peru for AM Gold Inc. NI 43-101 Technical Report prepared for AM Gold Inc. May 30 2011.

Cole, B.L. and Simpson R.G (2012) Independent Technical Report on the Pinaya Gold/Copper Property, Caylloma and Lampa Provinces, Peru. NI 43-101 Technical Report prepared for Rokmaster Resources Corp. July 24 2012.

3 RELIANCE ON OTHER EXPERTS

The QP authors of this Report state that they are qualified persons for those areas as identified in the "Certificate of Qualified Person", as included in this Report. The authors have not conducted independent land status evaluations and have relied upon these statements and updated information from Kaizen regarding property status, legal title and environmental compliance for the Project (Sections 4.7 to 4.11), which the authors believe to be accurate.

4 PROPERTY DESCRIPTION AND LOCATION

4.1 Nature and Extent of Issuer's Title

On October 26, 2015, Kaizen announced that it had closed a definitive acquisition agreement with the previous owner, AM Gold Inc. (TSXV: AMG; Frankfurt: AMX), that gave Kaizen 100% ownership of the Pinaya Gold-Copper Project. Under the acquisition agreement, Kaizen acquired Canper Exploraciones S.A.C., a Peruvian subsidiary of AM Gold. The Pinaya Project is Canper's principal asset.

AM Gold received 15,384,615 common shares of Kaizen - representing approximately 8.8% of Kaizen's issued and outstanding common shares, on an undiluted basis, a cash payment of C$500,000 and a US$198,617 reimbursement for certain property-maintenance payments made by AM Gold.

Kaizen also closed a concurrent agreement with Rokmaster Resources Corp., which previously had entered into an option and joint-venture agreement with AM Gold to earn up to a 75% interest in the Pinaya Project by spending approximately C$26 million. Rokmaster and AM Gold have been engaged in arbitration proceedings, which were suspended pending closing of the transaction with Kaizen. Under the terms of the agreement with Rokmaster, (i) Rokmaster transferred to Kaizen certain of Rokmaster's drill equipment located in Peru and (ii) Rokmaster agreed to, among other things, terminate the arbitration proceedings with AM Gold and Canper. As consideration, Kaizen issued 2,000,000 common shares of Kaizen and paid C$300,000 to Rokmaster.

4.2 Location

The Project Area is located in the eastern portion of the Andean Western Cordillera in south-central Peru, approximately 775 kilometres ("km") southeast of Lima, the capital of Peru, and approximately 110km north-northeast of Arequipa, the second largest city in Peru. The Property straddles the political boundary between the Departments of Puno and Arequipa, within the Provinces of Caylloma and Lampa, in the Districts of Callalli and Santa Lucia (Peru is divided into 25 Departments that are further divided into 195 Provinces that in turn are divided into numerous Districts).

The geographic co-ordinates at the previously mentioned historical open cut workings, which are located at the approximate centre of the Project Area, are Latitude 15° 35' 43" South and Longitude 70° 57' 42" West. The Project Area may be found on Peruvian National Topographic System (NTS) map Lagunillas 32-U.

4.3 Mineral Tenure

The Property is comprised of 19,200ha in the 35 concessions listed in Table 4-1. Locations of the concessions are illustrated in Figure 4-1. Figure 4-2 shows the distribution of the various mineralized zones within the bounds of the Property. The concessions were acquired either directly or by way of option agreement. All terms of the option agreements have been satisfied and no known legacy conditions exist.

All concessions are owned by Kaizen Discovery Peru S.A.C and are in good standing with all property related fees having been paid in full for the year 2014, and no concession bears any type of lien or encumbrance (Table 4-2). Fees related to the year 2015 must be paid on or before June 30, 2016.

The Property is sufficiently large enough to support mining operations.

To the authors' knowledge, none of the concessions have been surveyed.

Figure 4-1 Concession Map

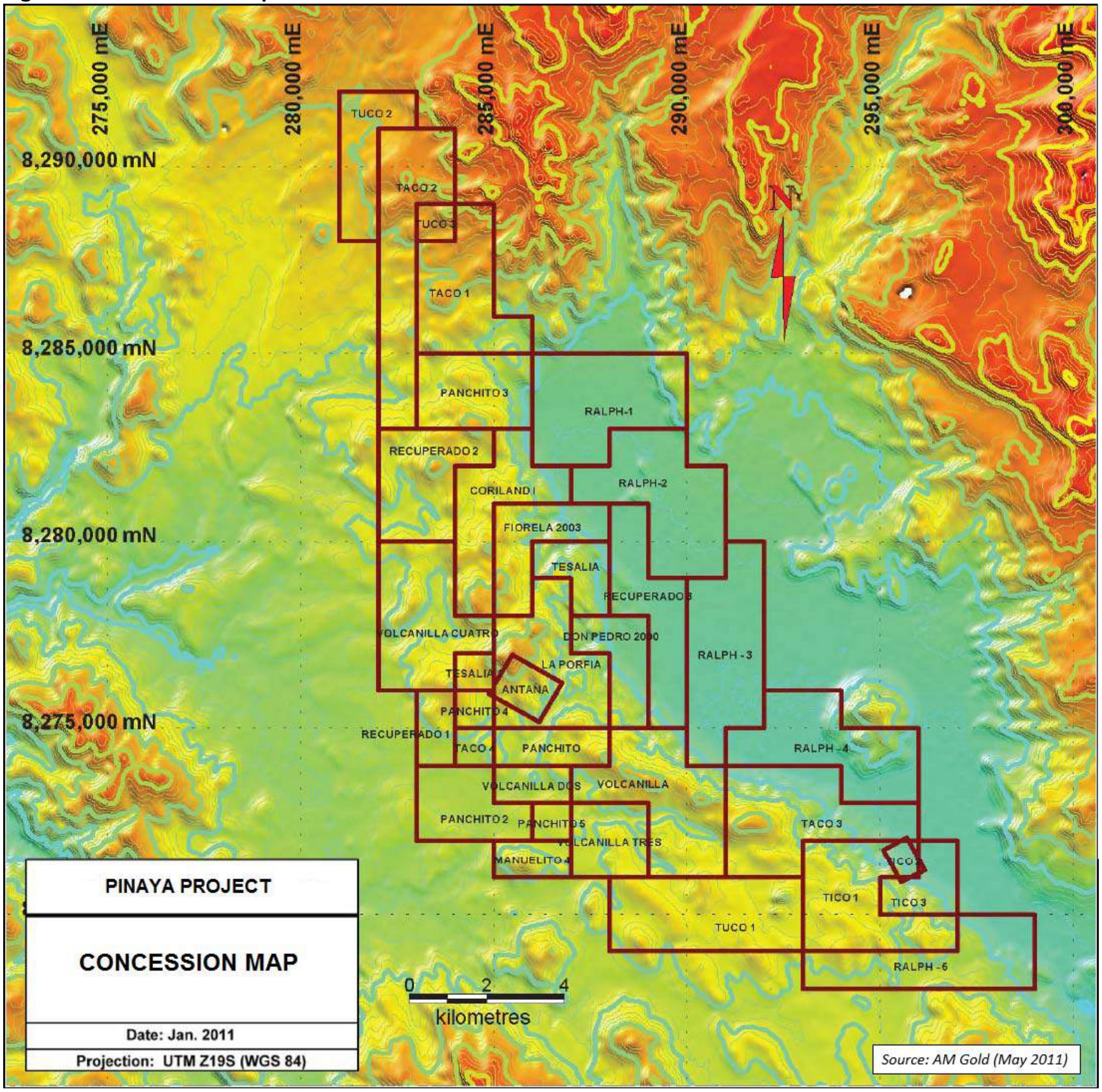


Figure 4-2 Mineral Zones

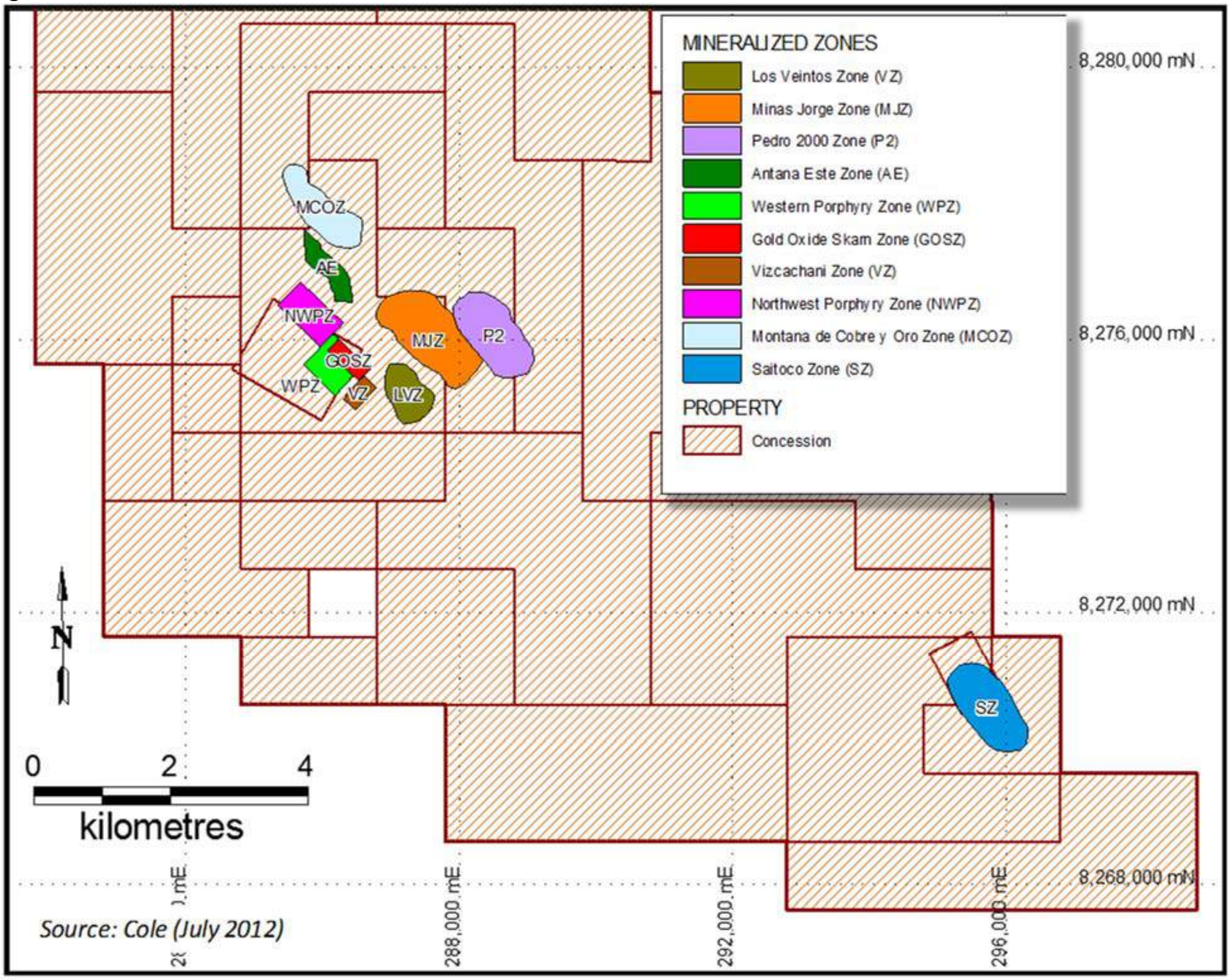


Table 4-1 Pinaya Concessions

Name	File	Owner	Resolution	Area (ha.)	Date Titled
Antaña	13008065X01	Kaizen Discovery Peru S.A.C	7982-96-RPM	179	27/11/1996
Coriland 1	01-00242-04	Kaizen Discovery Peru S.A.C	01522-2004-INACC/J	700	28/04/2004
Don Pedro 2000	08-00012-00	Kaizen Discovery Peru S.A.C	03099-2000-RPM	400	15/08/2000
Fiorella 2003	08-00014-03	Kaizen Discovery Peru S.A.C	02256-2003-INACC/J	500	25/08/2003
La Porfia	01-00191-92	Kaizen Discovery Peru S.A.C	0873-99-RPM	722	19/02/1999
Manuelito 4	01-03763-04	Kaizen Discovery Peru S.A.C	01926-2005-INACC/J	200	09/05/2005
Panchito	01-01173-04	Kaizen Discovery Peru S.A.C	03791-2004-INACC/J	300	21/10/2004
Panchito 2	01-03345-04	Kaizen Discovery Peru S.A.C	00168-2005-INACC/J	500	14/01/2005
Panchito 3	01-00127-05	Kaizen Discovery Peru S.A.C	01919-2005-INACC/J	600	09/05/2005
Panchito 4	01-00709-06	Kaizen Discovery Peru S.A.C	1799-2006-INACC/J	99	27/04/2006
Panchito 5	01-02454-10	Kaizen Discovery Peru S.A.C	2936-2010-INGEMMET/PCD/PM	100	20/09/2010
Ralph 1	01-03366-08	Kaizen Discovery Peru S.A.C	4676-2008-INGEMMET/PCD/PM	1000	23/10/2008

Name	File	Owner	Resolution	Area (ha.)	Date Titled
Ralph 2	01-03367-08	Kaizen Discovery Peru S.A.C	4433-2008-INGEMMET/PCD/PM	1000	21/10/2008
Ralph 3	01-03368-08	Kaizen Discovery Peru S.A.C	4832-2008-INGEMMET/PCD/PM	1000	23/10/2008
Ralph 4	01-03369-08	Kaizen Discovery Peru S.A.C	4643-2008-INGEMMET/PCD/PM	900	23/10/2008
Ralph 5	01-03370-08	Kaizen Discovery Peru S.A.C	4392-2008-INGEMMET/PCD/PM	800	21/10/2008
Recuperado 1	01-04665-06	Kaizen Discovery Peru S.A.C	0079-2007-INGEMMET/PCD/PM	200	18/07/2007
Recuperado 2	01-04666-06	Kaizen Discovery Peru S.A.C	0768-2007-INGEMMET/PCD/PM	700	07/03/2007
Recuperado 3	01-04667-06	Kaizen Discovery Peru S.A.C	2351-2007-INGEMMET/PCD/PM	700	27/11/2007
Taco 1	01-03859-06	Kaizen Discovery Peru S.A.C	5184-2006-INACC/J	800	30/11/2006
Taco 2	01-03860-06	Kaizen Discovery Peru S.A.C	5104-2006-INACC/J	1000	30/11/2006
Taco 3	01-04438-06	Kaizen Discovery Peru S.A.C	0021-2007-INACC/J	999	17/01/2007
Taco 4	01-00440-07	Kaizen Discovery Peru S.A.C	2672-2007-INGEMMET/PCD/PM	100	13/12/2007
Tesalia	01-01631-04	Kaizen Discovery Peru S.A.C	01369-2005-INACC/J	300	30/03/2005
Tesalia 1	01-01632-04	Kaizen Discovery Peru S.A.C	01324-2005-INACC/J	100	28/03/2005
Tico 1	01-03862-06	Kaizen Discovery Peru S.A.C	5133-2006-INACC/J	836	30/11/2006
Tico 2	01-03916-07	Kaizen Discovery Peru S.A.C	2414-2007-INGEMMET/PCD/PM	70	27/11/2007
Tico 3	01-03917-07	Kaizen Discovery Peru S.A.C	2259-2007-INGEMMET/PCD/PM	295	26/11/2007
Tuco 1	01-03861-06	Kaizen Discovery Peru S.A.C	5572-2006-INACC/J	1000	15/12/2006
Tuco 2	01-05125-07	Kaizen Discovery Peru S.A.C	4948-2008-INGEMMET/PCD/PM	500	19/11/2008
Tuco 3	01-01357-08	Kaizen Discovery Peru S.A.C	2742-2008-INGEMMET/PCD/PM	100	12/08/2008
Volcanilla	01-03652-03	Kaizen Discovery Peru S.A.C	00903-2004-INACC/J	1000	10/03/2004
Volcanilla Cuatro	01-00641-04	Kaizen Discovery Peru S.A.C	02027-2004-INACC/J	900	03/06/2004
Volcanilla Dos	01-00218-04	Kaizen Discovery Peru S.A.C	01804-2004-INACC/J	200	14/05/2004
Volcanilla Tres	01-00640-04	Kaizen Discovery Peru S.A.C	02028-2004-INACC/J	400	03/06/2004

Source: Kaizen Discovery Inc., April 12, 2016

Table 4-2 Schedule of Fees for Concessions

N°	Concession Name	Area (Has.)	Date Granted	2015 Annual Fees (US$)	2015 Non-Production Penalties (US$)	2016 Annual Fees (US$)	2016 Non-Production Penalties (US$)
1	ANTAÑA	179.43	27/11/1996	$538	$3,589	$538	$3,589
2	LA PORFIA	721.77	19/03/1999	$2,165	$14,435	$2,165	$14,435
3	FIORELLA 2003	500.00	25/08/2003	$1,500	$10,000	$1,500	$10,000
4	DON PEDRO 2000	400.00	15/08/2000	$1,200	$8,000	$1,200	$8,000
5	CORILAND 1	700.00	28/04/2004	$2,100	$4,200	$2,100	$14,000
6	VOLCANILLA	1000.00	10/03/2004	$3,000	$6,000	$3,000	$20,000
7	VOLCANILLA DOS	200.00	14/05/2004	$600	$1,200	$600	$4,000
8	VOLCANILLA TRES	400.00	03/06/2004	$1,200	$2,400	$1,200	$8,000
9	VOLCANILLA CUATRO	900.00	03/06/2004	$2,700	$5,400	$2,700	$18,000
10	PANCHITO	300.00	21/10/2004	$900	$1,800	$900	$6,000
11	PANCHITO 2	500.00	14/01/2005	$1,500	$3,000	$1,500	$3,000
12	PANCHITO 3	600.00	09/05/2005	$1,800	$3,600	$1,800	$3,600
13	PANCHITO 4	98.81	27/04/2006	$296	$593	$296	$593
14	PANCHITO 5	100.00	20/09/2010	$300	$0	$300	$0
15	MANUELITO 4	200.00	09/05/2005	$600	$1,200	$600	$1,200
16	TESALIA	300.00	30/03/2005	$900	$1,800	$900	$1,800
17	TESALIA 1	100.00	28/03/2005	$300	$600	$300	$600
18	TACO 1	800.00	30/11/2006	$2,400	$4,800	$2,400	$4,800
19	TACO 2	1000.00	30/11/2006	$3,000	$6,000	$3,000	$6,000
20	TACO 3	999.00	17/03/2007	$2,998	$5,995	$2,998	$5,994
21	TACO 4	100.00	13/12/2007	$300	$600	$300	$600
22	TUCO 1	1000.00	15/12/2006	$3,000	$6,000	$3,000	$6,000
23	TUCO 2	500.00	19/11/2008	$1,500	$0	$1,500	$0
24	TUCO 3	100.00	12/08/2008	$300	$600	$300	$600
25	TICO 1	836.00	30/11/2006	$2,509	$5,018	$2,509	$5,016
26	TICO 2	70.00	27/11/2007	$210	$420	$210	$420
27	TICO 3	295.00	26/11/2007	$884	$1,767	$884	$1,770
28	RECUPERADO 1	200.00	18/07/2007	$600	$1,200	$600	$1,200

N°	Concession Name	Area (Has.)	Date Granted	2015 Annual Fees (US$)	2015 Non-Production Penalties (US$)	2016 Annual Fees (US$)	2016 Non-Production Penalties (US$)
29	RECUPERADO 2	700.00	07/03/2007	$2,100	$4,200	$2,100	$4,200
30	RECUPERADO 3	700.00	27/11/2007	$2,100	$4,200	$2,100	$4,200
31	RALPH 1	1000.00	23/10/2008	$3,000	$0	$3,000	$0
32	RALPH 2	1000.00	21/10/2008	$3,000	$0	$3,000	$0
33	RALPH 3	1000.00	23/10/2008	$3,000	$0	$3,000	$0
34	RALPH 4	900.00	23/10/2008	$2,700	$0	$2,700	$0
35	RALPH 5	800.00	21/10/2008	$2,400	$0	$2,400	$0
TOTAL (US$)		**19,200**		**$57,600**	**$108,617**	**$57,600**	**$157,617**
Source: Kaizen Discovery Inc., April 12, 2016							

UIT (S/.)	S/. 3,850
UIT (US$)	$1,222
Exchange Rate (S/. per US$)	S/. 3.15

NOTE: the UIT is usually increased each year by the Government.

4.4 Peruvian Mining Law

The General Mining Law of Peru is administered by the Ministry of Energy and Mines (Ministerio de Energia y Minas, or "Ministry"). The law was changed in the 1990s to encourage the development of the country's considerable resources. Details of the law were consolidated in the 'Single Revised Text of the General Mining Law' of 1992 (government document D.S. No. 014-92-EM, 19926). It defines and regulates different categories of mining activities, ranging from sampling and prospecting to development, exploitation and processing.

4.4.1 Concessions

Under Peruvian mining law, the right to explore for and exploit minerals is granted by way of mining concessions that are established using UTM co-ordinates to define the corners of an area of interest, measured in hectares. New concessions have to be orientated in a north-south direction; concessions that pre-date 1992 are based on the *punto de partido* system and can be of any orientation.

Up to 2007, any and all transactions and contracts pertaining to mining concessions had to be entered into a public deed and registered as a separately identifiable entry in the Public Registry of Mining (a legal entity that falls under the Public Registry of Peru, or SUNARP) at the National Institute of Mining Concessions (*Instito Nacional de Concesiones Minero*, or "INACC") to be enforceable. Since 2007, title (or *Resolución de Presidencia*) has been awarded by, and registered at, the Geological Institute of Mining and Metallurgy (*Instituto Geológico Minero y Metalúrgico*, or "INGEMMET"). The owner of a concession registered at INACC or INGEMMET is the legal owner of that concession.

The holder of a Peruvian mining concession is entitled to all the protection afforded to holders of private property rights under the Peruvian Constitution, the Civil Code, and other applicable laws. However, a Peruvian mining concession is a property-related right that is distinct and independent from the ownership of land on which it is located, even when both a mining concession and the land on which it is based belong to the same person or entity. If the holder of a concession does not also own the land, access to the concession must be negotiated with the land owner. The rights granted by a mining concession are defensible against third parties, are transferable and chargeable and, in general, may be the subject of any transaction or contract.

Mining titles are irrevocable and perpetual, as long as the required annual maintenance fees (*derecho vigencia*) are up to date and fully paid to the Ministry, by 30 June each year following granting of a concession. The fees are paid in advance. The annual fee for metallic mineral concessions is, initially at least (see below) US$3.00 per hectare for each concession that is either actually acquired or pending (*petitorio*). Peruvian Mining Law also requires the holder of a mining concession to:

- develop and operate his/her/its concession in a progressive manner, in compliance with applicable safety and environmental regulations, and in so doing take all necessary steps to avoid damage to third parties; and
- at all times, allow free access to his/her concessions by those authorities responsible for assessing whether the concession holder is meeting all his/her obligations in law.

A concession will terminate if:

- the annual rental (*derecho vigencia*) is not paid either for three years in total or for two consecutive years over the period the concession is held;
- or the penalties outlined above are not paid.

4.4.2 Exploitation

A concession holder must sustain a minimum level of annual commercial production greater than US$100 per hectare in gross sales before the end of the sixth year following the granting of the concession. If a concession has been put into production within the six year period, the annual maintenance fee (*derecho vigencia*) remains US$3.00 per hectare, up to the beginning of the ninth year subsequent to the granting of the concession, when it increases to US$4.00 per hectare for years 9 to 14. The annual rental rises to US$10.00 per hectare for each year thereafter.

If a concession has not been put into production within a six year period, the annual rental increases from the first semester of the seventh year to US$9.00 per hectare (US$3.00 for *derecho vigencia*, plus a US$6.00 penalty), until the minimum production level is met. If, by the start of the twelfth year from granting a concession the minimum production level is not achieved, the annual rental increases to US$23.00 per hectare (US$3.00 for *derecho vigencia*, plus a US$20.00 penalty). A concession holder can, however, be exonerated from paying penalties if he/she can demonstrate that at least ten times the penalty for the total concession was invested during the previous year. The investment must be documented and it must be accompanied by a copy of the relevant annual tax statement (*declaración jurada de impuesto a la renta*) and payment of the annual fees.

4.5 Surface Rights

The issue of land tenure continues to be of significance in Peru, not least because the national cadastral system for agricultural land ownership is not always accurate. Nevertheless, the existing law requires appropriate agreements to be reached with the surface rights owner or owners, for access to a property.

Kaizen has successfully concluded surface rights agreements allowing exploration with 69 of 72 private landholders in the project area and now controls surface rights over most of area overlying the current Mineral Resources.

4.6 Prior Consultation Law

The Prior Consultation Law is a new statute which came into effect April 03 2012. The law is designed to comply with the International Labour Organization's agreement 169 on the rights of indigenous communities to participate in development projects on their land. Under the law, mining companies and local communities must reach agreements that make investment projects compatible with the customs of the indigenous population within 120 calendar days of the effective date of the new law. The consultation process must be adapted to the circumstances and the particularities of each indigenous group. The outcome of the consultation process will not be binding unless an agreement is reached between the parties involved. *(Source: BNamerics.com)*

4.7 Permitting

No Category I or II Permits are presently held on the property.

AM Gold, through Canper, held a valid Category II Permit that allowed up to 23,800m of drilling on the central Project Area, across the main area of mineralized occurrences, inclusive of 30 drill holes of 800m average, as well as the construction of drill pads and access roads. The original, Category C permit was obtained during October 2005 and expired in 2009. A Class I permit dated January 28, 2011 was approved and expired in 2013.

In March 2014 an Impact Assessment Statement (DIA by the Spanish initials), was presented to Mining Ministry of Peru by Minera Pinaya del Peru S.A. (Knight Piesold, 2015).

This DIA was approved by Resolución Directoral Nº 147-2014-MEM/DGAAM on March 26, 2014, to be executed in 14 months and include exploration, environmental rehabilitation, closure and post-closure monitoring activities.

The DIA noted, 27 pre-existing environmental liabilities within the exploration area, and 14 outside of the exploration area. All of these liabilities were declared to Mining Ministry of Peru on January 15th, 2014. The remediation or rehabilitation of these liabilities was not a commitment of Minera Pinaya according the DIA.

4.8 Taxes and Royalties

Table 4-3 summarizes the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Peru, as well as measures of administrative burden in paying taxes.

Table 4-3 Summary of Peruvian Tax Regime (source:www.doingbusiness.org)

Tax Category	Payments (number)	Statutory Tax Rate	Tax Base
Value Added Tax (VAT)	12	19%	Value added
Corporate Income Tax	12	30%	Taxable income
Social Security Contributions	12	9%	Gross salaries
Property Tax	1	0.2%, 0.6% and 1%	Property value
Industrial Corporations Contribution	12	0.75%	Gross salaries
Financial Transactions Tax	1	0.06%	Transaction value
Vehicle Tax	1	1%	Vehicle value
Local Tax (*arbitios*)	1	Various	-

The Peruvian government established a sliding scale of mining royalty in 2005 (the first change to General Mining Law of Peru since 1992), which royalty will be charged from 2018, without exception and to all those companies that will be producing metals. Most companies that were already producing metals were, however, charged royalties from 2007, as their long-standing tax rate pacts with the government expired (source: www.theminingnews.org). Calculations of the payable royalties were carried out monthly, based on the value of the concentrate sold (or its equivalent), using international metal prices as the base for establishing the value of contained metal. In September 2011, the previous sliding scale of 1% to 3% was increased to 1% to 12% of operating profits as well as an additional 2% to 8.4% windfall profits tax over net profits. (source: http://www.latinlawyer.com/reference/topics/46/jurisdictions/19/peru/). The new law does not specify how the royalties will be distributed.

4.9 Metal Sales

There are no reported Peruvian government restrictions or constraints on the exporting and/or sale of concentrates or metals that do not contain radioactive material.

4.10 Environmental Regulations

4.10.1 Exploration

Peruvian legislation is in place that defines the environmental compliance requirements for mining exploration programs and activities (Regulation on Protection of Environment – DSN No. 020-2008-EM). Three exploration categories are defined:

1. exploration activities such as mapping, sampling, geophysics, and geochemical soil sampling that do not require prior authorization (prior to 2008, defined as Category A activities);
2. Category I (prior to 2008, Category B activities) which allows for the drilling of up to 20 holes with related disturbances (drill pads and access roads) within a 10ha area; and

3. Category II (prior to 2008, Category C activities), which allows for the drilling of more than 20 holes with related disturbances (drill pads and access roads) within a 10ha area and/or the development of up to 50m of exploration tunnels.

Category I permitting requires the submission of a suitable Environmental Impact Declaration (Declaración de Impacto Ambiental, or "DIA") for approval by the Ministry. Category II permitting requires the submission of a suitable Environmental Impact Assessment (Estudio de Impacto Ambiental semi detallado, or "EIAsd") for approval by the Ministry. In either case, surface rights and water use rights are not covered within the scope of Category I or Category II permits.

According to DSN No. 020-2008-EM, a Category I permit will be awarded within 45 days of the submission of a DIA (assuming it is approved) and a Category II permit will be awarded within 55 days of the submission of a EIAsd (assuming it is approved). Prior to any revision of a Category I or Category II permit, the holder must hold a public audience or workshop with the involved, local communities and people.

4.10.2 Mining

When applying for a new mining or processing concession, which increases the size of an existing processing operation by more than 50% or to execute any other mining project, an EIA must be submitted to the Ministry:

- the purpose of an EIA is to identify environmental problems that might arise as a result of mining or metallurgical activity (an EIA is prepared ahead of a PAMA);
- an EIA must indicate the applying company's intention to spend at least one percent of annual sales on environmental expenditures; and
- the Ministry is required to approve/disapprove an EIA within 45 days of its submission.

In addition to an EIA, the Ministry can require a concession holder to prepare a Program for Environmental Management and Adjustment (Programa de Adecuación y Manejo Ambiental, or "PAMA"), which establishes a company's environmental compliance plan. Included within the scope of environmental compliance are considerations of the impact on the environment of mining disturbance, capital investments in environmental control, monitoring systems, waste management control and site restoration. The Ministry is required to approve/disapprove a PAMA within 60 days of its submission. If a response is not received within 60 days a PAMA may be assumed to be (automatically) approved. If the Ministry or an interested party can show just cause within the 60 day period, a PAMA may be modified during the first year after its submission.

The Peruvian government enacted its first Mine Closure Law in October 2003; it is unclear as to whether any amendments have been made. In general terms, the 2003 law sets out the obligations of a company with a mine in operation, as regards rehabilitation, closure and post-closure activities. Included within this scope is the requirement for mining companies to prepare and submit closure plans (Plan de Cierre) that define the steps to be taken, included costs, to protect the environment from solids, liquids and gases generated by mining work.

The 2003 law mandates the establishment of an Environmental Guarantee at the early stages of a project, to avoid the possibility of a lack of future funds. The Company should ascertain the amount and nature of the required guarantees that are probably payable on an annual basis and probably vary with the size of operation (e.g. operations with mill throughputs of less than 500 tpd are deemed small mine operations, the legal and tax requirements for which differ from operations with larger mill throughputs).

4.11 Environmental Liabilities

The previous DIA (approved by Resolución Directoral Nº 147-2014-MEM/DGAAM on March 26, 2014) noted, 27 pre-existing environmental liabilities within the exploration area, and 14 outside of the exploration area. All of these liabilities were declared to Mining Ministry of Peru on January 15th, 2014. The remediation or rehabilitation of these liabilities was not a commitment of Minera Pinaya according the DIA.

The Company will be responsible for the remediation of any trenches, access roads, drilling pads and related excavations that may be dug or cut as a result of its future exploration activities.

AM Gold undertook extensive remediation work during the fourth quarter of 2007. This work consisted of filling in trenches, re-contouring drilling platforms, filling in mud pits, plugging drill holes that produced water and replanting grass over disturbed areas. Two D6 cats were used to undertake the work.

Remediation work was carried out in 2008 which included:

- 57% of all the trenches, inclusive of those previously cut by Minsur S.A. had been filled in and replanted with local grass species;
- 67% of all drilling platforms had been contoured, close to the original, local topography;
- 75% of all the mud pits had been drained, dried and filled in;
- nine of 12 drill holes that produced artesian water were plugged with rock, clay and cement; and
- where they were cut by surface drainage channels, all major site access roads had culverts installed and rock-lined drainage channels cut.

AM Gold reported some additional minor remediation work was completed in 2012 which consisted of the closure of several diamond drill holes.

4.12 Site Contamination

The (potentially) contaminated site is an area inside the Pinaya Concession formerly known as Mina Antaña, located approximately 9 km west of the village of Pinaya, where, since the 1990s, artisanal miners have expanded an historical open cut working that is approximately 300 meters long, 15 to 40 m wide (1.5 ha area) and up to 25 m deep on the east wall of the Antaña valley, in order to mine gold (Figure 4-3).

Waste rock and tailings from the reclaim process, which includes the use of mercury, have been dumped into the valley floor that is adjacent to the open cut excavation, over an approximate area of 9 ha. These deposits are the Core Area of the contaminated site, while adjacent areas associated with potential runoff or wind transport of contaminants are considered potentially affected surfaces.

In 2005, a sampling study was commissioned from an independent consultant, which concluded that contamination from the artisanal mining operation consists largely of metals in waste rock and tailings, with minor contamination of surface water. A series of 10 samples of historical gold oxide tailings were collected. The samples were analyzed and found to contain mercury with a mean of 0.412ppm Hg (range: 0.055 – 2.231ppm Hg).

Between July 1 and 3, 2015, Knight Piésold Consulting collected soil and water data at the site in order to provide a screening analysis into current contamination levels associated with the informal mining activities. The field work was planned and carried out in accordance with the recommendations of international standards as an Initial Testing Program to identify and categorize contaminated sites.

Since the evaluation team did not have access to previous (historical) baseline data, contamination levels were established as exceeding the following national standards:

- EQS-water, Supreme Decree 002-2008-MINAM (Ministry of the Environment), for Water Quality Values, and
- EQS-soil, Supreme Decree 002-2013-MINAM (Ministry of the Environment), for Soil Quality Values

Ten soil samples were collected from various sites with potential impact from artisanal mining or exploration activities. The Laboratory procedure includes the following standards:

- Free Cyanide by EPA 9013-A, 2004 / SMEWW-APHA-AWWA-WEF Part 4500-CN- F, 22nd Ed. 2012, Cyanide extraction procedure for solids and oils / Cyanide – Selective Electrode Method.
- Chromium (VI) by DIN 19734, 1999 Soil quality: Determination for Chromium (VI) in phosphate extract.
- Mercury by EPA 7471 B, Rev 2, February 2007 Mercury in Solid or Semisolid Waste
- Metals by EPA 3050 B, 1996 Method 3050 B Acid Digestion of Sediments, Sludges and Soils.

Results confirm the prior use of mercury in the area. However, the levels found in soil do not exceed Peruvian Standards (<24 mg/kg) for industrial use established by the Peruvian Ministry of the Environment (Supreme Decree 002-2013-MINAM) and Canadian Standards used as a reference (<50 mg / kg). The contents found during this evaluation are in the same order of magnitude as those recorded by GWI in 2005 (GWI-2701, 2005).

All arsenic values found are below the quality standard (<140 mg / kg) established in the EQS-soils for industrial use by the Peruvian Ministry of the Environment (Supreme Decree 002-2013-MINAM), but they exceed the Canadian Quality Standard for industrial soil (<12 mg / kg) used as a reference.

These results clearly show an increase of arsenic in areas where artisanal mining activity occurs, the pit, and areas where waste and tailings are dumped. Transport downstream also occurs. The presence of this metal was not detected in the surrounding areas.

Concentrations of copper found at 4 sample points exceed the Canadian Guideline Values (<91 mg / kg) for industrial soil (Canadian Soil Quality Guidelines for the Protection of Environmental and Human Health) used as a reference. This parameter has no quality standard in the Peruvian environmental legislation (EQS-Soils).

The results are consistent with the presence of copper sulfides and oxides that naturally occur in the mineralized zone prevalent in the assessment area.

Five sites were selected for water quality assessment. Contamination patterns were found to be very low, but clearly associated with the nature of the area adjacent to the sampling points: at “Control” points, the main impacts in the area are associated with organic matter, possibly arising from livestock activities, but at “Impact” points, inorganic contaminants are the most important, and this tendency is more strong at the two sampling points located directly over the mine waste area.

The results obtained by Knight Piésold are very similar (in terms of water quality analyses) to those obtained from the GWI (2005) study:

- Compared against the General Water Act Limits (General Water Act, Decree-law 17752-1969, effective since 2005), 7 samples collected in the mine waste area during the 2005 study, exceed national standards for cadmium, copper, nickel, and zinc, and show high values (while not exceeding the standards) for conductivity. Two control stations located upstream of the tailings do not exceed the standard for the elements considered in this study (basically physical-chemical field parameters and metals). Finally, at the station located downstream of the mine waste area, only the standard for nickel was exceeded.
- For the current assessment (Knight Piésold 2015), considering the values recorded for metals, three samples collected in the artisanal mine waste areas, PI-02 and PI-03, exceeded the cadmium, copper, manganese, nickel and zinc standards. At one sample point, located directly downstream of the tailings area and equivalent to the GWI-10 sample in the GWI Study, only cadmium and manganese exceeded the EQS Categories 1 and 3. At “Control” stations PI-04 and PI-05 (located upstream of the mine waste areas), only the arsenic limit (with respect to EQS Category 1) was exceeded.

Figure 4-3 Historic Open Cut with Associated Tailings (GOSZ)

4.13 Social License

Knight Piésold carried out an environmental and social due diligence study for Kaizen in 2015 (Knight Piésold, 2015). In social terms, the main objective of the study was "a description of possible demands and expectations on the basis of current social issues and deprivation, in order to allowing the transformation of these risks into opportunities through the study and management of issues and their structural causes".

Based on the interaction with researchers, it was concluded that there is a general opinion that mining activities would be beneficial. These benefits would arise mainly from the solution of the problems that the local population presently face.

The study concluded that from the social point of view, investment in mining activities must take into consideration the potential social risks associated with the development of this activity beforehand. Based on the results obtained, two main conclusions are presented:

- With regard to the context of the villages, it can be concluded that the four communities lack an appropriate provision of utilities. Only the center of the communities has running water, sewers and electricity, except for Coline, which has not had the latter service since last year. Apart from this, none of the huts, where the population spends most of their time, have access to utilities.

- The second conclusion is related to the – current and past – experience of the communities with respect to mining issues. Thus, it was rather common to hear comments about the promises made by the Canper and Rockmaster representatives, which were perceived as not having been kept. Among them, job training and the community financing (for infrastructure improvements) stand out. Moreover, people argued that despite the fact that the companies hired local people, only a limited number of villagers benefited. This situation got worse due to lack of mining company personnel that people could have contacted for information on their doubts and concerns.

Kaizen has met multiple times with the Pinaya community leaders and held a community meeting in November of 2015 to introduce the company and its plans, and to listen to the concerns and expectations of the community. These were in line with comments received by Knight Piésold, and experienced by AM Gold. Prior to this meeting Kaizen hired a community liaison person fluent in the local Quechua language, who has been actively holding consultations with community members.

Subsequent to the community meeting and consultations, Kaizen has successfully concluded surface rights agreements allowing exploration with 69 of 72 private landholders in the project area. Kaizen is also in negotiation with the Pinaya Council to secure community support for the project.

Kaizen has also met with leaders from the other communities, with the same objectives.

Prior to Kaizen's involvement with the project, there was a long ongoing issue with the encroachment of artisanal miners on to the property, mainly due to the lack of a firm fulltime company presence due to hiatuses between work programs. Artisanal miners were active during the Cole visit in 2010 and were reportedly active during the Rokmaster exploration program in 2014. A new law passed in February 2012 made illegal mining a criminal activity and the government subsequently rejected an appeal by illegal miners to be allowed to continue operations. This gives the Company and the Community of Pinaya a more assertive position to deal with the issue.

5 ACCESSIBILITY, CLIMATE, INFRASTRUCTURE AND PHYSIOGRAPH

5.1 Accessibility

Arequipa has an international airport with daily flights to/from the international airport at Lima (flight time approximately 1.5 hours). Arequipa may also be accessed by road from Lima, via the Pan-American Highway and Highway 30B.

Highway access is available to the Pacific Ocean port of Matarani (about 90km to the south of the Project Area). Juliaca, the largest city in the Puno district, can be accessed from Pinaya via a rough dirt track (approximately 45 minutes) and by Highways 30A and 30B (the journey time is approximately 1.5 hours). The cities of Juliaca, Arequipa and Matarani are joined by an active railway system. An airstrip, capable of accepting small jets, exists at the Tintaya Mine that is located approximately 70km to the north of Pinaya.

Access to the Project Area from Arequipa is via the all-weather Highway 30B that is well-maintained and paved. Highway 30B is dominated by much commercial heavy truck traffic. From Arequipa, Highway 30B climbs fairly quickly to an elevation of between 4,000m and 4,400m above mean sea level ("amsl"`), from where it drops into a series of wide, open valleys. A turning is made off the highway, directly onto the Tintaya Mine access road, which is a broad, well maintained and cambered gravel road. The access road to the Project Area turns off the Tintaya Mine access road, after about 22km. The access road to the Project Area is a local track about 3m wide cut and was maintained by AM Gold. Road access within the Property is by means of pre-existing and drilling access roads. Four-wheel drive vehicles are in general required.

5.2 Climate

The local climate is typical of the south-central Peruvian Andes, insofar as wet and dry seasons only occur. The wet season persists from December to April and the dry season from May to November (exploration activity is generally limited to the dry season). The coldest temperatures are experienced during the dry season when they can fall to -20° C. Temperatures rarely rise above 25° C during the wet season when dense fog can be common and significant electrical storm activity can develop. Rain, hail and sometimes snow can fall, usually over limited time periods. Individual rainfall events can sometimes be severe, with up to 2.5 centimetres falling in an hour.

5.3 Local Resources Infrastructure

The community at Pinaya is to the east of the Pinaya Project exploration camp, on the far side of a broad, flat valley that contains marshy areas/surface ponds and grazing pasture. Pinaya village may be accessed by a rough gravel track. Other local (and small) communities include Coline (about 6km southeast of the exploration camp and outside the Project Area), Atecata and Orduña (that are further removed from the Project Area).

Pinaya Project-related infrastructure consists of an exploration camp and office facilities (Figure 5-1). The exploration camp facilities include dormitory blocks, a mess, a first aid station, general storage bays, an office block, a diamond saw station and two permanent covered drill core storage facilities, one of which is used for core logging and sampling (Figure 5-2).

Figure 5-1 Exploration Field Camp

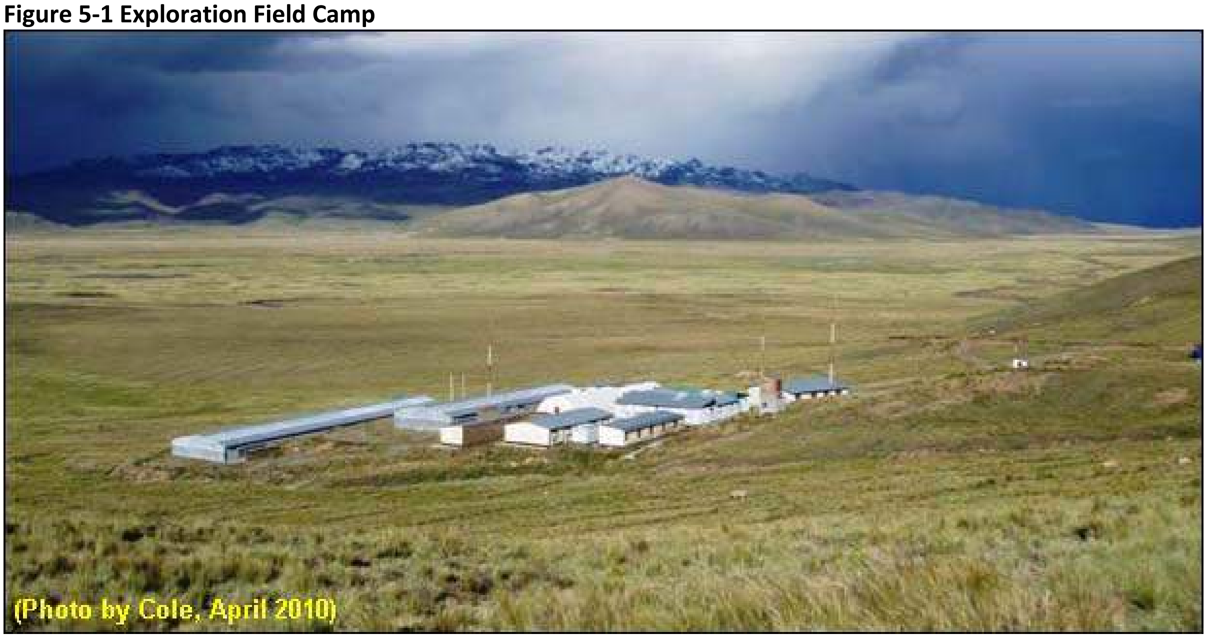


Figure 5-2 Drill Core Logging and Storage Facility

Outside communications from the camp are via satellites; there are main telephone and internet facilities at the exploration camp.

Electrical power on-site is currently provided by diesel powered generators. There is reported to be a 138KV (unverified data) electric transmission line crossing Highway 30A, approximately 50 km west of the Project Area. Future mining and processing activity would probably require power take-off to a Pinaya Project-dedicated sub-station, which would require the construction of power lines across land not owned or rented by the Company. Agreements with landowners would probably be required as to the regards the construction of supply line pylons. Government permits may also be required.

Potable water is currently extracted from a well at the camp site that is generally held to be safe as long as proper filtration protocols are maintained. Water for drilling is readily available from the many shallow marshes and springs found across the Project Area, as well as from the flooded southern section of the historical open cut excavation.

Future water sources and needs for mining and processing have not been established. Surface water is available nearby; it might be possible to secure a guaranteed supply from nearby lakes that are not on land owned or rented by the Company. Agreements with landowners would probably be required as regards to water extraction and the construction of supply pipelines. Government permits may also be required.

General labour is readily obtainable in Arequipa and Juliaca.

Peru has a long history of mining, with the result that mining professionals and machine operators are generally available in most population centres. The communities local to the Project Area are, however, small and can offer only a limited labour force; contractors and/or workers from other areas might in future be required. With Arequipa less than four hours away, the Pinaya Project should be attractive to technical personnel.

5.4 Physiography

The Project Area is located within the western cordillera of the south-central Peruvian Andes, the topography of which comprises high-elevation, rolling hills surrounded by craggy mountains. Elevations within the Project Area range from approximately 4,400m above sea level ("msl") to approximately 4,750 msl. Snow covers many of the surrounding peaks that have elevations in excess of 5,100 msl.

Short grasses cover the valley floors and most of the lower hillside slopes; with the higher elevation talus slopes not vegetated. Bedrock exposures are common along ridgelines and the steeper mountain slopes. Ranching is the primary source of income for the local communities. Herds/flocks of alpaca, llama, sheep and cattle are commonly seen in the general Project Area.

6 HISTORY

6.1 Artisanal Mining

Small-scale mining appears to have started in the 1960s with a drift that has since been cleaned and sampled for a distance of over 200m. It followed steeply-dipping shear zones containing haematite, malachite, and azurite mineralization hosted in a brecciated quartz-arenite conglomerate, intruded by small dikes of altered porphyritic diorite (McCrea, 2006). More recently (probably since about 1994) artisan miners excavated the present day historical workings.

Both the drift and historical open cut are located on the Antaña concession. Elsewhere there are numerous small pits and excavations where artisanal miners exposed copper oxides, specular haematite, barite, pyrite and chalcopyrite associated with quartz veins, shears and/or strongly altered zones (McCrea, 2006). The showings occur between the Pinaya Intrusive Complex and the Pedro 2000 mineralized occurrence to the east, as well across the MCOZ.

6.2 Minsur S.A.

Late in 1998, Minsur S.A. ("Minsur"), Peru's largest producer of tin, optioned mineral concessions from the artisanal miners and subsequently carried out surface mapping, trenching and drilling programs. Minsur terminated the option late in 2001, for unknown reasons (stated by McCrea the July 2006 Technical Report to be '*unknown mis-communications between Minsur S.A. and the artisanal miners*').

6.3 COMAPI and Canper

Early in 2003, three concessions were transferred from Minsur to Compañia Minera Los Andes de Pinaya S.A.C. ("COMAPI"). Canper applied for the Volcanilla concessions in 2003 and entered into option agreements with COMAPI in 2004 to acquire 100% interests in the four concessions owned by them. All terms of the option agreements have been fulfilled.

6.4 Historic Resource Estimates

In 2007, Minefill Services estimated an unofficial, non-43-101 compliant updated resource estimate for the WPZ/NWPZ at the request of AM Gold (formerly Acero-Martin Exploration Inc.) Reported results were 36.3 MT indicated at 0.374% Cu and 0.44 g/t Au and 10.13MT Inferred grading 0.34% Cu and 0.28 g/t Au (Pothorin, 2007).

6.5 Previous NI43-101 Compliant Resource Estimates

In October 2006, an initial mineral resource estimate was performed by J. Douglas Blanchflower, P.Geo., a Consulting Geologist with Minorex Consulting Ltd. of Aldergrove, B.C. (Blanchflower, 2006). The Inverse Distance Squared method was used to interpolate Cu and Au grades in 2 search passes. Cu composites were capped at 5% and Au composites at 7 g/t. The mineral resource was not constrained by a pit shell. Blanchflower (2006) reported the following results:

"Estimates for the Western Porphyry zone, using a common US $5.50 gross metal value cut-off, returned indicated mineral resources of 15.26 million tonnes grading 0.542 % copper and 0.63 gpt gold, and inferred mineral resources of 5.54 million tonnes grading 0.595 % copper and 0.55 gpt gold. The Gold Oxide Skarn zone, using the same US $5.50 gross metal value cut-off, has indicated mineral resources estimated at 13.87 million tonnes grading 0.286 % copper and 0.42 gpt gold, and inferred mineral resources of 7.18 million tonnes grading 0.267 % copper and 0.31 gpt gold."

In June through October of 2007, MineFill Services Inc. under the direction of Dr. Dave Stone and Stephen Godden, produced an updated 43-101 report concentrating on the GOSZ area. Data up to and including hole PDH-137 were used. At a 0.25 g/t Au cut-off, the GOSZ area was estimated to contain an Indicated Resource of 4.9 MT averaging 0.147% Cu and 0.84 g/t Au. An Inferred Resource for the same area was estimated at 0.05 MT grading 0.175% Cu and 0.86 g/t Au.

In May 2011, an updated Mineral Resource Estimate was prepared by R. Simpson, P. Geo of Geosim Services Inc. at the request of AM Gold using drill data collected between 2004 and 2008. The resource model remains current and is described in Section 14. The results are summarized in Table 6-1 and Table 6-2.

The Mineral Resource has been re-stated for the present report using current metal price assumptions for pit optimization.

Table 6-1 Mineral Resource GOSZ - May 2011

Zone Cut-off Grade	*Class*	*Tonnes 000's*	*Contained g/t Au*	*Contained % Cu*
GOSZ	Measured	2,178	0.920	0.093
	Indicated	4,223	0.735	0.092
0.25 g/t Au	Meas+Ind	6,401	0.798	0.092
	Inferred	*2,383*	*0.597*	*0.081*

Table 6-2 Mineral Resource WPZ and NWPZ Cy-Au Porphyry Zones - May 2011

Zone	*Class*	*Tonnes 000's*	*Contained % Cu*	*Contained g/t Au*	*Contained % CuEQ*
WPZ + NWPZ 0.3% CuEQ	Measured	5,503	0.439	0.493	0.704
	Indicated	26,738	0.384	0.423	0.610
	Meas+Ind	32,269	0.393	0.435	0.626
	Inferred	*35,412*	*0.402*	*0.270*	*0.546*

7 GEOLOGICAL SETTING AND MINERALIZATION

The Property is situated within a region of various lithotypes that are the product of changing tectonic styles from the late Jurassic to present. The dominant lithotypes include shallow marine to continental (mainly) clastic sediments and volcanic flows, as well as intrusive diorites and monzonites. At the property scale, only Paleocene to recent lithologies are present. East-northeast directed compression during Andean orogenesis resulted in folding and faulting of the lithotypes in Project Area, which dip steeply to near vertical and strike northwest. One of the more recent deposits in the general area is a series of horizontally layered crystal lithic tuffs and ignimbrites (a form of welded tuff) that is associated with a range of dead, dormant and active volcanoes that dominate the Arequipa area.

The following regional and property geology descriptions are largely summarized from McCrea (2006), with contributions from Benavides-Caceres (1999), Quang et al (2005), Petersen (1999), Clark et al (1990), Parello et al (2003), Carlotto et al (2005), Camus (2003), Bradley (2004), Coughlin (2005), Caira (2005, 2006) and others.

7.1 Regional Geology

Most of the stratigraphy, structure, magmatism, volcanism and mineralization in Peru is spatially and genetically related to the tectonic evolution of the Andean Cordillera of the western sea board of South America. The cordillera was formed by actions related to major subduction events that have continued to the present from at least the Cambrian (Petersen, 1999) or late Precambrian (Clark et al, 1990; Benavides-Caceres, 1999). The formation of the Andean Cordillera is, however, the result of a narrower period stretching from the Triassic to present when rifting of the African and South American continents formed the Atlantic Ocean. Two periods of this later subduction activity have been identified (Benavides-Caceres, 1999): Mariana type subduction from the late Triassic to late Cretaceous; and Andean type subduction from the late Cretaceous to present.

Late Triassic to late Cretaceous, Mariana type subduction resulted in an environment of extension and crustal attenuation that produced, from west to east, an ocean trench, islands arcs and a back-arc basin (Benavides-Caceres, 1999). The back-arc basin is reported to have two basinal elements (the Western and Eastern Basins) that are separated by the Cusco-Puno high, which is probably part of the Maranon Arch. The basins are largely comprised of marine clastic and minor carbonate lithologies of the Yura and Mara groups, overlain by carbonates of the Ferrobamba Formation. The Western Basin, otherwise known as the Arequipa Basin, forms the Western Andean Cordillera of Peru, which is also the site of a Holocene magmatic belt that spans the Andes and was emplaced from the late Oligocene to about 25 million years ago (James and Sacks, 1999).

Termination of Mariana type subduction in the late Cretaceous was followed by Andean type subduction that is distinguishable by intermittent pulses of compression that span the late Cretaceous to early Pleistocene periods (Benavides-Caceres, 1999). It occurred as a result of collisional tectonics where oceanic crust of the Nazca plate was (and still is) subducted beneath the South American continental plate. The resultant compressional and trans-tensional structural environments caused uplift and unconformable surfaces. During this time, marine sedimentation ceased and continental sedimentation began, mainly in fault-controlled basins. Intense plutonism and magmatism along a continental magmatic arc also produced significant volcanic activity that continues today.

It is the latter (Andean type) subduction interval that is the most important to the metallogenic evolution of the region, due to the magmatic arc emplacement in a convergent plate tectonic environment and the associated hydrothermal processes resulting from intrusive cooling.

Peru may be divided into physiographic regions that correspond to tectonic elements that record the evolution of the Andean Cordillera, since the Triassic. In southern Peru there are, from west to east: the Coastal Belt; Western Cordillera; Altiplano; Eastern Cordillera; and Sub-Andean zones. Heterogeneous, metamorphic Precambrian basement lithologies underlie the Coastal Belt and comprise part of the Western Cordillera that in southern Peru is called the Arequipa Massif. The northern extent of the Precambrian basement corresponds to the termination of the Altiplano and the start of the Nazca Ridge. There is an intervening northeast trending tectonic element, called the Africa deflection or Bolivian Orocline, which is underlain by basement lithologies where the Andes widen and bend in an easterly direction.

During a study by Petersen (1999), 1,800 radiometrically determined age dates from igneous rocks and hydrothermal alteration minerals, which samples covered the Andean Cordillera from Latitude 06° south to Latitude 32° south. He differentiated and correlated the Chalcobamba – Tintaya iron-gold-copper skarn and porphyry belt (30 to 35 million years old) in the main magmatic arch, south to the Santa Lucia district (25 to 30 million years old) and on into Chile. The dates coincide with some of the largest and richest porphyry copper-gold deposits in the world (that are located in Chile, between Latitude 21° south and Latitude 33° south).

The Andahuaylas – Yauri porphyry copper-gold belt, a middle Eocene to early Oligocene, calc-alkaline plutonic belt, is situated along the north-eastern edge of the Western Andean cordillera. Caira (2005) notes that the Pinaya porphyry copper-gold system lies at the south-eastern end of this well known, but newly emerging porphyry copper-gold belt (Figure 7-1). It extends to the north-northwest of the Project Area, for some 300 km.

A model for the tectonic environment for the emplacement of the Andahuaylas-Yauri belt and its postulated relation to similar deposits in Chile is provided by Perello et al (2003). The following summary was prepared by Caira (2005): Perello et al suggest that *'the calc-alkaline magmas related to porphyry mineralization were generated during an event of subduction flattening which triggered crustal shortening, tectonism and uplift assigned to the Incaic Orogeny. It has also been suggested that this mineralized belt may be continuous with the late Eocene to early Oligocene porphyry copper-gold belt of north Chile where subduction flattening took place in southern Peru and northern Chile between 45 and 35 million years ago.'*

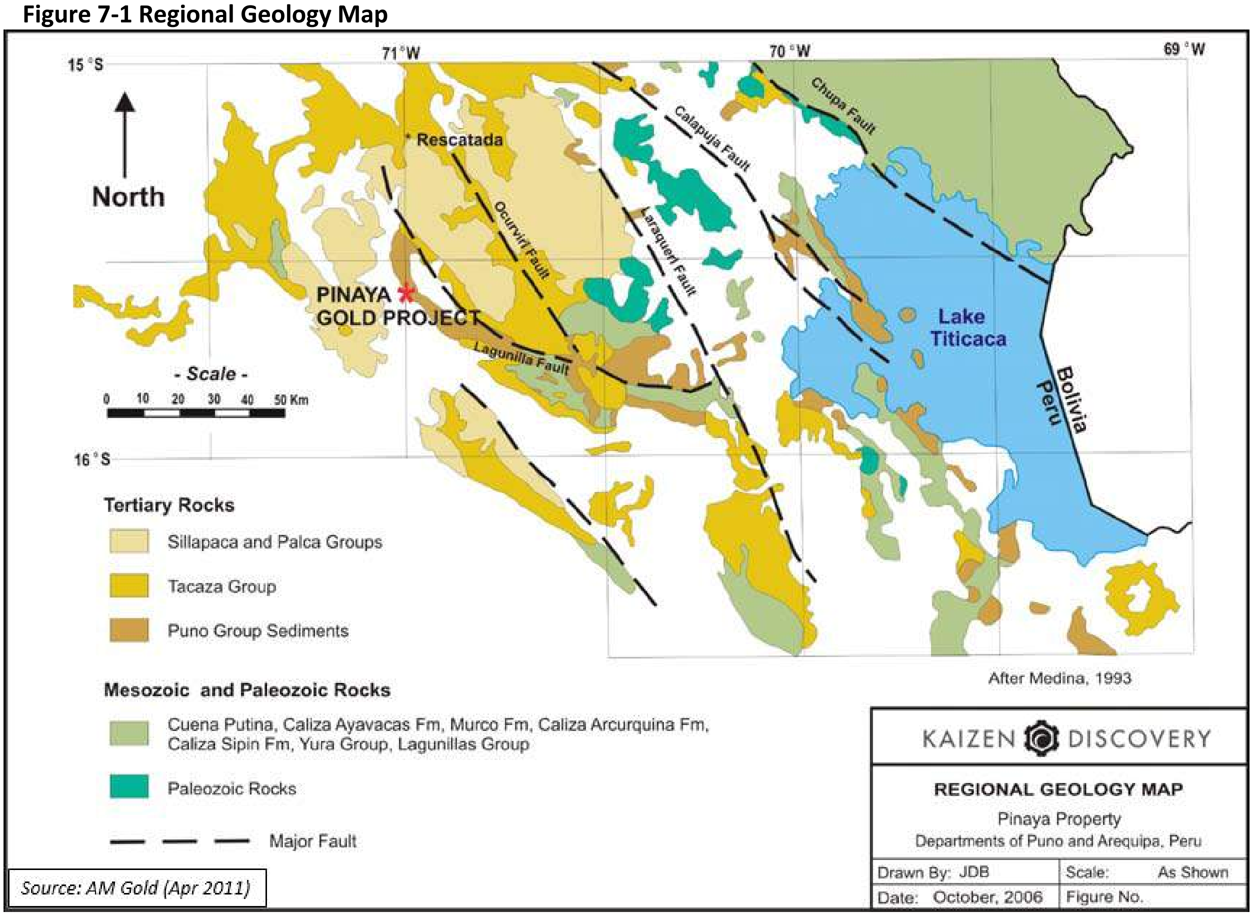
The following summary is from Carlotto et al (2005); it provides a mechanism for porphyry emplacement in Peru and Chile from the middle Eocene to the late Oligocene. *'The emplacement control on giant porphyries in Chile and southern Peru was developed in contractional settings in which the inversion of ancient normal faults played a relevant role in the extraction, transport and accumulation of magmas (Skarmeta and Centilli, 1997). There are the physical models of magmatic intrusion during thrusting that explain the process (Galland et al, 2003). In fact, the structures are geometrically similar to those of the experiments, suggesting that the models are applicable to nature (Cerpa et al, 2004).'* and *'Syntectonic intrusive porphyritic bodies were emplaced along the reversed extensional faults and in conjunction with the deformation and construction of the Domeyko (Camus, 2003), Condoroma-Mollebamba and Cisco-Lagunillas fault system. The emplacement took place* *during the comprehensive deformation which began around 44 (million years ago) and which lasted until the Oligocene (about 30 million years ago).'*

The Western Andean Cordillera is famous for its world-class base- and precious-metal deposits that are either proximally or distally related to magmatic belts emplaced in a convergent plate tectonic environment. Most of the metal deposits are spatially and genetically associated with metal-rich, hydrothermal fluids generated along magmatic belts that were emplaced along convergent tectonic lineaments.

Porphyry- and skarn-style copper mineralization was emplaced as a result of Andean orogenic events and it may, in many cases, have been greatly enhanced by subsequent Andean orogenic periods that caused secondary, supergene copper mineralization. Secondary enrichment often allows for easier extraction (e.g. the host rocks are often rippable, or at least require only light blasting during open cut operations) and enhanced metallurgical properties.

Quang et al (2005), in a study of porphyry copper-gold mines from Latitude 16° 30' S to Latitude 18° S describe controlling factors for supergene mineralization over the past 30 million years as continuous pulses of compressional events resulting in uplift and the lowering of the water table in a semi-arid environment. Between the pulses were periods of tectonic quiescence that allowed sediment to accumulate and incision causing a rise in the water table and preservation of supergene profiles. Although ignimbrite eruption events, that are present throughout the magmatic arc, terminated surface weathering in some cases, they also capped and preserved the supergene profiles.

Figure 7-1 Regional Geology Map

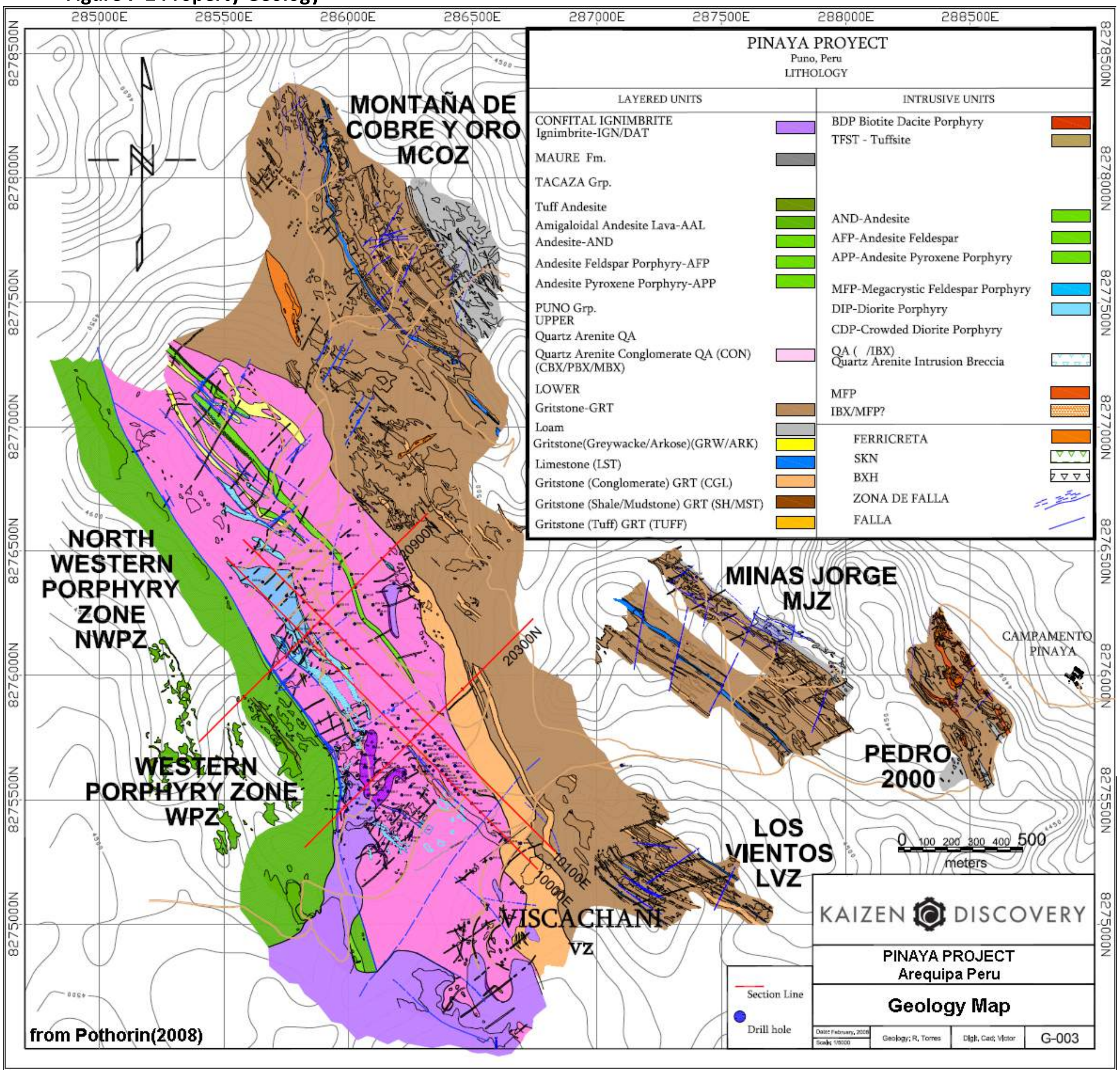


7.2 Property Geology

The project is underlain by shallow marine and continental clastic sediments with intercalated volcanic sediments, belonging to the late Cretaceous to early Tertiary Puno Group, (McCrea, 2006). This stratigraphic package can reach a thickness of 800m and it is overlain by the Tertiary volcanic Tacaza Group. It has been intruded by stocks of dioritic and monzonitic composition. The dominant structural feature, the Lagunillas Fault Zone (the “LFZ”), appears to have controlled the local deposition of continental clastic sediments. The property geology is illustrated in Figure 7-2.

Caira (2005 and 2006) has provided the most comprehensive geological study to date of the Project Area. During three reviews, Caira geologically mapped and sampled parts of the concessions and reviewed the majority of the drill core from holes PDH-001 to PDH-070. The 2005, 2006a and 2006b Geological Reports provide an analysis and review of geochemical, geophysical and aerial photographic data.

Figure 7-2 Property Geology



The following text is a summary of Caira's work and summaries also appear in the April 2006 and October 2006 Technical Reports.

7.2.1 Sedimentary and Volcanic Rocks

Caira (2005) describes the host rocks found on the Project Area as follows: *A good portion of the Project Area is underlain by steeply dipping to near vertical Puno Group sediments, comprised of quartz arenite, quartz arenite breccias, coarse quartz arenite conglomerate and sandstones. Caira believes that the Puno Group is comprised of quartz arenite conglomerate, variably tectonized massive quartz arenite and a series of erosional remnants in the form of fault scarp debris flows, rather than coarse grained conglomerates as previously defined by Medina (1990).*

The conglomerate/fault scarp debris flow related to the emplacement of the LFZ is dominated by rounded, well packed, quartz arenite clasts with lesser, locally recognizable lithologies including: coarse-grained feldspar porphyry; andesite feldspar porphyry; diorite porphyry; and arkose, the latter representing 'obvious erosional remnants of locally derived stratigraphy'. The breccias are monolithologic quartz arenites with variations in tectonically derived breccia textures that have been subdivided into five distinctive types that define the proximity to major faults: massive quartz arenite (Project code name: QA [mas]); a crackle breccia quartz arenite (QA [cbx]); a puzzle breccia quartz arenite (QA [pbx]); a mill breccia quartz arenite (QA [mbx]); and a quartz arenite conglomerate (QA [con]).

Caira (2005) further describes the host rocks found on the Project Area as follows (presented here in summary): *West of the Puno Group sediments, a fault-bound sequence of volcanics presently assigned to the Tacaza Group volcanics is comprised of basalt-andesite amygdaloidal lava flow (Project code name: AAL). The andesite pyroxene porphyry is seen as narrow dikes intruding the Puno Group sediments and as more extensive sub-volcanic bodies hosting brecciated rafts of amygdaloidal andesite. The presence of shallow dipping extrusive lavas of similar composition also exists.*

An emerald green copper clay(?) with haematite occurs parallel to the faulted contact, in a well-defined, sheeted fracture network along the contacts between the amygdaloidal lava and the andesite pyroxene porphyry phase. Further west of the volcanics, mapping has suggested that a fault-bound, shallow, southwest dipping calcareous sedimentary sequence unconformably overlies the Tacaza Group volcanics and is comprised of dirty limestone (Project code name: LST) and green medium- to coarse-grained sandstone interbedded with a red shale-mudstone. West of this sediment sequence is an east dipping extrusive volcanic sequence (Bradley, 2004) that is probably part of the Tacaza Group volcanics.

Caira (2005) goes on the describe the area to the east of the Puno Group sediments; *a steep northeast dipping sedimentary sequence is comprised of arkosic sandstone, gritstone, greywacke, pebble conglomerate interbedded with calcareous limey horizons (Project code name: GRT). The grit unit hosts the Don Pedro 2000 tonalite porphyry mineralized occurrence where more extensive limestone horizons also occur (Project code name: U-LST). A series of ignimbrite/ash flow tuffs (code name: IGN) blanket the porphyry mineralization and dominate the south and south-eastern portions of the Project Area.*

The sedimentary and volcanic sequences outlined collectively change direction from north-northwest – south-southeast in the north to east-southeast – west-northwest in the south. Caira (2005) speculates that the flexure '*may have aided in the overall emplacement and localization of the Pinaya Intrusive Complex*'. The flexure mimics a bend in the regionally extensive LFZ.

7.2.2 Intrusive Rocks

The Pinaya Intrusive Complex forms a body that is elongated primarily along a north-northwest – south-southeast axis for a distance of up to 1,500m. It extends for a known depth of approximately 200m. At least six igneous phases and five breccia phases have been identified that vary in both intensity and type of veining in addition to mineralization style (Caira, 2005). The breccia phases include two contact/igneous breccia phases, an intrusive breccia, a series of hydrothermal breccias and a late stage pebble breccia event. Caira (2005) suggests that a coarser breccia, found in the vicinity of the open cut, may be a magmatic hydrothermal or diatreme phase. She describes the igneous phases as including:

- stocks, dikes and sills of fine grained crowded diorite porphyry (Project code name: CDP), coarse grained diorite porphyry (Project code name: DIP);
- a megacrystal feldspar porphyry tonalite (Project code name: MFP), andesite pyroxene (Project code name: AFP) and a fine grained border phase, late-stage red dikes (Project code name: TRD, which is a field term used for a suspected trachyte composition); and
- a post-mineral, biotite phyric dacite porphyry (Project code name: BDP) that locally exploits a fault zone.

Caira (2005) describes the breccia series as including both:

- contact/igneous breccias (Project code names: IBX 1 and IBX 2) that have an igneous matrix with predominantly wall rock derived clasts; and
- post mineral intrusive breccias (Project code name: BDP/INBX), or tuffsite, that have a variably milled dacite matrix with monolithologic clasts and were formed as a result of magma degassing in the felsic conduit (with some evidence for mixing and upward transport of fragments).

Narrow vein breccias or haematite cemented, hydrothermal breccias (Project code name: HBX) crosscut both igneous and host rock. Terminal breccia events are recognized as pebble breccia dikes (Project code name PBX) and more extensive phreatomagmatic/hydrothermal breccias (Project code name: DIA). This latter breccia type occurs in the vicinity of the historical open cut area and is matrix supported, poorly sorted and hosts well rounded, heterolithologic, altered mega-fragments (greater than 60 centimetres in diameter) in a sand-sized clastic material with numerous well-rounded, pebble size fragments. The pebble breccia pipes tend to be more linear in nature, they are commonly ten to 50 centimetres in width; the rock comprises well-rounded pebble size clasts, that are locally altered, in a sand-size, clay-altered matrix. The pebble breccia locally hosts altered clasts and clasts with reaction rims, which implies that the matrix has seen fluid flow.

Caira (2005) states that the igneous-related breccias are common in the upper parts, or immediately above, the roof rocks of plutons or stocks. They can also be distributed along sloping margins. The small volumes of fine-grained porphyritic intrusive rocks (for example AFP and APP) could be spatially and genetically associated with the brecciation process (Sillitoe, 1985). The pebble breccia phase occurs proximal to (and post-dates) the APP igneous phase and may, therefore, be genetically related. Most igneous-related breccias carry anomalous copper, molybdenum, tungsten, gold and, locally, bismuth values.

The following sequence of intrusive phases has been identified (listed from oldest to youngest, using the Project code names earlier defined): CDP, DIP, AFP and APP. The breccias may be ordered as follows (oldest first): the inter-mineral breccias IBX2 and IBX1; the later mineral breccias PBX and DIA; and finally the post-mineral breccia INBX (BDP).

7.2.3 Alteration

Hydrothermal alteration, typical of porphyry copper-gold mineralization, is common within the Project area and Caira (2005) identifies the six most common alteration facies: potassic, intermediate argillic, phyllic, argillic, propylitic and calc-silicate. The following are summarizes the alteration facies, as described by Caira (2005, after McCrea, 2006).

Potassic Alteration - An early-stage, unmineralized and barren hornfelsing resulted in pervasive biotite alteration in the basement andesite volcanics that is seen in xenoliths in an igneous breccia phase. This alteration type generally coincides with the most intense copper mineralization, particularly along igneous contacts and where multiple vein events occur. In addition, isolated areas of albite-quartz alteration occur and may be a subset of potassic alteration.

Intermediate Argillic Alteration - This is comprised of sericite-illite/smectite-haematite that overprints potassic alteration in most of the drill holes where igneous phases predominate. Locally, isolated remnant islands of darker, biotite-bearing potassic alteration can be seen in an overall softer, lighter coloured texture of enhanced intermediate argillic alteration. In addition, this alteration type is seen in some igneous clasts and in narrow injections of diorite in the historical open cut area.

Phyllic Alteration - An extensive phyllic alteration overprint is dominant along structural corridors and at structural intersections. It is generally coincident with elevated induced polarization chargeability that trend north-northwest – south-southeast and east-northeast – west-southwest. This alteration type occurs in copper-gold skarn mineralization and is comprised of pervasive quartz-(sericite)-clay-pyrite-tourmaline assemblages with coincident chalcocite-covellite-digenite mineralization. In addition, thin phyllic veins host pervasive quartz-sericite-pyrite alteration envelopes, locally throughout the Project Area.

Argillic Alteration - This occurs in fault zones and variably within the upper leached part of the system where it is intermixed with the phyllic overprint. It is typically comprised of a clay-pyrite-goethite-limonite assemblage.

Propylitic Alteration - This is comprised of a chlorite-epidote-pyrite-calcite assemblage. It occurs in the late-stage andesite pyroxene (APP) igneous phase and in veins in the late-stage, fine grained AFP igneous phase, most commonly in the Montaña de Cobre y Oro Zone. In addition, epidote-pyrite-calcite occurs in close proximity and overlaps with calc-silicate alteration and mineralization in the GOSZ.

Calc-Silicate Alteration - This coincides with strongly calcareous arenite conglomerate in the vicinity of a series of low-angle and high-angle fault intersections near narrow diorite porphyry sill and dikes. Elsewhere, calcareous cemented conglomerate intervals are unmineralized. Skarn minerals include garnet (andradite – an iron-aluminium garnet), an apple green mineral (Ca-Ma-Fe-Al silicate) that is probably vesuvianite, as well as epidote, chlorite, calcite, manganocalcite, iron oxide, wollastonite, actinolite, tremolite, and quartz (the latter containing variable sulphides including sphalerite, chalcopyrite, pyrite coated chalcocite, silver-rich galena and tetrahedrite-tennantite).

7.2.4 Structure

Coughlin (2005) describes the regional structural setting of the Project Area in an internal Company report. In summary, he states that: ‘A major northwest trending fault zone, the LFZ, transects the local Altiplano and passes close to the Project area. The LFZ is characterized by a parallel alignment of high-energy, coarse grained sedimentary rocks of upper Cretaceous age, which suggests that the LFZ might have imparted some control over their distribution. The ` folded at least once (likely twice in some places) by subsequent, fault-controlled Andean (Tertiary age) deformation, which, as suggested by chronostratigraphy and cooling ages, commenced in the Pinaya region during the middle Eocene (i.e. approximately 34 to 30 million years ago)'.

The Project Area is located at the apex of a major northeast-convex curved and apparently westward verging fault zone that is reflected in the stratigraphy and in regional fold trends. The fault itself is marked by a dip/facies change in the upper Cretaceous clastic sequence and is *'obvious as a zone of locally higher brittle strain in hangingwall' rocks'* (Coughlin, 2005). This apparent curvature may either represent a northward bend in the LFZ itself (on published, 1:100k scale maps the LFZ does not appear to continue further westward of this point) or it may have developed due to the linkage and interaction of the LFZ with subsidiary north-south fault zones. Northwest to north-south linkage points or curves along Andean-age fault zones are considered to be important regional-scale, focal points of magmatic centres, strain, uplift and mineralizing fluids, hence the focal points for porphyry and epithermal styles of mineralization.

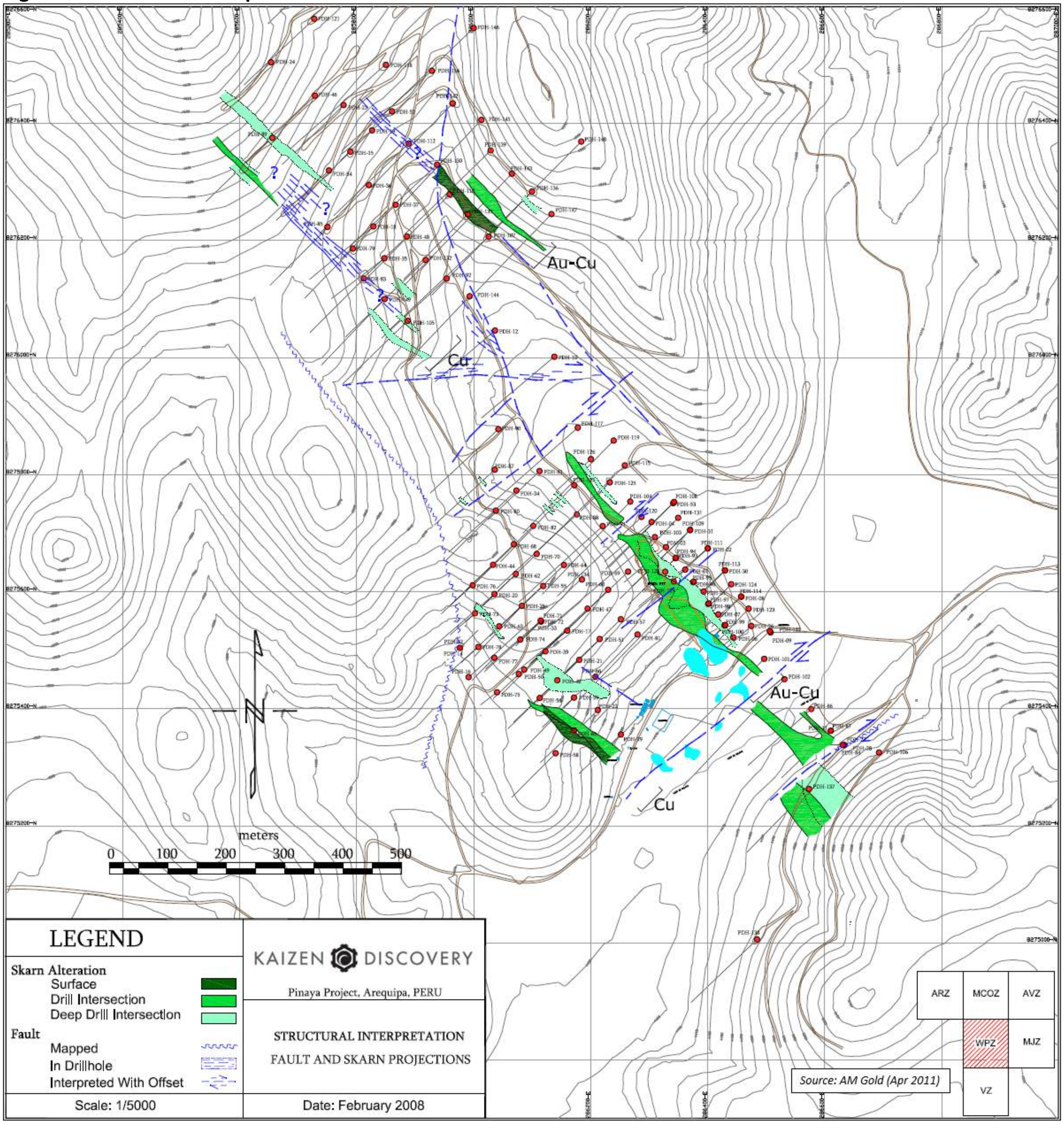
Bradley (2004), Coughlin (2005) and Caira (2005) completed property-scale structural mapping; Murphy (2006) completed an ASTER (Advanced Spaceborne Thermal Emission and Reflection Radiometer) image interpretation. The results show that folding is not obvious across the Project Area, except on a regional scale. Minor folding is, however, evident near fault structures.

The country rocks in the northern part of the Project Area strike northwest and have moderate to steep dips. In the southern part of the Project Area they strike west northwest and have steeper dips. Faulting has been repetitively active throughout the local geological history. It cuts all the known lithologies, except the overlying ignimbritic rocks, and both pre-dates and post-dates the known mineralization.

Coughlin (2005) and Caira (2005) both indicate the presence and importance of a northeast-southwest trending set of cross-structures. Caira (2005) points out that '*veins of chalcocite have been observed following this orientation*'. Both Coughlin and Caira recommended strongly that the hypothesis should be tested by diamond drilling across the uniform direction of drilling (for example, see Figure 7-3), but their recommendations were not followed.

Cole agrees that potentially enriched mineralized cross-structures might have been missed as a result of the uniform direction of drilling employed across the vast majority of the drilled Project Area. It is, therefore, recommended that the existence of mineralized cross-structures is tested within the scope of any future drilling program.

Figure 7-3 Structural Interpretation



7.3 Mineralization

The following was primarily summarized from McCrea (2006), with contributions from Caira (2005 & 2006, and Pothorin (2008):

7.3.1 Gold Oxide Skarn Zone (GOSZ)

Mineralization in the GOSZ is hosted by an outer, cooler temperature assemblage of specularite-pyrite transitioning with higher temperature andradite garnet skarn, in phyllic alteration, that is dominated by pyrite-chalcopyrite-sphalerite-galena-tetrahedrite. A deeper vesuvianite assemblage exists, below which narrow intermediate argillic altered dikes/sills host chalcocite veins that are up to one centimeter in width. Secondary supergene copper mineralization, including chalcocite and covellite, commonly occurs in association with metamorphosed country rocks and with local andradite garnet to vesuvianite skarn mineralogy.

7.3.2 Porphyry Copper-Gold Deposits

Caira (2006) describes at least three igneous phases that host differing intensities of mineralization, quartz veining and resultant copper grades in the Pinaya Igneous Complex:

- the earliest phase (crowded diorite porphyry [CDP], diorite porphyry [DIP] and feldspar porphyry tonalite [MFP]) contains the most intense quartz veining;

- the intermediate phase (andesite feldspar porphyry [AFP] hosts copper oxides and, locally, native copper; and

- the latest phase (biotite dacite porphyry [BDP]) lacks both copper and gold mineralization.

Early potassic alteration is severely overprinted by both an intermediate argillic (illite/smectite) and phyllic (sericite-quartz-pyrite-tourmaline) assemblages. Both of the later alteration events aided in the supergene and hypogene enriched mineralization transition from chalcopyrite-pyrite to a pyrite-chalcocite-covellite-digenite assemblage that extends for up to 200 metres in depth (McCrea, 2006). Late stage phyllic alteration post dates the skarn mineralization and is probably responsible for most of the supergene copper and gold enrichment zones (Caira, 2005).

The chalcocite-covellite-pyrite mineralization enrichment blanket is both supergene and hypogene enriched. The chalcocite appears to have formed at the expense of pyrite, covellite at the expense of chalcocite and digenite at the expense of covellite. Caira (2005) also notes that the enriched hypogene copper mineralization (typically 0.65% to 8.37% Cu) might result in a series of mineralized bodies that are likely to be amenable to solvent extraction/electro-winning treatment to recover copper. However, given the gold content, conventional milling and flotation might be more appropriate method.

The Pedro 2000 and Minas Jorge mineralized occurrences are dominated by potassic alteration with co-extensive copper mineralization in hypogene chalcopyrite-covellite mineralization in a megacrystic, tonalite porphyry. Sheeted quartz-magnetite-orthoclase veins are common in the area, which are coincident with two magnetic susceptibility anomalies that measure several hundreds of metres in length.

7.3.3 Montaña de Cobre y Oro Zone (MCOC)

The MCOZ is located within an area of relatively low magnetic susceptibility that is coincident with a magnetite destructive zone with specularite-pyrite-chalcopyrite mineralization in phyllic alteration. According to Caira (2006), the geochemical footprint, that covers an area of 300m by 650m, is defined by gold values of between 0.50g/t and 18.56g/t Au, in addition to tungsten, bismuth and barium. Historic trenches and small mine workings, that are up to 50m deep, are present in the anomaly area. According to Caira (2006), free gold can easily be panned from veins that commonly grade between 1 and 5g/t Au, but can be as high as 18.56g/t Au. Most of the high gold grades are near fault zones, lithological contacts, and at phyllic-propylitic transition zones.

Within the Los Vientos Zone, strong gold values occur in narrow structural zones, with abundant limonite and goethite. Alteration tends to occur as narrow, argillic envelopes to the structural zones. Gold values of up to 10.7g/t have been found along with elevated silver values that commonly exceed 1 g/t Ag.

8 DEPOSIT TYPES

The mineralized deposits located on the Project Area may be characterized as being of the porphyry copper-gold skarn and supergene types. They are described by Caira (2005 and 2006) as typical of a porphyry environment and similar to some of those found in other parts of south-eastern Peru and in northern Chile as well. They appear to be spatially related to a series of prominent, northwest-southeast trending faults and shear zones, and genetically associated with metal-bearing hydrothermal fluids related to the emplacement of alkaline intrusions and their associated alteration zones. McCrea (2006) further suggests that the structures might be tectonically related to either the LFZ or a similarly orientated, subsidiary fault. Caira (2005 & 2006) states that the copper-gold tenor within the mineralized centres 'varies according to the associated intrusive phase, structural complexities and alteration overprints'.

As earlier outlined, the mineral deposits occur in five main zones: the GOSZ; the Pinaya Intrusive Complex (that includes the North-Western Porphyry, WPZ and Vizcachani Zone), the MCOZ, the Pedro Dos Mil Mineralized Complex (that includes the Minas Jorge and Pedro 2000 mineralized occurrences, which might be structurally linked with the MCOZ); the Saitocco Zone; and the Los Vientos and Antaña Este Zones. Little is currently known about the Antaña Este Zone that was identified from the results of an IP survey and into which two trenches only have been cut. The other nine mineralized zones may be classified into three main types: copper-gold deposits associated with skarn zones (mainly the GOSZ); classic porphyry copper-gold deposits; and copper-gold deposits in sheared and oxidized country rocks (mainly in the area of the MCOZ).

8.1 Gold Oxide Skarn Zone

The Gold Oxide Skarn Zone is hosted in faulted and sheared quartz arenite and thermally metamorphosed conglomerate along a northwest-south east trending fault zone with a moderate dip to the northeast. Mineralization is preferentially developed along bedding planes, fractures and shears and is cut by narrow, post-mineral diorite dikes and sills (McCrea, 2006).

8.2 Porphyry Copper-Gold Deposits

The porphyry copper-gold deposits are spatially and genetically associated with multi-phase intrusive events. The main porphyry copper-gold deposits found thus far occur in the Pinaya Intrusive Complex that Caira (2005) describes as being defined by multi-phase diorite to tonalite porphyry and a series of late-stage andesite porphyry dikes. At least six phases and multiple breccias have been identified. Locally, the diorite porphyry phases are truncated by faults that are locally exploited by a post-mineral, biotite phyric dacite porphyry plug, which is either a possible intrusive equivalent of the locally preserved biotite dacite ignimbrite blanket or a late-phase of the Pinaya Intrusive Complex.

Weathering of the porphyry copper-gold deposits and the skarn centre overlapped with the deposition of the ignimbrite blanket.

Little is currently known about the Pedro 2000 and Minas Jorge mineralized occurrences, due mainly to the fact that to date their exploration has been limited to surface trenching only. The preliminary indications are that, together with the MCOZ, they occur within a broad structural belt and comprise a series north-northwest - south-southeast trending, copper-gold (plus silver) mineralized lenses, that are approximately 800m long and approximately 200m wide.

Initial reconnaissance work carried out across the Saitocco Zone indicates the presence of two intrusive bodies of intermediate composition with strong intermediate argillic alteration. There is common malachite and chrysocolla staining along with copper oxides in the intrusives, which mineralization appears to be mostly constrained to northeast – southwest and west-northwest – east-southeast trending fracture zones (unverified by the authors).

8.3 Montaña de Cobre y Oro Zone

The MCOZ appears to be part of the upper distal portion of an oxidized magma chamber where fracture filling, copper-gold deposits are apparently controlled by the intersection of north-northwest – south-southeast trending, steeply dipping faults and shears with steeply dipping bedding planes and east-northeast trending, steeply dipping dextral cross-faults (Caira, 2006). The GOSZ is in some respects similar to the oxidized cap of the MCOZ, but it is interpreted as an oxidized skarn that is more proximal to the magma source.

Initial reconnaissance work carried out across the Los Vientos Zone shows that it is developed in greywacke sediments, exposed seven trenches that were excavated and sampled in 2007. The Zone contains abundant bedding plane structures orientated northwest, that are similar in style to the MCOZ.

9 EXPLORATION

The Company has performed no exploration on the Property. The following summarizes the work as performed by AM Gold.

The description of exploration activities performed on the Property has been broken down into three broad chronological groups:

- the first group covers the activities from 2004 to 2006 at which point the first mineral resource estimate was performed (Blanchflower, 2006);
- the second group covers the activities performed from 2007 to 2008. Both these groups have already been discussed and disclosed under Cole (2011);
- the third and last group covers the activities of AM Gold during the 2011 field season.

9.1 2004 to 2006 Activities Overview

AM Gold’s exploration effort commenced in mid-2004 with a number of intermittent programs, including prospecting, property-scale mapping and sampling, ground magnetic geophysical surveys, induced polarization (“IP”) geophysical surveys, soil geochemistry, trenching, and diamond drilling.

Prior to 2005, exploration planning was centred on a structurally controlled epithermal model. McCrea (2006) notes that geologist Geoffrey Keyte applied a porphyry copper-gold model in the AM Gold's internal reports that considered the results of the 2004 exploration program. Keyte also concluded, following examination and interpretation of the available data, that a buried porphyry system was a more likely deposit model. It is a porphyry model that has since formed the basis for the AM Gold's exploration work, which work has substantiated Keyte's interpretation and geological model.

9.1.1 Geology and Rock Sampling

Surface mapping results are documented by Bradley (2004), Coughlin (2005) and Caira (2005) as property-scale maps and accompanying reports. Key elements of the outcomes of this work are presented in Section 7.2 in which the regional and property structural settings are described.

In December 2005, a geological mapping and rock sampling program was carried out across the MCOZ. A total of 34 rock samples returned gold assay values greater than 300ppb, including 21 samples with gold assay grades greater than 1,000ppb and 11 samples with gold assay grades greater than 5,000ppb. Fire assay results for the 11 anomalous samples returned gold values of between 6.04g/t and 18.56g/t. Locally, gold has been found to be coincident with up to 4,281 g/t Ag, 3.85% Cu, 1.0% Pb and 1.49% Zn.

A total of 71 rock samples were collected from weathered surface exposures within the area of the Pedro 2000 mineralized occurrence, which returned an average grade of 0.30% Cu. To the northwest, nine widely spaced samples collected from outcrops returned an average grade of 0.90 g/t Au and 0.08% Cu.

A total of 2,079 rock samples were collected from surface exposures and outcrops over the WPZ, which returned average grades of 122ppb gold and 739ppm copper.

9.1.2 Geophysical Surveys

Four ground geophysical programs were carried out up to and including 2006, by Val D'Or Geofisica del Peru S.A.C. of Lima, Peru ("VDG"), on behalf of the AM Gold (Pineault, 2006 and 2007). The first program consisted of ground magnetics; the second and third programs consisted of IP surveys. The fourth program comprised a limited IP survey that was targeted at testing the potential for a hypogene zone at depth. Summaries of AM Gold's geophysics programs are presented in McCrea (2006) and Blanchflower (2006).

The following is modified after McCrea (2006):

Grids were established to cover most of the Antaña, La Porfia, Don Pedro 2000 and Panchito concessions, as well as parts of the Fiorella 2003 and Tesalia concession areas (i.e. the central portion of the Company's overall concession area, where the main mineralized occurrences are located).

Magnetic Survey - A total of 110.2 line kilometres were surveyed covering an area measuring 4.0km by 4.7km. The lines were orientated east-west and were spaced at 100m intervals, with reading stations spaced every 50m along the lines. The results showed that the general orientation of the main magnetic trends strike is in a northwest direction. Spikey profiles were found in the central portion of the grid, which were interpreted as being caused by the presence of narrow intrusive sills and dikes.

Induced Polarization Surveys – the IP surveys were conducted in a pole-dipole array with a spacing of 50 metres and six separation factors. The first two surveys were read at along 100m spaced lines, at 50m intervals. It was estimated that the penetration depth was about 125m below surface. The drill-defined mineralized zones and the geology-defined sectors of interest were known to extend to greater depths, so the third IP survey was carried out using newly developed, deep survey techniques that allowed for an estimated penetration depth of 300m. In this latter case, the IP survey was read every 50m over selective traverses covering favourable ground, on lines spaced at 200m intervals. The electrode array used for purposes of all three surveys was the Pole-Dipole-Pole array (McCrea, 2006).

Eleven IP anomalies were outlined and the deep IP survey detected an additional five new chargeability anomalies, three of which extend to depths of 200 metres below surface. The three deep IP anomalies were interpreted to represent sulphide occurrences and thereby were considered to constitute excellent drill targets (McCrea, 2006).

9.1.3 Soil Geochemistry

Details of AM Gold's 2004 through 2006 soil geochemistry surveys are extracted from Agreda (2006):

Two soil sampling programs were carried out in 2004 and 2005:

- between October and December 2004, 1,569 B-horizon soil samples were collected, including 432 samples on 25m centres around the historical open cut area and 1,137 samples on 50m centres on the Antaña and La Porfia concessions, as well as part of the Fiorella 2003 concession; and
- during June and July 2005, 755 B-horizon soil samples were taken on 50m centres over the Antaña, La Porfia, Don Pedro 2000 and Panchito concessions, as well as part of the Tesalia concession.

The sampling areas took advantage of the grids used for the geophysics surveys earlier outlined. Caira (2005 and 2006) suggests that copper anomalies may best be identified by assuming a 50 to 100ppm Cu. A total of five copper zones were identified from the 2004 to 2006 (Figure 9-1):

- the northwest trending main anomaly (centred on the Antaña concession) that covers the approximate area of the GOSZ and WPZ – it is approximately 800m wide and about 1,300m long (which anomaly is roughly coincident with an intense and deep IP resistivity anomaly that extends over 2.9km in length from south of open cut to north of the MCOZ);
- a secondary anomaly to the north of the Antaña concession that extends for approximately 700m over an approximate width of 50m to thereby cover the general area of the NPZ;
- a northern anomaly (located in the northern portion of the La Porfia concession) that trends to the northwest for about 900m over an approximate width of 400m and covers the approximate area of the MCOZ (which anomaly is roughly coincident with magnetic and IP chargeability geophysical anomalies);

- an anomaly to the south of the GOSZ (i.e. immediately to the east of the Antaña concession) that covers what is now known as the Vizcachani Zone (the anomaly trends approximately north-south and has an approximate length of 700m and an approximate width of 400m); and
- an anomaly to the east of the GOSZ (in the Don Pedro 2000 concession) that trends north-south, has approximate dimensions of 600m by 400m (width) and is centred on the Minas Jorge and Pedro 2000 mineralized occurrences (which anomaly coincides with a strong, 400m long IP geophysical response).

Caira (2005, 2006) suggests that gold anomalies may best be identified using a 50ppb Au lower assay threshold. On this basis, gold anomalies with similar trends, sizes and distributions to those outlined for copper may be identified, albeit that the Minas Jorge/Pedro 2000 gold anomaly is only weakly defined. The strongest anomaly is clearly centred on the GOSZ and WPZ. The results also identify an anomaly to the east of the Vizcachani Zone (in the eastern portion of the La Porfia concession) that had thus far not been satisfactorily explained, but might be a GOSZ-parallel.

Figure 9-1 Cu in Soils

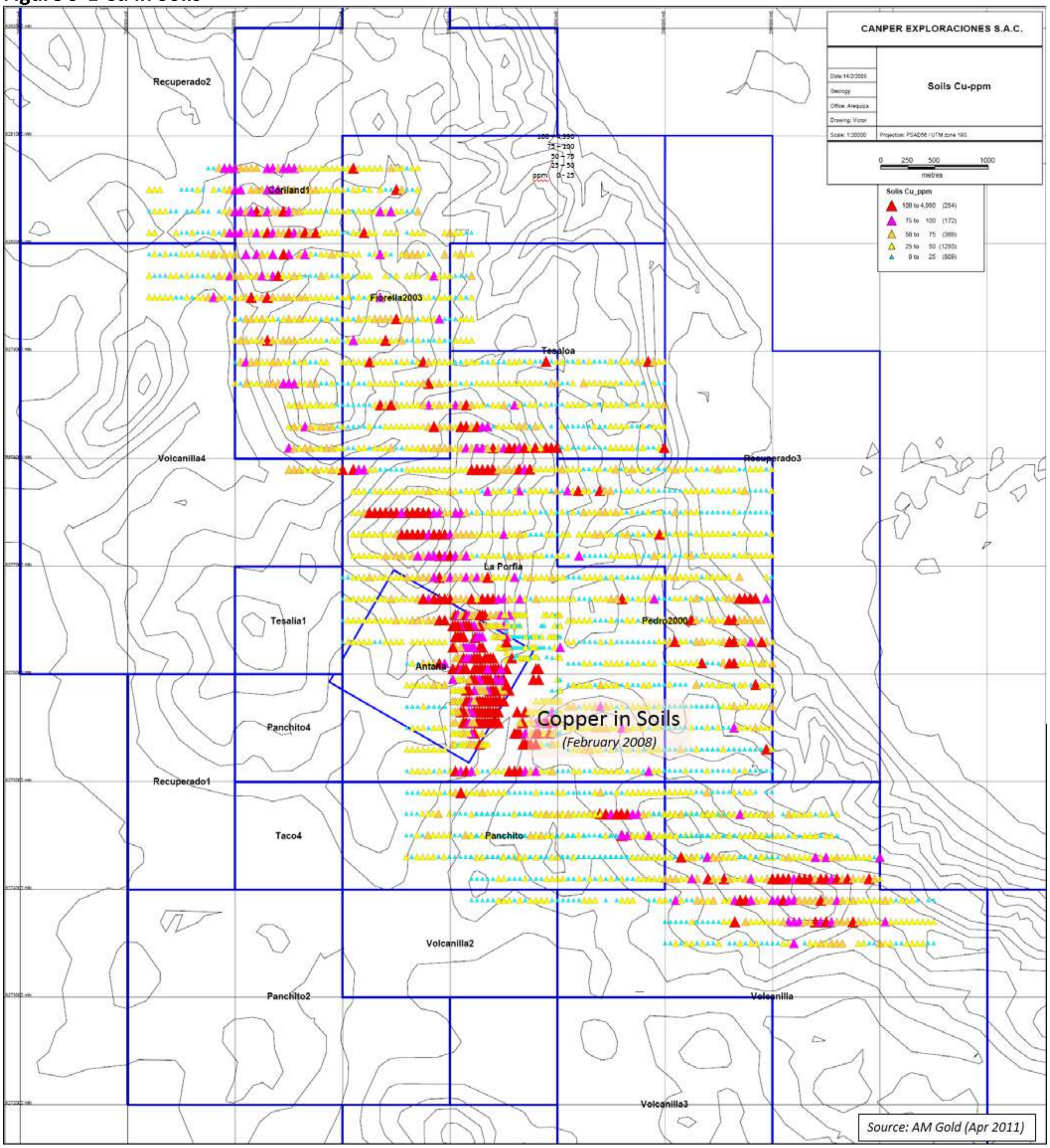
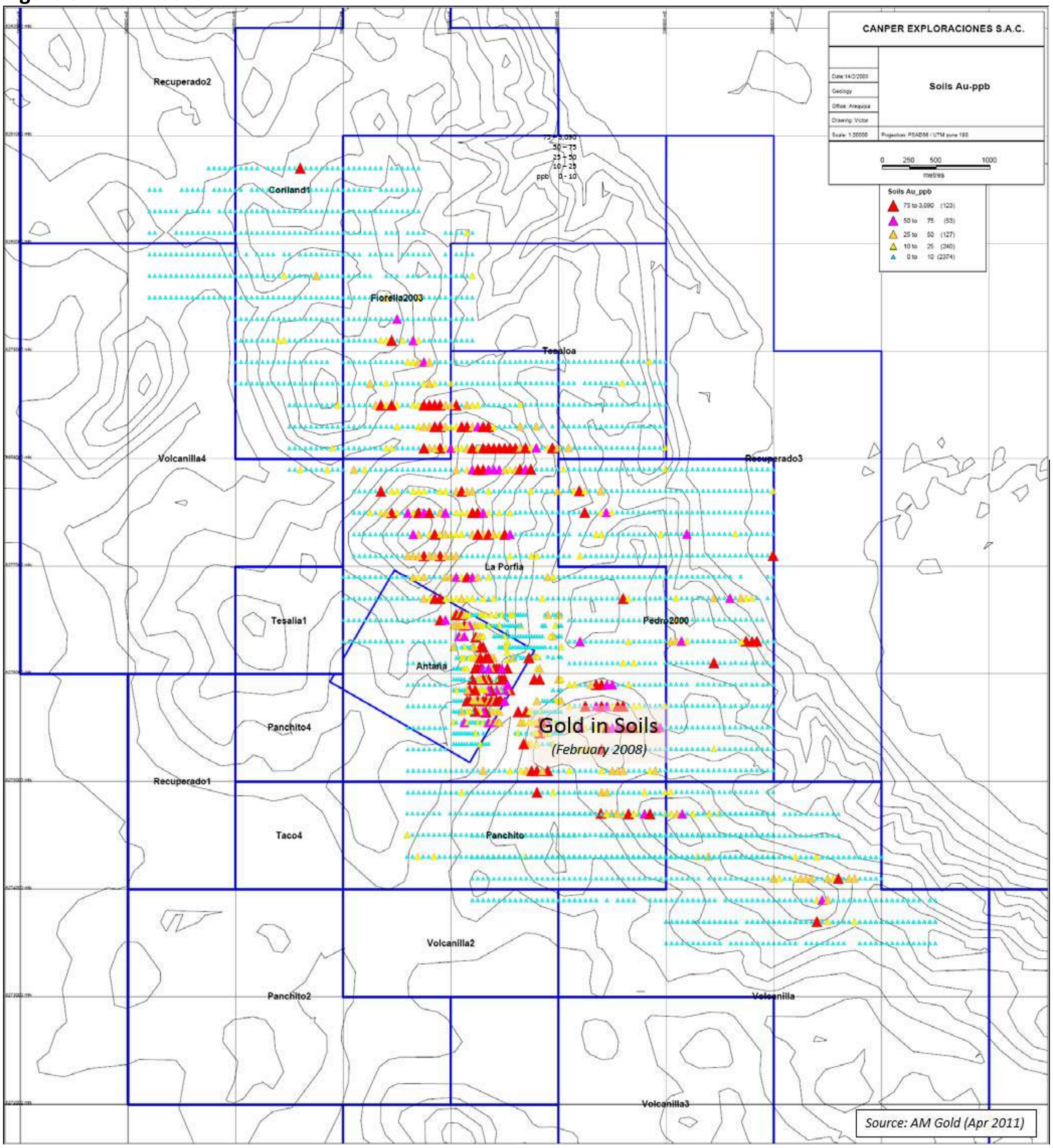


Figure 9-2 Au in Soils



9.1.4 Trenching

AM Gold undertook two trenching programs between 2004 and 2006, mainly on the WPZ and NPZ: the first between March and July 2005; and the second between June and August 2006. During the first program:

- 37 trenches completed by Minsur in 1999 (2,981m) were rehabilitated and sampled, including seven trenches on the MCOZ (PTR-12, -39, -40, -41, -42, -50 and -54); and
- 44 new trenches were cut (totalling 7,289m), including four trenches (PTR-65 to PTR-68, inclusive, on the MCOZ).

During the second program, a further 12 new trenches were cut (PTR-74 to PTR-85, totalling 2,234m) over the WPZ (PTR-74 and -75), the GOSZ (PTR-76 to -81), the MCOZ (PTR-84) and over ground magnetic anomalies located 1.5km to the east of the GOSZ (PTR-82, -83 and -85).

The objective of each of the trenching programs herein outlined was to discover intersections of porphyry-style, copper-gold mineralization, as well as to facilitate to location of exploration drill holes. Highlights of the trenching results are listed in Table 9-1:

Table 9-1 Summary of 2005 and 2006 Trench Assay Results

Trench	*Sample*			*Trench*	*Sample*		
Number	*Length*	*Au (g/t)*	*Cu (%)*	*Number*	*Length*	*Au (g/t)*	*Cu (%)*
PTR-1	70	0.28	0.77	PTR-42	47.5	0.15	0.01
PTR-2a	70	0.25	0.15	PTR-43	27.5	1.03	0.14
PTR-2b	70	0.12	0.14	PTR-45	20	0.09	0.01
PTR-3	72.5	0.09	0.17	PTR-46	36.5	0.13	0.02
PTR-4a	42.5	0.12	0.16	PTR-47	27.5	0.13	0.02
PTR-4b	40	0.23	0.1	PTR-49	35	0.11	0.11
PTR-5a	22.5	0.05	0.01	PTR-50	50	0.25	0.01
PTR-5b	17.5	0.12	0.03	PTR-51	30	0.15	0.15
PTR-6a	45	0.11	0.01	PTR-52a	25	0.15	0.09
PTR-6b-1	60	0.21	0.05	PTR-52b	17.5	0.23	0.04
PTR-6b-2	45	0.13	0.01	PTR-56a	32.5	0.16	0.06
PTR-7a	47.5	0.15	0.24	PTR-56b	27.5	1.16	0.06
PTR-7b-1	67.5	0.15	0.07	PTR-57	40	0.21	0.49
PTR-7b-2	22.5	0.28	0.73	PTR-58ne	50	0.12	0.02
PTR-8	87.5	0.18	0.31	PTR-58sw	70	0.09	0.01
PTR-9	77.5	0.48	0.32	PTR-59	20	0.16	0.36
PTR-10	17.5	0.22	0.02	PTR-60	17.5	0.35	0.66
PTR-13	15	0.18	0.05	PTR-61	12.5	0.46	0.56
PTR-14b	22.5	0.12	0.02	PTR-65a	30	0.27	0.01
PTR-15b-1	25	0.17	0.07	PTR-65b	21	0.21	0.02
PTR-15b-2	27.5	0.13	0.08	PTR-65c	21	0.13	0.01
PTR-16	50	0.35	0.08	PTR-66a	51	0.44	0.06
PTR-19	40	0.12	0.01	PTR-66b	45	0.39	0.02
PTR-22	30	0.56	0.09	PTR-67	48	0.15	0.02
PTR-23	60	0.29	0.1	PTR-68a	42	0.08	0.03
PTR-24a	17.5	0.28	0.03	PTR-68b	36	0.3	0.02
PTR-24b	17.5	0.35	0.11	PTR-73	27	0.11	0.02
PTR-24c	12.5	0.19	0.17	PTR-74	95.99	0.15	0.02
PTR-26	27.5	0.19	0.02	PTR-75	29.43	0.3	0.03
PTR-27	30	0.27	0.06	and	18.39	0.1	0.01
PTR-28	57.5	0.32	0.05	PTR-76	95.23	0.04	0.02
PTR-30	15	0.45	0.02	PTR-77	55.37	0.03	0.03
PTR-32	95	0.16	0.02	and	90.83	0.03	0.02
PTR-34a	27.5	0.23	0.03	and	61.49	0.03	0.02
PTR-34b	80	0.28	0.05	PTR-78	125.31	0.44	0.09

Trench	*Sample*			*Trench*	*Sample*		
Number	*Length*	*Au (g/t)*	*Cu (%)*	*Number*	*Length*	*Au (g/t)*	*Cu (%)*
PTR-35	25	0.1	0.02	PTR-79	24.01	0.01	0.01
PTR-37	30	0.05	0.01	and	54.31	0.01	0.01
PTR-38	17.5	0.09	0.01	PTR-82	122.28	0.21	0.03
PTR-39	22.5	0.09	0.02	PTR-83	134.64	0.14	0.01
PTR-40	17.5	0.12	0.02	PTR-85	48.7	0.05	0.01
PTR-41	20	0.16	0.03	-	-	-	-

The trenches highlighted in GREEN were first cut by Minsur in 1999, on the MCOZ
The trenches highlighted in RED were newly cut by AM Gold, on the MCOZ
The trenches highlighted in BLUE were newly cut by AM Gold in 2006

McCrea (2006) notes that while no difficulties were experienced when identifying rock types in weathered material, alteration presented a more difficult proposition. Pheoncryst-selective secondary biotite is ubiquitous in both trench and drill hole porphyry intersections. Silicification and free quartz veining were observed, but extensive quartz-magnetite stockwork were absent from the porphyritic rocks encountered in the trenches. McCrea (2006) also notes that there is, by contrast, abundant disseminated haematite that also occurs in veinlets and the better intersections were almost always characterized by chrysocolla and malachite. However, the trenches often had to be deepened by two to three metres before these minerals were observed. Occasionally, chalcocite was identified. Pyrite was almost completely absent from the (deepened) level in the exposed weathering profile.

9.2 2007 and 2008 Activities Overview

AM Gold's 2007 and 2008 exploration programs comprised soil geochemistry surveys, a trenching program, and diamond drilling. The 2008 diamond drilling program represents the last exploration program carried out by AM Gold on the Project Area. Following completion of the 2008 drilling program, a total of 160 holes had been drilled by AM Gold for a cumulative total of some 46,430m.

9.2.1 Soil Geochemistry

Early in 2007, AM Gold started a geochemical soil survey that covered parts of the Project Area that had not previously been sampled. The pre-existing soil sample grid (approximately 3 km by 2 km), that covers the Western Porphyry and Gold Oxide Skarn Zones, was extended to the northwest by approximately 2.3km by 800m and to the southeast by approximately 4 km by 1.4 km. The objective was to extend the grid to cover the northwest and southeast extensions of the Tertiary Puno Group, which hosts the then known copper-gold mineralization.

A total of 991 soil samples were collected from the new grid areas and were assayed for 36 elements by acid digestion (Aqua Regia) followed by an Inductively Coupled Plasma ("ICP") finish:

- the assay results for the north-western grid extension area revealed an anomalous area in copper measuring some 2.8km (length) by 400m to 600m (width) - copper values varied up to 1,513ppm and gold values up to 126ppb; and
- the assay results for the south-eastern grid extension area revealed a strongly anomalous area in copper measuring approximately 2.8km (length) by 200m to 600m (width) that

remains open to the southeast - copper values vary up to 1,212.8ppm and a smaller, coincident gold anomaly reported gold values of up to 126ppm Au.

AM Gold further expanded the soil sampling grid during late 2007 and completed additional sampling and assaying programs, the latter being completed using the same assay methods as described above.

Figure 9-1 and Figure 9-2 are the most current (dated February 2008) anomalies-in-soil plans for copper and gold, respectively. Anomalies-in-soil plans for lead and zinc are also available. These latter plans are not presented here as they do not materially affect the comments, conclusions, or data presented in this report.

9.2.2 Trenching

During 2007, AM Gold cut an additional 73 trenches (PTR-86 to PTR-158, inclusive for 11.25 km of exposure) and extended a number of earlier. A total of 7,503 channel samples, with an average width of 1.5 metres, were collected and sent to SGS Laboratories in Lima, Peru (SGS del Peru S.A.C., or "SGS Peru", ISO 9002 accredited), for analysis using the same methods as described above for the soil samples. The objective of the program was to extend, and prepare for drilling, some of the emerging target zones, such as MCOZ, Minas Jorge, Don Pedro and Viscachani Zones. A newly discovered zone, known as Los Vientos, located approximately 700m to the southeast of the GOSZ, was also tested for the first time.

The results showed trenching to be an effective means of generating high-quality drilling targets, as well as a means of discovering of sub-surface mineralization. Field experience showed that due to weathering and leaching of surface rock, gold values in excess of 100ppm Au and copper values in excess of 100ppm Cu may be considered anomalous geochemical values that indicate the potential for potentially significant sub-surface mineralization.

The assay results are summarized in Table 9-2. Some data from the 2006 trenching program (the results highlighted in blue) has been included in Table 9-2 to emphasize that the Minas de Jorge mineralized occurrence in particular may reasonably be construed to be highly prospective. As earlier outlined, the MCOZ and the Minas Jorge and Pedro 2000 mineralized occurrences appear to be developed on the same north-northwest – south-southeast structural trend that appears to contain copper-gold (plus silver) mineralized lenses that are up to approximately 800 metres long and 200 metres wide. By 2007, of the three mineralized occurrences outlined, only the MCOZ had been explored by diamond drilling (five holes drilled in 2006).

Table 9-2 Summary of 2007 Trench Assays

Summary of 2007 Trench Assays						
(with some selected 2006 results)						
Mineralized Zone	*Trench Number*	*From (m)*	*To (m)*	*Sample Length (m)*	*Au (g/t)*	*Cu (%)*
Minas Jorge	PTR-82	26.0	98.4	72.4	0.32	0.037
	PTR-83	106.5	120.0	13.5	0.32	0.033
	and	138.0	155.3	17.3	0.46	0.057
	PTR-85	31.5	51.2	19.7	0.07	0.010
	PTR-88 Ext.	7.6	12.3	4.7	6.42	0.031
	and	21.1	30.5	9.4	0.03	0.030

Summary of 2007 Trench Assays						
(with some selected 2006 results)						
Mineralized Zone	*Trench Number*	*From (m)*	*To (m)*	*Sample Length (m)*	*Au (g/t)*	*Cu (%)*
	PTR-90	57.0	110.5	53.5	1.41	0.018
	PTR-91	55.5	77.8	22.3	0.17	0.017
	PTR-92	19.5	43.3	23.8	0.27	0.017
	PTR-93	36.0	63.0	27.0	0.66	0.016
	PTR-115	55.9	57.4	1.5	0.29	0.060
Montaña de Cobre y Oro	PTR-101	29.4	130.8	101.4	0.08	0.013
(MCOZ)	PTR-102	154.1	169.1	15.0	0.09	0.057
	PTR-106	27.0	42.0	15.0	0.28	0.007
	PTR-106 Ext.	3.0	73.5	70.5	0.31	0.021
	incl.	16.5	24.0	7.5	1.49	0.028
	incl.	48.0	67.5	19.5	0.44	0.008
	PTR-107	42.1	129.8	87.0	0.17	0.028
	PTR-108	18.0	118.0	100.0	0.17	0.010
	PTR-130	34.5	70.5	36.0	0.08	0.050
	PTR-131	30.6	51.6	21.0	0.19	0.013
	PTR-133	157.2	199.8	42.6	0.29	0.029
	and	259.9	266.6	6.7	1.35	0.008
	PTR-134	11.1	26.4	15.3	0.25	0.036
	and	34.3	56.0	21.7	0.10	0.028
	and	64.5	94.8	30.3	0.10	0.009
	and	94.8	111.3	16.5	4.13	0.010
	incl.	99.5	101.6	2.1	27.40	0.006
	PTR-135	64.5	109.4	44.9	0.50	0.024
	and	125.9	162.3	36.4	0.20	0.017
	PTR-136	97.3	119.8	22.5	0.79	0.025
	PTR-138	40.2	43.2	3.0	0.20	0.038
	and	64.1	68.3	4.2	0.30	0.014
	PTR-140	67.5	99.5	32.0	0.29	0.022
	PTR-143	51.0	62.5	11.5	0.41	0.035
	PTR-148	74.5	120.5	46.0	0.33	0.005
	PTR-149	25.5	36.0	10.5	0.25	0.006
Viscachani	PTR-76	0.0	82.0	82.0	0.04	0.022
	PTR-77	356.5	403.0	46.5	0.03	0.033
	and	442.1	542.6	100.5	0.03	0.019
	and	633.3	694.8	61.5	0.02	0.017
	PTR-78	0.0	127.3	127.3	0.03	0.024
	including	82.3	95.8	13.5	0.24	0.012
	PTR-96	0.0	52.0	52.0	0.18	0.019
	PTR-99	0.0	45.0	45.0	0.24	0.011
	and	57.0	121.5	64.5	0.11	0.008
	PTR-104	0.0	36.0	36.0	0.48	0.009

Summary of 2007 Trench Assays						
(with some selected 2006 results)						
Mineralized Zone	*Trench Number*	*From (m)*	*To (m)*	*Sample Length (m)*	*Au (g/t)*	*Cu (%)*
	and	52.5	79.9	27.4	0.24	0.012
	PTR-104 Ext.	0.0	9.0	9.0	1.06	0.029
	PTR-105	0.0	18.0	18.0	0.13	0.008
	and	50.5	64.0	13.5	0.32	0.051
	and	78.3	122.5	44.2	0.23	0.008
	PTR-120	0.0	86.0	86.0	0.16	0.014
	PTR-121	199.8	223.8	24.0	0.24	0.006
	and	226.8	285.3	58.5	0.14	0.014
Western Porphyry (WPZ)	PTR-74	unknown	unknown	96.0	0.15	0.020
	PTR-75	unknown	unknown	29.4	0.30	0.030
	and	unknown	unknown	18.4	0.10	0.010
	PTR-100	1.5	58.5	57.0	0.05	0.072
	and	98.5	172.0	73.5	0.03	0.038
	PTR-103	0.0	12.0	12.0	0.19	0.030
	and	128.0	197.0	69.0	0.11	0.055
Los Vientos	PTR-112	25.5	60.0	34.5	0.72	0.020
	incl.	40.5	49.5	9.0	2.09	0.033
	PTR-152	28.5	35.2	6.7	2.05	0.015
	incl.	32.5	33.7	1.2	10.70	0.066
	and	145.8	160.3	14.5	0.33	0.002
	and	178.8	199.6	20.8	0.45	0.017
Pedro 2000	PTR-155	0.0	56.5	56.5	0.01	0.151
	PTR-156	1.5	62.0	60.5	0.02	0.215
	PTR-157	0.0	60.5	60.5	0.02	0.134

9.2.3 Diamond Drilling

During 2007 and 2008, AM Gold completed an additional 68 diamond exploration drill holes (drill holes PDH-093 to -160 for a total of 25,188m). Details of the 2007 and 2008 drilling programs are presented in Section 10.

The locations of the 2007 drill holes were again based largely on the results of the trenching and geophysical surveys earlier outlined. The majority of the drilling was again directed along an azimuth of 225° with dips of -50° to -60° to '*optimize the intersection of both the stratigraphy and the majority of faulting with which the known mineralization is spatially associated*'.

9.3 2011 Activities Review

9.3.1 Helicopter-borne Geophysical Survey

A helicopter-borne geophysical survey was flown over the project area by Geotech Ltd. of Aurora, Ontario, Canada between from May 1st to 19th 2011 (Latrous and Legault, 2011).

Principal sensors included a Z-Axis Tipper electromagnetic system and a caesium magnetometer. A total of 1,313 line-kilometres of geophysical data were acquired. Flight lines were spaced at 200m intervals and flown east-west, normal to the regional geologic and principal structural strike direction.

AM Gold had a preliminary evaluation performed (Grey, 2011). The objective of the Grey study was to use magnetic data and its derivatives as well as ZTEM frequency data to highlight structural and /or conductive features indicative of mineralized bodies as well of intrusive bodies of interest.

Grey (2011) reports previous studies have demonstrated copper and gold-bearing mineralization are hosted by two dominant lithologies: variably fractured and altered sedimentary country rocks and alkaline intrusions. These are hosted within and adjacent to northwesterly trending regional fracture zones. According to Grey (2011), the information acquired by this survey presents an even more complex structural/lithologic picture and opens up new venues for understanding constraints of observed and predicted mineralization within a wider region than before.

Results of the Grey (2011) study are depicted in Figure 9-3. Three zones have been identified which show signs of dilation in the overall regional structural fabric. This trends primarily northwest and is companioned with a northeast trending subordinate conjugate fault set.

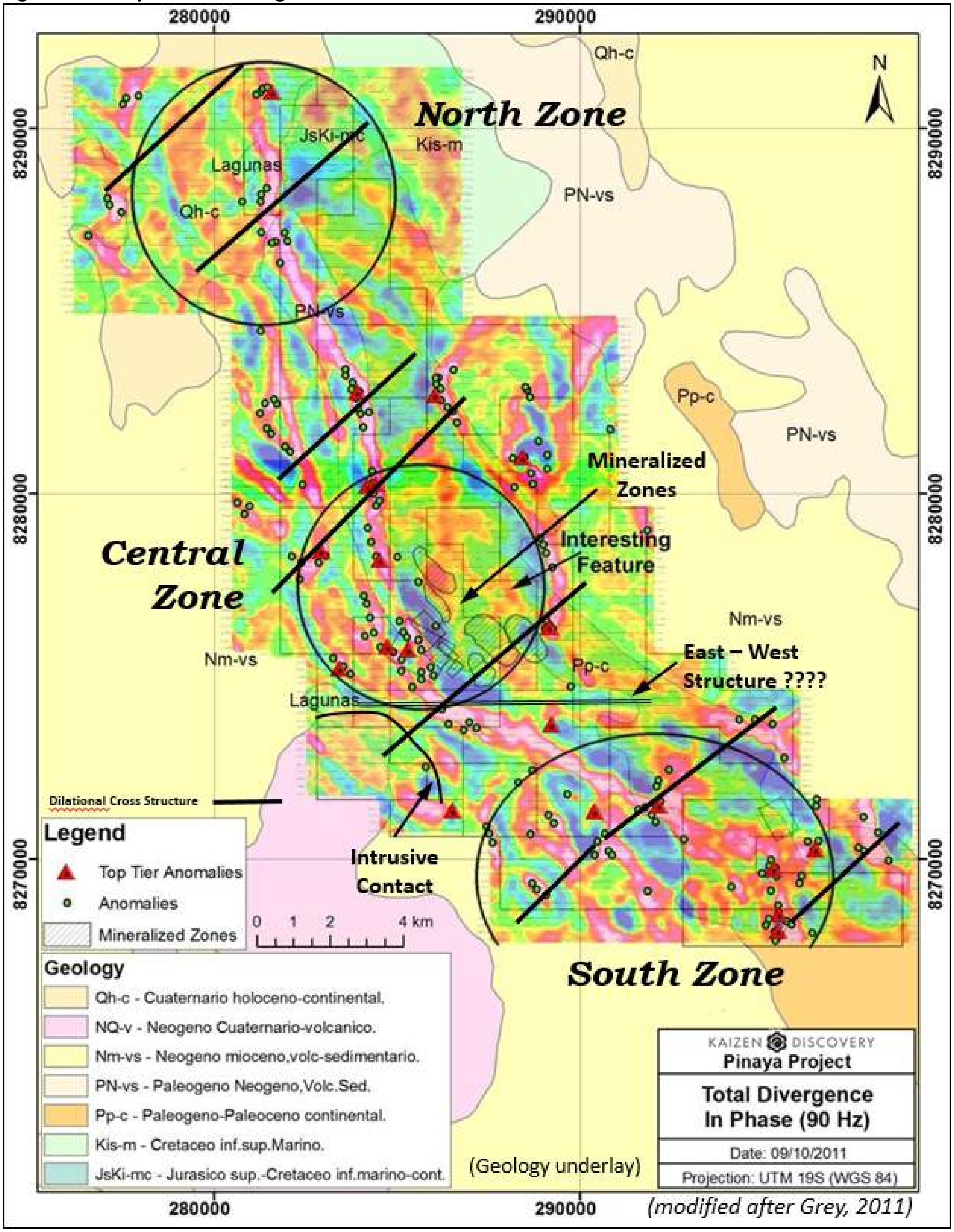
The North Zone, an apparent circular feature located in the northern segment, is roughly bounded by northeast-trending lineaments discerned from the magnetic data. The majority of selected anomalies are noted in the central portion of the feature where it is bisected by the north-northwest-trending Puno band.

The Central Zone encompasses most of the resource zone with the anomalies occurring in the west and centre, in areas of apparent shearing of the northwest-trending Puno fabric. The noted anomalies are somewhat noisy in the higher frequency domain, but tend to amplify as one moves down the frequency (and apparent depth). Of particular interest is an east-northeast-trending band of conductive body located towards the eastern portion of the circle (labeled: "Interesting Feature."). The feature tends to amplify as observed in the lower frequencies (and depth) and may represent a deeper-seated mineralized zone. Other anomalies noted on the fringes of the circle are also interesting because they have amplifying signatures as well, and are somewhat consistent with what has been observed in other porphyry-like systems.

The South Zone encompasses the southeastern portion of the Property, with the majority of anomalies occurring at the eastern-southeastern edge. Anomalies also occur along the northeast trending cutting lineament noted in the aeromagnetic data. Both sets of anomalies are interesting from the standpoint of their electromagnetic ("EM") signature because they are preserved throughout the frequency range. The southeastern string is of similar signature to anomalies noted in the Central Zone, near the GOSZ.

Grey (2011) asserts this review is only a preliminary regional evaluation and more localized anomalous zones of interest likely exist.

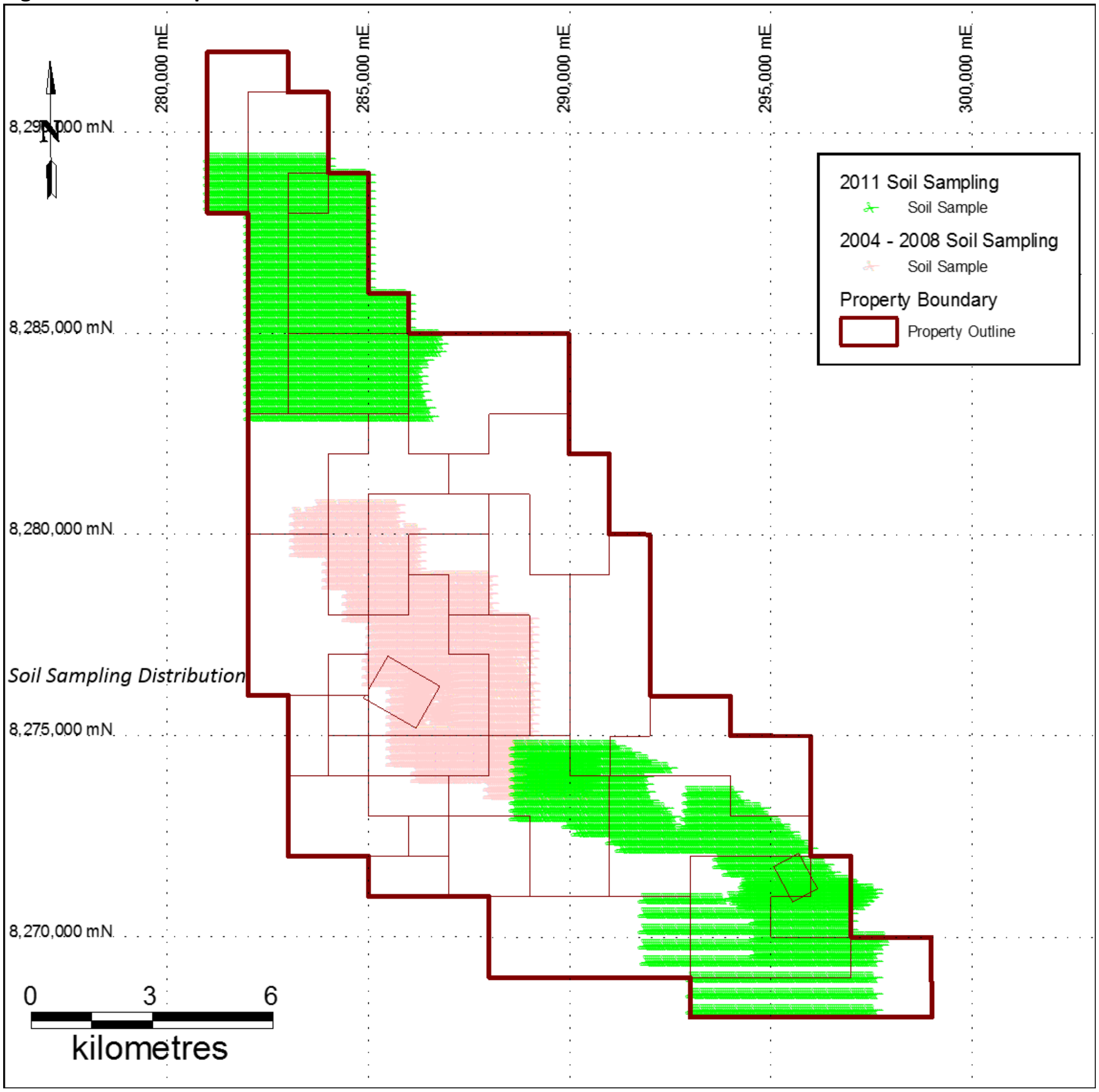
Figure 9-3 Interpretation of Magnetic and ZTEM Data



9.3.2 Soil Geochemical Survey

AM Gold undertook a geochemical soil sampling program to extend the area already sampled, both to the north and south of the resource area. This was undertaken between March and July 2011. Approximately 5,500 samples were taken at 200m x 50m to 400m x 50m grid intervals. Only a small portion of the samples taken have been analyzed to date. Figure 9-4 illustrates the areas covered by the new sampling as well as the previous sampling. There is a 2.3km gap between the previous sampling and the 2011 sample group to the north due to the fact land permission for owner access could not be secured.

Figure 9-4 Soil Sample Distribution 2011



10 DRILLING

10.1 Historic Drilling

Up to the end of 2006, the Project Area had been tested by an estimated 133 diamond drill holes over eight drilling campaigns completed by Minsur and AM Gold. Details of the AM Gold's drilling programs are presented in Section 10.

Minsur completed a minimum of 41, NQ diameter diamond drill holes on the Project area (metres unknown). According to McCrea (2006), the holes were orientated along an azimuth of 230° to 235° with dips of between -50° and vertical. Canper's personnel have located and surveyed 37 Minsur drill hole collars; DDH-041 has been identified as the highest drill hole number inscribed on the cement collar markers, thereby obviously suggesting that Minsur drilled at least that many holes. The drill core was reportedly stored at Juliaca, Peru, but is unavailable for review (McCrea, 2006). None of Minsur's drill hole data was, therefore, included in either of the Mineral Resource estimates completed to date. None of Minsur's drill holes are considered further.

10.2 AM Gold Drill Programs

Figure 10-1 to Figure 10-4 (inclusive) illustrate drill hole collar locations in the following five mineralized zone areas respectively:

- Gold Oxide Skarn Zone & Western Porphyry Zone
- North-Western Porphyry Zone
- Montaña de Cobre y Oro Zone
- Minas Jorge Zone

Drill hole collars are colour-coded by year of drill program pursuant to the legend on Figure 10-1.

In all drill programs, all core samples taken were sent to SGS Peru for 30gm fire assay and 35 element ICP analysis, and AA where required.

Figure 10-6 to Figure 10-8 illustrate cross-sections across each of the major mineralized zones. Section lines are shown on the appropriate drill hole collar plans. Figure 10-5 depicts the nomenclature utilized.

Figure 10-1 Drill Hole Locations – GOSZ and WPZ

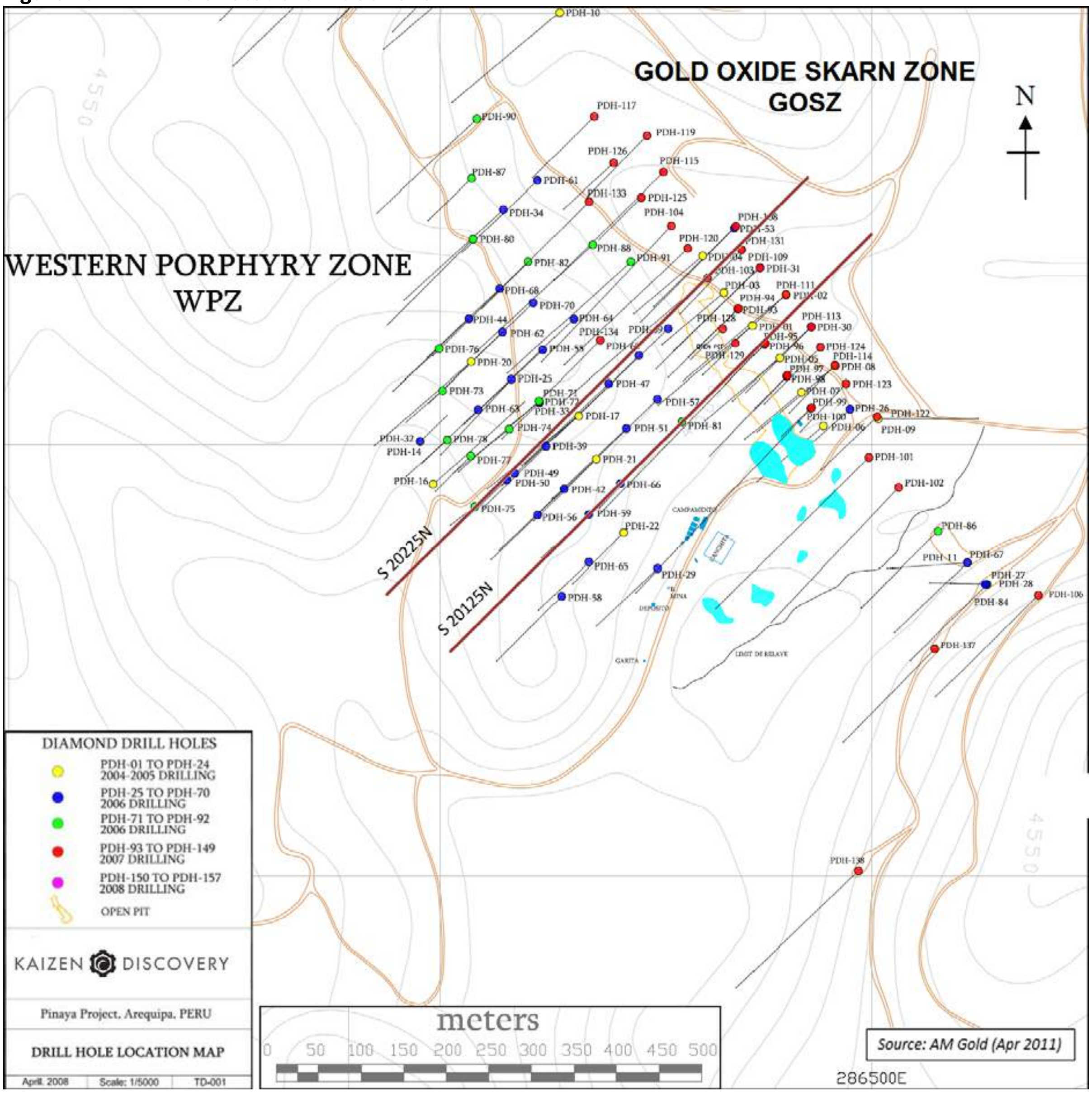


Figure 10-2 Drill Hole Locations - NW Porphyry Zone

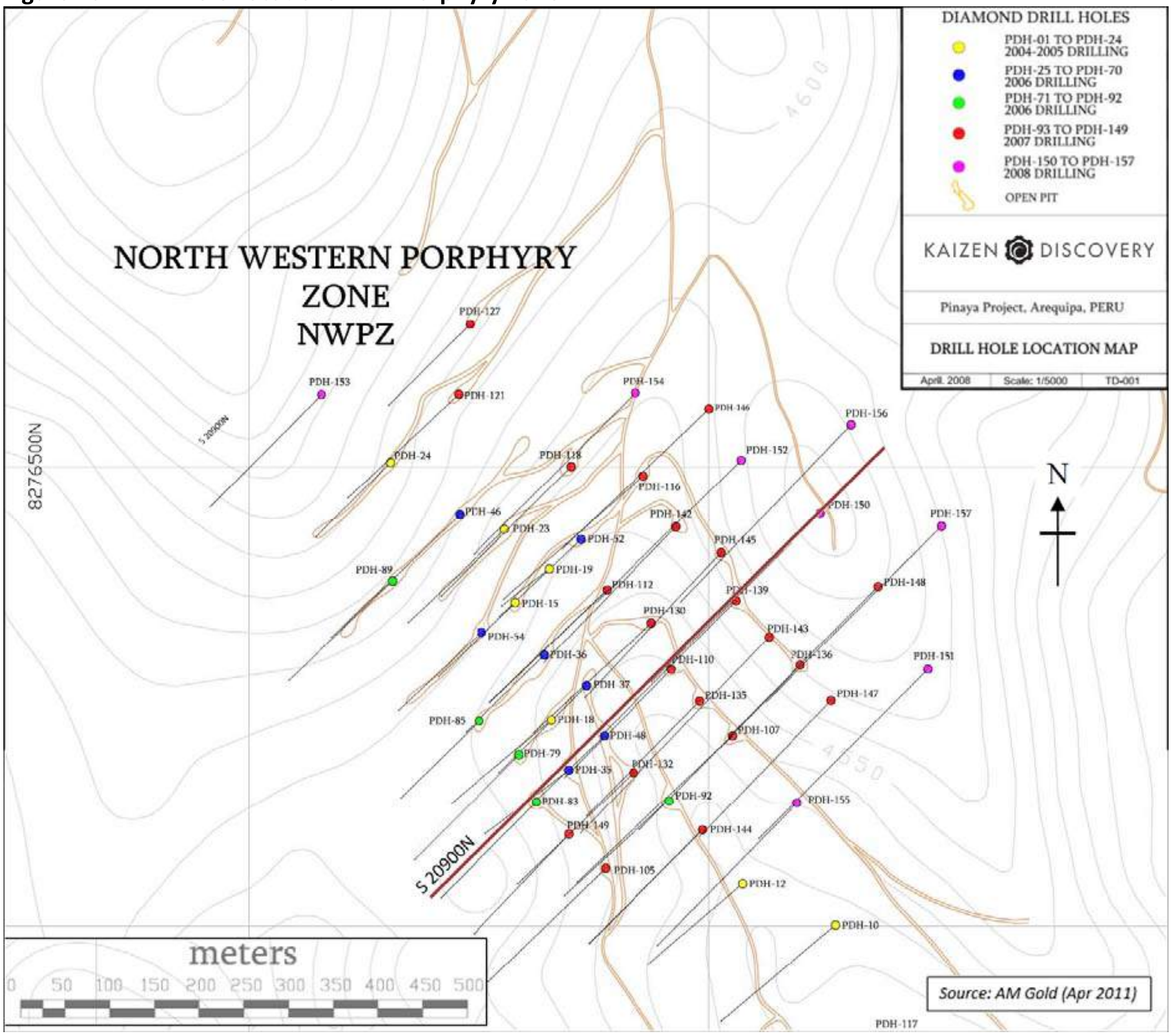


Figure 10-3 Drill Hole Locations Montaña de Cobre y Oro Zone

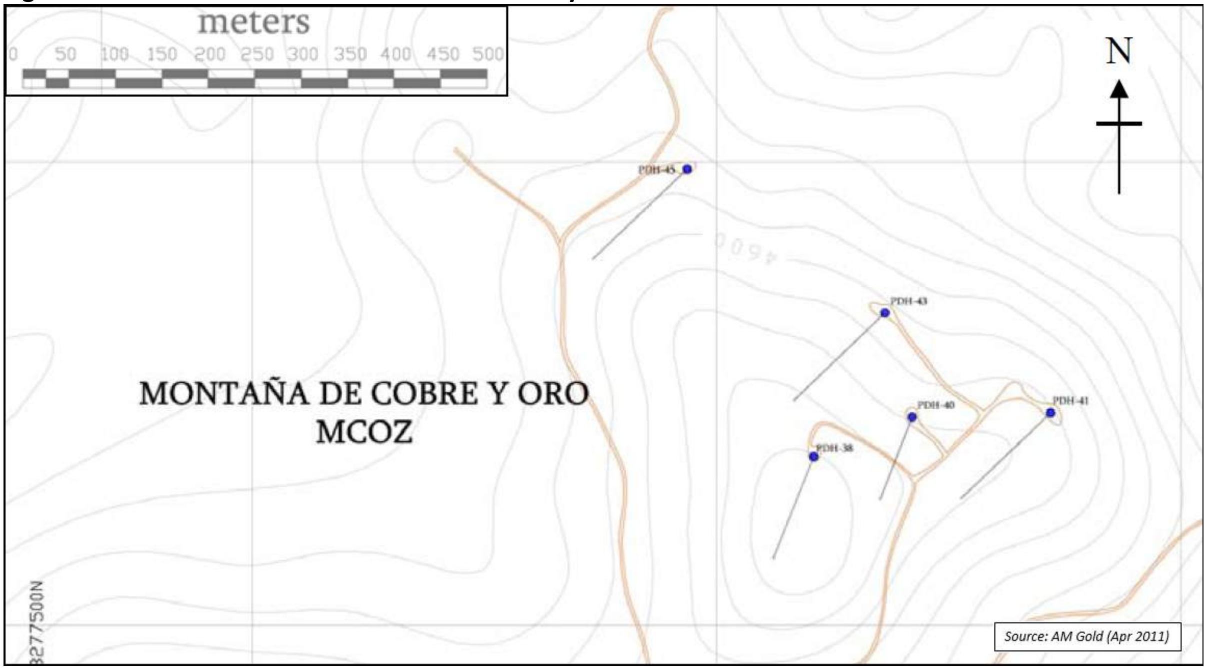
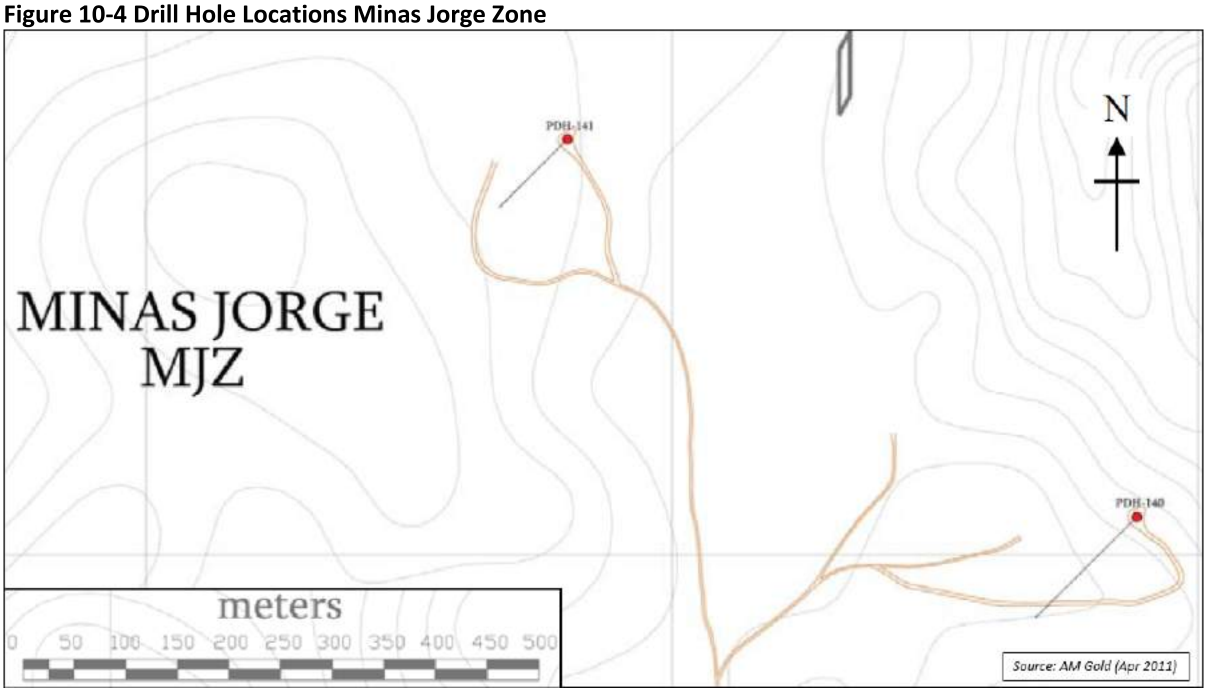


Figure 10-4 Drill Hole Locations Minas Jorge Zone



10.2.1 2004 – 2006 Programs

AM Gold completed nine preliminary exploration diamond drill holes (1,652.8m) on the Project Area in 2004 (PDH-001 to -009), over two drilling programs, to assess the continuity and distribution of the GOSZ mineralization. Drill core samples were taken and sent to SGS Peru for fire assay and 35 element ICP analysis for the remaining elements. The significant mineralized intersections and other relevant data for 2004 are summarized in Table 10-1.

During the 2005 exploration season, AM Gold completed a further 15 preliminary exploration diamond drill holes on the Project Area (PDH-010 to -024, totalling 3,488.5m), over two drilling programs. The significant mineralized intersections and other relevant data for 2005 are summarized in Table 10-2. No significant mineralization was intersected in drill hole PDH-013.

During 2006, AM Gold completed 68 exploration diamond drill holes on the Project Area (PDH-025 to 092, totalling 16,209 metres), over two drilling programs. A total of 13,127 drill core samples were taken.

The 2006 drilling program was results driven, insofar as it was constantly adjusted to accommodate the most recent assay results. Certain drill holes were targeted based on 50m step-outs to define Indicated Mineral Resources, while others were planned on 100m or 200m step-outs to either define Inferred Mineral Resources or to expand known mineralized areas. Throughout the course of the drilling programs, detailed cross-sections were drafted to assist in the understanding of the lithological controls on the mineralized intervals.

Figure 10-5 Pinaya Drill Hole Legend

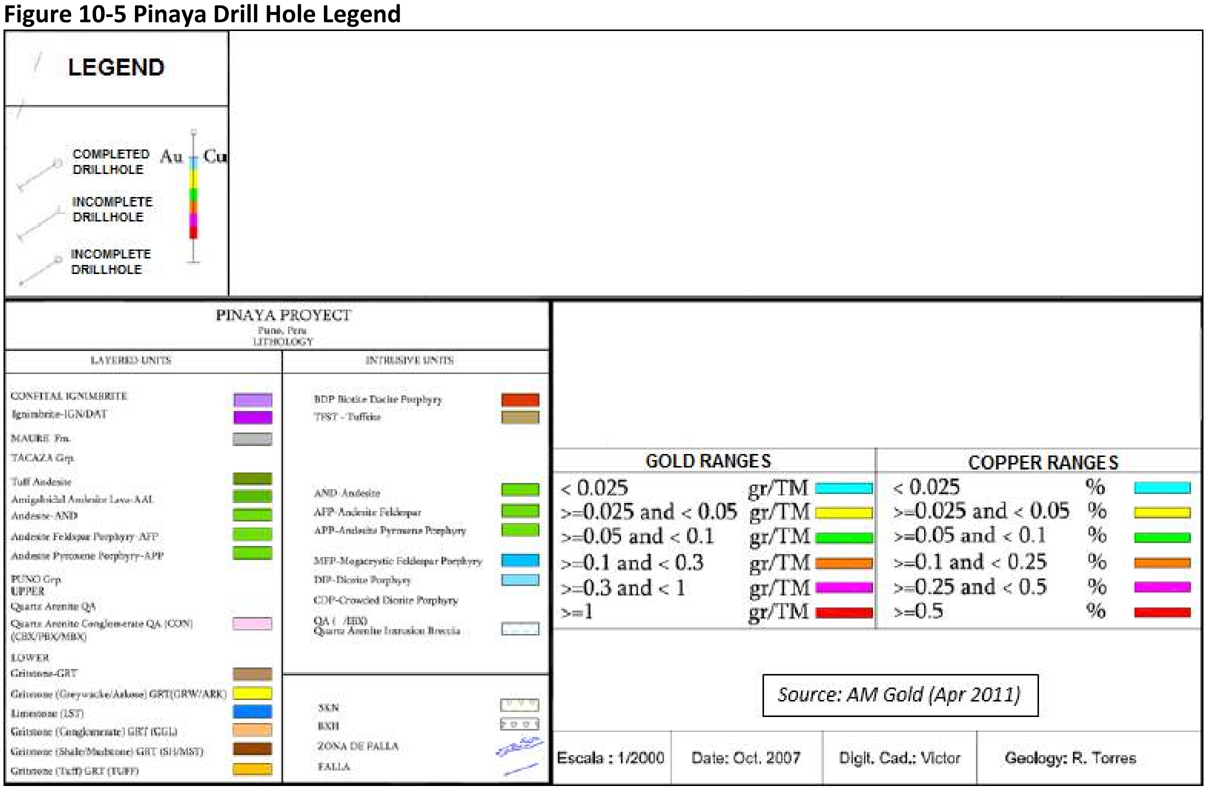


Figure 10-6 Section 20125N

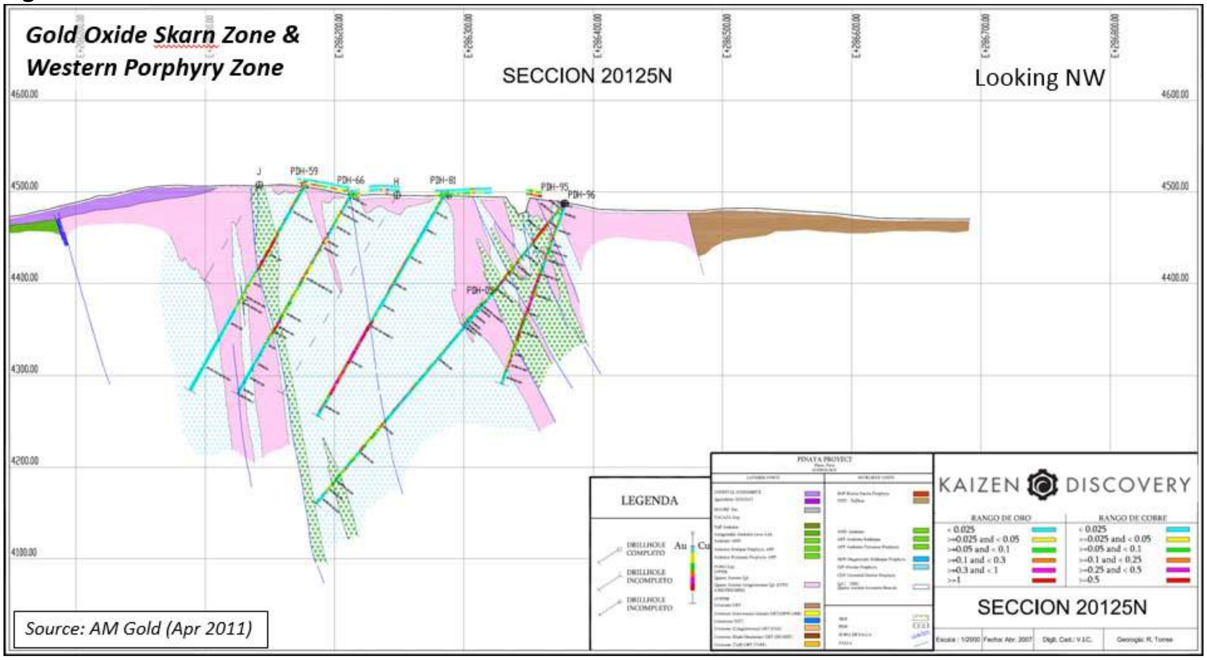


Figure 10-7 Section 20225N

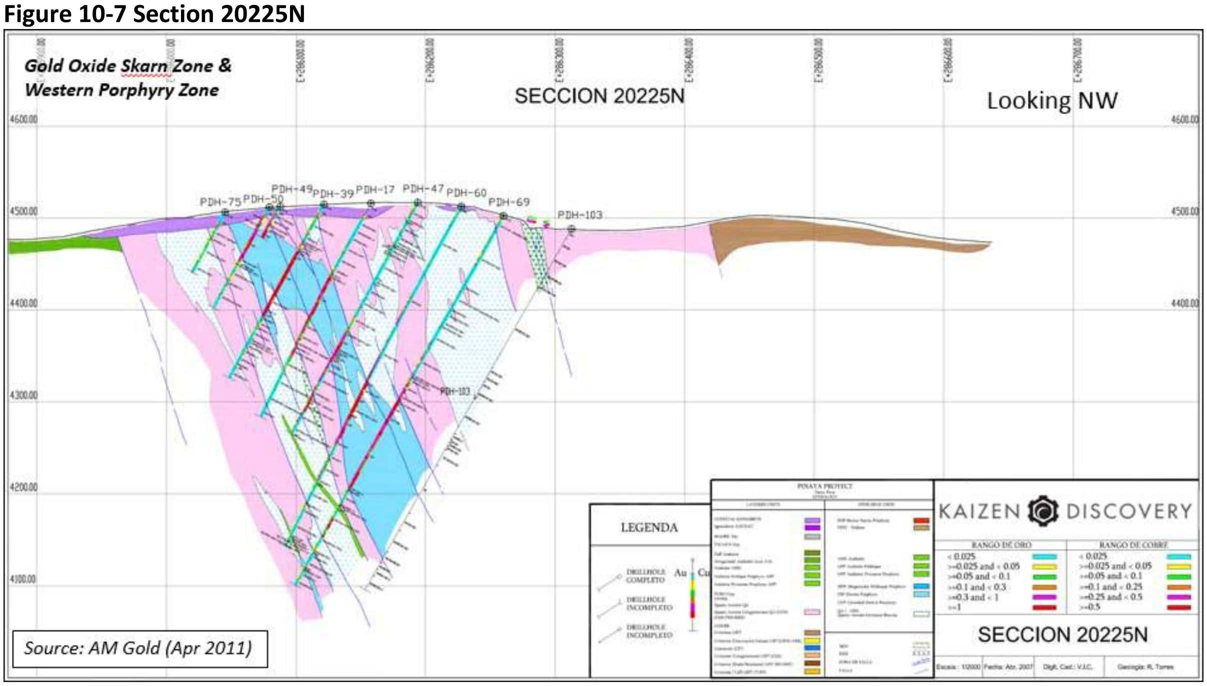
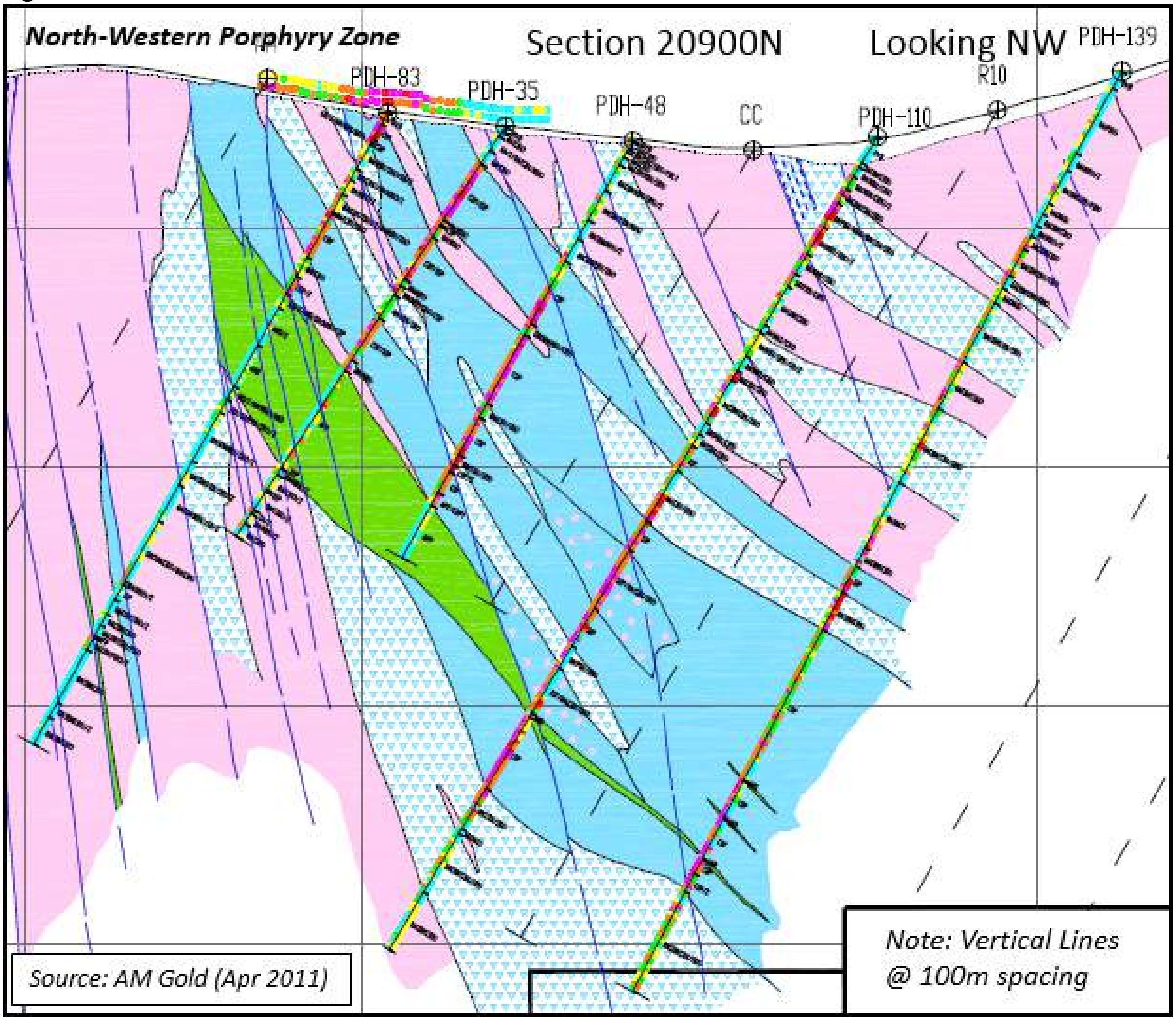


Figure 10-8 Section 20900N



The mineralized intersections and other relevant data for 2006 are summarized in Table 10-3. No significant mineralization was intersected in drill hole PDH-075. Take note that in the following drill hole intersection tables (Table 10-1 to Table 10-5), the interval width given is as it is measured down-the-hole, and should not be construed as true width.

Table 10-1 Summary of Significant Drill Hole Intersections 2004

	From	*To*	*Interval*	*Au*	*Cu*		*Surveyed*	*Surveyed*	*E.O.H.*
Drillhole	*(m)*	*(m)*	*(m)*	*(g/t)*	*(%)*	*Area*	*Azimuth*	*Dip*	*(m)*
PDH-001	49.50	80.50	31.00	4.14	0.26	GOSZ	228.98	-48.74	222.0
and	125.75	152.75	27.00	0.12	0.61	-	-	-	-
PDH-002	146.00	159.50	13.50	2.00	0.08	GOSZ	231.25	-48.99	241.0
PDH-003	0.00	79.30	79.30	0.82	0.12	GOSZ	225.50	-50.00	146.0
PDH-004	58.20	67.20	9.00	1.01	0.11	GOSZ	231.25	-51.12	163.1
PDH-005	0.00	89.30	89.30	0.97	0.08	GOSZ	228.98	-51.02	175.0
and	53.20	139.10	85.90	0.77	0.15	-	-	-	-
PDH-006	13.65	27.15	13.50	-	0.19	GOSZ	228.15	-51.34	158.0
and	25.65	41.55	15.90	0.55	0.12	-	-	-	-

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Area	Surveyed Azimuth	Surveyed Dip	E.O.H. (m)
PDH-007	0.00	85.50	85.50	1.34	0.12	GOSZ	231.76	-49.74	132.2
PDH-008	99.50	124.00	24.50	0.71	0.17	GOSZ	228.95	-50.22	184.5
PDH-009	0.00	16.00	16.00	0.42	0.05	GOSZ	91.42	-58.99	231.0
and	79.00	88.00	9.00	-	0.19	-	-	-	-

Table 10-2 Summary of Significant Drill Hole Intersections 2005

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Area	Surveyed Azimuth	Surveyed Dip	E.O.H. (m)
PDH-010	105.50	114.50	9.00	0.85	0.1	WPZ	232.16	-49.99	253.3
and	141.50	149.00	7.50	0.09	0.3	-	-	-	-
and	171.50	174.50	3.00	0.03	0.2	-	-	-	-
and	182.00	201.30	19.30	0.53	0.6	-	-	-	-
PDH-011	13.00	29.50	16.50	0.25	0.4	VZ	268.25	-50.56	144.9
and	35.50	40.00	4.50	0.22	0.6	-	-	-	-
and	74.50	88.00	13.50	0.04	0.3	-	-	-	-
PDH-012	37.00	46.00	9.00	0.57	0.1	WPZ	231.09	-50.19	235.0
and	131.50	139.00	7.50	1.27	-	-	-	-	-
PDH-013	-	-	-	-	-	VZ	268.58	-59.43	250.0
PDH-014	13.50	61.00	47.50	0.31	0.3	WPZ	45.50	-50.00	67.9
PDH-015	9.50	56.30	46.80	0.32	1.1	NWPZ	231.07	-57.80	232.4
PDH-016	0.00	61.00	61.00	0.53	0	WPZ	48.82	-58.66	306.0
and	91.00	181.50	90.50	0.87	0.7	-	-	-	-
and	237.00	260.50	23.50	0.93	0.8	-	-	-	-
PDH-017	91.00	188.00	96.50	0.78	0.7	WPZ	231.30	-58.87	261.8
and	92.30	150.00	57.70	1.04	1	-	-	-	-
PDH-018	20.50	55.00	34.50	0.31	0.4	NWPZ	230.32	-48.89	215.8
and	99.60	127.25	27.65	0.17	0.2	-	-	-	-
and	99.60	108.80	9.20	0.19	0.4	-	-	-	-
PDH-019	38.50	56.50	18.00	0.28	0.5	NWPZ	230.07	-61.32	151.4
PDH-020	108.00	161.25	53.25	0.31	0.6	WPZ	229.22	-59.66	309.3
and	128.25	158.25	30.00	0.24	1	-	-	-	-
PDH-021	54.00	76.00	22.00	0.34	0	WPZ	228.42	-61.04	203.7
and	76.00	117.00	41.00	0.81	0.1	-	-	-	-
and	76.00	83.00	7.00	2.34	0	-	-	-	-
and	182.60	196.00	13.40	-	0.2	-	-	-	-
PDH-022	119.30	119.53	0.23	6.2	0	WPZ	227.90	-73.07	326.6
and	137.00	189.60	52.60	0.07	0.7	-	-	-	-
and	144.80	167.60	22.80	-	1.1	-	-	-	-
PDH-023	25.00	62.35	37.35	0.21	0.1	NWPZ	227.92	-58.97	301.0
and	196.80	232.00	35.20	0.07	0.5	-	-	-	-
and	244.00	253.00	9.00	0.93	0.1	-	-	-	-
and	280.00	290.00	10.00	-	0.4	-	-	-	-
PDH-024	150.00	192.47	42.47	0.04	0.7	NWPZ	226.41	-59.88	229.7

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Area	Surveyed Azimuth	Surveyed Dip	E.O.H. (m)
and	192.47	204.00	11.53	0.01	0.3	-	-	-	-
and	169.84	172.00	22.63	0.1	1.2	-	-	-	-

Legend: *WPZ = Western Porphyry Zone* *VZ = Viscachani Zone*
NWPZ = Northwestern Porphyry Zone *E.O.H. = End of Hole*

Table 10-3 Summary of Significant Drill Hole Intersections 2006

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Area	Surveyed Azimuth	Surveyed Dip	E.O.H. (m)
PHD-025	152.50	213.30	60.80	0.71	-	1.18	WPZ	226.48	-60.65	246.0
and	161.20	171.00	9.80	1.30	-	4.43	-	-	-	-
PDH-026	40.00	113.50	73.50	0.17	-	0.19	GOSZ	228.25	-58.99	150.7
including	89.00	101.50	12.50	0.07	-	0.78	-	-	-	-
including	101.00	113.50	12.50	0.52	-	-	-	-	-	-
PDH-027	10.50	89.00	78.50	0.44	-	0.36	VZ	269.83	-51.61	101.3
including	12.00	37.25	25.25	1.03	-	-	-	-	-	-
including	36.00	57.20	21.20	-	-	1.07	-	-	-	-
PDH-028	29.00	121.05	92.05	0.27	-	0.16	VZ	270.97	-71.02	121.1
including	67.50	105.50	38.00	0.24	-	0.87	-	-	-	-
including	87.00	97.50	10.50	0.62	-	-	-	-	-	-
PDH-029	65.00	110.20	44.40	-	-	0.36	WPZ	230.82	-61.45	202.1
including	88.00	104.50	16.50	-	-	0.97	-	-	-	-
PDH-030	2.00	14.00	12.00	0.26	-	-	GOSZ	225.10	-50.36	200.4
and	79.85	105.70	25.85	0.22	-	-	-	-	-	-
and	105.70	131.50	25.80	0.25	-	0.21	-	-	-	-
and	145.00	151.00	6.00	0.10	-	0.60	-	-	-	-
PDH-031	0.00	3.75	3.75	0.50	-	-	GOSZ	229.29	-51.04	216.8
and	73.00	97.00	24.00	0.15	-	0.10	-	-	-	-
and	97.00	127.00	30.00	0.52	-	0.11	-	-	-	-
and	127.00	131.50	4.50	3.20	-	0.28	-	-	-	-
and	131.50	142.00	10.50	0.52	-	-	-	-	-	-
and	176.50	184.00	7.50	0.30	-	0.25	-	-	-	-
and	206.50	212.50	6.00	0.11	-	0.23	-	-	-	-
PDH-032	0.00	4.90	4.90	0.05	-	0.28	WPZ	0.00	-90.00	135.0
and	27.85	66.15	38.30	0.32	-	0.03	-	-	-	-
PDH-033	0.75	10.85	10.10	0.04	-	0.13	WPZ	227.33	-62.02	120.1
and	64.05	86.50	22.45	0.12	-	0.02	-	-	-	-
and	97.00	100.00	3.00	1.16	-	0.07	-	-	-	-
PDH-034	0.00	27.00	27.00	0.35	-	0.12	WPZ	226.30	-47.88	250.5
and	27.00	41.40	14.40	0.73	-	0.28	-	-	-	-
and	111.70	120.10	8.40	0.16	-	0.28	-	-	-	-
and	166.45	177.50	11.05	-	-	0.19	-	-	-	-
PDH-035	18.50	47.00	28.50	0.27	-	0.39	NWPZ	230.51	-53.43	206.5

	From	*To*	*Interval*	*Au*	*Ag*	*Cu*		*Surveyed*	*Surveyed*	*E.O.H.*
Drillhole	*(m)*	*(m)*	*(m)*	*(g/t)*	*(g/t)*	*(%)*	*Area*	*Azimuth*	*Dip*	*(m)*
and	47.00	84.50	37.50	0.31	-	0.15	-	-	-	-
and	84.50	95.00	10.50	0.27	-	-	-	-	-	-
and	95.00	122.00	27.00	0.35	-	0.12	-	-	-	-
PDH-036	154.50	185.00	30.50	0.18	-	0.23	NWPZ	228.55	-58.59	243.0
PDH-037	132.50	213.50	81.00	0.25	-	0.27	NWPZ	230.10	-60.14	266.2
and	233.00	247.50	14.50	0.16	-	0.44	-	-	-	-
PDH-038	55.70	60.77	5.07	0.36	-	0.49	MCOZ	202.22	-51.26	184.2
and	74.60	76.65	2.05	0.16	-	0.21	-	-	-	-
PDH-039	55.15	139.10	83.95	2.11	-	1.11	WPZ	227.06	-58.34	215.1
PDH-040	7.50	9.00	1.50	3.02	-	0.05	MCOZ	198.17	-48.17	146.7
and	45.00	46.50	1.50	1.01	-	-	-	-	-	-
PDH-041	35.30	82.15	46.85	0.79	1.0	0.15	MCOZ	226.59	-49.17	212.4
and	57.80	74.80	17.00	1.72	1.7	0.31	-	-	-	-
and	154.50	180.80	26.30	0.72	-	0.03	-	-	-	-
PDH-042	24.00	129.50	105.50	0.40	-	0.42	WPZ	226.68	-58.99	217.0
including	33.00	78.50	45.50	0.29	25.5	0.03	-	-	-	-
including	86.00	129.50	43.50	0.63	14.2	0.97	-	-	-	-
PDH-043	9.00	65.50	56.50	1.12		-	MCOZ	227.17	-48.44	217.3
including	9.00	17.50	8.50	5.45		-	-	-	-	-
and	176.00	190.50	14.50	0.39		-	-	-	-	-
PDH-044	111.80	160.40	48.60	0.37		0.12	WPZ	227.66	-58.88	250.4
PDH-045	72.60	73.50	0.90	0.35		0.11	MCOZ	224.18	-48.00	224.9
and	201.50	204.50	3.00	0.26		-	-	-	-	-
PDH-046	15.20	23.00	7.80	0.39		0.11	NWPZ	227.42	-60.46	386.5
and	163.00	321.70	158.70	0.13		0.15	-	-	-	-
and	321.70	386.50	64.80	-		1.03	-	-	-	-
PDH-047	156.40	273.20	116.80	0.61		0.33	WPZ	223.08	-58.53	287.1
PDH-048	54.70	174.70	120.00	0.23		0.35	NWPZ	230.11	-58.09	200.0
PDH-049	13.50	39.20	25.70	0.90		0.40	WPZ	224.26	-59.42	39.2
including	23.50	39.20	15.70	1.20		0.63	-	-	-	-
PDH-050	12.50	68.00	55.50	0.51		0.05	WPZ	227.71	-60.73	125.3
PDH-051	89.85	220.00	130.15	0.88		0.24	WPZ	224.26	-59.11	245.9
including	98.60	110.60	12.00	1.31		0.39	-	-	-	-
including	156.00	171.10	15.10	0.65		0.58	-	-	-	-
PDH-052	67.20	80.15	12.95	0.10		0.16	NWPZ	227.18	-59.09	249.2
and	102.50	113.00	10.50	0.48		0.21	-	-	-	-
PDH-053	124.80	141.40	16.60	0.69		0.19	GOSZ	225.58	-49.40	240.0
including	149.00	196.00	47.00	0.10		0.33	-	-	-	-
including	205.50	210.00	4.50	0.06		0.59	-	-	-	-
PDH-054	0.00	25.05	25.05	0.19		0.54	NWPZ	226.92	-61.11	256.7
and	98.50	143.00	44.50	0.20		0.10	-	-	-	-
and	162.50	218.20	55.70	0.48		0.11	-	-	-	-
including	196.50	202.50	6.00	2.73		0.07	-	-	-	-

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Area	Surveyed Azimuth	Surveyed Dip	E.O.H. (m)
PDH-055	154.00	240.90	86.90	0.48		0.67	WPZ	226.18	-59.99	261.3
including	209.00	221.45	12.45	1.19		1.36	-	-	-	-
including	233.50	240.90	7.40	0.09		2.45	-	-	-	-
PDH-056	3.70	48.25	44.55	0.73		0.36	WPZ	226.44	-58.63	155.4
PDH-057	124.00	270.00	146.00	0.39		0.26	WPZ	229.64	-59.57	387.8
and	326.00	333.30	7.30	0.40		0.34	-	-	-	-
and	342.00	346.00	4.00	0.09		1.14	-	-	-	-
and	374.00	378.50	4.50	2.44		0.04	-	-	-	-
PDH-058	213.50	216.90	3.40	0.40		0.02	WPZ	225.12	-59.41	216.9
PDH-059	16.50	31.50	15.00	0.20		0.02	WPZ	220.62	-60.50	257.2
and	31.50	62.40	30.90	0.12		0.02	-	-	-	-
and	62.40	106.36	43.96	0.11		1.72	-	-	-	-
PDH-060	131.50	146.50	15.00	0.46		0.07	WPZ	229.61	-60.91	416.5
and	189.00	292.00	103.00	1.28		1.21	-	-	-	-
including	189.00	216.20	27.20	1.12		0.01	-	-	-	-
including	216.20	263.00	46.80	1.86		2.17	-	-	-	-
including	263.00	292.00	29.00	0.51		0.80	-	-	-	-
and	325.50	337.50	12.00	0.25		0.01	-	-	-	-
and	337.50	416.50	79.00	0.05		0.12	-	-	-	-
PDH-061	87.50	94.10	6.60	0.46		0.24	WPZ	228.89	-59.63	248.5
and	233.00	238.00	5.00	0.38		0.02	-	-	-	-
PDH-062	108.50	230.60	122.10	0.51		0.41	WPZ	228.29	-62.00	242.5
including	169.00	184.20	15.20	0.15		1.30	-	-	-	-
including	215.50	230.60	15.10	1.75		1.33	-	-	-	-
PDH-063	73.75	140.20	66.45	0.39		0.57	WPZ	230.18	-59.37	176.3
PDH-064	175.30	300.50	125.20	0.54		0.26	WPZ	228.93	-59.79	315.7
PDH-065	0.00	26.00	26.00	0.06		0.90	WPZ	230.15	-60.02	166.2
and	26.00	36.00	10.00	0.27		0.11	-	-	-	-
PDH-066	3.70	48.25	44.55	0.73		0.36	WPZ	226.66	-59.58	252.1
PDH-067	19.60	52.50	32.90	0.13		1.22	VZ	228.08	-59.09	232.1
and	81.40	93.90	12.50	0.05		0.36	-	-	-	-
and	133.30	140.80	7.50	0.55		0.01	-	-	-	-
PDH-068	147.00	195.50	48.50	0.59		0.48	WPZ	225.73	-60.11	240.1
PDH-069	208.50	344.50	136.00	0.79		0.55	WPZ	228.37	-60.66	461.5
PDH-070	171.40	277.50	106.10	0.34		0.23	WPZ	226.26	-60.26	302.7
PDH-071	142.10	183.00	40.90	0.49		0.44	WPZ	228.35	-59.80	277.7
PDH-072	151.50	273.40	121.90	0.54		0.38	WPZ	226.79	-80.17	328.0
PDH-073	17.30	103.00	85.70	0.52		0.54	WPZ	226.93	-61.84	128.3
PDH-074	63.25	130.30	67.05	0.63		0.75	WPZ	226.26	-59.84	174.1
PDH-076	1.50	6.00	4.50	0.16		0.31	WPZ	228.10	-61.75	126.7
and	83.00	100.80	17.80	0.57		0.18	-	-	-	-
PDH-077	19.50	57.30	37.80	0.40		0.82	WPZ	224.97	-61.18	120.3
and	57.30	70.50	13.20	0.28		0.02	-	-	-	-

Drillhole	*From (m)*	*To (m)*	*Interval (m)*	*Au (g/t)*	*Ag (g/t)*	*Cu (%)*	*Area*	*Surveyed Azimuth*	*Surveyed Dip*	*E.O.H. (m)*
PDH-078	16.00	51.50	35.50	0.54		0.23	WPZ	228.57	-60.00	127.5
PDH-079	3.00	25.00	22.00	0.28		0.54	NWPZ	221.00	-50.55	202.1
and	35.50	63.05	27.55	0.38		0.07	-	-	-	-
PDH-080	0.00	12.60	12.60	0.68		0.06	WPZ	225.07	-45.13	187.3
and	66.00	96.00	30.00	0.26		0.02	-	-	-	-
PDH-081	87.50	102.50	15.00	0.23		0.02	WPZ	223.85	-60.12	279.8
and	115.50	121.50	6.00	0.43		0.02	-	-	-	-
and	159.00	253.50	94.50	0.43		0.52	-	-	-	-
and	268.50	274.50	6.00	0.35		0.01	-	-	-	-
PDH-082	55.50	61.50	6.00	0.25		0.01	WPZ	225.37	-60.07	312.6
and	157.50	167.50	10.00	0.27		0.04	-	-	-	-
and	167.50	223.20	55.70	0.59		0.38	-	-	-	-
PDH-083	1.85	16.75	14.90	0.51		0.52	NWPZ	225.00	-60.67	303.5
and	21.25	25.75	4.50	1.25		0.10	-	-	-	-
and	31.25	69.30	38.05	0.36		0.16	-	-	-	-
and	78.30	89.90	11.30	0.09		0.17	-	-	-	-
PDH-084	40.00	76.00	36.00	0.30		0.31	VZ	226.96	-59.90	318.7
and	84.50	95.00	10.50	0.01		0.33	-	-	-	-
and	104.00	119.00	15.00	0.89		1.00	-	-	-	-
and	158.00	170.00	12.00	0.04		0.20	-	-	-	-
and	241.50	253.50	12.00	0.07		0.54	-	-	-	-
PDH-085	4.50	10.50	6.00	0.32		0.28	NWPZ	225.10	-61.00	303.6
and	40.00	63.00	23.00	0.27		0.05	-	-	-	-
and	74.00	77.00	3.00	0.21		0.16	-	-	-	-
PDH-086	23.00	44.50	21.50	0.15		0.17	VZ	228.39	-60.46	302.0
and	55.00	79.00	24.00	0.04		0.19	-	-	-	-
and	108.50	119.00	10.50	4.12		0.01	-	-	-	-
includes	113.00	116.00	3.00	13.45		0.01	-	-	-	-
and	138.50	162.50	24.00	0.15		0.62	-	-	-	-
and	177.50	179.50	2.00	0.71		0.79	-	-	-	-
PDH-087	6.00	24.90	18.90	0.36		0.04	WPZ	227.60	-59.29	306.3
and	40.00	47.45	7.45	0.33		0.08	-	-	-	-
PDH-088	49.50	51.00	1.50	2.81		0.02	WPZ	227.28	-60.12	414.4
and	103.00	104.50	1.50	4.20		0.01	-	-	-	-
and	143.00	146.00	3.00	1.07		0.01	-	-	-	-
and	201.50	265.00	63.50	0.28		0.22	-	-	-	-
and	280.00	285.60	5.60	0.21		0.15	-	-	-	-
PDH-089	0.50	12.50	12.00	0.02		0.19	NWPZ	226.28	-60.42	328.5
and	143.70	156.00	12.30	0.04		1.16	-	-	-	-
PDH-090	29.00	36.00	7.00	0.51		0.02	WPZ	226.87	-59.56	356.3
and	71.10	87.25	16.15	0.72		0.14	-	-	-	-
and	211.50	218.50	7.00	1.19		0.02	-	-	-	-
PDH-091	7.00	16.05	9.05	0.39		0.02	WPZ	227.84	-58.36	426.6

	From	*To*	*Interval*	*Au*	*Ag*	*Cu*		*Surveyed*	*Surveyed*	*E.O.H.*
Drillhole	*(m)*	*(m)*	*(m)*	*(g/t)*	*(g/t)*	*(%)*	*Area*	*Azimuth*	*Dip*	*(m)*
and	114.00	128.50	14.50	0.51		0.02	-	-	-	-
and	198.00	199.50	1.50	0.67		2.53	-	-	-	-
and	220.50	286.00	65.50	0.33		0.52	-	-	-	-
including	220.50	250.00	29.50	0.31		1.06	-	-	-	-
and	296.50	309.50	13.00	0.37		0.11	-	-	-	-
PDH-092	0.00	13.00	13.00	0.25		0.03	NWPZ	227.56	-61.40	320.2
and	67.00	71.50	4.50	0.81		0.02	-	-	-	-
and	149.45	249.50	100.05	0.64		0.22	-	-	-	-
including	149.45	179.50	30.05	0.77		0.54	-	-	-	-
and	272.00	307.10	35.10	0.21		1.20	-	-	-	-
including	285.50	297.50	12.00	0.18		2.21	-	-	-	-

***Legend**:* *VZ = Viscachani Zone* *NWPZ = North-Western Porphyry Zone*
WPZ = Western Porphyry Zone *E.O.H. = End of Hole*

10.2.2 2007 & 2008 Programs

During 2007, AM Gold, through Canper, completed an additional 57 diamond exploration drill holes (drill holes PDH-093 to -149) for a total of 19,591.7m. A total of 15,923 drill core samples were taken and sent to SGS Peru for fire assay and 35 element ICP analysis for the remaining elements.

The 2007 program was primarily aimed at drilling on 25m centres to upgrade the previously defined Inferred Mineral Resources to the Measured and Indicated categories. Some of the holes were drilled to test dual targets by passing through the GOSZ and into the porphyry copper-gold targets in the WPZ. The secondary drilling objectives were to upgrade the Mineral Resources in the porphyry copper-gold areas of the NWPZ and to extend that zone in all directions.

The mineralized intersections and other relevant data for the 2007 drill hole series are summarized in Table 10-4.

AM Gold completed a total of 5,588m in eleven drill holes (PDH-150 to -160) during the early part of 2008, with the purpose of expanding the copper-gold deposit outlined by previous drilling and to test a large, undrilled geophysical anomaly to the east of the main mineralized area. The first eight holes, PDH-150 to -158, were 100m to 200m step-out holes drilled at the NWPZ. PDH-159 was a deep hole, drilled into the NWPZ to a depth of 800m, which bottomed-out in mineralization. It was the first hole ever drilled to test the depth potential of the deposit beyond 550m.

The final hole, PDH-160, was drilled in the Los Vientos Zone, a then recently discovered target located approximately 1km to the southeast of the main deposit with a strong geophysical signature and trenching highlights of 2.0g/t Au over 6.7m, including 10.7g/t Au over 1.2m (trench PTR-152).

The mineralized intersections and other relevant data for the 2008 drill hole series are summarized in Table 10-5.

Table 10-4 Summary of Significant Drill Hole Intersections 2007

	From	To	Interval	Au	Cu		Surveyed	Surveyed	E.O.H.
Drillhole	(m)	(m)	(m)	(g/t)	(%)	Area	Azimuth	Dip	(m)
PDH-093	0.00	6.50	6.50	0.48	0.04	GOSZ	225.23	-49.47	178.9
and	20.00	71.15	51.15	1.61	0.21	-	-	-	-
and	71.15	109.00	37.85	0.31	0.13	-	-	-	-
and	124.00	154.00	30.00	0.07	0.41	-	-	-	-
PDH-094	0.00	5.50	5.50	0.82	0.05	GOSZ	225.56	-69.74	241.6
and	55.20	122.50	67.30	1.35	0.18	-	-	-	-
and	167.45	172.50	5.05	0.28	0.55	-	-	-	-
and	189.00	208.60	19.60	0.15	0.22	-	-	-	-
PDH-095	0.00	5.50	5.50	0.58	0.19	GOSZ	224.19	-49.40	425.4
and	29.30	53.85	24.55	2.13	0.23	-	-	-	-
and	80.90	124.50	43.60	0.11	0.30	-	-	-	-
and	308.00	316.50	8.50	0.19	0.15	-	-	-	-
and	343.50	351.00	7.50	0.38	0.18	-	-	-	-
PDH-096	0.00	9.00	9.00	0.68	0.02	GOSZ	224.19	-70.51	209.0
and	29.50	44.50	15.00	0.27	0.05	-	-	-	-
and	82.00	158.50	76.50	0.93	0.26	-	-	-	-
and	175.00	191.50	16.50	0.05	0.24	-	-	-	-
PDH-097	0.00	23.10	23.10	0.31	0.05	GOSZ	223.83	-50.16	439.1
and	26.10	55.50	29.40	2.80	0.15	-	-	-	-
and	55.50	96.50	41.00	0.50	0.16	-	-	-	-
PDH-098	0.00	45.00	45.00	0.32	0.02	GOSZ	225.00	-69.90	154.2
and	45.00	105.20	60.20	2.81	0.19	-	-	-	-
and	126.50	136.00	9.50	0.15	0.24	-	-	-	-
PDH-099	34.50	64.00	29.50	2.30	0.16	GOSZ	223.38	-49.71	455.2
and	375.00	391.50	16.50	0.10	0.26	-	-	-	-
PDH-100	0.00	3.00	3.00	0.89	0.07	GOSZ	226.41	-71.31	149.2
and	9.50	20.00	10.50	0.48	0.04	-	-	-	-
and	49.50	79.50	30.00	1.02	0.12	-	-	-	-
PDH-101	24.30	54.00	29.70	0.09	0.22	GOSZ	225.29	-49.78	387.0
and	91.50	126.00	34.50	-	0.44	-	-	-	-
and	129.00	214.50	85.50	0.48	-	-	-	-	-
and	233.50	239.50	6.00	0.26	-	-	-	-	-
and	345.00	384.00	39.00	-	0.60	-	-	-	-
PDH-102	78.00	107.00	29.00	0.58	0.10	GOSZ	223.44	-51.86	406.0
and	152.00	227.50	75.50	0.33	-	-	-	-	-
including	221.50	227.50	6.00	2.13	-	-	-	-	-
PDH-103	18.00	74.50	56.50	1.10	0.08	GOSZ	229.59	-60.04	452.7
including	31.50	46.50	15.00	1.93	0.11	-	-	-	-
including	55.50	63.00	7.50	2.61	0.11	-	-	-	-
and	84.00	191.50	107.50	0.05	0.24	-	-	-	-
and	259.50	311.00	51.50	0.83	0.34	-	-	-	-
including	296.20	303.50	7.30	1.57	0.31	-	-	-	-

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Area	Surveyed Azimuth	Surveyed Dip	E.O.H. (m)
PDH-104	6.00	46.00	40.00	0.24	0.03	GOSZ	223.56	-59.57	430.0
and	53.20	89.00	35.80	0.30	0.10	-	-	-	-
and	183.00	207.00	24.00	-	0.43	-	-	-	-
and	262.40	290.50	28.10	0.11	0.32	-	-	-	-
and	307.80	345.00	37.20	0.28	0.12	-	-	-	-
PDH-105	57.30	75.50	18.20	0.36	0.10	NWPZ	225.94	-59.49	306.5
and	90.50	130.00	39.50	0.23	0.14	-	-	-	-
and	207.00	211.50	4.50	0.59	0.02	-	-	-	-
PDH-106	185.50	238.00	52.50	1.55	0.08	VZ	225.26	-58.39	329.0
including	191.50	193.00	1.50	43.00	1.27	-	-	-	-
PDH-093	0.00	6.50	6.50	0.48	0.04	GOSZ	225.23	-49.47	178.9
and	20.00	71.15	51.15	1.61	0.21	-	-	-	-
and	71.15	109.00	37.85	0.31	0.13	-	-	-	-
and	124.00	154.00	30.00	0.07	0.41	-	-	-	-
PDH-094	0.00	5.50	5.50	0.82	0.05	GOSZ	225.56	-69.74	241.6
and	55.20	122.50	67.30	1.35	0.18	-	-	-	-
and	167.45	172.50	5.05	0.28	0.55	-	-	-	-
and	189.00	208.60	19.60	0.15	0.22	-	-	-	-
PDH-095	0.00	5.50	5.50	0.58	0.19	GOSZ	224.19	-49.40	425.4
and	29.30	53.85	24.55	2.13	0.23	-	-	-	-
and	80.90	124.50	43.60	0.11	0.30	-	-	-	-
and	308.00	316.50	8.50	0.19	0.15	-	-	-	-
and	343.50	351.00	7.50	0.38	0.18	-	-	-	-
PDH-096	0.00	9.00	9.00	0.68	0.02	GOSZ	224.19	-70.51	209.0
and	29.50	44.50	15.00	0.27	0.05	-	-	-	-
and	82.00	158.50	76.50	0.93	0.26	-	-	-	-
and	175.00	191.50	16.50	0.05	0.24	-	-	-	-
PDH-097	0.00	23.10	23.10	0.31	0.05	GOSZ	223.83	-50.16	439.1
and	26.10	55.50	29.40	2.80	0.15	-	-	-	-
and	55.50	96.50	41.00	0.50	0.16	-	-	-	-
PDH-098	0.00	45.00	45.00	0.32	0.02	GOSZ	225.00	-69.90	154.2
and	45.00	105.20	60.20	2.81	0.19	-	-	-	-
and	126.50	136.00	9.50	0.15	0.24	-	-	-	-
PDH-099	34.50	64.00	29.50	2.30	0.16	GOSZ	223.38	-49.71	455.2
and	375.00	391.50	16.50	0.10	0.26	-	-	-	-
PDH-100	0.00	3.00	3.00	0.89	0.07	GOSZ	226.41	-71.31	149.2
and	9.50	20.00	10.50	0.48	0.04	-	-	-	-
and	49.50	79.50	30.00	1.02	0.12	-	-	-	-
PDH-101	24.30	54.00	29.70	0.09	0.22	GOSZ	225.29	-49.78	387.0
and	91.50	126.00	34.50	-	0.44	-	-	-	-
and	129.00	214.50	85.50	0.48	-	-	-	-	-
and	233.50	239.50	6.00	0.26	-	-	-	-	-
and	345.00	384.00	39.00	-	0.60	-	-	-	-

	From	*To*	*Interval*	*Au*	*Cu*		*Surveyed*	*Surveyed*	*E.O.H.*
Drillhole	*(m)*	*(m)*	*(m)*	*(g/t)*	*(%)*	*Area*	*Azimuth*	*Dip*	*(m)*
PDH-102	78.00	107.00	29.00	0.58	0.10	GOSZ	223.44	-51.86	406.0
and	152.00	227.50	75.50	0.33	-	-	-	-	-
including	221.50	227.50	6.00	2.13	-	-	-	-	-
PDH-103	18.00	74.50	56.50	1.10	0.08	GOSZ	229.59	-60.04	452.7
including	31.50	46.50	15.00	1.93	0.11	-	-	-	-
including	55.50	63.00	7.50	2.61	0.11	-	-	-	-
and	84.00	191.50	107.50	0.05	0.24	-	-	-	-
and	259.50	311.00	51.50	0.83	0.34	-	-	-	-
including	296.20	303.50	7.30	1.57	0.31	-	-	-	-
PDH-104	6.00	46.00	40.00	0.24	0.03	GOSZ	223.56	-59.57	430.0
and	53.20	89.00	35.80	0.30	0.10	-	-	-	-
and	183.00	207.00	24.00	-	0.43	-	-	-	-
and	262.40	290.50	28.10	0.11	0.32	-	-	-	-
and	307.80	345.00	37.20	0.28	0.12	-	-	-	-
PDH-105	57.30	75.50	18.20	0.36	0.10	NWPZ	225.94	-59.49	306.5
and	90.50	130.00	39.50	0.23	0.14	-	-	-	-
and	207.00	211.50	4.50	0.59	0.02	-	-	-	-
PDH-106	185.50	238.00	52.50	1.55	0.08	VZ	225.26	-58.39	329.0
including	191.50	193.00	1.50	43.00	1.27	-	-	-	-
PDH-107	24.70	88.50	63.80	0.45	0.29	NWPZ	226.29	-58.88	453.3
and	234.00	340.50	106.50	0.46	0.25	-	-	-	-
including	271.00	284.50	13.50	0.89	0.30	-	-	-	-
and	354.00	364.50	10.50	0.11	3.17	-	-	-	-
PDH-108	24.60	33.50	8.90	0.19	0.02	GOSZ	225.70	-70.51	491.3
and	203.50	289.50	86.00	0.10	0.26	-	-	-	-
and	345.00	443.50	98.50	0.24	0.15	-	-	-	-
PDH-109	217.50	264.30	46.80	0.12	0.34	GOSZ	225.67	-70.29	497.3
and	316.00	438.50	122.50	0.54	0.25	-	-	-	-
PDH-110	26.50	60.00	33.50	0.47	0.34	NWPZ	224.66	-58.99	397.5
and	66.00	80.50	14.50	0.31	0.04	-	-	-	-
and	114.50	137.00	22.50	0.23	0.27	-	-	-	-
and	175.00	247.00	72.00	0.33	0.44	-	-	-	-
and	247.00	275.00	28.00	0.28	0.02	-	-	-	-
and	275.00	333.50	58.50	0.42	0.42	-	-	-	-
PDH-111	113.50	130.00	16.50	0.12	0.19	GOSZ	226.91	-70.18	394.9
and	145.90	160.00	14.10	0.36	0.18	-	-	-	-
and	185.50	199.00	13.50	0.06	0.22	-	-	-	-
PDH-112	40.40	50.70	10.30	0.05	0.19	NWPZ	226.15	-59.70	374.8
and	92.00	104.00	12.00	0.18	0.02	-	-	-	-
and	214.00	223.10	9.10	0.16	0.13	-	-	-	-
and	233.50	247.00	13.50	0.09	0.20	-	-	-	-
and	258.00	267.00	9.00	0.09	0.28	-	-	-	-
PDH-113	64.50	84.00	19.50	0.12	0.36	GOSZ	225.10	-69.64	305.9

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Area	Surveyed Azimuth	Surveyed Dip	E.O.H. (m)
and	195.00	201.50	6.50	0.17	0.49	-	-	-	-
PDH-114	142.50	148.00	5.50	0.20	0.21	GOSZ	224.05	-69.98	223.1
and	148.00	159.50	11.50	0.03	0.69	-	-	-	-
PDH-115	29.00	35.00	6.00	2.15	0.03	GOSZ	225.46	-60.81	453.6
and	99.50	116.00	16.50	0.45	0.09	-	-	-	-
and	131.00	157.00	26.00	0.07	0.44	-	-	-	-
and	161.50	176.50	15.00	0.12	0.40	-	-	-	-
and	209.50	251.50	42.00	0.04	0.22	-	-	-	-
and	253.50	357.70	104.20	0.10	0.45	-	-	-	-
and	253.50	320.50	67.00	0.05	0.61	-	-	-	-
PDH-116	27.50	59.00	31.50	0.34	0.05	NWPZ	228.43	-59.46	444.8
and	95.75	123.00	27.25	0.12	1.24	-	-	-	-
and	172.50	196.00	23.50	0.30	0.17	-	-	-	-
and	258.00	347.50	89.50	0.12	0.74	-	-	-	-
and	350.50	362.50	12.00	0.13	0.05	-	-	-	-
and	376.00	410.00	34.00	0.18	0.04	-	-	-	-
PDH-117	96.00	127.50	31.50	0.46	0.25	GOSZ	228.60	-58.79	433.8
and	149.50	154.00	4.50	0.28	0.02	-	-	-	-
and	235.50	240.00	4.50	0.52	0.04	-	-	-	-
PDH-118	347.50	427.50	80.00	0.01	0.39	NWPZ	228.54	-60.70	464.8
PDH-119	140.50	161.50	21.00	0.15	0.22	GOSZ	224.46	-59.60	434.3
and	175.00	182.50	7.50	0.06	0.22	-	-	-	-
and	257.00	325.50	68.50	0.07	0.75	-	-	-	-
PDH-120	22.00	42.00	20.00	0.49	0.03	GOSZ	226.75	-61.53	437.7
and	75.00	343.50	268.50	0.16	0.19	-	-	-	-
including	75.00	103.30	28.30	0.40	0.17	-	-	-	-
including	121.00	169.50	48.50	0.06	0.36	-	-	-	-
including	193.50	226.30	32.80	0.09	0.39	-	-	-	-
including	292.50	343.50	51.00	0.36	0.20	-	-	-	-
PDH-122	84.50	186.10	101.60	0.35	0.19	GOSZ	226.33	-58.01	186.1
including	84.50	125.00	40.50	0.11	0.44	-	-	-	-
including	128.00	147.70	19.70	0.73	0.09	-	-	-	-
including	152.00	186.10	34.10	0.49	0.00	-	-	-	-
PDH-123	102.00	132.80	30.80	0.09	0.41	GOSZ	223.61	-59.81	160.4
and	152.00	156.50	4.50	1.73	0.00	-	-	-	-
PDH-124	146.00	169.90	23.90	0.19	0.27	GOSZ	225.09	-59.84	182.7
PDH-125	41.00	72.00	31.00	0.35	0.05	GOSZ	225.29	-60.72	139.0
and	72.00	103.50	31.50	0.06	0.22	-	-	-	-
PDH-126	63.50	89.50	26.00	0.57	0.25	GOSZ	227.56	-61.05	152.3
PDH-127	7.00	13.00	6.00	0.11	0.17	NWPZ	226.16	-60.25	269.7
and	46.50	55.50	9.00	0.41	0.71	-	-	-	-
and	73.50	88.50	15.00	0.33	0.20	-	-	-	-
and	103.50	105.50	2.00	3.82	0.13	-	-	-	-

	From	*To*	*Interval*	*Au*	*Cu*		*Surveyed*	*Surveyed*	*E.O.H.*
Drillhole	*(m)*	*(m)*	*(m)*	*(g/t)*	*(%)*	*Area*	*Azimuth*	*Dip*	*(m)*
PDH-128	9.00	76.50	67.50	2.00	0.17	GOSZ	226.51	-51.34	80.0
including	15.00	40.00	25.00	4.90	0.29	-	-	-	-
including	29.50	31.00	1.50	47.80	0.64	-	-	-	-
PDH-129	16.00	70.85	54.85	1.75	0.28	GOSZ	226.01	-49.77	85.0
including	17.80	41.50	23.70	3.07	0.48	-	-	-	-
PDH-130	169.90	172.10	2.20	3.16	0.08	NWPZ	227.05	-60.10	362.6
and	214.00	247.20	33.20	0.12	0.24	-	-	-	-
and	247.20	292.00	44.80	0.19	0.05	-	-	-	-
PDH-131	81.00	102.50	21.50	0.19	0.34	GOSZ	223.84	-59.34	222.1
and	135.50	182.50	47.00	0.46	0.09	-	-	-	-
PDH-132	89.50	196.30	106.80	0.32	0.31	NWPZ	226.19	-60.95	391.6
and	196.30	234.40	38.10	0.33	0.07	-	-	-	-
and	265.50	286.50	21.00	0.06	0.95	-	-	-	-
PDH-133	2.70	15.50	12.80	0.35	0.06	WPZ	223.81	-59.23	374.5
and	220.00	260.40	40.40	0.26	0.53	-	-	-	-
and	321.70	339.95	18.25	0.02	0.17	-	-	-	-
PDH-134	229.50	269.50	40.00	0.84	0.59	WPZ	225.43	-75.32	380.9
and	290.50	314.00	23.50	0.70	0.50	-	-	-	-
PDH-135	204.50	348.00	143.50	0.57	0.15	NWPZ	224.63	-60.80	350.2
including	209.10	248.00	38.90	0.94	0.21	-	-	-	-
PDH-136	127.50	203.00	75.50	0.31	0.07	NWPZ	224.06	-59.43	502.1
and	285.00	297.50	12.50	0.05	1.19	-	-	-	-
and	353.00	421.00	68.00	0.57	0.21	-	-	-	-
PDH-137	9.00	62.00	53.00	0.64	0.12	VZ	224.48	-59.93	327.3
including	15.50	35.00	19.50	1.16	-	-	-	-	-
and	113.00	191.50	78.50	0.49	-	-	-	-	-
including	113.00	144.50	30.00	0.65	-	-	-	-	-
PDH-138	99.00	106.50	7.50	0.05	0.39	VZ	226.35	-60.66	350.4
and	121.00	122.50	1.50	4.92	-	-	-	-	-
and	181.10	182.50	1.40	4.59	-	-	-	-	-
PDH-139	215.50	266.50	51.00	0.10	0.55	NWPZ	225.77	-59.89	436.7
PDH-140	35.80	72.00	36.20	0.28	-	MJZ	225.09	-50.02	211.3
and	107.00	110.90	3.90	1.19	-	-	-	-	-
and	127.00	156.40	29.40	0.25	-	-	-	-	-
and	157.50	179.00	21.50	0.37	0.10	-	-	-	-
PDH-142	247.00	285.50	38.50	0.04	0.80	NWPZ	224.25	-59.01	409.6
PDH-143	128.50	137.50	9.00	0.83	-	NWPZ	223.93	-60.51	582.7
and	307.70	418.00	110.30	0.63	0.16	-	-	-	-
including	380.00	403.00	23.00	1.08	0.24	-	-	-	-
and	475.00	497.00	21.50	0.04	0.51	-	-	-	-
and	530.00	569.00	39.00	0.05	0.31	-	-	-	-
PDH-144	210.70	268.30	57.60	0.35	0.30	NWPZ	223.59	-59.72	355.6
including	210.70	222.00	11.30	1.11	0.60	-	-	-	-

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Area	Surveyed Azimuth	Surveyed Dip	E.O.H. (m)
including	255.00	268.30	13.30	0.07	0.68	-	-	-	-
PDH-145	117.10	130.00	12.90	0.46	0.18	NWPZ	233.19	-60.24	461.3
and	250.70	295.50	44.80	0.22	1.18	-	-	-	-
PDH-146	145.50	153.00	7.50	0.04	0.47	NWPZ	226.27	-60.59	457.9
and	162.50	199.90	32.40	0.54	0.04	-	-	-	-
and	292.00	394.00	102.00	0.18	0.31	-	-	-	-
including	295.00	323.00	28.00	0.08	0.62	-	-	-	-
PDH-147	132.52	145.40	12.90	0.86	0.02	NWPZ	224.12	-60.03	460.9
and	300.00	337.90	37.90	0.02	0.39	-	-	-	-
including	324.00	337.90	13.90	0.03	0.70	-	-	-	-
and	377.50	397.90	20.40	0.06	0.30	-	-	-	-
PDH-148	283.00	310.00	27.00	1.22	-	NWPZ	224.86	-59.35	507.1
including	288.20	298.00	9.80	2.28	-	-	-	-	-
and	318.20	338.00	19.80	0.16	0.37	-	-	-	-
PDH-149	20.20	150.50	130.30	0.16	0.20	NWPZ	223.75	-59.71	312.6
and	159.50	161.50	2.00	3.60	0.08	-	-	-	-

***Legend**:* *GOSZ = Gold Oxide Skarn Zone* *WPZ = Western Porphyry Zone*
VZ = Viscachani Zone *NWPZ = Northwestern Porphyry Zone*

Table 10-5 Summary of Significant Drill Hole Intersections 2008

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Area	Surveyed Azimuth	Surveyed Dip	E.O.H. (m)
PDH-150	261.50	289.00	27.50	0.523	0.014	NWPZ	225.12	-59.79	513.30
PDH-151	265.00	333.50	68.50	0.558	0.016	NWPZ	228.11	-60.47	520.00
PDH-152	160.50	248.50	88.00	0.465	0.039	NWPZ	225.53	-60.75	443.50
PDH-153	-	-	-	-	-	NWPZ	223.75	-58.98	343.40
PDH-154	94.00	106.00	12.00	0.676	0.045	NWPZ	224.71	-61.60	503.30
and	146.50	161.50	15.00	0.033	0.381	-			
and	233.00	387.50	154.50	0.094	0.377	-			
PDH-155	185.50	211.00	25.50	0.037	0.286	NWPZ	227.11	-60.43	440.70
and	233.50	254.50	21.00	0.066	0.473	-			
and	303.00	356.50	53.50	0.254	0.356	-			
PDH-156	390.00	419.40	29.40	0.158	0.315	NWPZ	224.53	-59.93	594.00
PDH-157	468.00	474.00	6.00	0.910	0.068	NWPZ	223.36	-61.30	574.70
PDH-158	-	-	-	-	-	NWPZ	226.62	-62.30	218.10
PDH-159	148.00	202.70	54.70	0.343	0.073	NWPZ	224.49	-80.31	803.00
and	220.00	343.50	123.50	0.032	0.399	-			
and	378.00	399.70	21.70	0.173	0.165	-			
and	662.50	678.00	15.50	0.103	0.243	-			
and	691.50	756.00	64.50	0.983	0.098	-			
PDH-160	151.70	165.00	13.30	0.257	0.005	LVZ	0.00	-58.27	633.70

***Legend**:* *NWPZ = Northwestern Porphyry Zone* *LVZ = Los Vientos Zone*

10.2.3 Drill Methods

AM Gold contracted Geodrill S.A.C. of Arequipa, Peru ("Geodrill"), to undertake each of the 2004 through 2008 surface drilling programs earlier outlined. Geodrill initially provided two truck-mounted, E-44 hydraulic rigs (roughly equivalent to a Longyear 44, but with advanced hydraulic systems) and then an additional two, skid-mounted hydraulic LF70 rigs. AM Gold's on-site Caterpillar D6 bulldozer and a small backhoe were used to establish access tracks and drilling pads.

All drill holes, with the exception of PDH-128, were collared with HQ diameter core and 70 were reduced to NQ to reach the final target depth. Two holes reached lengths of 400m with HQ rods but most reduced to NQ below 200m. Overall, 72% of the drilling was HQ diameter. Standpipes were cemented in place on completion of each hole, the identifying numbers for which are recorded on tin plates adjacent to the drill hole collars.

Core recovery was generally good averaging over 92% with a median recovery of 95%.

10.2.4 Geological Logging

AM Gold staff members unloaded transported drill core trays onto logging benches where the ends of the core trays were labelled with the drill hole number, sequential box number and drill core meterage. Drill core was geotechnically and geologically logged, by a qualified AM Gold geologist, under the supervision of a senior/Project Geologist. Percent core recovery, rock quality designation, number of fractures, fracture frequency, fracture roughness, fracture infill, rock strength (determined by selective point load testing) and rock quality designation, along with lithology, structure, mineralization and alteration were recorded on hard-copy logs. Sample intervals were determined once logging of a drill core section in complete.

Split and sampled core was reviewed by senior Project personnel, to better understand the mineralization controls and to standardize lithology, alteration and mineralization codes. Skeleton drill core logs were composited to summarize the lithology, alteration and mineralization intersected in individual holes. Digital photologs of individual, filled drill core trays were taken and the logged and sampled core was stored on-site at the Project exploration camp, in a dedicated, covered drill core storage facility that was and is monitored by AM Gold's on-site security personnel.

10.2.5 Collar Surveys

The UTM collar positions and the near surface inclinations of each drill hole were surveyed by a qualified surveyor (Wenceslao Huarilloc of Arequipa, Peru).

10.2.6 Down-Hole Surveys

Downhole surveys were carried out using a calibrated (for magnetic declination) Flexit Smartool; downhole measurements are taken every 100m and at the end of each hole. In the case of shallow holes (those less than approximately 100m in length), measurements are taken near the holes' collars and ends. The exceptions (for which no survey results are available) include the following (the surveyed results for individual holes were assumed to apply to the entire holes' lengths):

- drill holes PDH-001 to -011 and -013 to 015 in which no downhole surveys were carried out;

- drill holes PDH-012 and PDH-016 to -020 that were surveyed using a Reflex tool; and
- drill holes PDH-021, -022, -097, -098 and -100 to -111 for which no downhole survey instrument was available (surveys were tried at a later date, but they were not successful due to downhole caving).

10.2.7 Sample Length/True Thickness

Typical drill hole orientations are as indicated in the example cross-sections (Figure 10-6 to Figure 10-8). The sections confirm that sampling is representative of the copper-gold grades in the mineral zones. In the porphyry Copper-Gold zones, the mineralization occurs within an irregularly-shaped system of stockwork and disseminated sulphides that strikes approximately NW-SE and dips steeply to the NE. In the Gold Oxide Skarn Zone, mineralization is preferentially developed along bedding planes, fractures and shears. Depending on the inclination of an individual drill hole, and the local dip of mineralization, drill intercept widths are approximately equivalent to true widths but are usually somewhat longer due to the limitations of angle drilling from surface.

10.3 Rokmaster Drill Program

Rokmaster optioned the property in July 2012 and reportedly completed two core holes and additional exploration work in 2014 but no results were released and few details of the programs were disclosed in press releases. The option agreement was terminated in October 2015. The exact location and orientation of the holes is uncertain although the second hole was reportedly drilled to a depth of 402 m (Rokmaster, 2014).

11 SAMPLE PREPARATION, ANALYSES AND SECURITY

The following is primarily summarized from McCrea (2006) and Blanchflower (2006), plus some other miscellaneous sources. In the opinion of the QP authors of this report, the methods, procedures, and standards that were applied would allow for high levels of confidence to be placed in the results:

11.1 Sampling Methodology

11.1.1 Surface Rock Grab Samples

Surface rock grab samples were taken during mapping and prospecting programs, from surface outcrops. Mineralized, altered and non-mineralized samples were taken: the mineralized samples as they relate to copper-gold grade distribution along lithological boundaries/contacts, fault zones and alteration zones; and the non-mineralized and altered samples to help establish controls on the mineralization.

11.1.2 Soil Samples

Samples totalling approximately 250gm were collected from 30 to 40-centimetre deep holes; a small tin plated screen/sieve was used to obtain clean samples (samples without roots, pebbles, etc). Wet samples were dried on site before being packaged for transport to the assay laboratory.

11.1.3 Trench Samples

From 2006 trenches were excavated to bedrock using AM Gold's on-site Caterpillar D6 bulldozer; prior to 2006 they were excavated using a backhoe. The trench floors were cleaned and 10cm wide channels were cut along the entire centre lengths of each trench floor. The channels were measured and from 2006 they were sampled every 1.5m (previously 2.5m).

Loose material from each sample point was transferred separately onto individual squares of polyester sacking. Each sample was thoroughly mixed before being cone and quartered (separated into four roughly equal parts, one of which became the assay sample with a typical weight of between 1 to 2kg).

When trenches were cut using a backhoe and the cut depth exceeded 1.5m, the backhoe operator dumped the overburden from individual trenches in continuous piles along one side of each trench being cut and the bedrock in continuous piles on the other side of the same trench being cut. Bedrock piles were then sampled at 15 to 20 different, recorded places. From 2006 this procedure was no longer followed: the trenches were sufficiently wide to allow for safe entry and sampling to excavated depths of 2.5m.

11.1.4 Drill Core

Continuous drill core samples were taken, by a qualified AM Gold geologist, every 1.5m along the entire lengths of each drill core; sample intervals varied only at alteration and lithological transitions or boundaries. Attention was paid to recovery and core size to ensure that material volume was equally represented within a given sample. Samples were measured from the nearest depth marker, after adjusting for core recovery. The sample intervals were recorded in a sample log along with the type, name and reference sample number of any standards, duplicates and/or blanks.

Sample intervals within each core tray were marked with lumber crayon, aluminum tags were stapled to the ends of each sample-relevant core tray, at the start of each sample length, with the appropriate sample number and sample interval. In addition, the sample numbers and intervals were written on wooden blocks that were inserted into the sample-relevant core trays, at the beginning of each sample interval. To avoid confusion, each drill rig had its own sample tag series. The sample tag books were pre-marked with assay quality control information, assigned to certain sample numbers, for standards and duplicate samples.

Whole core samples of drill core were sawn in half, using a diamond rock saw; two saws were and are available at the Pinaya exploration camp. In cases of deeply weathered core, core splitting was carried out using a knife. Loose/gravel-type core intersections were divided 50:50, by hand. Qualified AM Gold geologists supervised the core samplers and splitters.

Split core halves over individual sample lengths were separately placed into individual, clear plastic rock sample bags and the other core halves were placed in their original core tray positions for reference, with the exception of the core halves selected as field duplicates. A sample tag detailing the sample number and sample-relevant intervals was placed inside each sample bag. Once an entire sample interval has been cut, the plastic sample bags containing the half cores were securely stapled shut, during which process a second sample tag, detailing the sample-relevant number and sample-relevant intervals, was rolled in the top of the sample bag and securely stapled in place, in a manner that ensured the sample-relevant data could clearly be seen. The sample numbers were also written on the sample bags, using a permanent marker.

11.2 Sample Handling

The following has also been primarily summarized from McCrea (2006) and Blanchflower (2006) plus some other miscellaneous sources. In the authors' opinion, the methods and procedures utilized below would reasonably be expected to result high levels of confidence to be placed in the results:

11.2.1 Chain of Custody

Surface rock grab samples, soil samples and trench samples were placed, at individual sample sites, in clear plastic sample bags that were tagged, marked and securely sealed in the same manner as outlined for drill core samples. The sample bags were then transported by AM Gold staff members to the drill core logging, sampling and storage facility located at the Project exploration camp.

Drill core was laid in core trays by the drillers, at the various drill sites from where it was transported in pick-up trucks, driven by AM Gold personnel, to the drill core logging, sampling and storage facility located at the Pinaya Project exploration camp. Wooden lids were not nailed onto the (wooden) core trays prior to their transport.

11.3 Density Determinations

AM Gold took a total of 672 Specific Gravity ("SG") laboratory measurements which are dispersed throughout the drill hole database. The industry standard paraffin method was used to determine SG values.

11.4 Analytical and Test Laboratories

Routine sample analyses were performed by SGS Laboratories in Lima, Peru (SGS del Peru S.A.C., or "SGS Peru"), an ISO 9002 accredited facility. Check assays were performed at the ALS Chemex assay laboratory in Lima, Peru (ISO 9001-2000 accredited).

11.5 Sample Preparation and Analysis

Soil samples were assayed for 36 elements by four acid digestion (Aqua Regia), followed by an ICP finish. Trench and drill core samples were assayed for gold by 30 gram fire assay fusion with an Atomic Absorption ("AA") finish, as well as for 35 elements by four acid digestion (Aqua Regia), followed by an ICP finish. Any samples that returned copper grades in excess of 1.0 percent were re-analyzed for copper by AA, utilizing four acid digestion.

11.6 Quality Assurance and Quality Control

Blind standards, random inter-laboratory duplicates and field blanks were submitted for analysis by Canper, along with main stream trench and drill core samples. Approximately every 20th trench or drill core sample was a duplicate or blank and every alternate 20th sample was a standard, which spacing ensured that every laboratory batch of approximately 40 trench or drill core samples contained at least one standard, blank or duplicate. The qualified AM Gold geologists that logged the drill core were also responsible for supervising the core samplers and for maintaining the established QA/QC program of standards, blanks and duplicates.

11.6.1 Blank Samples

During the 2004-2008 drill program, AM Gold used quarried barren quartz as blank material. The material was purchased from a local supplier and assayed to verify that the material contained no significant mineralization. The results of the assays of the two batches purchased showed that the material is blank with values for gold below detection limit and with an average of 12.8 ppm copper for 15 assays. The blanks were inserted on a 1 in 20 to 1 in 35 basis. The assays of the blank material showed that there is some copper contamination of the blank material. The blanks showed no anomalous values for gold.

Detailed analyses of the blanks assay results for AM Gold's 2004, 2005 and 2006 drilling programs are presented in the July 2006 and October 2006 Technical Reports. No significant discrepancies were found. Similar analyses of the standards inserted in AM Gold's 2007 drill core sample stream also found no significant discrepancies.

11.6.2 Reference Standards

Certified reference standard material (CRM) of known copper and gold content were inserted every 20 samples from the drilling and trench sampling programs.

AM Gold used nine different copper-gold standard reference materials, which were purchased from CDN Resource Laboratories Limited in Delta, B.C. Details of the standards are presented in Table 11-1.

Table 11-1 Certified Reference Standards

STANDARD	MEAN VALUE		TWO STANDARD DEVIATIONS		
	Cu %	Au ppm		Cu %	Au ppm
CDN-CGS-2	1.177	0.970	+/-	0.046	0.092
CDN-CGS-3	0.646	0.530	+/-	0.031	0.048
CDN-CGS-6	0.318	0.260	+/-	0.018	0.03
CDN-CGS-7	1.010	0.950	+/-	0.070	0.080
CDN-CGS-8	0.105	0.080	+/-	0.008	0.012
CDN-CGS-9	0.473	0.340	+/-	0.025	0.034
CDN-CGS-11	0.683	0.730	+/-	0.026	0.068
CDN-CGS-12	0.265	0.290	+/-	0.015	0.04
CDN-CGS-13	0.329	1.010	+/-	0.018	0.11

During the 2004-05 drill program, AM Gold submitted 130 CRM's for analysis with the drill core samples. Two of the early standards that AM Gold had fabricated did not have certified copper values. For these standards, the results of the assay runs were used to determine a mean value and standard deviation for the SRM. For standards A & B the copper values were determined in this manner.

During the 2006 Drill program, 414 CRM's were submitted. One of the samples was analyzed for copper but not for its gold content; reportedly because there was insufficient SRM when it arrived at the laboratory. Aside from the one missed analysis, 10 of the SRM samples were apparently incorrectly recorded in the field sample assay log and the wrong SRM sample was inserted into the sample sequence. These errors were only discovered after all of the drill core samples had been assayed and five percent of the total samples had been check-assayed. Evidence for this recording error was apparent when the check-assay results for a particular SRM returned a value within the two standard deviation assay range for a different SRM. Blanchflower (2006) recommended more field supervision for all SRM, blank and duplicate insertion and recording.

The failure rate for the SRM sample assaying, excluding the ten incorrectly recorded samples, was 7 percent for all copper and 3.2 percent for all gold assays.

Re-assaying was done in cases only where the failure was in a mineralized interval, and done from the previous passed standard to the next passed standard. The failures were determined by the following criteria:

- The standard was out by over 3 standard deviations, which is a failure in accuracy.
- There were two or more standards in the same batch out by 2 standard deviations from the mean on the same side of the mean, which is a failure in bias.

Almost all standard failures were in standards with low copper concentrations and, between 2004 and 2006, represented a high failure rate exceeding 11%. In an effort to address this issue, Consultant, Dr. Barry Smee reviewed the data and made two visits to SGS Laboratories in Lima. According to Smee (2008) the problem was likely due to poor digestion of sample material in acids due to poor calibration of the acid dispensers and/or poor heat control on the hot plates.

One visit was made on May 30th to inspect the installations, with an emphasis on checking the possibility of dust contamination in the primary crushers. As the new installation of the jaw crushers was now under fume hoods and not with dust extraction pipes, this became less of a concern. There were no obvious problems with the hot plate digestion area.

A second visit was made on July 20th to discuss the high failure rate for certified standard material with the laboratory manager, Cecilia Zuniga, and discuss possible problems and corrective measures. The failure rate dropped marginally after this visit, but continues to be a source of concern. During this visit, one ICP technician suggested it may also be poor calibration of the ICP unit.

The data from the 2007 QA/QC program for drilling was reviewed by Dr. Smee in January of 2008. While concerned with SGS' difficulty in reproducing values in certified standards with low copper concentrations, he was satisfied that Acero-Martin Exploration Inc. staff was addressing the QA/QC issues by reanalyzing where necessary, and that there were no significant issues with the blank and duplicate samples. His conclusion was that the data was of a quality suitable for resource estimation (Smee, 2008).

During the 2007-08 drill campaign, 791 CRM's were submitted. The failure rate improved considerably with 5% failures for Cu and less than 1% for Au. Examples of the standard control charts for 2007-08 are presented in Figure 11-1 and Figure 11-2.

Figure 11-1 Standard Control Chart CGS-9 (Cu)

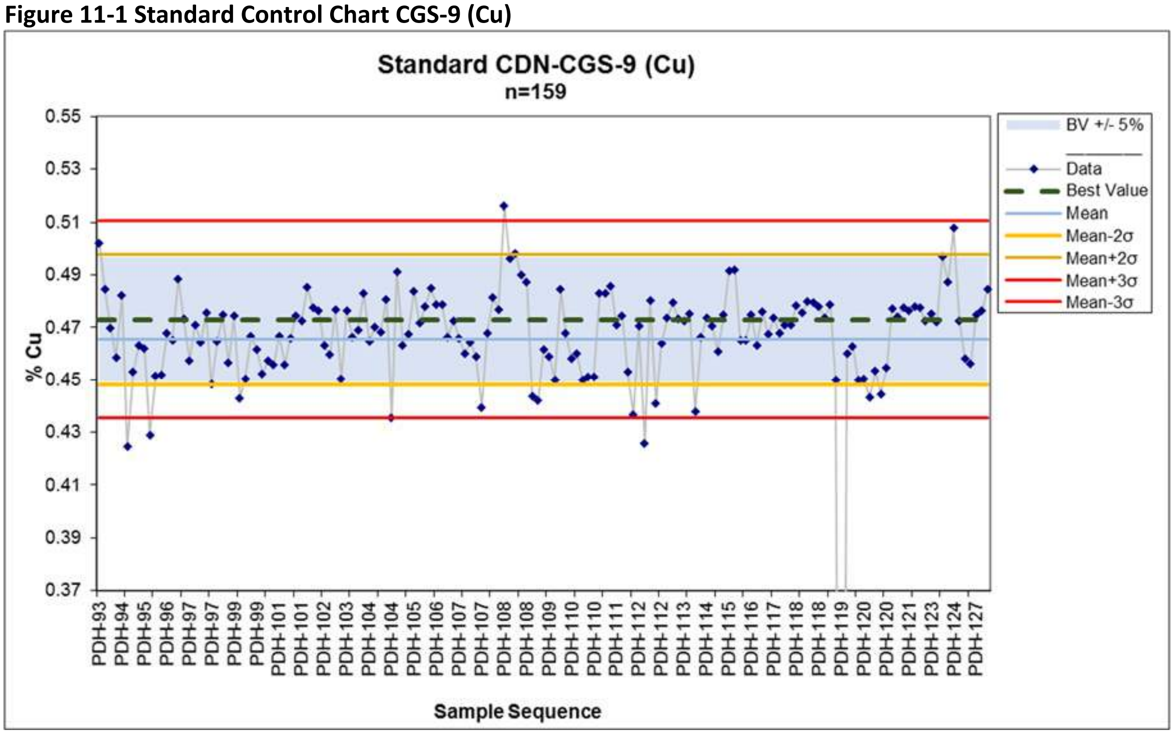
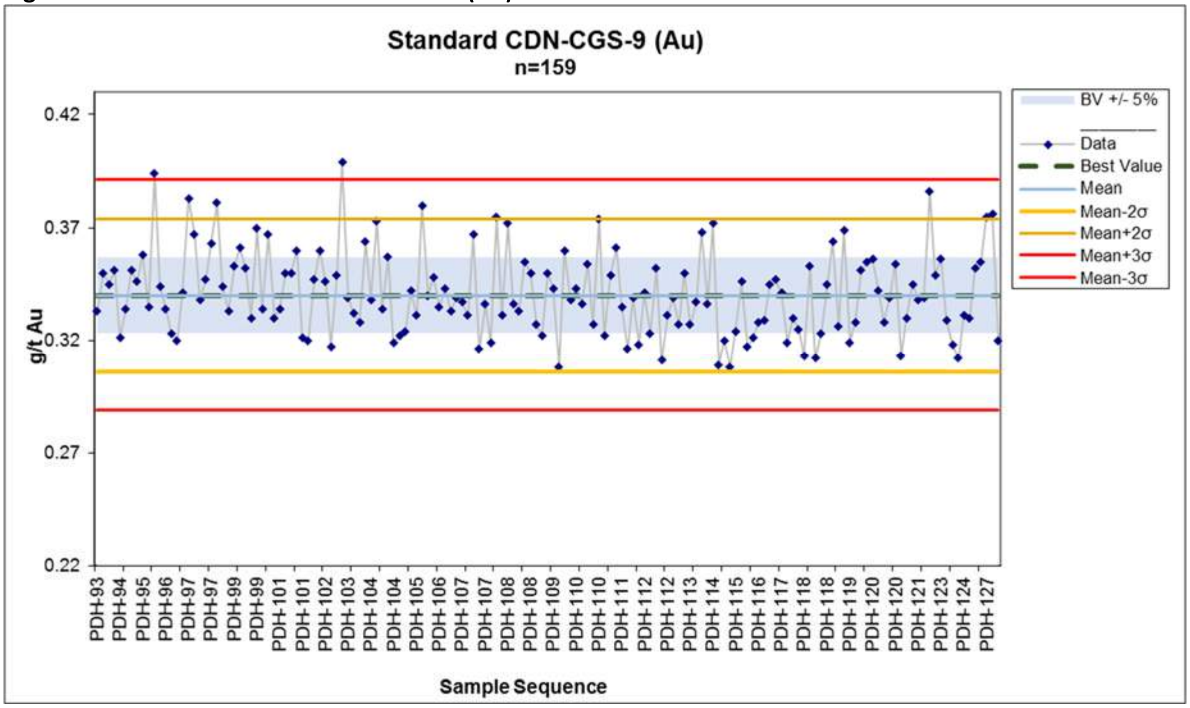


Figure 11-2 Standard Control Chart CGS-9 (Au)



11.6.3 Field Duplicates

Field duplicates of trench samples comprised the second of the four, roughly equal parts of bedrock material prepared for purposes of sampling. In the case of drill core samples, field duplicates comprising half core samples were used. The same procedures as those outlined for main stream trench and half drill core samples were followed as regards tagging, labelling, storage and transport. Duplicate sample numbers formed part of the main stream sample numbering sequence, so as to conceal duplicate samples in the overall sample stream.

2004-05

AM Gold submitted half-core duplicate samples for assaying in the 2004/2005 programs. 130 core duplicates were submitted for assay, however one copper duplicate was not re-run for Atomic Absorption and that data point was eliminated. The gold results showed some scatter above one gram and part of that beyond the 30% acceptance limit. Copper had one erratic high grade point and some scatter around 0.2 to 0.3 Cu%. The copper scatter was attributable to the uneven deposition of copper during enrichment.

A Percentile Rank Chart was used to check the precision of duplicate samples. For field duplicates the target is that 90% of the population (Percentile Rank) should have a relative percent difference of 30% or less. The Charts show poor precision with the 90th percentiles having 90% and 40% absolute relative percent difference for gold and copper respectively.

2006

A total of 411 drill core duplicates were submitted for copper and gold assay during the 2006 program. One of the duplicates had insufficient material for a reliable gold assay but the copper assay was performed. Thus, there were 411 field duplicate copper assays and 410 field duplicate gold assays.

The scatter plot for gold in original sample versus field duplicate showed scatter above and below the 30% acceptance lines. This suggests that there may be a minor but notable 'nugget' effect with the gold mineralization, especially in the 0.5 to 2.5 grams per tonne range. Copper also exhibited scattering above and below the 30% acceptance lines for grades 1.4 %. Such scattering is attributed to fracture infilling secondary chalcocite mineralization which may be unevenly distributed within the drill core.

No significant bias was evident. However, the copper Percentile Rank plot showed very poor precision of 45 percent absolute relative difference at the 90th percentile while the gold plot showed poor precision of 95 percent absolute relative difference at the same 90th percentile. These results further confirm a significant nugget effect with the gold mineralization but also a variance associated with secondary copper enrichment.

2007-2008

A total of 890 field duplicates were submitted during the 2007-2008 drill program. Scatterplots of the pairs show no significant bias for copper and a minor high bias for SGS in gold (Figure 11-3 and Figure 11-4). Assay results for the pairs were also compared using grade values of 0.01 – 3 g/t Au and 0.005 - 3% Cu. Cumulative frequency plots for absolute relative difference for Au and Ag in the field duplicates were prepared. At the 90% cumulative frequency level, the values for ALS are around 70% for Au and 47% for Cu indicating a high level of variability between field duplicates (Figure 11-5). A commonly-accepted value for field duplicates is 90% of paired duplicates with < 30% absolute relative difference.

Figure 11-3 Scatterplot of Field Duplicates - Cu

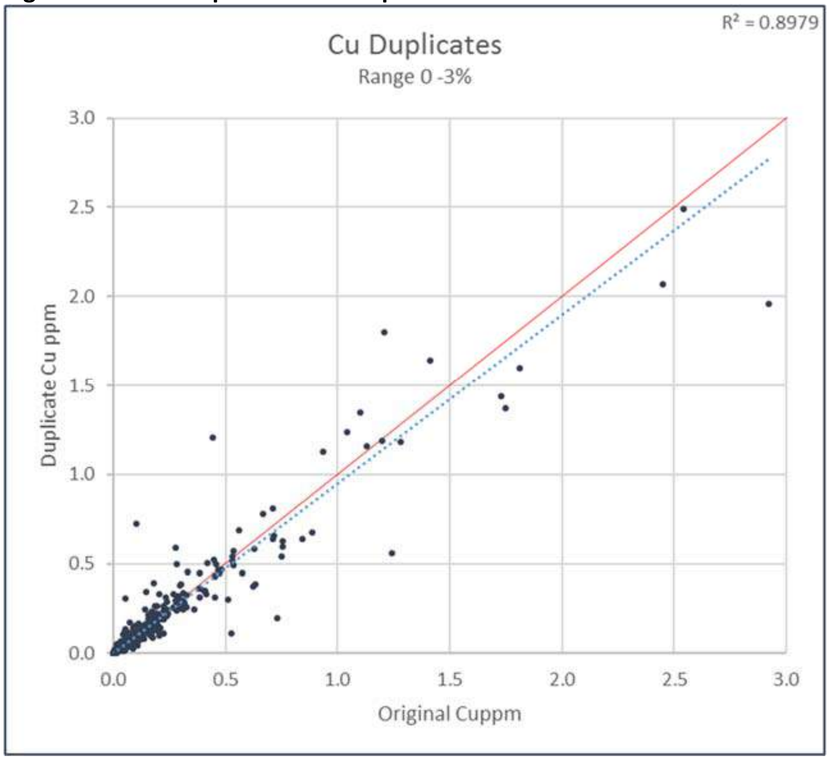


Figure 11-4 Scatterplot of Field Duplicates - Au

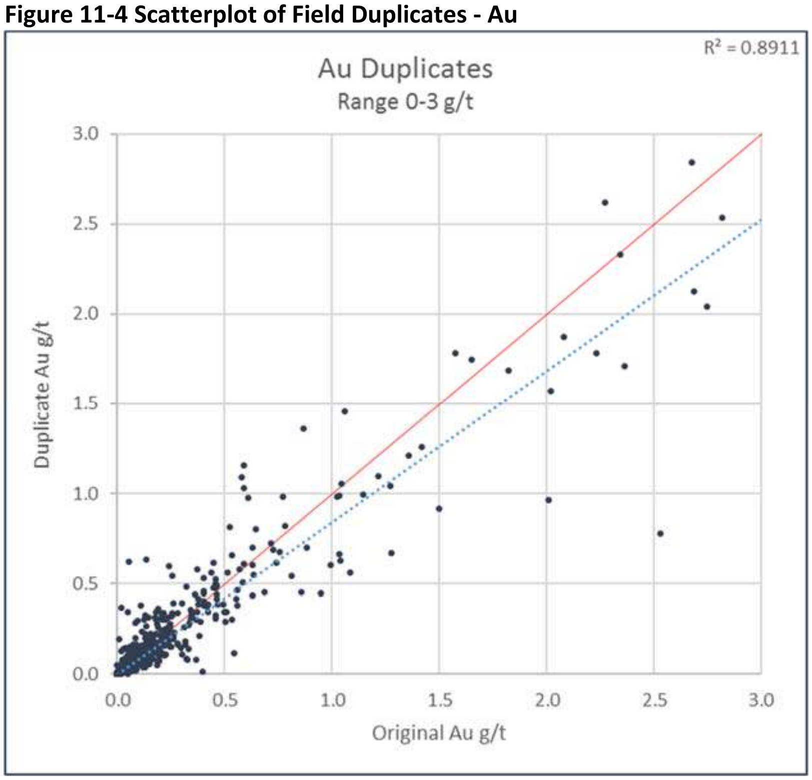
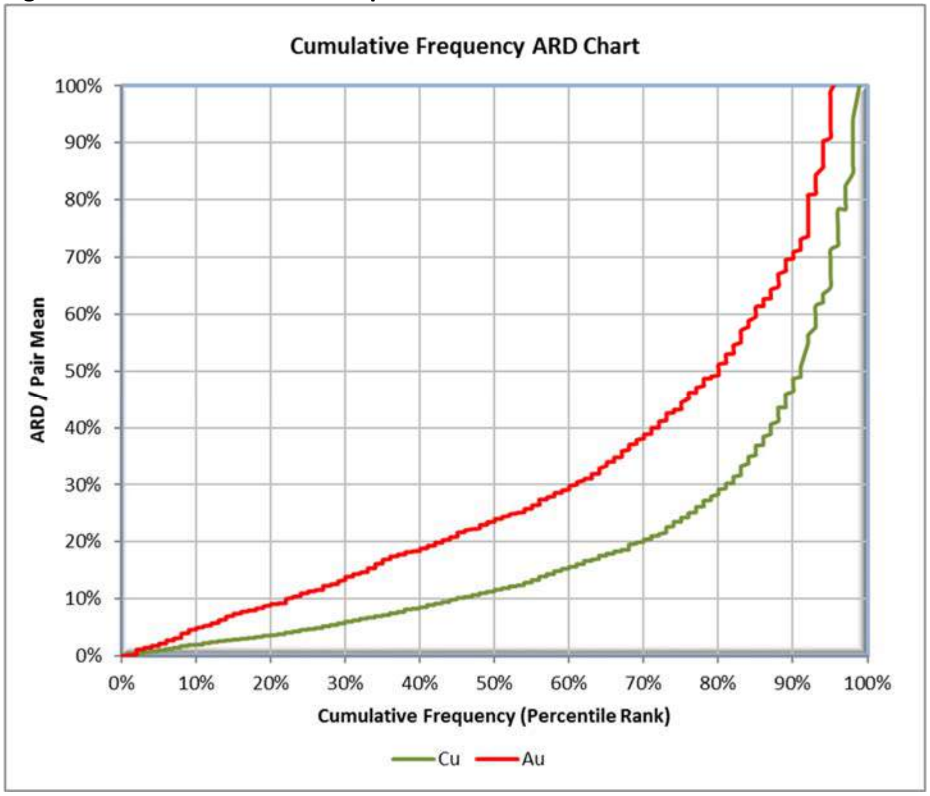


Figure 11-5 ARD Chart – Field Duplicates 2007-08



11.6.4 Check Assays

Approximately every 20th original sample (about 5%) was sent directly from SGS Peru's Calloa laboratory to the ALS Chemex assay laboratory in Lima, Peru (ISO 9001-2000 accredited), for check-assaying. The check-assay procedure did not discriminate between original samples, standards, duplicates or blanks.

2004-05

AM Gold submitted 83 samples to an outside laboratory for check assay in 2004-05. The samples submitted for were from 11 0f the 20 holes representing the better-mineralized holes.

The SRM samples submitted to ALS Chemex returned results within the expected. The ALS Chemex results showed a slightly high bias for gold above 1 ppm and no bias for Cu.

Sample precision was calcuated using Percentile Rank Plots. The standard for pulp duplicates is that 90% of the population should be less than 10% Absolute Relative Percent Difference. Both gold and copper plots show the check assay populations have greater than 10% Relative Percent Difference at 90%.

2006

In September 2006, AM Gold submitted 397 drill core, standard, duplicate and blank samples to ALS Chemex (ALS Perú S.A.) for check-assaying. These samples represent slightly less than five percent of the total samples assayed during the drilling of the 2006 drill holes PDH-25 to PDH-070.

The ALS copper results showed a slight bias with higher copper grades reported from the check assay samples. Two copper check-assay samples plotted well outside the acceptable check limits. The gold comparison showed that the original laboratory results were slightly higher than the check assaying results. Slightly lower check-assaying results might indicate a difference in atomic absorption finishing procedures at ALS Chemex versus SGS Mineral Services.

The Relative Percent Difference plots for copper and gold showed the previously mentioned biases for higher check-assay copper grades from ALS Chemex and higher original gold grades from SGS Mineral Services.

Both copper and gold percentile rank plots showed that the check assay populations have greater than 10% Relative Percent Difference at 90%.

11.7 Data Storage

The geologists that were responsible for logging were also responsible for in-putting their own geological and geotechnical drill core logging data into matrix-style, spreadsheet logs, prior to their import into commercial geological software. Sample numbers and sampling intervals were also entered into each drill hole spreadsheet log for later collation with analytical and assay results. Digital photographs were downloaded for digital archiving.

11.8 Database Validation

Project field geologists filed and maintained original records, input the geological, geotechnical and sampling data into computerized spreadsheets and verified all records. Digital copies of the site-verified data were regularly forwarded by e-mail to AM Gold's nominated recipients, including the geotechnical logs, geological logs, sampling logs, synoptic summary logs and drill core photo logs.

Drill hole cross-sections were hand-drafted on site, while drilling progressed. At regular intervals, the digitized and input survey, geological, geotechnical and assay data were imported into a computer geological database and vertical cross-sections for all drill holes were generated for re-checking by qualified AM Gold geologists.

Compiled data from the header, survey, assay, geology and geotechnical tables was validated in AM Gold's Lima offices for missing, overlapping or duplicated intervals or sample numbers, as well as for matching drill hole lengths in each table. Drill hole collars and traces were reviewed on screen by a qualified Company geologist, both in plan and section view, as a visual check on the validity of the location information.

As analytical data was returned from the assay laboratories it was merged with the sample logs and printed out. The copper and gold values were then verified against the original assay certificates provided by the laboratory. Particular attention was paid to laboratory re-runs where the analytical results were revised for QA/QC reasons, not least to ensure the correct data had been applied.

As part of its October 2007 study, MInefill Services ("MineFill") conducted rigorous data verification for all available assay data up to and including PDH-137 (Stone & Godden, 2007).

- assay data was deemed verified if the original, signed assay certificate or a photocopy was present and the database reflected the assay certificate values accordingly;
- the sample numbers and assay values on the certificates were called out by an individual, as another individual located the corresponding sample numbers within the database and verified the assay values; and
- the data was marked as verified, corrected or unverified, as appropriate.

Of the database of 48,942 assays verified by MineFill, a total of 6.8% required correction.

11.9 Sample Security

The clear plastic sample bags were placed into rice sacks for transport (ten bags per sack in the case of rock grab samples and trench samples, four to six bags in the case of drill core samples). In the case of drill core samples, individual clear plastic sample bags were cross-referenced with the sample-relevant log and counted carefully before being bagged. Each sample sack was tightly sealed with nylon twine.

Sample shipment forms were prepared by the supervising senior/Project geologist and individual sample sacks were clearly marked with reference numbers (the assay laboratory was not provided with details of samples' drill hole numbers at any time). Sample sacks awaiting shipment were kept in an enclosure adjacent to the drill core logging, sampling and storage facility, prior to being transported to Arequipa, Peru, by pick-up truck, driven by a AM Gold employee.

The samples were transported to a secure sample depository in Arequipa, Peru, that was and is owned and operated by the Peruvian subsidiary of the Mineral Services division of the SGS Group. A SGS Peru representative checked the shipment form against the numbering on the sample sacks and then forwarded the samples directly to SGS Peru's assay laboratory in Callao, Peru. Shipment confirmations were sent to the Pinaya Project exploration camp, from SGS Peru's Callao facilities. Samples sacks that arrived at SGS Peru's sample repository in Arequipa before 6.00 p.m. were forwarded to the SGS Peru's laboratory at Callao the same day. Later arrivals were stored overnight in the secure depository.

SGS Peru reported the analytical and assay results to AM Gold approved list of recipients, by e-mail.

11.10 Comments on Section 11

The authors are of the opinion that the quality of Au and Cu analytical data collected during the Pinaya drill programs are sufficiently reliable to support Mineral Resource estimation and that sample preparation, analysis, and security are generally performed in accordance with exploration best practices at the time of collection.

12 DATA VERIFICATION

12.1 Site Visit Validation

Cole visited the Pinaya Project on April 08 and 09, 2010. During the visit he walked the GOSZ, WPZ, and NWPZ mineral resource areas, examined the historical open cut workings, and reviewed several representative archived drill cores.

The hole locations checked in the field by handheld GPS (approximately 3%) were consistent with the listed surveyed coordinates and the amount of drill collars seen would be consistent with the level of work described herein.

Assay data was deemed verified if the original, signed assay certificate (or facsimile) was present and the database reflected the assay certificate values accordingly. In addition, a spot check by Cole of approximately 15% of the samples from each assay certificate was made and there were found to be no material deficiencies.

Data verification of drill data was essentially limited to the written record and physical observations in the field as the work had spanned a number of years as well as the technical staff that had performed the work were no longer with the company.

As of the effective date of this report, the status of the resource remains the same and the work completed post the last field visit is either incomplete or of such a nature as to not justify a new site inspection.

In the opinion of Cole, the information disclosed in this report was collected in a sound fashion and is of sufficient quality to make reliable and informed decisions upon, within the scope allowable.

12.2 Database Verification

For most of the data, the original sources are electronic data files; therefore, the majority of the comparisons were performed using software tools. No significant errors were found with the database that would preclude use in Mineral Resource estimation.

Un-sampled intervals were identified and entered into the database and assay fields flagged with '-1' to identify them as missing.

Drill hole collar and down-hole deviation were examined to check for location and orientation errors. No significant problems were identified.

13 MINERAL PROCESSING AND METALLURGICAL TESTING

By mid-2007, a preliminary program of bottle roll tests on 22 drill core composite samples was completed and the results had been published by AM Gold. The tests were performed by Process Research Associates Limited of Richmond, B.C.; they were aimed at assessing the recovery of copper and gold by cyanide leaching, either in a heap leach environment or in a carbon in pulp (CIP) or carbon in leach (CIL) circuit.

The drill core composites were comprised of coarse rejects from assaying; each sample weighed about 6kg and was composited from a range of intersection depths in individual drill holes. The samples were subjected to 48 hours leaching in a bottle roll test, at an initial concentration of 2.0 grams per litre NaCN (sodium cyanide) and a pH of 10.5. Copper and gold recoveries were measured at regular intervals up to 48 hours. Table 13-1 summarizes the Batch One results and Table 13-2 the Batch Two results.

Table 13-1 Summary of Batch One Metallurgical Testing

Summary of Batch One Metallurgical Test Results *Drill Core Composites*												
Test No	*Sample ID*	*Mineralized Zone*	*P80 size (mm)*	*NaCN (g/l)*	*Calculated Head*		*Extraction (%)*		*Residue*		*Consumption (kg/t)*	
					Au (g/t)	*Cu (%)*	*Au*	*Cu*	*Au (g/t)*	*Cu (%)*	*NaCN*	*Lime*
C1	PDH - 1A	GOSZ	67	2	0.81	0.1	91.4	85.2	0.07	0.02	3.15	0.20
C2	PDH - 1B	GOSZ	68	2	3.56	0.3	77.2	87.4	0.81	0.04	7.63	0.26
C3	PDH - 3A	GOSZ	74	2	1.05	0.1	85.7	72.3	0.15	0.03	3.70	0.21
C4	PDH - 3B	GOSZ	70	2	2.61	0.1	93.1	82.7	0.18	0.02	3.61	0.31
C5	PDH - 15A	NWPZ	71	2	0.48	0.9	97.9	7.1	0.01	0.86	4.76	0.31
C6	PDH - 15B	NWPZ	69	2	0.36	0.5	94.4	4.8	0.02	0.47	3.40	0.53
C7	PDH - 18A	NWPZ	66	2	0.63	0.3	95.2	6.2	0.03	0.30	3.50	0.30
C8	PDH - 18B	NWPZ	70	2	0.32	0.6	71.6	6.1	0.09	0.56	4.05	0.21
C9	PDH - 39A	WPZ	61	2	2.39	1.5	37.3	49.1	1.50	0.76	11.48	0.11
C10	PDH - 39B	WPZ	72	2	2.92	1.2	58.9	45.8	1.20	0.64	11.85	0.26
C11	PDH - 42A	WPZ	57	2	0.09	1.4	89.3	36.5	0.01	0.92	13.01	1.21

Table 13-2 Summary of Batch Two Metallurgical Testing

Summary of Batch Two Metallurgical Test Results *Drill Core Composites*												
Test No	*Sample ID*	*Mineralized Zone*	*P80 size (mm)*	*NaCN (g/l)*	*Calculated Head*		*Extraction (%)*		*Residue*		*Consumption (kg/t)*	
					Au (g/t)	*Cu (%)*	*Au*	*Cu*	*Au (g/t)*	*Cu (%)*	*NaCN*	*Lime*
C12	PDH - 42B	WPZ	68	2	0.12	1.30	91.70	34.20	0.01	0.84	11.05	0.86
C13	PDH - 46A	NWPZ	78	2	0.05	1.70	78.30	17.70	0.01	1.41	8.54	1.37
C14	PDH - 46B	NWPZ	67	2	0.05	1.20	77.80	22.10	0.01	0.91	10.40	0.80
C15	PDH - 57A	WPZ	60	2	0.57	0.80	19.90	49.60	0.46	0.40	12.17	0.21
C16	PDH - 57B	WPZ	62	2	0.23	0.40	47.50	93.10	0.12	0.03	12.84	0.25
C17	PDH - 67A	VZ	72	2	0.10	1.40	61.80	47.80	0.04	0.71	12.39	0.26
C18	PDH - 67B	VZ	70	2	0.15	1.70	32.10	37.00	0.10	1.08	11.75	0.16
C19	PDH - 69A	WPZ	84	2	0.65	1.60	32.80	38.10	0.44	0.98	11.48	0.25
C20	PDH - 69B	WPZ	73	2	0.41	0.60	46.30	76.80	0.22	0.14	11.23	0.10
C21	PDH - 73A	WPZ	51	2	0.13	1.80	62.70	23.60	0.05	1.36	11.69	0.32
C22	PDH - 73B	WPZ	64	2	0.99	0.30	97.00	4.20	0.03	0.32	4.31	0.49

It may be seen from the above tables that:

- the samples yielded an average gold recovery rate of about 70%;
- the headgrades of the Batch One samples varied from 0.05 g/t Au with 1.7% Cu to 1.0g/t Au with 0.3% Cu, which samples yielded gold recoveries of between 20% and 97% and copper recoveries of between 4% and 93% after 48 hours;
- the headgrades of the Batch Two samples varied from 0.09 g/t Au with 1.4% Cu to 2.92g/t Au with 1.2% Cu, which samples yielded gold recoveries of between 37% and 97% and copper recoveries of between 5% and 87%t after 48 hours; and
- cyanide consumption was high at 4.3 to 12.8 kilograms per tonne with 0.10 to 1.37 kilograms per tonne of lime for Batch One samples and 3.15 to 13.0 kilograms per tonne with 0.20 to 1.21 kilograms per tonne lime for Batch Two samples (which consumption rates were probably the result of the elevated copper grades in the Western Porphyry Zone samples).

In Cole's opinion, the results suggest that cyanide extraction of copper from mineralized material from the porphyry zones is not an appropriate treatment. However, cyanide leaching of gold is appropriate for processing mineralized material from the GOSZ. It may, therefore, be concluded that alternative processing strategies will be required to optimize Pinaya Project potential, including the possibility of identifying and separately defining oxide and sulphide mineralization, with:

- oxide material processed using a heap leaching method, using –
    - an acid leach for copper, followed SX-EW extraction to form copper cathodes, and

  - following washing the heap leach to clean or neutralize the acid, a cyanide leach for gold, followed by ADR/elution plant recovery by electro-winning and then processing through a calcinations furnace to produce doré gold; and

- ordinary flotation processing of sulphide mineralized material to produce a bulk copper concentrate with gold credits.

The need for identifying and separately testing oxide and sulphide material (and possibly a transition zone between the two mineral types) is emphasized by the comments made by Blanchflower in the October 2006 Technical Report: '*It was obvious, both during the property examination and upon inspection of the drillhole assay results, that in many areas near-surface copper mineralization had been leached and there were distinctly different grades between the leached, secondary supergene and hypogene copper mineralization. Gold values are apparently not leached near surface resulting in diverse copper-gold ratios both laterally and vertically, especially in areas of intense shearing and faulting.*'

14 MINERAL RESOURCE ESTIMATES

This most recent Mineral Resource Estimate incorporates all the information available as of October 2006, as well as the 2007 and 2008 drilling results and geological interpretation. Both copper and gold are primary economic items with the former contributing over 60% of the gross metal value. Resource modeling was undertaken by GeoSim Services Inc. of Vancouver, British Columbia with the description of the work being authored by Ronald Simpson P.Geo. The effective date for the previous mineral resource estimate was May 30, 2011.

The present resource estimate is a re-statement of that previously released using revised metal price assumptions for open pit optimization. The effective date is April 26, 2016

14.1 Key Assumptions / Basis of Estimate

The Pinaya drill hole sample database contains information from 160 core holes (46,531.7m) completed between 2004 and the end of 2008 (Table 14-1). Of these, 151 are located within the present resource model area (Table 14-2) and the remainder are in prospects located north-northeast ("NNE") and east of the area (LVZ, MJZ and MCOZ targets). Lithology, density and grade information from all available holes were used in creating the lithologic and domain models.

Table 14-1 Drilling Summary by Year

Year	*Holes*	*Metres*
2004	9	1,653.10
2005	15	3,490.15
2006	68	16,209.05
2007	57	19,591.70
2008	11	5,587.70
Total	**160**	**46,531.70**

Table 14-2 Drill Holes used for Grade Estimation

Zone	*Holes*	*Metres*
GOSZ	43	11,413.45
WPZ	50	12,305.25
NWPZ	50	18,505.50
VZ	8	2,081.85
Total	**151**	**44,306.05**

14.2 Geological Models

Modeling of the eight main lithologic domains was carried out using a combination of surface mapping, cross sections and indicator Kriging using Leapfrog3d software. A bedrock surface was modeled based on sectional profiles.

Gold and copper mineralization does not correlate very well and it was deemed appropriate to treat them separately when creating the domain constraints. The GOSZ zone was treated separately as a gold zone while the Cu mineralization in the WPZ zone overprints portions of the GOSZ Au zone and extends below it. Gold and copper in the NWPZ zone were also modeled as separate domains. There is not a clear boundary between the WPZ and NWPZ and they appear to be connected by a narrow mineralized zone so an arbitrary boundary was imposed to separate them for reporting the resources by zone.

Mineral zone domains were created by modeling log transformed 3m grade composites in Leapfrog3d and further constrained by selected lithologies. The grade shell levels selected were 0.1% for Cu and 0.2 g/t for Au.

The GOSZ zone model extends up to 894m in a NW-SE direction, varies from about 50 to 140m in width and has a vertical extent varying up to 270m from 4230 to 4520m elevation.

The WPZ overlaps a portion of GOSZ forming two lobes meeting at depth. Strike extent averages between 250-850m and it extends down-dip up to 290m NE. Width varies considerably from 60 to 290m across strike.

The NWPZ model extends up to 860m NW-SE, up to 700m down dip to the NE and up to 470m across strike.

Block Model lithology is illustrated in Figure 14-1. Zone domains and grade shell models are shown in Figure 14-2 and Figure 14-3.

Figure 14-1 Block model lithology

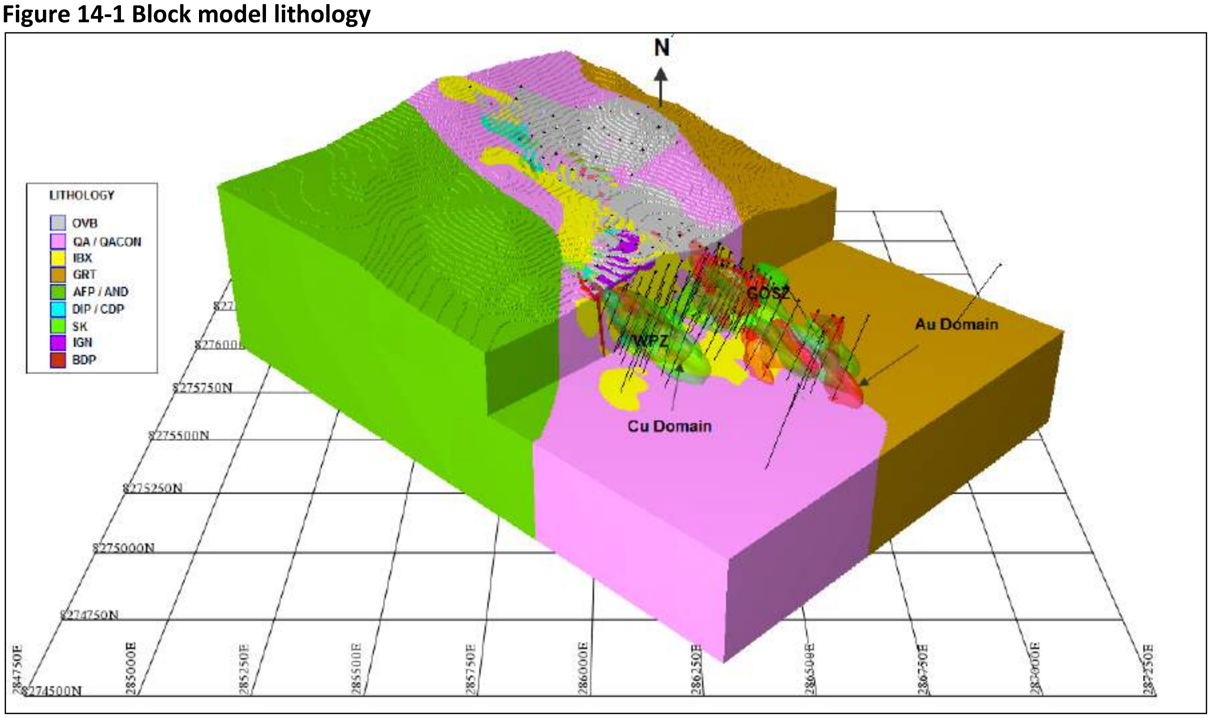


Figure 14-2 Mineral zone domains and grade shells

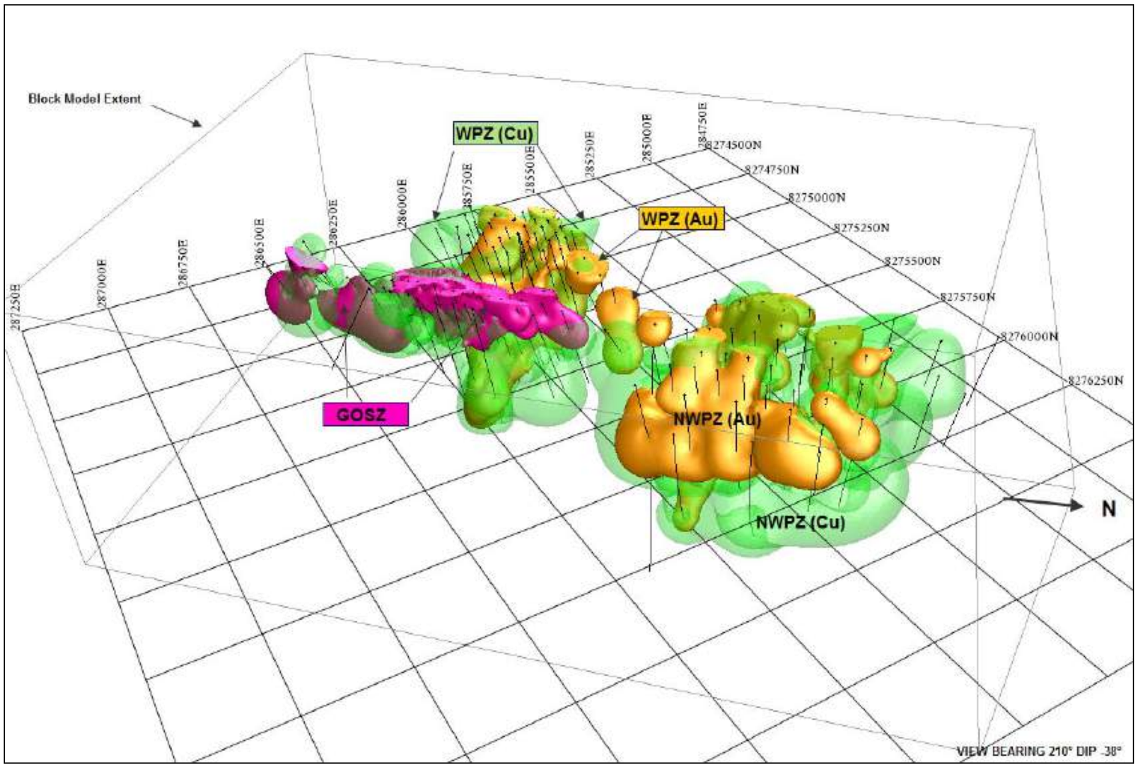
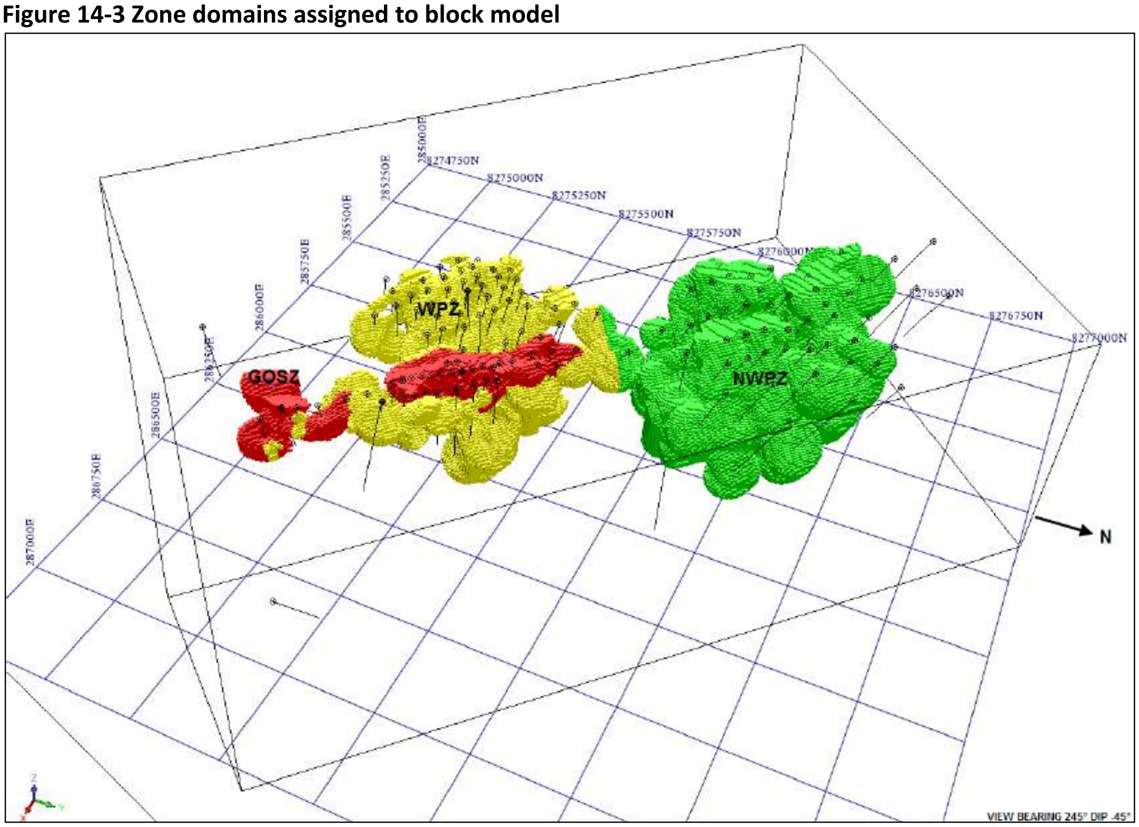


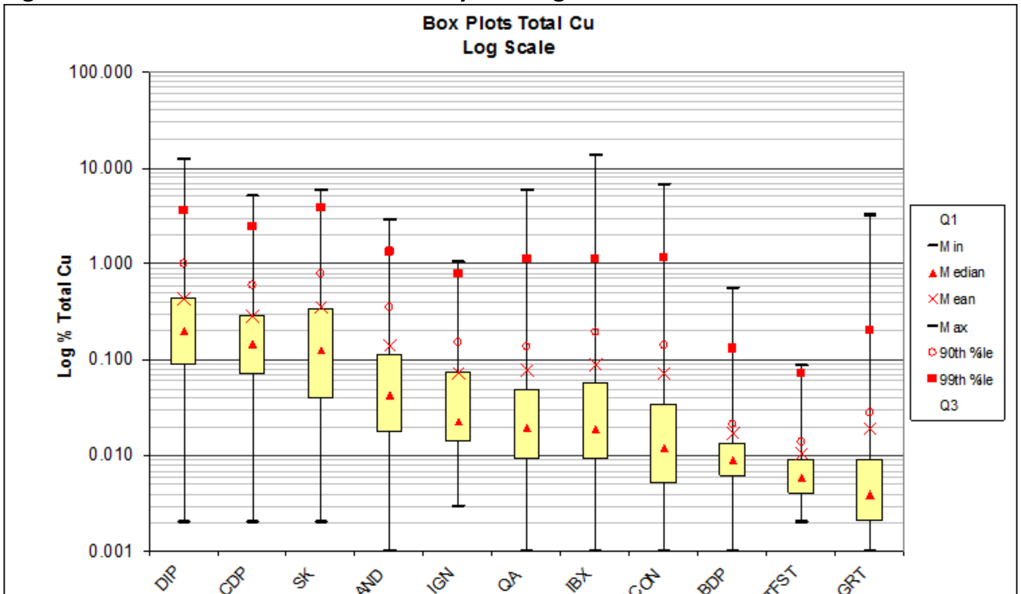
Figure 14-3 Zone domains assigned to block model



14.3 Exploratory Data Analysis

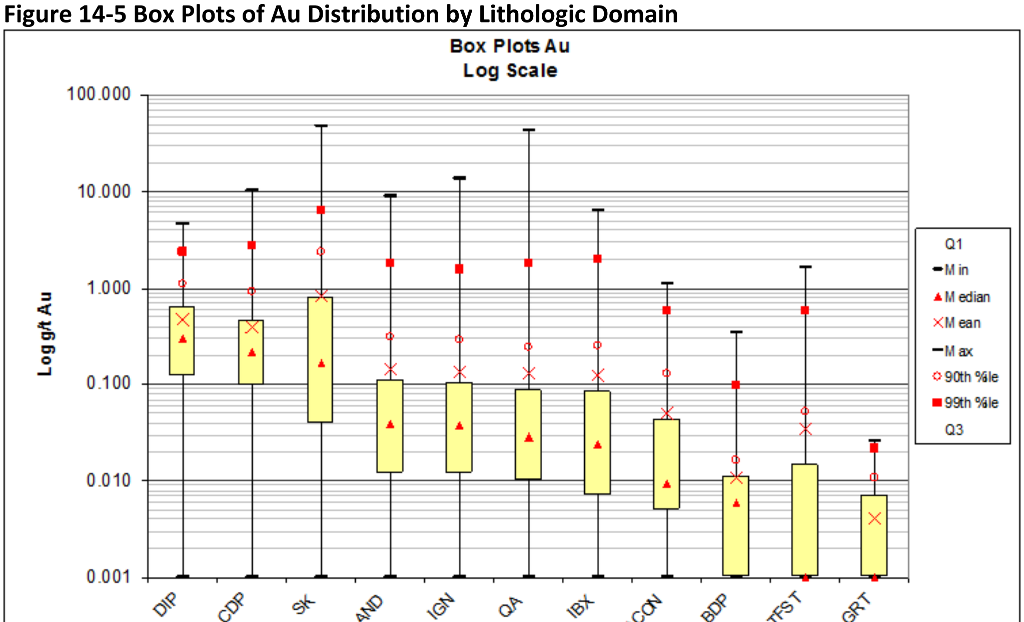
Statistical analysis of Cu and Au grades by lithology reveals that the highest grades are associated with the diorite porphyry, crowded diorite porphyry and skarn units (Figure 14-4 and Figure 14-5). However, these domains make up a relatively small percentage of the mineralized area and examination of contact profiles shows that the mineralization commonly extends beyond these contacts into the arenites and intrusive breccia lithologies that actually host the bulk of the mineralization. The BDP, TFST and GRT units do not contain economically significant levels of Cu or Au mineralization.

Figure 14-4 Box Plots of Cu Distribution by Lithologic Domain



Source: Geosim Services (May 2011)

Figure 14-5 Box Plots of Au Distribution by Lithologic Domain



Source: Geosim Services (May 2011)

Statistical analysis of Cu and Au grades by mineral zone shows that the highest mean grades in the GOSZ are for Au and in the WPZ are for Cu (Table 14-3). The GOSZ also has a very high variance and coefficient of variation ("COV").

Table 14-3 Au and Cu Statistics by Mineral Zone

Zone	g/t Au g/t			% Cu		
	GOSZ	WPZ	NWPZ	GOSZ	WPZ	NWPZ
n	1687	2351	1642	1687	4624	3156
Min	0.000	0.000	0.000	0.001	0.000	0.003
Max	47.800	8.970	10.260	6.740	12.190	13.370
1st Quartile	0.124	0.209	0.147	0.012	0.067	0.087
Median	0.308	0.396	0.296	0.048	0.181	0.163
3rd Quartile	0.839	0.762	0.561	0.149	0.409	0.349
Mean	0.876	0.599	0.463	0.133	0.388	0.326
Variance	4.766	0.442	0.415	0.092	0.434	0.309
Std Dev	2.183	0.665	0.644	0.303	0.659	0.556
COV	2.493	1.110	1.390	2.274	1.700	1.705

Cumulative frequency distribution for gold and copper samples within the zone domains are illustrated in Figure 14-6 to Figure 14-10. The sample populations are all highly skewed approaching log normal distribution with no significant bimodality evident.

Figure 14-6 Frequency distribution of Au in GOSZ

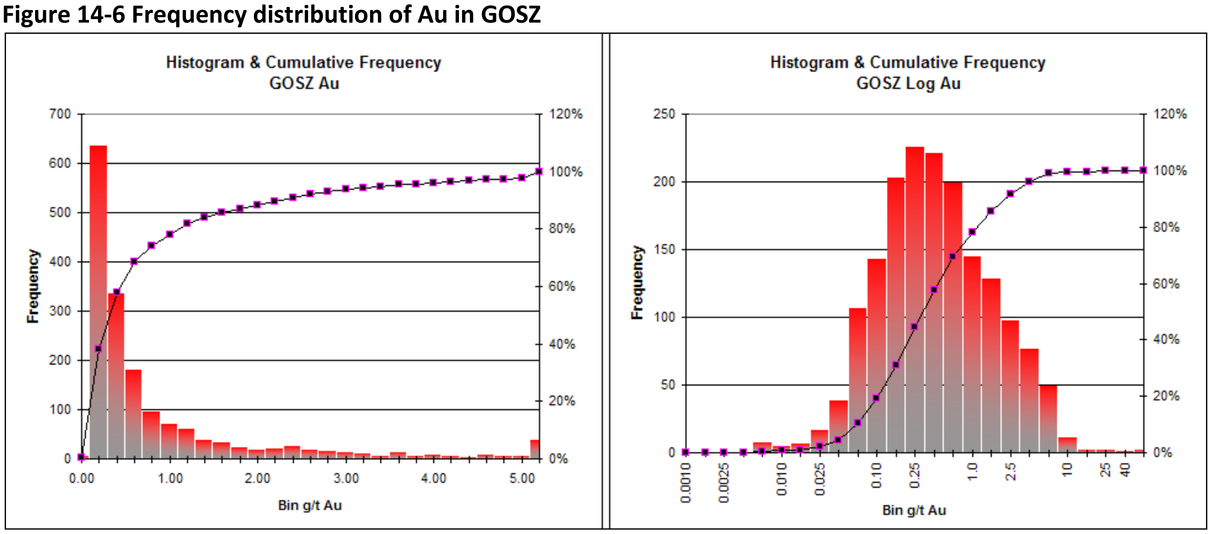


Figure 14-7 Frequency distribution of Au in WPZ

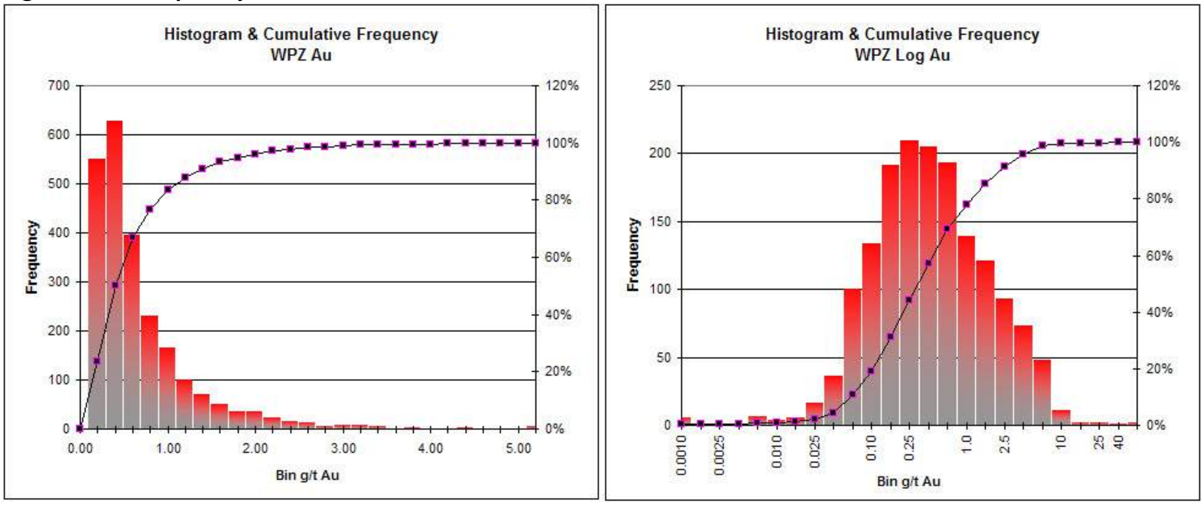


Figure 14-8 Frequency distribution of Au in NWPZ

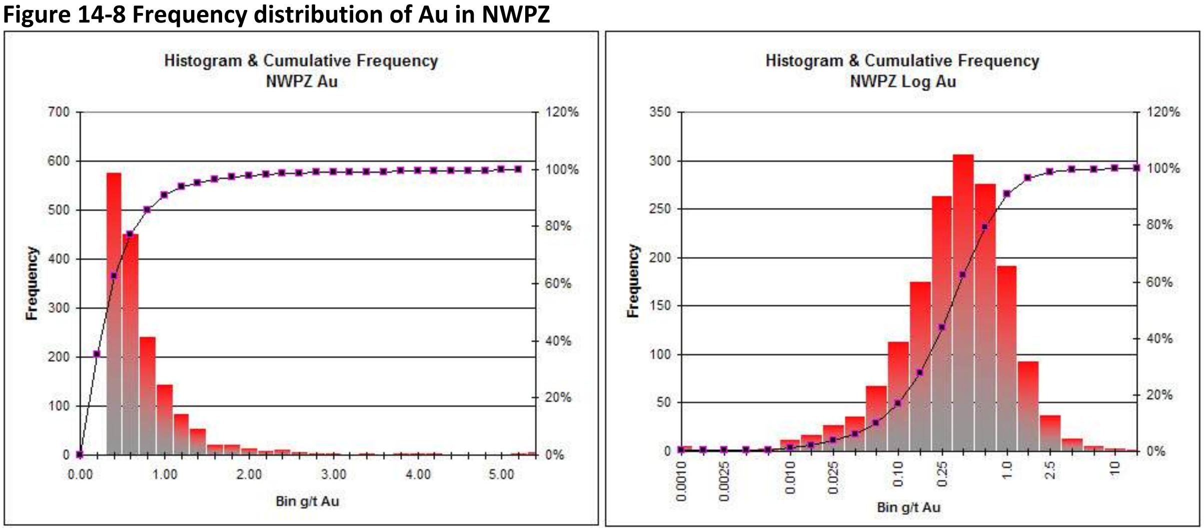


Figure 14-9 Frequency distribution of Cu in WPZ

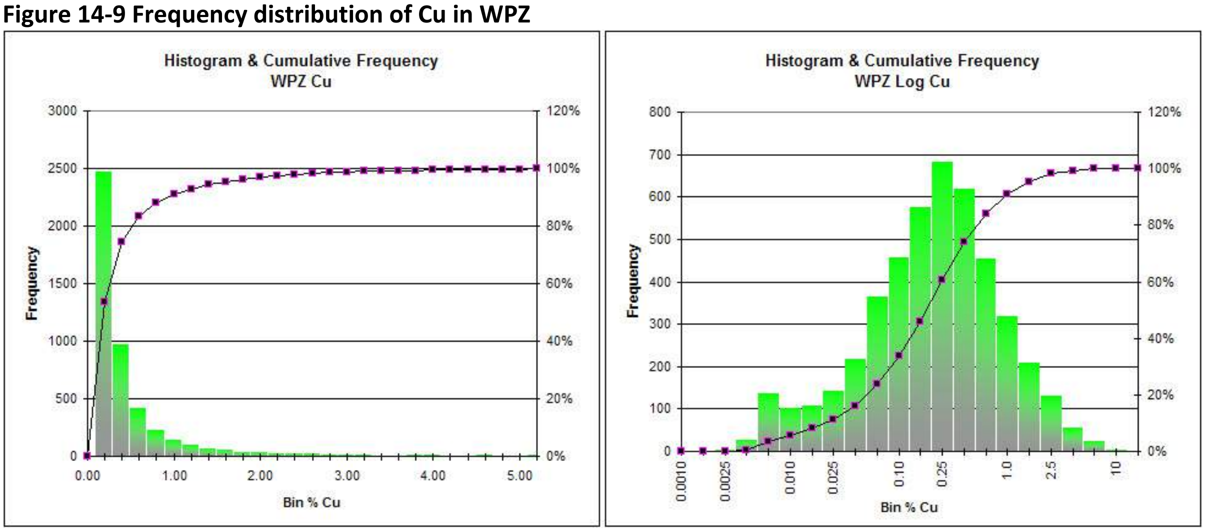
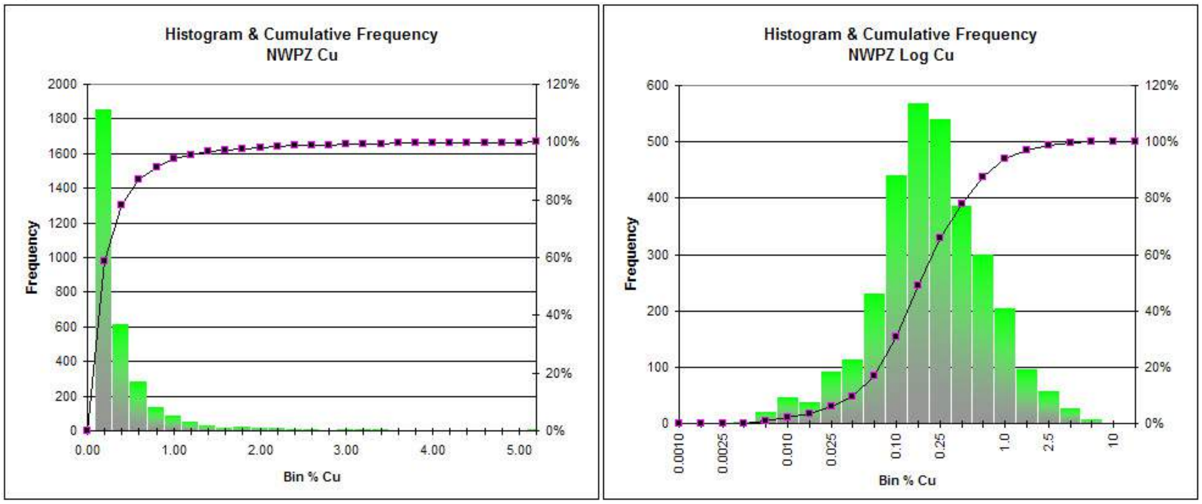


Figure 14-10 Frequency distribution of Cu in NWPZ



14.4 Density Assignment

A total of 672 specific gravity measurements were made on drill core between 2004 and 2008. The statistical distribution of the data by lithology is illustrated in Figure 14-11. Median SG values ranged from a low of 1.75 for the ignimbrite (IGN) to 2.82 for skarn.

The median SG grades for each modeled lithologic unit were assigned to the corresponding blocks in the resource model as shown in Table 14-4.

Figure 14-11 Box plot of SG by lithologic domain

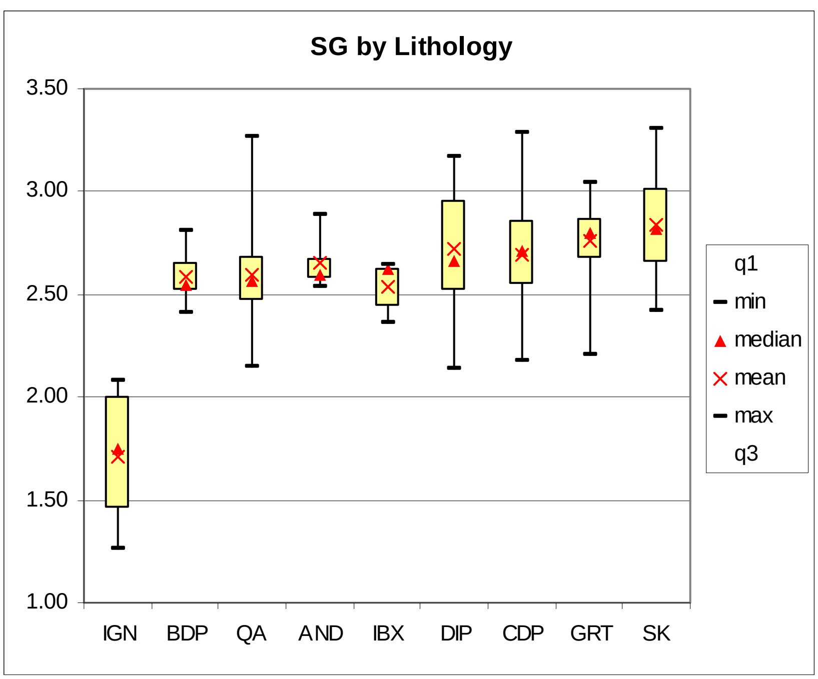


Table 14-4 Block density assignments

Model Code	Lithologic Domain	SG
1	QA	2.57
2	IBX (QA)	2.55
3	GRT	2.80
4	AND/AFP/BDP	2.64
5	DIP/CDP	2.68
6	SKN	2.82
7	IGN	1.75
8	BDP	2.55
10	OBD	1.75

14.5 Evaluation of Outlier Grades

Grade distribution in the 2 m composites within each deposit was examined to determine if grade capping or special treatment of high outliers was warranted. Cumulative log probability plots were examined for outlier populations, and decile analyses were performed for Au and Cu within the zone domains. As a general rule, the cutting of high grades is warranted if:

- the last decile (upper 10% of samples) contains more than 40% of the metal; or
- the last decile contains more than 2.3 times the metal of the previous decile; or
- the last centile (upper 1%) contains more than 10% of the metal; or
- the last centile contains more than 1.75 times the next highest centile.

For the GOSZ Zone domain the last decile for Au contains 55% of the metal content and 18% is contained in the top centile (Figure 14-12). After reviewing the probability distribution it was decided to cap grades near the 99th percentile level at 6.5 g/t. This cap grade affects 15 samples. The upper deciles metal contents for Au in the WPZ and NWPZ were 34% and 38% respectively so did not exceed the warning threshold. The upper percentile for the NWPZ Au contained close to 10% of the total metal content and the 99^{th} percentile grade was about 3 g/t. Examination of the probability plot for the WPZ shows a break at about the same level so it was decided to cap both populations at 3 g/t Au (Figure 14-13). This topcut affects 24 samples in the WPZ and 19 in the NWPZ population.

Figure 14-12 GOSZ Au decile distribution and probability plot

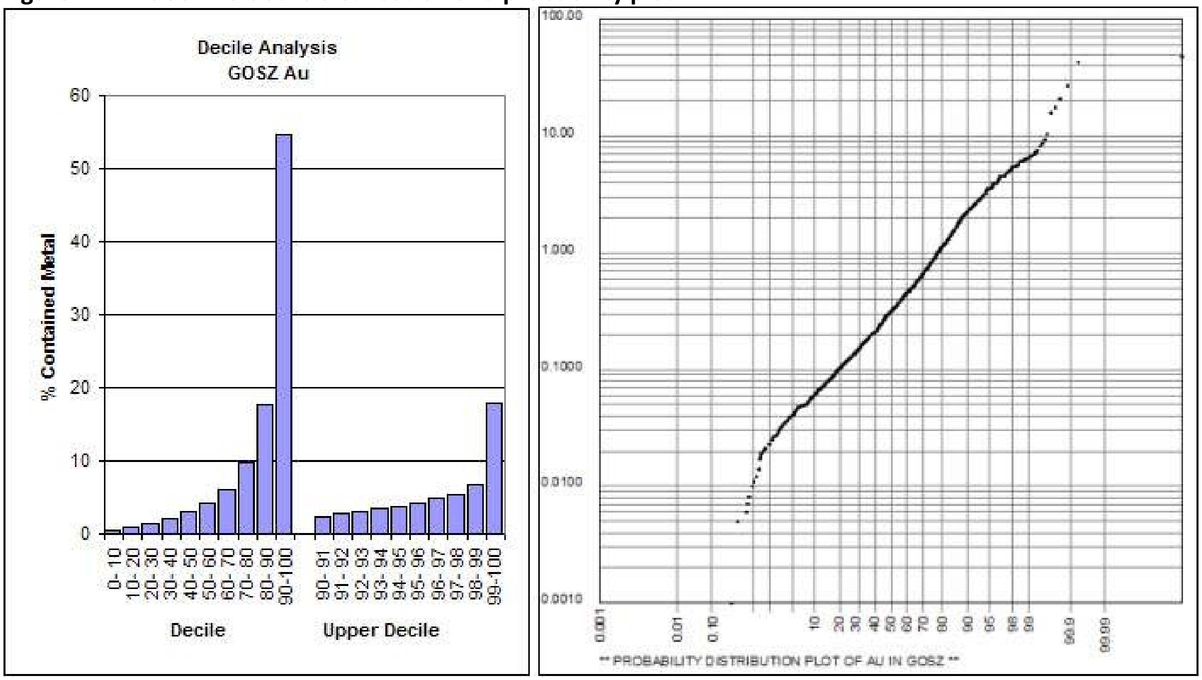
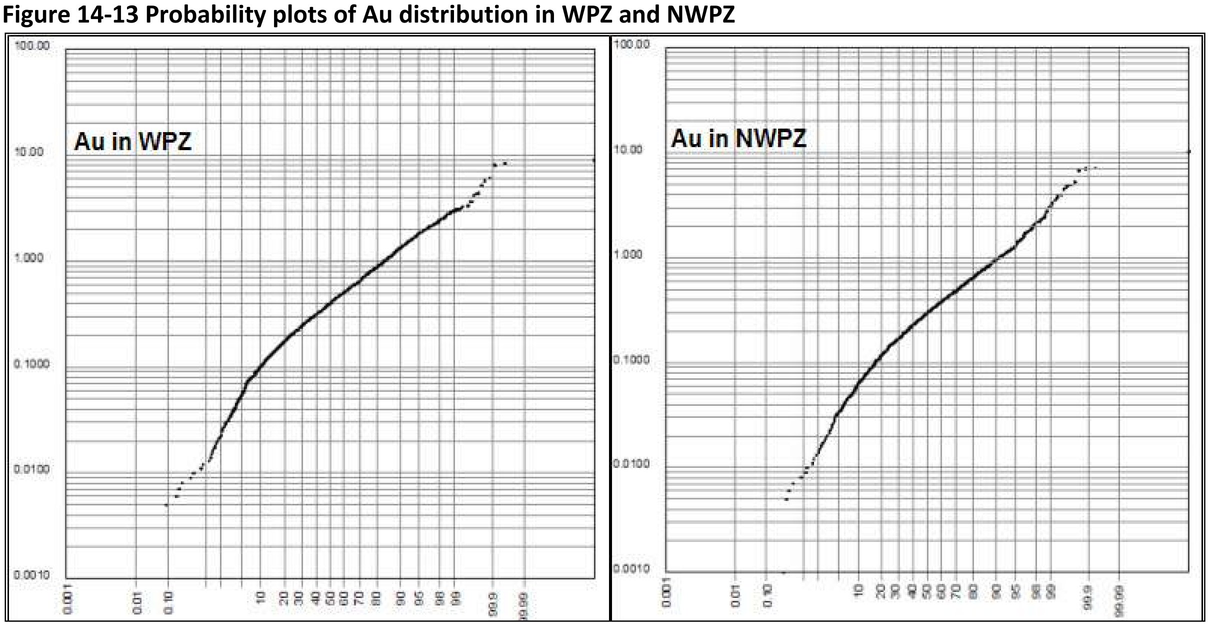


Figure 14-13 Probability plots of Au distribution in WPZ and NWPZ



14.6 Variography

Directional semi-variograms for Au and Cu were modeled using composites falling within the domain constraints in order to determine kriging parameters, search parameters and anisotropy.

For Au in GOSZ a nested spherical structure was modeled with a maximum range of 45m plunging 84 towards an azimuth of 051° and horizontally trending NW. The minor axis had a range of 15m.

An isotropic nested spherical model was fitted to the Au data from the WPZ with a maximum range of 49.6 m. Cu in the WPZ showed moderate anisotropy with the major and semi-major axes being equivalent with a maximum range of 47 m.

The model parameters for the GOSZ and WPZ zones are summarized in Table 14-5.

Table 14-5 Semi-variogram models – GOSZ and WPZ zones

Item	Axis	Azim	Dip	co	c1	r1	c2	r2
Au GOSZ	Major	51	-84	0.38	0.48	14.6	0.425	45
	S-Major	321	0	0.38	0.48	14.6	0.425	45
	Minor	51	6	0.38	0.48	5	0.425	15
Au WPZ	Isotropic	51	-56	0.057	0.076	11.6	0.089	49.6
Cu WPZ	Major	51	-56	0.057	0.13	13.5	0.05	47
	S-Major	321	0	0.057	0.13	13.5	0.05	47
	Minor	51	34	0.057	0.13	8	0.05	23

Semi-variograms for Au and Cu in the NWPZ zone had insufficient pairs to model any structures along the main trend of the zone. This was due to a combination of the drill hole spacing, common orientation and probable fault displacements. Ranges across the trend sub-parallel to the down-hole direction showed limited ranges of 7.5m for Au and 9.3 m for Cu.

Semi-variograms of the 5m composite data outside of the domain constraints yielded isotropic nested structures for both Au and Cu with maximum ranges of 61.5 and 53 m respectively (Table 14-6).

Table 14-6 Semi-variogram models for composites outside of domains

Item	Axis	Azim	Dip	co	c1	r1	c2	r2
Au	Isotropic	0	0	0.00469	0.00262	14.2	0.0029	61.5
Cu	Isotropic	0	0	0.0004	0.00023	14.4	0.0003	53

14.7 Block Model

A rotated block model was created in Surpac Vision© software using a block size 5 x 5 x 5 m. The block model was rotated 45° counter-clockwise so that the Y axis was parallel to an azimuth of 315°. Block model extents are summarized in Table 14-7.

Table 14-7 Block Model Extents

	Origin	Extent	Block Size	# Blocks
X	286300	1400	5	280
Y	8274600	2000	5	400
Z	4000	700	5	140

The model blocks were first coded by the partial percent below topography. Lithologic codes and SG values were then assigned as described in Sections 14.2 and 14.4.

14.8 Interpolation Parameters

Blocks in the GOSZ and WPZ zones were estimated by ordinary kriging using multiple passes. The first pass used a maximum anisotropic search equivalent to 2/3 of the maximum variogram range. An octant search was used to limit estimation of extrapolated blocks. The second pass used a maximum anisotropic search equivalent to 1.5 times the maximum variogram range and required composites from at least 2 drill holes in order to estimate a block. The 3rd pass was the same as the 2nd except that the hole restriction was removed. Further details of the search parameters for the kriging runs are shown in Table 14-8.

Table 14-8 Grade model search parameters for kriging runs

	Kriging Pass	Search Type	Max Search Dist	Min # Composites	Max # Composites	Min Octants Required	Max/ Hole
Au GOSZ	1	Octant	30	3	24	5	
	2	Ellipsoidal	68	4	24		3
	3	Ellipsoidal	68	3	24		
Au WPZ	1	Octant	33	3	24	5	
	2	Ellipsoidal	74	4	24		3
	3	Ellipsoidal	71	3	24		
Cu WPZ	1	Octant	31	3	24	5	
	2	Ellipsoidal	71	4	24		3
	3	Ellipsoidal	71	3	24		

Blocks in the NWPZ zone were estimated using the inverse distance squared method (ID^2) due to the lack of reliable variogram models. An isotropic search ellipsoid was used with similar orientation as in the WPZ zone. The major and semi-major axes were kept the same and the major/minor axis anisotropy was assumed to be 3:1. Additional details of the search parameters used in the ID^2 kriging runs are shown in Table 14-9.

Table 14-9 Grade model search parameters for ID2 runs

	ID^2 Pass	Search Type	Max Search Dist	Min # Composites	Max # Composites	Min Octants Required	Max/ Hole
Cu NWPZ	1	Octant	30	3	24	5	
	2	Ellipsoidal	75	4	24		3
	3	Ellipsoidal	75	3	24		
Au NWPZ	1	Octant	30	3	24	5	
	2	Ellipsoidal	75	4	24		3
	3	Ellipsoidal	75	3	24		

Due to the use of separate domains for Cu and Au meant that some blocks estimated in the Cu domains were not estimated for Au and vice versa. Even though these blocks likely contain very low grades of the corresponding elements, it was desirable to estimate them as they could contribute to the overall economic potential. The targeted blocks were estimated using ordinary kriging of the 5 m composites outside of the initial domain constraints such that Cu composites beyond the Cu domains were used to estimate blocks within the Au domains that were missing Cu values. Similarly, Au composites lying outside of the Au domains were used to estimate blocks within Cu domains that did not have Au estimates. Kriging parameters were similar to the initial passes and are summarized in Table 14-10.

Table 14-10 Grade model search parameters beyond respective domain constraints

	Kriging Pass	Search Type	Max Search Dist	Min # Composites	Max # Composites	Min Octants Required	Max/ Hole
Au	1	Octant	41	3	20	5	
	2	Ellipsoidal	92	4	20		3
	3	Ellipsoidal	92	3	24		
Cu	1	Octant	35	3	20	5	
	2	Ellipsoidal	80	4	20		3
	3	Ellipsoidal	80	3	24		

Grade distribution in the block model is illustrated in the following figures:

Figure 14-14 Grade Distribution – Au Domains

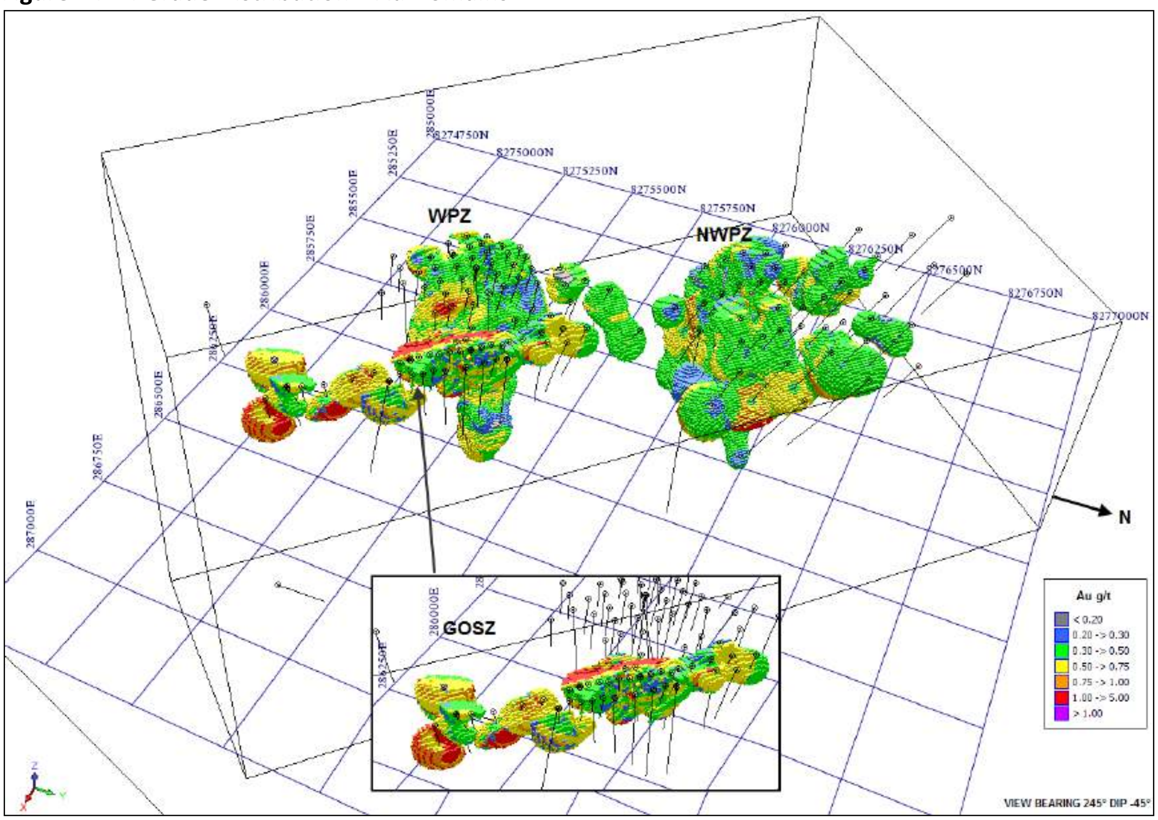
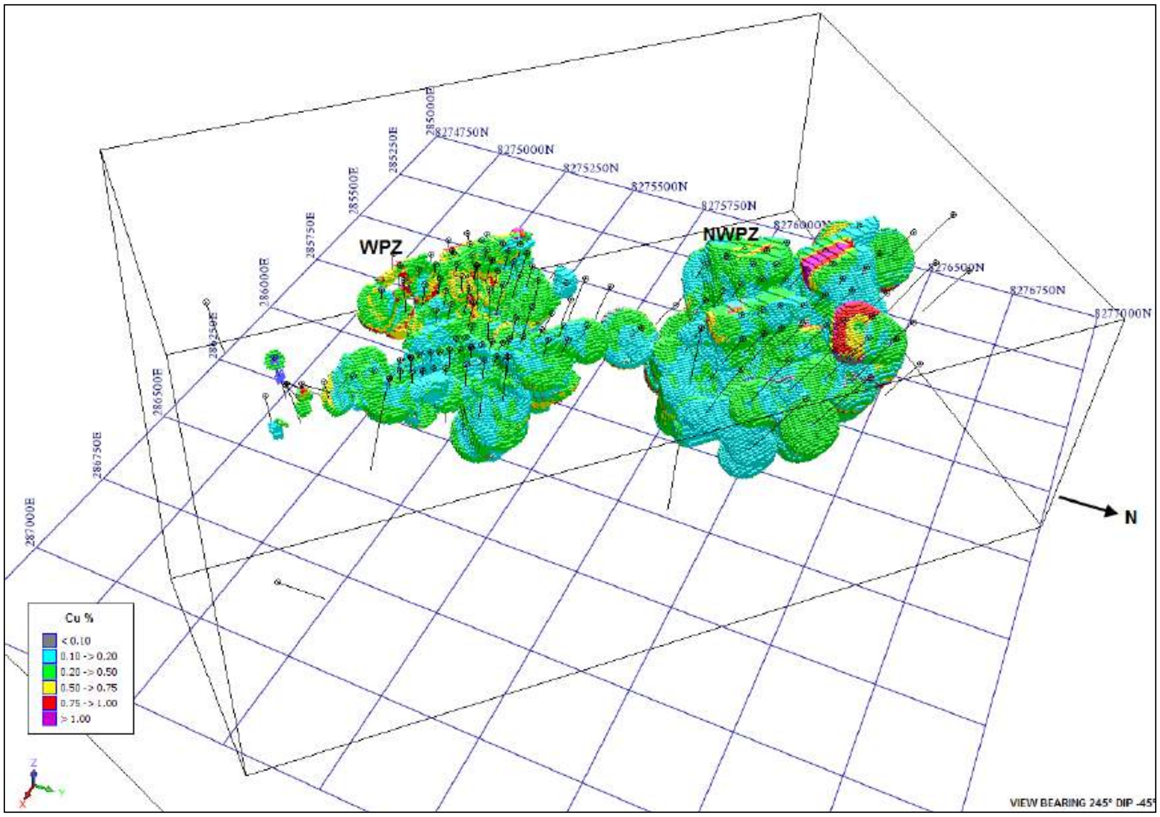


Figure 14-15 Grade Distribution – Cu Domains



14.9 Model Validation

14.9.1 Visual Inspection

Model verification was initially carried out by visual comparison of blocks and sample grades in plan and section views. The estimated block grades showed reasonable correlation with adjacent composite grades

14.9.2 Global Bias Check

Block grades were also estimated using the nearest-neighbour method. A comparison of global mean values within the gradeshell domains shows a reasonably close relationship with samples, composites and block model values (Table 14-11). The lower Au averages for the GOSZ estimated blocks is due primarily to a clustering effect where the higher grade areas of the zone contain more samples.

Table 14-11 Global Mean Grade Comparison

ZONE	GOSZ	WPZ		NWPZ	
Domain	Au	Cu	Au	Cu	Au
Samples	0.79	0.38	0.59	0.32	0.44
Composites	0.79	0.38	0.58	0.31	0.46
Kriged/ID2 Blocks	0.67	0.37	0.56	0.34	0.49
M+I Blocks	0.70	0.40	0.58	0.31	0.46
NN Blocks	0.61	0.39	0.57	0.32	0.46

The frequency distribution of the metal grades by zone is illustrated in Figure 14-16 and Figure 14-17.

Figure 14-16 Frequency distribution of Au by zone

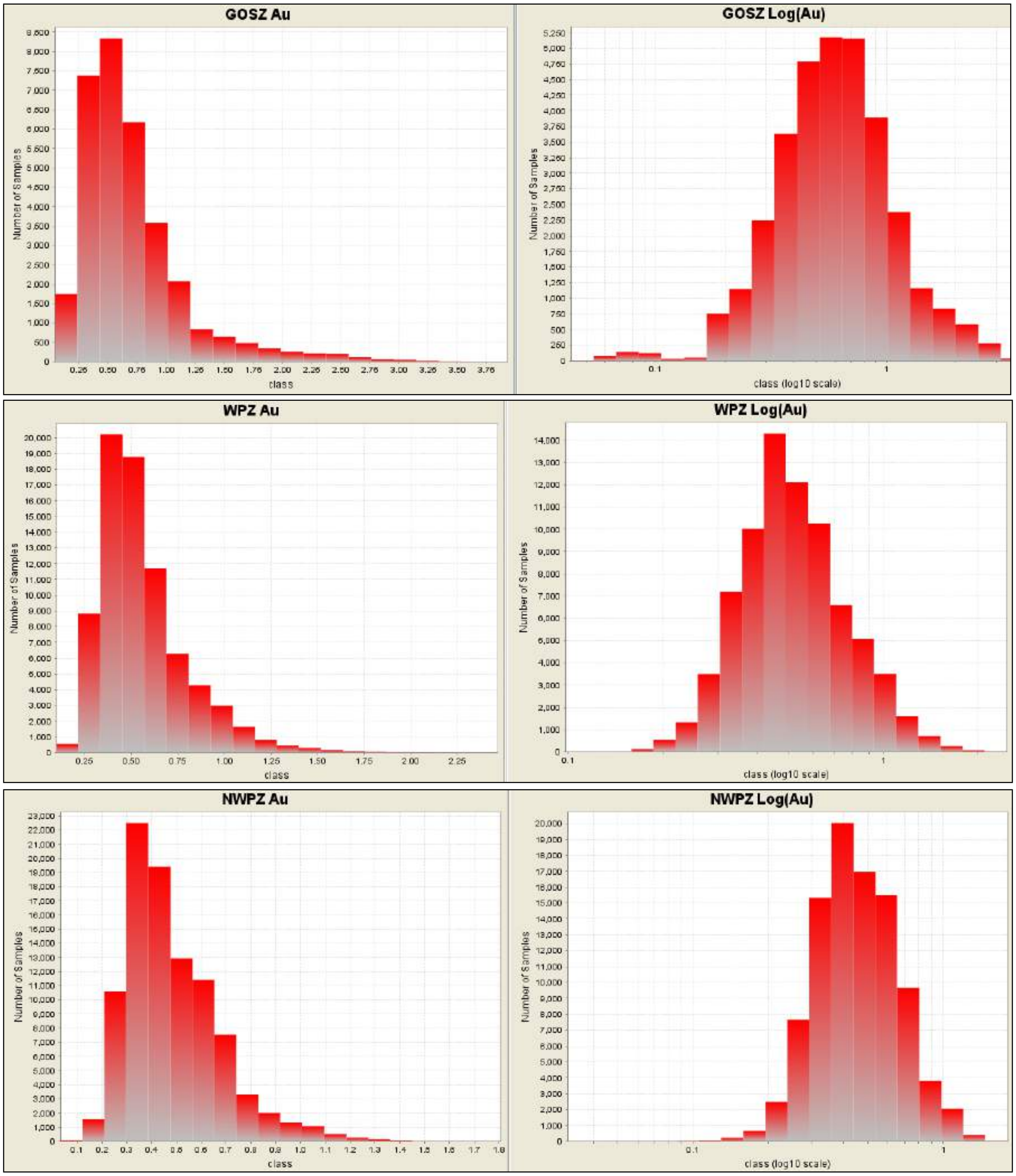
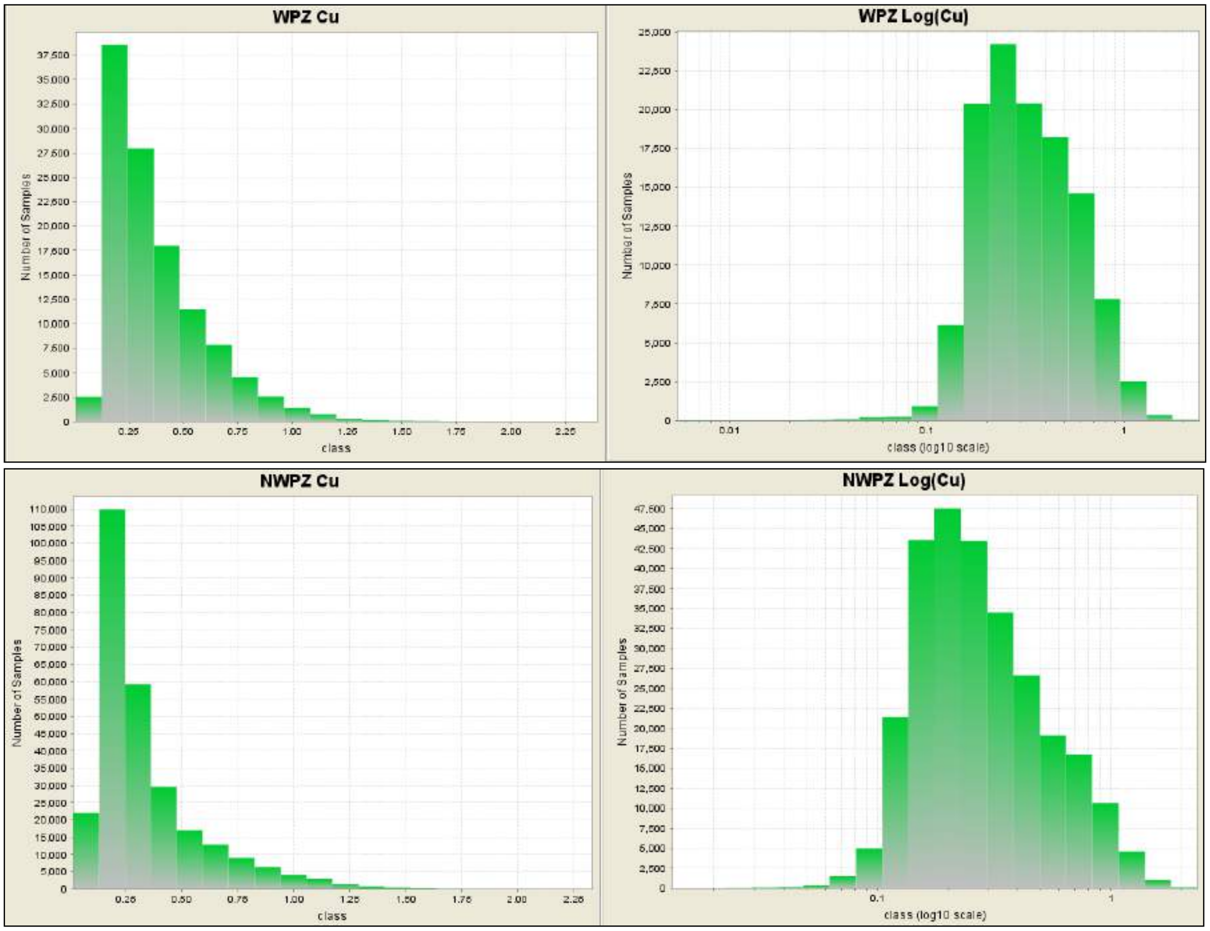


Figure 14-17 Frequency distribution of Cu by zone



14.9.3 Check for Local Bias

Swath plots were generated to assess the model for local bias by comparing Kriged/ID^3 and nearest neighbour estimates on panels through the deposits. Results show no significant bias between the methods. Examples are presented in Figure 14-18 to Figure 14-21.

Figure 14-18 Cu Swath Plot Y Drift

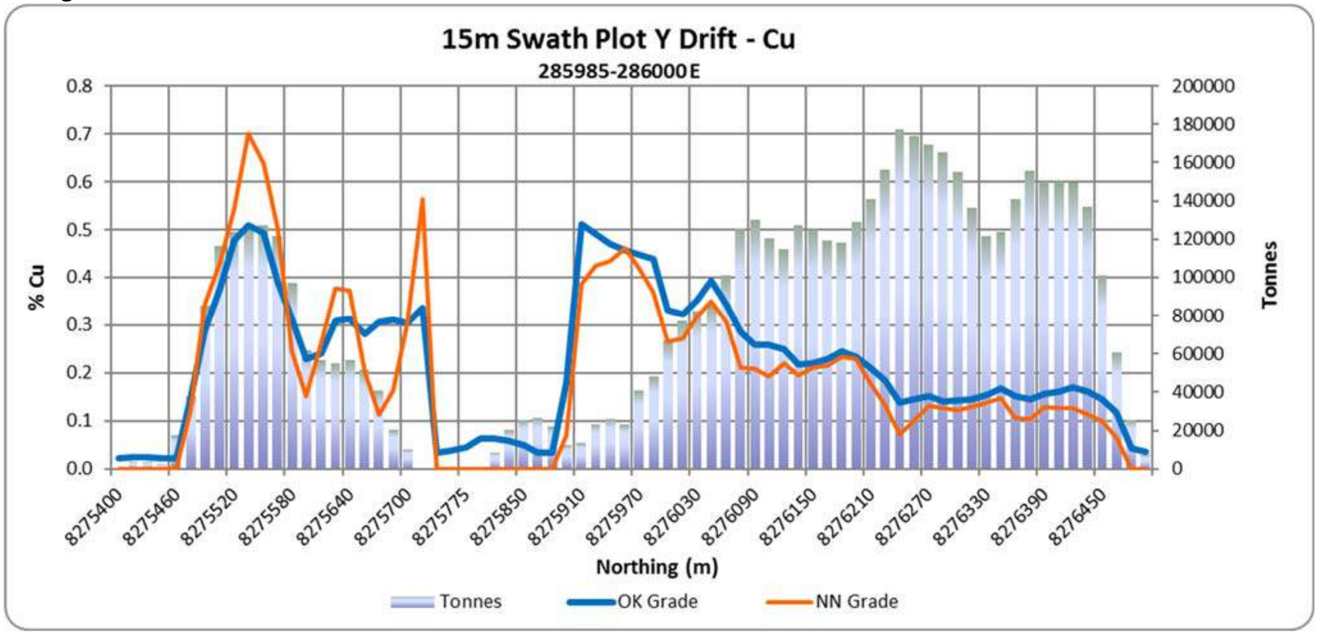


Figure 14-19 Au Swath Plot Y Drift

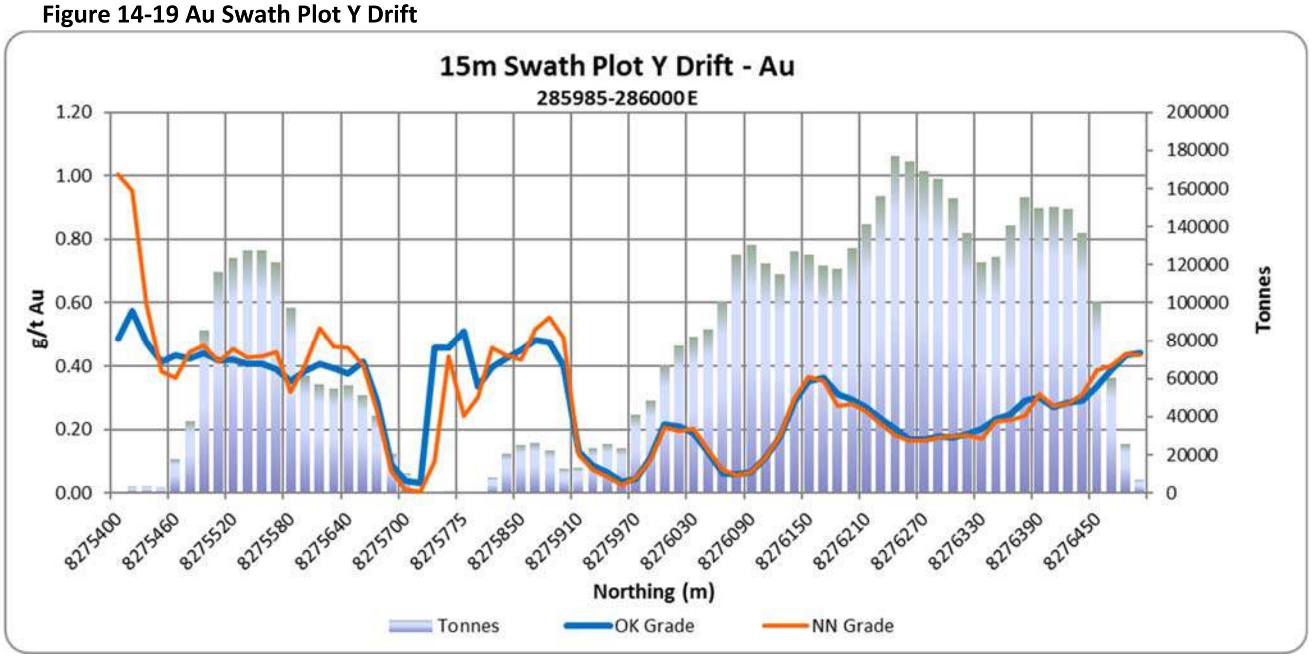


Figure 14-20 Cu Swath Plot X Drift

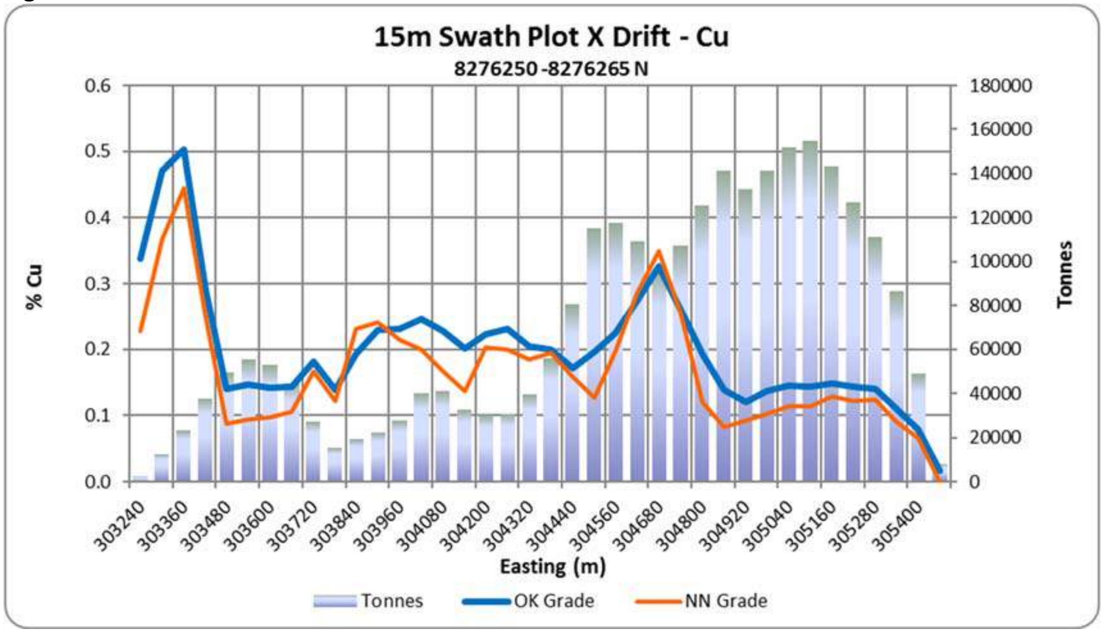
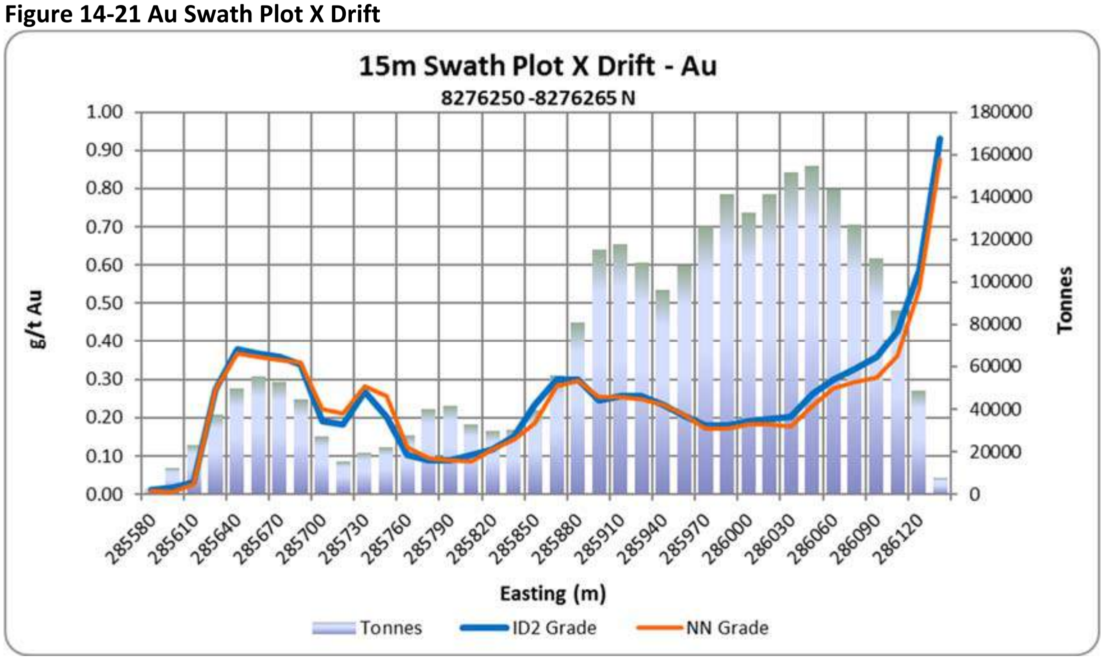


Figure 14-21 Au Swath Plot X Drift



14.10 Classification of Mineral Resources

Resource classifications used in this study conform to the following definition from National Instrument 43-101.

Mineral Resource

A Mineral Resource is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals 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.

Measured Mineral Resource

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Indicated Mineral Resource

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Inferred Mineral Resource

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

14.11 Reasonable Prospects of Economic Extraction

In order to meet the requirements of NI43-101 with respect to reasonable prospects of economic extraction by open pit mining methods, a 45° wall slope floating cone pit was generated to constrain the resource within the block model. As there is not sufficient information at present to divide the deposit into oxide vs. sulphide components (or leachable vs. non-leachable) it was decided to treat the entire resource as a conventional copper concentrator scenario and use costs associated deposits of this type and size. For the grade item a copper equivalent value was calculated based on assumed metal prices of $2.84/lb Cu and $1236/oz Au (Source: CIBC Consensus Commodity Prices 26 Feb, 2016). The formula derived from this was CuEq = % Cu + g/t Au * 0.635. Overall recovery was assumed to be 80%. General & Administration, Processing and Ore Mining costs were assumed to be $10/tonne. Base waste mining costs were assumed to be $2.00/tonne and overburden removal costs were set at $1.50/tonne.

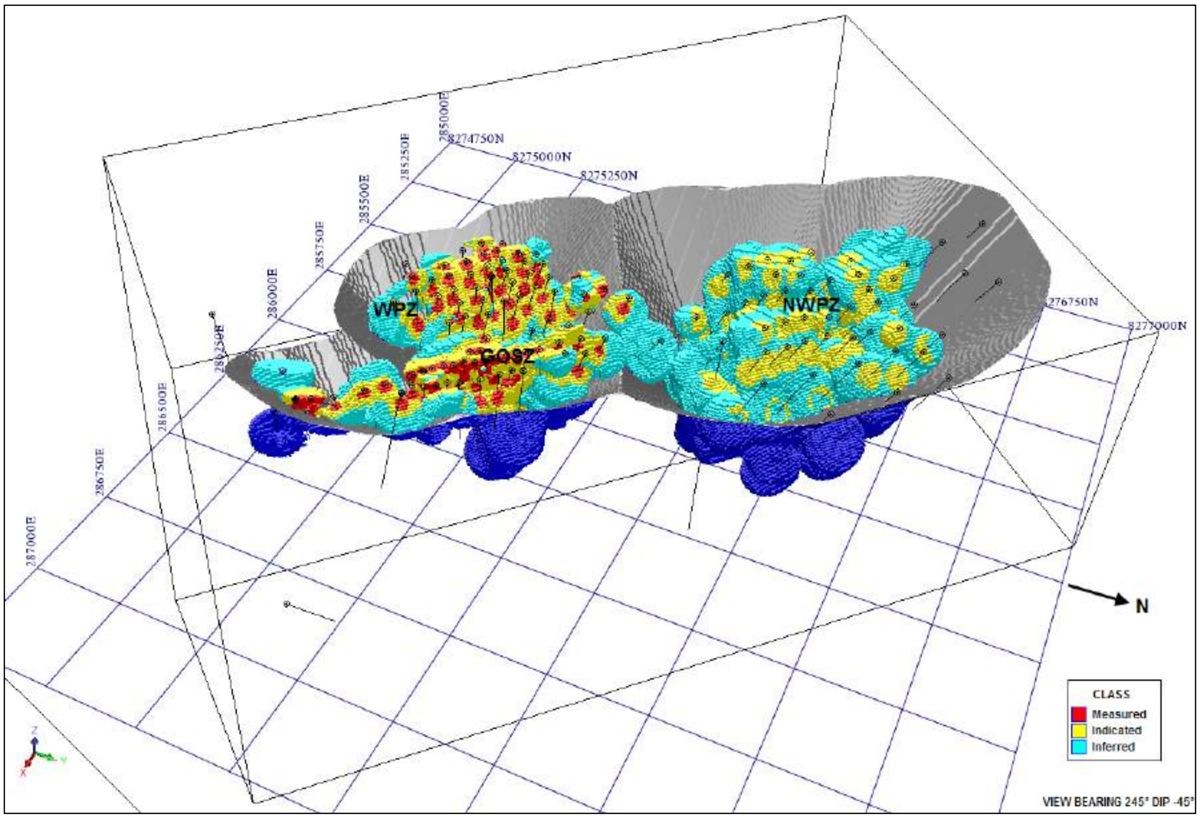
For the GOSZ zone, blocks were classified as 'Measured' if they were estimated in the first or second kriging passes using a minimum of 4 composites with the closest composite within 15m of the block centroid. Blocks not classified as measured were classified as 'Inferred' if they were estimated in the first or second kriging passes and closest composite was within 45m of the block centroid. All remaining estimated blocks within the zone and contained within the optimized pit were classified as 'Inferred'.

Classification for blocks in the WPZ zone was similar to the GOSZ zone but the range thresholds for the closest composites were 16m and 35m respectively for measured and indicated categories.

No blocks were classified as 'Measured' in the NWPZ. Blocks not were classified as 'Indicated' if they were estimated in the first or second kriging passes and closest composite was within 30m of the block centroid. All remaining blocks within the zone and pit constraints were classified as 'Inferred'.

Figure 14-22 illustrates the distribution of measured, indicated and inferred blocks.

Figure 14-22 Block model classification within optimized pit shell



14.12 Mineral Resource Statement

The tables below present the pit-constrained Mineral Resource Estimates for the Pinaya Gold-Copper Project at a base case cut-off grade of 0.25 g/t Au equivalent for the Gold Oxide Skarn Zone (GOSZ) and 0.3% Cu Equivalent for the Western and Northwestern Porphyry Zones (WPZ & NWPZ). The interpolation methods used were a combination of ID^3 and ordinary kriging. The effective date of the Mineral Resource Estimate is April 26, 2016.

Table 14-12 Pinaya Measured and Indicated Mineral Resources

Class	Zone	Tonnes '000's	Average Grades			Contained Metal	
			% Cu	g/t Au	% CuEQ	lbs Cu '000's	oz Au '000's
Measured	**GOSZ**	2,212	0.094	0.913	0.674	4,584	65
	WPZ	5,992	0.412	0.484	0.720	54,427	93
	NWPZ	-	-	-	-	-	-
	Total	**8,204**	**0.326**	**0.600**	**0.708**	**59,011**	**158**
Indicated	**GOSZ**	4,367	0.091	0.732	0.556	8,761	103
	WPZ	13,660	0.385	0.488	0.694	115,942	214
	NWPZ	15,460	0.335	0.362	0.564	114,183	180
	Total	**33,487**	**0.324**	**0.462**	**0.616**	**238,886**	**497**
Measured + Indicated	**GOSZ**	6,579	0.092	0.793	0.596	13,345	168
	WPZ	19,652	0.393	0.487	0.702	170,369	308
	NWPZ	15,460	0.335	0.362	0.564	114,183	180
	Total	**41,691**	**0.324**	**0.489**	**0.634**	**297,897**	**656**

Table 14-13 Pinaya Inferred Mineral Resources

Class	Zone	Tonnes '000's	Average Grades			Contained Metal	
			% Cu	g/t Au	% CuEQ	000 lbs Cu	000 oz Au
Inferred	**GOSZ**	2,644	0.077	0.607	0.457	4,489	52
	WPZ	7,868	0.375	0.333	0.587	65,046	84
	NWPZ	29,704	0.381	0.264	0.548	249,506	252
	Total	**40,216**	**0.360**	**0.300**	**0.550**	**319,041**	**388**

Notes to accompany Mineral Resource tables:

- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability
- Mineral Resources have an effective Date April 26, 2016; Ronald G. Simpson, P.Geo. is the Qualified Person responsible for the Mineral Resource estimates.
- Mineral Resources are reported within a conceptual open pit shell based on metal prices of $2.84/lb Copper and $1236/oz gold and average metallurgical recoveries of 80%. The pit shell also considers a mining cost of $2.00/t for mineralized and waste material and $1.75/t for overburden; processing cost of $8.50/t; G&A cost of $1.50/t; and an ultimate pit slope angle of 45°.
- Copper-equivalent grade estimate based on $2.84/lb copper and $1236/oz gold.
- Mineral Resources are reported at cut-off grades of 0.25 g/t Au for the GOSZ and 0.3% Cu Equivalent for the WPZ and NWPZ zones.
- Tonnages are rounded to the nearest thousand tonnes; grades are rounded to three decimal places. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

Table 14-14 shows the sensitivity of the pit-constrained resource estimate to cut-off grade.

Table 14-14 Sensitivity to Cut-off Grade

Class	COG Au g/t GOSZ	COG Cu % WPZ NWPZ	Tonnes	Average Grades			Contained Metal	
				% Cu	g/t Au	% CuEQ	000 lbs Cu	000 oz Au
Measured + Indicated	0.13	0.15	55,963	0.274	0.409	0.533	337,487	737
	0.17	0.20	53,680	0.280	0.422	0.548	331,866	728
	0.21	0.25	47,923	0.300	0.453	0.587	316,519	698
	0.25	**0.30**	**41,691**	**0.324**	**0.489**	**0.634**	**297,897**	**656**
	0.29	0.35	36,477	0.348	0.521	0.679	279,773	611
	0.33	0.40	31,910	0.373	0.552	0.723	262,427	566
Inferred	0.13	0.15	57,972	0.298	0.245	0.453	380,991	456
	0.17	0.20	54,179	0.310	0.256	0.473	370,567	446
	0.21	0.25	47,119	0.333	0.278	0.509	345,729	421
	0.25	**0.30**	**40,216**	**0.360**	**0.300**	**0.550**	**319,041**	**388**
	0.29	0.35	34,048	0.388	0.319	0.591	291,563	349
	0.33	0.40	28,797	0.415	0.339	0.631	263,679	314

14.13 Factors That May Affect the Mineral Resource Estimate

Areas of uncertainty that may materially impact the Mineral Resource Estimate include:

- Commodity price assumptions
- Pit slope angles
- Metal recovery assumptions
- Mining and Process cost assumptions

There are no other known factors or issues that materially affect the estimate other than normal risks faced by mining projects in Peru in terms of environmental, permitting, taxation, socio economic, marketing and political factors.

ADJACENT PROPERTIES

This section is not relevant to this Report.

15 OTHER RELEVANT DATA AND INFORMATION.

To Cole's and Simpson's knowledge, there are no additional data or information that are relevant to this Technical Report: therefore, there are no relevant data or information presented in this section.

16 INTERPRETATION AND CONCLUSIONS

This independent review of the scientific and technical information available has established that:

- The Pinaya Project is a moderately advanced stage exploration project. A range of opportunities exist, not least due to the number of known mineralized occurrences and zones that have to date not fully been assessed by means of exploration diamond drilling.
- Sample preparation, security and analysis is compliant with industry standards and is adequate to support a mineral resource estimate as defined under NI 43-101. QA/QC with respect to the results received to date for the 2004 - 2008 exploration programs is acceptable and protocols have been well documented.
- Areas of uncertainty that may materially impact the Mineral Resource Estimate include:
    - Commodity price assumptions
    - Pit slope angles
    - Metal recovery assumptions
    - Mining and Process cost assumptions

  There are no other known factors or issues that materially affect the estimate other than normal risks faced by mining projects in Peru in terms of environmental, permitting, taxation, socio economic, marketing and political factors.

- Before further serious evaluation of the current resource can move forward, work should include mineralogical and metallurgical studies to determine the deportment of both copper and gold mineralization and the details of the distribution and topography of the oxide to sulphide transition. Further work should also be directed towards evaluating the concept of higher grade chalcocite veins missed because of drilling direction.
- Potentially significant upside potential may reasonably be construed to exist, which potential is emphasized by:
    - the resource area is open to further expansion with additional step-out drilling;
    - the continuing discovery of additional mineralized occurrences across the Project Area (the Antaña Este, Los Vientos and Saitocco Zones were found in 2007 and early 2008, during AM Gold's last formal exploration programs); and
    - the postulated presence of chalcocite cross-trending structures that might result in higher average mineral resource copper grades, but which have not yet been assessed, due to the uniform direction of drilling that has thus far been employed by AM Gold; and
    - finally, outside the scope of the immediate resource area, the property is significantly underexplored.

17 RECOMMENDATIONS

Additional work is warranted and recommended:

- The airborne geophysical survey data should undergo a more thorough and complete interpretation.
- Existing soil samples should be analysed and the survey should be carried further northwards. Trenching of selected targets would ensue.
- Drill targets exist, but others will likely be generated once the airborne geophysical data has been more thoroughly analyzed and the new soil geochemical data analyzed and results evaluated.

The Company has estimated a two phase budget of approximately CDN$5 million for the first several years of work, which includes:

Phase 1

- $1.94 million
  - Finalize Community Agreement with Pinaya Community;
  - Hire a local consulting firm to complete sampling and prepare reports for application for (DIA) drilling permits;
  - More in-depth airborne geophysical data analysis;
  - Expand the soil sampling program;
  - Relogging of diamond drill core in storage;
  - Conduct geologic mapping of exploration targets;
  - Extend Induced Polarization survey to cover exploration targets to south and north of resource area.

Phase 2

- $3 million
  - 6,200m of trenching (inclusive of sampling and reclamation);
  - Preparation of a semi-detailed Environmental Impact Study (EIA-sd) report for further drill permitting.

Phase 2 is contingent upon the successful acquisition of the permissions and permitting of Phase 1, and it is envisioned the expanded geophysical and geochemical work may create other or higher quality targets than exist currently.

The QP authors consider the above listed recommendations are commensurate with the stage of the project and the Property exhibits sufficient potential to justify the work. They also deem the budgetary estimates for the project are in line for the proposed stage of project development as well as the project's geographic location.

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