



**TECHNICAL REPORT**  
On The  
**PLATA DORADA PROJECT**  
Province of Quispicanchi  
Department of Cuzco, Peru

Latitude 13° 36' South by Longitude 71° 01' West

- Report Prepared For -

**MINQUEST PERU S.A.C.**  
Calle Lord Cochrane 180, Oficina 15.  
San Isidro, Lima, Peru  
(+51) 637 4468

- Report Prepared By -

**JAMES A. McCREA. P. Geo.**  
10743 139 Street, 306  
Surrey, BC V3T 4L8

June 26, 2014

#### IMPORTANT NOTICE

This report was prepared as a National Instrument 43-101 Technical Report for Minquest Peru S.A.C. by James A. McCrea, P.Geo. The quality of information and conclusions contained herein are consistent with the level of effort involved in Mr. McCrea's services, based on: i) information available at the time of preparation, ii) data supplied by outside sources, and iii) the assumptions, conditions and qualifications set forth in this report. This report is intended to be used by Minquest Peru S.A.C., subject to the terms and conditions of its contract with Mr. McCrea. This contract permits Minquest Peru S.A.C. to file this report as a Technical Report with Canadian Securities Regulatory Authorities pursuant to National Instrument 43-101, Standards of Disclosure for Mineral Projects. Except for the purposes legislated under provincial securities law, any other use of this report by any third party is at that party's sole risk.

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**DATE and SIGNATURE PAGE****CERTIFICATE OF QUALIFIED PERSON**

I, James Albert McCrea, of 306 - 10743 139 Street, Surrey, British Columbia, Canada, do hereby certify that:

- This certificate applies to the technical report entitled “Technical Report on the Plata Dorada Project, Province of Quispicanchi, Department of Cusco, Peru”, dated June 26, 2014;
- I am a Registered Professional Geoscientist (P. Geo.), Practising, with the Association of Professional Engineers and Geoscientists of British Columbia, (Licence # 21450). I graduated from the University of Alberta, Canada, with a B. Sc. in Geology in 1988;
- I have worked as a geoscientist in the minerals industry for over 25 years. I have been directly involved in the mining, exploration and evaluation of mineral properties internationally for precious and base metals;
- I visited the Plata Dorada Project on April 14<sup>th</sup> and 15<sup>th</sup> of 2014;
- I had no prior involvement with the Property before I visited it in April of 2014;
- I am responsible for all sections of the “Technical Report on the Plata Dorada Project, Province of Quispicanchi, Department of Cusco, Peru”, dated June 26, 2014;
- I am independent of Minquest Peru S.A.C. as independence is described by Section 1.5 of NI 43-101. I have not received, nor do I expect to receive, any interest, directly or indirectly, in Minquest Peru;
- I was retained by of Minquest Peru to prepare an exploration summary on the Plata Dorada Project, Province of Quispicanchi, Department of Cusco, Peru, in accordance with National Instrument 43-101. The report is based on my review of project files and information provided by Minquest Peru and discussions with company personnel;
- I have read National Instrument 43-101 and Form 43-101F1 and, by reason of education and past relevant work experience, I fulfill the requirements to be a “Qualified Person” for the purposes of NI 43-101. This technical report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1;
- As of the date of this certificate, 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.
- I, the undersigned prepared this report titled “Technical Report on the Plata Dorada Project, Province of Quispicanchi, Department of Cusco, Peru”, dated June 26, 2014, in support of the public disclosure of technical aspects for the Plata Dorada Project by Minquest Peru

Effective Date: June 26, 2014

*Signed By James A. McCrea*

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James A. McCrea, B. Sc., P. Geo.  
(signed and sealed original copy on file)

Dated at Lima, Peru this 26<sup>th</sup> day of June, 2014

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## 1.0 SUMMARY

At the request of Minquest Peru S.A.C. (“Minquest”), James A. McCrea, P. Geo., carried out an independent review of the Plata Dorada Project (the “Project”) in the Province of Quispicanchi, Department of Cusco, Peru. The purpose of this technical report is to review the exploration potential of the Plata Dorada Project, and to provide recommendations for future work, if warranted.

The author, an independent qualified person according to NI 43-101, visited the subject properties on April 14<sup>th</sup> and 15<sup>th</sup>, 2014. The author examined several mineral showings within the Project area and collected seven verification samples from artisanal workings or surface showings. The Project is considered an early stage exploration property.

### 1.1 Property Description and Ownership

The Plata Dorada Project is located in the Cordillera Oriental, 140 kilometres east of the City of Cusco and approximately 17 km southwest of the village of Marcapata in the Province of Quispicanchi, Department of Cusco, Peru. The geographic coordinates near the centre of the Project are approximately 13° 36’ South latitude by 71° 01’ West longitude, or in the local UTM PSAD 56 coordinate system at 8,496,000 m North by 982,000 m East (see Figure 4.1). The property is within Peruvian National Topographic System (NTS) map area Ocongate 28-t.

The Plata Dorada Project consists of five contiguous mining concessions or mining rights totalling 1800.00 ha. The concessions are known by the names of Hithza II, Hithza IV, Tali, Tali 1, and Tali 3. The mining rights are listed in Table 1.1 and are shown in Figure 4.2.

**Table 1.1: Minquest Peru S.A.C. Concession Titles**

Mining Registry No.	Name	Holder of Record	Granted Area (ha)	Expiration Date
01-02039-09	Hithza II	Minquest Peru S.A.C.	200.00	30-June-2014
01-03569-12	Hithza IV	Minquest Peru S.A.C.	100.00	30-June-2014
01-03549-12	Tali	Minquest Peru S.A.C.	900.00	30-June-2014
01-03548-12	Tali 1	Minquest Peru S.A.C.	300.00	30-June-2014
01-00856-13	Tali 3	Minquest Peru S.A.C.	300.00	30-June-2014

Note: Title information effective June 26, 2014

### 1.2 Accessibility and Physiography

The project is located 158 km east of Cusco on secondary highway 26, a paved 2-lane highway. The City of Cuzco, the capital of the department of Cuzco with a population of 510,000 (2009), can be accessed via numerous daily flights from Lima or other centres around the country. Flight time from Lima to Cuzco is 1 hour and 15 minutes. Cuzco can also be reached by paved highway from Lima. The road distance from Lima to Cusco is 1153 km.

### 1.3 History

Mining activity in the Department of Cusco, and southern Peru, goes back to before Inca times in the 14<sup>th</sup> century. The earliest Spanish colonial mining was reported from the early 18<sup>th</sup> century in the Province of Quispicanchi by Colonel Don Antonio de Alcedo (compiled and translated, 1814) in “The Geographical and Historical Dictionary of America and the West Indies”. Antonio de Alcedo reported a gold mine in a mountain called Camanti, which is near

the town of Quince Mil, and is located 40 km to the north northeast of the Project, in the province of Quispicanchi.

The Plata Dorada Project has historic mine workings, as small adits, following gold-silver and copper veins on the Hithza II and IV concessions. These workings are believed, by the author, to be recent informal mining activity where the mineral was transported on donkeys down to the highway and then sold. No other historic mining activity, in the form of old adits, was seen on the Project.

#### **1.4 Geological Setting and Mineralization**

The Plata Dorada Project is located in the Eastern Andes east southeast of the City of Cusco. The stratigraphic column is predominantly continental in origin with units from the Neoproterozoic and lower Paleozoic to Quaternary. The Paleozoic continental sediments are, in part, weakly metamorphosed and pierced by Permian to Tertiary granitic and andesitic intrusions. The Paleozoic strata have been folded, faulted and intruded as the result of subduction along the western margin of South America (INGEMMET, 1973).

The bedrock lithology within the five concessions is quite simple. All of the concessions are underlain by Lower Paleozoic rocks of the Ordovician age Sandia Formation. The Sandia Fm. is a thick flysch with argillites, gray slates, sandstones, and shales (Figure 7.2). The rocks have been folded into a broad syncline with the beds dipping to the east or southeast. The strata have undergone low-grade regional metamorphism as evidenced by the slates and argillites.

The vein structures encountered on the Project strike from north south to north northwest and northeast with dips from  $-45^{\circ}$  to  $-85^{\circ}$  easterly or south-easterly and are composed of white quartz, massive pyrite, argentiferous galena, chalcopyrite, bornite, stibnite, arsenopyrite and minor albite. The veins vary in width from 20 cm to 1 m. Pyrite with minor galena and chalcopyrite occur as coarse grains from 2 to 5 mm, bands, or clots. Silver and gold values are hosted by structurally controlled orogenic quartz veins with sulphide mineralization. The veins have been traced on surface for 150 to 400 m.

#### **1.5 Data Verification**

The author's verification sample results have been tabulated in Table 12.1. The six vein samples and one grab sample confirm the presence of mineralized structures on the property. The author's verification samples were taken from the silver-rich vein (Silver Zone) sampled in both exploration programs in 2010 and 2013. The author also took verification samples from the copper-rich vein (Copper Zone) sampled in the 2013 exploration program. The author's verification samples confirm mineralized structures on the Plata Dorada Property. Sample results are listed in Table 1.2.



**Table 1.2: Vein Samples from Plata Dorada**

Sample	Au ppm	Ag ppm	Cu ppm	Width (m)	Description
402020	0.04	41.7	59670	0.60	Argillite breccia with hematite, py, cpy, bornite and quartz. bx clasts to 5 cm, 30% clasts of massive sulphides, bornite locally 5%, 10 to 20% hematite
402021	0.061	18.8	9910	1.0	Argillite with breccia, clasts of massive sulphides to 5%, py, cpy, extensive hematite, tr bornite
402022	1.055	1.7	234	0.30	Argillite with breccia, matrix of fine gr sulphides – 30%, py, cpy, hematite, goethite 5%, arsenic ox.
402023	0.26	36.8	848	0.20	Hanging wall of vein (dyke?): argillite breccia with fine grained grey intrusive matrix, diss py in matrix, cpy, hematite stain, specular hematite locally, goethite.
402024	1.83	586	18610	0.50	Vein sample: massive sulphide portions of the vein with 10%hematite, 20% py, 30% goethite, chrysocolla, malachite, quartz.
402025	1.07	323	1130	0.30	Footwall of vein: brecciated zone with bands of quartz, hematite, goethite, py, cpy. Contact with argillite.
402026	0.691	433	13170	Grab	Mineral sorting site: argillite and vein material, py, cpy, goethite, quartz, hematite, arsenic oxides and manganese oxides.

### 1.6 Mineral Processing and Metallurgical Testing

There are currently no metallurgical studies for this property.

### 1.7 Mineral Resources

There are currently no 43-101-compliant Mineral Resource estimates for this property.

### 1.8 Interpretations and Conclusions

The Plata Dorada Project is a property of merit based on the property site visit and in conjunction with the author's review of previous exploration. The five Project concessions cover outcrops of argillite, slates, and sandstones of the Ordovician Sandia Formation. The exposed rocks are weakly regionally metamorphosed as evidenced by the outcrops of slate and argillite. The property is in close proximity to intrusions of Permian-Triassic granite from the Marcapata intrusive unit and orogenic gold veins or mesothermal-type quartz-sulphide veins have been found on the property. The showings already identified on the Hithza II and IV concessions have the potential to support a small-scale mining operation producing a high-grade silver-copper-gold concentrate and the property has good potential for the discovery of additional orogenic or mesothermal gold veins.

The Plata Dorada Project warrants further exploration for orogenic or mesothermal quartz-sulphide veins with the strength and higher prices returning to the gold/silver market, the demand for this type of small-scale project should be high.

### 1.9 Recommendations and Proposed Exploration Budget

The recommended exploration and work programs for the Plata Dorada Project are as follows:  
Phase I US\$100,000

- Surface mapping and prospecting \$30,000  
Detailed surface mapping and sampling to identify additional vein showings on the property.
- Soil sampling \$30,000



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Grid geochemical sampling to identify gold, silver or copper anomalies that could be other veins no visible on the surface.

- Geophysics, EM survey \$40,000  
Electromagnetic ground survey (TDEM) to identify possible vein targets.

The Phase II program is contingent on positive results from the Phase I program and following a thorough compilation and review by a qualified person the following Phase II program is recommended.

Phase II US\$50,000

- Trenching program \$50,000  
Surface trenching to check geochemical and geophysical anomalies.

The Phase III program is contingent on positive results from the Phase II program and following a thorough evaluation of the results by a qualified person the following Phase III program is recommended.

Phase III US\$350,000

- 1500m Diamond drill program \$350,000  
Diamond core drilling to verify the down dip extensions of known veins and geophysical and geochemical anomalies.

## 2.0 INTRODUCTION

### 2.1 Introduction and Terms of Reference

At the request of Minquest Peru S.A.C. (“Minquest”), James A. McCrea, P. Geo., carried out an independent review of the Plata Dorada Project (the “Project”) in the Province of Quispicanchi, Department of Cusco, Peru. The purpose of this technical report is to review the exploration potential of the Plata Dorada Project, and to provide recommendations for future work, if warranted.

### 2.2 Site Visit

The author, an independent qualified person according to NI 43-101, visited the subject properties on April 14<sup>th</sup> and 15<sup>th</sup>, 2014. The author examined several mineral showings within the Project area and collected seven verification samples from artisanal workings or surface showings. The Project is considered an early stage exploration property.

### 2.3 Sources of Information

The source of information for this technical report is the property examination during the site visit as well as other published government reports and scientific papers such as papers published by Instituto Geologico, Minero y Metalurgico (INGEMMET), Peru’s government geological library. Information concerning mining concessions comes from Peru’s mining claim registry: *Instituto Nacional de Concesiones y Catastro Minero* (INACC). Population statistics, weather and local information on the Project was obtained from Wikipedia (<http://www.en.wikipedia.org/wiki/cusco>) A detailed list of references and sources of information is provided in the References section of this report.

### 2.4 Abbreviations and Units of Measure

Metric units are used throughout in this report and currencies are in United States Dollars (US\$) unless otherwise stated. Market gold or silver metal prices are reported in US\$ per troy ounce. A list of abbreviations that may be used in this report is provided below.

Description	Abbreviation
Above Mean Sea Level	AMSL
Atomic absorption	AA
Billion years	b.y.
Canadian dollar	CAD\$
Centimetre(s)	cm
Cubic centimetre	cm <sup>3</sup>
Cubic metre	m <sup>3</sup>
Cubic millimetre	mm <sup>3</sup>
Degree Celsius	°C
Degree Fahrenheit	°F
Diamond drill hole	DDH
Environmental Impact Study (Estudio de Impacto Ambiental)	EIA
Program for Environmental Management and Adjustment	PAMA
Feet	ft
Global Positioning System	GPS

Gold	Au
Gram(s)	g
Grams per metric tonne	gpt
Greater than	>
Hectare(s)	ha
Induced coupled plasmap	ICP
Instituto Geologico, Minero y Metalurgico	INGEMMET
Instituto Nacional de Concesiones y Catastro Minero	INACC
International Organization for Standardization	ISO
Kilogram(s)	kg
Kilometre(s)	km
Less than	<
Litre(s)	l
Metre(s)	m
Minquest Peru S.A.C.	Minquest
Millimetre(s)	mm
Million tonnes	Mt
Million Troy ounces	Moz
Million years time span	m.y.
Million years time span	m.y.
Million years ago	Ma
National Instrument 43-101	NI 43-101
Ounces (Troy)	oz
Troy ounces per short ton	opT
Parts per billion	ppb
Parts per million	ppm
Percentage	%
Plus or minus	±
Quality Assurance/Quality Control	QA/QC
Silver	Ag
square centimetre(s)	cm <sup>2</sup>
Square kilometre(s)	km <sup>2</sup>
Square metre(s)	m <sup>2</sup>
Square millimetre(s)	mm <sup>2</sup>
Système International d'Unités (International System of Units)	SI
Tonne (metric, 1,000 kg or 2,204.6 lbs)	t
Tonnes per day	tpd
Troy ounce (31.1035 grams)	oz
United States' dollar(s)	US\$
Universal Transverse Mercator	UTM

### 3.0 RELIANCE ON OTHER EXPERTS

This report is based upon the results from the author's on-site examinations and on available published information. The report herein also relies on data available through Instituto Geologico, Minero y Metalurgico (INGEMMET) the Peruvian government geological library and Peru's mining claim registry: *Instituto Nacional de Concesiones y Catastro Minero* (INACC). The author has reviewed this provided information and believes that the assumptions and interpretations are factual and reasonable. The author has relied on this data and has no reason to believe that any material facts have been withheld.

## 4.0 PROPERTY DESCRIPTION and LOCATION

### 4.1 Property Location

The Plata Dorada Project is located in the Cordillera Oriental, 158 kilometres east of the City of Cusco and approximately 17 km southwest of the village of Marcapata in the Province of Quispicanchi, Department of Cusco, Peru. The geographic coordinates near the centre of the Project are approximately 13° 36' South latitude by 71° 01' West longitude, or in the local UTM PSAD 56 coordinate system at 8,496,000 m North by 982,000 m East (see Figure 4.1). The property is within Peruvian National Topographic System (NTS) map area Ocongate 28-t.

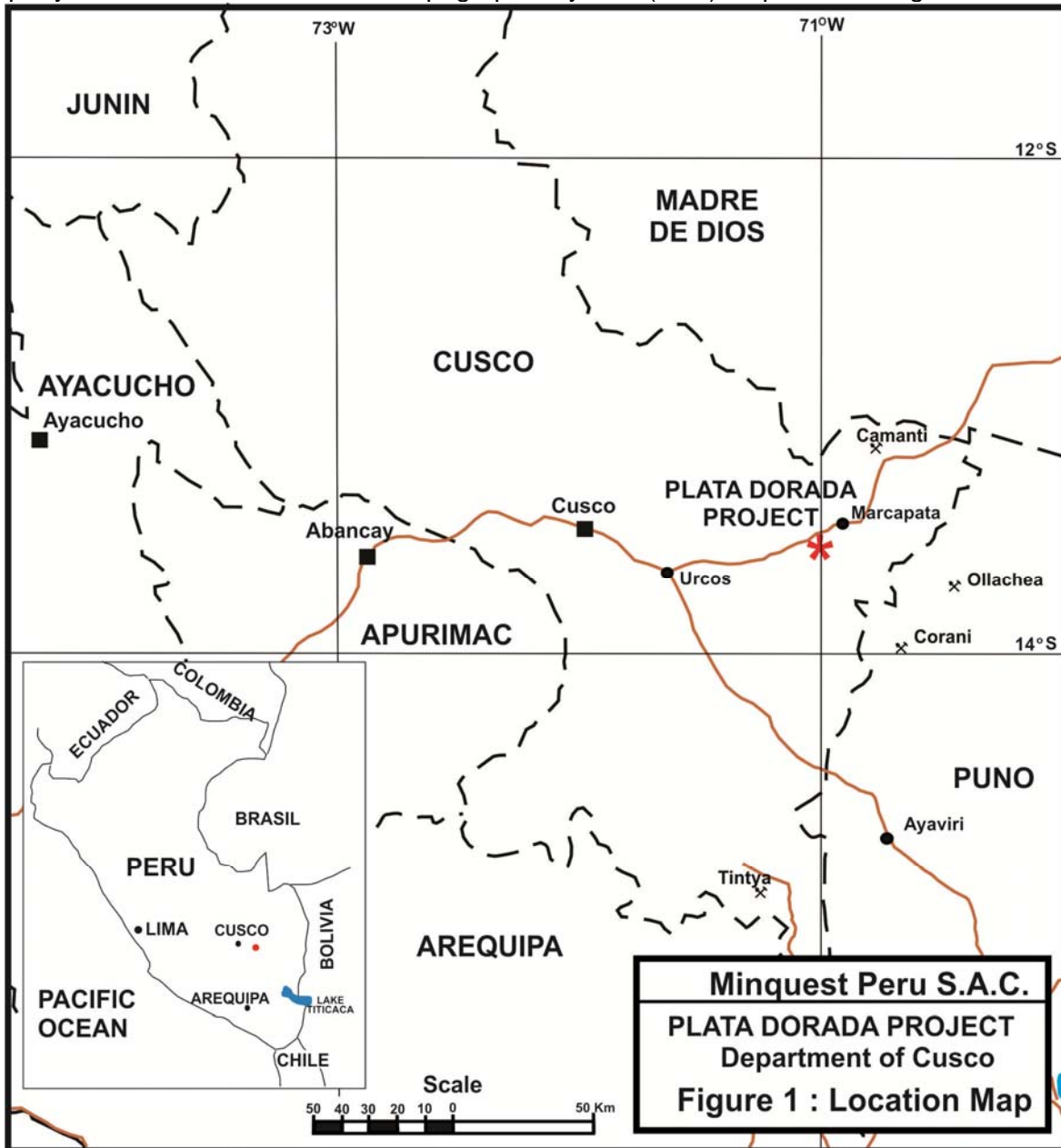


Figure 4.1: Location Map of the Plata Dorada Project

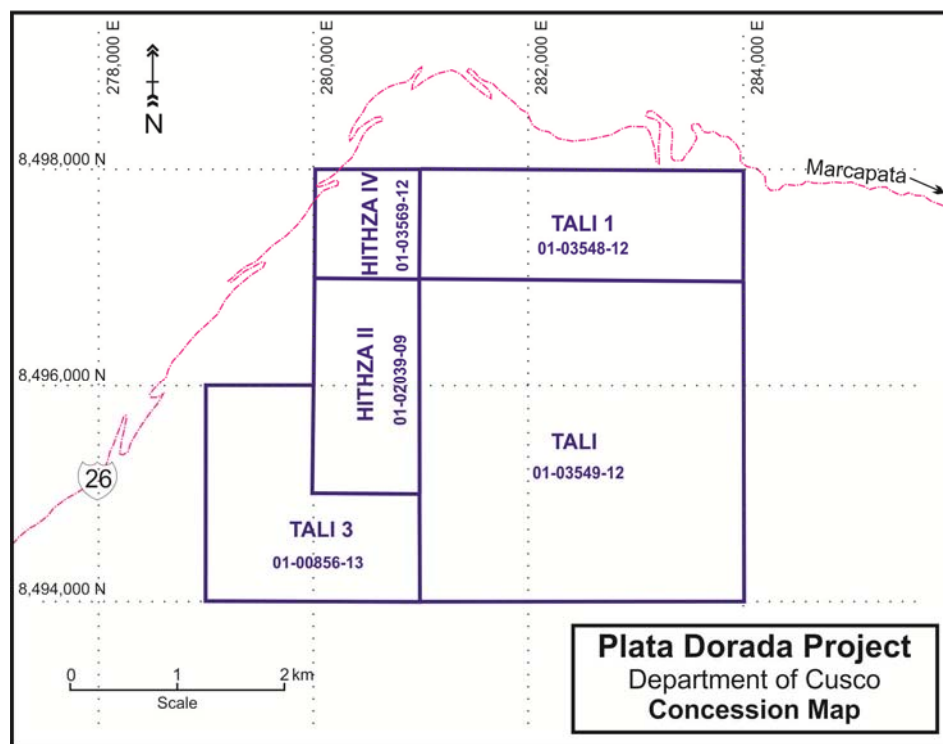
### 4.2 Property Description

The Plata Dorada Project consists of five contiguous mining concessions or mining rights totalling 1800.00 ha. The concessions are known by the names of Hithza II, Hithza IV, Tali, Tali 1, and Tali 3. The mining rights are listed in Table 4.1 and are shown in Figure 4.2.

**Table 4.1: Plata Dorada Project Mining Concession Titles**

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01-03569-12	Hithza IV	Minquest Peru S.A.C.	100.00	30-June-2014
01-03549-12	Tali	Minquest Peru S.A.C.	900.00	30-June-2014
01-03548-12	Tali 1	Minquest Peru S.A.C.	300.00	30-June-2014
01-00856-13	Tali 3	Minquest Peru S.A.C.	300.00	30-June-2014

Note: Title information effective June 26, 2014



**Figure 4.2: Mineral Concession Map**

The concessions are registered in Superintendencia Nacional de Registros Públicos (SUNARP), to Minquest Peru. Minquest Peru is a private Peruvian company with offices in the San Isidro Municipality of Lima.

There are no known environmental liabilities within the property limits.

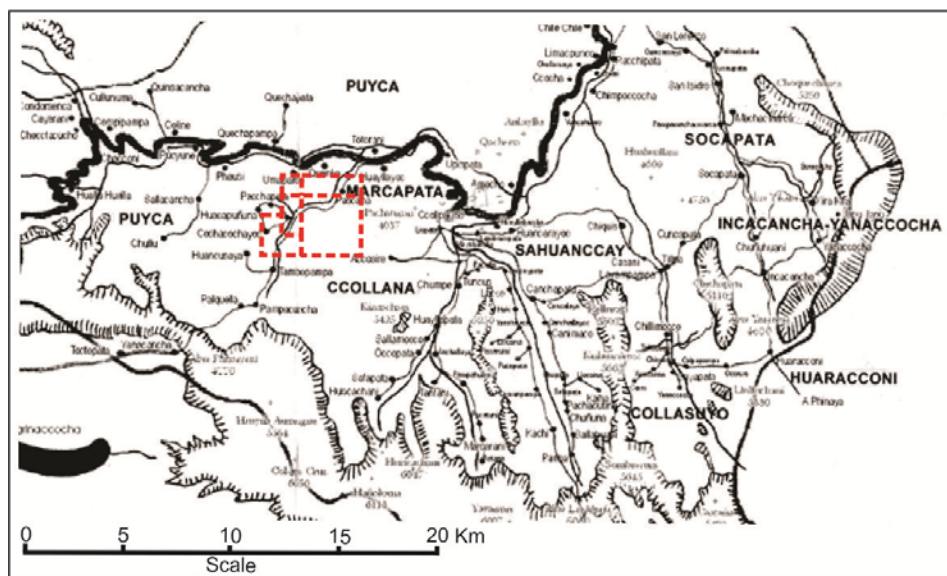
The Hithza II, Hithza IV, Tali, Tali 1 and Tali 3 concessions were originally registered on August 6th, 2009, October 12th, 2012, October 9th, 2012, October 9th, 2012 and February 7th, 2013 respectively and have since been transferred by public deed to Minquest.

### 4.3 Underlying Agreements

The Plata Dorada Project concessions are held 100 percent by Minquest Peru S.A.C., a private Peruvian company and are not subject to any third party agreements. There are no underlying royalties associated with this project.

### 4.4 Surface Rights

Surface rights at the Plata Dorada Project belong to two communities: Comunidad Campesina de Puyca and Comunidad Campesina de Collana of Marcapata in the Province of Quispicanchi, Department of Cusco. In April of 2013, the community signed a one-year surface access agreement with Minquest. The agreement allowed land access for exploration activities and basic exploration like sampling and mapping does not require a permit. The terms of the community agreement included employment for community members during the exploration program. Figure 4.3 shows the approximate community boundaries in relation to the concessions. The community boundaries are based on old hand drawn maps and are approximate (Sendon, 2010).



**Figure 4.3: Communities Map with Mineral Concessions**

### 4.5 Mineral Rights in Peru

The 'General Mining Law of Peru' defines and regulates different categories of mining activities, ranging from sampling and prospecting to development, mining, and processing. The General Mining Law of Peru was changed in the mid 1990s to foster the development of the country's mineral resources. The law defines and regulates different categories of mining activities according to stage of development (prospecting, exploitation, processing, and marketing). Titles over mineral claims are controlled by INGEMMET (Geological, Mineral and Metallurgical Survey of Peru). Mining titles (mining concessions) are granted using UTM coordinates (PSAD56) to define areas in hectares. New mining concessions shall be at least of 100 ha in size (1 km<sup>2</sup>),



and must be oriented in a north-south or east-west direction. Pre-existing concessions, based on the old system (“punto de partida” or starting point system), can be at any orientation.

The old framework, which has been in force since 1992, establishes that mining concessions are irrevocable. If the concession titleholder complies with the annual payment of US\$ 3.00 of validity-fee per hectare and reaches a minimum production of US\$ 100.00 per hectare within six years following the year in which a mining concession was granted. Otherwise, the titleholder must pay a US\$ 6.00 penalty per hectare per year as of the first semester of the seventh year until such production is reached (penalties increase to US\$ 20 from the 12<sup>th</sup> year).

Current regulations establish that the holder of mining concessions shall achieve a minimum production of at least one Peruvian Tax Unit (approximately US\$ 1,900) per hectare per year, within a 10-year term following the year in which the mining concession title is granted. If the minimum production is not reached in the referred term, the mining concession holder shall pay penalties equivalent to 10% of the Peruvian Tax Unit per hectare.

If minimum production within a 15-year term from the day in which the mining concession was granted is not achieved, the mining concession will be cancelled unless, a qualified major force event occurs and is approved by the Mining Authority. The titleholder may also maintain the title by paying the applicable penalties and providing evidence of a minimum investment of at least ten times the amount of the applicable penalties. In this last case, the mining concession will not be cancelled up to a maximum term of five additional years (total term 20 years). If minimum production is not reached in the 20-year term, the concession title will be inevitably cancelled. According to these rules, the Project must reach production no later than 2024 or, should the minimum required investment be spent, 2029 before the oldest concession is cancelled.

While the holder of a mining concession is protected under the Peruvian Constitution and the Civil Code, it does not confer ownership of land and the owner of a mining concession must deal with the registered landowner to obtain the right of access to fulfill the production obligations inherent in the concession grant. It is important to recognize that all transactions and contracts pertaining to a mining concession must be duly registered with the Public Registry in the event of subsequent disputes at law.

#### **4.6 Royalties and Obligations**

Peru established a sliding scale mining royalty late in 2004. Calculation of the royalty payable is made monthly and is based on the gross value of the concentrate sold (or its equivalent) using international metal prices as the base for establishing the value of metal. The sliding scale is applied as follows:

- First stage: up to US\$60 million annual revenue; 1.0 percent of gross value;
- Second stage: in excess of US\$60 million up to US\$120 million annual revenue; 2.0 percent of gross value; and
- Third stage: in excess of US\$120 million annual revenue; 3.0 percent of gross value

#### **4.7 Environmental Regulations & Exploration Permits**

The General Mining Law, administered by the Ministry of Energy and Mines (MEM), may require a mining company to prepare an Environmental Evaluation (EA), an Environmental Impact Assessment (EIA), a Program for Environmental Management and Adjustment (PAMA), and a Closure Plan prior to mining construction and operation.

The Supreme Decree N° 020-2004-EM classifies the environmental requirements for mining and exploration programs as follows:

*Category I: this category includes mining projects involving small scale drilling programmes up to and including a maximum 20 drill pads, a disturbed area of less than 10 hectares considering drilling platforms, trenches, auxiliary facilities and access means or the construction of tunnels with a total maximum length of 50 metres. These projects require the preparation of an Environmental Impact Declaration (“Declaración de Impacto Ambiental –DIA–”). Category I permits require, prior to their submittal to the Ministry of Energy and Mines, water-use permits from the Ministry of Agriculture, if required, and land-use agreements with the surface rights owners in the form of a registered agreement resulting from a town-hall meetings in the local community(s).*

*Category II: this category includes mining projects involving more than 20 drill pads, a disturbed area of more than 10 hectares considering drilling platforms, trenches, auxiliary facilities and access, or the construction of tunnels over a total length of 50 metres, require an authorisation called an Environmental Impact Study-semi detailed (“Estudio de Impacto Ambiental-semi detallado”, or EIA-sd) and is approved by the Ministry of Energy and Mines. Category II permits, which include mining projects involving more than just drilling, must include, prior to their submittal to the Ministry of Energy and Mines, water-use permits from the Ministry of Agriculture, land-use agreements with the surface rights owners and evidence of having held town-hall meetings in all nearby communities. Additionally, the EIA-sd must include a detailed reclamation program once the drilling phase ends.*

Permits are usually granted within 4 to 6 months of their submittal. No permit is required for general exploration such as surface mapping, sampling or geophysics. Permission of the surface rights owner is required for access to the property and for any kind of surface disturbance such as trenching or the construction of trails.

#### **4.8 Environmental Considerations**

Minquest is not subject to any outstanding environmental liabilities on the concessions. Minquest has no environmental responsibility for historic exploration and operational activities prior to their involvement in the project. No environmental impact study has been completed for this property.

To the best of the author’s knowledge there are no other significant factors and risks that may affect access, title, or the right or ability to perform work on the property.

## 5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE and PHYSIOGRAPHY

### 5.1 Accessibility

The project is located 183 km east of Cusco on secondary highway 26, a paved 2-lane highway. The City of Cuzco, the capital of the department of Cuzco with a population of 510,000 (2009), can be accessed via numerous daily flights from Lima or other centres around the country. Flight time from Lima to Cuzco is 1 hour and 15 minutes. Cuzco can also be reached by paved highway from Lima. Road distances from Lima to Cusco and the Project are listed in Table 5.1.

**Table 5.1 Road Distances to Access the Plata Dorada Project**

Segment	Kilometres	Hours	Road Surface
Lima to Nasca	450	6	Paved
Nacas to Puquio	157	3	Paved
Puquio to Abancay	348	7	Paved
Abancay to Cusco	198	3.5	Paved
Cusco to Project	158	2.5	Paved

### 5.2 Climate

The climate of the region is typical of the Peruvian altiplano in which the seasons are divided into a wet season between September and March with slightly higher temperatures and a dry season during May to August with colder temperatures. Although the entire rainy season is seven months in duration, the climate is summarized as temperate, cool and dry. The area receives an average of 736 mm of precipitation per year with about 70% of that falling in summer (December to March). Temperatures can dip below  $-20^{\circ}\text{C}$  and rise to  $20^{\circ}\text{C}$ . High altitudes on the pampa may receive snow during the rainy season. Average daily temperature range is from  $4^{\circ}\text{C}$  at night to a daily high of almost  $20^{\circ}\text{C}$ ; the yearly daily average is  $12.5^{\circ}\text{C}$  (Wikipedia ).

### 5.3 Local Resources and Infrastructure

The population of the District of Marcapata, where the concessions are located, is 5,141 (2005) and the town of Urcos, 143 km to the west, has a population of 5,911 (2005). These nearby communities can provide local unskilled labour and some skilled labour but sources of skilled labour would come from Cusco, the Department capital, or from outside the area (Wikipedia ).

The power lines follow the highway that cuts across the north side of the property and water sources are available, year round, at various locations on the Property. Surface rights owned by the 2 communities cover the entire property and provide sufficient area for future mining operations.

### 5.4 Physiography

The Project is situated in the eastern cordillera of the southern Peruvian Andes. The Plata Dorada property is located between 3,160 metres and 4,660 metres above sea level. The terrain is mountainous and varies from moderate to steep slopes. Vegetation is also typical of the Peruvian altiplano with slopes mainly covered with grasses and brush. At higher elevations the slopes are dominantly talus. The grass covered slopes over most of the property are used for grazing with sheltered areas at lower elevations supporting subsistence vegetable farming.

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## 6.0 HISTORY

Mining activity in the Department of Cusco, and southern Peru, goes back to before Inca times in the 14<sup>th</sup> century. The earliest Spanish colonial mining was reported from the early 18<sup>th</sup> century in the Province of Quispicanchi by Colonel Don Antonio de Alcedo (compiled and translated, 1814) in “The Geographical and Historical Dictionary of America and the West Indies”. Antonio de Alcedo reported a gold mine in a mountain called Camanti, which is near the town of Quince Mil, and is located 40 km to the north northeast of the Project, in the province of Quispicanchi. In October of 2012, Affinity Gold Corp. signed a letter of intent to buy 85% of the Camanti Gold Project (Affinity Gold PR, 2012).

Eighteenth century Spanish colonial mining activity is also reported at the Ollachea Project 45 km to the east of Plata Dorada in the Department of Puno with informal mining reported from the 1970’s. Exploration started on the Ollachea Project in the 1990’s and the project was first drilled in 1998 (McIver et al, 2012). Bear Creek’s Coriani Project located 40 km to the southwest of Plata Dorada, in Puno, also reports Spanish colonial era mine workings and exploration for antimony in the early 1900’s with modern exploration for silver-lead mineralization starting in the 1950’s (Moran, 2006).

The Plata Dorada Project has historic mine workings, as small adits, following gold-silver and copper veins on the Hithza II and IV concessions. These workings are believed, by the author, to be recent informal mining activity where the mineral was transported on donkeys down to the highway and then sold. No other historic mining activity, in the form of old adits, was seen on the Project.

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## 7.0 GEOLOGICAL SETTING and MINERALIZATION

### 7.1 Regional Geology

The Plata Dorada Project is located in the Eastern Andes east southeast of the City of Cusco. The stratigraphic column is predominantly continental in origin with units from the Neoproterozoic and lower Paleozoic to Quaternary. The Paleozoic continental sediments are, in part, weakly metamorphosed and pierced by Permian to Tertiary granitic and andesitic intrusions. The Paleozoic strata have been folded, faulted and intruded as the result of subduction along the western margin of South America (INGEMMET, 1973).

Subduction has occurred at the margin of South America since the early Cambrian or Neoproterozoic (Petersen, 1999). More important to the evolution of Andean cordillera, particularly in the region of Peru, are the events of the Triassic to present. Mariana-type subduction occurred from the late Triassic to late Cretaceous while Andean-type subduction commenced in the late Cretaceous and continues to the present day.

Andean-type subduction is the result of collisional tectonics where oceanic crust, *i.e.* the Nazca plate, is subducted beneath the overriding South American continental plate. Resultant compressional and transtensional structural environments produced uplift and unconformable surfaces. Accompanying the regional stresses are compressional and transtensional structures such as fold belts, thrust faults, and strike slip faults that are mostly oriented in a northwest to southeast direction. These compressional events are demonstrated in the area by the regional scale thrust fault southwest of the Project where Silurian-Devonian ge rocks are thrust over the Ordovician. Regional Geology is shown in Figure 7.1.

One important aspect of Andean-type subduction as it applies to metallogeny is the generation of intense magmatic arcs and the emplacement syntectonic porphyritic intrusions. Andean-type subduction, which had commenced at least by the late Cretaceous, led to widespread plutonism and volcanism in belts extending through the Peruvian, Bolivian, Argentinean, and Chilean Andes. Rapid orogenic pulses continued from the late Cretaceous to Tertiary.

Several tectonic phases have affected the region:

- One (or more?) pre carboniferous phase.
- A middle phase, Permian, important, especially for its paleogeographic implications.
- A (local and hypothetical) Nevadan phase
- A middle Cretaceous phase (precursor movements).
- A lower main phase of Late Cretaceous to Tertiary
- One or more tertiary phases
- A general uprising Plio-Pleistocene

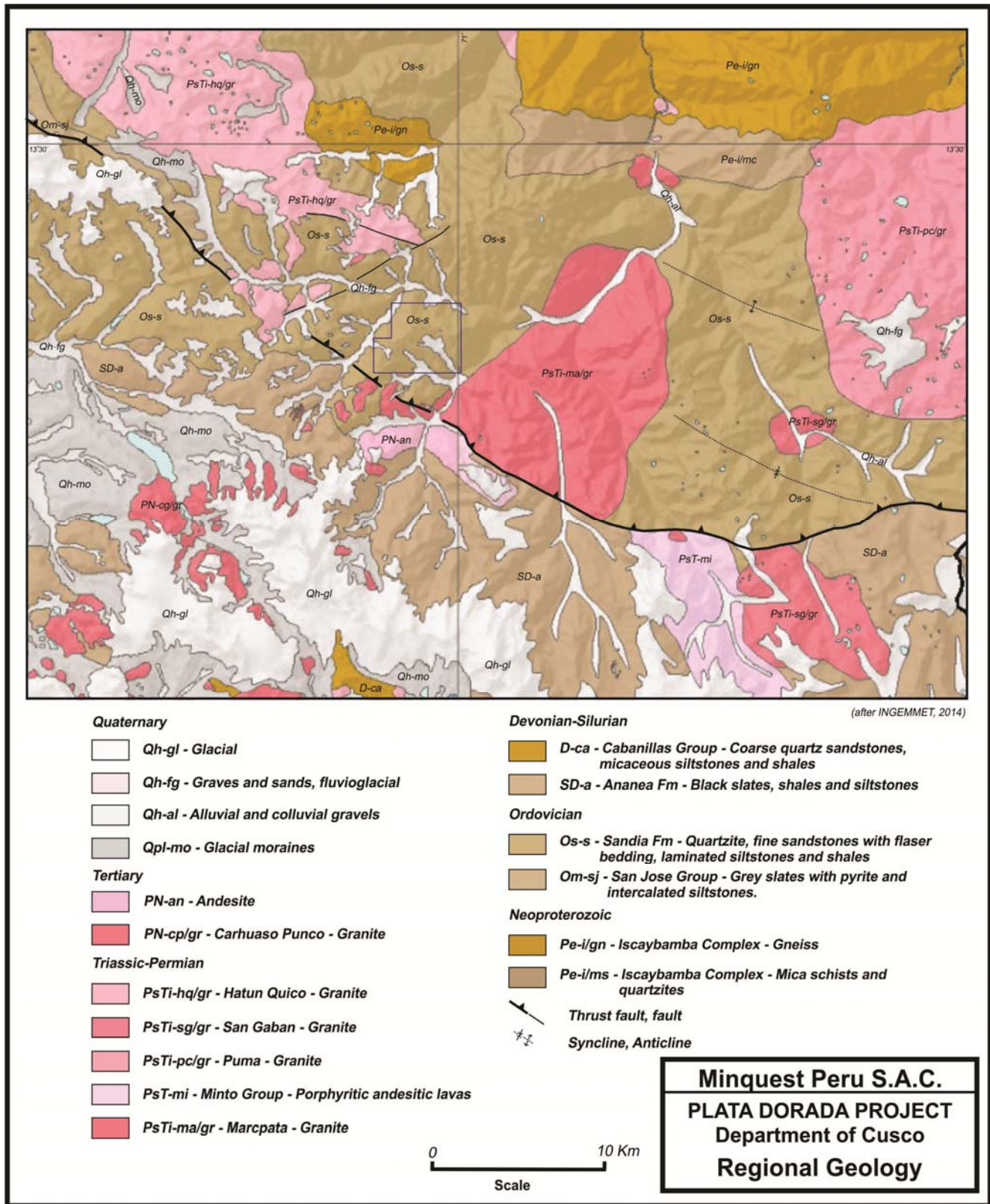


Figure 7.1: Plata Dorada Regional Geology



## 7.2 Property Geology

### 7.2.1 Lithology

The bedrock lithology within the five concessions is quite simple. All of the concessions are underlain by Lower Paleozoic rocks of the Ordovician age Sandia Formation. The Sandia Fm. is a thick flysch with argillites, gray slates, sandstones, and shales (Figure 7.2). The rocks have been folded into a broad syncline with the beds dipping to the east or southeast. The strata have undergone low-grade regional metamorphism as evidenced by the slates and argillites.

### 7.2.2 Structure

A regional thrust fault is mapped as passing just southwest of the concessions with a northwest-southeast strike. Thrust faulting is mapped as being approximately parallel to the axes of the folds in the regional mapping. Faulting, and related fracturing, plays an important role in the control of mineralization on the Project and in the area by providing zones of weakness for the emplacement of veins. The veins have been mapped, in the two zones, with strikes from 20° to 40° in the silver zone and 335° to 355° in the copper zone. The vein dips are reported as -65° to -82° in the silver zone and -45° to -62° in copper zone. These vein orientations appear to be sub-parallel to regional normal faulting related to the thrust fault found to the southwest of the property. Detailed mapping and structural interpretation of these veins has not yet been completed.

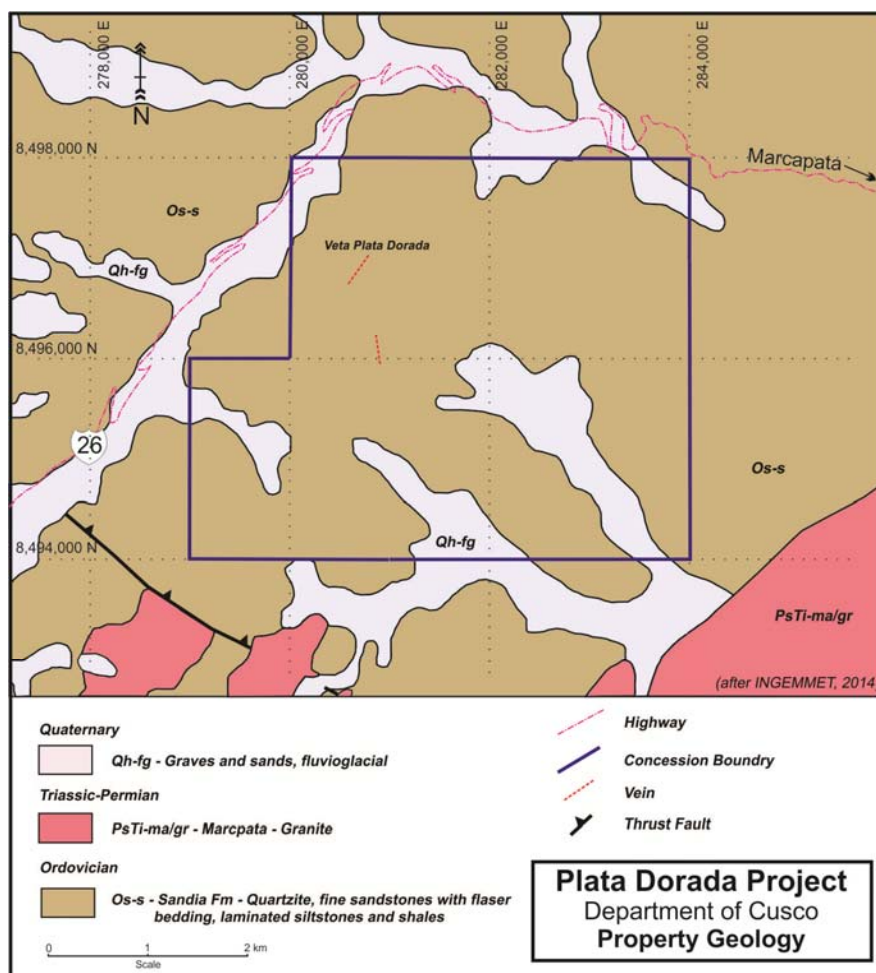


Figure 7.2: Plata Dorada Property Geology Map



### 7.2.3 Mineralization

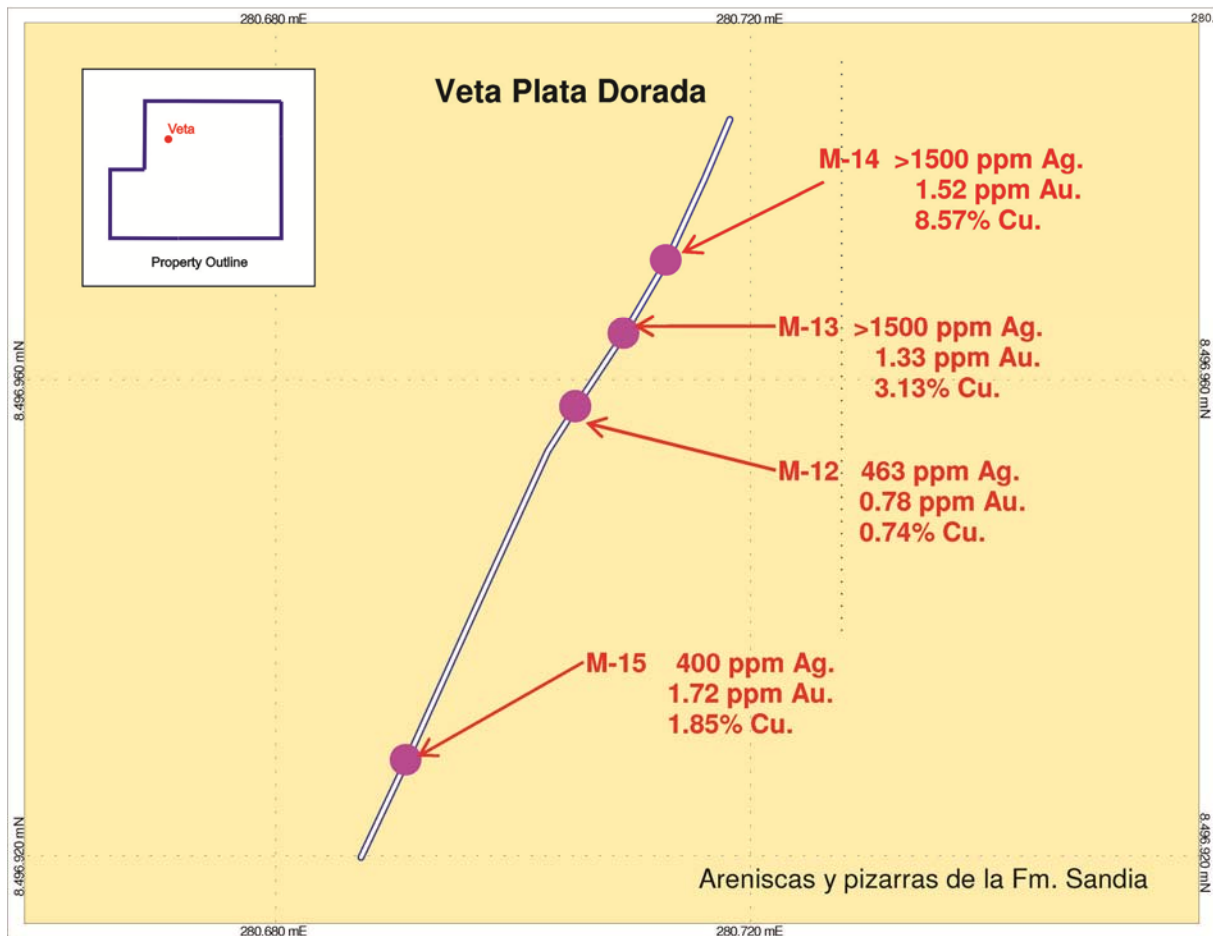
The vein structures encountered on the Project strike from north south to north northwest and northeast with dips from  $-45^{\circ}$  to  $-85^{\circ}$  easterly or south-easterly and are composed of white quartz, massive pyrite, argentiferous galena, chalcopyrite, bornite, stibnite, arsenopyrite and minor albite. The veins vary in width from 20 cm to 1 m. Pyrite with minor galena and chalcopyrite occur as coarse grains from 2 to 5 mm, bands, or clots. Silver and gold values are hosted by structurally controlled orogenic quartz veins with sulphide mineralization. The veins have been traced on surface for 150 to 400 m.

## 8.0 DEPOSIT TYPES

The silver gold-bearing mineralization of the Plata Dorada Project area has been described as being a mesothermal quartz-sulphide vein deposit or an orogenic gold deposit. Mesothermal quartz-sulphide veins being defined as hosted by metamorphic country rocks such as the gold vein deposits of the Remedios district of Antioquia, Colombia or the Achaean gold vein deposits of Canada and Australia. The orogenic gold deposit model is proposed to redefine the mesothermal quartz-sulphide model to better relate the model to the tectonic environments where these deposits are found (Grove et al, 1997). The orogenic/mesothermal gold model will be used to guide exploration on the Project.

## 9.0 EXPLORATION

Limited surface exploration has been carried out on the Project. Preliminary reconnaissance sampling and mapping was completed by Luis Orlando Pariona Michca in April of 2010. Pariona describes four of possibly 15 samples (from sample numbers reported) in his report and does not describe sample widths, sampling method or true widths. The quality of these samples or if the samples are representative, or biased, could not be determined from the limited descriptions in the report. The samples were analyzed at ALS Global Laboratories in Lima, Peru. No QA/QC is reported for these samples. The reported sample locations and results are shown in Figure 9.1.



**Figure 9.1: Preliminary Plata Dorada Surface Sampling**

Minquest collected 18 surface samples from the Project in April of 2013. The sampling targeted the two known veins on the property and other smaller showings. The veins were sampled in old surface working or on surface using a hammer and chisel where channels were chiselled across the veins. True width of the veins varied from 30 cm to 1 m. This sampling is believed to be representative by the author and of high quality. Sample locations are shown in Figure 9.2 and results are listed Table 9.1. These samples were analysed at ALS Global Laboratories in Lima, Peru. No QA/QC materials were included with these samples.

The Minquest sampling indicates that there is potential for orogenic or mesothermal quartz-sulphide type vein deposits on the property. This early exploration program only prospected portions of 3 concessions or about 500 ha of the 1800 ha property. The property has good potential for the discovery of additional polymetallic vein mineralization and at what appears to be economic grades.

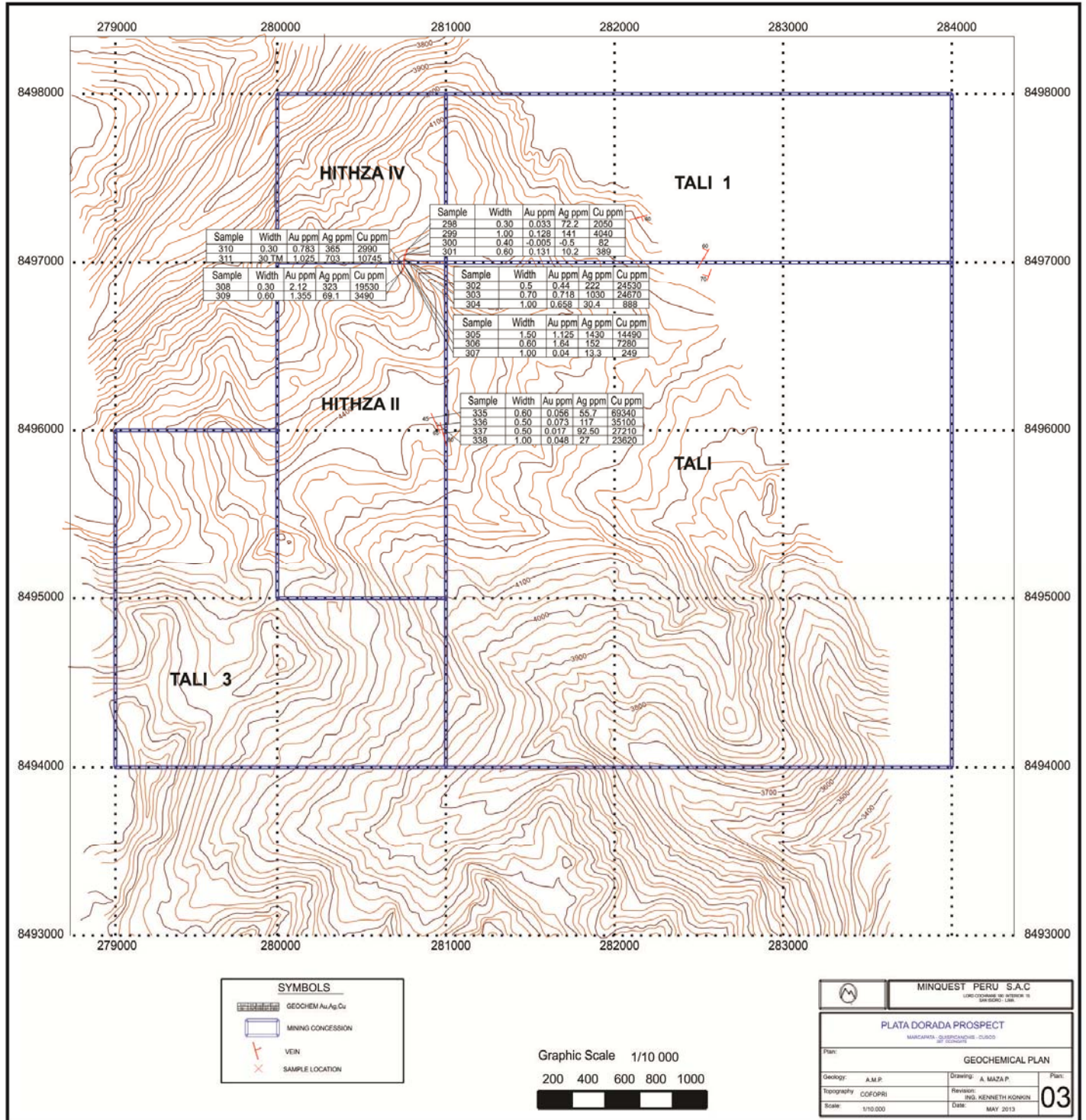


Figure 9.2: Minquest – Plata Dorada Surface Sampling - 2013

**Table 9.1 Plata Dorada Surface Sampling - 2013**

Sample	East	North	Elev	Au ppm	Ag ppm	Cu ppm	Width (m)	Description
298	280727	8497067	4169	0.033	72.2	2050	0.30	Exploitable mineralization with sericite, galena, aspy, 20m in working 30° -65° SE
299	280733	8497080	4169	0.128	141	4040	1.00	Mine opening: Diss py 5 to 10%, goethite 1 to 5%, clots of mal, py, 30° -80° E, limonite 2 a 20%, goethite 10 20%
300	280718	8497046	4192	<0.005	<0.5	82	0.40	Exploitable mineralization, gray, bluish quartz?, limonite 5 to 20%, adit - 15° -80° E
301	280718	8497046	4192	0.131	10.2	389	0.60	Exploitable mineralization gray blackish, Py 5 to 20%, inside working to 20m
302	280713	8497020	4236	0.44	222	24530	0.50	Py 10 - 40%, cpy 5 - 20%, inside working 6m, limonite 10 to 30%, goethite 5 to 10%, pit height of 4m
303	280713	8497020	4236	0.718	1030	24670	0.70	Inside shaft 10m, inside working 20m, 5cm of massive cpy, limonite 20 a 40%, goethite 10 to 20%, quartz veinlets
304	280713	8497014	4213	0.658	30.4	888	1.00	Inside working 10m, shaft 10m, goethite 20 to 40%, limonite 10 to 40%, clear quartz veinlets.
305	280714	8496979	4205	1.125	1430	14490	1.50	Footwall, gray quartzite with limonite 10 to 30%, goethite 5 to 20%, clear quartz veinlets.
306	280714	8496979	4205	1.64	158	7280	0.60	Diss Py 10 - 20%, Gal 1 to 2%, argentiferous Gal, argentite 1 to 5%, limonite 20 to 60%, jarosite 1 to 10%, 30° -62° SE pit
307	280714	8496979	4205	0.04	13.3	249	1.00	Gray quartzite, limonite 5 to 10%, jarosite 1 to 5% hanging wall
308	280698	8496943	4204	2.12	323	19530	0.30	Diss Py 20 to 40%, limonite 10 to 20%, arsenic sulphate, adit
309	280705	8496964	4203	1.355	69.1	3490	0.60	Diss of Py 5 to 20%, clots of argentiferous gal, limonite 5 to 20%, goethite 2 to 5%, trench
310	280711	8496983	4211	0.783	265	2990	0.30	Principal east tension fracture, exploitable mineralization, limonite 2 to 15%, goethite 5 to 10% 5m east of old principal working
311	280651	8496997	4184	1.025	703	17450	30TM	Oxidized quartz, Py 10 to 20%, Cpy clots to 2%, limonite 20 to 80%, goethite 5 to 30%
335	280861	8496072	4434	0.056	55.7	69340	0.60	Massive cpy, brecciated clsts to 10cm, Gal 2 to 4%, limonite 20 to 50%, goethite 10 to 40%, N-S vein -45° E Adit
336	280906	8496028	4427	0.073	117	35100	0.50	Diss cpy 5 to 20%, py 2 to 4%, limonite 10 to 40%, goethite 5 to 20%, 350° -65° E
337	280943	8495983	4427	0.017	92.5	27210	0.50	Diss py 10 to 30%, cpy 5 to 10%, limonite 10 to 30%, goethite 5 to 20%, 350° -80° E lentoid
338	280894	8496052	4420	0.048	27	23620	1.00	Diss Py 5 to 15%, cpy 10 to 20%, limonite 20 to 50%, goethite 5 to 30%, tipo lentoid 30 x 1 m and side wedges

## **10.0 DRILLING**

No drilling has been carried out on the subject property.

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## 11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

### 11.1 2010 Preliminary Sampling Program

The samples from the 2010 preliminary sampling program were collected in the field and direct-shipped to the ALS Global laboratory (ALS) in Lima, Peru for analysis. There is no documented QA/QC program for these samples. No documentation is available regarding sample security, or shipping and verification procedures for these samples.

The ALS laboratory in Lima utilizes ISO 17025-2005 accredited methods and is ISO 9001-2008 registered. Minquest has no relationship to the laboratory other than the procurement of analytical services.

The ALS procedure, for the 2010 program, utilized a standard sample preparation: sample log in to the system, dry, crush, and split of a 250 g sample for pulverization. A 30-gram split of the pulp was used for a gold fire assay fusion with an Atomic Absorption Spectroscopy (AAS) finish (Au-AA23). An additional 0.4 g split was used for induced coupled plasma (ICP) analysis where 32 elements are reported (ME-ICP41). The sample for ICP41 analysis was digested in hot Aqua Regia and values over 1% were re-analyzed with AAS (Ag and Cu-AA46) and for the over limits, an additional 0.40-gram split is digested in hot aqua regia.

### 11.2 2013 Sampling Program and 2014 Verification Sampling

The samples from the 2013 sampling program and the author's verification samples were also sent to ALS Global in Lima. Both programs used the same analytical procedures. Similarly, the samples from 2013 and the verification sampling were collected in the field and direct shipped to ALS. For the author's verification samples, the samples were transported by the author to Lima and delivered to the lab for analysis.

The ALS procedure, for the 2013 program and the author's verification samples, utilized a standard sample preparation: sample log in to the system, dry, crush, and split of a 250 g sample for pulverization. A 30-gram split of the pulp was used for a gold fire assay fusion with an Atomic Absorption Spectroscopy (AAS) finish (Au-AA23). An additional 0.4 g split was used for ICP analysis where 32 elements are reported (ME-ICP61). The sample for ICP61 analysis was digested in with four acids for a "near total digestion" and values over 1% re-analyzed with AAS (Ag and Cu-AA62) and for the over limits, an additional 0.40-gram split is digested in four acids.

No quality control measures were used for these preliminary sampling programs however; future exploration programs on the Project should employ an industry standard QA/QC program utilizing standards, blanks, and duplicates with an additional 5% of the samples sent for outside laboratory check analyses

The author believes the sample handling, preparation and analyses of these samples is adequate for this early stage of exploration on the Plata Dorada Project.



## 12.0 DATA VERIFICATION

### 12.1 Verification Sampling Results

The author's verification sample results have been tabulated in Table 12.1. The six vein samples and one grab sample confirm the presence of mineralized structures on the property. The author's verification samples were taken from the silver-rich vein (Silver Zone) sampled in both exploration programs in 2010 and 2013. The author also took verification samples from the copper-rich vein (Copper Zone) sampled in the 2013 exploration program. The author's verification samples confirm mineralized structures on the Plata Dorada Property. Sample locations are shown in Figure 12.1 and Photographs 1 and 2. Sample results are listed in Table 12.1.

Data verifications for the report included examination and sampling of the mineral showings on the property, meeting with the community surface rights owners to confirm permissions to work on the property and checking the public registry to confirm title to the concessions. The author believes that these data verifications are sufficient for this exploration stage property.

**Table 12.1: Vein Verification Samples from Plata Dorada**

Sample	Au ppm	Ag ppm	Cu ppm	Width (m)	Description
402020	0.04	41.7	59670	0.60	Argillite breccia with hematite, py, cpy, bornite and quartz. bx clasts to 5 cm, 30% clasts of massive sulphides, bornite locally 5%, 10 to 20% hematite
402021	0.061	18.8	9910	1.0	Argillite with breccia, clasts of massive sulphides to 5%, py, cpy, extensive hematite, tr bornite
402022	1.055	1.7	234	0.30	Argillite with breccia, matrix of fine gr sulphides – 30%, py, cpy, hematite, goethite 5%, arsenic ox.
402023	0.26	36.8	848	0.20	Hanging wall of vein (dyke?): argillite breccia with fine grained grey intrusive matrix, diss py in matrix, cpy, hematite stain, specular hematite locally, goethite.
402024	1.83	586	18610	0.50	Vein sample: massive sulphide portions of the vein with 10% hematite, 20% py, 30% goethite, chrysocolla, malachite, quartz.
402025	1.07	323	1130	0.30	Footwall of vein: brecciated zone with bands of quartz, hematite, goethite, py, cpy. Contact with argillite.
402026	0.691	433	13170	Grab	Mineral sorting site: argillite and vein material, py, cpy, goethite, quartz, hematite, arsenic oxides and manganese oxides.



**Photograph No. 1: Sample 402024, Silver Zone**



**Photograph No. 2: Sample 402020, Copper Zone**

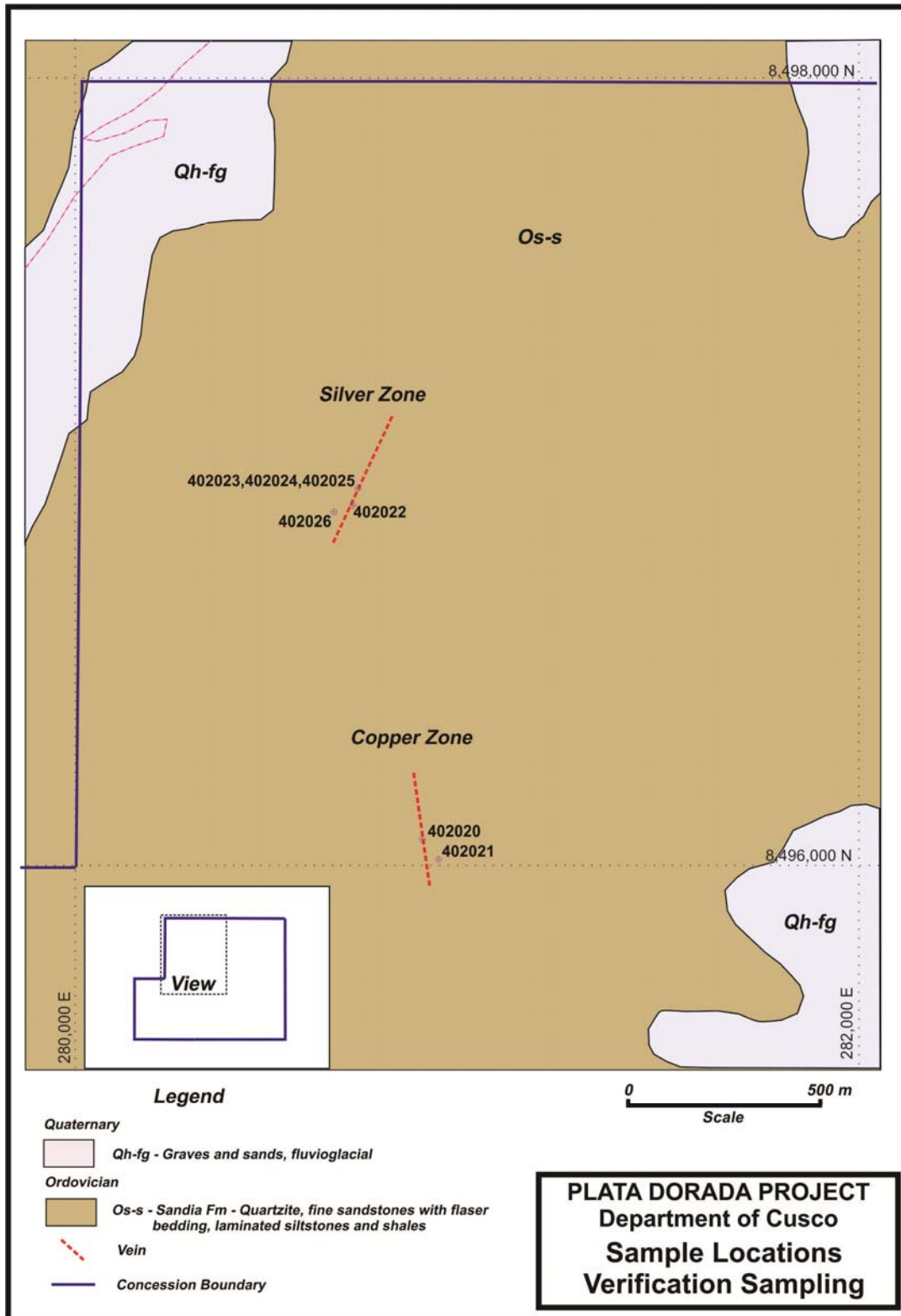


Figure 12.1: Surface Verification Sampling

## **13.0 MINERAL PROCESSING and METALLURGICAL TESTING**

There are currently no metallurgical studies for this property.

## **14.0 MINERAL RESOURCE ESTIMATES**

There are currently no 43-101-compliant Mineral Resource estimates for the subject property.

## **23.0 ADJACENT PROPERTIES**

Minera IRL operates the Ollachea Project 30 km to the east of the Plata Dorada Project. Ollachea has completed a feasibility study and a recent optimization of the project to exploit orogenic gold-silver veins hosted in Lower Paleozoic strata similar to Plata Dorada.

## **24.0 OTHER RELEVANT DATA and INFORMATION**

To the author's best knowledge, all the relevant data and information have been provided in the preceding text.



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## 25.0 INTERPRETATION and CONCLUSIONS

The Plata Dorada Project is a property of merit based on the property site visit and in conjunction with the author's review of previous exploration. The five Project concessions cover outcrops of argillite, slates, and sandstones of the Ordovician Sandia Formation. The exposed rocks are weakly regionally metamorphosed as evidenced by the outcrops of slate and argillite. The property is in close proximity to intrusions of Permian-Triassic granite from the Marcapata intrusive unit and orogenic gold veins or mesothermal-type quartz-sulphide veins have been found on the property. The showings already identified on the Hithza II and IV concessions have the potential to support a small-scale mining operation producing a high-grade silver-copper-gold concentrate and the property has good potential for the discovery of additional orogenic or mesothermal gold veins.

The Plata Dorada Project warrants further exploration for orogenic or mesothermal quartz-sulphide veins with the strength and higher prices returning to the gold/silver market, the demand for this type of small-scale project should be high.

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## 26.0 RECOMMENDATIONS

The recommended exploration and work programs for the Plata Dorada Project are as follows:

Phase I US\$100,000

- Surface mapping and prospecting \$30,000  
Detailed surface mapping and sampling to identify additional vein showings on the property.
- Soil sampling \$30,000  
Grid geochemical sampling to identify gold, silver or copper anomalies that could be other veins no visible on the surface.
- Geophysics, EM survey \$40,000  
Electromagnetic ground survey (TDEM) to identify possible vein targets.

The Phase II program is contingent on positive results from the Phase I program and following a thorough compilation and review by a qualified person the following Phase II program is recommended.

Phase II US\$50,000

- Trenching program \$50,000  
Surface trenching to check geochemical and geophysical anomalies.

The Phase III program is contingent on positive results from the Phase II program and following a thorough evaluation of the results by a qualified person the following Phase III program is recommended.

Phase III US\$350,000

- 1500m Diamond drill program \$350,000  
Diamond core drilling to verify the down dip extensions of known veins and geophysical and geochemical anomalies.

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*Instituto Nacional de Concesiones y Catastro Minero (INACC)*

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