

NI43-101
TECHNICAL REPORT
ON THE LARA PORPHYRY COPPER-MOLYBDENUM
DEPOSIT, PERU



Prepared for:
Redzone Resources Ltd.

Submitted in fulfilment of reporting requirements under
National Instrument 43-101 dated March 1, 2010.

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CERTIFICATE of QUALIFIED PERSON

I, Simon John Meldrum BSc (Hons) do hereby certify that:

1. I am currently employed as an independent consultant by:
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2. I graduated with a Bachelor of Science degree (Honours), majoring in Geology from the University of New England, NSW Australia in 1982.
3. I am a member of the Australian Institute of Geoscientists.
4. I have worked as a geologist for a total of 28 years since my graduation from university.
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 to be a "qualified person" for the purposes of NI 43-101.
6. I am responsible for the preparation of all sections of the technical report titled **Technical Report on the Lara Porphyry Copper-Molybdenum Deposit, Peru** and dated March 1, 2010 (the "Technical Report") relating to the Lara 2A and Lara 4 mineral claims. I visited and worked on this property in July 2009 for 2 days; in October 2009 for 2 days.
7. I have not had prior involvement with the properties that are the subject of the Technical Report.
8. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omissions to disclose which makes the Technical Report misleading.
9. I am independent of the issuer applying all of the tests in section 1.5 of National Instrument 43-101.
10. I have read National Instrument 43-101 and Form 43-101F, and the Technical Report has been prepared in compliance with that instrument and form.

11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publications in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 2nd day of March, 2010



Signature of Qualified Person

SIMON JOHN MELDRUM

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1 SUMMARY

Simon Meldrum, consulting exploration geologist and member of AIG Australian Institute of Geoscientists, was commissioned by Redzone Resources Ltd. (“Redzone”) to provide an independent Qualified Person’s Review and Technical Report (“Report”) for the Lara copper project (“the Project”) located in Peru.

Through an agreement dated January 28, 2010, Redzone acquired the right to earn up to a 75% interest in the Project from Lara Exploration Ltd (“Lara”) via earning into Minas Dixon BVI. Minas Dixon S.A. (“Minas”), a wholly owned Peruvian subsidiary of Minas Dixon BVI, is the holding entity for the Project. Under the agreement, Redzone must spend US\$2.5 million in exploration on the Property and issue 850,000 Redzone common shares to Lara over a three year term to earn an initial 55% interest in the Project. Redzone can then elect to earn an additional 20% interest in the Project by completing a bankable feasibility study and making onetime cash payment of US\$1.5 million on or before January 28, 2015. Lara retains a 1% net smelter royalty on all production from the Project. Redzone is Project operator.

The Project comprises the Lara copper deposit and additional prospects.

1.1 Principal Outcomes

The Lara Hill Porphyry is assigned to a specific group of ‘detached porphyry systems’ that began their development in a deep setting where the earliest phases of alteration and mineralization developed in wall rock lithologies above the causative intrusion. The Rio Blanco porphyry deposit in Northern Peru and the Yanadera copper-molybdenum porphyry cluster in Papua New Guinea are similarly developed in pre mineral batholithic rocks.

The Lara deposit occurs within a porphyry copper-molybdenum system that hosts primary, secondarily enriched, and transported mineralization. The estimated inferred mineral resource of 18.6 million tonnes grading 0.53% copper using a 0.2% copper cut-off and a simple polygonal resource model for the Lara deposit documented in the independent National Instrument 43-101 technical report on the property entitled ‘Summary of Exploration, Metallurgy and Scoping Studies on the Lara Porphyry Copper Property and Proposed 2005 Exploration Program, Rio Viscus, Palpa, Peru’ authored by John Nebocat, P. Eng. dated February 9, 2004 and revised March 31, 2005 (“Nebocat, 2005”), is relevant and accurate for the secondarily enriched material given the data provided and methodology used.

Preliminary metallurgical testwork was conducted in September 1998 by Plenge Laboratories, Lima (Plenge, 1999) on twenty-four contiguous samples from each of two drill holes on the enriched zone of the Lara deposit. The results, while preliminary in nature, indicate that the enriched mineralization is amenable to acid heap leaching.

In 1999, a scoping study completed by Rescan Engineering (“Rescan”), a unit of Hatch Associates Ltd. (Rescan Engineering, 1999) calculated a mineral inventory of 19.7 million tonnes grading 0.47% Cu also at a 0.2% cut-off using the IDW statistical method for 20m x 20m x 10m blocks. The scoping study concluded that if greater than 64 million tonnes grading greater than 0.51% copper could be established, a 20,000 tonne per day operation would be economically feasible for a copper price in the range of US\$0.90 – US\$1.00 per pound. This study was not intended, nor does the Author consider the study to be an economic evaluation for the Lara deposit but merely a guide to determine the direction of further exploration. The mineral inventory predates CIM standards and is not to be relied upon, but has been included for information purposes as it is indicative of the exploration potential of the Project.

A comparison of the copper grades between the reverse circulation drill holes LRC-9A and LRC-11 with twinned diamond drill holes LDD-13 and LDD-14 (Nebocat, 2005), showed a 9% and 72% increase in copper values for the diamond drill holes, suggesting that the reverse circulation drilling may have under reporting the copper grades in the enriched zones.

In 2009, all diamond core was re-logged and much of it photographed. The notes provided in the RC drill logs were also re-compiled into list files, summarised and re-coded. The geology data base was collated including 251 drill hole log records and 61 field samples. The findings indicate that the overall mineralizing system is much larger than the current mineral resource estimate indicates with the secondarily enriched portion of the deposit open to the east and west and the primary mineralization remains open in all directions. Most notably;

A large portion of the core of the deposit remains untested by drilling and the Socos copper target remains untested by drilling.

There is good potential to expand both the tonnage and grade of the current resource estimate and the Project deserves a comprehensive evaluation of the low grade (0.15% copper cut-off) potential and what would be economically feasible at US\$2.00 & US\$3.00 per pound copper prices in line with current and foreseeable metal prices.

The Author tenders the following recommendations:

Redzone's investment in the Project should be staged in such a manner as to allow periodic reviews to determine whether on-going investment is warranted, and/or to determine whether the investment schedule and plans need to be modified on the basis of new information or changes in metal markets.

Redzone must institute an industry acceptable quality assurance/quality control (QA/QC) program for a sampling program and should ensure that all procedures are fully established and adhered to.

Redzone should retain the services of a licensed Qualified Person, as defined under NI 43-101, to supervise all aspects of exploration and development activities on the Project.

The Author recommends the following exploration activities be completed:

Redzone embark on a rigorous exploration campaign that would involve detailed geological and structural mapping and sampling to define the overall limits of the Lara Porphyry system.

Redzone conduct core drilling aimed at infilling and expanding the Lara porphyry through to the 1475m level to allow for a mineral resource estimate to be prepared in accordance with NI 43-101. The results from the two staged program will allow Redzone to evaluate the merits of moving the deposit to the Scoping level stage of development.

A two staged program is warranted with the first stage comprising project permitting and 4,250 metres of core drilling. The initial program of step out drilling has an approximate cost of US\$882,125. The Phase two program is contingent on the results of the first phase program and includes an additional 4,400 metres of drilling, additional metallurgical test work and completion of an updated mineral resource estimate. The estimated cost of the second phase program is US\$887,000.

1.2 Project Setting, Location and Access

The Project is located in southern coastal Peru approximately 400 km southeast from Lima. Access to the Project is via the Pan American highway to the town of Palpa and then 40 km of gravel road heads northeast to the property along the valley of Rio Viscus. An 8 km all-terrain road has been constructed between Rio Viscus and the Project. The town of Nazca, 45 km southeast from Palpa, has sufficient infrastructure and supplies to be used as a base of operations, and Palpa has labour and minor amenities.

Power for any mining operation would be sourced from the main power grid at Palpa but a power line would have to be constructed. The nearest port lies 78 kilometres south of Palpa.

1.3 Mineral Tenure

The Project consists of three mineral concessions, covering a total area of 1,800 hectares. The concessions are 100% owned by Minas Dixon S.A., a wholly owned Peruvian subsidiary of Minas Dixon BVI, which in turn is a subsidiary of Lara. As of January 15, 2010, documents provided to the Author show all mineral concessions to be in good standing.

1.4 Surface Rights and Land Use

At the effective date of this report, Redzone held no surface rights to the Project area. It is required to get permission from Community leaders prior to commencing any work.

1.5 Permits

As of the effective date of this report, Redzone has not been granted any permits. Mineral exploration companies need to obtain a permit prior to commencing any drilling or major earth moving programs, such as road and drill pad construction.

1.6 Environmental

There are no known environmental liabilities that the Project is subject to. Numerous environmental studies and permits will be required prior to any Project development.

1.7 Geology and Mineralization

The Project is situated within the central portion of the Coastal Batholith that extends at least 800 km in the NW-SE direction and is about 80 km wide. The late Cretaceous to early Tertiary Coastal Batholith occupies the central part of the district, consisting primarily of granodiorite and tonalite but containing phases ranging from diorite to granite. The Batholith intruded metasedimentary rocks of the Jurassic-Cretaceous Yura Group. A series of small Tertiary plutons intrude the Coastal Batholith. Copper deposits contained within this belt include the Toquepala, Cuajone, Quellaveco and Cerro Verde porphyry deposit.

A twin headed copper-molybdenum porphyry system with weak silver credits is exposed on the Project. The two porphyry heads or cupolas, known as Lara and Socos, have been identified by mapping, induced polarization geophysics and geochemical data. The Lara deposit has been tested by 27 drill holes comprising 2,742 metres of reverse circulation drilling and 548 metres of core drilling. The Socos area, located 800 metres east of the Lara resource estimate, has never been drill tested. The porphyry mineralization is developed principally within Coastal Batholith wall rocks, but is cross cut by narrow porphyry dykes that probably relate to late phases of the causative porphyry.

Prograde alteration facies include potassic and propylitic facies with lesser phyllic. Retrograde alteration both is extensive and intense and includes widespread intermediate argillic and advanced argillic alteration facies that extends to depth along major structures.

Gold values greater than 0.1 gram gold per tonne tend to correlate with adularia flooding at higher elevations, while greater than 1% copper values tend to be shed from the eastern and northern flanks of Lara Hill. Anomalous lead-zinc-arsenic values probably relate to late structures. A paucity of surface rock or drill hole molybdenum data both within the core of the system or around the periphery of the complex hinders the definition of critical grade boundaries that are normally used to discriminate between pre-mineral, mineralizing event and post mineral lithologies.

The Socos Zone remains to be drilled and evaluated but the indications, including very intense adularia flooding and the extension of potassic and intermediate argillic alteration into the Socos area, suggest that there is scope for more mineralization in this zone.

1.8 History and Exploration

In 1989, Jaime Valdivia, a geologist with Centromin, a State Peruvian mining company, while exploring for gold deposits, examined the *Mina de Socos* mineral occurrence and noted the regional geological setting. In early 1994, Sr. Valdivia met with the president of Minas Dixon S.A. and discussed the possibility of the *Mina de Socos* area being prospective for a porphyry copper deposit. Minas Dixon S.A. immediately staked claims in the area and instigated its first geological reconnaissance mapping and sampling programs.

A detailed mapping and sampling was completed in 1995, followed by an induced polarization sounding survey, employing the Schlumberger method, in early 1997. Subsequently, about 8 km of access roads and drill platforms were built in April and May 1997.

A five-hole, reverse circulation drilling program was conducted in May 1997. Following the discovery of a chalcocite-rich, supergene horizon in the last two holes, additional drilling was done in two subsequent programs in October 1997 and August 1998.

In 1999, Rescan Engineering calculated a mineral inventory for the central zone of 19.7 million tonnes grading 0.47% copper, using a 0.20% copper cut-off and in 2005 a national instrument 43-101 compliant inferred mineral resource of 18.6 million tonnes grading 0.53% copper using a 0.2% copper cut-off and a simple polygonal resource model for the Lara deposit was estimated.

In 2004-2005, an estimated inferred mineral resource of 18.6 million tonnes grading 0.53% copper using a 0.2% copper cut-off and a simple polygonal resource model for the Lara deposit documented in the independent National Instrument 43-101 technical report on the property entitled 'Summary of Exploration, Metallurgy and Scoping Studies on the Lara Porphyry Copper Property and Proposed 2005 Exploration Program, Rio Viscus, Palpa, Peru' authored by John Nebocat, P. Eng. dated February 9, 2004 and revised March 31, 2005 ("Nebocat, 2005").

In 2007, two diamond drill holes totalling 413.8 metres were completed.

In 2008, four samples of the 2007 drill core was sent for petrographic analysis and the 2007 drill holes were reviewed and evaluated by Craig Bow, Consulting Economic Geologist.

In 2009, diamond drill holes LDD-13, LDD-14, LDD-17, LA07-01 and LA07-02 were relogged and the entire geological database for the Project was reviewed and evaluated.

1.9 Drilling

Drilling completed between 1997 and 2007 comprised 27 drill holes (3,289.8 metres) including 2,742 metres of reverse circulation drilling and 547.8 metres of diamond core drilling. A 5 ¼ inch diameter drill head was used in all the reverse circulation drill programs. Three of the diamond drill holes were performed with the same reverse circulation drill rig by switching the drill from a pneumatic to a hydraulic head. The entire core section in all three holes used NQ sized (63.5 mm) bits and rods. The drill core was logged on site and shipped to Lima to be sawn in half for sample preparation and analysis (Nebocat, 2005). Two diamond drill holes completed in 2007 were drilled using HQ sized core, were logged on site and then shipped to Lima to be sawn in half for sample and analysis (Bow 2008).

2 INTRODUCTION

Simon Meldrum, consulting exploration geologist and member of the Australasian Institute of Mining and Metallurgy, was commissioned by Redzone to provide an independent Qualified Person's Review and Technical Report ("Report") for the Project located in Peru.

Through an agreement dated January 28, 2010, Redzone acquired the right to earn up to a 75% interest in the Project from Lara via earning into Minas, a wholly owned Peruvian subsidiary of Minas Dixon BVI, which in turn is a subsidiary of Lara. Minas is the holding entity for the Project. Under the agreement, to earn an initial 55% interest in the Project, subject to Lara retaining a 1% net smelter royalty on all mineral production, Redzone must spend US\$2.5 million in exploration on the Property and issue 850,000 Redzone common shares to Lara over a three year term as follows:

- 100,000 Redzone common shares within seven days of receiving certain regulatory approvals;
- An additional 250,000 Redzone common shares and \$500,000 in exploration expenditures by January 29, 2011;
- An additional 250,000 Redzone common shares and \$1,000,000 in exploration expenditures by January 29, 2012;
- An additional 250,000 Redzone common shares and \$1,000,000 in exploration expenditures by January 29, 2013 ("option deadline")

Redzone can then elect to earn an additional 20% interest in the Project by completing a bankable feasibility study and making a one-time cash payment of US\$1.5 million on or before January 29, 2015. Redzone is Project operator.

The Report uses metric measurements. The currency used in this Report is U.S. dollars. Peru's official monetary unit is the Nuevo sol ("S"). It currently is not subject to any exchange restrictions and has been freely floating since March 27, 1991. As of March 1, 2010, 1 US\$ = 3.025 S.

2.1 Qualified Person and Site Visit

The Qualified Person, as defined in NI 43-101 and in compliance with Form 43-101F1 Technical Report, responsible for the preparation of the Report is:

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 Consulting Exploration Geologist
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 Monterrico, Surco,
 LIMA, PERU

Site visit occurred July 10-11, 2009 and October 9-10, 2009. During the site visit, Mr. Meldrum reviewed core from diamond drill holes LDD-13, LDD-17, LDD-24, LA07-01 and LA07-02.

2.2 Effective Dates

The effective date of the Report is March 1, 2010. There were no material changes to the information of the Project between the effective date and the signature date of the Report.

2.3 Previous Technical Reports

Lara commissioned and subsequently filed on www.sedar.com an independent National Instrument 43-101 technical report on the Property entitled 'Summary of Exploration, Metallurgy and Scoping Studies on the Lara Porphyry Copper Property and Proposed 2005 Exploration Program, Rio Viscus, Palpa, Peru' authored by John Nebocat, P. Eng. dated February 9, 2004 and revised March 31, 2005. The current Report includes the addition of two new diamond drill holes totalling 547.8 metres and a detailed re-evaluation of the database and geological modelling of the Lara deposit.

2.4 Sources of Data

The author has sourced information from reference documents as cited in the text and summarized in Section 21 of the Report. Additional information was sourced from, and provided by, Lara. The author has relied upon other experts in the fields of mineral tenure, surface rights, permitting and environmental studies as outlined in Section 3.

2.5 Technical Report Sections and Required Items under NI 43-101

Sections as shown in the contents page of this Report to the Prescribed Items Contents Page of NI43-101 are as follows:

Table 2-1: Contents Page Headings in Relation to NI 43-101 Prescribed Items

NI 43-101 Item Number	NI 43-101 Heading	Report Section Number	Report Section Heading
Item 1	Title Page		Cover page of Report
Item 2	Table of Contents		Table of contents
Item 3	Summary	Section 1	Summary
Item 4	Introduction	Section 2	Introduction
Item 5	Reliance on Other Experts	Section 3	Reliance on Other Experts
Item 6	Property Description and Location	Section 4	Property Description and Location
Item 7	Accessibility, Climate, Local Resources, Infrastructure and Physiography	Section 5	Accessibility, Climate, Local Resources, Infrastructure and Physiography
Item 8	History	Section 6	History

NI 43-101 Item Number	NI 43-101 Heading	Report Section Number	Report Section Heading
Item 9	Geological Setting	Section 7	Geological Setting
Item 10	Deposit Types	Section 8	Deposit Types
Item 11	Mineralization	Section 9	Mineralization
Item 12	Exploration	Section 10	Exploration
Item 13	Drilling	Section 11	Drilling
Item 14	Sampling Method and Approach	Section 12	Sampling Method and Approach
Item 15	Sample Preparation, Analyses and Security	Section 13	Sample Preparation, Analyses and Security
Item 16	Data Verification	Section 14	Data Verification
Item 17	Adjacent Properties	Section 15	Adjacent Properties
Item 18	Mineral Processing and Metallurgical Testing	Section 16	Mineral Processing and Metallurgical Testing
Item 19	Mineral Resource and Mineral Reserve Estimates	Section 17	Mineral Resource and Mineral Reserve Estimates
Item 20	Other Relevant Data and Information	Section 18	Other Relevant Data and Information
Item 21	Interpretation and Conclusions	Section 19	Interpretation and Conclusions
Item 22	Recommendations	Section 20	Recommendations
Item 23	References	Section 21	References
Item 24	Date and Signature Page	Section 22	Date and Signature Page
Item 25	Additional Requirements for Technical Reports on Development Properties and Production Properties	Section 23	Additional Requirements for Technical Reports on Development Properties and Production Properties
Item 26	Illustrations		Incorporated in Report under appropriate section number,

3 RELIANCE OF OTHER EXPERTS

The Author of this Report states that he is a qualified person for those areas identified in his respective "Certificate of Qualified Person" attached to this report. The Author has relied upon and disclaims responsibility for information derived from the following expert reports pertaining to mineral rights, surface rights and permitting issues.

3.1 Mineral Tenure

The Author has not reviewed the mineral tenure, nor independently verified the legal status or ownership of the Project or the underlying property agreements. The author has fully relied upon legal experts for this information through the following document:

Enrique Lastres Abogados - Mining filings of the Lara Project at February 11, 2010

3.2 Surface Rights, Access and Permitting

The Author has fully relied on information regarding the status of the current Surface Rights, Road Access and Permits through opinions and data supplied by legal experts through the following document:

Enrique Lastres Abogados – Surface rights, access and permitting for the Lara Project at February 25, 2010.

4 PROPERTY DESCRIPTION AND LOCATION

4.1 Location

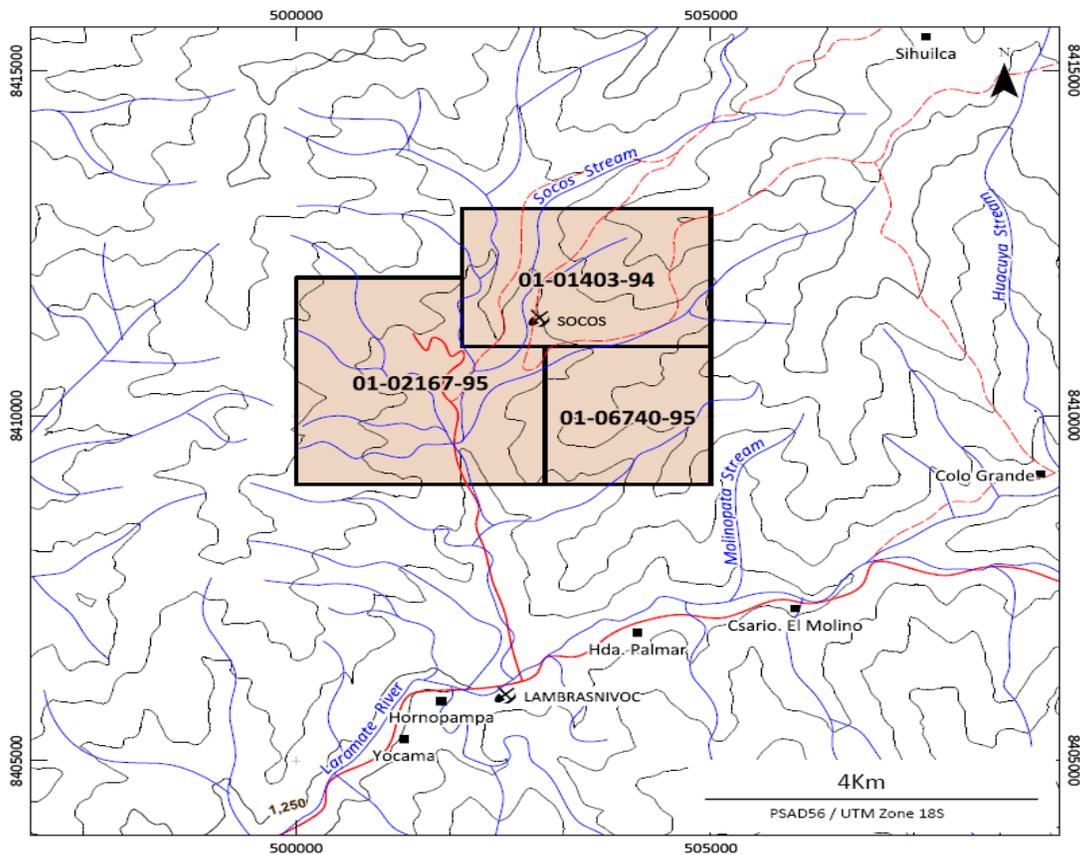
The Project is located about 40 km east of the Pan American Highway, 400 km southeast from Lima, in Peru. The property is centered roughly at 740 58' west, 140 23' south. The claims are situated on topographical & geological sheet Number 29-u (1942) Laramate, first edition, 1994; 100,000 scale (Figure 4-1).

Figure 4-1: Lara Copper Project (Location Map)



The copper porphyry showings occur primarily on the Lara 4 and Lara 2A mineral claims, part of a group of three mineral claims owned by Minas Dixon, S.A., a subsidiary of Minas Dixon BVI, which in turn is a subsidiary of Lara (Figure 4-2).

Figure 4-2: Lara Copper Project (Licence Block)



4.2 Property and Title in Peru

The General Mining Law of Peru defines and regulates different categories of mining activities, from sampling and prospecting to commercialization, exploitation and processing. Under Peruvian law, the right to explore for and exploit minerals is granted by way of concessions. A Peruvian mineral concession is a property right, independent from the ownership of land on which it is located, even when both belong to the same person. The rights granted by a mineral concession can be defended against possible claims by third parties, transferred, or sold. In general, a mineral concession may be the subject of any transaction or contract. The basic unit for newly claimed mineral concessions is 100 hectares. Buildings and other permanent structures used in a mining operation are considered real property additions to the concession.

4.2.1 Mineral Property Title

The application for a mineral concession involves the filing of documents. The mineral concession boundaries are specified in the application documents, with no requirement to mark the concession boundaries in the field since the vertices of the concession are fixed by UTM coordinates. As a result of the location of the concession is not being dependent on the location of markers placed on the ground, it is not necessary to do a land survey to legally describe the locations of concessions.

The concession holder must pay an annual rent of US\$3.00 per hectare by June 30th of each year. The concession holder must sustain a minimum level of annual commercial production of US\$100 per hectare in gross sales within six years following the grant of the concession. If the concession has not been put into production within that period, then the concession holder must make an additional payment called Penalty ("Penalidad") of US\$6.00 per hectare for the 7th through 11th year following the granting of the concession, and of US\$20.00 per hectare thereafter (source: Articles 40 of the Mineral Law as amended by Laws No. 27341 and 27651 published in the Official Gazette on August 18, 2000 and January 24, 2002). The concession holder shall be exempted from the Penalty if the investment made during the previous year was 10 times the Penalty (i.e., US\$60 per hectare per year 7th through to 11th) (source: Article 41 of the Mineral Law).

If a property is 2,000 hectares or smaller, the owner can apply for a "small miner" status in which the annual fee is only \$1.00 per hectare. A "small miner" must reapply every two years to maintain this status; the annual fees do not double after 6 years if this status is maintained. The Lara property is currently designated with small miner status.

4.2.2 Surface Rights Title

While a mineral concession gives its holder the right to carry out exploration work in the area covered by the concession and take ownership of any minerals found, it does not automatically grant any surface access rights. Such rights must be negotiated separately with the owner of the surface land. Surface rights are sometimes owned by farmers or other individuals if the concessions lie within a rural community. Surface ownership is in two forms: formal title by local communities and formal title by individuals.

4.2.3 Permitting

Currently in Peru, each stage of mining activities requires some type of authorization or permit, beginning with the obligation to submit an application for an environmental permit for initial exploration consisting of an Affidavit (source: "*Reglamento Ambiental para las Actividades de Exploración Minera*" or "Environmental Regulation of Exploration Activities" issued by the Ministry of Energy and Mines on November 25, 1998) and continuing with evaluations as mechanisms of public hearings and the EIA Environmental Impact Assessment for exploitation. The Peruvian state is now involved with all title holders and projects, from the granting of a mineral right and starting exploration to sustaining the environment and maintaining an open dialogue with the respective communities.

In Peru, for the purpose of permitting, exploration activities are classified in three categories, according to the intensity and area of disturbance that will be caused. Approval for work is granted by the Directorate General of Environmental Matters for Mining of the Ministry of Energy and Mines (the "DGAA").

Category A: Activities that cause little or no surface disturbance fall into this category. Examples of such activities include geological mapping, geophysical surveys, topographic surveys, and small scale sampling. No permit is required.

Category B: Activities that involve the disturbance of up to ten hectares, or twenty drill sites with access roads or tunnels of up to fifty metres long, and involve creating waste material such as drill cuttings or drilling fluids, fall into this category. An application must be filed with the DGAA that includes the following:

- a simple form describing the work to be done, with appropriate maps;
- a work schedule;
- a description of the measures to be taken to protect the environment. These must be in accordance with guidelines established in a document called, in translation, "Environmental Guide for Mineral Exploration Activities in Peru" (the "**Environmental Guide**"); and
- a reclamation plan.

The DGAA has twenty days from the date of submission of the application during which they may respond. If no response is received within twenty days, the exploration project is deemed to be approved.

Category C: Activities that involve the disturbance of more than ten hectares, or more than twenty drill sites, and involve creating waste material such as drill cuttings or drilling fluids, fall into this category. Underground exploration workings such as tunnelling in excess of fifty meters long would also be included. The following steps are required in order to obtain approval from the DGAA for such work:

- The project operator must submit three copies of an environmental evaluation to the DGAA. The format of the environmental evaluation is stipulated in the regulations and must conform to the Environmental Guide.
- The project operator is required to deliver notices through publication in the official newspaper "El Peruano" and in a newspaper in the region where the project is situated.
- Interested parties have twenty-five days from the date of publication of the notices to comment on the environmental evaluation.
- The DGAA has fifteen days after the expiration of the comment period to complete its review of the Environmental Evaluation. If no notice or comments are given to the project operator by the expiration of the 15 day period, the project is deemed to be approved.

4.3 MINERAL TENURE

4.3.1 Tenure History

Minas Dixon S.A., a wholly owned Peruvian subsidiary of Peruvian Gold Ltd., acquired the Project through staking in 1994. Peruvian Gold Ltd. was subsequently taken over by Quest Capital Corp in 2001 and Minas Dixon S.A. became a wholly owned subsidiary of Quest Investment Ltd. In 2004, Lara Exploration Ltd. acquired Minas Dixon.

4.3.2 Current Tenure

The Project consists of three mineral concessions covering a total area of approximately 1,800 hectares (Table 4-1). The contiguous claims are 100% owned by Minas Dixon S.A. The claims have not yet been legally surveyed. The Project currently has a "small miner" status in which the annual

fee is only \$1.00 per hectare. A "small miner" must reapply every two years to maintain this status; the annual fees do not double after 6 years if this status is maintained

Table 4-1: Mineral Tenure Summary Table

Claim	Size (hectare)	Date Requested	Code Number	Registered Owner
Lara 2A	600	March 18, 1994	01-01403-94	Minas Dixon S.A.
Lara 4	800	June 2, 1994	01-02167-95	Minas Dixon S.A.
Lara 5	400	February 20, 1995	01-06740-95	Minas Dixon S.A.

4.4 Surface Rights/Access Agreements

As of the effective date of this report, Redzone holds no surface rights in the Project area. Right to use the surface and for access into the Property area will be a requirement for exploring the Project. To the Authors knowledge, previous workers have not had any issues securing land access agreements.

4.5 Permits

Redzone currently holds no permits with regards to exploring the Project. For the envisioned first staged exploration program, Redzone will be required to apply for a Class "C" exploration permit and sign Community and land access agreements prior to commencing exploration on the Project.

4.6 Socio-Economics

The Project is located in an economically depressed area. The surrounding land supports subsistence-level agriculture with the Project area limited to only cattle grazing. The Author did not observe any obvious signs of archaeological sites during the site visits.

4.7 Comment of Section 4

In the opinion of the Author, the following conclusions are appropriate:

- Information from legal experts support that the mining tenure is valid;
- Annual claim holding fees have been paid to the relevant authority;
- Redzone currently holds no surface rights or drill permits for the Project and while this represents an unknown risk to the Project at present, past workers have successfully obtain access and permits; and
- At the effective date of this Report, Redzone has no environmental liabilities with regards to the Project.

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Access is via the Pan-American Highway, a distance of about 400 km southeast from Lima to the town of Palpa. From there a 40 km gravel road heads northeast to the property along the valley of Rio Viscus. The company had built an 8 km all-terrain road between Rio Viscus and the property (Nebocat, 2005). The driving time for the 48 kilometres is about 2 hours. The road is in a reasonable state of repair until the turn off into the Project for the last 8 kilometres. This portion is very narrow and in a general poor condition. The Project contains very little developed infrastructure apart from the roads constructed for drill rig access. The condition of the gravel road from Palpa to the Project is moderate at best with the roads frequently suffering blockages in the rainy season. Considerable new development and upgrading of these roads would be required if the Project is developed.

Power for any mining operation would be sourced from the main power grid at Palpa but a power line would have to be constructed. The nearest port lies 78 kilometres south of Palpa along the Pan American highway at San Juan.

The terrain ranges from precipitous along the Rio Viscus valley to moderately steep and rolling hills in the vicinity of the deposit. Elevations range from about 1400 m ASL to 2000 m ASL.

Vegetation is sparse with widely spaced Peruvian and barrel cacti dominating the hillsides with a deciduous tree unfamiliar to the Qualifying Report Author. Small tufts of grass are interspersed with weeds, and groves of Molle trees (Peruvian Peppercorn) grow along the Quebrada near water sources (Nebocat, 2005).

The climate is arid, being part of the coastal desert of Peru. Precipitation occurs only in the rainy season (January-March) when electrical storms in the Sierra can cause torrential mud flows in the major rivers and creeks. Work is difficult during January and February largely because access can be prohibited due to mud slides and washouts (Nebocat, 2005).

Local water sources are from wells with the main rivers having minimal water flow during the dry season. No electrical power is available; the nearest source of electricity is in the town of Palpa.

The town of Nazca, 45 km southeast from Palpa, has sufficient infrastructure and supplies to be used as a base of operations, and Palpa has labour and minor amenities. There appear to be sufficient piedmonts, along the flanks of the principle Quebrada draining the property, to be able to support leach pads and waste dump sites (Nebocat, 2005).

5.1 Comment on Section 5

In the opinion of the Author, the following conclusions are appropriate;

The accessibility, climate, local resources, infrastructure and physiography of the Project are considered favourable when compared to other larger and better grading copper resources in Peru. The readily accessible locations, its low profile with respect to ecological and cultural factors are strongly positive aspects that could potentially favour the economics of any future development.

6 HISTORY

There are a number of recent small scale mining operations that have exploited narrow gold-bearing quartz veins, hosted by massive granodiorite of the Coastal Batholith located on the road between Lara and the community of Palpa. However, few details were available documenting the history of the Project area itself until 1989.

A 100,000 scale geology map shows one old mine on the property: Mina de Socos on Lara 2A claim. The Mina de Socos contains primarily copper mineralization, but it is likely that gold may have been of considerable interest. No record or evidence exists of anyone having conducted exploration or exploitation work on the ground now recognized as being a porphyry copper target. No records exist of there having been any prior mineral claims staked over the Project (Nebocat, 2005).

In 1989, Jaime Valdivia, a geologist with Centromin, a State Peruvian mining company, while exploring for gold deposits, examined the Mina de Socos mineral occurrence and noted the regional geological setting. In early 1994, Sr. Valdivia met with the president of Minas Dixon and discussed the possibility of the Mina de Socos area being prospective for a porphyry copper deposit. Minas Dixon immediately staked claims in the area and instigated its first geological reconnaissance mapping and sampling programs. The programs confirmed the existence of a porphyry copper target (Nebocat, 2005.)

In 1995, Minas performed a detailed mapping and sampling program to further assess the property. This was followed up in 1997 by an induced polarization sounding survey, employing the Schlumberger method and the completion of about 8 km of access roads and drill platforms.

A five-hole, reverse circulation drilling program was conducted in May 1997. Following the discovery of a chalcocite-rich, supergene horizon in the last two holes, additional drilling was done in two subsequent programs in October 1997 and August 1998. In the three programs a total of 2,742 meters of reverse circulation and 134 meters of core were drilled (Nebocat, 2005).

Preliminary metallurgical testwork was conducted in September 1998 by Plenge Laboratories, Lima (Plenge, 1999) on twenty-four contiguous samples from each of two drill holes on the enriched zone of the Lara deposit. The results, while preliminary in nature, indicate that the enriched mineralization is amenable to acid heap leaching.

In 1999, Rescan completed a Scoping Study of the Lara deposit. The Scoping study calculated a drill indicated mineral inventory for the central zone of 19.7 million tonnes grading 0.47% copper, using a 0.20% copper cut-off. The inventory was calculated using Surpac software with the mineral resource envelop developed into a three dimensional solid model and subdivided into 20m by 20m by 10 m blocks. Rescan also reviewed the initial results from the metallurgical test work. The Scoping study concluded that if greater than 64 million tonnes grading greater than 0.51% copper could be established, a 20,000 tonne per day operation would be economically feasible for a copper price in the range of US\$0.90 – US\$1.00 per pound range. This study was not intended, nor does the Author consider the study to be an economic evaluation for the Lara deposit but merely a guide to determine the direction of further exploration. The mineral inventory predates CIM standards and is not to be relied upon, but has been included for information purposes as it is indicative of the exploration potential of the Project.

In 2005, an estimated inferred mineral resource of 18.6 million tonnes grading 0.53% copper using a 0.2% copper cut-off and a simple polygonal resource model for the Lara deposit was documented in the independent National Instrument 43-101 technical report on the property entitled 'Summary of Exploration, Metallurgy and Scoping Studies on the Lara Porphyry Copper Property and Proposed 2005 Exploration Program, Rio Viscus, Palpa, Peru' authored by John Nebocat, P. Eng. dated February 9, 2004 and revised March 31, 2005.

A comparison of the copper grades between the reverse circulation drill holes LRC-9A and LRC-11 with twinned diamond drill holes LDD-13 and LDD-14 (Nebocat, 2005), showed a 9% and 72%

increase in copper values for the diamond drill holes, suggesting that the reverse circulation drilling may be under reporting the copper grades.

Necobat (2005) also summarised the metallurgical testwork conducted in September 1998 by Plenge Laboratories, Lima (Plenge, 1999). A column leach test and a bottle roll test were initiated at Plenge Laboratories, Lima on drill core selected from the supergene zone encountered in drill holes LDD13 and LDD14.

In 2007, Minas completed two vertical diamond drill holes totalling 547.8 metres within the historic resource area.

The Project was reviewed in 2008 upon completion of those recent drill holes. That report concluded that holes LA07-01 and LA07-02 were poorly positioned and remarked on the poor standard of the field work completed, noting a paucity of surface sample data, the implementation of an unnecessarily complex igneous nomenclature, and that some of the logged lithologies are merely the result of alteration effects (Bow, 2008). A petrographic study on four core samples was also completed.

In 2009, all diamond cores were re-logged and much of it photographed. The notes provided in the RC drill logs were also re-compiled into list files, summarised and re-coded for inclusion into the B04_DGEOLOG_QL (quick log) file. The geology data base was collated including 251 drill hole log records and 61 field samples.

6.1 Comment on Section 6

In the opinion of the Author, the following conclusions are appropriate;

The Project database consists of geological mapping, rock chip sampling, limited ground geophysics, RC chips and diamond drill cores. The historic information is in good condition with chips and cores available for relogging.

That while the Rescan indicated mineral inventory is relevant and accurate given the data provided and methodology used, the calculation predates CIM definitions and is therefore not to be relied upon. The study was and is not intended to be an economic evaluation but only as a model to guide future exploration activities.

A substantial amount of additional metallurgical testing is required prior to embarking on a feasibility study.

7 GEOLOGICAL SETTING

7.1 Regional Geology

The regional geology has been outlined in Nebocat, 2005 as follows:

The claims are situated within the Coastal Batholith which extends for at least 800 km NW-SE and is about 80 km wide. Copper deposits contained within this belt include the Toquepala, Cuajone, Quellaveco and Cerro Verde porphyry deposits in the southeast, and the manto, volcanic and vein copper deposits near Lima in the northwest. The Lara property is located roughly in the central part of the Batholith, and the nearest copper porphyry is El Puquio, located about 70 km to the NW.

The late Cretaceous to early Tertiary Coastal Batholith occupies the central part of the district, consisting primarily of granodiorite and tonalite but containing phases ranging from diorite to granite. The Coastal Batholith was emplaced during the "Peruvian Phase" of the mid-Cretaceous Andean Orogeny (Figure 7-1).

The Batholith intruded metasedimentary rocks of the Jurassic-Cretaceous Yura Group; quartzite seems to be the dominant lithology.

A series of small Tertiary plutons intrude the Coastal Batholith. They are mapped by some as granites, but the Qualifying Report Author's observations suggest an aplite to rhyolite porphyry classification may be more appropriate for some. Dykes of andesitic and dacitic composition transect both the Coastal Batholith and the younger felsic intrusions.

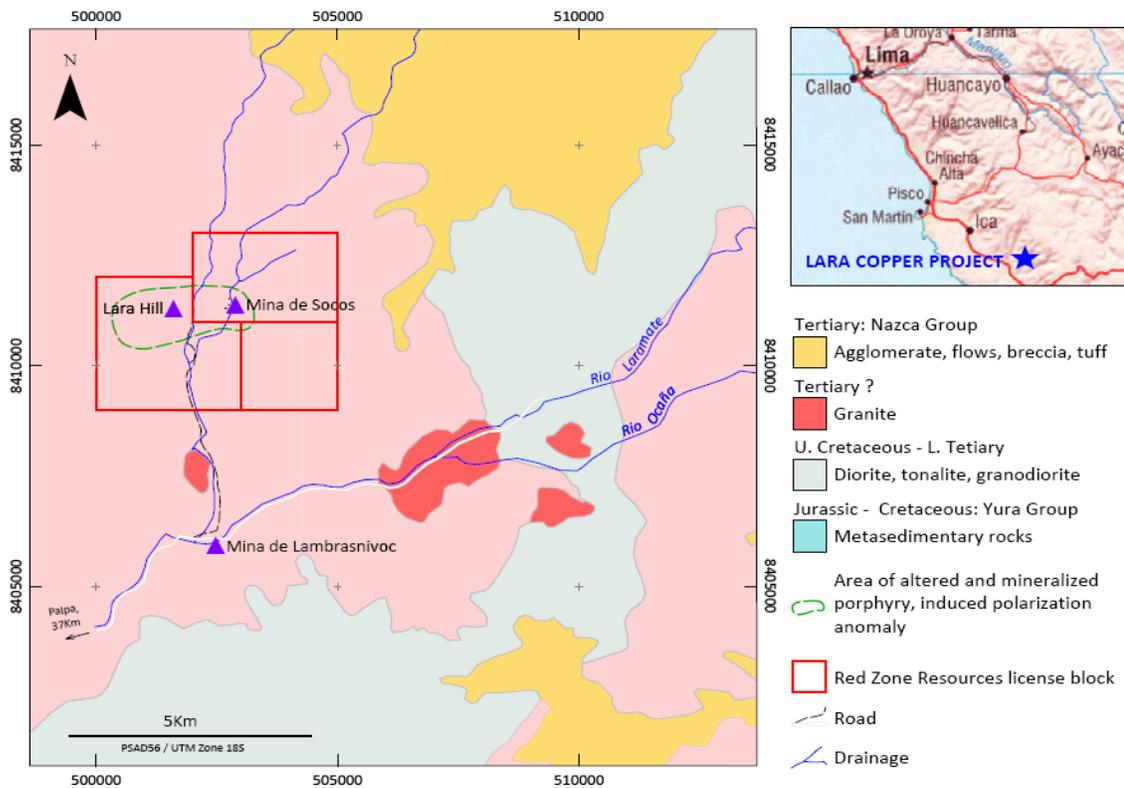
The youngest lithologies in the area belong to the late Tertiary Nazca Group. They consist of varicoloured sub-aerial volcanic flows, agglomerates, breccias and tuff. These rocks appear unaltered and seem to postdate the porphyry copper intrusion/alteration event. They are of minor importance in the area of the Lara claims but are prevalent in higher elevations north and east of the property.

The regional geology map shows few structures. A series of NW-SE trending block faults traverse the district, in places showing relative displacements between the above-mentioned lithologies. One fault, about 20 km east of Lara, is shown trending NNE-SSW along Rio de Tomate. Minor NW-SE trending fold axes are shown to occur within the Nazca volcanics.

Climatic changes over periods of millennia and longer has resulted in deep weathering of bedrock, which is particularly evident in the Batholith. Heavy boulder-clay colluvium is ubiquitous and periodically has been transported as gravity slides. Sections through this material in the larger Quebrada show colluvial material interlayered with alluvium, ranging from quiescent, thinly layered silt and sand laminae to large cobble and boulder strewn channels.

The rainy season is from December to March, at which time the quebradas are filled with water. Periods of exceptional precipitation incise the colluvium, locally exposing the regolith and underlying bedrock.

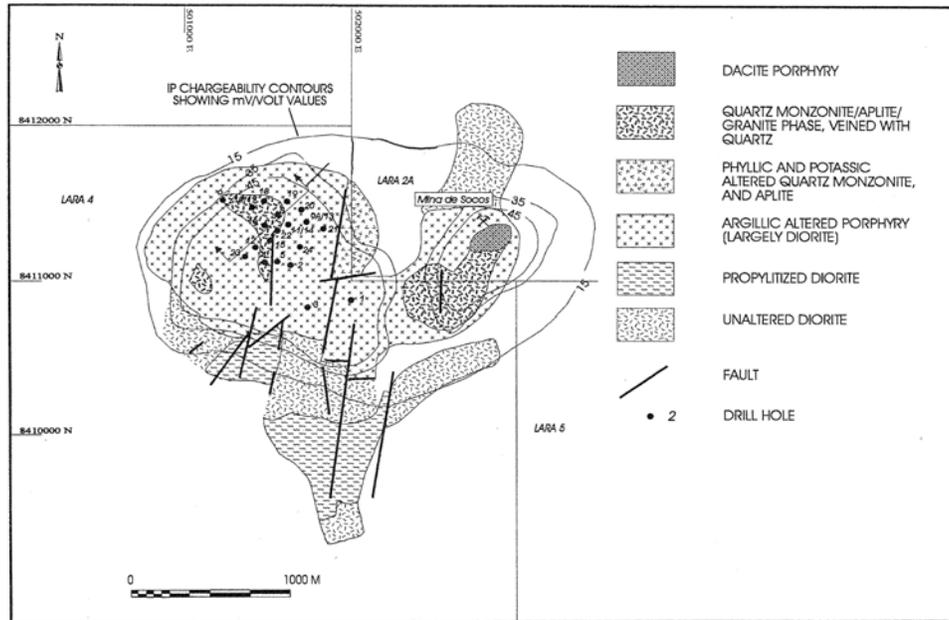
Figure 7-1: Lara Copper Project (Regional Geology)



7.2 Property Geology

The Project is located roughly in the central part of the Coastal Batholith. The Project hosts altered diorite, granodiorite and lesser aplite and quartz porphyry phases of an intrusive complex (Figure 7-2). Strong surface weathering produced abundant jarosite, goethite, hematite and sporadic copper oxides, suggestive of a leached cap over a porphyry copper deposit. The alteration halo measures at least 2 km east-west by 1.5 km north-south. Andesite and aplite dykes are the youngest intrusive rocks observed in the Project area. The dykes generally occupy north-northeasterly trending faults and locally occur in east-west trending faults. Young maroon coloured volcanic breccias, tuffs and lahars occur locally on ridge crests between drainages and probably belong to the Nazca group volcanic.

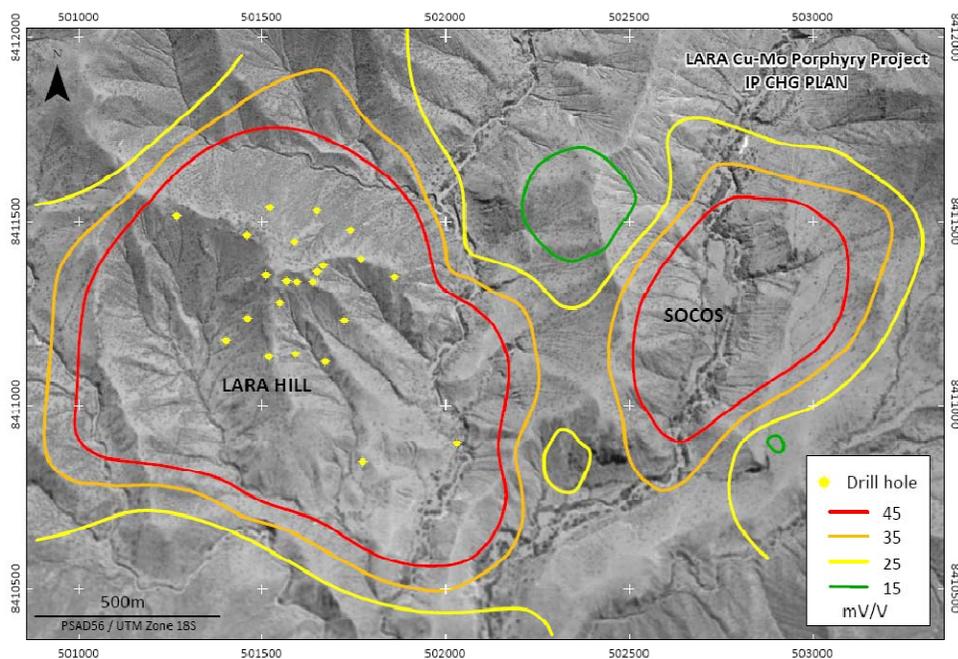
Figure 7-2: Property Geology



7.3 Deposits and Prospects

A twin headed copper-molybdenum porphyry system with weak silver credits is exposed on the Project. The two porphyry heads or cupolas, known as Lara and Socos, have been identified by mapping, induced polarization geophysics and geochemical data. It is clear that the alteration is intense and multi-episodic and is developed over an area in excess of >2,000m x >1,000m at Lara. The IP chargeability anomaly and the geochemical data also reflect the twin porphyry concept (Figure 7-3). The Socos cupola has never been drill tested and has received scant attention to date.

Figure 7-3: Lara Induced Polarization Chargeability



7.3.1 Lara

The Lara deposit has been tested by 27 drill holes comprising 2,742 metres of reverse circulation drilling and 547.8 metres of core drilling (Figure 7-4). The porphyry mineralization is developed principally within Coastal Batholith wall rocks, but is cross cut by narrow porphyry dykes that probably relate to late phases of the causative porphyry. Prograde alteration facies include potassic and propylitic facies with lesser phyllic. Retrograde alteration both is extensive and intense and includes widespread intermediate argillic and advanced argillic alteration facies that extends to depth along major structures.

Gold values greater than 0.1 gram gold per tonne tend to correlate with adularia flooding at higher elevations, while greater than 1% copper values tend to be shed from the eastern and northern flanks of Lara Hill. Anomalous lead-zinc-arsenic values probably relate to late structures. A paucity of surface rock or drill hole molybdenum data both within the core of the system or around the periphery of the complex hinders the definition of critical grade boundaries that are normally used to discriminate between pre-mineral, mineralizing event and post mineral lithologies.

The intrusive lithologies comprise four groups, based on mineralogical, textural, alteration and mineralization components.

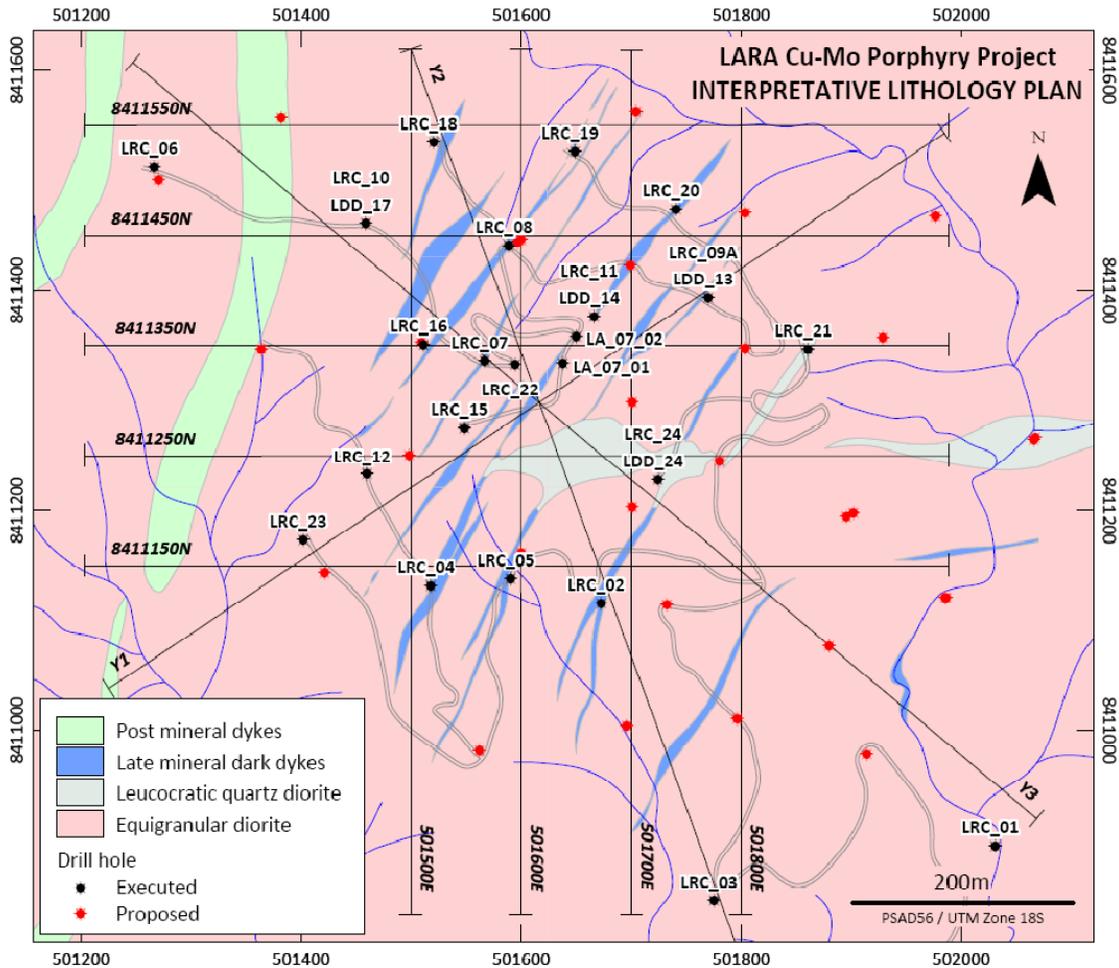
IPdiEp - pre-mineral medium to coarse grained, slightly porphyritic diorites with a characteristic equigranular groundmass that form part of the Coastal Batholith suite. Granitic and granodioritic variants are also noted. These plutonic intrusives (IP) are readily distinguishable from the hypabyssal (IH) porphyritic diorites with fine-grained matrices, outcrop as narrow finger like dykes that exhibiting flow banding and have chilled margins.

IHdifqp - a leucocratic medium grained quartz diorite intersected in drill hole LDD_24 and viewed in outcrop at creek level on the eastern side of Lara Hill. Characterised by common large quartz eyes, low mafic contents and less intense retrograde alteration.

IDYfqp D - finger like melanocratic diorite porphyry dykes with fine grained dark groundmass, well defined feldspar phenocrysts and occasional quartz eyes, are noted in outcrop but many are obscured by aplite development and retrograde alteration. These dykes are readily recognised in the diamond drill holes, but may have been missed in some reverse circulation drill holes. These dykes are typically weakly mineralised and may pre-or post date the leucocratic quartz diorite, or could perhaps be peripheral finger like extensions of the leucocratic quartz diorite in some instances.

IDYfp - the youngest intrusions at Lara are broad NNE trending very late to post mineral – propylitised porphyritic dykes that outcrop on the western side of the complex and around the southern periphery. Weak chlorite-sericite alteration also affects these dykes.

Figure 7-4: Lara Hill Geology Map



Observed contacts for the potassic/intermediate altered porphyry dykes trend NE-SW or E-W. It is not clear whether the leucocratic quartz diorite is a small stock or merely a wide dyke like body. The sectional and bench modelling concludes that it is probably stock with dyke like extensions, that this body is cut by faults and that the intrusion is elongate E-W. Most dykes in the model trend NE-SW, and this fits with field observations but a subordinate set of E-W trending dark quartz eye porphyry dykes is also likely.

Breccias are not an important component of the Lara complex, but crackle, jigsaw, fault and intrusion breccias are all noted in the drill core and in outcrop (Figure 7-5). Jigsaw brecciated equigranular diorite in drill hole LA_07_01, notable because of the disjointed and discontinuous nature of the quartz vein fragments, were drilled over the initial 90m of drill hole and correlate with advanced argillic alteration. It is assumed that the jigsaw brecciation results from alteration related volume loss and faulting. Pyrite with chalcocite coatings are noted filling cavities in the sulphide zone. Dark dioritic xenoliths are noted in the equigranular diorites, clasts of equigranular diorite are noted in the porphyritic diorite and melanocratic diorite porphyry clasts are noted in the leucocratic quartz diorite.

Figure 7-5: Jigsaw brecciated aplite at crest of hill with abundant broad quartz veins



Rock alteration at Lara includes potassic (PT), propylitic (PR), intermediate argillic (IA), phyllic (PH), argillic (AR), adularia flooding (AD), advanced argillic (AA), silicification (SI) and sericitic (SE) facies (Figures 7-6 and 7-7). All lithologies within the project limits are altered and all of the lithologies (except for the post mineral dykes) appear to have been in place prior to the onset of the adularia flooding and the onset of retrograde alteration. Adularia flooding appears to be best developed at higher elevations and diminishes with depth and the same can be said for advanced argillic alteration. Other workers have labelled the adularia flooding as aplite but as will many aplitic looking units in this style of porphyry system, the transition from the original lithology to aplite is gradational and results from the replacement of existing lithologies. At Lara the adularia flooding reflects a second potassic event that related the emplacement of the melanocratic, late mineral porphyry dykes (Figure 7-8).

Figure 7-6: AA altered veined BXj equigranular diorite with jaroste filling cavities and scorodite veins – oxide zone.



Note fine grained dyke fragment incorporated in the breccia.

Figure 7-7: Equigranular diorite exhibits potassic (bi), intermediate argillic (se-ch) and aplitisation (top) with sericite veins Cut by qtz-mo-cp-py late 'B' family vein.



Figure 7-8: Malachite stained brecciated aplite exposed along drill access road on Lara Hill.



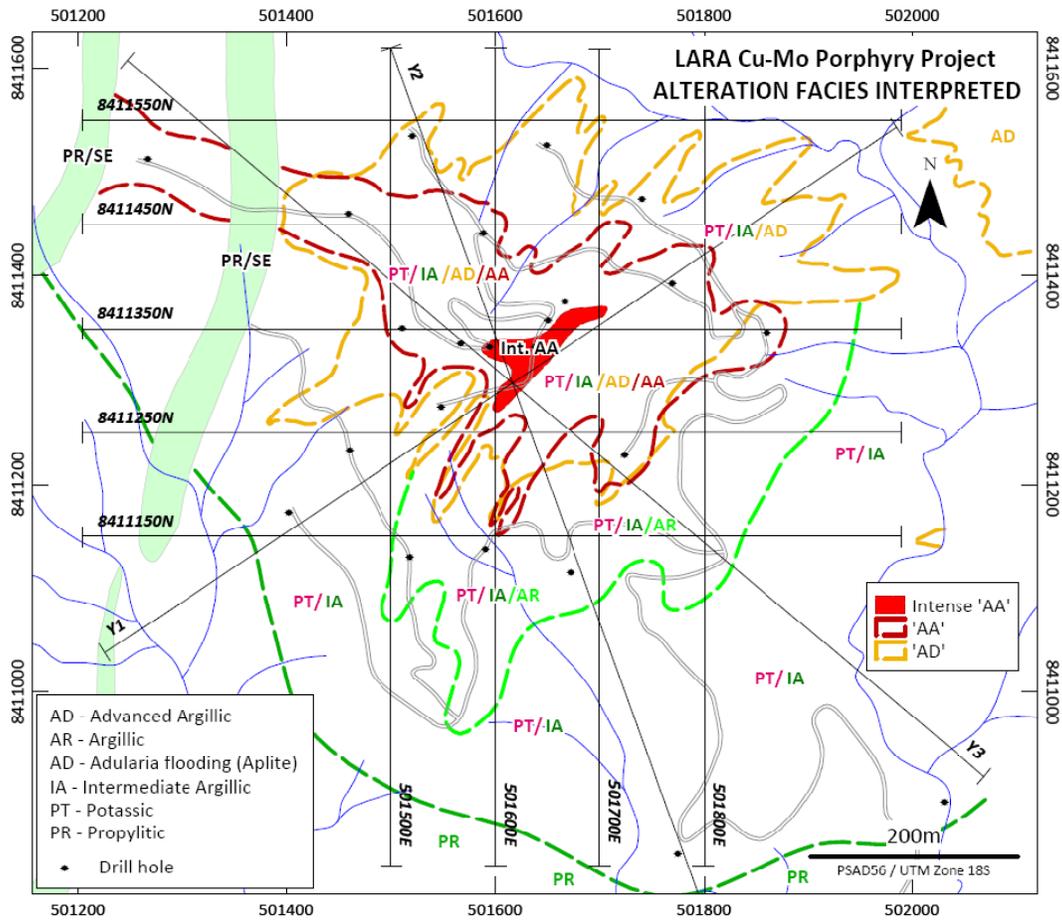
Potassic alteration, albeit relatively weak in many instances affects all lithologies except the post mineral dykes. Early potassic alteration is dominated by decussate biotite clusters where as the younger potassic alteration is expressed by k-feldspar/adularia that develops in the younger lithologies (i.e. the quartz diorite porphyry). This is a gradation from hydrous iron rich alteration minerals to non-hydrous iron poor alteration minerals is common to all porphyry systems. The earliest manifestation of potassic alteration appears to have been the development of biotite (+sulphide) veins within the batholith intrusions. These biotite veins are in most instances then retrograde altered to sericite veins (+sulphides). The A, B and D family quartz veins cut and therefore postdate the biotite veins (Figure 7-9). Adularia flooding (or aplititisation) is principally developed across the northern side of the Lara Hill and is more intense / pervasive at higher elevations. Phyllic alteration, where noted appears to be a mineralizing component of the system, but appears to be volumetrically insignificant.

Figure 7-9: Multiphase veining in equigranular diorite. Early biotite veins partially altered to sericite cut by quartz veins



Retrograde alteration is extensive but commonly incomplete, leaving vestiges of potassic alteration. Chlorite-sericite-clay and quartz are the most common retrograde alteration minerals, and clotted chlorite is noted in some areas, but illite appears to be relatively uncommon. Below the oxide zone a mix of potassic and intermediate argillic alteration is ubiquitous across the core of the system extending out to the limits of the IP chargeability anomaly. Advanced argillic alteration is noted along the crest of the Lara Hill ridge line and extends to depth along major structures. The dominant structures which trend NE-SW draw acid fluids down to at least the 1625m level (approximately 200m below the crest of the hill) depositing halloysite in faults, jarosite and scorodite in fractures and cavities. Minor alunite is noted in the initial metres of drill hole LA_07_01. Pervasive argillic alteration extends southwards from the crest of the hill diminishing in intensity at lower elevations (Figure 7-10). Across the northern side of the hill, retrograde alteration is difficult to detect due to the intensity of the adularia flooding. Zeolites such as heulandite, mentioned in some reports, probably relate to the final cooling stage of the complex and may have a Pb-Zn association. Gypsum is another but more common late component occurring primarily as fracture fillings.

Figure 7-10: Lara Hill Alteration Map



7.3.2 Socos

Though the Lara Hill portion of the Lara Target outcrops in its entirety, much of the Socos Target is blanketed to the east by a thick gravel terrace. Potassic and intermediate argillic alteration combined with structurally controlled silicification and quartz veining outcrop in the core of the Socos Zone, and adularia flooding is also present especially towards the southern periphery of the IP anomaly. The adit located at creek level in the centre of the IP anomaly was driven along a pegmatitic looking silicified vein structure, but the combined alteration and lithological information (including diorite porphyries) gathered suggests that this target is a porphyry cupola, albeit smaller than the Lara Hill anomaly and perhaps more deeply eroded (Figure 7-11). There are copper sulphate exsolutions identified along the creek bed in Socos area (Figure 7-12)

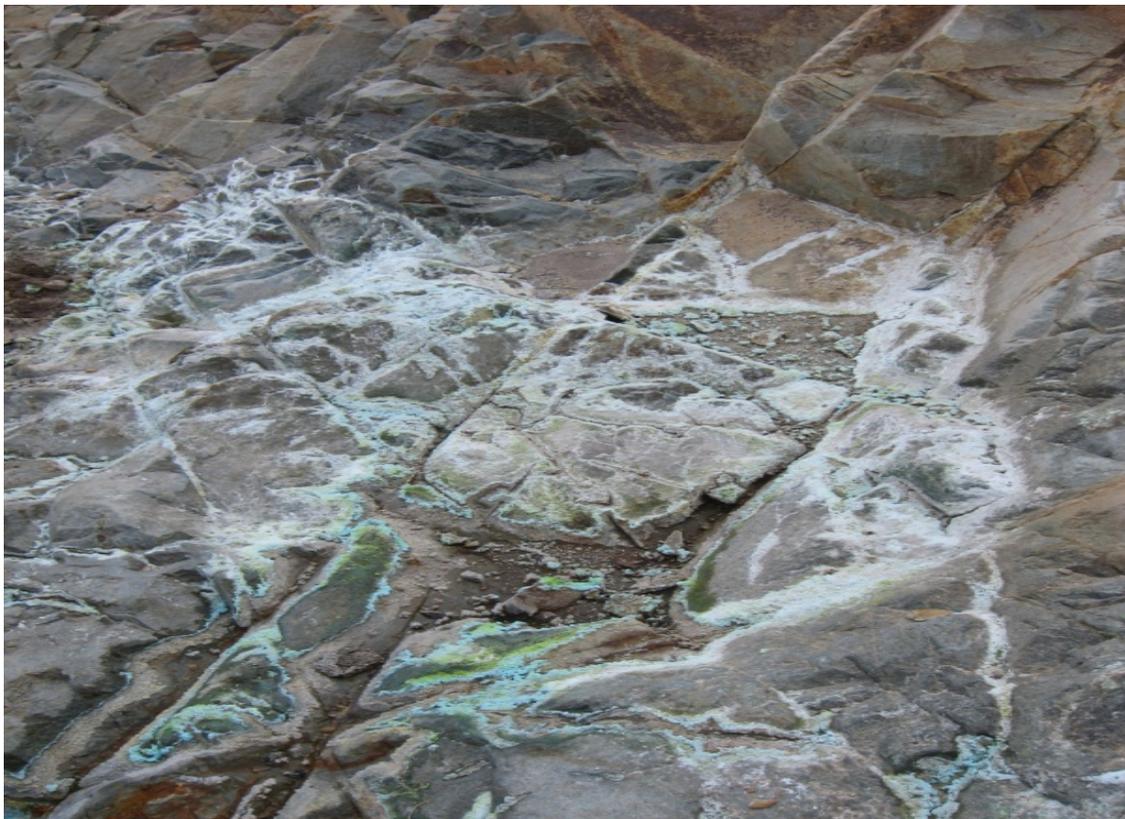
The IP data may have underrated the targets size due to poor conductivity through thick (+50m deep) gravels.

The fact that the Soco target is perhaps more deeply eroded also raises the possibility that a thick weathering induced supergene blanket may have developed. Having said that it is apparent that much of the copper mineralization in this style of system coincides with the onset of retrograde alteration which if the creek outcrops are anything to go by may be less intensely developed than across its Lara Hill counterpart.

Figure 7-11: Socos Adit



Figure 7-12: Copper Sulphate Exsolutions Along Creek Bed In Socos Zone



7.3.3 Comment on Section 7

In the opinion of the Author, the following conclusions are appropriate;

A number of geological facets were apparently missed or perhaps under reported by the earlier investigators. For example earlier reports fail to stress that most of the porphyry mineralization is developed in pre-mineral Coastal Batholith intrusives or acknowledge that advanced argillic alteration is present at Lara extending to depth along principal fault structures.

The Socos Zone remains to be drilled and evaluated but the indications, including very intense adularia flooding and the extension of potassic and intermediate argillic alteration into the Socos area, suggest that there is scope for more mineralization in this zone.

8 DEPOSIT TYPES

The Lara deposit is hosted within a porphyry Cu-Mo system with primary, secondarily enriched, and transported mineralization (Bow, 2007). The copper mineralization is hosted in three components, a low grade oxide and transition zone, supergene and enrichment material, and sulphide material. The Lara deposit is assigned to the specific group of detached porphyry systems that began development in wall rock lithologies above the causative intrusion. The Rio Blanco porphyry in Peru and the Yanadera copper-molybdenum cluster in Papua New Guinea are other examples of this style of system where late phases of the causative porphyry are emplaced into and cross cut low grade porphyry shell following major uplift.

Important geological controls on porphyry mineralization include igneous contacts, cupolas and the uppermost, bifurcating parts of the stocks and dyke swarms. Intrusive and hydrothermal breccias and zones of intensely developed fracturing due to coincident or intersecting multiple mineralized fracture sets often coincide with the highest metal concentrations.

The effects of surface oxidation commonly modify porphyry deposits in weathered environments. Low pH meteoric waters generated by the oxidation of iron sulphides leach copper from oxidized copper minerals and re-deposit it as secondary chalcocite and covellite immediately below the water table in flat tabular zones of supergene enrichment. The process results in a copper poor leached cap lying above a zone of supergene enrichment that caps a thicker zone of moderate grade primary hypogene mineralization at depth.

In addition, a porphyry system may exhibit hypogene enrichment. The process of hypogene enrichment may relate to the introduction of late hydrothermal copper enriched fluids along structurally prepared pathways, or the leaching and re-deposition of hypogene copper, or a combination of the two.

8.1 Comment on Section 8

In the opinion of the Author, the following conclusions are appropriate;

The Lara Hill copper porphyry exhibits both supergene enrichment and hypogene enrichment located along structures associated with advanced argillic alteration.

9 MINERALIZATION

Geochemical data for the Lara complex is limited. There is not enough surface data to assist in mapping out specific lithologies such as the low grade dykes or mineralised structures but the available data provides a skeletal insight into possible geochemical patterns for a selection of 8 elements across the porphyry system. It is notable for instance that >0.1g/t Au values correlate with adularia flooding at higher elevations, that >1.0% surface copper values tend to be shed from the eastern and northern flanks of Lara Hill and that stronger Pb-Zn-As values probably relate to late structures. But a paucity of surface rock or drill hole molybdenum data both within the core of the system or around the periphery of the complex hinders the definition of critical grade boundaries that are normally used to discriminate between pre-mineral, mineralizing event and post mineral lithologies for example. This leaves copper as the only comprehensive valuable data set to work with, and copper patterns are of course adversely affected by hypogene and more recent leaching and supergene enrichment.

Basic statistical information on the rock and drill hole data sets (RASS being rock assays – Figure 9-1, DASS being drill sample assays – Figure 9-2, and the DGEOL_QL5_DASS file summarises the drill assays composited relative to the interpretive drill log intervals that have been split into 5m intervals) was completed. The Rock data lists maximum gold and silver values of 0.8g/t and 31.0ppm respectively. A highly anomalous silver value (31ppm Ag) close to the crest of the Lara Hill, with strong coincident Cu, Pb, Sb and As presumably relates to a late structure. Silver values are otherwise low as might be expected in a strongly leached and oxidised environment. Stronger Au values tend to be at higher elevations, where as stronger copper grades, including values of up to 2.31% Cu are noted at lower elevations and reflect ground water remobilisation. Very strong copper colours (malachite and azurite) are noted along the main drainage below Lara Hill, and strong copper sulphate encrustations occur along the main drainage in the Socos Zone. The limited rock sampling suggests that the Socos Zone is weakly anomalous with respect to copper with a value of just 0.1% Cu along the drainage (no samples from the pegmatite appear to have been included), but the physical evidence suggest that systematic sampling will define more significant grades.

Figure 9-1: Rock Assay Data Base Statistical Analysis

Descriptive Statistics

	Mean	Count	Minimum	Maximum	# Missing	Median
EAST_56	501895.274	96	500117.700	503377.640	0	501790.850
NORTH_56	8411015.222	96	8409788.000	8412076.890	0	8411059.000
RL	1717.056	96	1530.000	1931.160	0	1723.435
AU_PPM	0.061	96	0.005	0.820	0	0.040
AG_PPM	2.600	61	0.200	31.000	35	2.000
CU_PPM	1569.406	96	45.000	23100.000	0	336.000
PB_PPM	25.918	61	2.000	375.000	35	15.000
ZN_PPM	55.377	61	10.000	365.000	35	38.000
SB_PPM	4.295	61	1.000	35.000	35	3.000
AS_PPM	26.508	61	1.000	74.000	35	26.000

B04_RASS DATA

Correlation Matrix

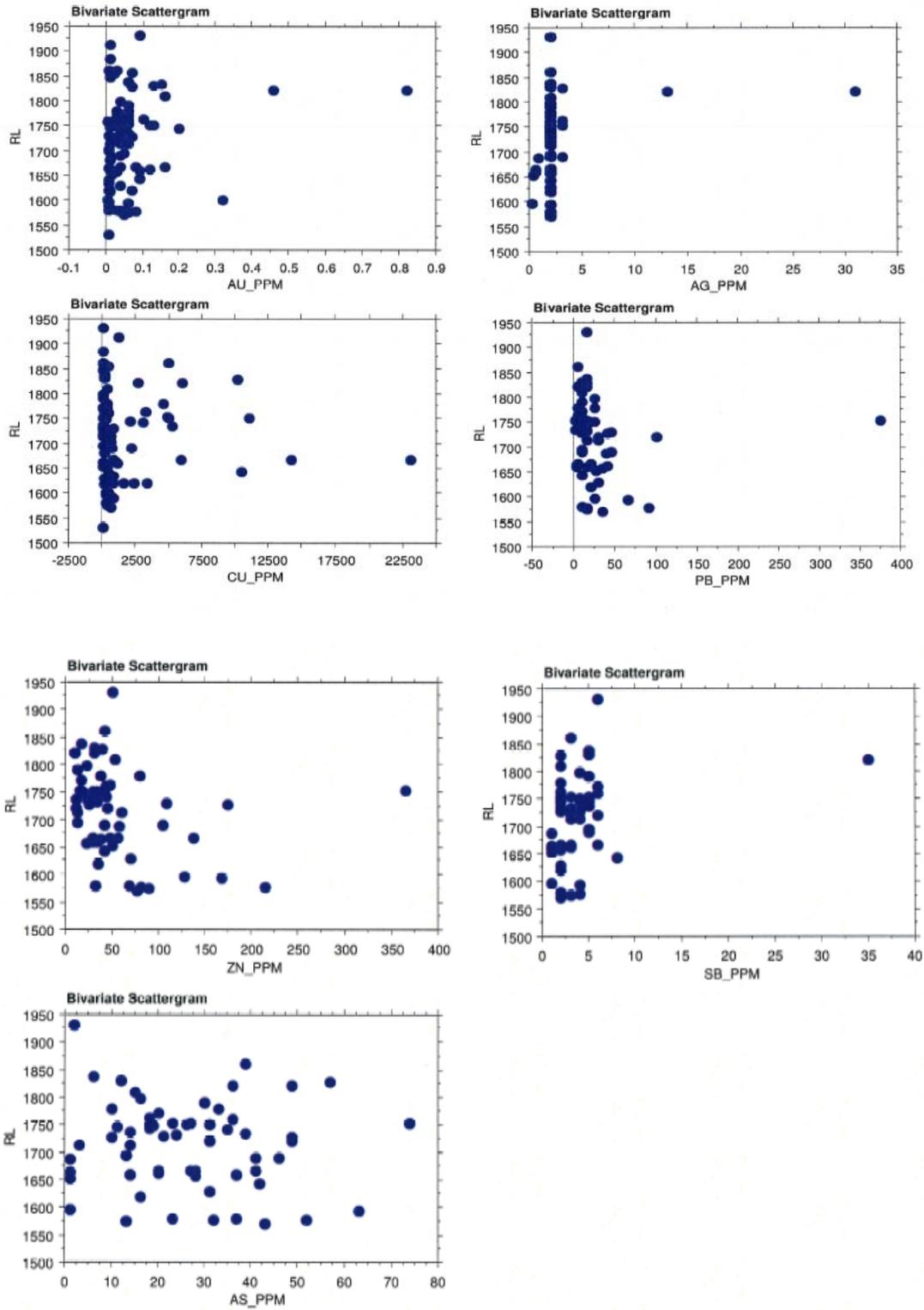
	AU_PPM	AG_PPM	CU_PPM	PB_PPM	ZN_PPM	SB_PPM	AS_PPM
AU_PPM	1.000	0.944	0.171	-0.080	-0.134	0.873	0.167
AG_PPM	0.944	1.000	0.079	-0.061	-0.122	0.879	0.188
CU_PPM	0.171	0.079	1.000	-0.147	-0.047	0.066	0.166
PB_PPM	-0.080	-0.061	-0.147	1.000	0.789	-0.020	0.440
ZN_PPM	-0.134	-0.122	-0.047	0.789	1.000	-0.102	0.482
SB_PPM	0.873	0.879	0.066	-0.020	-0.102	1.000	0.241
AS_PPM	0.167	0.188	0.166	0.440	0.482	0.241	1.000

61 observations were used in this computation.
 35 cases were omitted due to missing values.

Correlation Matrix

	AU_PPM	CU_PPM
AU_PPM	1.000	0.205
CU_PPM	0.205	1.000

96 observations were used in this computation.



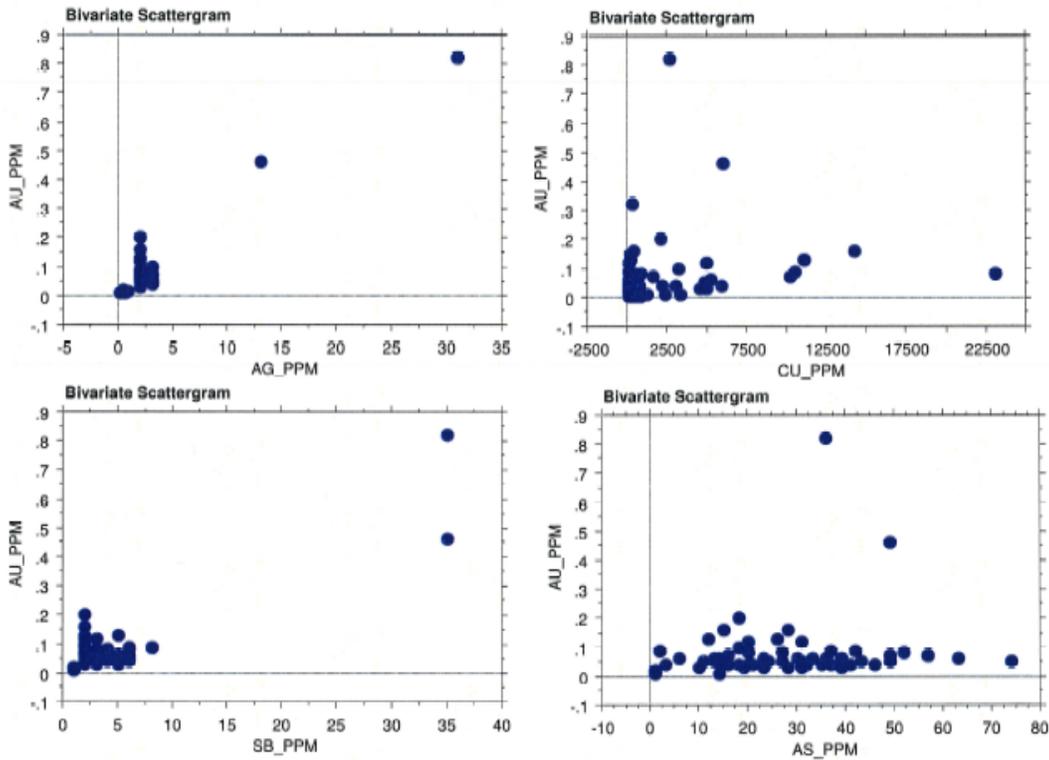


Figure 9-2: Drill Assay Data Base Statistical Analysis

Descriptive Statistics

	Mean	Count	Minimum	Maximum	# Missing	Median
EAST_UTM	501626.491	1670	501202.980	502029.000	0	501647.000
NORTH_UTM	8411277.808	1670	8410848.000	8411535.000	0	8411334.000
RL	1693.946	1670	1465.760	1868.390	0	1708.550
AU_PPM	0.021	793	0.005	0.399	877	0.015
AG_PPM	0.536	271	0.200	2.200	1399	0.400
CU_PPM	2546.759	1658	6.000	4104.000	12	1600.000
PB_PPM	22.452	259	5.000	1407.000	1411	15.000
ZN_PPM	23.047	295	3.000	384.000	1375	20.000
MO_PPM	75.012	741	2.000	2660.000	929	46.000
SB_PPM	10.595	158	5.000	70.000	1512	9.500

B04_DASS DATA

Correlation Matrix

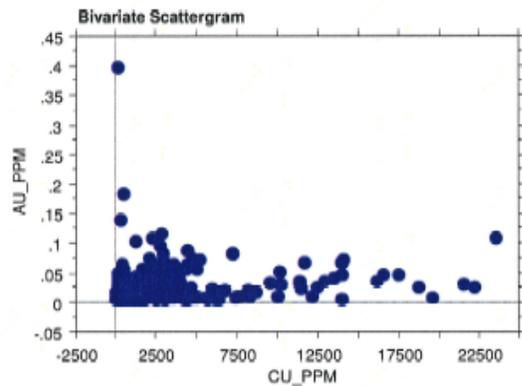
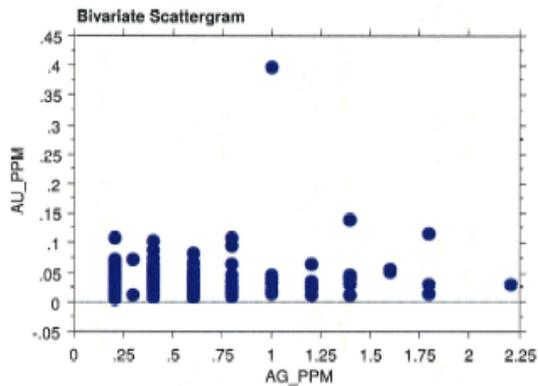
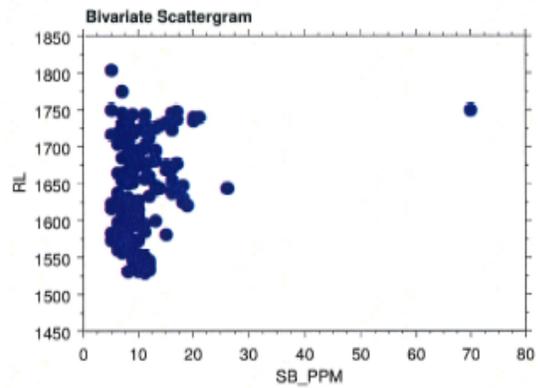
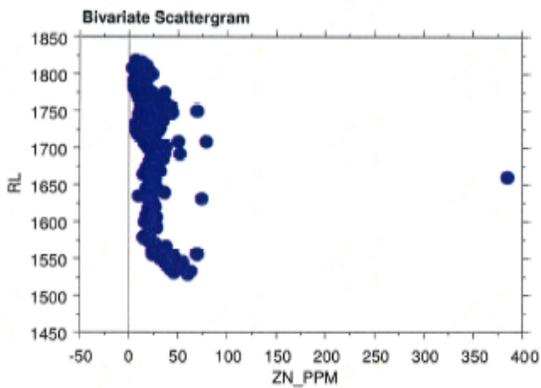
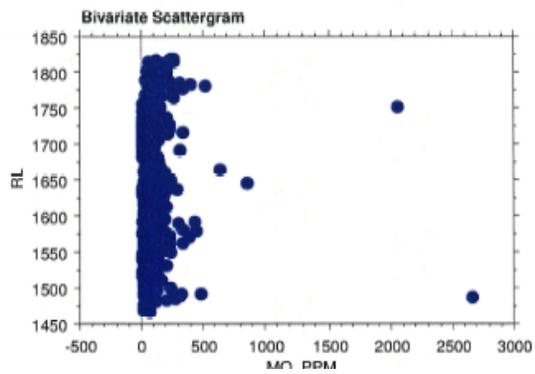
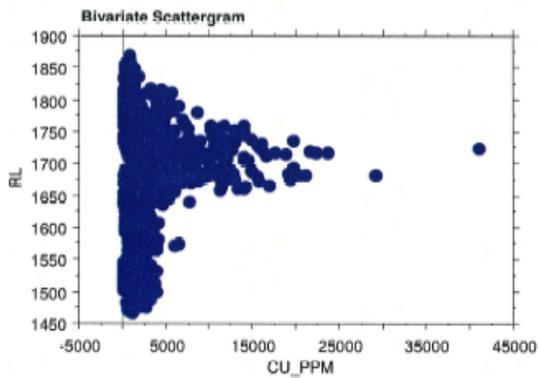
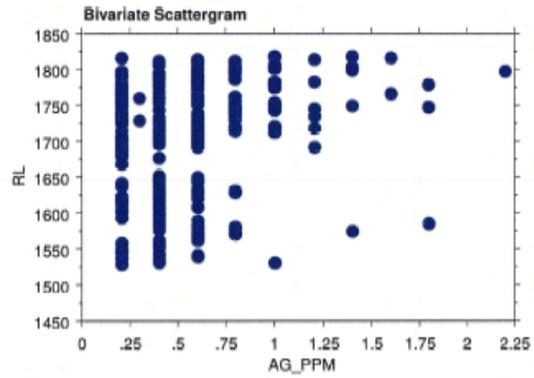
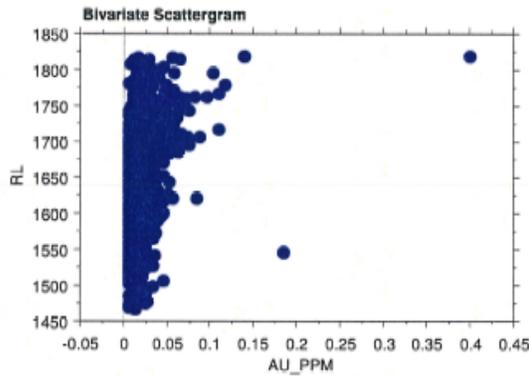
	AU_PPM	AG_PPM	CU_PPM	PB_PPM	ZN_PPM	SB_PPM
AU_PPM	1.000	-0.139	0.103	-0.024	-0.188	0.099
AG_PPM	-0.139	1.000	0.331	0.441	-0.013	0.122
CU_PPM	0.103	0.331	1.000	-0.001	-0.078	0.166
PB_PPM	-0.024	0.441	-0.001	1.000	-0.015	-0.001
ZN_PPM	-0.188	-0.013	-0.078	-0.015	1.000	0.318
SB_PPM	0.099	0.122	0.166	-0.001	0.318	1.000

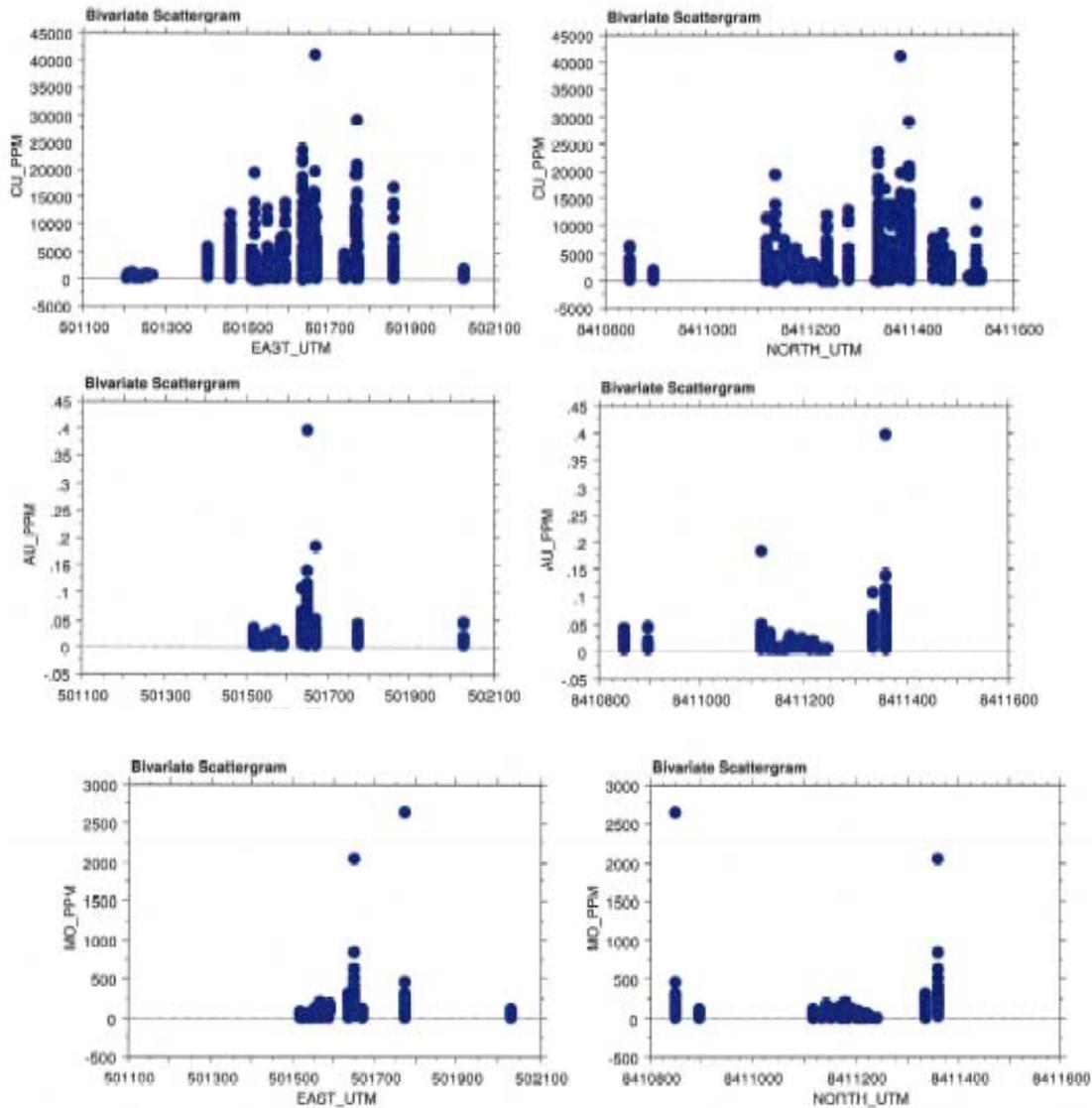
118 observations were used in this computation.
 1552 cases were omitted due to missing values.

Correlation Matrix

	AU_PPM	CU_PPM	MO_PPM
AU_PPM	1.000	0.193	0.099
CU_PPM	0.193	1.000	0.086
MO_PPM	0.099	0.086	1.000

740 observations were used in this computation.
 930 cases were omitted due to missing values.





The drill hole assay data set (1,658 records) calculates averaged Cu grades of 0.255% Cu, 75ppm Mo and 0.54ppm Ag. The data suggests that silver as well as gold tends to diminish with depth and that supergene copper enrichment extends to about the 1,650m level (broadly coincident with the rock data). The limited Mo data set (741 records) reveals no obvious or identifiable grade trends and this suggests that within the confines of the drilled area molybdenum patterns will more likely reflect lithological associations than any zoned arrangement relative to the porphyry centre.

The combined copper 'in drill samples' and 'in rock' values depict a drill and surface assay data for the Lara Hill Zone, depicts a >600 x >800 copper zone with a low grade quartz porphyry core (LDD_24) and stronger supergene copper mineralization rimming the northern side of the low grade core. The stronger grading (covellite > chalcocite) copper enrichment may be hypogene and could have developed in association with the advanced argillic alteration event (Figure 9-3). Hypogene enrichment can be effectively discriminated from weathering related enrichment on the basis of the extent of the copper leaching above the enriched zone. An almost total leach generally indicates that

hot acid fluids probably played a role. Weathering leach invariably leaves 250-1000ppm copper as either pitch limonite or tenorite.

Figure 9-3: AA altered veined equigranular diorite – sulphide zone with disseminated covellite and chalcocite coated pyrite filling cavities – hypogene enrichment



9.1 Deposit Mineralization

The Peruvian Gold Ltd/Minas copper sections across Lara Hill depict a relatively consistent supergene copper blanket ranging up to 30m thick developed under a 100m thick leached cap. The sections, it would appear, sum up a worst-case scenario where low-grade hypogene mineralization and a relatively thin supergene blanket is capped by a prohibitively thick leached cap. But the Peruvian Gold model is affected by two principal shortcomings. One, is the failure to take the low-grade dykes into account which presumably resulted in a general grade dilution, the other is failing to note that two very different styles of copper enrichment have occurred at Lara, which include the draped blanket of weakly developed supergene copper mineralization and the much thicker and better grading enrichment ore that developed along structures in association with advanced argillic alteration.

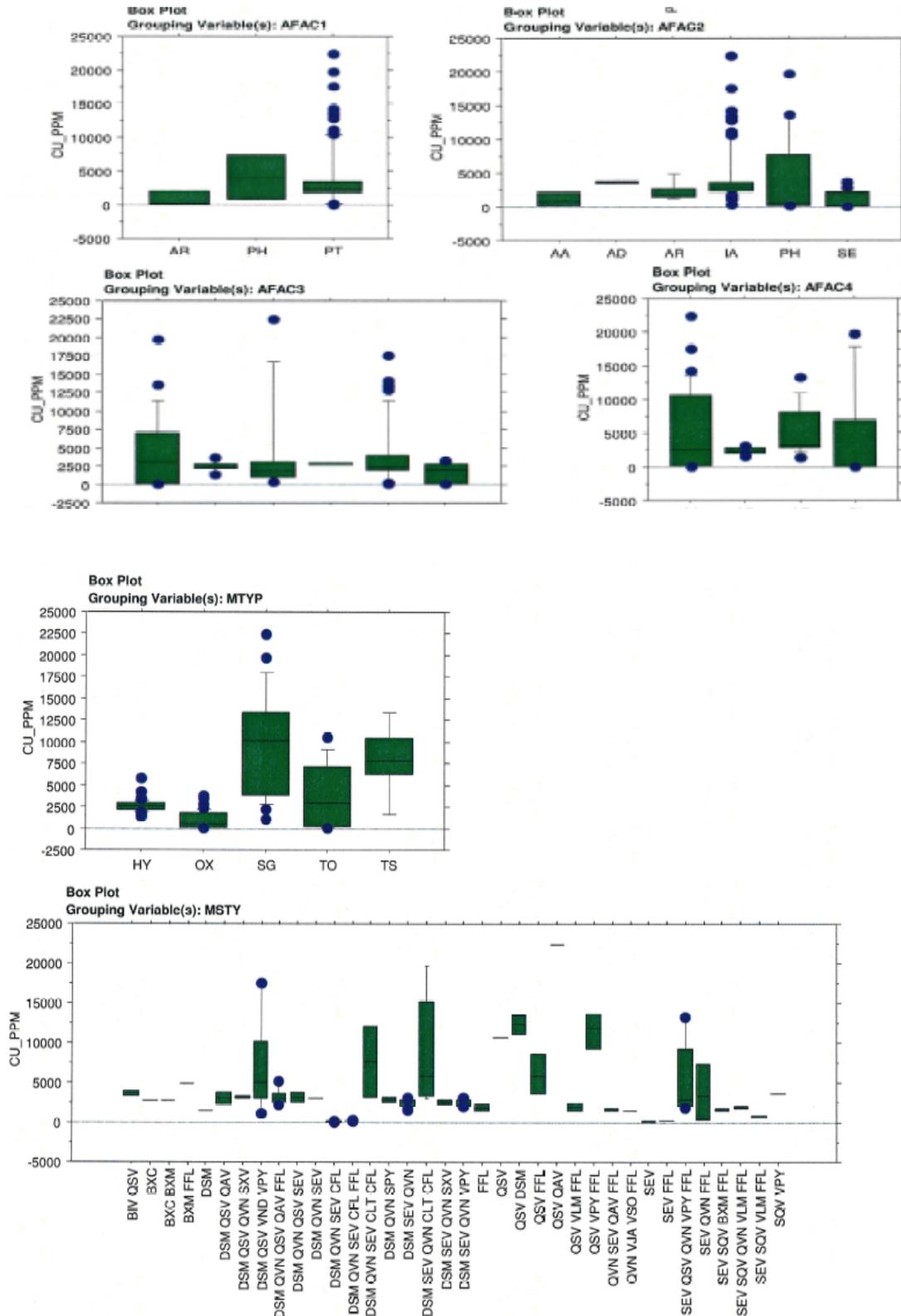
An attempt has been made to deal with the dilution factor of the late dykes by excising them from the assay database and assigning the volume of the dykes to internal waste. In terms of the supergene or enriched copper mineralization, an attempt has been made to define on bench plans and sections the structures that controlled the distribution of better grading supergene mineralization. The resulting modelling indicates that this mineralization is comprised of two components one of which relates to classic copper remobilization through oxidation and concentration at the water table interface, the other relates to hypogene leaching and enrichment that probably accompanied the development of the advanced argillic alteration event.

Three hypogene mineralization episodes are apparent at Lara in addition to weathering related supergene mineralization:

1. Development of a large low-grade porphyry complex, of which Lara Hill is one part. Probably multi-headed and almost certainly developed at a relatively deep level. The system began with the development of a potassic altered core manifested as secondary biotite veins with

minor magnetite and chalcopyrite and pyrite. These are cross cut by A-B & D family quartz veins that were introduced prior to the emplacement of the quartz diorite and the young porphyry dykes. The quartz sulphide veining is not strongly developed but the veins are widespread and occur almost exclusively within the pre-mineral equigranular dioritic host rocks. The early porphyry episode probably ended with moderate pervasive intermediate argillic (IA) alteration which altered biotite veins (BIV) to sericite and chlorite, perhaps with the addition of more sulphide mineralization. The influx of acid solutions probably coincided with tectonism and rapid uplift. Alteration in the hypogene zone is almost exclusively dominated by PT alteration with a moderate to strong intermediate argillic overprint grading outwards to propylitic.

2. Emplacement of the flow-banded porphyritic diorite dykes and the quartz diorite stock in the core of the porphyry system. Blocks of dark porphyry within the quartz diorite suggest that the dykes were emplaced first followed by quartz diorite stock within the core of the Lara Hill portion of the complex. The dykes and the quartz diorite stock are mineralised but the grade of the Cu mineralization is weak in comparison to the equigranular diorites and as such the dykes constitute internal waste. The dykes lumped into a single group are clearly multiphase and some are more quartz rich and cut by quartz veins. As such some of these dykes will undoubtedly relate spatially to the Leucocratic quartz diorite and possibly represent chilled fingers of the quartz diorite. It is not clear whether the un-mineralised quartz diorite dykes pre or post date the quartz diorite stock, but it is sufficient to note that most of the dykes are affected by weak potassic and intermediate argillic alteration, some are propylitised with a fracture controlled weak acid alteration overprint. The medium-grained leucocratic quartz diorite porphyry (intersected in LDD_24) hosts significantly better grades associated with B family quartz sulphide veins and quartz-sericite veins, but most of the mineralization probably occurs as chalcopyrite disseminations. Pyrite is more abundant than chalcopyrite and in the final 5.7m of LDD_24 the hypogene mineralization attains an average grade of 0.345% Cu, which suggests that this body could perhaps be the best grading lithology in the hypogene zone. The dark flow banded diorite porphyry dykes (also with minor quartz eyes) are cut by sericite veins and quartz adularia (aplite) veins. The timing of the adularia flooding and the development of the aplites perhaps relates to a second 'dry' potassic event that relates spatially to the (early?) dark dykes and major structures. Mineralization possibly continued during aplite development, but on the northern flank of the ridge it is notable that the better copper colours in outcrop tend to occur on the margins of the aplitised zones.
3. The final mineralization episode at Lara relates to the advanced argillic alteration event and the collapse to the hydrothermal system. It is notable that the best grading intercepts tend to correlate with stronger advanced argillic alteration and disseminated covellite and chalcocite noted in drill hole LA_07_01 possibly developed in response to hypogene enrichment with the additional copper leached from the upper levels of acid sulphate alteration, in addition to the in-situ replacement of pre-existing chalcopyrite.
4. Weathering induced copper leach has resulted in the development of a relatively thin supergene copper blanket across the hill which should not be confused with the structurally controlled AA associated enrichment that appears to be localized along major structures cutting the northern flank of the leucocratic quartz diorite. Additional drilling will be required to determine the extent of the AA related enrichment.



10 EXPLORATION

Exploration activities are found in 6.0 History section of this report.

11 DRILLING

The Lara deposit has been tested by 27 drill holes comprising 2,742 metres of reverse circulation drilling and 547.8 metres of core drilling (Figure 11-1). The drill programs completed in 1997 and 1998 have been previously documented by Nebocat, 2005. In 2007, Minas completed two vertical diamond drill holes within the Lara resource area. Hole LA-07-01 was completed to a depth of 121.7 meters and intercepted a 20 meter interval (88-108 meters) averaging 1.2% Cu. Hole LA-07-02 was completed to a depth of 292.1 meters and intercepted 13.7 meters (58-71.1 meters) averaging 0.93% Cu. Both intercepts occur within the zone of secondary enrichment in association with blebs, stringers and coatings of supergene chalcocite.

Five reverse circulation (RC) holes totalling 995 meters were drilled in May 1997. The sites were selected based on the results of the IP survey in conjunction with the known geology, but some of the proposed sites had to be modified slightly because the bulldozer was not able to access all the areas due to continuous break-downs. The discovery of significant amounts of chalcocite in holes LRC-4 and LRC-5 prompted an additional seven-hole program, totalling 709 meters, to test the central portion of the porphyry north of holes LRC-4 and LRC-5. The second drilling program was conducted in October 1997. The third program consisted of nine reverse circulation and three combined reverse circulation/diamond drill holes totalling 1038 meters and 134 meters, respectively. The table below summarizes the drilling statistics.

Table 11-1: Drilling Statistics

Hole no.	Easting	Northing	Elevation	Azimuth	Dip	Length (m)
LRC-1	501993	8410883	1611	360	-90	137
LRC-2	501635	8411105	1719	360	-90	212
LRC-3	501738	8410836	1651	360	-90	168
LRC-4	501481	8411120	1767	360	-90	222
LRC-5	501554	8411129	1727	325	-60	256
LRC-6	501237	8411524	1860	278	-50	100
LRC-7	501529	8411324	1847	145	-60	21
LRC-8	501562	8411432	1809	360	-90	100
LRC-9A/LDD-13	501732	8411382	1779	360	-90	98/110.6
LRC-10/LDD-17	501405	8411476	1865	360	-90	100/56.1
LRC-11/LDD-14	501621	8411368	1820	360	-90	92/108.4
LRC-12	501423	8411221	1783	360	-90	100
LRC-15	501511	8411264	1808	360	-90	102
LRC-16	501485	8411363	1858	360	-90	100
LRC-18	501483	8411523	1811	360	-90	90

Hole no.	Easting	Northing	Elevation	Azimuth	Dip	Length (m)
LRC-19	501611	8411515	1751	360	-90	96
LRC-20	501702	8411463	1750	360	-90	96
LRC-21	501824	8411334	1754	360	-90	114
LRC-22	501555	8411326	1844	360	-90	120
LRC-23	501365	8411161	1730	360	-90	90
LA07-01	501636	8411334	1818	360	-90	122
LA07-02	501648	8411359	1820	360	-90	292

Drill holes 1, 3, 6, 18, 19 are located within the pyritic halo, while the remaining holes are situated within the phyllic-potassic halos.

Figure 11-1: Drill Hole Location Map

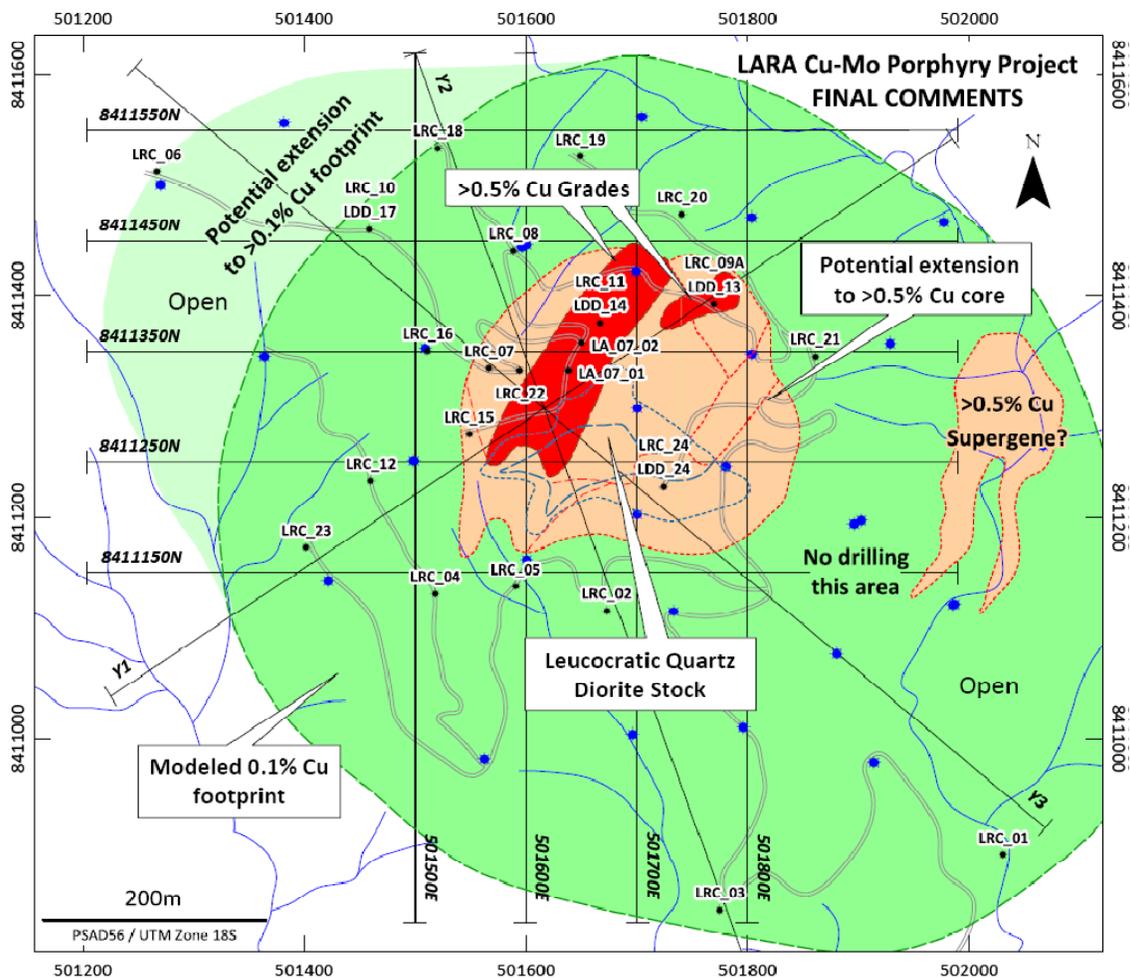


Table 11-2: 2007 Diamond Drill Results

Drill Hole	Mineralization Type	From	To	Interval (m)	Cu%
LA-07-01	Leached Cap	0	88	88	no significant values
	Secondary Sulphide	88	108	20	1.2
	Primary Sulphide	108	121.7	13.7	0.33
LA-07-02	Leached Cap	0	58	58	no significant values
	Secondary Sulphide	58	71.7	13.7	0.93
	Primary Sulphide	71.7	292.1	220.4	0.25

12 SAMPLING METHOD AND APPROACH

The sampling method and approach for work completed from 1994 to 2005 is documented in Nebocat, 2005. The 2007 diamond drill holes were drilled using HQ sized core, were logged on site and then shipped to Lima to be sawn in half for sample, bagged and sent for analysis. All samples are shipped directly to certified laboratory sample prep facility in sealed bags with unique Minas Dixon identification numbers. Samples are prepared and analysed only at internationally certified labs (e.g., international standards ISO 9001:2000 and ISO 17025:1999), which control their data quality with the use of reagent blanks, reference materials, and replicates.

The combined geological, geochemical and geophysical data has been incorporated into geographical information system format tables. The project data set includes drill hole assay data set (1,658 records); geology data base includes 251 drill hole log records and 61 field samples, along with 109 rock sample analyses.

13 SAMPLE PREPARATION, ANALYSES AND SECURITY

The sample preparation, analysis and security for work completed from 1994 to 2005 are documented in Nebocat, 2005. Samples from the 2007 diamond drill holes were logged and marked for sample on site and then transported to Lima and rock sawn. Rock drill core obtained from diamond drilling are taken from the drill core barrel and immediately put into wooden boxes, marked with the drill-hole number and depth information, as provided by the drill contractor under the supervision of Minas Dixon personnel. The filled core boxes are then transported to the nearest Minas Dixon camp, by Minas Dixon personnel, where they were stored in a locked room dedicated to drill core storage.

The core is then measured, sample intervals marked, and photographs taken of each individual box. In addition, core recovery and RQD information is taken before the core is cut and sampled, as well as a "quick log" of the core, completed by an Minas Dixon geologist; noting the sample quality, main rock types, main alteration, and main character of the mineralization (i.e., oxide versus sulphide, etc.).

Minas Dixon support staff then sawed the core in half lengthwise; one half of the sampled core interval is returned to the core box, while the other half of the sampled core interval is placed into a plastic bag labelled with a unique Minas Dixon sample number and then sealed with a plastic zip tie.

The sealed bags are then returned to the secure storage area pending shipment to a certified laboratory sample prep facility. The samples were sent to Plenge Laboratories, Lima Peru and analyzed for total copper. The samples were digested in 1.5:1 ratio perchloric-nitric acid solvent for 12 hours at 80 deg. C. The cooled solute was reduced to 10 ml with 2:8 ration hydrochloric acid-water solution and analyzed with a Perkins-Elmer 5100 atomic absorption instrument. Since there were no blanks or standards available, a second (duplicate) sample was prepared at the -10 mesh stage and reserved with the intent of sending all samples with greater than 1,000 ppm copper to Canada for check assay (Bow 2007). All samples were locked in a secure area while awaiting pick up for transportation to the laboratory. Samples are assembled and stored in a dedicated, secure storage area at the nearest Minas camp pending shipment to a certified laboratory sample prep facility. For shipment, several individual sealed samples are placed into larger, labelled and sealed rice bags. Samples were transported by Minas vehicles, from the field locality to the nearest Minas office and then shipped directly to the nearest certified laboratory sample prep facility.

14 DATA VERIFICATION

The data verification for work completed from 1994 to 2005 is documented in Nebocat, 2005. Given the absence of analytical standards, duplicates and blanks in the sample submittal stream for the 2007 drilling, an unusually large group of samples were selected for check assays in the IPL facility in Vancouver, Canada. A total of 48 sample duplicates were analyzed for total copper and acid soluble cooper, with results compared graphically with original values generated by Plenge Laboratories in Lima (Bow, 2007). Correlations between the two labs are excellent for total copper and good for acid soluble copper. Bow 2008 noted:

“There is a slight tendency for Plenge Lab to return lower acid soluble numbers than IPL; this was noted previously in results from the 1990’s drilling programs, where discrepancies became more significant at higher copper values.”

The Author reviewed data made available from Minas during the site visit, which included a digital spreadsheet database of all the drilling conducted on the Project, drill logs, drawings, reports and original copies of assay certificates. The project data sets include 109 rock sample analyses, of which locations have been found for 96 of the samples. Many (or most perhaps) of these samples are channel / chip samples. All samples were analysed for Cu, most were also assayed for Au, and 61 samples have multi-element analyses. Field plans suggest that other samples were taken but no matching assay results were located in the archives. There is a surprising paucity of molybdenum data for the project.

27 holes have been drilled at Lara, of which only three were inclined holes. 21 of the holes were reverse circulation holes, the remaining were diamond holes but include diamond tails and twinned holes in addition to the final two holes that were drilled from surface in the core of the system. The drill hole naming nomenclature employed, where an initial RC hole and its diamond tails are given different names is confusing.

Ground truthing noted that co-ordinates supplied for 10 of the drill collars are probably incorrect. The location of the holes fit with an uncorrected air photo images, but do not fit with the Eagle Mapping topography or the GPS readings taken in this study. But it is notable that the holes and roads shown on the original field geologists’ interpretative geology map fit agree with the authors’ readings. The location of drill hole LRC_24 and LDD_24 are incorrect on some of the plans provided, but this error was corrected for the modelling.

In 2009, all diamond core was re-logged and much of it photographed. The notes provided in the RC drill logs were also re-compiled into list files, summarised and re-coded for inclusion into the B04_DGEOLOGICAL (quick log) file. The geology data base was collated including 251 drill hole log records and 61 field samples, is plotted on sections and plans.

14.1 Mineral Resources Database Review

The estimated inferred mineral resource covers only a 600 by 800 metre portion of the mineralizing system. Even with the most cursory of looks at the project, the initial impression is one of a reasonably large porphyry system that is clearly at odds with a calculated mineral resource estimate of less than 20 million tonnes. One possible reason why the calculated tonnage of better than 0.2% Cu is so low probably relates to the influence of low grade dykes which if not properly constrained could significantly dilute the 0.2-0.3% Cu component of the system.

The geologically driven copper model generated in 2009 started with an assay data set that has been manipulated to remove the low grade dyke assays. The resulting data set (B04_DGEOLOGICAL_DASS_LESS_DYKES.DAT) was then used to generate a bench composited assay data set on 25m intervals (B04_DASS_LESS_IDY_B25.DAT). The resulting composited grades were then plotted and copper grades boundaries interpreted around the interpreted lithology and mineralization type shapes. The Cu grade model was then scanned and digitised and areas for the grade boundaries extracted to derive areas and volumes. The resulting copper model broadly defines the footprint of the deposit and provides the basis for a preliminary geological inventory model (Table 14.1).

The global footprint of the Lara Hill Porphyry, extrapolated over a 300m vertical interval from surface (1,850 – 1,550m RL) is the interval over which sufficient assay data has been gained, and assuming an average SG of 2.5g/cc calculates out to a starting tonnage of about 422MT. Subtract erosion from this total (areas and volumes taken from the DTM) reduces the total to approximately 226MT of which 191MT is included within the benched copper model (at a 0.1% Cu cut-off) and 35MT is assigned to internal waste (dykes) and external waste (leached) category. Using the available drill assay values (less dykes) the global copper model through to the 1550m level at a 0.1% Cu cut off equates to 191MT grading 0.241% Cu. When the 0.1% copper model is extrapolated through to the 1,475m level (the lower limit of available assay data), a global Cu model of 272MT grading 0.228% Cu is calculated at a 0.1% copper cut-off.

The interpretative model generated extends through to the 1,625m level only, which equates to the currently indicated limit to better than 0.3% Cu values. Through to this level the grades & tonnages extracted from the model indicate 99MT grading 0.264% Cu at a 0.1% Cu cut-off, 23.7MT grading 0.466% Cu at a 0.3 % copper cut-off and 5.7MT grading 0.67% Cu at a 0.5% copper cut off. It is likely however that better than >0.3% Cu grades extend to greater depths.

The resulting copper model comprised three components, a low grade oxide and transition zone, supergene and enrichment ore, and sulphide Cu-Mo-Ag material from the hypogene zone where a minor chalcocite and covellite enrichment component is noted. The mineral type model constructed graphically depicts the distribution of the different material types but no attempt has been made at this stage to define the grade component within each mineral type category.

The global copper model as defined in 2009 has undoubtedly under-estimated both the tonnage and grade potential. It is notable for instance that better than 0.3% Cu values in surface samples fall outside of the global copper footprint. Unduly influenced by the broad post mineral dykes along the western border of the deposit where the modelled limit of the 0.1 % copper boundary is constrained

by the available drill information and potential for >0.5 % Cu supergene copper mineralization undoubtedly lies along the main creek course on the eastern side of the system (Figure 14-1).

Figure 14-1: Artesianal miners actively working supergene ore along creek exposures to the east of Lara resource estimate



But perhaps the greatest scope for improving the outlook for the deposit lies in the core of the deposit where the current drill pattern leaves a large swathe of the core untested. This is especially pertinent if the better grading enrichment zone extends over a greater area around the crest of the leucocratic quartz porphyry. Lacking any guidance from the available drill information the enriched material is confined in the model to NE trending structures, but could equally extend several hundreds of metres to the east and wrap around the leucocratic quartz diorite where no holes have been drilled (Figure 14-2).

Figure 14-2: Lara Hill Exploration Potential Map

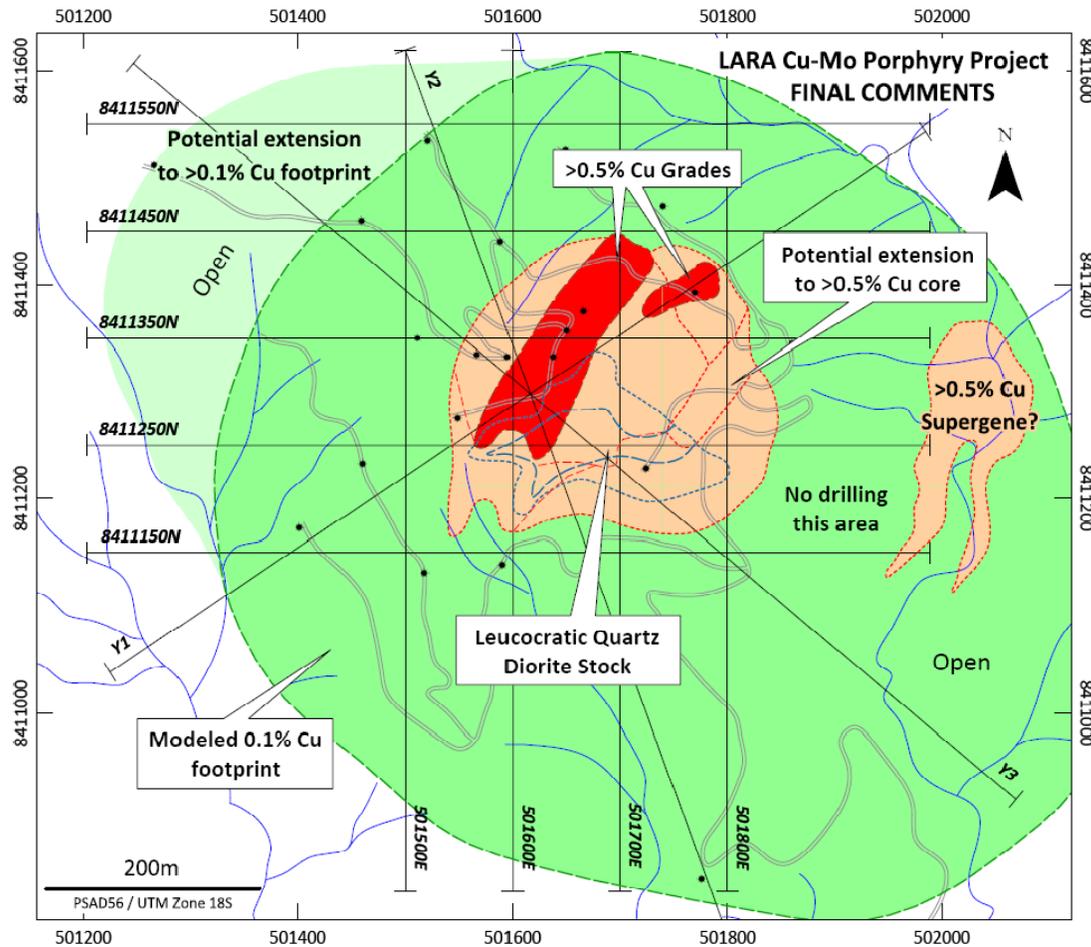


Table 14-1: Lara Hill Geological Inventory Model 2009

LEVEL	Calculated Tonnes within 0.10% Cu Model					Totals	Tonnes Before Erosion	Tonnes After Erosion	Waste Int & Ext
	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10				
1850	0	0	0	0	0	0	32,448,813	851,438	851,438
1825	0	0	0	0	465,625	465,625	32,448,813	2,279,438	1,813,813
1800	0	0	0	49,313	2,180,750	2,230,063	32,448,813	4,074,313	1,844,250
1775	0	0	0	217,750	2,446,938	2,664,688	32,448,813	6,213,375	3,548,688
1750	0	270,938	321,688	925,188	5,448,563	6,966,375	32,448,813	8,985,375	2,019,000
1725	202,188	402,125	323,875	2,862,750	5,664,375	9,455,313	32,448,813	12,567,000	3,111,688
1700	39,563	120,375	1,304,813	3,772,938	7,220,813	12,458,500	32,448,813	16,786,063	4,327,563
1675	176,563	281,813	1,010,500	4,839,313	9,542,000	15,850,188	32,448,813	20,566,125	4,715,938
1650	0	95,500	1,074,188	2,852,375	16,248,750	20,270,813	32,448,813	25,890,875	5,620,063
1625	0	25,063	97,063	2,428,563	26,091,938	28,642,625	32,448,813	30,663,063	2,020,438
1600	0	0	0	0	31,081,250	31,081,250	32,448,813	32,448,813	1,367,563
1575	0	0	0	0	30,795,063	30,795,063	32,448,813	32,448,813	1,653,751
1550	0	0	0	0	30,170,063	30,170,063	32,448,813	32,448,813	2,278,751
	418,313	1,195,813	4,132,125	17,948,188	167,356,125	191,050,563	421,834,569	226,223,502	35,172,939
		1,614,125	5,746,250	23,694,438	191,050,563				

	Assigned Cu Grades					Avg Cu
	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	Grade / Level
1850	0.000	0.000	0.000	0.000	0.000	0.000
1825	0.000	0.000	0.000	0.000	0.213	0.213
1800	0.000	0.000	0.000	0.411	0.152	0.158
1775	0.000	0.000	0.000	0.496	0.186	0.211
1750	0.000	0.786	0.642	0.400	0.197	0.268
1725	1.046	0.838	0.600	0.377	0.216	0.322
1700	1.000	0.800	0.635	0.390	0.233	0.330
1675	1.000	0.800	0.515	0.392	0.180	0.286
1650	0.000	0.800	0.614	0.386	0.207	0.256
1625	0.000	0.800	0.600	0.465	0.203	0.227
1600	0.000	0.000	0.000	0.000	0.243	0.243
1575	0.000	0.000	0.000	0.000	0.230	0.230
1550	0.000	0.000	0.000	0.000	0.173	0.173
1525	0.000	0.000	0.000	0.000	0.197	0.197
1500	0.000	0.000	0.000	0.000	0.200	0.200

LEVEL	>0.1% Cu Model					Cu GRADES ASSIGNED							
	TONNES	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	Totals	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	Avg Cu%
1825	0	0	0	0	465,625	465,625	0.000	0.000	0.000	0.000	0.000	0.213	0.213
1800	0	0	0	49,313	2,180,750	2,230,063	0.000	0.000	0.000	0.000	0.411	0.152	0.158
1775	0	0	0	217,750	2,446,938	2,664,688	0.000	0.000	0.000	0.496	0.186	0.211	0.211
1750	0	270,938	321,688	925,188	5,448,563	6,966,375	0.000	0.786	0.642	0.400	0.197	0.268	0.268
1725	202,188	402,125	323,875	2,862,750	5,664,375	9,455,313	1.046	0.838	0.600	0.377	0.216	0.322	0.322
1700	39,563	120,375	1,304,813	3,772,938	7,220,813	12,458,500	1.000	0.800	0.635	0.390	0.233	0.330	0.330
1675	176,563	281,813	1,010,500	4,839,313	9,542,000	15,850,188	1.000	0.800	0.515	0.392	0.180	0.286	0.286
1650	0	95,500	1,074,188	2,852,375	16,248,750	20,270,813	0.000	0.800	0.614	0.386	0.207	0.256	0.256
1625	0	25,063	97,063	2,428,563	26,091,938	28,642,625	0.000	0.800	0.600	0.465	0.203	0.227	0.227
1600	0	0	0	0	31,081,250	31,081,250	0.000	0.000	0.000	0.000	0.243	0.243	0.243
1575	0	0	0	0	30,795,063	30,795,063	0.000	0.000	0.000	0.000	0.230	0.230	0.230
1550	0	0	0	0	30,170,063	30,170,063	0.000	0.000	0.000	0.000	0.173	0.173	0.173
1525	0	0	0	0	28,607,563	28,607,563	0.000	0.000	0.000	0.000	0.197	0.197	0.197
1500	0	0	0	0	27,045,063	27,045,063	0.000	0.000	0.000	0.000	0.200	0.200	0.200
1475	0	0	0	0	25,482,563	25,482,563	0.000	0.000	0.000	0.000	0.200	0.200	0.200
	418,313	1,195,813	4,132,125	17,948,188	248,491,313	272,185,750							0.228
		1,614,125	5,746,250	23,694,438	272,185,750								

LEVEL	>0.3% Cu Model					Cu GRADES ASSIGNED							
	TONNES	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	Totals	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	Avg Cu%
1825	0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1800	0	0	0	49,313	0	49,313	0.000	0.000	0.000	0.411	0.000	0.000	0.411
1775	0	0	0	217,750	0	217,750	0.000	0.000	0.000	0.496	0.000	0.000	0.496
1750	0	270,938	321,688	925,188	0	1,517,813	0.000	0.786	0.642	0.400	0.000	0.000	0.520
1725	202,188	402,125	323,875	2,862,750	0	3,790,938	1.046	0.838	0.600	0.377	0.000	0.000	0.481
1700	39,563	120,375	1,304,813	3,772,938	0	5,237,688	1.000	0.800	0.635	0.390	0.000	0.000	0.465
1675	176,563	281,813	1,010,500	4,839,313	0	6,308,188	1.000	0.800	0.515	0.392	0.000	0.000	0.447
1650	0	95,500	1,074,188	2,852,375	0	4,022,063	0.000	0.800	0.614	0.386	0.000	0.000	0.457
1625	0	25,063	97,063	2,428,563	0	2,550,688	0.000	0.800	0.600	0.465	0.000	0.000	0.473
	418,313	1,195,813	4,132,125	17,948,188	0	24,284,313							0.466
		1,614,125	5,746,250	23,694,438	0	24,284,313							0.466

LEVEL	>0.5% Cu Model					Cu GRADES ASSIGNED							
	TONNES	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	Totals	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	Avg Cu%
1825	0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1800	0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1775	0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1750	0	270,938	321,688	925,188	0	592,625	0.000	0.786	0.642	0.000	0.000	0.000	0.708
1725	202,188	402,125	323,875	0	0	928,188	1.046	0.838	0.600	0.000	0.000	0.000	0.800
1700	39,563	120,375	1,304,813	0	0	1,464,750	1.000	0.800	0.635	0.000	0.000	0.000	0.658
1675	176,563	281,813	1,010,500	0	0	1,468,875	1.000	0.800	0.515	0.000	0.000	0.000	0.628
1650	0	95,500	1,074,188	0	0	1,169,688	0.000	0.800	0.614	0.000	0.000	0.000	0.629
1625	0	25,063	97,063	0	0	122,125	0.000	0.800	0.600	0.000	0.000	0.000	0.641
	418,313	1,195,813	4,132,125	0	0	5,746,250							0.672
		1,614,125	5,746,250	0	0	5,746,250							0.672

>0.1% Cu Model												
TONNES												
LEVEL	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	Totals	Cu GRADES ASSIGNED					Avg Cu%
							>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	
1825	0	0	0	0	465,625	465,625	0.000	0.000	0.000	0.000	0.213	0.213
1800	0	0	0	49,313	2,180,750	2,230,063	0.000	0.000	0.000	0.411	0.152	0.158
1775	0	0	0	217,750	2,446,938	2,664,688	0.000	0.000	0.000	0.496	0.186	0.211
1750	0	270,938	321,688	925,188	5,448,563	6,966,375	0.000	0.786	0.642	0.400	0.197	0.268
1725	202,188	402,125	323,875	2,862,750	5,664,375	9,455,313	1.046	0.838	0.600	0.377	0.216	0.322
1700	39,563	120,375	1,304,813	3,772,938	7,220,813	12,458,500	1.000	0.800	0.635	0.390	0.233	0.330
1675	176,563	281,813	1,010,500	4,839,313	9,542,000	15,850,188	1.000	0.800	0.515	0.392	0.180	0.286
1650	0	95,500	1,074,188	2,852,375	16,248,750	20,270,813	0.000	0.800	0.614	0.386	0.207	0.256
1625	0	25,063	97,063	2,428,563	26,091,938	28,642,625	0.000	0.800	0.600	0.465	0.203	0.227
1600	0	0	0	0	31,081,250	31,081,250	0.000	0.000	0.000	0.000	0.243	0.243
1575	0	0	0	0	30,795,063	30,795,063	0.000	0.000	0.000	0.000	0.230	0.230
1550	0	0	0	0	30,170,063	30,170,063	0.000	0.000	0.000	0.000	0.173	0.173
1525	0	0	0	0	28,607,563	28,607,563	0.000	0.000	0.000	0.000	0.197	0.197
1500	0	0	0	0	27,045,063	27,045,063	0.000	0.000	0.000	0.000	0.200	0.200
1475	0	0	0	0	25,482,563	25,482,563	0.000	0.000	0.000	0.000	0.200	0.200
	418,313	1,195,813	4,132,125	17,948,188	248,491,313	272,185,750						0.228
		1,614,125	5,746,250	23,694,438	272,185,750							

>0.3% Cu Model												
TONNES												
LEVEL	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	Totals	Cu GRADES ASSIGNED					Avg Cu%
							>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	
1825	0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000
1800	0	0	0	49,313	0	49,313	0.000	0.000	0.000	0.411	0.000	0.411
1775	0	0	0	217,750	0	217,750	0.000	0.000	0.000	0.496	0.000	0.496
1750	0	270,938	321,688	925,188	0	1,517,813	0.000	0.786	0.642	0.400	0.000	0.520
1725	202,188	402,125	323,875	2,862,750	0	3,790,938	1.046	0.838	0.600	0.377	0.000	0.481
1700	39,563	120,375	1,304,813	3,772,938	0	5,237,688	1.000	0.800	0.635	0.390	0.000	0.465
1675	176,563	281,813	1,010,500	4,839,313	0	6,308,188	1.000	0.800	0.515	0.392	0.000	0.447
1650	0	95,500	1,074,188	2,852,375	0	4,022,063	0.000	0.800	0.614	0.386	0.000	0.457
1625	0	25,063	97,063	2,428,563	0	2,550,688	0.000	0.800	0.600	0.465	0.000	0.473
	418,313	1,195,813	4,132,125	17,948,188	0	0						0.466
		1,614,125	5,746,250	23,694,438	0	0						

>0.5% Cu Model												
TONNES												
LEVEL	>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	Totals	Cu GRADES ASSIGNED					Avg Cu%
							>1.00	1.00-0.75	0.75-0.50	0.50-0.30	0.30-0.10	
1825	0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000
1800	0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000
1775	0	0	0	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000
1750	0	270,938	321,688	0	0	592,625	0.000	0.786	0.642	0.000	0.000	0.708
1725	202,188	402,125	323,875	0	0	928,188	1.046	0.838	0.600	0.000	0.000	0.800
1700	39,563	120,375	1,304,813	0	0	1,464,750	1.000	0.800	0.635	0.000	0.000	0.658
1675	176,563	281,813	1,010,500	0	0	1,468,875	1.000	0.800	0.515	0.000	0.000	0.628
1650	0	95,500	1,074,188	0	0	1,169,688	0.000	0.800	0.614	0.000	0.000	0.629
1625	0	25,063	97,063	0	0	122,125	0.000	0.800	0.600	0.000	0.000	0.641

14.1.1 Comment on Section 14

In the opinion of the Author, the following conclusions are appropriate;

The global copper model is not intended to be an economic evaluation for the Lara deposit or a definitive mineral inventory for the deposit but merely a guide to determine the direction of further exploration.

15 ADJACENT PROPERTIES

The author is not aware of any adjacent mineral properties therefore no data from adjacent properties have been considered in the preparation of this report.

16 MINERAL PROCESSING AND METALLURGICAL TESTING

Necobat (2005) summarised the metallurgical testwork conducted in September 1998 by Plenge Laboratories, Lima (Plenge, 1999). A column leach test and a bottle roll test were initiated at Plenge Laboratories, Lima on drill core selected from the supergene zone encountered in drill holes LDD13 and LDD14. Twenty-four contiguous samples from each hole (#'s 9953 to 9976 and 9994 to 10017, respectively) were crushed to 100% - 1/2". A Jones splitter was used to split a representative portion for assay. The intervals for holes LDD13 and LDD14 averaged 1.30% and 1.25% total copper, respectively.

Taking equal sample weights, the rejects from both sample lots were composited separately. The composites were homogenized and a representative sample was taken and assayed with the following results:

Table 16-1: Assays From Composite Drill Samples

	LDD13	LDD14
Cu Total	1.28%	1.23%
Cu Soluble in H2SO4	0.22%	0.55%
Cu Soluble in NaCN	1.15%	0.98%
Cu Soluble in Acetic Acid	0.13%	0.38%
S Total	2.74%	2.73%
S as Sulphide	1.80%	1.53%
Fe	3.39%	3.08%

A preliminary bottle roll test at 10 mesh was performed on each composite. Results were as following:

Table 16-2: Lara Deposit Bottle Roll Leach Results

Lot	Test No.	*Head Cu%	Residue Cu%	Extraction Cu%	H2SO4 kg/tonne	**EMF mv
LDD13	5182-1A	1.35	0.55	59.1	14.5	338
	5182-1B	1.31	0.52	60.4	14.5	338
	Average	1.33	0.535	59.8	14.5	338
LDD14	5183-1A	1.34	0.38	71.6	14.5	348
	5183-1B	1.35	0.37	72.7	13.4	349
	Average	1.345	0.375	72.2	14.0	348

* Calculated head: residue+solution

** Ag/AgCl

The bottle roll leach test indicates copper extractions of 59.8% and 72.2% with sulphuric acid consumption of 13.4 to 14 kg/tonne for lots LDD13 and LDD14, respectively. The high extraction of copper indicates that the ore should be amenable to acid heap leaching.

A column leach test was performed on each sample lot crushed to 1/2", nominal. The following table summarizes the results.

Table 16-3: Lara Deposit Column Leach Test, -1/2" Material

Lot	*Head Cu%	Residue Cu%	Extraction Cu%	H2SO4 kg/tonne	Time (days)	**EMF mv
LDD13	1.39	0.13	90.6	19.58	161	481
LDD14	1.32	0.17	87.1	15.92	154	407

* Calculated head: residue+solution

** Ag/AgCl

The report by Plenge Laboratories also shows a table listing percent copper extraction vs. particle sizes of 1/2", 1/4" +10 mesh and -10 mesh. It is not documented within that report how the sizes other than the 1/2" material (column leach) were sampled and analyzed. The calculated results show that LDD13 and LDD14 had 90.2% and 86.3% of their copper extracted, respectively.

Observations and conclusions made by Plenge Laboratories include:

- Approximately 90% of the copper minerals are secondary copper (chalcocite, covellite and bornite) as shown by the cyanide leach assay and less than 8% to 10% is present as chalcopyrite. This is confirmed by the column leach test. The ore should be amenable to bio-heap leaching with expected recoveries in the range of 87% to 91% and sulphuric acid consumptions of 16 to 20 kg/tonne;
- Crushing the mineralized material to 100% -1/4" should result in recoveries in excess of 90% for both samples;
- Sulphuric acid indicates acid generation by the mineralization due to sulphide oxidation and low acid consumption by the gangue material; and
- The final pregnant leach solution (PLS) EMF for LDD13 was 481 mv, indicating that almost all iron in the PLS is in the ferric form, and consequently, sulphides oxidation was near completion.

The final EMF for PLS from LDD14 was 407 mv, suggesting that sulphide oxidation was not as complete as LDD13 and that a longer leach time is required.

17 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

In 1999, Rescan using the IDW statistical method for 20m x 20m x 10m blocks calculated a mineral inventory of 19.7MT grading 0.47% Cu at a 0.2% cut-off. This mineral inventory estimate predates CIM standards and therefore should not be relied upon.

In 2005 an estimated inferred mineral resource of 18.6 million tonnes grading 0.53% copper using a 0.2% copper cut-off and a simple polygonal resource model for the Lara deposit was documented in the independent National Instrument 43-101 technical report on the property entitled 'Summary of Exploration, Metallurgy and Scoping Studies on the Lara Porphyry Copper Property and Proposed 2005 Exploration Program, Rio Viscus, Palpa, Peru' authored by John Nebocat, P. Eng. dated February 9, 2004 and revised March 31, 2005.

18 OTHER RELEVANT DATA AND INFORMATION

The author is not aware of any other relevant data or information that relates to the Lara property that should be incorporated in this report.

19 INTERPRETATION AND CONCLUSIONS

The Lara Project is host to a porphyry copper hydrothermal system of moderate dimensions. The hypogene grade of the deposit is low; however, a period of enrichment resulted in significant covellite and/or chalcocite deposition within a sub-horizontal zone of elevated copper grades.

The Author considers that the copper enrichment may be related to both hypogene and supergene processes. The currently available data does not allow a categorical decision to be made concerning hypogene versus supergene enrichment.

Modelling of the Lara Hill Porphyry within the Lara Porphyry Cluster, notes that several key intrusive phases and alteration facies had not been recognised by earlier workers other than Bow (2007) and also notes that structural complexities were not factored into the deposit model. The current study assigns the Lara Hill Porphyry to the specific group of 'detached porphyry systems' that began their development in a deep setting where the earliest phases of alteration and mineralization developed in wall rock lithologies above the causative intrusion. The Rio Blanco porphyry in Peru and the Yanadera Cu-Mo porphyry cluster in PNG are other examples of this style of system where late phases of the causative porphyry are emplaced into and cross cut a large low grade porphyry shell following major uplift. The key aspect of this style of porphyry is the deposit 'scales' that can be attained and, if there has been significant structural dislocation and the development of phreatic / phreatomagmatic breccias coupled with an influx of acid fluids into the core of the system large tonnages of high grade covellite rich enrichment ore can also develop.

The Rescan scoping study concluded that if +64MT grading >0.51% Cu could be realised a 20,000T/day operation would be economically feasible for a copper price in the range of US\$0.90 – US\$1.00 range. The project deserves an comprehensive evaluation of the low grade (perhaps 0.15% Cu cut-off) potential and what would be economically feasible at US\$2.00 & US\$3.00 / lb in line with current and foreseeable metal prices, and given the marginal nature of this system the contribution of molybdenum and silver to the overall feasibility of the project also needs to be considered.

The intensity and extent of the alteration and the multiphase character of the mineralization at Lara gives the impression that the previous modelling conducted on this deposit has under estimated the global potential of the system. Though it is evident that there are real limits to the high-grade component of the Lara Hill porphyry, there is a very good possibility that additional drilling could both significantly increase the tonnage of >0.5% copper material and extend the limits of the 0.1% copper footprint of the system. In addition, scope for adding material from the Socos Zone, located on the eastern margin of the Lara Hill Porphyry remains to be factored into the equation.

Based on the information reviewed by the Author, the limits of the Lara Porphyry Complex have not been adequately defined and the potential for expanding the system is favourable.

20 RECOMMENDATIONS

The Author is of the opinion that the Project has not been adequately explored and warrants the funding of a results-driven, well-structured exploration program. The Author considers that the

Project is of sufficient merit to warrant an initial work program of approximately US\$882,125 (Table 20-1).

The main objective of the initial work program is to define the surface limits of the Lara porphyry system and to validate and expand the mineralization already defined at the Lara deposit.

The delineation of the Lara porphyry system comprises detailed mapping/sampling over the roughly 2km by 1.5 km alteration area and a 4,250 metre diamond drilling program to fill in the gaps in the current drill database (Priority holes A – Table 20-2). The cost of this program is estimated to be US\$882,125.

Follow up work would be contingent upon satisfactory results from the initial program. The second stage program is designed to test the Lara porphyry through to the 1475m level (Priority holes B – Table 20-2), to complete a new resource estimate and to complete additional metallurgical test work. The estimated cost of the second stage program is US\$887,000.

Table 20-1: Proposed Work Programs

Estimated Budget First Phase Program

#	ACTIVITY	DETAILS	TOTAL
1	Admin & Supervision	Lima Office	18,000
2	Social & Environmental	Permit at MEM, Categ. C	14,000
		Permit at Community	10,000
		Citizen Participation	2,000
		Communities support	3,000
		Social & Environ in charge	9,000
3	Geology & Geochem	Compilation, Organizing Database Mapping & Sampling - 1 crew Vehicle rental & Accom Local people salary and others expenditures	20,000
		Geochem assays, 675m @ \$25 each	18,000
4	Drilling	4,250m @ 14 DDH/US\$ 140 each Includes direct cost, delays @ Adm One rig, 50m per crew	595,000
		Core assays, 2m interval + 10% QA/QC 2,125 samples @ \$25 each	53,125
		Geologists (1 chief + 3 assistant)	23,000
		Core shack site, saw	3,000
		14 Platform, drill site, access	9,000
		Bulldozer, 15d x US\$75/h/ 8 h	
5	Infrastructure	Improving roads from Palpa to project (48km) 15d x US\$ 75 x 8h	15,000
6	Metallurgical Testwork		
7	Report & Contingencies		90,000
TOTAL US\$			882,125

Estimated Budget Second Phase Program

#	ACTIVITY	DETAILS	TOTAL
1	Admin & Supervision	Lima Office	18,000
2	Social & Environmental	Permit at MEM, Categ. C	
		Permit at Community	
		Citizen Participation	
		Communities support	3,000
		Social & Environ in charge	9,000
3	Geology & Geochem	Compilation, Organizing Database Mapping & Sampling - 1 crew Vehicle rental & Accom Local people salary and others expenditures	
		Geochem assays, 675m @ \$25 each	
4	Drilling	4,400m @ 16 DDH/US\$ 140 each Includes direct cost, delays @ Adm One rig, 50m per crew	616,000
		Core assays, 2m interval + 10% QA/QC 2,200 samples @ \$25 each	55,000
		Geologists (1 chief + 3 assistant)	23,000
		Core shack site, saw	4,000
		16 Platform, drill site, access Bulldozer, 15d x US\$75/h/ 8 h	9,000
5	Infrastructure	Improving roads from Palpa to project (48km) 15d x US\$ 75 x 8h	
6	Metallurgical Testwork		40,000
7	Resource Estimate & Contingencies		110,000
TOTAL US\$			887,000

Table 20-2: Priority holes A & B

Hole ID	EAST_56	NORTH_56	RL	DIP	AZIM	TDEPTH	PRIORITY
1	501381.897	8411556.06	1833.7	-60	135	450	B
2	501270.561	8411499.54	1861.58	-60	135	450	B
3	501363.843	8411345.31	1790.43	-60	90	400	B
4	501421.311	8411142.36	1721.77	-60	90	250	B
5	501498.394	8411250.41	1811.29	-65	90	300	A
6	501509.431	8411352.58	1854.71	-65	90	450	B
7	501600.176	8411446.18	1805.07	-70	135	350	A
8	501704.410	8411561.83	1711.23	-60	180	250	B
9	501803.739	8411470.4	1718.82	-65	180	250	A
10	501699.505	8411421.87	1786.96	-65	180	300	A
11	501700.731	8411297.36	1771.3	-70	315	350	A
12	501600.176	8411160.6	1732.99	-65	0	350	A
13	501562.161	8410980.96	1738.36	-60	0	250	B
14	501695.826	8411003.48	1660	-60	0	250	B
15	501732.614	8411114.24	1687.48	-65	0	250	A
16	501700.731	8411201.71	1749.4	-70	0	300	A
17	501780.439	8411245.06	1710.55	-70	315	300	A
18	501803.739	8411347.24	1770	-65	180	300	A
19	501976.645	8411466.57	1670.76	-60	225	250	B
20	501928.82	8411356.76	1703.15	-65	270	250	A
21	501901.841	8411196.72	1689.38	-65	0	250	A
22	501895.710	8411193.52	1687.94	-65	315	250	A
23	501879.768	8411076.37	1651.2	-60	0	250	B
24	501796.381	8411009.45	1661.71	-60	0	200	B
25	501914.104	8410978.07	1623.01	-60	315	200	B
26	501986.455	8411120.67	1625.08	-60	315	200	B
27	501985.229	8411119.92	1624.85	-60	135	200	B
28	502067.390	8411266.21	1640	-60	270	200	B
29	502066.163	8411264.23	1640	-60	90	200	B
30	501596.497	8411443.6	1807.54	-65	180	400	A
						8650	

21 REFERENCES

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22 DATE AND SIGNATURE PAGE

The effective date of this report is as shown on the title page and on the author's consent pages at the end of this document.

23 ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORTS ON DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES

The Lara Project is not at a development or production stage therefore no additional information is provided that would relate to these activities.