

JADAR LITHIUM
QUICK STATS

ASX Code: JDR
Shares on Issue: 480.4 million
Market Cap: \$4.8 million
Cash: \$2m (at 30 June '19)

BOARD & MANAGEMENT

Non- Executive Chairman
Mr Luke Martino

Non-Executive Directors
Mr Steven Dellidis
Mr Nicholas Sage
Mr Stefan Müller

Company Secretary
Ms Louisa Martino

ASSET PORTFOLIO

AUSTRIA

Weinebene Project

(80% interest – ~28km²)

Eastern Alps Satellite

(80% interest – ~37km²)

SERBIA

Cer

(100% interest - ~92.77km²)

Rekovac

(100% interest - ~75.4km²)

Vranje-South

(100% interest - ~90.44km²)

Jadar to Acquire Yanamina Gold Project and Vranje-South Lithium Update

September 16, 2019

Highlights

- Jadar to acquire the advanced Yanamina Gold Project located in the Ancash Province in Peru
- Yanamina is an outcropping epithermal gold resource with existing resource of +200,000 ozs gold
- The upfront purchase cost is minimal relative to the potential upside of the project
- Yanamina also provides significant exploration upside through potential depth and lateral extensions and a significant faulted extension target at depth.
- Jadar is in final preparations for maiden drill program at Vranje South Lithium Borate Project in Serbia.

Jadar Lithium Limited is poised to tap into the global gold market to further its Austrian and Serbian lithium projects on the back of record high gold prices and investment activity, with a strategic investment in the established Peruvian gold bearing region of the prolific Ancash Fault Zone. Non-executive Chairman, Mr Luke Martino commented:

“The Yanamina Gold Project presents a rare opportunity in which such an advanced gold project with exploration upside and the potential for near term production can be acquired with minimal upfront cost.

The project will provide shareholders with a balanced diversification from Jadar’s advanced Vranje-South and Rekovac lithium projects in Serbia, as well as its lithium projects in Austria, and presents a cost effective exposure to gold in the current strong climate for that metal.”

Jadar Lithium Limited (ASX; JDR) (“**Jadar**” or the “**Company**”) is pleased to advise that it has executed a term sheet for the purchase of the Yanamina Gold Project (“**Yanamina**” or the “**Project**”) located in the Ancash region of northern Peru.

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Yanamina Gold Project Acquisition

The Yanamina Gold Project hosts an outcropping epithermal derived inferred and indicated gold resource of +200,000 ozs of gold with additional significant exploration potential.

The Project is being purchased from Canadian TSX listed company Wealth Minerals Limited ("Wealth Minerals") for US\$100,000 in cash and a 1.0% net smelter royalty ("NSR"). Jadar will also assume US\$8 million in production linked milestone payments and additional NSRs of 3.0% (refer Appendix 1). The Company will undertake a capital placement of \$380,000 at \$0.009 to fund the acquisition, review the Project's data and prepare an economic study to determine work required to fast track the Project to production status. The capital placement will take place using the Company's Listing Rule 7.1 placement capacity.

The acquisition is subject to shareholder approval in accordance with Listing Rule 11.1.2 and will be put to shareholders at the Company's Annual General Meeting.

The project has effectively lay dormant since 2012 and presents Jadar with an advanced gold production opportunity to compliment the Company's high potential lithium projects located in Serbia and Austria.



Figure 1: Yanamina Gold Project Location Plan

About the Yanamina Gold Project

Geology

The Yanamina Gold Project area lies within a regional northerly trending belt of complexly folded and intensely faulted, Late Mesozoic marine sediments, which have been intruded by Tertiary batholithic rocks of various compositions. The oldest rocks in the region are Cretaceous quartzites and shales.

The most important structure in the region is the Yungay Graben, which trends northerly across the region and has been traced along strike for almost 100 kilometres. The eastern edge of the Yungay Graben is defined by the Ancash Fault Zone which hosts the Yanamina Gold Project.

The intense structural deformation associated with the formation of the Yungay Graben and the Ancash Fault provided conduits for gold bearing hydrothermal solutions giving rise to a number of gold occurrences and deposits in the region.

The mineralisation and alteration within the Yanamina Gold Project is a reflection of a typical low sulphidation epithermal gold system.

Access

The Yanamina Gold Project is easily accessible by all-wheel drive vehicle and is located 16 kilometres east of the village of Caraz, which lies within the buffer zone around the Huascaran National Park. A small portion of the Project area covering approximately 28 hectares lies within the park boundary but does not impact the existing resource or any potential mining operation

Past Exploration

The Yanamina Gold Project has a history of artisanal mining dating back to the 1600's when Portuguese miners exploited small pockets of high grade gold within the current resource area. This mining was through small pits and no production records exist.

In 1994, the first modern recorded exploration was carried out on the Project by Arequipa Resources and this company completed over a two year period detailed geological mapping, surface sampling and 60 diamond drill holes totaling 2,179.18 metres.

In April 2006, ASX listed Latin Gold Limited ("**Latin Gold**") through its wholly owned subsidiary Golden Eagle Resources Peru SAC purchased 100% of the Project and subsequently completed detailed mapping of the geology and alteration, channel sampling, limited adit sampling, digitizing of the historic and current data base and the drilling of an additional 25 diamond drill holes totaling 1,468 metres.

Latin Gold reported that the drilling confirmed the geology and the disseminated epithermal gold and silver mineralisation, which is locally exposed in outcrop. Latin Gold also reported that gold was intersected in the majority of the drill holes and demonstrated strong continuity along strike.



Figure 2: Yanamina Gold Project showing drill pads and artisanal workings

Following the 2006 exploration program, Latin Gold commissioned two contemporaneous independent JORC compliant resource estimates for the project (**Note: pre 2012 JORC**) and through 2007 to 2010 undertook two pre-feasibility studies which also included various metallurgical studies, processing circuit design and financial analysis. The results were reported by Latin Gold in June 2007 and March 2008.

(refer announcements <https://www.asx.com.au/asxpdf/20070607/pdf/312v1tvmyxr5vr.pdf> and <https://www.asx.com.au/asxpdf/20080404/pdf/318dw35yfbggb.pdf>).

Latin Gold reported that the mineralized envelope had not been closed in a north-west direction and recommended additional drilling to explore this potential extension and also the source porphyry at depth.

In addition the company highlighted the potential for a possible down faulted extension to the mineralized zone at the base of the hill under alluvial cover (see Figure 3). This was on the basis of field evidence that the current surface of the mineralized zone is a fault plane.

The drilling programme by Latin Gold also highlighted the possibility of an increased tonnage to the north-west of the resource where the boundary of the mineralised zone remains open. Unfortunately, as a result of the limited capability of the diamond rig employed for the programme, Latin Gold was unable to comprehensively test this potential extension, the porphyry source at depth or significant potential of a possible faulted extension to the outcropping mineralization situated at the base of the hill under alluvial cover.

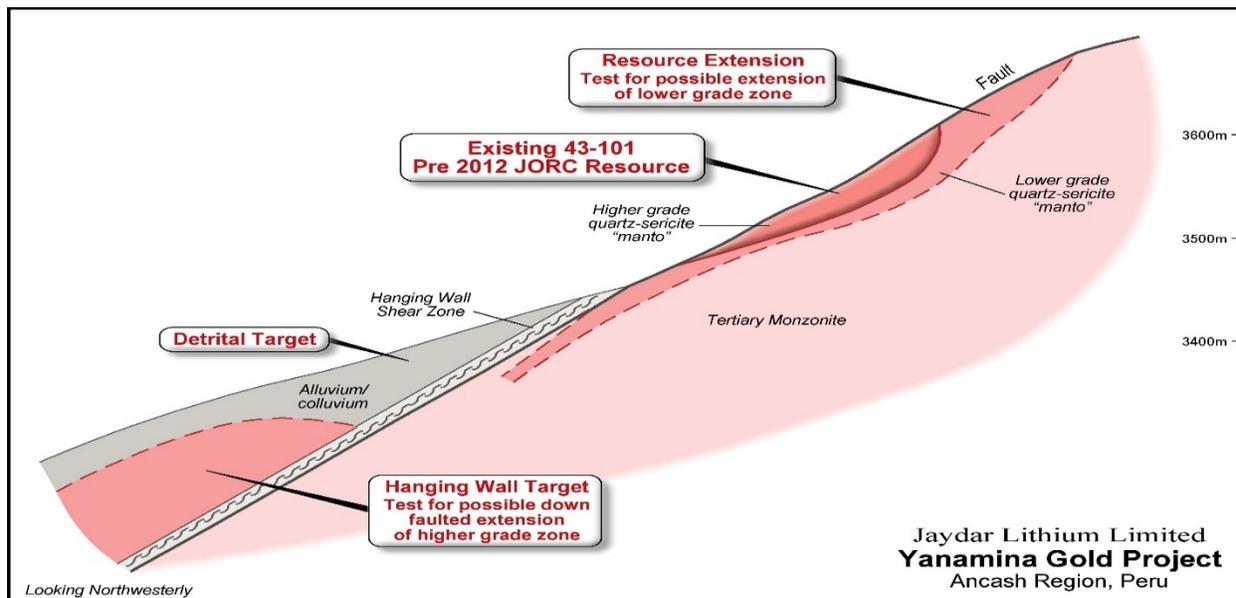


Figure 3: Yanamina Gold Project cross section showing mineralized envelope and faulted extension target

In 2011 Latin Gold sold the project to Coronet Metals Inc. (“Coronet”) a TSXV listed company. Coronet then undertook a complete review of the project which culminated in a NI43-101 compliant resource and preliminary economic assessment being completed. The NI43-101 document was disclosed on 28 February 2011 and is attached in Appendix 3.

The NI43-101 study by Coronet calculated indicated and inferred resources as 4,801,900 tonnes grading 1.34g/t using a 0.5g/t cut-off.

Cut-off Grade	Indicated		Inferred		Total	
	Tonnes	Au g/t:	Tonnes	Au g/t:	Tonnes	Au g/t
0.5	1,566,900	1.65	3,235,000	1.19	4,801,900	1.34

The Company considers these historical estimates to be both material and relevant to the decision by the Company to acquire the Yanamina Project. There is a significant data base available over the Project from various companies dating from the initial diamond drilling carried out in 1994. This data base includes drilling and assay results, metallurgical testing, conceptual mine designs and costings and initial financial modelling. The NI43-101 report is based on this extensive data base and has synthesised this data into a comprehensive summary of the Project and its potential, including an estimate of available resources. The report was prepared on behalf of a publicly listed TSX-V company (Coronet Metals Inc.) by a reputable and experienced consulting group (Southampton Associates). Our Competent Person has reviewed the report and informed the Company that it was prepared in a competent and conservative manner. The resource as calculated pursuant to the NI43-101 report has been classified as Indicated and Inferred. These categories are comparable (see Cautionary Statement below) with the categories used by JORC Code 2012. It is the opinion of the Company that these estimates are reliable and represent the results of work done to high standards, using quality sampling, testing and geological and geostatistical modelling. The foreign estimates represent best practice work at the time.

The Yanamina resource is epithermal derived with the primary host being a Tertiary Monzonite (see figure 3). The mineralisation forms an outcropping “blanket” of around 30 metres in thickness within the upper part of the Monzonite.

All the drilling completed over Yanamina has been by HQ diamond drilling. A total of 85 holes aggregating 3,647 metres have been drilled over the resource. The diamond drill core was oriented, cut using a diamond saw, logged and the interval selected for sampling was indicated by means of a black marker. The samples were geologically

controlled and the sample interval was typically 1.0 metres. Generally, the core recovery was good. Each sample was placed in a plastic bag, tagged and secured with a ziplock tie. Drill Core Samples were taken every metre and standards were introduced every 30 samples. Drill core the core recovery was typically greater than 90%, and the sampling was done by qualified geologists under geologic control, respecting the geology. The sample interval reflects true widths for the interval sampled. The continuity of the mineralized zone with respect to the true width, down-dip and on strike continuity is very consistent for a gold deposit.

The sample analysis method was fire assay 30g charge with acid digest for Au and AAS for Ag.

The resource block estimation was completed using:

- $1/D^2$ (Inverse distance squared) algorithm
- Search ellipsoids:
 - Major axis: 337° horizontal, 25m and 50m radius
 - Secondary axis: -40°, 25m and 50m radius
 - Minor axis: horizontal, 1/3 of major axis
- Number of informing samples per block:
 - Maximum: 9
 - Minimum: 3
 - Maximum of 6 samples per hole
- Specific gravity estimated to be 2.8g/cc

A total of 2643 sample results across 3,402 metres of core in 78 diamond holes comprised the data set.

The lower cut-off grade used was 0.5g/t. The basis for this lower cut-off was that it still provided an acceptable internal rate of return.

The NI43-101 report and financial analysis was determined with the Yanamina Project as an open cut resource. The metallurgical recoveries were based on extensive metallurgical work completed by a previous owners pre-feasibility studies.

A summary of the work programs used to prepare the indicated and inferred resources includes a data base comprising 85 holes aggregating 3,647 metres, adit sampling, channel sampling, geological mapping, metallurgical test work, conceptual financial analysis.

Appendix 2 contains Table 1 of Appendix 5A.

Cautionary Statement: The information disclosed above was prepared and first disclosed under the NI43-101. National Instrument 43-101 is a national instrument for the disclosure for mineral projects within Canada or mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. The NI43-101 is broadly comparable to the JORC 2012 Code. The content of the technical reports, and the scientific rigors to which the [mineral resource classifications](#) within them are put, are often very similar and in many cases, NI43-101 and JORC Code technical reports are considered inter-changeable. The NI43-101 report was based on the historic exploration work completed by parties prior to 2012 and hence to update the NI43-101 analysis to JORC 2012 the same historic data base will be evaluated. The NI43-101 report has not been prepared by the Company and has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The resource estimates may not comply with JORC Code 2012 and a Competent Person has not done sufficient work to classify the estimates to comply with the JORC Code 2012. A review of the data on behalf of the Company indicates the estimates were prepared in a competent manner and nothing has come to the attention of the Company that causes it to question the accuracy or reliability of the former owners' estimates but the Company has not independently validated the former owners' estimates and therefore is not to be regarded as reporting, adopting or endorsing these estimates.

It is possible that following further evaluation and/or further exploration work that the estimates presented may materially change and will be needed to be reported afresh under and accordance with the JORC Code 2012.

In late 2015 Coronet sold the project to Wealth Minerals, with little work performed on the Yanamina Project since that date.

Proposed Work Programme

The Yanamina Gold Project presents a neglected potential near term production opportunity with a low capex, low opex, solid cash flow and significant untested exploration potential.

In terms of the proposed work programme Jadar plans the following, and will use best endeavours to complete such programme within 12 months of shareholder approval for the acquisition:

1. Establish a relationship with the local community as early as possible to facilitate local support and assistance with future programmes;
2. Review the extensive existing data base to verify the historical estimates as mineral resources in accordance with the JORC Code 2012;
3. Prepare a conceptual economic study to analyse the Project's potential economics with current costings and metal prices;
4. Determine what additional drilling is required to elevate the majority of the Project resource to Measured status;
5. Undertake sampling – bulk and drill – to secure additional material for metallurgical testwork;
6. Develop a drilling programme to test the fault block target together with potential extensions to the mineralisation at depth and to the north west of the existing resource boundaries; and
7. Undertake the proposed resource definition and exploration drilling.

This work, and the acquisition cost, will be largely funded from the capital placement pursuant to the proposed acquisition.

Serbian Scout Drilling Program

Following the encouraging results received from the Company's latest field program, the Company is pleased to advise that it has selected its first zone for follow up works on its Vranje South project with aim to select preliminary scout drill targets with drilling estimated to commence late October 2019.

Works will include a further analysis and reinterpretation of the gravity survey data, reconnaissance programs to confirm initial scout drilling locations and the drilling contractor selection.

The purpose of the planned scout drilling program will be to test the identified geochemical, gravity and magnetic anomalies identified in Jadar's announcement dated 16 July 2019 and scope the geology of the basin to understand the potential for mineralisation.

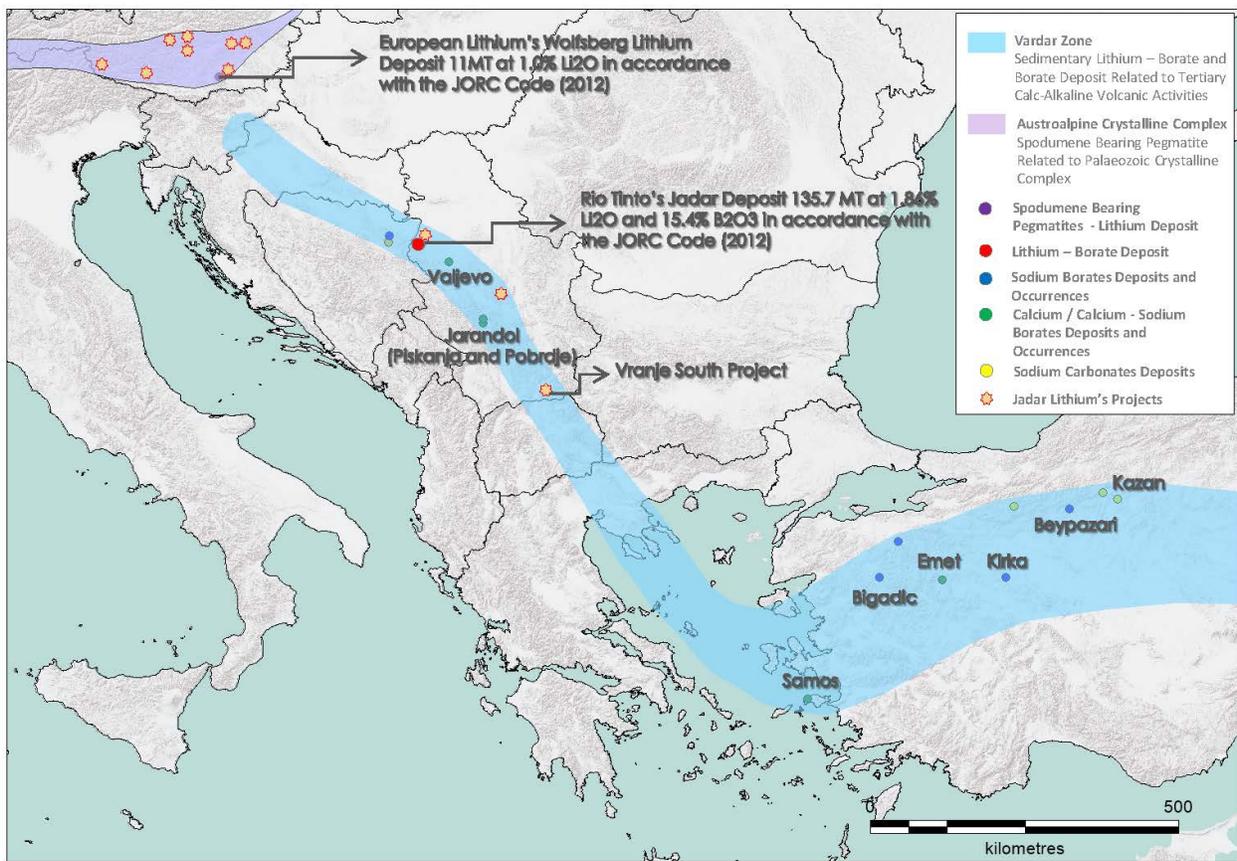


Figure 4: Location map showing the Company's projects

ENDS

Further Enquiries

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Competent Persons Statement

The information in this announcement that relates to the Yanamina Project Exploration Results and Mineral Resources is based on information compiled by Howard Dawson. Mr. Dawson is a member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. The resources quoted in this announcement were estimated by the former owners in accordance with the National Instrument 43-101 Code. The resource estimates have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr. Dawson has not done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012. The information in this market announcement is an accurate representation of the available data and studies for the Project. Mr. Dawson is a consultant to the Company and consents to the inclusion of the information in the form and context in which it appears. A company associated with Mr Dawson, Happy Diamonds Pty Ltd, introduced the

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acquisition and will receive a fee for services rendered and is the recipient of the production linked milestone payments and 1% NSR royalty on greater than 200,000ozs.

Disclaimer

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)”, “potential(s)” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company’s prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

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Appendix 1 - Acquisition Terms

The material terms of the Acquisition are as follows:

- Jadar to acquire Minera Wealth Peru S.A.C, the holder of five concessions known as the Yanamina Gold Project;
- Consideration is US\$100,000 and a 1.0% net smelter royalty on all metal production from the Yanamina Project. In addition, a payment of \$100,000 is to be made to the party who introduced the acquisition (Happy Diamonds Pty Ltd) for services relating to the acquisition and for an agreed reduction in potential production obligations to US\$8 million (see below);
- The agreement is subject to a number of conditions precedent including:
 - completion of due diligence on Minera Wealth Peru S.A.C and the concessions by Jadar;
 - execution of a binding Sale and Purchase agreement;
 - Assumption by Jadar of potential production obligations of US\$8.0 million in production linked milestone payments and royalties, payable to Happy Diamonds Pty Ltd, comprised as follows¹:
 - On or before 5th business day following commencement of mine construction, a payment of US\$1.5 million;
 - On production of greater than 275,000ozs, US\$1 million;
 - Before the 10th business day following the date of the initial gold pour, US\$1 million;
 - Before the 10th business day following the first anniversary of the date of the initial gold pour, US\$1 million;
 - Before the 10th business day following the second anniversary of the date of the initial gold pour, US\$1 million;
 - A payment of US\$2.5 million, following the delivery of a technical report commissioned by Jadar which discloses an inferred mineral resources of 250,000 ozs or greater of gold, as calculated using a cut-off grade equal to or less than 0.8 grams of gold per metric tonne for the Yanamina fault target.
This payment will be payable upon the earlier of:
 - a) the first-year anniversary of the Company having been in gold production in Peru from the Yanamina fault target, or
 - b) the Company completing a transaction to sell the Yanamina fault target for cash or shares, should such a transaction be carried out; and
 - 1% NSR on all gold production from the Yanamina Project of greater than 200,000ozs.
 - Assumption by Jadar of a 2% NSR on all metal production from the Yanamina Project. This royalty can be purchased outright for US\$200,000 and is payable to Franco-Nevada Corporation, a gold focused company who owns a large diversified portfolio of royalties and streams. This is an historical obligation of the Project.
 - Jadar obtaining all necessary shareholder or regulatory approvals required by the Corporations Act 2001 (Cth) (Corporations Act) or the ASX Listing Rules in relation to the Acquisition; and
 - the parties obtaining any other necessary third party consents to allow the parties to lawfully complete the acquisition.

¹ When Coronet acquired the Yanamina Project from Latin Gold in 2011, production obligations were negotiated between the parties. These production obligations remain with the Yanamina Project. In March 2017, Latin Gold assigned its right to receive the production obligations to Happy Diamonds Pty Ltd. Happy Diamonds Pty Ltd and Jadar will enter into a separate agreement concerning the production obligations.

Appendix 2 – JORC Code, 2012 Edition – Table 1 Report

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Please note: The NI43-101 report was prepared based on a site visit and analysis of the technical data base generated by work completed by Latin Gold during the period 2006-2011. The commentary provided in Table 1 is based on the drilling carried out by Latin Gold Limited.

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none">• <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>• <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	HQ diamond drilling was used. The core was then halved and selected intervals also quartered. The entire core sample (half or quarter) was then pulverized to produce a 50g charge for fire assay and selected metal analysis using ICP.
Drilling techniques	<ul style="list-style-type: none">• <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i>	HQ diamond drilling was conducted by a reputable contractor. Because of the shallow holes no core survey or orientation was carried out.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> • Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	The core recovery is reported as being good with only limited instances of small losses due to fracturing.
Logging	<ul style="list-style-type: none"> • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged. 	The entire core was logged by a registered geologist to a high standard.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	The core was sawn halved and selected intervals also quartered. The entire core sample (half or quarter) was then pulverized to produce a 30g charge for standardised fire assay and gravimetric finish for Au and Ag using a NaCN digest. Core was photographed and securely stored in locked company leased exploration shed.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	Only reputable and registered laboratories were used.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	No holes were twinned. Selected holes were resampled and re-assayed by third parties associated with the 43-101 report preparation. No significant variation in data was reported.
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	Holes were surveyed by differential mode GPS. Accuracy is not known.
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	The diamond drilling programme was designed to test the outcropping mineralization and alteration and was sufficient to establish grade continuity.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	The mineralization is broadly north-south in orientation and the drill lines orientated as much as possible to adequately test across the strike. There was no evidence for any key internal structures that may have changed or influenced alternate mineralising orientations
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	Reputable Laboratories, trusted staff at all times supervised by the senior geologists, reputable transport companies.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	No matters were noted that would impair the validity of the Mineral Resource Estimate.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. 	<p>The drilling data was collected within Malu 1 licence. Compensation Agreements were in place with the relevant landholders.</p> <p>Part of Malu 1 is located within the buffer zone for a national park. Malu 1 pre-dates the establishment of the national park and buffer zone and there were no impediments raised to operating in the area.</p>
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<p>In 1994, the first modern recorded exploration was carried out on the project area by Arequipa Resources and this company completed over a two year period detailed geological mapping, surface sampling and 60 diamond drill holes totalling 2,179.18 metres. In February 1996, Acuarios prepared a mineral resource estimate for the project reporting 2,656,108 tonnes (unclassified) averaging 2.0g/t gold (170,810 ozs). (Note: this resource estimate does not comply with the JORC 2012 resources classifications)</p> <p>In April 2006, ASX listed Latin Gold Limited through its wholly owned subsidiary Golden Eagle Resources Peru SAC purchased 100% of the Project and subsequently completed detailed mapping of the geology and alteration, channel sampling, limited adit sampling, digitizing of the historic and current data base and the drilling of an additional 25 diamond drill holes totalling 1,468 metres. Latin Gold completed two pre-feasibility studies based on a JORC 2004 measured, indicated and inferred resources of 6.2 million tonnes grading 1.6g/t Au and 7.0 g/t Ag. (Note: this resource estimate does not comply with the JORC 2012 resources classifications) The work carried out by Latin Gold appears to be a sound standard with a strong level of independent review.</p>

Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<p>The Yanamina Gold Project area is epithermal and lies within a regional northerly trending belt of complexly folded and intensely faulted, Late Mesozoic marine sediments, which have been intruded by Tertiary batholithic rocks of various compositions. The oldest rocks in the region are Cretaceous quartzites and shales.</p>
Drill hole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<p>Collar easting and northing plus drill hole azimuth, dip and final depth for Holes is not currently available but will be advised when the data is made available.</p> <p>No data deemed material to the understanding of the exploration results have been excluded from this document.</p>
Data aggregation methods	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<p>Unknown.</p>
Relationship between mineralisation widths and	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> 	<p>Drill holes were drilled as close as possible to perpendicular to the regional geological strike and particularly the strike of mineralized zones.</p> <p>All depths and intervals are downhole depths and were then corrected to</p>

Criteria	JORC Code explanation	Commentary
Intercept lengths	<ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	RL.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	See attached.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	The NI43-101 report had full access to all drill results.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	No other substantive data has been omitted in the context of this report. The extensive data is currently being reviewed and any material observations will be reported in due course.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	Subject to a successful acquisition the data will be reviewed and updated to JORC 2012.



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Technical Report

Deposit Modeling

NI 43-101 Resource Estimate

Preliminary Economic Assessment

Yanamina Gold Property

Department of Ancash, Peru

Prepared for

Coronet Metals Inc.

Prepared by



Southampton Associates Inc

February 28, 2011



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Technical Report

Deposit Modeling

NI 43-101 Resource Estimate

Preliminary Economic Assessment

Yanamina Gold Property

Department of Ancash, Peru

Coronet Metals Inc.

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Authors and Qualified Persons

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Philip David Burt, BSc., P.Geo

February 28, 2011



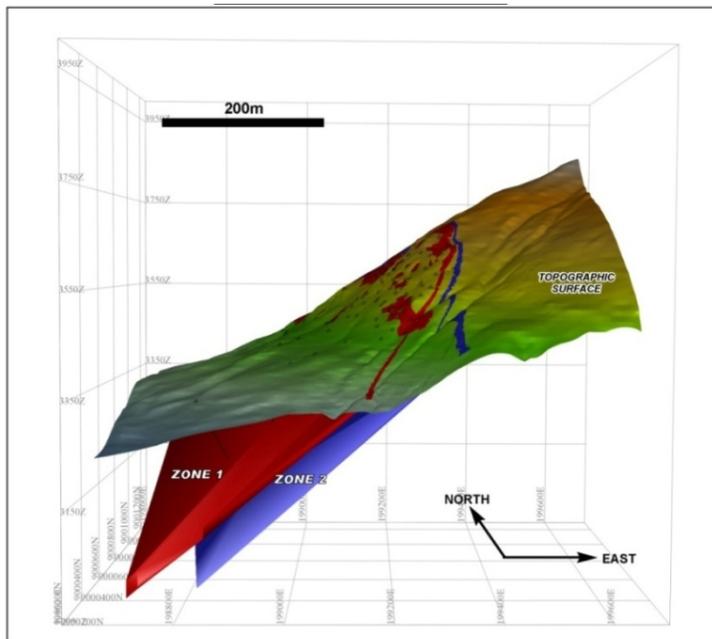
Executive Summary

David G. Wahl, P. Eng., P.Geo, ICD.D and Philip David Burt, BSc., P.Geo. (hereafter defined as "Southampton") was retained by Coronet Metals Inc. ("Coronet Metals" or the "Company") to prepare a Technical Report (the "Report") on their Yanamina Gold Property (the "Property"), Department of Ancash, Peru. The report is an integral part of the due diligence being carried out by the Company in connection with the announcement that the Company has reached an agreement with Latin Gold Limited ("Latin Gold"), an Australian registered company, the owner of the Property, listed on the Australian Stock Exchange (ASX), to acquire a 100% interest in the Property by making milestone payments totaling \$US 14.0 million (Ref Press Release dated January 4, 2011).

Southampton carried out a review of the historic data, constructed a deposit model, completed a NI 43-101 resources estimate and a Preliminary Economic Assessment of the Yanamina gold deposit.

The Yanamina Gold project area lies within a regional northerly trending belt of complexly folded and intensely faulted, Late Mesozoic marine sediments, which have been intruded by Tertiary batholithic rocks of various compositions. The oldest rocks in the region are Cretaceous quartzites and shales.

The most important structure in the region is the Yungay Graben, which trends northerly across the region and has been traced along strike for almost 100 kilometres. The eastern edge of the Yungay Graben is defined by the Ancash Fault Zone. The Yanamina Gold Property straddles the Ancash Fault Zone and the gold deposit on the Property is hosted by the Ancash Fault Zone.



The deposit is a tabular body exposed on the westerly dip slope of Ancash Fault Zone. The footwall rocks are intensely sheared granodiorite and the hanging wall sedimentary rocks have been down dropped as a result of the formation of the graben.

As a foundation for the resource estimate, Southampton developed a model for the deposit. A digital data base was provided by Latin Gold. A total of 2,643 samples spanning 3,402m from 78 drill holes were included in the data base.

Figure ES-1
Perspective View Yanamina Gold Deposit
0.5gpt Au Assay
(Looking North)



The resource block estimation was completed using:

- $1/D^2$ (Inverse distance squared) algorithm
- Search ellipsoids:
 - Major axis: 337° horizontal, 25m and 50m radius
 - Secondary axis: -40° , 25m and 50m radius
 - Minor axis: horizontal, 1/3 of major axis
- Number of informing samples per block:
 - Maximum: 9
 - Minimum: 3
 - Maximum of 6 samples per hole
- Specific gravity estimated to be 2.8g/cc

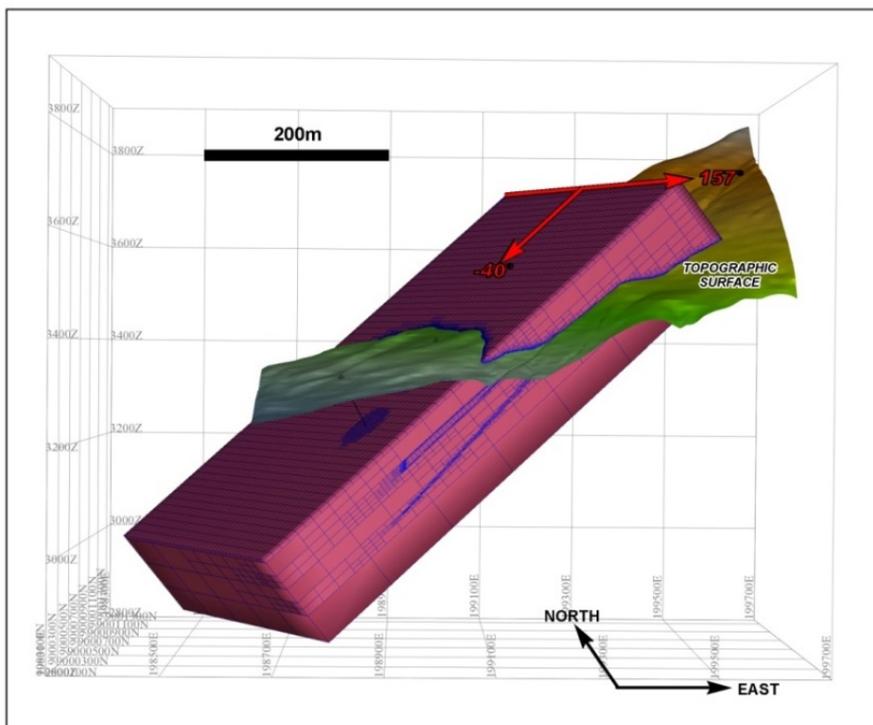


Figure ES-2

**Perspective View Yanamina Gold Deposit
Block Model Orientation
(Looking Northwesternly)**

At the request of Coronet Metal Inc, Southampton prepared a NI 43-101 resource estimate for the Yanamina deposit situated on the Company's Malui I mining concession, Department of Ancash, Peru.

The results of the resource estimate dated February 28, 2011, are summarized below and presented in detail in Section 16 of this report.



Table ES-1

Summary Mineral Resources Yanamina Gold Deposit (0.50 gpt Au Cut-Off Grade)			
Resources	Tonnes	Grade gpt Au	Total Ounces
Indicated Resources	1,566,900	1.65	83,100
Inferred Resources	3,235,000	1.19	123,700

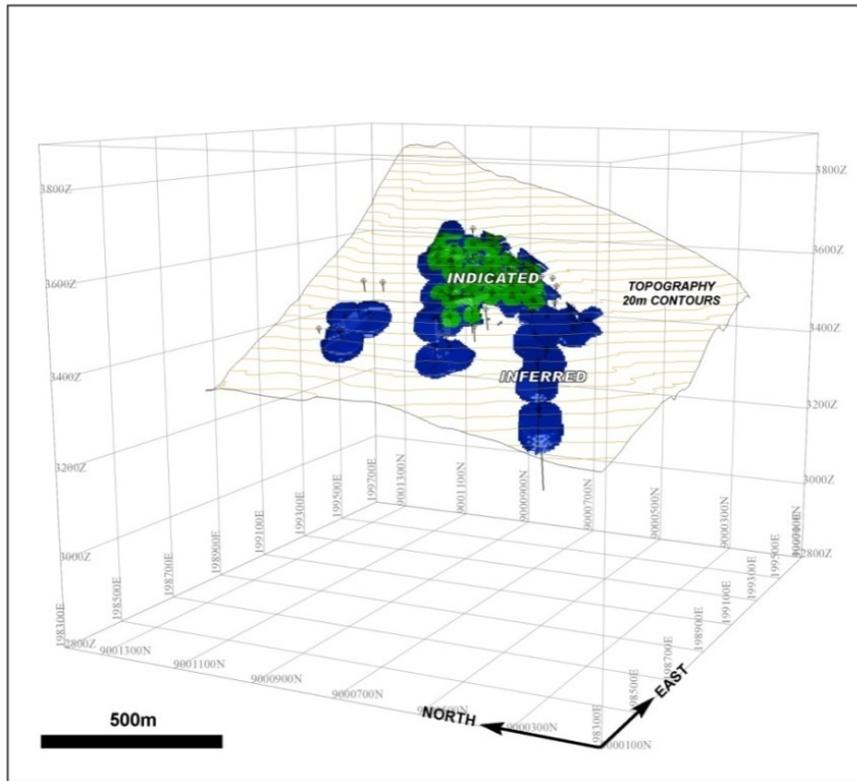


Figure ES-3
 Perspective View Yanamina Gold Deposit
 Resource Distribution
 (Looking Northeasterly)

As an integral part of this report the Company requested that Southampton prepare a preliminary assessment of the project, which includes an economic analysis of the potential viability of mineral resources take at an early stage of the project prior to the completion of a preliminary feasibility study (NI 43-101 Part I Section 1.1). The study, dated February 28, 2011, is based on 20 parameters, which are detailed in Section 17 of this report.

To demonstrate the impact of up grading the inferred resource (3,235,000 tonnes averaging 1.19gpt Au) Southampton has included the inferred resources as part of the production for years 1.5 through 5 as being material to the Company under Part 2, Sub Section 2.3 of NI 43-101.

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The rationale being the deposit has been outlined by diamond drilling on a grid approximating 50 metres by 50 metres. The assay results indicate that the deposit consists of two zones designated by Southampton as Zone 1 (Upper Zone) and Zone 2 (Lower Zone). The data also shows that the gold zones are quite well defined as having a consistent direction. The block model and search ellipses were set up to accommodate the preferential direction. Additionally, within areas of dense drilling (25m x 25m) every drill hole reports similar grade-thickness composites at a 1g/t Au cut-off. Where drilling is sparser (50m x 50m) the mineralized zones, while still present in most cases is mostly defined by the 0.5 g/t cut-off composites.

The following presents the results of the preliminary assessment.

Cutoff Grade - >0.5 g/t Gold	Units	Total/ Average	Year -2	Year -1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
METAL PRICES										
Gold	US\$/oz	\$1,025	-	-	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	-
Silver	US\$/oz	\$16.62	-	-	\$16.62	\$16.62	\$16.62	\$16.62	\$16.62	-
PRODUCTION										
Waste Mined	kt	4,802	-	-	1,050	1,050	1,050	1,050	602	-
Indicated Resources										
Ore Mined & Milled	kt	1,567	-	-	1,050	517	-	-	-	-
Metal Grades										
Gold	g/t	1.65	-	-	1.65	1.65	-	-	-	-
Silver	g/t	7.00	-	-	7.00	7.00	-	-	-	-
Inferred Resources										
Ore Mined & Milled	kt	3,235	-	-	-	533	1,050	1,050	602	-
Metal Grades										
Gold	g/t	1.19	-	-	-	1.19	1.19	1.19	1.19	-
Silver	g/t	5.00	-	-	-	5.00	5.00	5.00	5.00	-
Total Production										
Ore Mined & Milled	kt	4,802	-	-	1,050	1,050	1,050	1,050	602	-
Metal Grades										
Gold	g/t	1.34	-	-	1.65	1.42	1.19	1.19	1.19	-
Silver	g/t	5.65	-	-	7.00	5.98	5.00	5.00	5.00	-
Metal Recoveries										
Gold	%	73%	-	-	73%	73%	73%	73%	73%	-
Silver	%	40%	-	-	40%	40%	40%	40%	40%	-
Metal Production										
Gold	kg	4,698	-	-	1,265	1,086	912	912	523	-
	oz	151,031	-	-	40,662	34,906	29,326	29,326	16,812	-
Silver	kg	10,857	-	-	2,940	2,514	2,100	2,100	1,204	-
	oz	349,073	-	-	94,523	80,812	67,517	67,517	38,705	-
Gross Revenue										
Gold	k\$	154,807	-	-	41,678	35,779	30,059	30,059	17,232	-
Silver	k\$	5,802	-	-	1,571	1,343	1,122	1,122	643	-
Total Revenue	k\$	160,609	-	-	43,249	37,122	31,181	31,181	17,875	-
Less: Smelting/Refining etc.										
Gold	k\$	909	-	-	245	210	177	177	101	-
Silver	k\$	127	-	-	34	29	25	25	14	-
Total Refining/Smelting	k\$	1,036	-	-	279	240	201	201	115	-
Net Revenue	k\$	159,572	-	-	42,970	36,883	30,980	30,980	17,760	-
OPERATING COSTS										
Mining	k\$	12,527	-	-	2,739	2,739	2,739	2,739	1,570	-
Processing	k\$	22,925	-	-	5,013	5,013	5,013	5,013	2,874	-
G&A	k\$	4,844	-	-	1,059	1,059	1,059	1,059	607	-
Total Operating Costs	k\$	40,296	-	-	8,811	8,811	8,811	8,811	5,051	-
EBITDA	k\$	119,276	-	-	34,159	28,071	22,169	22,169	12,709	-
Less: Depreciation										
Profit Sharing	k\$	7,223	-	-	2,269	1,782	1,310	1,310	553	-
Corporate Taxes	k\$	22,427	-	-	7,045	5,533	4,066	4,066	1,717	-
Net Profit aft. Depr. & Taxes	k\$	60,636	-	-	19,047	14,959	10,995	10,995	4,641	-
Net Cash Flow to Project										
Net Profit aft. Depr. & Taxes	k\$	60,636	-	-	19,047	14,959	10,995	10,995	4,641	-
Plus: Depreciation & Amort.	k\$	28,990	-	-	5,798	5,798	5,798	5,798	5,798	-
Less: Capital Investment	k\$	35,512	5,000	23,990	-	-	-	-	6,522	-
Working Capital	k\$	-	-	-	6,020	(707)	(686)	-	(1,463)	(3,165)
Net Cash Flow to Project	k\$	54,114	(5,000)	(23,990)	18,825	21,464	17,478	16,793	5,380	3,165
Accum NCF to Project	k\$	54,114	(5,000)	(28,990)	(10,165)	11,298	28,777	45,569	50,949	54,114
Internal Rate of Return	%	50%								
Payback Period	Years	1.47	from start of operations							
Net Present Value of NCF										
	k\$		2.5%	46,840		5.0%	40,567		7.5%	35,135
			10.0%	30,416		12.5%	26,300		15.0%	22,701



The preliminary assessment includes inferred mineral resources that are considered to be too speculative geologically to have the economic consideration applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary assessment will be realized, the preliminary assessment is considered preliminary in nature.

However, notwithstanding the preliminary nature of the assessment mining only the indicated resource provides a positive net cash flow in year one.

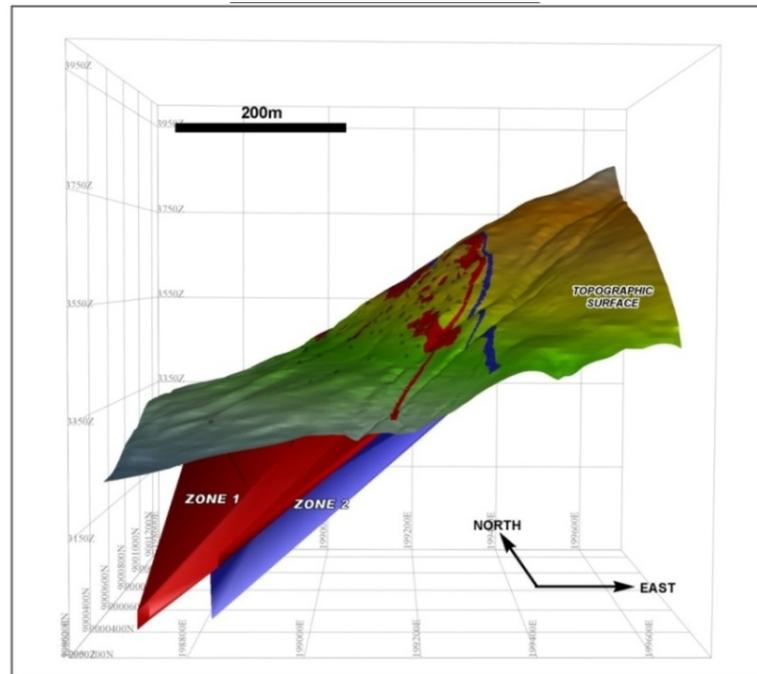


Figure ES-4
Perspective View
Yanamina Gold Deposit
3-D Space
0.5gpt Au Assay Composite
(Looking North)

It is Southampton's opinion that the Yanamina Property is a "Property of Merit" and warrants further work to confirm the resource potential of the Property. This work will include the following:

- Complete 10,000 metres of HQ diamond drilling on a 25 metre by 25 metre grid to provide the data density necessary to potentially generate a higher quality resource, as illustrated on Figure ES-4 below.

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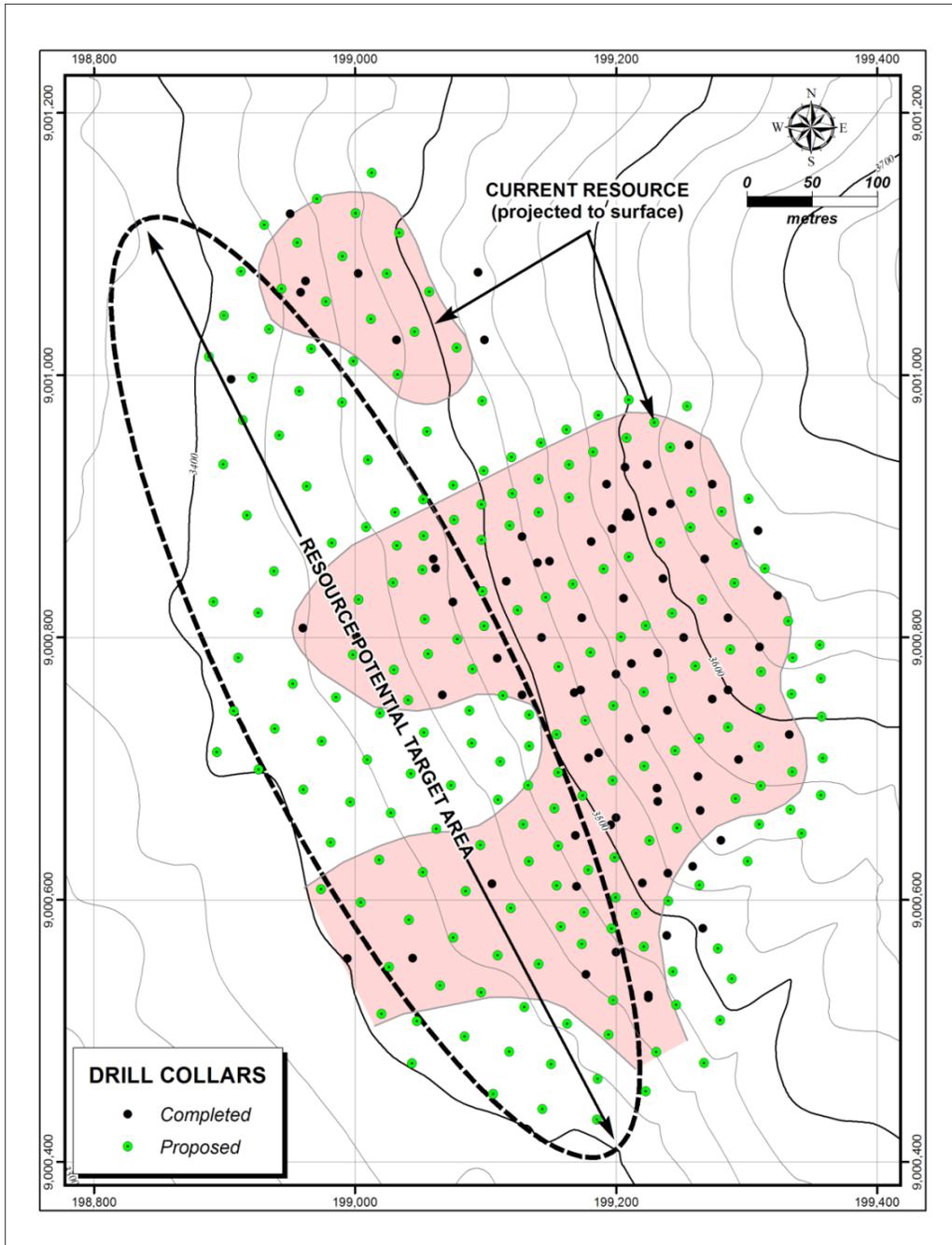


Figure ES-6
Plan View
Proposed Diamond Drill Hole Location
Yanamina Gold Deposit

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- Carry out pilot plant scale metallurgical tests to establish the metal recoveries and preliminary flow sheet design to support a feasibility study.

Southampton estimates the proposed program will take four (4) months to complete at a cost of approximately \$3,500,000 as summarized below:

Scope of Work	\$	\$
• Diamond Drill Contract 10,000m HQ @ \$250.00 per metre	\$2,500,000	\$250 /metre
• Safety Fence	\$ 250,000	\$25/metre
• Metallurgical Pilot Plant testing:	\$ 200,000	\$20/metre
• Field Camp Costs	\$ 150,000	\$15/metre
• Site Management: 1-Sr Geologist-Project Manager 2-Jr. Geologists 6-Technicians	\$ 200,000	\$20/meter
• Assays	\$ 100,000	\$10/metre
• Travel	\$ 50,000	\$5/metre
• Environmental Management	\$ 50,000	\$5/metre
TOTAL	\$3,500,000	\$350/metre

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1.0 Technical Summary

David G. Wahl, P.Eng., P.Geo, ICD.D (Engineer of Mines) and Philip David Burt, BSc., P.Geo (geology) (hereafter referred to as "Southampton") the designated qualified persons was retained by Coronet Metals Inc. ("Coronet Metals" or the "Company") to prepare a Technical Report (the "Report") on the Yanamina Gold Property (the "Property"), Department of Ancash, Peru. The report is an integral part of the due diligence being carried out by the Company in connection with the announcement that the Company has reached an agreement with Latin Gold Limited ("Latin Gold"), an Australian registered company, the owner of the Property, listed on the Australian Stock Exchange (ASX), to acquire a 100% interest in the Property (Ref Press Release dated January 4, 2011).

Southampton completed a review of the historic data, construct a deposit model and complete a NI 43-101 compliant resources estimate and a preliminary economic assessment for the Yanamina gold deposit. The results of this work are presented in the following report.

A site visit to the Property was carried out by Southampton during the period from January 14th through January 19th. Members of the site visit team included Mr. David G. Wahl, P. Eng., P. Geo., ICD.D, Managing Director of Southampton (the author of the Report and "Qualified Person" as defined in NI 43-101) and Mr. Stephen C. Wahl, CEO of Highwahlscler Inc. a company specializing in rope assisted drilling and sampling in environmentally challenging mountainous conditions. During the site visit meetings were held with senior management of the Company, QA/QC protocols and procedure were discussed, the historic drill core was examined, and selected quarter sections of the core were taken for confirmation assays.

The Property consists of one (1) Mining Concession, covering 224 hectares and is recorded under the name of "Malu 1" as shown on Figure 2. The Company has the right to acquire 100% interest in the Property by making milestone payments totaling \$US 14.0 million.

The Property is readily accessible by all wheel drive vehicle or by Commercial Airliner from Lima to the Department capital of Huaraz, located approximately 400 kilometres north of Lima. Located approximately 93 kilometres north of Huaraz the Property is located 16 kilometres east of the village of Caraz, within the "Buffer Zone" around the Huascarán National Park. A small portion of the Property covering approximately 28 hectares lies within the park. This area does not impact on the resource or any potential mining operation. The Company is successfully working within the framework of the Huascarán Working Group and is moving towards a sustainable development vision for the Property.

The Property has a history of artisanal mining dating back to the 1600's when Portuguese miners exploiting small pockets of high grade gold on the Property. The first modern exploration was carried out by Arequipa Resources in 1994 and over the next 2 years, through its wholly owned subsidiary Acuarios Minera Y Exploradora S.R.L ("Acuarios"), completed detailed geological mapping, surface sampling and 60 diamond drill holes totaling 2,179.18 metres. In February 1996, Acuarios prepared a mineral resource estimate for the Property reporting 2,656,108 tonnes (unclassified) averaging 2.005 gpt Au and 7.29gpt Ag. The Acuarios resource estimates does comply with the NI 43-101 resources classifications. Subsequent resources estimates were prepared and were reported on in this report.

In 2000, Barrick Gold acquired Arequipa Resources including the Paron Gold Project and exploration on the property was suspended.

In April 2006, Latin Gold through its wholly owned subsidiary Golden Eagle Resources Peru SAC acquired an option to purchase 100% of the property and subsequently completed detailed mapping of the



geology and alteration, channel sampling, limited adit sampling, digitizing of the historic and current data base and drilled 25 diamond drill holes totaling 1,468 metres. The drilling confirmed the geology and the near surface zone of disseminated gold and silver mineralization, which is locally exposed in outcrop. Gold was intersected in the majority of the drill holes and demonstrated strong continuity along strike. The drilling also identified a higher grade core zone locally grading 5gpt Au over 5 metres within a mineralized envelope averaging 2.5gpt Au over intervals ranging from 20 to 30 metres. The drilling also confirmed the coincident silver values reported historically ranging up to 20.3gpt Ag over 10 metres.

Following the 2006 exploration program Latin Gold commissioned MinConsult SRL (Peru) and SAMSA (Chile), to prepare independent JORC compliant resource estimates on the Yanamina gold deposit on the Property. Both consultants were given the same data base and both chose to use geostatistical analysis to calculate the resources. Southampton has reviewed the resource estimates and questions the use of geostatistics for resource definition of the Yanamina gold deposit; highlighted by the fact that, the results showed poor correlation not only with respect to tonnage and grade but also confidence in the resource classification. It is Southampton's opinion that neither the MinConsult nor the SAMSA resource estimates are 43-101 compliant and are mentioned only as a milestone in the history of the project but are not to be relied upon.

In 2007, Latin Gold commissioned MinConsult to prepare a preliminary feasibility study on the Yanamina Project (previously referred to as the Peron Project) based on the JORC resource estimate presented above. Given Southampton's concerns over the use of geostatistics to define the resources, the prefeasibility is not 43-101 compliant and should not be relied upon.

In April 2010, J. G. Zegarra Wuest completed an evaluation of the Yanamina project. The evaluation focused on the metallurgical aspects of the project, which will be discussed in Section 15 - Mineral Processing and Metallurgical Testing.

In 2010, following the announcement that the Company had the right to earn 100% interest in the Property the Company commenced its due diligence. As part of the due diligence, the Company retained Southampton to prepare a Technical Report on the project, which included a 43-101 compliant resource estimate, deposit modeling and Preliminary Economic Assessment. The results of this work are present in this report.

The Yanamina Gold project area lies within a regional northerly trending belt of complexly folded and intensely faulted, Late Mesozoic marine sediments, which have been intruded by Tertiary batholithic rocks of various compositions. The oldest rocks in the region are Cretaceous quartzites and shales.

The most important structure in the region is the Yungay Graben, which trends northerly across the region and has been traced along strike for almost 100 kilometres. The eastern edge of the Yungay Graben is defined by the Ancash Fault Zone. The Yanamina Gold Property straddles the Ancash Fault Zone and the gold deposits on the Property are hosted by the Ancash Fault Zone. The intense structural deformation associated with the formation of the Yungay Graben and the Ancash Fault has provided conduits for gold bearing hydrothermal solutions giving rise to a number of gold occurrences and deposits in the region.

The deposit reflects the alteration typical of a low sulphidation epithermal gold system and the intense alteration and structural deformation characteristic of a shear hosted gold deposit. The deposit is a tabular body exposed on the westerly dip slope of Ancash Fault Zone, which defines the eastern edge of the Yungay Graben. The footwall rocks are intensely sheared granodiorite and the hanging wall

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sedimentary rocks have been down dropped as a result of the formation of the graben.

The vectors to mineralization for the deposit include structural and alteration parameters. The gold content in the quartz-sericite alteration associated with the resource area (the "Yanamina Deposit") ranges from 0.10gpt to 30gpt Au over widths of up to 1.5 metres.

As a foundation for the resource estimate, Southampton developed a model for the Yanamina Deposit. A digital data base was provided by Latin Gold. A total of 2,643 samples spanning 3,402m from 78 drill holes were included in the data base. Lithology was provided for only the most recent 26 holes. All data was entered into an Excel[®] spreadsheet and formatted. Those intervals that were not assayed were defined as having a zero value. The drill hole information was then loaded into Gemcom Surpac[®], and checked for duplicate assays and invalid or overlapping intervals. Within the 3D environment the data was examined for location against previous maps. Surface topography was also provided as 1m contours. This was imported into Gemcom Surpac[®] and a 3D surface model was created. Drill collar elevations were then checked against the topographic surface.

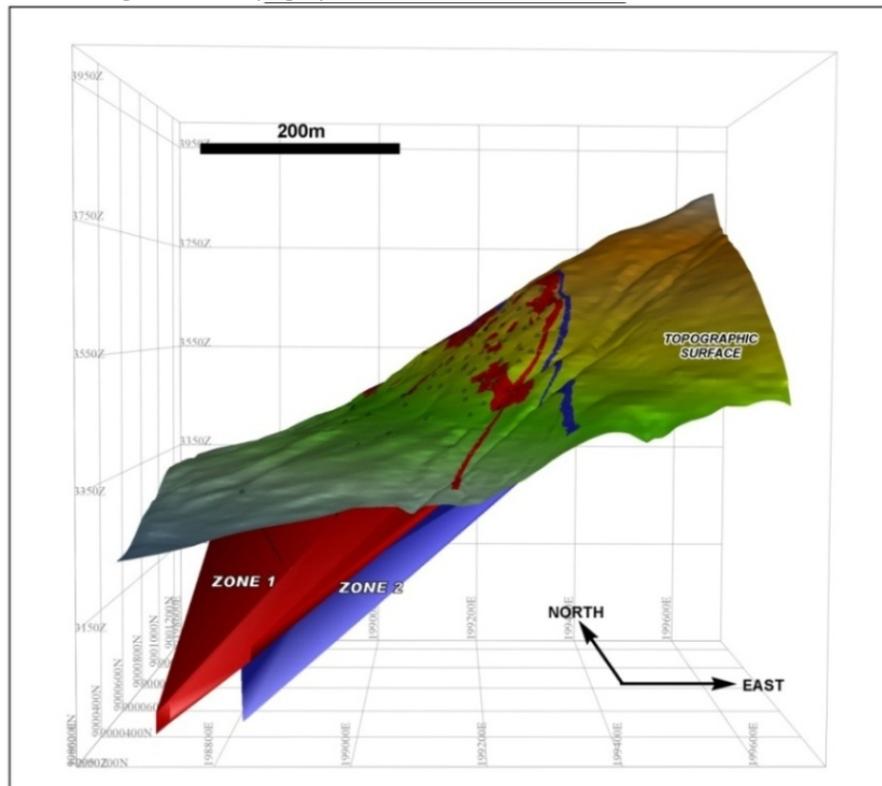


Figure TS-1

Perspective View - Yanamina Gold Deposit
3-D Space
0.5gpt Au Assay Composite
(Looking North)

Since the gold zones are quite well defined as having a consistent direction both the block model and search ellipses were set up to accommodate the preferential direction. This allows a better and more consistent estimate to be made within the 0.5 g/t Au shells.



The block estimation was performed using:

- $1/D^2$ (Inverse distance squared) algorithm
- Search ellipsoids:
 - Major axis: 337° horizontal, 25m and 50m radius
 - Secondary axis: -40°, 25m and 50m radius
 - Minor axis: horizontal, 1/3 of major axis
- Number of informing samples per block:
 - Maximum: 9
 - Minimum: 3
 - Maximum of 6 samples per hole
- Specific gravity 2.8g/cc

The block model was thus given a plunge of minus 40° to 247° to simulate the average attitude of Zone 1. The cell sizes were set to 5m x 5m x 2m. This size ratio attempts to roughly emulate the shape of the zones such that the contact areas will have as little crossing by blocks as possible. Sub-blocking was allowed to go down to 1.25m x 1.25m x 0.5m as shown in Figure TS-2 below.

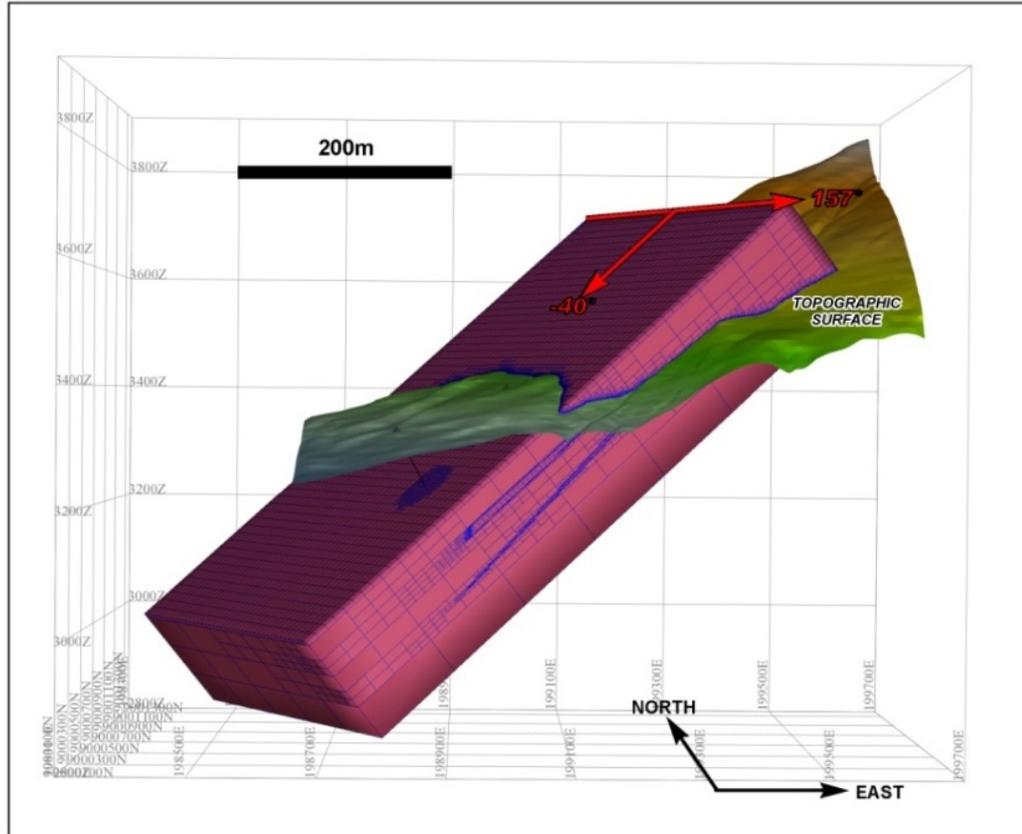


Figure TS-2 - Perspective View Yanamina Gold Deposit

Block Model Orientation
(Looking Northwesterly)

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In preparation for estimation non-assayed intervals were given a value of 0 g/t Au and the assay data was composited into 1m equal lengths down hole. As the highest assay value at 21.1 g/t Au is spatially surrounded by other holes report assays greater than 10gpt Au these assays were not cut.

Once the models were run, the results were visually inspected to determine if the search parameters were consistent with the composites.

Southampton completed a NI 43-101 resource estimate defining indicated and inferred resources as summarized below:

Table TS-1 Summary Mineral Resources Yanamina Gold Deposit

Summary Mineral Resources Yanamina Gold Deposit (0.50 gpt Au Cut-Off Grade)			
Resources	Tonnes	Grade gpt Au	Total Ounces
Indicated Resources	1,566,900	1.65	83,100
Inferred Resources	3,235,000	1.19	123,700

The following summarized the indicated and inferred resources at various cut-off grades

Table TS 2: Indicated Resources (25m radius)

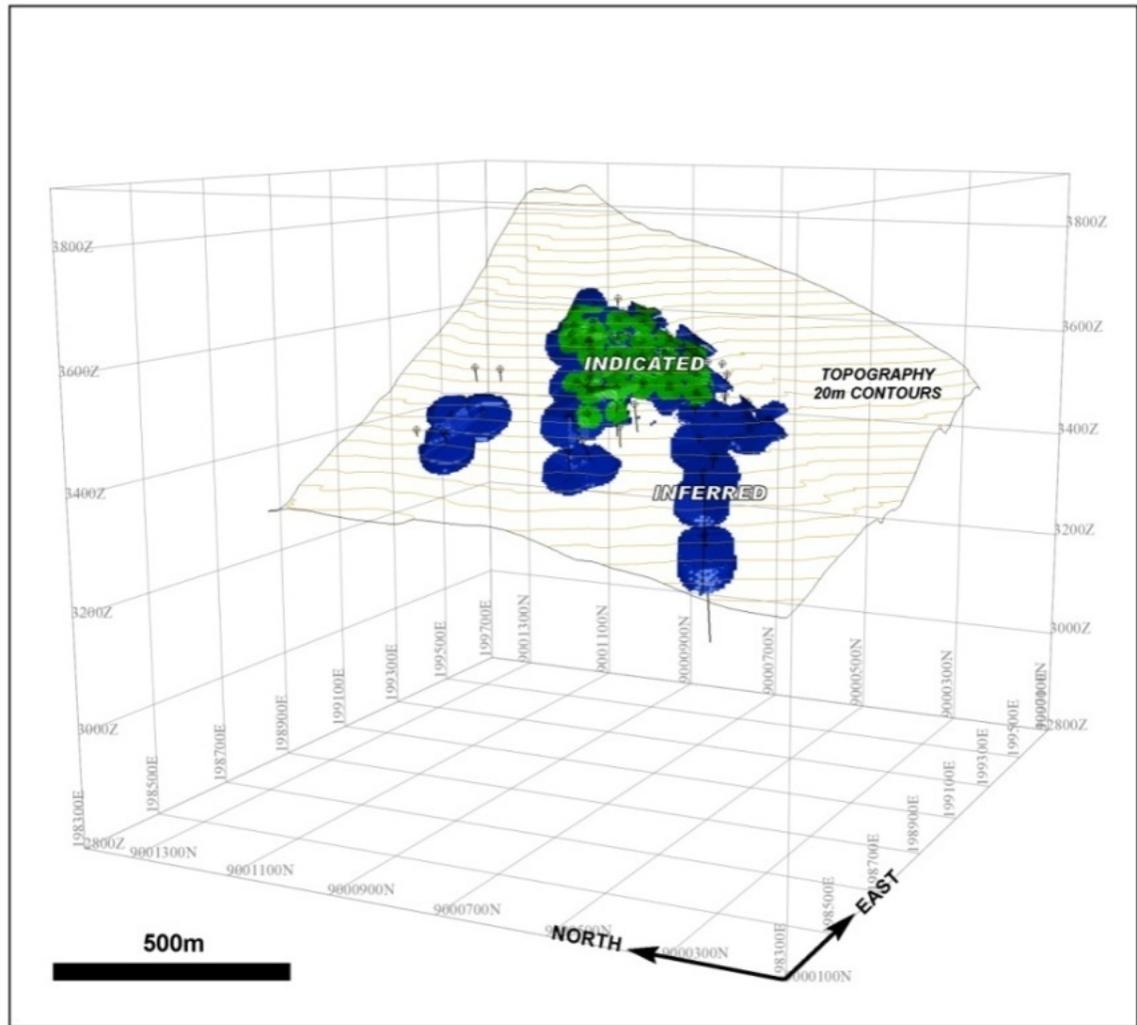
GRADE RANGE (25m radius)	Volume	Tonnes	Au (gpt)	Grams Au	Cut-off Grade	Tonnes	Grade	Ounces Au
0.5 -> 0.8 g/t Au	153,034	428,496	0.65	278,522	0.5	1,566,901	1.65	83,122
0.8 -> 1.0	75,991	212,774	0.89	189,369	0.8	1,138,405	2.03	74,299
1.0 -> 3.0	272,385	762,678	1.76	1,342,313	1	925,631	2.29	68,150
>3	58,198	162,953	4.78	778,915	3	162,953	4.78	25,043
Total > 0.5	559,608	1,566,901	1.65	2,589,120				

Table TS-3 Inferred Resources (50m radius)

GRADE RANGE (50 m radius)	Volume	Tonnes	Au (gpt)	Grams Au	Cut-off Grade	Tonnes	Grade	Ounces Au
0.5 -> 0.8 g/t Au	466,932	1,307,410	0.64	836,742	0.5	3,235,029	1.19	123,770
0.8 -> 1.0	148,774	416,568	0.89	370,746	0.8	1,927,619	1.56	96,680
1.0 -> 3.0	504,595	1,412,865	1.60	2,260,584	1.0	1,511,051	1.74	84,532
>3	35,066	98,186	3.82	375,071	3.0	98,186	3.82	12,059
Total > 0.5	1,155,367	3,235,029	1.19	3,843,142				

As shown on Figure TS-3 below, the indicated resource covers approximately 17 hectares and is outlined by a search area of 25 metres; within this area, the drill holes intersected similar grade-thickness composites at a 1g/t Au cut-off.

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The inferred resource is outlined by a search area of 50 metres. The holes drilled in this area intersected mineralization defined by 0.5gpt cut-off composites. Continuous blocks within the 25 metre search radius have thus been defined as an Indicated Resource while the blocks outside of this zone at a 50m search radius and those blocks above the 0.5 g/t Au cut-off in Zone 2 are categorized as an indicated resource. Further drilling at 25 metre spacing will be required to define additional inferred resources in both zones.

At the 0.5g/t Au composite cut-off, Zone 1 exhibits strong continuity. Based on limited drilling Zone 2 appears to be thinner and less continuous. Further in-fill drilling at 25m spacing may upgrade this zone in grade, thickness and continuity. Zone 1 also has some gaps in the drilling, which will be addressed during the in-fill drilling program.

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The definition of the zones was based solely on an assay wall without regard to geology. Although geology may control gold deposition to some extent, gold is well known to deposit across many lithologies and alteration patterns.

As an integral part of this report the Company requested that Southampton prepare a preliminary assessment of the project which includes an economic analysis of the potential viability of mineral resources take at an early stage of the project prior to the completion of a preliminary feasibility study (NI 43-101 Part I Section 1.1). The study, dated February 28, 2011, is based on 20 parameters, which are detailed in Section 17 of this report and summarized as follows:

- All units are metric unless otherwise stated.
- All monetary units are US dollars.
- All dollars are in 2011 dollars (i.e. no inflation)
- The production schedule is based on the drill indicated and inferred resources calculated by Southampton
- Based on the current resources estimate prepared by Southampton a production rate of 3,000 tonnes per day has been used for the preliminary economic assessment presented in this report.
- Waste:Ore ratio of 1:1 is assumed.
- Given the nature and mineral composition of the Yanamina mineralized gold /silver zones on the Property Southampton estimates the metal recoveries to be 73% and 40% for gold and silver respectively.
- The projected gold and silver prices are based on the three year trailing average as were \$1,025/oz and \$16.62/oz for gold and silver respectively.
- Gold refining terms are:
 - Pay for 99.9% of the gold.
 - Refining charge of \$5.00/oz of payable gold.
- Silver refining terms are:
 - Pay for 99% of the gold.
 - Refining charge of \$0.20/oz of payable silver.
- Operating and capital costs based on a comparable mineralized zone have been estimated by Southampton as presented
- A reclamation cost of \$6.5 million has been deducted in the final year of production.
- Straight line depreciation over 5 years for call capital investments
- A profit sharing tax of 8% of net taxable income has been deducted. This profit sharing tax goes to the company workers by law. Currently, the profit sharing cannot exceed 18 months' salary. This is being disputed by the Peruvian Labour unions as they feel that the workers should get a larger share in the current commodity boom. Southampton has assumed that the workers will get the full 8%
- A corporate tax of 27% of profits net of depreciation and profit sharing has been 31%. Southampton has used the 27% rate.
- Working Capital is calculated as
 - An allowance for spare parts and inventory of 5% of total capital
 - A precious metal inventory equal to 2 weeks of metal sales
 - Accounts receivable equivalent to 4 weeks of metal sales
 - Accounts payable equal to two weeks of operating costs
- The model calculates the project Internal Rate of Return (IRR) plus the payback period, the Net Cash Flow (NCF) and Net Present Values (NPV) discounted at rates varying from 2.5% to 15%, All NPV;s are discounted to the mid-year.



- While the base case is based on both the drill indicated and inferred resources, a test case mining only the drill indicated resources returned a net cash flow of approximately \$2.1 million.

The following presents the results of the preliminary assessment.

Cutoff Grade - >0.5 g/t Gold	Units	Total/ Average	Year -2	Year -1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
METAL PRICES										
Gold	US\$/oz	\$1,025	-	-	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	-
Silver	US\$/oz	\$16.62	-	-	\$16.62	\$16.62	\$16.62	\$16.62	\$16.62	-
PRODUCTION										
Waste Mined	kt	4,802	-	-	1,050	1,050	1,050	1,050	602	-
Indicated Resources										
Ore Mined & Milled	kt	1,567	-	-	1,050	517	-	-	-	-
Metal Grades										
Gold	g/t	1.65	-	-	1.65	1.65	-	-	-	-
Silver	g/t	7.00	-	-	7.00	7.00	-	-	-	-
Inferred Resources										
Ore Mined & Milled	kt	3,235	-	-	-	533	1,050	1,050	602	-
Metal Grades										
Gold	g/t	1.19	-	-	-	1.19	1.19	1.19	1.19	-
Silver	g/t	5.00	-	-	-	5.00	5.00	5.00	5.00	-
Total Production										
Ore Mined & Milled	kt	4,802	-	-	1,050	1,050	1,050	1,050	602	-
Metal Grades										
Gold	g/t	1.34	-	-	1.65	1.42	1.19	1.19	1.19	-
Silver	g/t	5.65	-	-	7.00	5.98	5.00	5.00	5.00	-
Metal Recoveries										
Gold	%	73%	-	-	73%	73%	73%	73%	73%	-
Silver	%	40%	-	-	40%	40%	40%	40%	40%	-
Metal Production										
Gold	kg	4,698	-	-	1,265	1,086	912	912	523	-
	oz	151,031	-	-	40,662	34,906	29,326	29,326	16,812	-
Silver	kg	10,857	-	-	2,940	2,514	2,100	2,100	1,204	-
	oz	349,073	-	-	94,523	80,812	67,517	67,517	38,705	-
Gross Revenue										
Gold	k\$	154,807	-	-	41,678	35,779	30,059	30,059	17,232	-
Silver	k\$	5,802	-	-	1,571	1,343	1,122	1,122	643	-
Total Revenue	k\$	160,609	-	-	43,249	37,122	31,181	31,181	17,875	-
Less: Smelting/Refining etc.										
Gold	k\$	909	-	-	245	210	177	177	101	-
Silver	k\$	127	-	-	34	29	25	25	14	-
Total Refining/Smelting	k\$	1,036	-	-	279	240	201	201	115	-
Net Revenue	k\$	159,572	-	-	42,970	36,883	30,980	30,980	17,760	-
OPERATING COSTS										
Mining	k\$	12,527	-	-	2,739	2,739	2,739	2,739	1,570	-
Processing	k\$	22,925	-	-	5,013	5,013	5,013	5,013	2,874	-
G&A	k\$	4,844	-	-	1,059	1,059	1,059	1,059	607	-
Total Operating Costs	k\$	40,296	-	-	8,811	8,811	8,811	8,811	5,051	-
EBITDA										
	k\$	119,276	-	-	34,159	28,071	22,169	22,169	12,709	-
Less: Depreciation										
Profit Sharing	k\$	7,223	-	-	2,269	1,782	1,310	1,310	553	-
Corporate Taxes	k\$	22,427	-	-	7,045	5,533	4,066	4,066	1,717	-
Net Profit aft. Depr. & Taxes	k\$	60,636	-	-	19,047	14,959	10,995	10,995	4,641	-
Net Cash Flow to Project										
Net Profit aft. Depr. & Taxes	k\$	60,636	-	-	19,047	14,959	10,995	10,995	4,641	-
Plus: Depreciation & Amort.	k\$	28,990	-	-	5,798	5,798	5,798	5,798	5,798	-
Less: Capital Investment	k\$	35,512	5,000	23,990	-	-	-	-	6,522	-
Working Capital	k\$	-	-	-	6,020	(707)	(686)	-	(1,463)	(3,165)
Net Cash Flow to Project	k\$	54,114	(5,000)	(23,990)	18,825	21,464	17,478	16,793	5,380	3,165
Accum NCF to Project	k\$	54,114	(5,000)	(28,990)	(10,165)	11,298	28,777	45,569	50,949	54,114
Internal Rate of Return										
	%	50%								
Payback Period										
	Years	1.47	from start of operations							
Net Present Value of NCF										
	k\$		2.5%	46,840		5.0%	40,567		7.5%	35,135
			10.0%	30,416		12.5%	26,300		15.0%	22,701

Table TS-4 Proforma Cash Flow Yanamina Gold Deposit

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Southampton has tested the sensitivity of the present value of the net cash flow discounted at 10% to changes in metal prices and capital and operating costs. These were varied up and down by 25% as show on Figure TS-4 below.

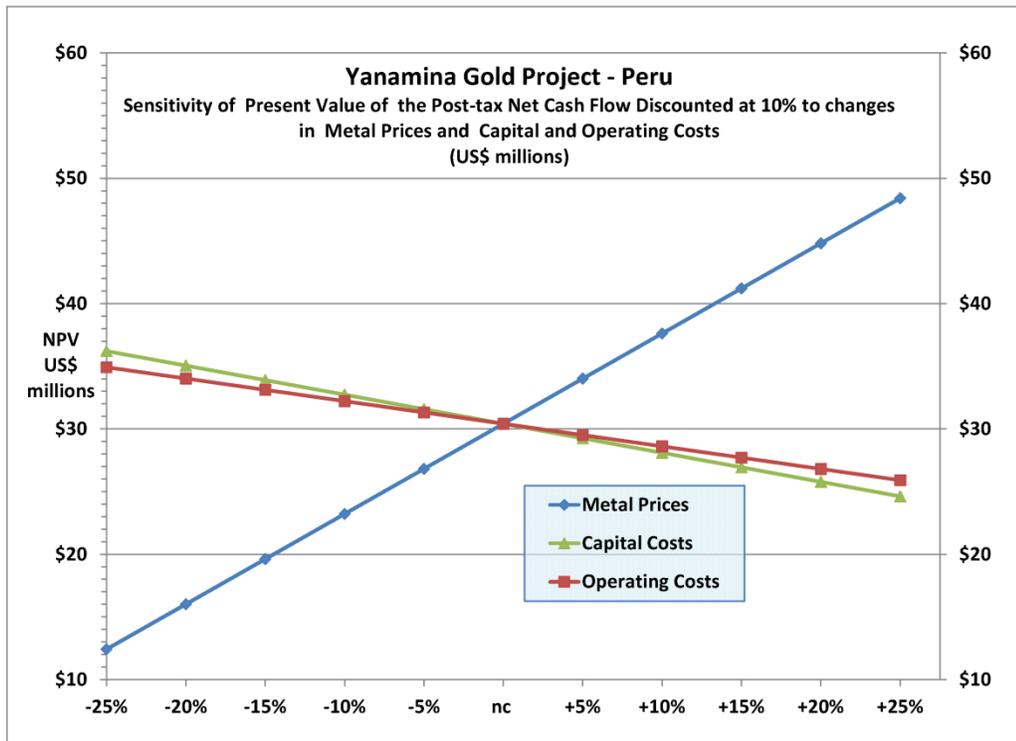
It must be cautioned that the preliminary assessment by definition, is preliminary in nature; in addition to the indicated resource the preliminary assessment includes inferred mineral resources that are considered to be too speculative geologically to have the economic consideration applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary assessment will be realized”

Furthermore, the inferred mineral resources that are not mineral reserved do not have demonstrated economic viability

However, it is interesting to note that mining only the drill indicated resources returned an after tax net cash flow of approximately \$2.1 million

The project is most sensitive to metal prices and much less sensitive to changes in capital.

Figure TS-5: Sensitivity Analysis



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Given the strong continuity of the gold mineralization of the Property, Southampton believes exploration potential exist down dip and along strike as illustrated below:

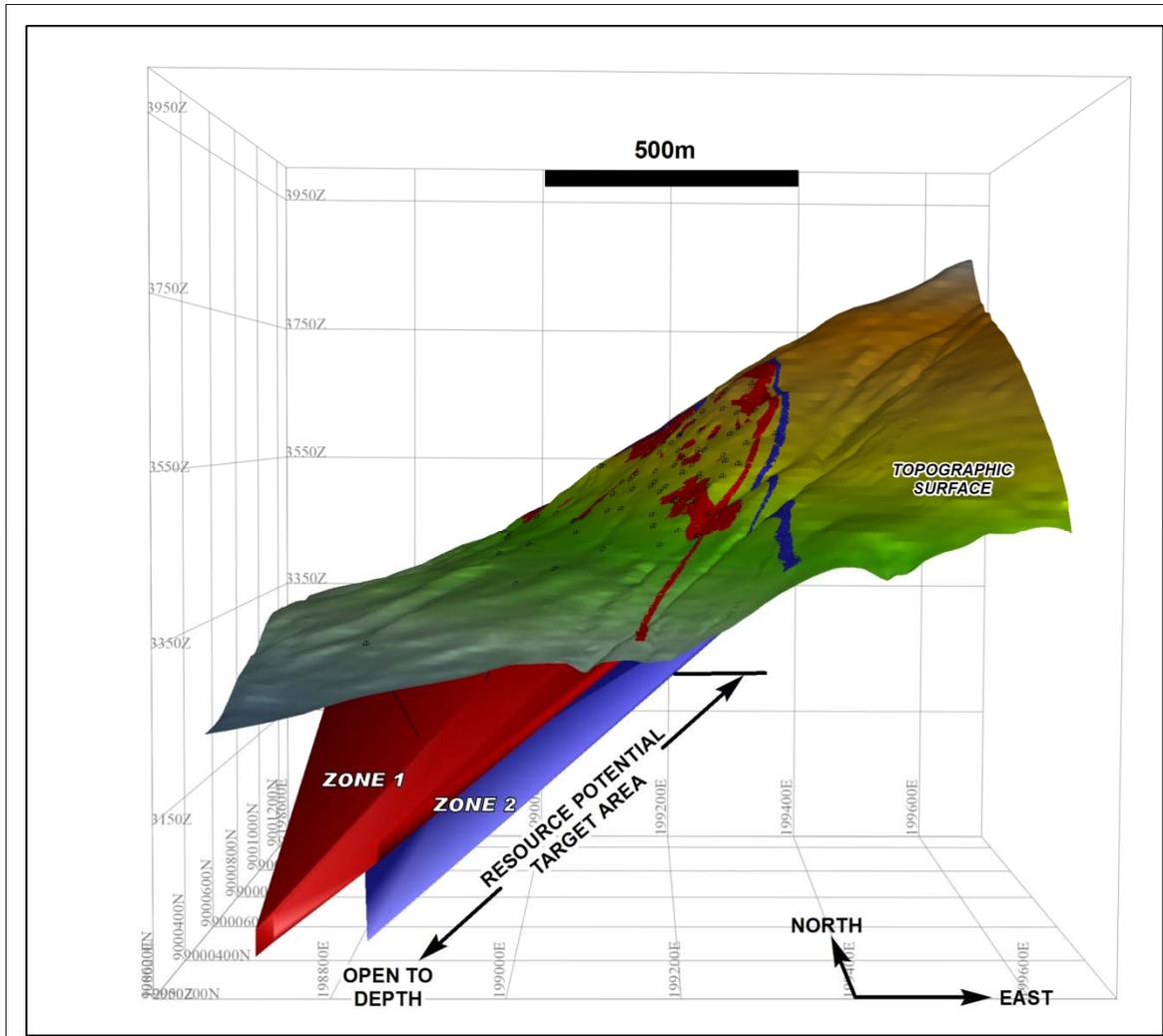


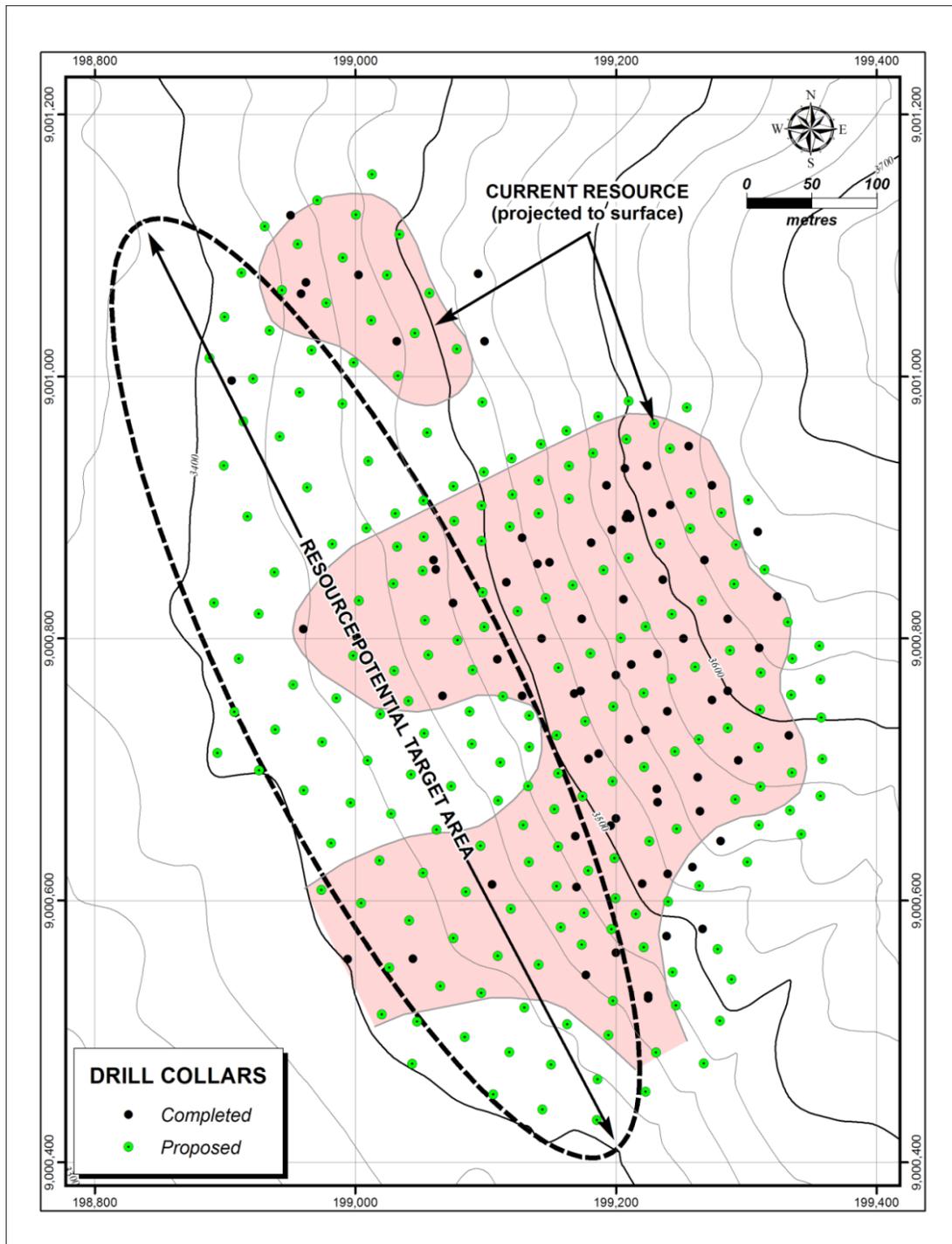
Figure TS-5: Exploration Potential

It is Southampton's opinion the Yanamina Property is a Property of Merit and warrants further work to define the quality of the existing resource and to define additional resources on the Property. This work will include the following:

- Complete 10,000 metres of HQ diamond drilling on a 25 metre by 25 metre grid as shown on Figure TS-5, which in the opinion of Southampton, will further define and upgrade the current resources.



Figure TS-6: Existing and Proposed diamond drill holes.



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Southampton estimates the proposed program will take four (4) months to complete at a cost of approximately \$3,500,000 as summarized below:

Scope of Work	\$	\$
• Diamond Drill Contract 10,000m HQ @ \$250.00 per metre	\$2,500,000	\$250 /metre
• Safety Fence	\$ 250,000	\$25/metre
• Metallurgical Pilot Plant testing:	\$ 200,000	\$20/metre
• Field Camp Costs	\$ 150,000	\$15/metre
• Site Management: 1-Sr Geologist-Project Manager 2-Jr. Geologists 6-Technicians	\$ 200,000	\$20/meter
• Assays	\$ 100,000	\$10/metre
• Travel	\$ 50,000	\$5/metre
• Environmental Management	<u>\$ 50,000</u>	<u>\$5/metre</u>
TOTAL	\$3,500,000	\$350/metre

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1 Introduction

1.1 Terms of Reference and Source of Information

David G. Wahl, P.Eng., P.Geo, ICD.D and Philip David Burt, BSc.,P.Geo (hereafter referred to as "Southampton") the designated qualified persons as named by Coronet Metals Inc. ("Coronet Metals" or the "Company") to prepare a Technical Report (the "Report") on their Yanamina Gold Property (the "Property"), Department of Ancash, Peru. The report is an integral part of the due diligence being carried out by the Company in connection with the announcement that the Company has reached an agreement with Latin Gold Limited ("Latin Gold"), an Australian registered company, the owner of the Property, listed on the Australian Stock Exchange (ASX), to acquire a 100% interest in the Property (Ref Press Release dated January 4, 2011).

Southampton completed a review of the historic data, constructed a deposit model, completed a NI 43-101 compliant resources estimate and a Preliminary Economic Assessment for the Yanamina gold deposit. The results of this work are presented in the following report.

A site visit to the Property was carried out by Southampton during the period from January 14th through January 19th. Members of the site visit team included Mr. David G. Wahl, P. Eng., P. Geo., ICD.D, Managing Director of Southampton (the Author of the Report and "Qualified Person" as define in NI 43-101) and Mr. Stephen C. Wahl, CEO of Highwahlscaler Inc. a company specializing in rope assisted drilling and sampling in challenging mountainous environments.

In advance of the site visit copies of the relevant data files on the Property were provided to Southampton as background information. During the site visit meetings were held with senior management of the Company, QA/QC protocols and procedure were discussed, the historic drill core was examined, selected quarter sections of the core were taken for confirmation assays and access challenges were identified.

The report will provide a current baseline and foundation for management of the Company to make informed decisions regarding the future exploration and development of the Property.

Coronet is a NEX listed (TSXV:CRF.H) company whose objective following this proposed acquisition will be to pursue precious metals opportunities on advanced projects in Latin America, with a particular focus in Peru.

1.2 Units and Currency

Metric units are used throughout this Report unless otherwise stated. The currency reported in this Report is in United States Dollars (\$US) unless otherwise stated.

2 Reliance on Other Experts

The author of this Report relied on the results of discussions with the professional management of Latin Gold and on technical reports prepared over the years by various authors as referenced in Section 19 of this report. The authors of these historic reports are professional geologists and engineers. The Reports

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were prepared in accordance with the generally accepted technical reporting standards at that time.
Special thanks to Mr. G. Lemuz, exploration manager for Latin Gold for his technical review of this report.

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3 Property Description, Location, Ownership & Relevant Facts

3.1 Location

The Property is located in the Department of Ancash in north-central Peru. The Ancash region is bordered by the La Libertad region on the north, the Huanuco and Pasco regions on the east, the Lima region on the south and the Pacific Ocean on the west.

The Property is located approximately 16 kilometers east of the town of Caraz, which is located approximately 93 kilometres north of Huaraz, the largest city in the regional with a population of 150,000 and the capital of the Department of Ancash. Huaraz is located approximately 400 kilometres north of Lima (Figure 1).

The geographic center of the Property is situated at Latitude 9° 02' 06" S - Longitude 77° 44' 21" W.

3.2 Description

The Property is in good standing and consists of one (1) Mining Concession, covering 224 hectares and was recorded under the name of "Malu 1" (Figure 2).

The Property is described below.

Table 1: Yanamina Property Description

Concession	Type	Coordinates (PSAD56)	
		East	West
MALU 1	Metallic	199,110.65	9,001,761.37
		200,096.40	9,000,501.10
		198,993.66	8,999,638.57
		198,007.91	9,000,898.84

Approximately 196 hectares are located within the "Buffer Zone" established by the Peruvian Government around the Huascarán National Park (Reference Section 3.4). The remaining 28 hectares lies within the National Park. The larger portion of Property, containing the gold deposit, lies within the "Buffer Zone".

The Company is working within the framework of the Huascarán Working Group; a multi-sectoral group made up of governmental agency representatives as well as industry and non-governmental organizations to address the concerns of all stakeholders.

The Company reports that it is moving towards a common sustainable development vision for the Property.

To the best of Southampton's knowledge, there are no existing environmental liabilities or liens against the Property, going forward the Company will be required, from time to time, to make application for the required permits to commence various proposed exploration programs. The Company states that it

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will work with the regulatory approval bodies to secure all necessary permits.

Latin Gold has identified and acquired an area outside the buffer area around the park for the proposed processing plant and related support facilities, the nature and extent will be suitable determined based on the results of the feasibility study.

Additionally, Latin Gold on behalf of Coronet Metal as applied for a work permit to carry out the proposed exploration program recommended in this report. Recognizing that prior requests made by Latin Gold for drill permits have been approved by the regulatory bodies; Latin Gold feels confident that the current work permit application will be approved; however, there is no assurance that the required permits will be granted.

Regulatory decision on the work permit application is in process and it is not known when or if the permit will be granted.

3.3 Ownership

Property is wholly owned by Latin Gold Inc. save and except, for an overriding 5% Net Smelter Return Royalty held by a Peruvian subsidiary of Barrick Gold, which Latin Gold Inc. has the right to purchase for US\$ 200,000.00 at the commencement of production.

On December 22, 2010, the Company announced that it had reached an agreement with Latin Gold Inc. to acquire a 100% interest in the Property.

In exchange for 100% of the assets comprising the Property, the Company agreed to pay a total of \$US 14.0 million in the following manner:

- Upon closing, the Company will pay Latin Gold a total of US\$7.5 million, of which US\$6.5 will be in cash and US\$1.0 million in Coronet common shares;
- US\$ 1.5 million payable within 5 days of commencement of construction and a bonus of US\$1.0 million payable at the time the JORC defined indicated resource exceeds 275,000 ounces gold;
- US\$ 2.0 million payable within 5 days of the 12 month anniversary of the initial gold pour; and
- US\$ 2.0 million payable within 5 days of the 24 month anniversary of the initial gold pour.

In addition to the purchase consideration, the Company will issue to Latin Gold common shares valued at US\$2.5 million within 5 days of a JORC inferred resource equal to or greater than 250,000 ounces of gold within the Yanamina Deeps Exploration Target. The Yanamina Deeps Exploration Target is an undrilled potential hanging wall extension to the existing Paron resource. Latin Gold will also hold an overriding 1.0% gross royalty on all production in excess of 200,000 ounces of gold.

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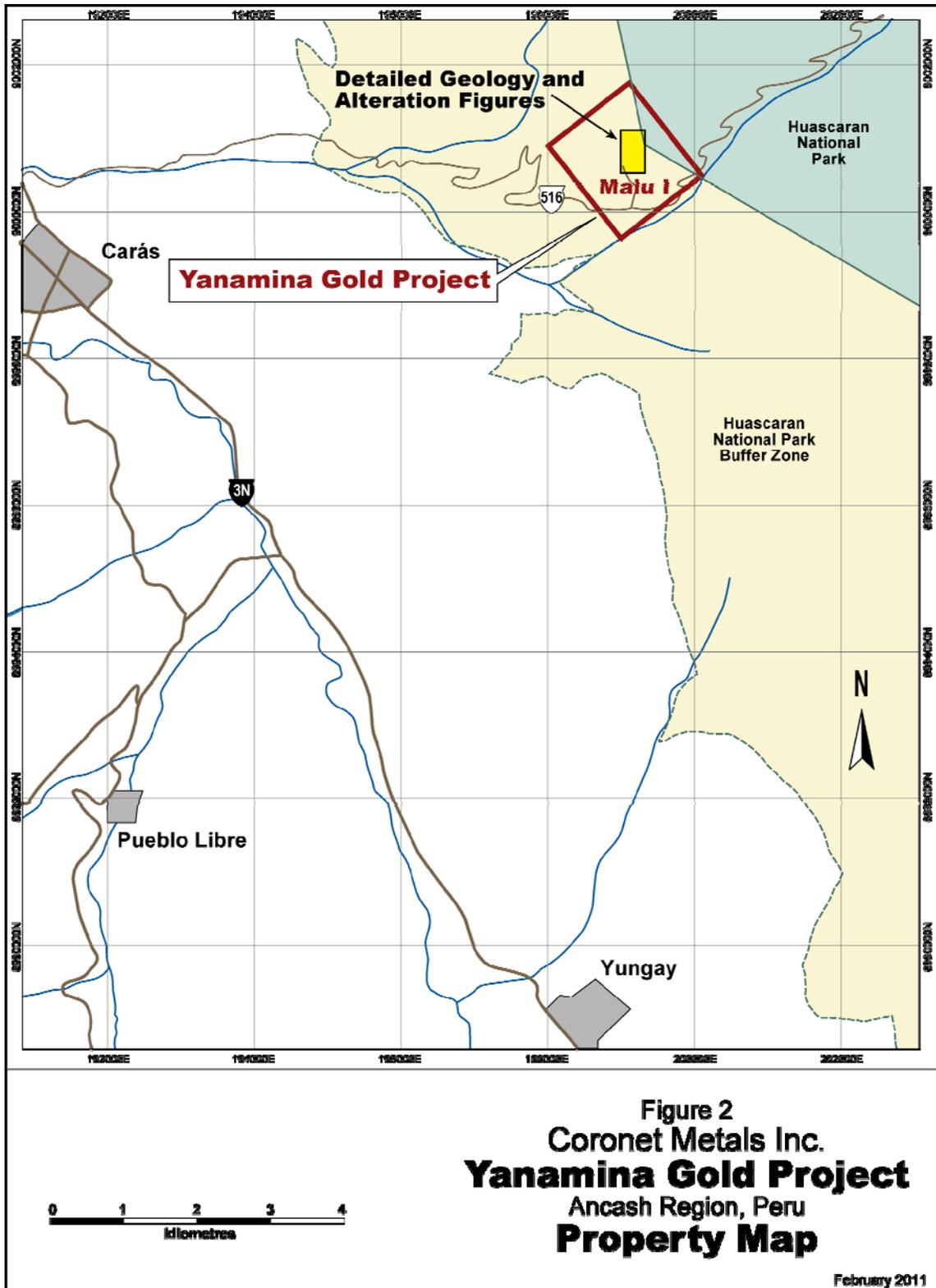


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3.4 Huascarán National Park

The national park was established on 1 July 1975 by Supreme Decree no. 0622-75-AG (under the law on Forests and Wildlife, Decree-law No. 21147). Internationally recognized as a Biosphere Reserve under UNESCO's Man and the Biosphere Program in 1977 and inscribed on the World Heritage List in 1985.

In 1998, the Antamina Mining Company proposed using one of Huascarán's internal routes as its only access route to its center of operations. This generated strong, widespread opposition from many diverse sectors, which resulted in the formation of the Huascarán Work Group, a multi-sectoral group made up of governmental agency representatives as well as industry and non-governmental organizations. Huascarán Work Group is a foundation on which communication and cooperation channels are built and actions coordinated to move towards a common sustainable development vision. It offers an opportunity for public and private institutions to participate. Through proposal generation, stakeholder coordination, and coalition building, stakeholders contribute to Huascarán Biosphere Reserve's sustainability and integrated management. The group seeks to develop capacity, strengthen development processes, and guarantee the industrial sector's participation in sustainable development. It also works to help Huascarán National Park reach financial and institutional sustainability.

Principal members of Huascarán Work Group are: National Institute of Natural Resources (Instituto Nacional de Recursos Naturales, INRENA), Peru's Committee of the World Conservation Union (IUCN), the Mountain Institute, Pronaturaleza Foundation, Conservation International, CARE-Peru, Peruvian Society of Environmental Law, Regional Government of Ancash, Regional Executive Secretary for Ancash La Libertad del Consejo Nacional de Medio Ambiente (CONAM), Ancash Regional Office of Energy and Mines, Uripichallay Association, Association of the Municipalities of Callejón de Huaylas, Santiago Antunez de Mayolo National University, Antamina Mining Company, Barrick Misquichilca Mining Company, Mitsui Mining & Smelting Co., Pallca Project, Arequipa Mining Company, Toma la Mano Mining Company, Nueva California Mining Company, Ancash Technical Irrigation District, National Cultural Institute, Duke Energy, and Huascarán National Park Management Committee.

3.5 General Mining Law of Peru 1992

Concessions in Peru

Under Peruvian law, the right to explore for and exploit minerals is granted by way of concessions. A Peruvian mining concession is a property-related right, which is distinct and independent from the ownership of land on which it is located, even when both belong to the same person. The rights granted by a mining concession are defensible against third parties, transferable, chargeable and, in general, may be the subject of any transaction or contract. Participating interests in mining concessions can be optioned or transferred. Buildings and other permanent structures used in a mining operation are considered real property accessory to the concession on which they are situated. The term of a mining concession is indefinite if it is properly maintained by payment of annual rental duties.

Mining concessions applied for, and awarded title according to the Grid Based System ("Sistema de Cuadrículas"), are single concessions for exploration and exploitation. They can be granted for metallic or non-metallic minerals, and no overlap between them is allowed. Exploration and exploitation works may be initiated once title to concession has been granted, except in those areas of overlap with pre-existing claims or concessions applied for before December 15, 1991.² Mineral rights are granted in units of 100

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hectares with a maximum of 10 units (1000 hectares) or 100 units (10,000) in territorial waters, in a rectangular shape north-south east-west orientated UTM coordinates. However, in areas defined urban

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or urban expansion, mineral rights are granted in units of 10 hectares with a maximum of 100 hectares.

As of 1992 concession holders must pay an annual rental ("derecho de vigencia") by June 30th of each year. The following table shows the evolution of the annual rental since 1992:

Rate of the Annual Rental(Year)	US\$(per hectare and per year)
1992(From Jan. 1 1992 through to August 18, 2000)	2
2000(From Aug. 19, 2000 through to April 9, 2001)	5
2001(From April 10 until December 31, 2001)	4
2002	3

The concession holder must reach a minimum level of annual production of at least US\$100 per hectare in gross sales within six years from the time the title to concession is granted ("Minimum Required Production"). Mineral rights held by State-owned companies under the privatization process, are exempted from the Minimum Required Production until January 1 of year following their transfer to the private sector. 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. 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).

Prior to November 2, 1996, failure to pay the annual rental or the Penalties for two consecutive years or three alternate years resulted in the termination of the mineral right ("caducidad"). To date, failure to pay the annual rental for two consecutive years or the Penalty will result in the termination of the mineral right.

Ownership, Income Tax and Repatriation of Profits

In 1992 Peru enacted a new mining law which:

- Guarantees land tenure for mining rights distinct from surface rights where a minimum rental is made to hold title on mining rights;
- Enumerates only specific and limited circumstances (arising mostly due to negligence of the title holder) under which mining rights may be lost with no discretionary power by the mining authority;
- Grants equal rights to explore for and exploit minerals by way of concession to both Peruvian nationals and foreigners;
- Establishes tax, administrative and exchange stability for mining investors; and establishes the right to sell mining production freely on world markets.
- The Peruvian government has in place measures to attract foreign investment including measures which grant new property rights and guarantees to foreign investors and financial incentives for investment in the mining sector. Definitive recovery of the Value Added Tax (18%) for exploration projects is in place since 2002.
- Under the Peruvian income tax law, the corporate tax payable is :
 - Under 27% over the annual net income. Advance monthly payments are required on a percentage of gross income, subject to a final settlement in March of the following business year (January 1st through December 31st); and

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- 4.1% dividend tax is payable by shareholders when profits are distributed. This does not apply to amounts distributed to domiciled legal entities.

Peruvian law grants tax free use of foreign exchange. There are currently no restrictions on the ability of a company operating in Peru to transfer foreign currency from Peru to other countries or to convert Peruvian currency into foreign currency.

Government Protection

Agreements have been signed by the government of Peru with affiliates of the World Bank and with the Overseas Private Investment Corporation to insure foreign investors against such non-commercial risks as expropriation and abrogation of contracts. Peru has signed the Agreement for the Constitution of the Multinational Investment Guarantee Agency, a World Bank agency, and The Agreement for Investment Insurance with the United States Overseas Private Investment Corporation ("OPIC") and the World Bank Convention on the Settlement of Investment Disputes. Although these agreements, as ratified by the Peruvian Congress, allow investors to insure against non-commercial risks such as expropriation and abrogation of contracts, subsequently elected governments could revoke these agreements. These multinational agencies provided their backing, and the backing of their governments, in petitioning governmental compensation in the event of expropriation. As a result of these agreements, agencies such as OPIC are able to provide specific project risk insurance and project financing at the time of development.

Environmental Laws

The Environmental Code, the Law for the Sustainable Use of Natural Resources, and the General Mining Law of Peru are the primary body of laws with regard to mining environmental issues. The Ministry of Energy and Mines (the "MEM") designs and implements the environmental policy, and enforces the environmental regulations applicable to the mining industry. There are Maximum Permissible Limits ("LMP") for air and liquid emissions applicable to the mining industry. Environmental Adjustment and Management Programs ("Programas de Adecuacion y Manejo Ambiental" or "PAMA") have been set up for ongoing mines as the mechanism for them to comply with the environmental laws and regulations and meet the LMP. PAMAs must include expenditures of at least one percent of annual sales on the environmental program. New developments or the increase of more than 50% of the installed capacity in ongoing projects require an Environmental Impact Study ("EIS"). EIS comprise monitoring, remediation, closing and post-closing programs. Mining companies are also subject to periodic environmental audits.

Pursuant to the Environmental Regulations for Mineral Exploration (Supreme Decree 38-98-EM approved on November 30, 1998), in order to carry out exploration activities, titleholders must request an environmental permit before the MEM. For purposes of qualification and approval of environmental permits, exploration projects have been classified into three categories, namely "A", "B" and "C", according to the size and extent of activities, and to the area directly disturbed as a result of the exploration works. In the case of on-going exploration activities by November 30, 1998 their title holders were required to report the activities carried out and apply for an environmental permit not later than May 30, 1999.

Public participation by means of workshops and public audiences are required during the preparation of EIS and Exploration Permits category "C".

The above information was prepared using a variety of sources including "The Statesman's Yearbook (2003)" and "Analysts' View of the Peruvian Economy (Commission for the Promotion of Peru -

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December, 1999)".

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

4.1 Access

The Property is readily accessible from Lima via Highway 1N north to Casma for a distance of approximately 305 kilometres, then east on Highway 14 for 75 kilometres to Huaraz, the Department Capital, then north on Highway 3N to Caraz for a distance of approximately 60 kilometres. The Property is located approximately 16 kilometres east of the town of Caraz.

Old drill access trails provide access to various parts of the Property.

4.2 Climate

The Callejón de Huaylas valley stretches for 150 km in the Ancash Region of Peru and has a great impact on the climate in the region. The climate in the valley is subtropical and dry. The rainy season lasts from October to April, during which time it can rain nearly every afternoon. The yearly average temperature is 16.6°C in the daytime and 12.6°C at night.

Exploration and any potential development can be carried out year round.

As rainy seasons get less rainy and dry seasons get hotter and drier, climate change has become a very worrisome topic for the Peruvian government. As glaciers continue to recede, there is much worry that many glaciers will disappear in as little as 20 years. This will threaten the very existence of many towns that depend on glacial runoff as their primary water source, and will likely lead to increased migration to the cities as glacial rivers dry up. Furthermore, as the region heats up, parasites such as mosquitoes are able to survive the rainy season and live at increasingly high altitudes that were previously uninhabitable for them. These trends pose a danger to public health in the region, and will also likely contribute to pressures on the government to address the changing environment of the Callejón de Huaylas.

4.3 Local Resources

Caraz is located 16 kilometres west of the Property and has a population of 7,000 people. As a historic mining community, mining and construction expertise is readily available in Caraz.

Additionally, skilled trades (carpenters, electricians, plumbers, welders etc), heavy equipment, construction contractors and building supplies are available in Caraz. Government offices in Caraz are equipped to process all planning, zoning and permitting requirements. Water is available on the Property. Power is readily available in the Caraz located 16km east of the Property.

Latin Gold has identified and acquired an area outside the Buffer Zone of the Huascaran National Park (Figure 2) in proximity to the Property to server as a site for the physical processing plant and support facilities.

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Permits to construct the processing plant have not been applied for and there is no certainty that such permits will be granted.

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4.4 Infrastructure

Infrastructure in the Region is good albeit locally challenged as a result of the steep terrain, resulting in numerous switchbacks on local roads and highways. Highway 3N connects Caraz to the Department Capital of Huaraz a distance of approximately 60 kilometres to the south (Figure 2). Daily bus service exists from Caraz to Huaraz and other local communities.

Daily airline connections exist between Lima and Huaraz are provided by LC Busre Airlines, a flight that takes slightly over one hour gate to gate.

4.5 Physiography

The **Callejón de Huaylas** stretches for 150 km in the Ancash Region of Peru. The Santa River runs along the valley floor in a north-westerly direction. The valley's southern extreme begins at 4,000 metres above sea level, and descends to 2,000 metres at its northern end past the city of Caraz where the Santa River leaves the valley. It is bordered by two mountain ranges, the snow-covered Cordillera Blanca (White Mountain Range) to the east, where many climbable peaks boast year-round snow above 5,000



45 degrees.

metres, and the Cordillera Negra (Black Mountain Range) to the west, reaching over 4,000 metres, but typically getting no snow as it is exposed to warm coastal winds on its western flank.

Nevado Huascarán (left) the highest peak of Peru 6,746 metres, is located in the Cordillera Blanca above the town of Yungay, Department of Ancash.

On the Property (right), the topography is steep exhibiting hillside slopes varying from 38 to

The local vegetation consists of brush and cactus, which is indicative of the semi-arid environment characteristic of the Callejón de Huaylas region of Peru.





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5 History

5.1 Background

Peru has a vibrant mining history which has been documented back to the 1600's and host several world class mines such as Barrick's Pierina Gold Mine and Alto Chicama/Lagunas Norte Gold Mine and Newmont's Yanacocha Mine.

Peru has a modern mining act which recognizes the need for security of title and the guaranteed rights of all stakeholders.

5.2 Property History

The Property has a history of artisanal mining dating back to the 1600's when local lore speaks of Portuguese miners exploiting small pockets of high grade gold on the Property. This activity continued intermittently to the late 1890's excavating numerous small pits and driving numerous short tunnels ("adits") into the mountain. The adits were driven by hand steel methods and were found to be typically short up to 15 metres in length; however, the Company reports that given the size of one of the dump at the portal this particular adit would appear to be longer; unfortunately, the portal has collapsed and access is no longer possible at this time. The Company plans to refurbish the portal to allow mapping and sampling of the adit to be carried out.

No production records exist, but production is assumed to be small given the size and extent of the old workings.

During the 20th Century various interested parties held the Property and continued the exploit the gold mineralization on a small scale.

In 1994, the first modern recorded exploration was carried out on the Property by **Arequipa Resources** through its wholly owned subsidiary Acuarios Minera Y Exploradora S.R.L ("Acuarios") of Lime Peru; who completed regional prospecting, rehabilitated several of the historic tunnels ("adits"), drove three new adits totaling 48.6 metres and completed seven (7) diamond drill holes totaling 543.15 metres.

Acuarios reported that the historic and all of the new adits were driven into the gold bearing zone and that there was a noticeable change in the nature of the sulphide mineralization grading from oxides at the portal to a mixed oxides-sulphides grading to sulphides at the end of the adits. Several of the new adits were stopped in sulphide mineralization. The author observed that the transition within the oxide-sulphide zone is characterized by occasional limonite stains along fracture as a result of the downward migration and is not believed to be insitu oxidation.

Acuarios also reports that the rock, particularly near the entrance ("portal") of the adit, was intensely foliated and fragmented as a result of numerous low angle faults cutting the area.

The following table summarizes the weighted average grade of the 1 metre long channel samples taken along the wall ("rib") of the new adits. The weight average grade for each adit was calculated and the results summarized below:



Table 2: 1994-Tunneling ("Adit –Cross Cut Drift")

1994-Tunneling ("Adit - Cross-Cut Drift")					
Cross-Cut	From (m)	To (m)	Interval (m)	Au (gpt)	Ag (gpt)
South (3451)	0.00	6.00	6.00	0.62	24.00
North (3459)	0.00	10.00	10.00	1.08	15.00
Central (3551)	0.00	32.60	32.60	1.81	4.00

The weighted average grade for all of the 48 channel samples collected during the adit sampling program was reported by Acuaris to 2.24gpt Au and 8.73gpt Ag.

In addition, Acuaris reported that a 200 to 250 kilogram drift round bulk samples were collected for metallurgical testing; however, it is not know how many or where the samples were taken.

As mentioned above Acuaris also completed 7 diamond drill holes totaling 543.13 metres; the following table summarized the results of the 1994 drilling program.

1994 Acuaris Diamond Drill Results

Hole No.	From (m)	To (m)	Interval (m)	Au (gpt)
1	0.00	16.50	16.50	3.37
2	0.00	3.00	3.00	0.13
3	0.00	15.00	15.00	6.05
	15.00	36.00	21.00	1.24
including	0.00	36.00	36.00	3.24
4	0.00	10.50	10.50	3.11
5	0.00	30.00	30.00	6.60
	30.00	37.50	7.50	1.47
	37.50	45.00	7.50	0.19
including	0.00	37.50	37.50	5.57
6	45.00	57.00	12.00	0.50
7	0.00	31.50	31.50	4.66
	31.50	42.00	10.50	0.92
	42.00	60.00	18.00	0.86

Drill intercepts for Holes 1, 3 and 4 are at right angles to the mineralization exposed on the shear face. Holes 5 and 6 were drilled diagonal across the mineralized shear zone because of access difficulties. The calculated true width of Holes 5 and 6 is approximately 35 metres wide, which is consistent with the true width of Holes 1, 2 and 3. Hole 6 was drilled from the talus slope and intersected the gold bearing structure 250 meters down dip from holes 3, 4 and 5.

In 1995, Acuaris continued its exploration of the Property drilling 53 holes, totaling 1,636.05 metres. The following table present the analytical the result of diamond drill hole 300-4, which represents a typical intersection across the gold bearing shear zone on the Property.

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Table 3: Typical Diamond Drill Hole Analysis across the Mineralized Zone

Typical Diamond Drill Hole Analysis Across the Mineralized Shear Zone					
Acuarios Diamond Drill Hole 300 - 4					
July, 1995					
Sample Number	From (m)	To (m)	Interval (m)	Au (gpt)	Ag (gpt)
PA-10582	0.0	1.5	1.5	0.759	2.000
PA-10583	1.5	3.0	1.5	3.118	1.400
PA-10584	3.0	4.5	1.5	1.364	1.000
PA-10585	4.5	6.0	1.5	0.773	0.700
PA-10586	6.0	7.5	1.5	2.291	1.100
PA-10587	7.5	9.0	1.5	1.590	0.600
PA-10588	9.0	10.5	1.5	1.875	0.600
PA-10589	10.5	12.0	1.5	3.308	3.500
PA-10590	12.0	13.5	1.5	2.072	1.500
PA-10591	13.5	15.0	1.5	1.286	1.400
PA-10592	15.0	16.5	1.5	4.121	2.000
PA-10593	16.5	18.0	1.5	3.585	2.500
PA-10594	18.0	19.5	1.5	1.872	0.900
PA-10595	19.5	21.0	1.5	3.779	3.200
PA-10596	21.0	22.5	1.5	0.617	1.300
PA-10597	22.5	24.0	1.5	1.193	2.300
PA-10598	24.0	25.5	1.5	0.179	1.200
PA-10599	25.5	27.0	1.5	0.186	0.900
PA-10600	27.0	28.5	1.5	0.100	0.300

In this hole, the true width of the zone is approximately 19.5 metres and was intersected from 1.5 metres to 21.0 metres and averaged 2.39 gpt Au. Contained within this interval is a higher grade core intersected from 10.5 metres to 21.0 meters averaging 2.86 gpt Au.

The following summarizes the check analysis undertaken by Acuarios on consecutive core samples taken from the collar of the hole to a depth of 7.5 metres. The samples returned analytical results representing low, medium and high grade gold values.

The check assay of the coarse rejects for each sample were sent to C.H. Plenge & CIA S. A. *,SGS Peru** and Bondar-Clegg & Company***, Vancouver, Canada for analysis for gold and silver.

Caution should be exercised when comparing the analytic results as the C.H. Plenge results were reported in "ppm", the results from SGS Peru were reported in "ppb" and the results from Bondar-Clegg were reported in "opt". For comparison purposes, the analytic results have been converted to gpt and summarized below.

Table 4: Historic Confirmation Assays

Sample Number	From (m)	To (m)	Interval (m)	Au*	Au**	Au***	Ag*	Ag**	Ag***
PA-10582	0.0	1.5	1.5	0.759	0.728	0.617	2.000	2.600	2.399
PA-10583	1.5	3.0	1.5	3.118	2.917	2.846	1.400	1.800	2.057
PA-10584	3.0	4.5	1.5	1.364	1.210	1.371	1.000	1.600	1.714
PA-10585	4.5	6.0	1.5	0.773	0.783	0.788	0.700	1.200	1.370
PA-10586	6.0	7.5	1.5	2.291	2.070	2.709	1.100	1.500	2.057
				8.305	7.708	8.331	6.200	8.700	9.597
Weighted Average Grade over 7.5 metres				1.107	1.028	1.111	0.827	1.160	1.280

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The weighted average gold grade over the 7.5 metre interval reported by the various laboratories ranged from 1.028 gpt to 1.11 gpt Au. The weighted average grade for silver over the same interval ranged from 0.827 gpt to 1.160 gpt. Given the differing analytical method used, it is Southampton's opinion that the analytical results fall within an acceptable range for confirmation analysis.

During the 1996 exploration program, Acuarios tested the mineral deposit at depth below the 3,300 metre elevation a.s.l. with two diamond drill holes PA 23 (130 metres) and PA 24 (150 metres) totaling 280 metres. Both holes confirmed the downward continuation of local stratigraphy. Hole 23 intersected the mineralized zone from 50 to 78 metre and returned 0.90 gpt Au over 28 metres. Hole 24 was stopped short of the intended target.

In February 1996, Acuarios prepared a mineral resource estimate for the Property. The estimate reported the insitu resource (not categorized) to be 2,656,108 tonnes averaging 2.01gpt Au and 7.29gpt Ag. Acuarios also reported a resource estimate (not categorized) for the gold bearing colluvial material outlined at the toe of the hill, below the exposed insitu mineralization, to be 167,136 tonnes averaging 1.99gpt Au. It is Southampton's opinion that the Acuarios resources are relevant from a historical perspective but are not reliable; furthermore the resource categories do not comply with 43-101.

Southampton has not done sufficient work to classify the historical estimate a current mineral resources or mineral reserves. The issuer is not treating the historical estimates as current mineral resources or mineral reserves as defined in NI 43-101 Section 1.2 and 1.3 and the historical estimates should not be relied upon.

The estimate was based on the results of their geological mapping, surface sampling and 60 diamond drill holes totaling 2,179.18 metres. These data were used in conjunction with topographic data to construct geological longitudinal cross sections and level plans of the deposit. Grade contour were drawn, the enclosed areas measured using a Planimeter and the subsequent volumes and areas of influence determined based on the geologists knowledge of the deposit and his experience. Tonnage estimates were determined using a specific gravity of 2.56 for the insitu mineralization and 1.92 for the colluvial material.

In 2000, Barrick Gold acquired Arequipa Resources including the Paron Gold Project. Barrick Gold through a wholly owned subsidiary Minera ABX Exploraciones reviewed the project data as part of Barrick's company-wide review of Arequipa's mineral projects. The results of Barrick's review were not provided to Acuarios. Barrick has a 5% net smelter return ("NSR") royalty on the project.

In April 2006, Latin Gold through its wholly owned subsidiary Golden Eagle Resources Peru SAC acquired an option to purchase 100% of the property from Acuarios for an aggregate total of US\$ 1,758,621.00. Additionally, Latin Gold has the right to purchase Barrick's 5% NSR for \$US 200,000.00 payable on commencement of production.

Early in 2006, Latin Gold completed detailed mapping of the geology and alteration, channel sampling, limited adit sampling, digitizing of the historic and current data base on the Property. During this initial phase Latin Gold collected 280 channel samples, each sample was 3 metres long and the channel was

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approximately 5cm wide by 5 cm deep, based on personal observation in one of the adits. Latin Gold reports the assay results within the mineralized zone is 3gpt Au, which compares to the historic channel and rock sampling results of 2gpt Au reported by Acuarios.

In late 2006, Latin Gold completed 25 diamond drill holes totaling 1,468 metres. The drilling confirmed the geology and the near surface zone of disseminated gold and silver mineralization, which is locally exposed in outcrop. Gold was intersected in the majority of the drill holes and demonstrated strong continuity along strike. The drilling also identified a higher grade core zone locally grading 5gpt Au over 5 metres within a mineralized envelope averaging 2.5gpt Au over intervals ranging from 20 to 30 metres. The drilling also confirmed the coincident silver values reported historically ranging up to 20.3gpt Ag over 10 metres.

The following summarizes the significant diamond drill intersections reported by Latin Gold during the 2006 drilling program.

Table 5: Significant Diamond Drill Intersections

Hole Number	From (m)	To (m)	Interval (m)	Au gpt	Ag gpt
PA-01	18.00	47.00	29.00	1.85	15.10
PA-03	0.00	21.00	21.00	1.38	2.30
PS-04	0.00	22.00	22.00	1.87	3.10
PA-06	0.00	6.00	6.00	1.55	4.00
PA-06	25.00	34.00	9.00	0.25	2.00
PA-07	10.00	7.00	7.00	0.80	NA
PA-08	6.00	14.00	8.00	2.50	NA
PA-08	1.00	4.00	3.00	0.50	4.40
PA-08	6.00	21.00	15.00	1.50	12.40
PA-09	0.00	31.00	31.00	2.70	5.00
including	3.00	23.00	20.00	3.55	NA
PA-10	0.00	10.00	10.00	0.89	3.60
PA-10	22.00	25.00	3.00	0.90	3.50
PA-11	0.00	17.0	17.00	1.00	NA
including	0.00	22.00	22.00	1.00	9.80
PA-12	4.00	11.00	7.00	0.50	8.40
PA-12	16.00	20.00	4.00	0.60	9.50
PA-12	28.00	30.00	2.00	1.30	NA
PA-14	0.00	9.00	9.00	2.40	18.60
PA-14	33.00	36.00	3.00	1.20	8.10
PA-15	0.00	19.00	19.00	0.70	NA
including	0.00	5.00	5.00	1.47	NA
PA-16	0.00	6.00	6.00	1.20	11.90
including	0.00	5.00	5.00	1.47	NA
PA-16	12.00	18.00	6.00	1.00	6.30
PA-17	0.00	10.00	10.00	2.10	20.30
PA-17	25.00	38.00	13.00	0.80	13.10

Silver assay reported by IBK Capital Corporate Update – not dated

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Following the 2006 exploration program Latin Gold commissioned MinConsult SRL (Peru) and SAMSA (Chile), to prepare independent JORC compliant resource estimates on the Yanamina gold deposit on the Property. Both consultants were given the same data base and both chose to use geostatistical analysis to calculate the resources.

Southampton has reviewed the resource estimates and questions the use of geostatistics for resource definition of the Yanamina gold deposit; highlighted by the fact that, the results showed poor correlation not only with respect to tonnage and grade but also confidence in the resource classification. It is Southampton's opinion that neither the MinConsult nor the SAMSA resource estimates are 43-101 compliant and are mentioned only as a milestone in the history of the project but are not to be relied upon.

In 2007, Latin Gold commissioned MinConsult to prepare a preliminary feasibility study on the Yanamina Project (previously referred to as the Peron Project) based on the JORC resource estimate presented above. Given Southampton's concerns over the use of geostatistics to define the resources, the prefeasibility is not 43-101 compliant and should not be relied upon.

In April 2010, J. G. Zegarra Wuest completed an evaluation of the Yanamina project. The evaluation focused on the metallurgical aspects of the project, which will be discussed in Section 15 - Mineral Processing and Metallurgical Testing.

In On December 22, 2010, the Company announced that it had reached an agreement with Latin Gold Inc. to acquire a 100% interest in the Property for an aggregate \$US 14.0 million under the terms and conditions discussed in Section 3.3 of this report.

6 Geological Setting

6.1 Regional Geology

Summary: *The Yanamina Gold project area lies within a regional northerly trending belt of complexly folded and intensely faulted, Late Mesozoic marine sediments, which have been intruded by Tertiary batholithic rocks of various compositions. The oldest rocks in the region are Cretaceous quartzites and shales.*

The most important structure in the region is the Yungay Graben, which trends northerly across the region and has been traced along strike for almost 100 kilometres. The eastern edge of the Yungay Graben is defined by the Ancash Fault Zone, which has acted as the major conduit ("plumbing system") for epithermal gold bearing solutions in the region and on the Property. Numerous gold occurrence and two past producing gold mines are located on the Ancash Fault Zone.

The Yanamina Gold Property straddles the Ancash Fault Zone and the Gold Deposits on the Property are hosted by the Ancash Fault Zone.

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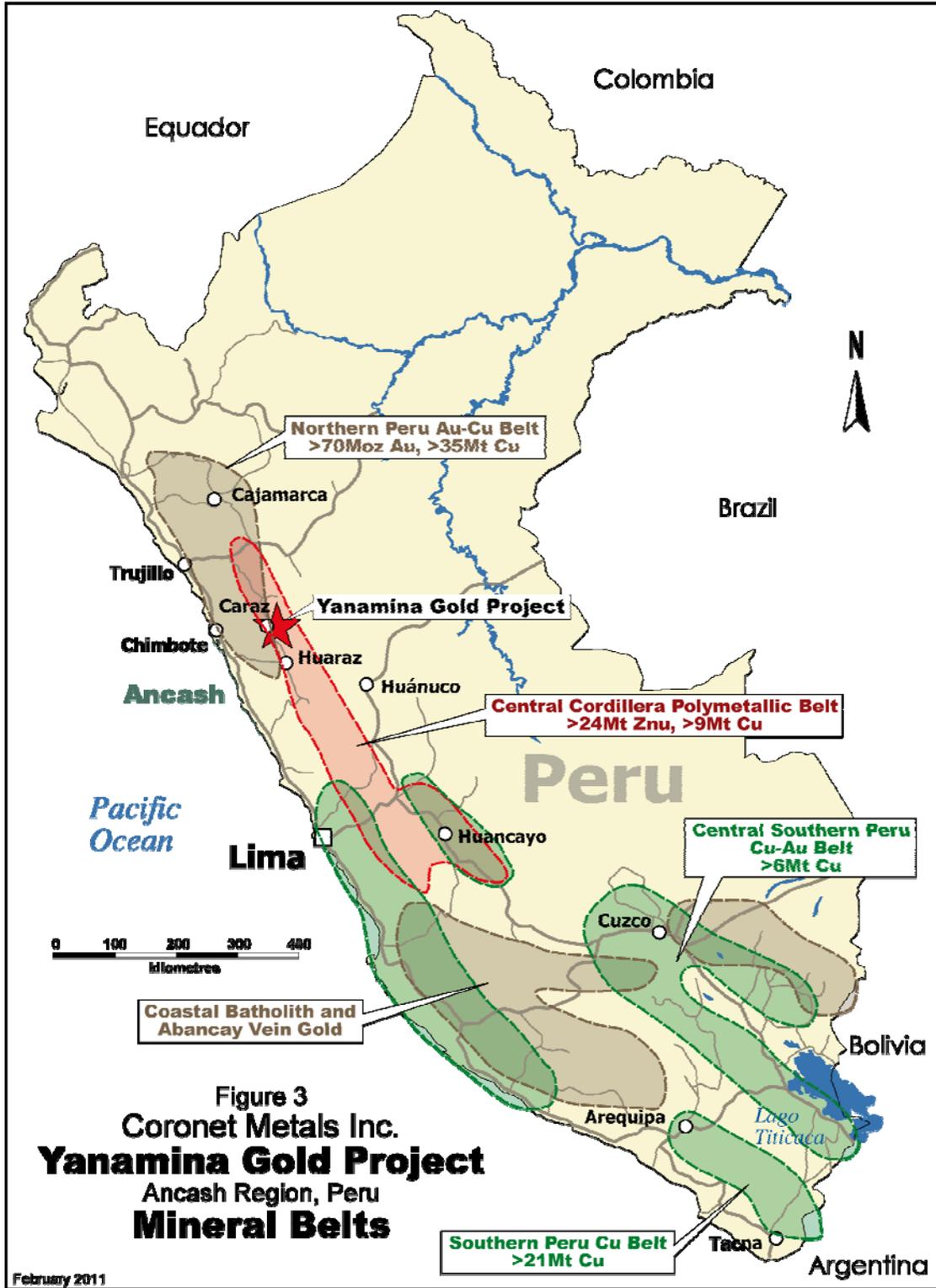


Figure 3: Major Mineral Belts of Peru

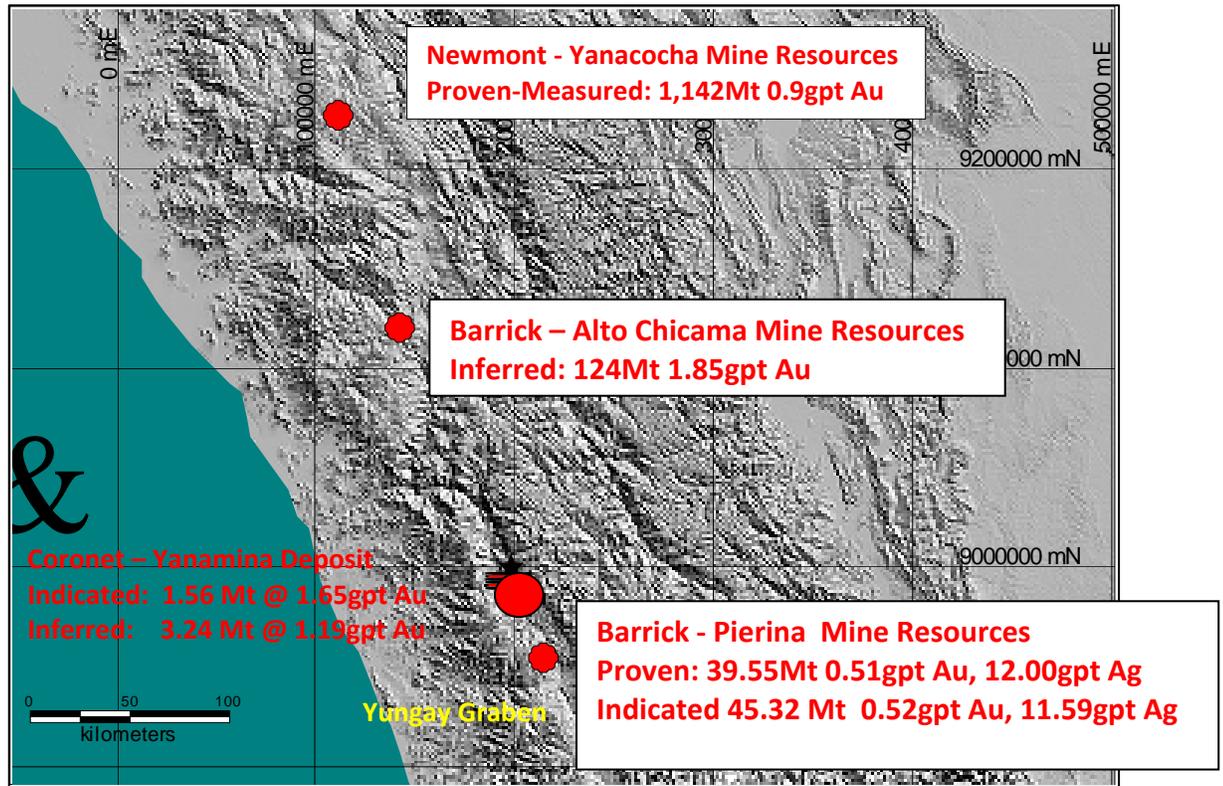


Figure 3a: Mineral deposit along the Yungay Graben-Ancash Fault Trench

The rocks exposed in the region comprise Late Mesozoic marine sediments, Tertiary volcanic rocks and batholithic rocks of a similar age. Smaller intrusive masses, including dikes, sills and stocks thought to be younger than the batholithic rocks have been mapped in the region (Figure 3). The sedimentary rocks have been intensely folded and faulted in contact with the intrusive resulting in the development of a contact shear zone up to 40 metres wide.

The area is covered by unconsolidated till and outwash locally exposed on the gentler slopes of the foothills of the Cordillera. The basement rocks are occasionally seen in creek beds and surrounding ravines, but are frequently covered by glacial debris and mudflows.

The oldest sedimentary rocks in the region are Lower Cretaceous age. These rocks include a thick sequence of quartzites and shales with occasional thin coal seams and represents part of the Goyllarisquizga group which can be traced for several hundred kilometres southeast of Paron.

The most important intrusive unit in the region is the Cordillera Blanca Batholith, one of the largest intrusives in Central Peru. The batholith is classified as a granodiorite; however, in the Paron area the composition has locally been determined, by thin section analysis, to be monzonitic granite. This intrusive mass is fault-controlled along its southwest contact with the Cretaceous sediments and Tertiary volcanics. In proximity to and within 3-4 kilometres of the contact, the rocks are strongly foliated suggesting that the intrusion of the batholith was syntectonic (the faulting and the intrusion of the batholith occurred simultaneously). Contemporaneously, gold bearing hydrothermal solutions were active giving rise to the formation of the Yanamina Gold Deposit.



The Tertiary volcanic rocks known as the Yungay Volcanics comprise agglomerates, tuffs of andesite to dacite and locally rhyolite composition occupy the valley west of the fault contact. This sequence is best exposed between Huaraz and Caraz. This volcanic sequence is thought to be fissural in nature as no major volcanic center has been identified in the area.

The most important structural feature of the region is the Yungay Graben, which trends northwesterly and has been traced along strike for up to 100 kilometers. The structure is fault-bounded on the east by the Cordillera Blanca Batholith and to the west by the Mesozoic sequence of the Andean geosyncline. The floor of the graben is covered by Cretaceous sediments, which are discordantly overlain by the Yungay Volcanics and unconsolidated glacial till and mudflows of recent origin. The eastern contact of the down-dropped graben is a major northwesterly trending normal fault, regionally known as the Ancash Fault Zone (the "AFC"), which has been traced along strike for several tens of kilometers. Minor branches and sub-parallel structures occur westward off the principal structure and are probably related to the same tectonic event. A second set of normal transverse faults are less evident; however, the probable trace of these structures are indicated by the numerous northeasterly trending lakes, rivers and creeks that belong to the Santa River drainage system.

The AFC is as a major "plumbing system" for epithermal gold bearing solutions in the region. The past producing Nueva California Gold Mine and Yaminto Gold Mine are located on the AFC, south of the village of Paron. Exploration in the vicinity of Paron has resulted in the discovery of two fault-controlled gold bearing structures. At Paclacoto, five hundred meters southwest of the access road built by Latin Gold to the Property a northwesterly trending mineralized shear 30 centimeters wide was discovered in a southwesterly dipping quartzite. Another shear two meters wide out crops on the right bank of Huancolay creek. Approximately 950 meters northwest of Parón, another shear was discovered hosted in an altered (argillic) feldspar prophyry dike similar to that hosting the Yaminto gold deposit. North of Paron another shear host gold/silver prospect has been discovered on the AFC hosted in quartzites and shales of the Goyllarisquiza group.

Evidence suggests that the AFC not only acted as a channel way for mineralized hydrothermal solutions but also served as a conduit for poorly exposed, feldspar porphyry dikes and stocks.

6.2 Property Geology

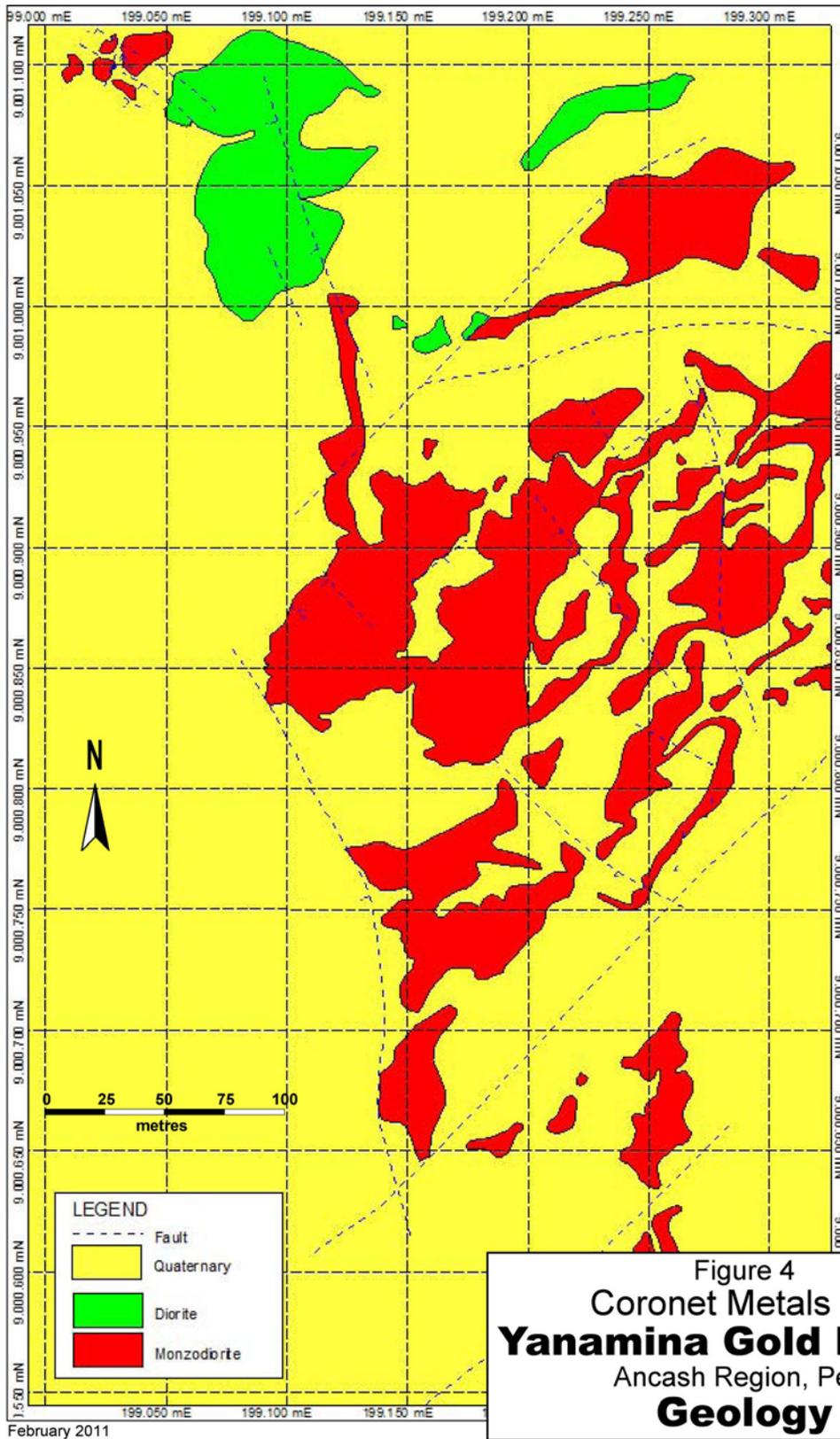
6.2.1 Lithology

The Yanamina gold deposit is exposed from 3,400 to 3,700 masl on the dip slope of the Ancash Fault Zone. The most important intrusive unit in the region is the Tertiary Cordillera Blanca Batholith, one of the largest intrusives in Central Peru. The batholith is fault controlled and is classified as a granodiorite and constitutes the foot wall of the deposit. The mineralized zone occupies the Ancash fault contact. The hanging wall of the deposit has been down-dropped reflecting the eastern dip slope of the Yungay Graben. Two younger diorite stocks have intruded along the Ancash Fault Zone and are exposed in the northern portion of the deposit.

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6.2.3 Structure

The Yanamina Gold Property straddles the Ancash Fault Zone and the Gold Deposits on the Property are hosted by the Ancash Fault Zone. The deposit is exposed from 3,400 to 3,700 masl on the dip slope of the Ancash Fault Zone (Figure 4). The fault zone and the deposit dip 45 ° W and are hosted by a mylonitized and sheared monzonite. The mineralized portion of the fault zone exposed on the westerly facing slope of the hill is up to 40 metres wide and is characterized by intense shearing, exhibiting rotated fragments in a crushed matrix. At the transition between the exposed dip slope and the valley floor an auriferous colluvium deposit has formed through natural weathering of the exposed gold deposit in the dip slope.

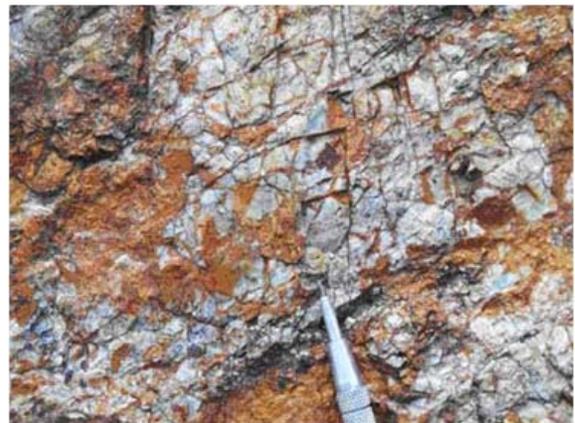


*Yanamina Gold Deposit
Dip Slope Channel Sampling*

6.2.3 Alteration

The alteration is typical of a low sulphidation epithermal system characterized by multi-stage, silicification and chalcedonic to cryptocrystalline quartz veining and sericitization of the monzonite to the extent that original rock textures are indiscernible. Silica crackle breccias and microbreccias are observed locally throughout the deposit area. The alteration is tabular in shape and extends over an area 550 metres long with widths ranging between 80 and 350 metres (Figure 5).

The quartz sericite alteration grades rapidly from quartz-sericite-chlorite to chlorite-hematite to weakly propylitized in the footwall of the fault zone. The blotchy alteration pattern shown on Figure 6 is the result of different levels of erosion along the dip-slope exposure of the fault zone. Areas of chloritic alteration indicate that the gold bearing quartz sericite zone has been eroded and that the footwall alteration is exposed. Higher grade gold mineralization is associated with the quartz sericite alteration. Sericite-chlorite and chlorite-hematite assemblages contain anomalous, but generally low grade gold mineralization on the order 0.01gpt to 0.50gpt gold.

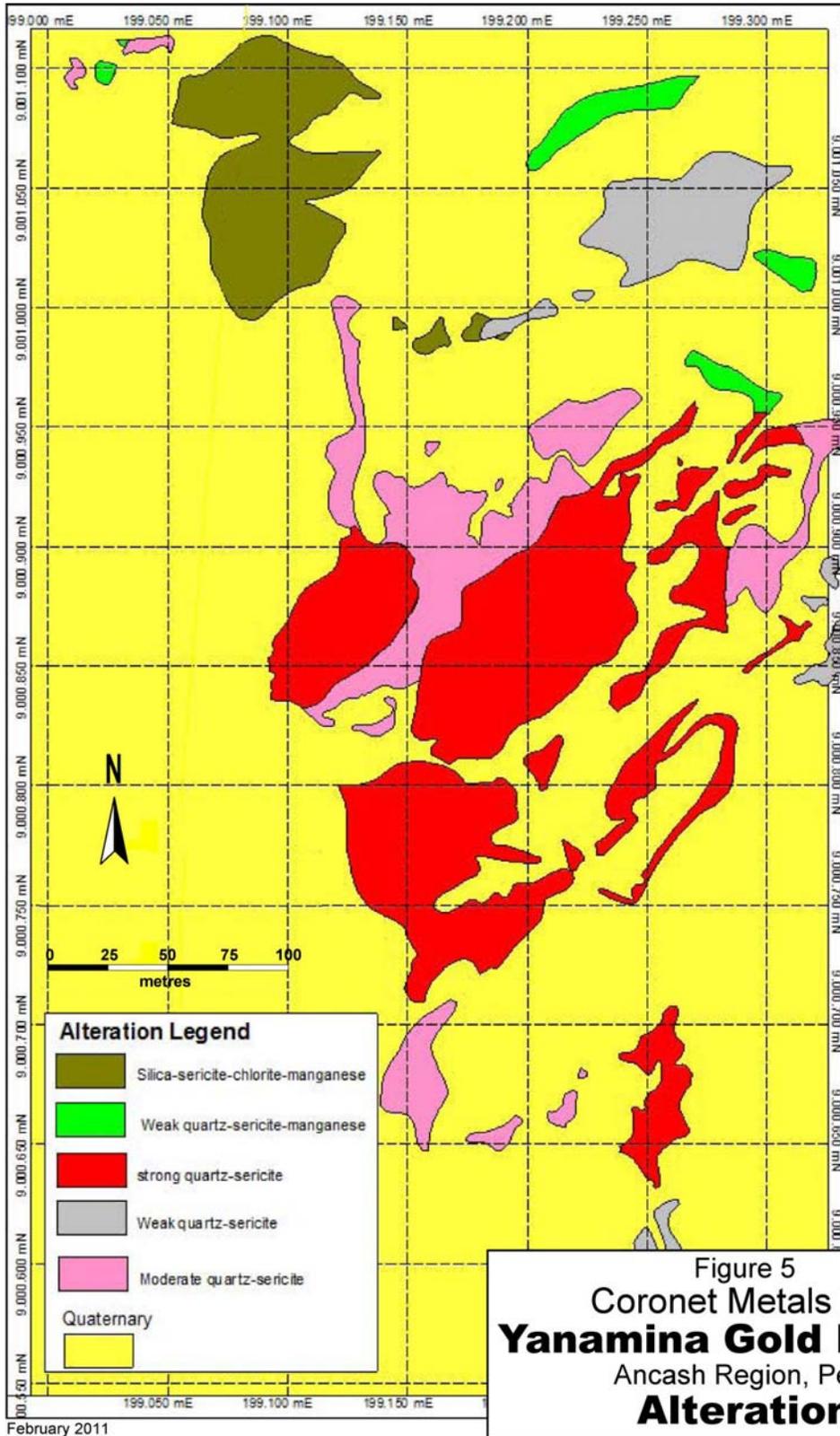


Crackle Breccia

The west dipping structure displays a strong quartz-sericite alteration characterized by a destructive process of the original rock texture (obliterated texture). On weathered outcrops it consist of a homogeneous mass, white dull gray of fine to medium grained quartz, interlocked with sericite seams, and crossed by quartz stringers and limonite (jarosite) stains. Stringers of limonite, up to one centimeter wide derived from pyrite are frequently seen in areas where the gold content has been reported to be up to 10 to 15gpt. On the weathered surface the rocks in this area exhibit a bright reddish tint, but on the fresh surface the original dull white color prevails.



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Proceeding away from the deposit the quartz-sericite alteration changes rapidly to an aggregate of chlorite-hematite-pyrite alteration with locally weak to moderate amounts of manganese oxides. When manganese appears, gold values are extremely low or virtually absent. The original rock texture starts to be seen. It is a strongly foliated quartz-feldspar aggregate, partially masked by the hydrothermal alteration and grading outward to the foliated monzonitic granite of the Cordillera Blanca Batholith. The pyrite content is locally associated with minor amounts of galena, chalcopyrite and sphalerite.

The chlorite-hematite-pyrite alteration probably predated a gold bearing pyrite phase based on the assay results and field relationships. The pyrite that accompanies the chlorite alteration is typically not gold bearing. However, in the cases where the pyrite carries gold, the mineralizing potentially represents a later stage fault controlled event. The quartz-sericite mass standing on the hill slope is tabular in shape and exhibits a pinching and swelling along strike, potentially reflecting a boudinage structure.

7 Deposit Type

Southampton also believes that the Yanamina reflects the alteration typical of a low sulphidation epithermal gold system and the intense alteration and structural deformation characteristic of a shear hosted gold deposit. Southampton believes that the intrusion of the Cordillera Blanca Batholith, the tectonic evolution of the Yungay Graben and related structural deformation associated with the Ancash Fault Zone exhibit a cause and effect relationship within the same period in geologic time. Southampton also believes the Ancash Fault Zone acted as a conduit for hydrothermal gold bearing solution in the region and that this fault zone is an integral part of the major northerly trending structural deformation zone the hosts Barrick's Pierina Gold Mine and the Alto Chicama/Lagunas Norte Gold.

Future exploration and evaluation of the Property will treat the Yanamina deposit as a structurally controlled shear hosted gold deposit.

8 Mineralization

The vectors to mineralization for the Yanamina gold deposit include structural and alteration parameters. The gold content in the quartz-sericite alteration associated with the Yanamina deposit ranges from 0.10 gpt to 30gpt gold. However, the depending on the cut off used the average grade of the deposit ranges from 1.3gpt to 4.6gpt gold. At a 0.5 gpt cut off the average grade of the deposit ranges from 1.38gpt to 1.48gpt gold. Historic confirmation channel sampling show very good assay correlation, returning gold values within 0.1 to 0.2 gpt gold from the original channel sample assay. The deposit on average is relatively homogeneous; however, high grade gold pods or shoots have been known to exist within the deposit since early Portuguese miners exploited the deposit. The deposit covers an area on the dip slope measuring approximately 500 meters along strike and 350 meters down dip.

A preliminary polished section examination of the mineralization from the deposit indicates that the gold is associated with pyrite, occurring along micro-fractures in the pyrite. The grain size of the gold falls in the range of 3 to 20 microns. This strongly suggests the gold can be separated with conventional extraction method and that the gold is not refractory requiring the more costly refractory technology.

The following summarizes the nature and extent of the mineralization defined by diamond drilling carried out by various interested parties over the past 17 years of exploration on the Property. The results are present to provide insight into the tenor of gold mineralization of the Yanamina Gold Deposit.

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The first modern recorded exploration was carried out on the Property by Arequipa Resources through its wholly owned subsidiary Acuarios Minera Y Exploradora S.R.L (“Acuarios”) of Lime Peru; who completed regional prospecting, rehabilitated several of the historic tunnels (“adits”), drove three new adits totaling 48.6 metres and completed seven (7) diamond drill holes totaling 543.15 metres.

The following summarizes the results of the 7 diamond drill holes drilled by Acuarios.

Table 6: 1994 Acuaruis Diamond Drill Results

1994 Acuarios Diamond Drill Results				
Hole No.	From (m)	To (m)	Interval (m)	Au (gpt)
1	0.00	16.50	16.50	3.37
2	0.00	3.00	3.00	0.13
3	0.00	15.00	15.00	6.05
	15.00	36.00	21.00	1.24
including	0.00	36.00	36.00	3.24
4	0.00	10.50	10.50	3.11
5	0.00	30.00	30.00	6.60
	30.00	37.50	7.50	1.47
	37.50	45.00	7.50	0.19
	45.00	54.00	9.00	0.48
including	0.00	37.50	37.50	5.57
6	45.00	57.00	12.00	0.50
7	0.00	31.50	31.50	4.66
	31.50	42.00	10.50	0.92
	42.00	60.00	18.00	0.86

Drill intercepts for Holes 1, 3 and 4 are at right angles to the mineralization exposed on the shear face. Holes 5 and 6 were drilled diagonal across the mineralized shear zone because of access difficulties. The calculated true width of Holes 5 and 6 is approximately 35 metres wide, which is consistent with the true width of Holes 1, 2 and 3. Hole 6 was drilled from the talus slope and intersected the gold bearing structure 250 meters down dip from holes 3, 4 and 5.

In 1995, Acuarios continued its exploration of the Property drilling 53 holes, totaling 1,636.05 metres. The following table presents the analytical the result of diamond drill Hole 300-4, which represents a typical intersection across the gold bearing shear zone on the Property.

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Typical Diamond Drill Hole Analysis Across the Mineralized Shear Zone					
Acuarios Diamond Drill Hole 300 - 4					
July, 1995					
Sample Number	From (m)	To (m)	Interval (m)	Au (gpt)	Ag (gpt)
PA-10582	0.0	1.5	1.5	0.759	2.000
PA-10583	1.5	3.0	1.5	3.118	1.400
PA-10584	3.0	4.5	1.5	1.364	1.000
PA-10585	4.5	6.0	1.5	0.773	0.700
PA-10586	6.0	7.5	1.5	2.291	1.100
PA-10587	7.5	9.0	1.5	1.590	0.600
PA-10588	9.0	10.5	1.5	1.875	0.600
PA-10589	10.5	12.0	1.5	3.308	3.500
PA-10590	12.0	13.5	1.5	2.072	1.500
PA-10591	13.5	15.0	1.5	1.286	1.400
PA-10592	15.0	16.5	1.5	4.121	2.000
PA-10593	16.5	18.0	1.5	3.585	2.500
PA-10594	18.0	19.5	1.5	1.872	0.900
PA-10595	19.5	21.0	1.5	3.779	3.200
PA-10596	21.0	22.5	1.5	0.617	1.300
PA-10597	22.5	24.0	1.5	1.193	2.300
PA-10598	24.0	25.5	1.5	0.179	1.200
PA-10599	25.5	27.0	1.5	0.186	0.900
PA-10600	27.0	28.5	1.5	0.100	0.300

In this hole, the true width of the zone is approximately 19.5 metres and was intersected from 1.5 metres to 21.0 metres and averaged 2.39 gpt Au. Contained within this interval is a higher grade core intersected from 10.5 metres to 21.0 meters averaging 2.86 gpt Au.

Further, examples of the mineralization are discussed in the following section, reflecting the results of recent exploration which confirms the nature and extent of the mineralization on the Property.

9 Exploration

No exploration has been carried out on the Property by the issuer; the following is included to provide the reader with a detailed appreciation of the exploration carried out on the Property, demonstrate the merits of the Property and to provide justification and support for the proposed work program recommended in this report.

However, Latin Gold the vendor of the Property, has carried out an extensive amount of exploration on the Property since it acquired the Property in 2006.

The majority of the modern exploration completed on the Property has been in the form of diamond drilling, which was focused on resource definition and provided the basis for the three mineral resource estimates on the Property. Additionally these data also provide the basis for Southampton's model study and resources estimates discussed later in this report.

In April 2006, Latin Gold through its wholly owned subsidiary Golden Eagle Resources Peru SAC acquired an option to purchase 100% of the property from Acuarios for an aggregate total of US\$ 1,758,621.00. Additionally, Latin Gold has the right to purchase Barrick's 5% NSR for \$US 200,000.00 payable on commencement of production.



Early in 2006, Latin Gold completed detailed mapping of the geology and alteration, channel sampling, limited adit sampling and digitizing of the historic and current data base on the Property. During this initial phase Latin Gold collected 280 channel samples, each sample was 3 metres long and the channel was approximately 5cm wide by 5 cm deep, based on personal observation in one of the adits. Latin Gold reports the assay results within the mineralized zone is 3gpt Au, which is compares to the historic channel and rock sampling results of 2gpt Au reported by Acuarios.

10 Diamond Drilling

No drilling has been carried out on the Property by the issuer. The following is presented to provide the reader with a more detailed appreciation of the exploration carried out on the Property, to demonstrate the merits of the Property and to provide justification and support for the proposed work program.

Southampton has review the historic drill logs and sections for the work completed on the Property by the vendor and found them to be professional prepared by qualified geologist. Southampton examined selected boxes of drill core and cross referenced the drill logs with the drill core and confirmed excellent correlation. Based on an examination of the drill core the mineralized core intersection typically reflects the true width of the mineralized zones intersected

In late 2006, Latin Gold completed 25 diamond drill holes totaling 1,468 metres. The drilling confirmed the geology and the near surface zone of disseminated gold and silver mineralization, which is locally exposed in outcrop. Gold was intersected in the majority of the drill holes and demonstrated strong continuity along strike. The drilling also identified a higher grade core zone locally grading 5gpt Au over 5 metres within a mineralized envelope averaging 2.5gpt Au over intervals ranging from 20 to 30 metres. The drilling also confirmed the coincident silver values reported historically ranging up to 20.3gpt Ag over 10 metres.

The following summarizes the significant diamond drill intersections reported by Latin Gold during the 2006 drilling program.

Significant Diamond Drill Intersections

Hole Number	From (m)	To (m)	Interval (m)	Au gpt	Ag gpt
PA-01	18.00	47.00	29.00	1.85	15.10
PA-03	0.00	21.00	21.00	1.38	2.30
PS-04	0.00	22.00	22.00	1.87	3.10
PA-06	0.00	6.00	6.00	1.55	4.00
PA-06	25.00	34.00	9.00	0.25	2.00
PA-07	10.00	7.00	7.00	0.80	NA
PA-08	6.00	14.00	8.00	2.50	NA
PA-08	1.00	4.00	3.00	0.50	4.40
PA-08	6.00	21.00	15.00	1.50	12.40
PA-09	0.00	31.00	31.00	2.70	5.00
including	3.00	23.00	20.00	3.55	NA
PA-10	0.00	10.00	10.00	0.89	3.60
PA-10	22.00	25.00	3.00	0.90	3.50
PA-11	0.00	17.00	17.00	1.00	NA
including	0.00	22.00	22.00	1.00	9.80
PA-12	4.00	11.00	7.00	0.50	8.40
PA-12	16.00	20.00	4.00	0.60	9.50
PA-12	28.00	30.00	2.00	1.30	NA
PA-14	0.00	9.00	9.00	2.40	18.60
PA-14	33.00	36.00	3.00	1.20	8.10
PA-15	0.00	19.00	19.00	0.70	NA
including	0.00	5.00	5.00	1.47	NA
PA-16	0.00	6.00	6.00	1.20	11.90
including	0.00	5.00	5.00	1.47	NA
PA-16	12.00	18.00	6.00	1.00	6.30
PA-17	0.00	10.00	10.00	2.10	20.30
PA-17	25.00	38.00	13.00	NA	13.10

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The following Figures represents the typical graphic presentation and interpretation used by Latin Gold to illustrate the exploration drill results in plan and section for the data above for the highlighted Hole PA-04.

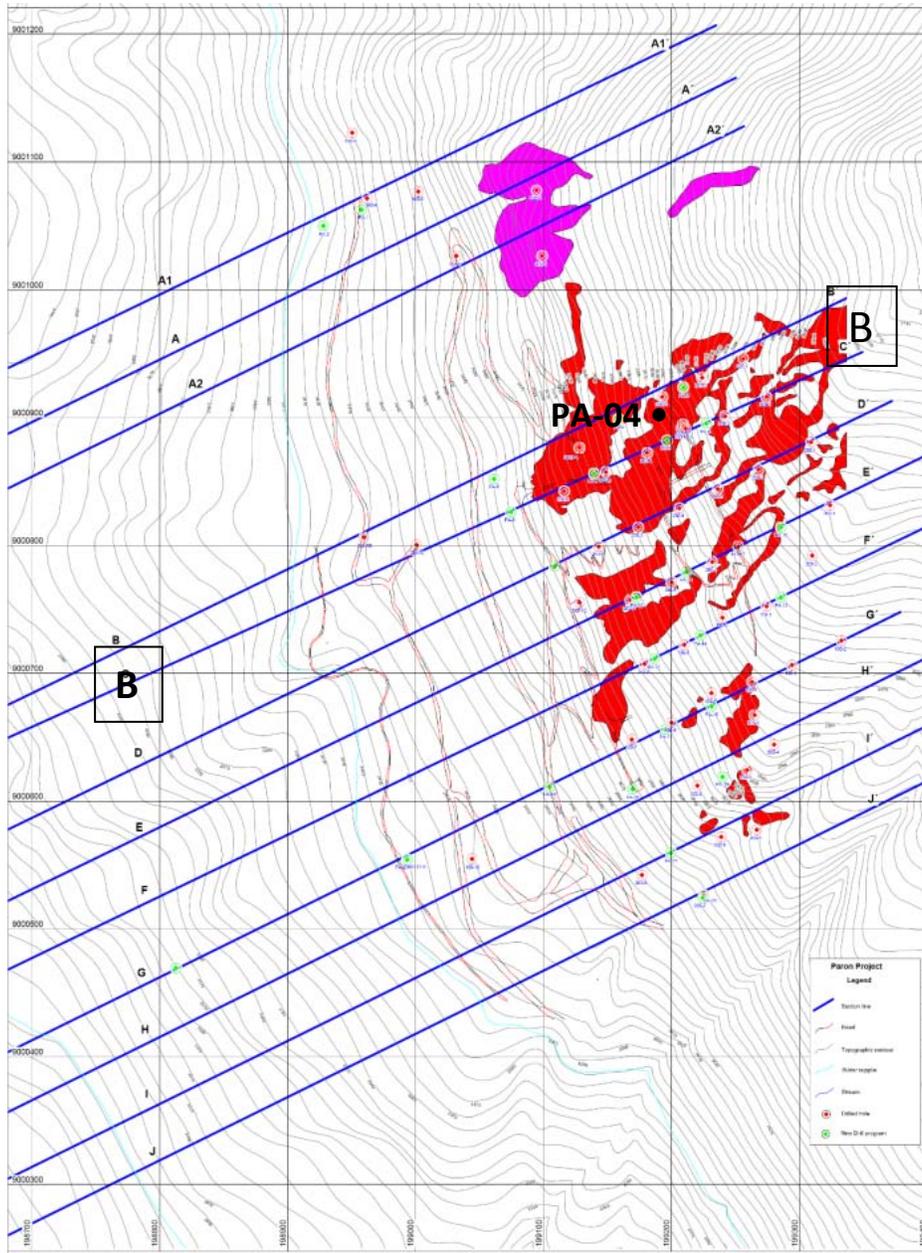


Figure 7: Hole PA-04 Plan Map-Section Line B-B' Mineralization shown in red



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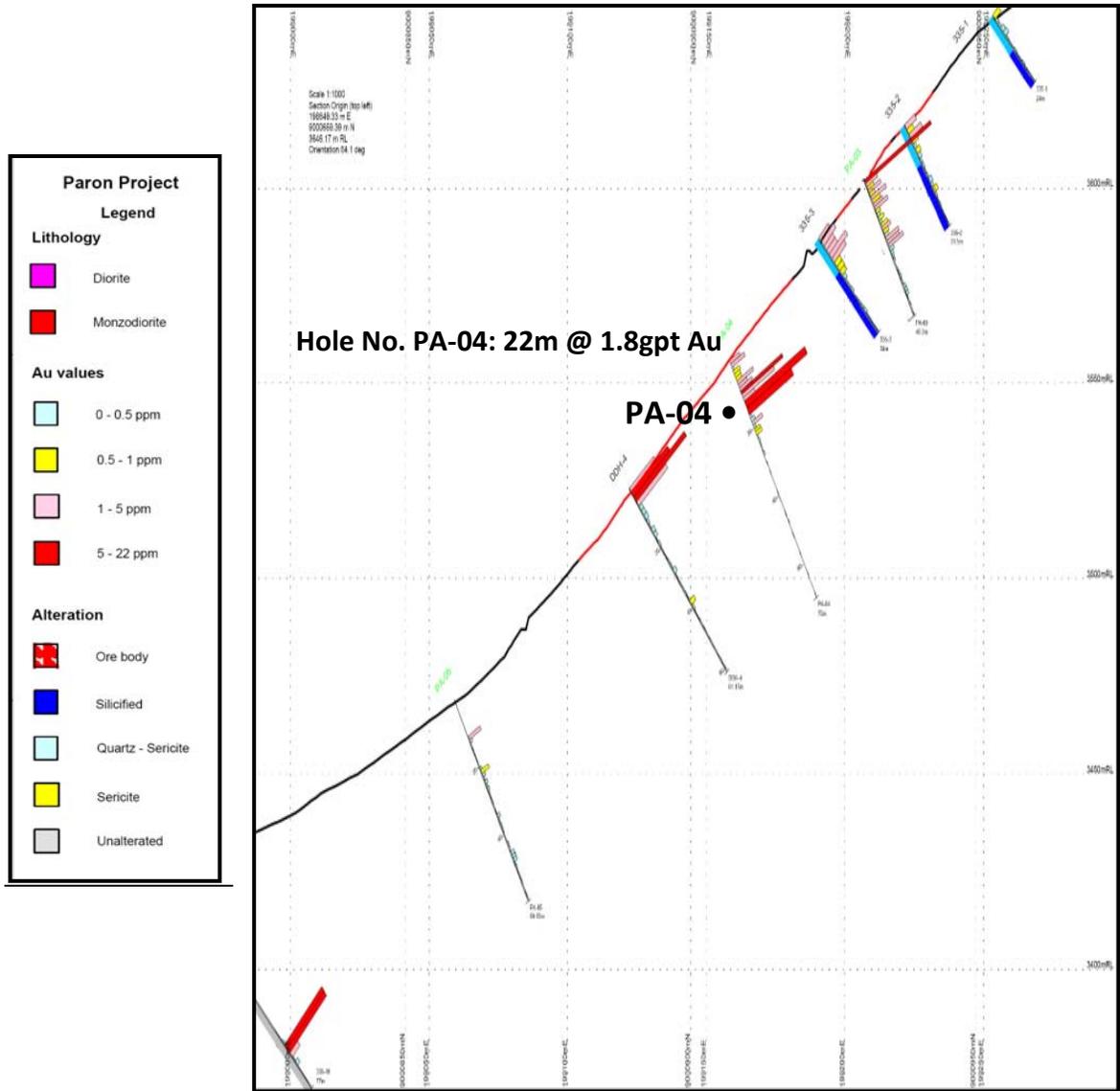


Figure 8: Hole PA-04: Cross Section Line B-B'



11 Sampling Method and Approach

The exploration samples consisted of rock chip and diamond drill core samples. During this initial phase Latin Gold collected 280 channel samples, each sample was 3 metres long and the channel was approximately 5cm wide by 5 cm deep, based on personal observation in one of the adits.

The diamond drill core was oriented, cut using a diamond saw, logged and the interval selected for sampling was indicated by means of a black marker. The samples were geologically controlled and the sample interval was typically 1.0 metres. Generally, the core recovery was good. Each sample was placed in a plastic bag, tagged and secured with a ziplock tie. The core boxes and the samples to be assayed are stored in a locked and safe environment in Latin Gold's office in Caraz.

Drill Core Samples were taken every metre and standards were introduced every 30 samples.

Based on an examination of the drill core the core recovery was typically greater than 90%, which provides additional confidence in the interval sampled and the subsequent assay result. The sampling was done by qualified geologists under geologic control, respecting the geology. The sample interval reflects true widths for the interval sampled. The continuity of the mineralized zone with respect to the true width, down-dip and on strike continuity is very consistent for a gold deposit.

The follow table demonstrates the relative uniform true width and grade of the mineralization intersected in the most recent drilling completed by Latin Gold in 2006.

Significant Diamond Drill Intersections

Hole Number	From (m)	To (m)	Interval (m)	Au gpt	Ag gpt
PA-01	18.00	47.00	29.00	1.85	15.10
PA-03	0.00	21.00	21.00	1.38	2.30
PS-04	0.00	22.00	22.00	1.87	3.10
PA-06	0.00	6.00	6.00	1.55	4.00
PA-06	25.00	34.00	9.00	0.25	2.00
PA-07	10.00	7.00	7.00	0.80	NA
PA-08	6.00	14.00	8.00	2.50	NA
PA-08	1.00	4.00	3.00	0.50	4.40
PA-08	6.00	21.00	15.00	1.50	12.40
PA-09	0.00	31.00	31.00	2.70	5.00
including	3.00	23.00	20.00	3.55	NA
PA-10	0.00	10.00	10.00	0.89	3.60
PA-10	22.00	25.00	3.00	0.90	3.50
PA-11	0.00	17.00	17.00	1.00	NA
including	0.00	22.00	22.00	1.00	9.80
PA-12	4.00	11.00	7.00	0.50	8.40
PA-12	16.00	20.00	4.00	0.60	9.50
PA-12	28.00	30.00	2.00	1.30	NA
PA-14	0.00	9.00	9.00	2.40	18.60
PA-14	33.00	36.00	3.00	1.20	8.10
PA-15	0.00	19.00	19.00	0.70	NA
including	0.00	5.00	5.00	1.47	NA
PA-16	0.00	6.00	6.00	1.20	11.90
including	0.00	5.00	5.00	1.47	NA
PA-16	12.00	18.00	6.00	1.00	6.30
PA-17	0.00	10.00	10.00	2.10	20.30
PA-17	25.00	38.00	13.00	NA	13.10

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12 Sample Preparation, Analysis and Security

The field phase of sample preparation, analysis and security was managed under the direct supervision of Gonzola Lemuz, B. Sc. (geology) Exploration Manager, Latin Gold. As a result of several discussion with Mr. Lemuz, concerning the above, Southampton concurs with Latin Gold's field preparation of the samples as presented in a detailed QA/QC report entitled "*Proyecto paron, paramametroso de perforacion y control de calidad; programa de peroracion 2006*" by G. Lemuz B. Sc. (Geology) .

The samples selected for analysis were placed in plastic sample bags, tagged and placed in larger bags for delivery to ALS Chemex, Lima, Peru for analysis. Once the samples were delivered to ALS Chemex , the responsibility for the samples transferred to the laboratory. ALS Chemex is an ISO 2000 Certified laboratory with assay laboratories through the world.

Standardized samples with certified Au assays were applied every 30 assay samples: any single assay bath contained at least one standardized sample. The total number of samples analyzed was 1,215 in addition to 41 standards representing approximately 3.4%.

The DDH core samples were taken each metre of core and standard sample were introduced every 30 samples. The standardized samples were of two Au grades: the highest assayed 2.384 gpt Au and the lowest assayed 0.815 ppm Au. Standardzed sampes were acquired from Rocklabs of New Zeealand and they were as follows: i) 22 standards OxF41 representing 0.839 ppm Au and 19 standards OxD47 representing 2.432ppm Au. 2.8 to 4.0% were included per batch. Batches of 50 to 70 samples included 2 standard samples per batch. The total number of samples collected in 2006 exploration campaign were 1,215 and 41 standard samples were used.

It is Southampton's opinion that sample preparation, security and analytical procedures are excellent.

13 Data Verification

As an integral part of this Technical Report and in preparation for the model study and resource estimation Southampton reviewed all of the relevant data in the Latin Gold's office in Lima. Selected maps and plans were taken into the property for field confirmation. The drill core is stored in a secure house in Carza. The core was professionally stored and the core boxes property numbered. The drill core had been split (cut) with a diamond saw and repositioned correctly in the core box.

The drill core from three holes drilled in various parts of the deposit were examined and cross referenced with the written drill logs and section and found to be properly done. Three sections from each hole were selected for confirmation sampling. The sections were selected on the basis of assay results, being samples representing high, medium and low grade assays taken over a one metre interval. Quarter splits were taken from each sample interval and placed in a poly sample bag appropriately tagged by sample number and secured by a ziplock tie. The samples were returned to Canada in the luggage of the author and personally delivered to SGS Xral Assay Laboratories in Toronto for gold and silver analysis.

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The confirmation sample results are summarized below

Table 7: Confirmation Sample Results

Drill Hole Number	Latin Gold	Southampton	From (m)	To (m)	Latin Gold Assay		Southampton Associates Inc.	
	Sample No.	Sample No.			Gold (gpt)	Silver (gpt)	Gold (ppb)	Silver (gpt)
PA-01	4996	701	25	26	5.680	NA	7100	40.90
PA-01	4998	702	27	28	2.670	NA	4240	21.80
PA-01	5014	703	43	44	0.389	NA	578	12.50
PA-23	5056/5057	704	53	55	3.480	NA	2560	27.60
PA-23	5055	705	52	53	4.270	NA	5820	50.00
PA-23	5058	706	55	56	0.591	NA	1210	24.80
PA-25	4677	707	26	27	0.098	NA	212	2.50
PA-25	4678	708	27	28	0.420	NA	213	1.10
PA-25	4679	709	28	29	0.017	NA	28	1.10
PA-25	4683	710	32	33	0.007	NA	14	0.70

The independent due diligence sampling confirmed the order of magnitude of the assay reported by Latin Gold. The ten assays reported by Latin Gold ranged from a low of 0.007gpt to a high of 5.680gpt Au. The same sample intervals sampled by the author returned gold assays ranging from 14ppb (0.0014gpt) to 7,100ppb (7.1gpt).



Typical Core Box Identification



David Wahl (kneeling), John Keenan (left) and technician (right) discussing confirmation sampling

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14 Adjacent Properties

The Property is located within the buffer zone established by the Peruvian government around Huascarán National Park. The Company is working with the Huascarán Working Group to strengthen the development processes and to guarantee the industrial sector's participation in sustainable development.

Within the Caraz area there are a number of tenements held by various third parties.

One tenement abuts the southern boundary of the Property and is owned by Mineras Golden Eagle a wholly owned subsidiary of Latin Gold.

15 Mineral Processing and Metallurgical Testing

In May 2007, as an integral part of a project evaluation and pre-feasibility study prepared jointly by Minconsult srl ("Minconsult") and J.Z.W. Mineral Processing Consultants ("J.Z.W.") preliminary metallurgical testing and flow sheet design was completed and the results presented in a report entitled "*Evaluation of the Paron Project*" by Juan Zegarra Wuest, president of J.Z.W.

Southampton as reviewed the aforementioned reports and find them to be professional prepared and the samples used are representative and the mineral processing and metallurgical testing was appropriate and was carried out in accordance with industry standard.

The mineral processing and metallurgical testing was carried out on a composite sample, comprising diamond drill core samples and drift channel samples collected during the 2006 exploration program by Latin Gold. The total sample weight was 69,945 grams (154 pounds).

J.Z.W. considered NaCN Pad Leaching, crushed to 100% minus 1 inch and sulphide floating and conventional NaCN circuit consisting of crushing, grinding, gravity, sulphide floatation and conventional NaCN leaching of the concentrate.

15.1 NaCN Leaching in Pads, "Ore" Preparation by Crushing and Curing.

Gold recovery is estimated to reach 72.8% in 30 day reaction time; consequently the total and normal Au-Ag production will be achieved after 30 days of operation start up. Daily gold production would be 3,330 gram/day and 8,324 grams/day silver, which is equivalent to 100 kg gold/month and 8,030 ounces silver/month.

Crushing to 100% minus 1 inch is being considered for the plant design; however, this stage has not been proven necessary according to J.Z.W. and additional test with coarser crushing is recommended.

15.2 Gravity Concentration - Floatation of Sulphides and Off-Site NaCN Leaching

The Yanamina "Ore" is amenable to straight sulphide floatation after grinding to 50% minus 200 mesh, producing a gold-silver concentrate assaying 16 to 18 grams gold/ tonne with total rougher floatation recovery of 97%. The silver recovery varied from 35.3 to 52.2% yielding constant 4.2 grams silver/tonne contained in the final tailing, this could be the reflection of presence of fine silver minerals or association to oxidized minerals that under NaCN agitation leaching reported higher solubility reaching silver recoveries in the range of 53-72 %.

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The flotation scheme proposed is simple and reagents applied were non contaminants.

The final flotation tailing should be dry deposited in order to reduce the potential negative impacts of acid mine drainage. The waste rock will also have to be encapsulated to inhibit acid rock drainage. The concentrate will be transported by truck to the coast where the NaCN agitation leaching and Merrill Crowe Plants would be located. The projected metallurgical balance in the leaching and Merrill Crowe precipitation plant indicates the overall gold recovery will be 89.4% and silver will be 35.5%.

16 Deposit Modeling

Latin Gold provided the data as a digital database. A total of 2,643 samples spanning 3,402 metres from 78 drill holes were included in the data base. Lithology was provided for only the most recent 26 holes.

All data was entered into an Excel[®] spreadsheet and formatted. Those intervals that were not assayed were defined as having a zero value.

The drill hole information was then loaded into Gemcom Surpac[®], and checked for duplicate assays and invalid or overlapping intervals. Within the 3D environment the data was examined for location against previous maps.

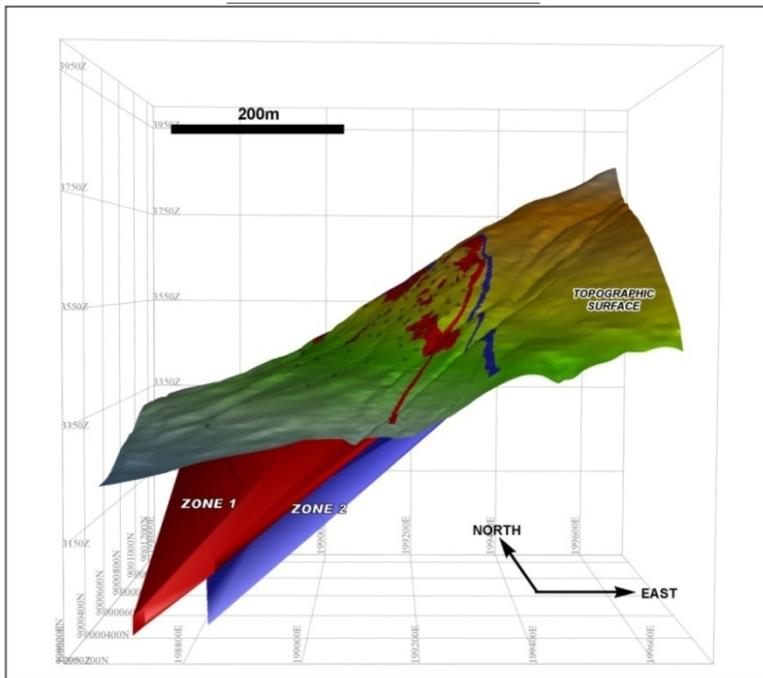
Surface topography was also provided as 1 metre contours. This was imported into Gemcom Surpac[®] and a 3D surface model created. Drill collar elevations were then checked against the topographic surface. Prior to setting up a block model the data was visually examined using grade composites of 0.5, 1 and 3 g/t Au to define possible trends. It was immediately apparent that the 0.5g/t Au cut-off composites defined two planar and nearly parallel zones. For the purpose of this report these were Zone 1 and Zone 2. Zone 1 aka the Upper Zone has an approximate dip of minus 40° towards 250° and is present in nearly all holes. Zone 2 aka the Lower Zone dips minus 42° towards 245° and while seemingly more discontinuous and thinner than Zone 1 was not intersected by much of the earlier drilling.

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Figure 9
Perspective View
Yanamina Gold Deposit
3-D Space
0.5gpt Au assay composite
(Looking North)





Since the gold zones are quite well defined as having a consistent direction both the block model and search ellipses were set up to accommodate the preferential direction. This allows a better and more consistent estimate to be made within the 0.5 g/t Au shells.

The block model was thus given a plunge of minus 40° to 247° to simulate the average attitude of Zone 1. The cell sizes were set to 5m x 5m x 2m. This size ratio attempts to roughly emulate the shape of the zones such that the contact areas will have as little crossing by blocks as possible. Sub-blocking was allowed to go down to 1.25m x 1.25m x 0.5m.

In preparation for estimation non-assayed intervals were given a value of 0 g/t Au and the assay data was composited into 1m equal lengths down hole. As the highest assay value at 21.1 g/t Au is spatially surrounded by other holes reporting assays greater than 10g/t Au these values were not cut.

Southampton estimates the specific gravity of 2.80 g/cc

The block estimation was performed using:

- 1/D² (Inverse distance squared) algorithm
- Search ellipsoids:
- Major axis: 337° horizontal, 25m and 50m radius
- Secondary axis: minus 40°, 25m and 50m radius
- Minor axis: horizontal, 1/3 of major axis
- Number of informing samples per block:
- Maximum: 9
- Minimum: 3
- Maximum of 6 samples per hole
- Specific Gravity of 2.80g/

Once the models were run, the results were visually inspected to determine if the search parameters were consistent with the composites.

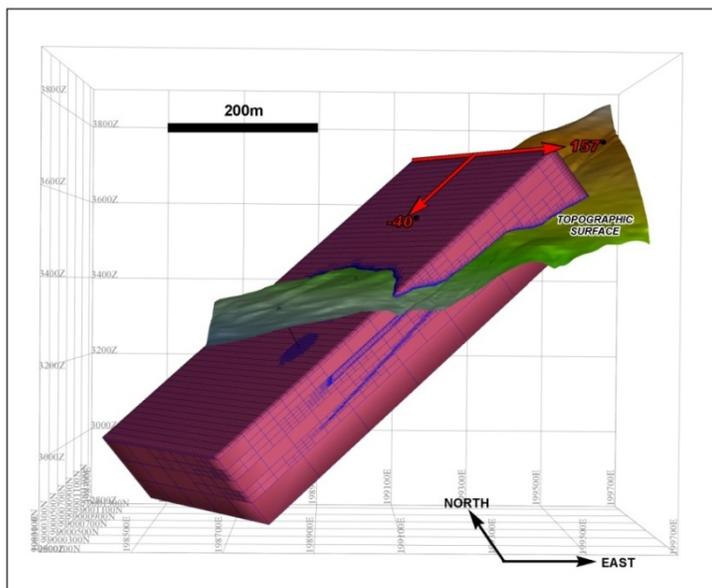


Figure 10
Perspective View
Block Model Orientation

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17 Mineral Resources

The resources estimate was prepared jointly by David G. Wahl, P. Eng, P.Geo., ICD.D (Engineer of Mines) and Philip David Burt, BSc., P.Geo, (geology) an associated of Southampton. Messers Wahl and Burt are independent of the vendor and the issuer.

Southampton completed a mineral resource estimate of the Yanamina deposit on the Property. The estimate is supported by the deposit modeling presented in Section 15 of this report. Southampton identified inferred and indicated resources, which are NI 43-101 compliant meeting the CIM resource definitions referenced in NI 43-101.

The indicated resource covers approximately 17 hectares and is outlined by a search area of 25 metres; within this area, the drill holes intersected similar grade-thickness composites at a 1g/t Au cut-off. The inferred resource is outlined by a search area of 50 metres. The holes drilled in this area intersected mineralization defined by 0.5gpt cut-off composites. Continuous blocks within the 25m search radius have thus been defined as an Indicated Resource while the blocks outside of this zone at a 50m search radius and those blocks above the 0.5 g/t Au cut-off in Zone 2 are categorized as an Indicated Resource. Further drilling at 25m spacing would be required to define additional Inferred Resources in both zones.

The following tables summarizes the indicated and inferred resources on the Property

Indicated Resources:

GRADE RANGE (25m radius)	Volume	Tonnes	Au (gpt)	Grams Au	Cut-off Grade	Tonnes	Grade	Ounces Au
0.5 -> 0.8 g/t Au	153,034	428,496	0.65	278,522	0.5	1,566,901	1.65	83,122
0.8 -> 1.0	75,991	212,774	0.89	189,369	0.8	1,138,405	2.03	74,299
1.0 -> 3.0	272,385	762,678	1.76	1,342,313	1	925,631	2.29	68,150
>3	58,198	162,953	4.78	778,915	3	162,953	4.78	25,043
Total > 0.5	559,608	1,566,901	1.65	2,589,120				

Inferred Resources:

GRADE RANGE (50 m radius)	Volume	Tonnes	Au (gpt)	Grams Au	Cut-off Grade	Tonnes	Grade	Ounces Au
0.5 -> 0.8 g/t Au	466,932	1,307,410	0.64	836,742	0.5	3,235,029	1.19	123,770
0.8 -> 1.0	148,774	416,568	0.89	370,746	0.8	1,927,619	1.56	96,680
1.0 -> 3.0	504,595	1,412,865	1.60	2,260,584	1.0	1,511,051	1.74	84,532
>3	35,066	98,186	3.82	375,071	3.0	98,186	3.82	12,059
Total > 0.5	1,155,367	3,235,029	1.19	3,843,142				

Cut-off Grades:

CUT-OFF GRADE (g/t Au)	INDICATED RESOURCES		INFERRED RESOURCES	
	TONNES	GRADE (g/t Au)	TONNES	GRADE (g/t Au)
0.5	1,566,900	1.65	3,235,000	1.19
0.8	1,138,400	2.03	1,927,600	1.56
1	925,600	2.29	1,511,100	1.74
3	163,000	4.78	98,200	3.82

NOTES:

- Tonnages have been rounded to nearest 100 tonnes so may not add
- Categories are compliant with CIM Resource Definitions

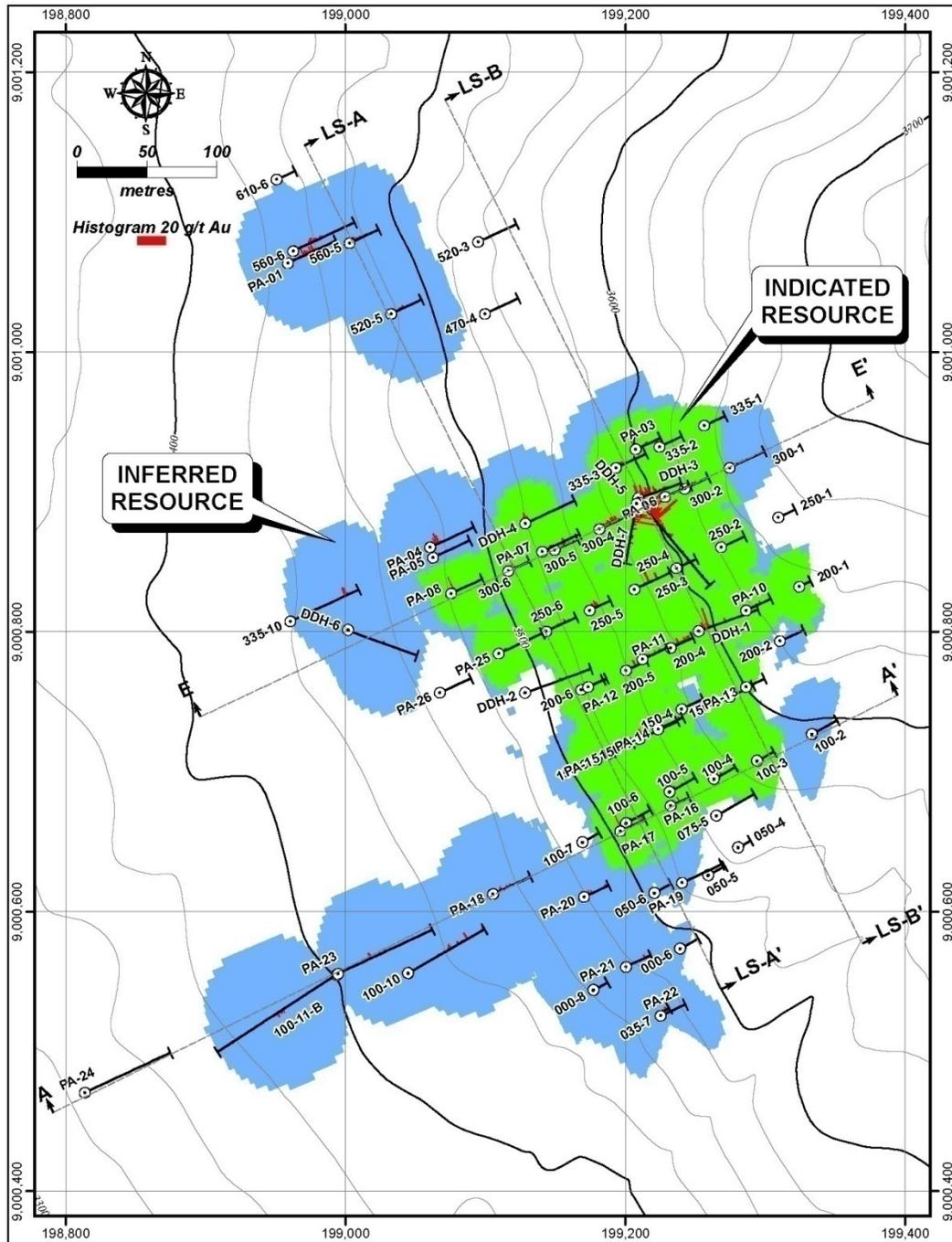
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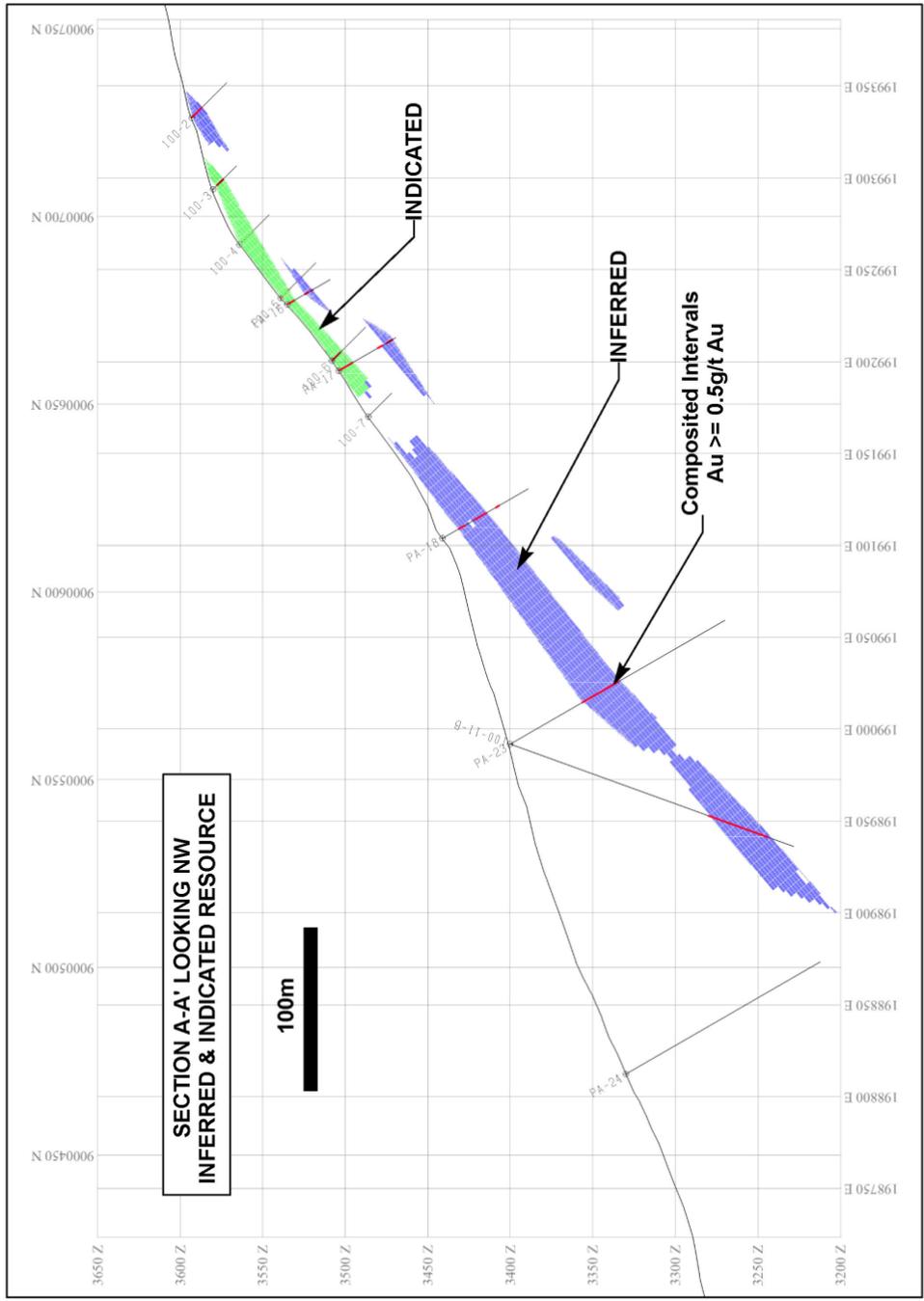
Figure 11: Resources Area of Influence Plan



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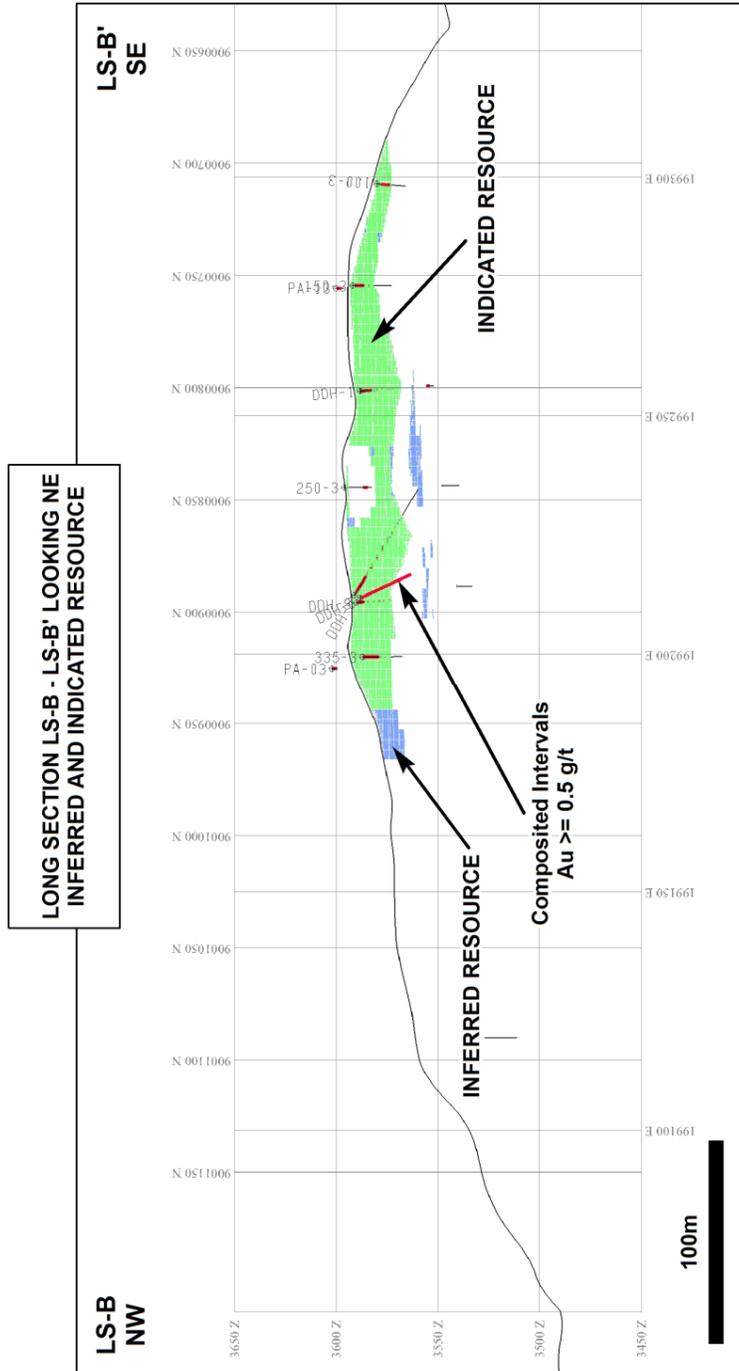


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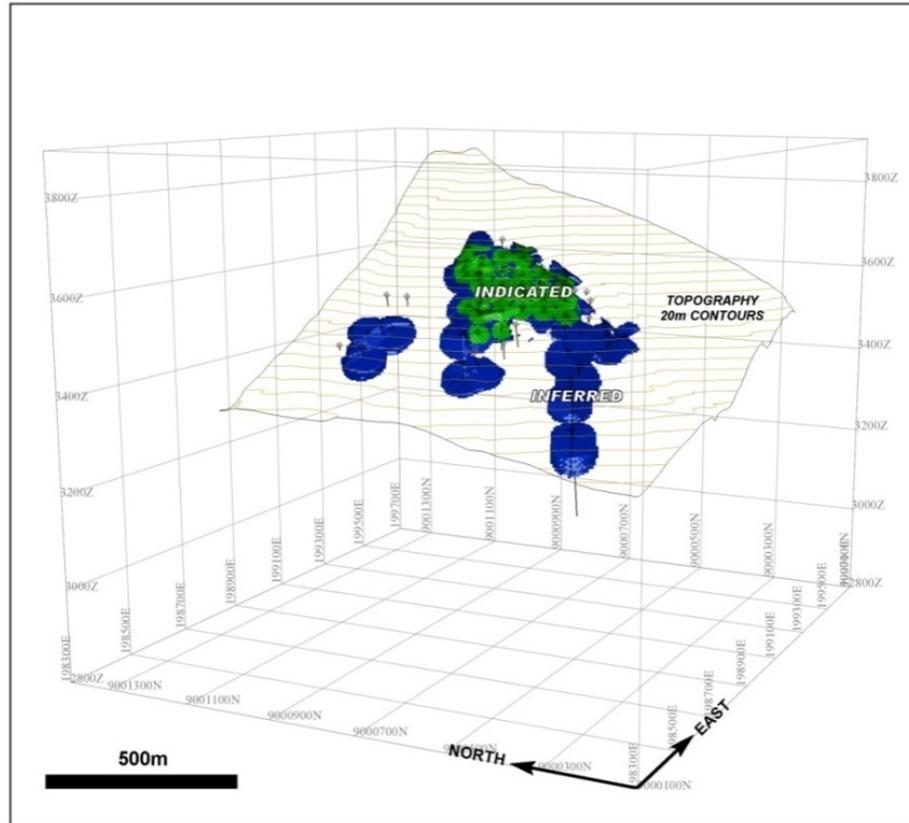


Figure 16
Resource Distribution
(Looking Northeast)

At the 0.5g/t composite cut-off, the Yanamina deposit exhibits a high continuity in Zone 1 over most of the drilling. Zone 2, which seems thinner and not as continuous and is thinner, has been missed in many of the earlier drill holes. Further in-fill drilling at 25m spacing might upgrade this zone in grade, thickness and extent. Zone 1 also has some gaps in the drilling which could be addressed by in-fill drilling. This would undoubtedly upgrade the resource to an indicated category.

The definition of the zones was based solely on an assay wall without regard to geology. Although geology may control gold deposition to some extent, gold is well known to deposit across many lithologies and alteration patterns.

Although there were some silver analyses completed in the historical drilling, the more recent drilling has not been analyzed for silver. Where silver results are present there is a weak correlation with gold, it is neither consistent nor a direct correlation. Analysis of silver in future drilling is recommended as there may be a pattern that could be used to direct further exploration.

18 Other Relevant Information

No other material information



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19 Preliminary Assessment

The preliminary assessment of the Yanamina gold deposit is based on the following parameters:

- All units are metric unless otherwise stated.
- All monetary units are US dollars.
- All dollars are in 2011 dollars (i.e. no inflation)
- The production schedule is based on the drill indicated and inferred resources calculated by Southampton
- Southampton has used a pro forma production rate of 3,000 tonnes per day
- Waste:Ore ratio of 1:1 is assumed.
- Southampton estimates the pro forma metal recoveries to be 73% and 40% for gold and silver respectively.
- The projected gold and silver prices are based on the three year trailing average as were \$1,025/oz and \$16.62/oz for gold and silver respectively.
- Gold refining terms are:
 - Pay for 99.9% of the gold.
 - Refining charge of \$5.00/oz of payable gold.
- Silver refining terms are:
 - Pay for 99% of the gold.
 - Refining charge of \$0.20/oz of payable silver.
- Operating and capital costs have been estimated by Southampton Associates
- A reclamation cost of \$6.5 million has been deducted in the final year of production.
- Straight line depreciation over 5 years for call capital investments
- A profit sharing tax of 8% of net taxable income has been deducted. This profit sharing tax goes to the company workers by law. Currently, the profit sharing cannot exceed 18 months' salary. This is being disputed by the Peruvian Labour unions as they feel that the workers should get a larger share in the current commodity boom. Southampton has assumed that the workers will get the full 8%
- A corporate tax of 27% of profits net of depreciation and profit sharing has been 31%. Southampton has used the 27% rate.
- Working Capital is calculated as
 - An allowance for spare parts and inventory of 5% of total capital
 - A precious metal inventory equal to 2 weeks of metal sales
 - Accounts receivable equivalent to 4 weeks of metal sales
 - Accounts payable equal to two weeks of operating costs
- The model calculates the project Internal Rate of Return (IRR) plus the payback period, the Net Cash Flow (NCF) and Net Present Values (NPV) discounted at rates varying from 2.5% to 15%, All NPV;s are discounted to the mid-year.
- While the base case is based on both the drill indicated and inferred resources, a test case mining only the drill indicated resources returned a net cash flow of approximately \$2.1 million.

To demonstrate the impact of up grading the inferred resource (3,235,000 tonnes averaging 1.19gpt Au) Southampton has included the inferred resources as part of the production for years 1.5 through 5 as being material to the Company under Part 2, Sub section 2.3 of NI 43-101.

The rationale being the deposit has been outlined by diamond drilling on a grid approximating 50 metres by 50 metres. The assay results indicate that the deposit consists of two Zones designated by

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Southampton as Zone 1 (Upper Zone) and Zone 2 (Lower Zone). The data also shows that the gold zones are quite well defined as having a consistent direction. The block model and search ellipses were set up to accommodate the preferential direction. Additionally, within areas of dense drilling (25m x 25m) every drill hole reports similar grade-thickness composites at a 1g/t Au cut-off. Where drilling is sparser (50m x 50m) the mineralized zones, while still present in most cases is mostly defined by the 0.5 g/t cut-off composites.

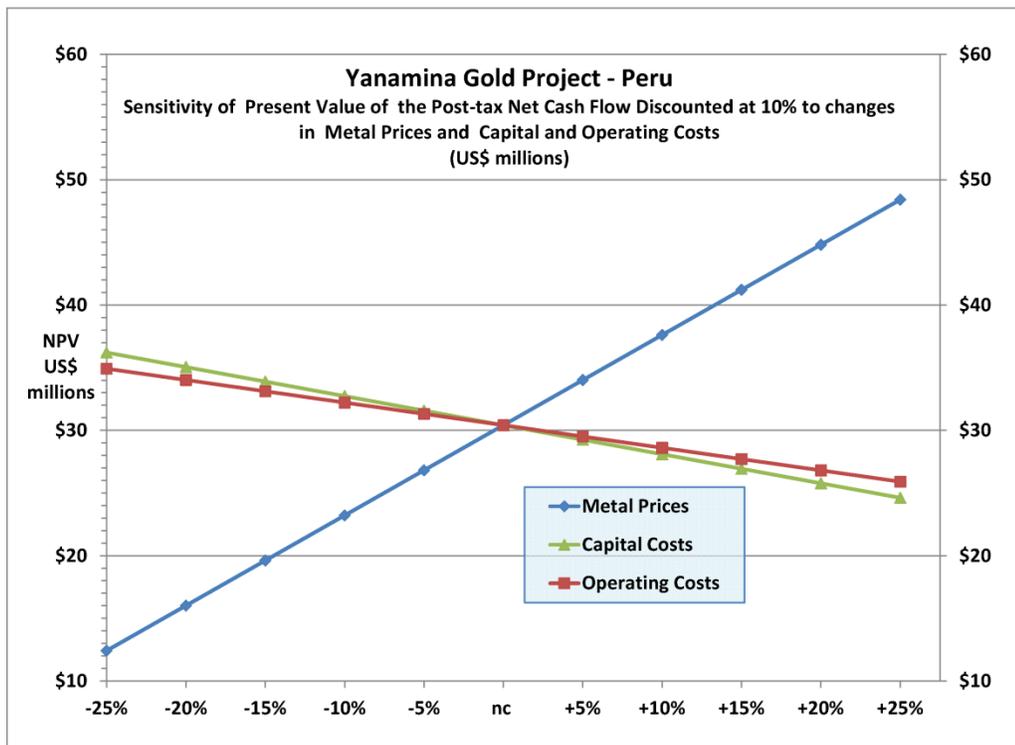
The following presents the results of the preliminary assessment.

Cutoff Grade - >0.5 g/t Gold	Units	Total/ Average	Year -2	Year -1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
METAL PRICES										
Gold	US\$/oz	\$1,025	-	-	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	-
Silver	US\$/oz	\$16.62	-	-	\$16.62	\$16.62	\$16.62	\$16.62	\$16.62	-
PRODUCTION										
Waste Mined	kt	4,802	-	-	1,050	1,050	1,050	1,050	602	-
Indicated Resources										
Ore Mined & Milled	kt	1,567	-	-	1,050	517	-	-	-	-
Metal Grades										
Gold	g/t	1.65	-	-	1.65	1.65	-	-	-	-
Silver	g/t	7.00	-	-	7.00	7.00	-	-	-	-
Inferred Resources										
Ore Mined & Milled	kt	3,235	-	-	-	533	1,050	1,050	602	-
Metal Grades										
Gold	g/t	1.19	-	-	-	1.19	1.19	1.19	1.19	-
Silver	g/t	5.00	-	-	-	5.00	5.00	5.00	5.00	-
Total Production										
Ore Mined & Milled	kt	4,802	-	-	1,050	1,050	1,050	1,050	602	-
Metal Grades										
Gold	g/t	1.34	-	-	1.65	1.42	1.19	1.19	1.19	-
Silver	g/t	5.65	-	-	7.00	5.98	5.00	5.00	5.00	-
Metal Recoveries										
Gold	%	73%	-	-	73%	73%	73%	73%	73%	-
Silver	%	40%	-	-	40%	40%	40%	40%	40%	-
Metal Production										
Gold	kg	4,698	-	-	1,265	1,086	912	912	523	-
	oz	151,031	-	-	40,662	34,906	29,326	29,326	16,812	-
Silver	kg	10,857	-	-	2,940	2,514	2,100	2,100	1,204	-
	oz	349,073	-	-	94,523	80,812	67,517	67,517	38,705	-
Gross Revenue										
Gold	k\$	154,807	-	-	41,678	35,779	30,059	30,059	17,232	-
Silver	k\$	5,802	-	-	1,571	1,343	1,122	1,122	643	-
Total Revenue	k\$	160,609	-	-	43,249	37,122	31,181	31,181	17,875	-
Less: Smelting/Refining etc.										
Gold	k\$	909	-	-	245	210	177	177	101	-
Silver	k\$	127	-	-	34	29	25	25	14	-
Total Refining/Smelting	k\$	1,036	-	-	279	240	201	201	115	-
Net Revenue	k\$	159,572	-	-	42,970	36,883	30,980	30,980	17,760	-
OPERATING COSTS										
Mining	k\$	12,527	-	-	2,739	2,739	2,739	2,739	1,570	-
Processing	k\$	22,925	-	-	5,013	5,013	5,013	5,013	2,874	-
G&A	k\$	4,844	-	-	1,059	1,059	1,059	1,059	607	-
Total Operating Costs	k\$	40,296	-	-	8,811	8,811	8,811	8,811	5,051	-
EBITDA	k\$	119,276	-	-	34,159	28,071	22,169	22,169	12,709	-
Less: Depreciation										
Profit Sharing	k\$	7,223	-	-	5,798	5,798	5,798	5,798	5,798	-
Corporate Taxes	k\$	22,427	-	-	2,269	1,782	1,310	1,310	553	-
Net Profit aft. Depr. & Taxes	k\$	60,636	-	-	19,047	14,959	10,995	10,995	4,641	-
Net Cash Flow to Project										
Net Profit aft. Depr. & Taxes	k\$	60,636	-	-	19,047	14,959	10,995	10,995	4,641	-
Plus: Depreciation & Amort.	k\$	28,990	-	-	5,798	5,798	5,798	5,798	5,798	-
Less: Capital Investment	k\$	35,512	5,000	23,990	-	-	-	-	6,522	-
Working Capital	k\$	-	-	-	6,020	(707)	(686)	-	(1,463)	(3,165)
Net Cash Flow to Project	k\$	54,114	(5,000)	(23,990)	18,825	21,464	17,478	16,793	5,380	3,165
Accum NCF to Project	k\$	54,114	(5,000)	(28,990)	(10,165)	11,298	28,777	45,569	50,949	54,114
Internal Rate of Return										
Payback Period	Years	50%	from start of operations							
Net Present Value of NCF										
	k\$		2.5%	46,840		5.0%	40,567		7.5%	35,135
			10.0%	30,416		12.5%	26,300			



Southampton has tested the sensitivity of the present value of the net cash flow discounted at 10% to changes in metal prices and capital and operating costs. These were varied up and down by 25% and as show on Figure 6 the project is robust.

Sensitivity of the Present Value of the Post-tax Net Cash Flow Discounted at 10% to changed in Metal Prices and Capital and Operating Costs



The project is most sensitive to metal prices and much less sensitive to changes in capital. .

It must be cautioned that the preliminary assessment is preliminary in nature; that it included inferred mineral resources that are considered to be too speculative geologically to have the economic consideration applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary assessment will be realized”

Furthermore, the mineral resources that are not mineral reserved do not have demonstrated economic viability.

However, mining only the 43-101 compliant indicated resources the first year; the after tax cash flow would be approximately \$2.1 million.

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20 Interpretation and Conclusions

- The intense faulting in the region and on the Property has giving rise to a number of gold occurrences and deposits along the trend of this major rift structure.
- The Property is located 16 kilometres east of the village of Caraz, within the “Buffer Zone” around the Huascarán National Park. A small portion of the Property covering approximately 28 hectares lies within the park. This area does not impact on the resource or any potential mining operation. The Company is successfully working within the framework of the Huascarán Working Group and is moving towards a sustainable development vision for the Property.
- The Yanamina Property hosts a gold-silver deposit exhibiting the alteration typical of a low sulphidation epithermal gold system and the intense alteration and structural deformation characteristic of a shear hosted gold deposit;
- The deposit contains a NI 43-101 compliant indicated resource of 1,566,900 tonnes averaging 1.65gpt Au and an inferred resource of 3,235,000 tonnes averaging 1.11gpt Au;
- The deposit is topographically challenged being located on the exposed 45 degree westerly dip slope of the Ancash Fault Zone, which defines the eastern edge of the Yungay Graben; the hang wall sedimentary rocks have be down-dropped to the floor of the graben.
- Confirmation sampling of the drill core was undertaken by Southampton during the site visit. The drill core from three holes drilled on various parts of the deposit were examined and cross referenced with the written drill logs and section and found to be well done. Three sections from each hole were selected for confirmation sampling. The sections were selected on the basis of assay results, being samples representing high, medium and low grade assays taken over a one metre interval. Quarter splits were taken from each sample interval and placed in a poly sample bag appropriately tagged by sample number and secured by a zip lock tie. The samples were returned by Canada in the luggage of the author and personally delivered to SGS XRAL Assay Laboratories in Toronto for gold and silver analysis. The results of the independent sampling program confirmed the order of magnitude of the gold assays reported by Latin Gold.
- Deposit modeling discovered that the Yanamina deposit comprises two gold zones designated by Southampton as Zone 1 (Upper Zone) and Zone 2 (Lower Zone). At the 0.5g/t gold composite cut-off, Zone 1 exhibits strong continuity defined by most of the drilling. Zone 2 on the other hand, which appears thinner, also appears less continuous. Southampton believes this is related to the fact that he drill holes were not drilled deep enough to intersect the zone in all holes. Further in-fill drilling at 25 metre spacing might upgrade this zone in grade, thickness and extent. Zone 1 also has some gaps in the drilling.
- The definition of the zones was based solely on an assay wall without regard to geology. Although geology may control gold deposition to some extent, gold is well known to deposit across many lithologies and alteration patterns.
- Although there were some silver analyses completed in the historical drilling, the more recent drilling has not been analyzed for silver. Where silver results are present there is a weak correlation with gold, it is neither consistent nor a direct correlation. Analysis of silver in future drilling is recommended as there may be a pattern that could be used to direct further exploration.

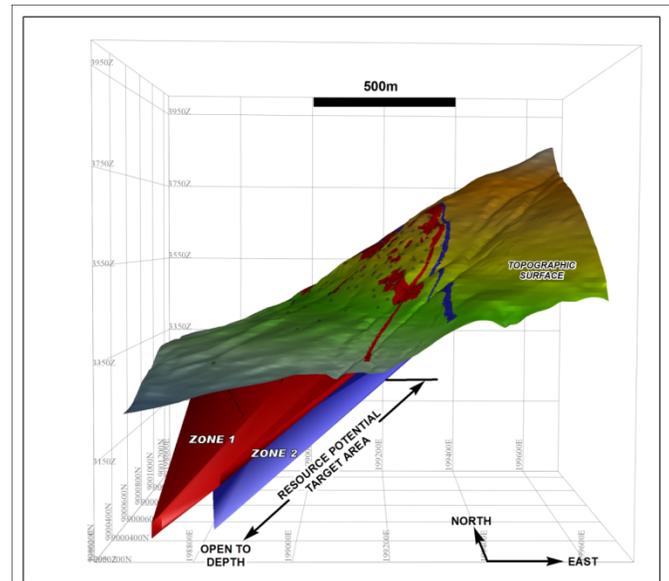
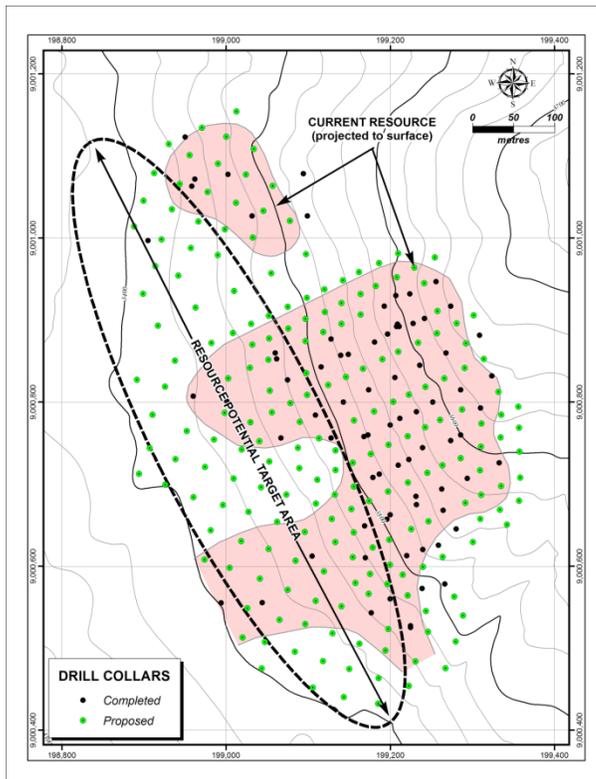


- It is Southampton's opinion that the Property is a Property of Merit and is worthy of further work to define the full resource potential of the Property.

21 Recommendations

It is recommended that the down dip and along strike of Yanamina gold deposit be tested by diamond drilling. To define the full resource potential of the Property, it is recommended that the following work program be carried out.

- 1) Complete 10,000 metres of HQ diamond drilling on a 25 metre by 25 metre, grid to provide the data density necessary to potentially generate a higher quality resource as shown the figures below:



- 2) Carry out pilot plant scale metallurgical tests to establish the metal recoveries and preliminary flow sheet design to support a feasibility study.

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21.1 Proposed Exploration Program Cost Estimate

Southampton estimates the proposed program will take four (4) months from the date of receiving the environmental permit to complete at a cost of approximately \$3,500,000; summarized as follows:

Scope of Work	\$	\$
• Diamond Drill Contract 10,000m HQ @\$250,000 per metre	\$2,500,000	\$250 /metre
• Safety Fence	\$ 250,000	\$25/metre
• Metallurgical Pilot Plant testing:	\$ 200,000	\$20/metre
• Field Camp Costs	\$ 150,000	\$15/metre
• Site Management: 1-Sr Geologist-Project Manager 2-Jr. Geologists 6-Technicians	\$ 200,000	\$20/meter
• Assays	\$ 100,000	\$10/metre
• Travel	\$ 50,000	\$5/metre
• Environmental Management	\$ 50,000	\$5/metre
TOTAL	\$3,500,000	\$350/metre

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22 References

Oviedo, L., (not dated) Paron Resource Estimation

Azocar, F. et al, 2010, Due Diligence Paron Project

Zegarra, W. J. G., 2007, Paron Project Evaluation, Summarized Results, Conclusions & Recommendations

Mendez, T.G., 2007, Paron Project, Geological model and Resource Estimation

Suarez, A. M., 2007, Paron Project Evaluation, Pre-Feasibility Study

Titchener, S., 2010, Brief Notes on Yanamina Project up dated Valuation

Lemuz, G., 2006, Proyecto Paron, parametres de perforacion y control de calidad programa de perforacion 2006.

Numerous maps, drill logs, assay certificates related to work carried out on the Property from 1994 to 2010 and provided by Latin Gold.

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23 Date and Signature Page

This report titled "Technical Report-Deposit Modeling, NI 43-101 Resource Estimate and Preliminary Economic Assessment • Yanamina Gold Property, Department of Ancash, Peru and dated February, 2011 was prepared and signed by the following author

To the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Dated at Toronto, February 28, 2011

Southampton Associates Inc.

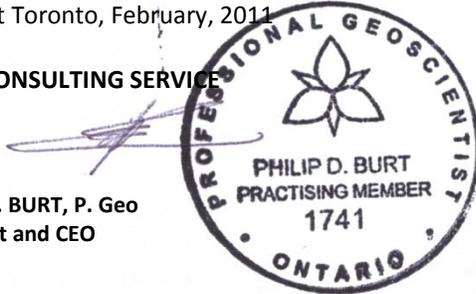

David G. Wahl, P.Eng., P.Geo., ICD.D
President and CEO



To the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Dated at Toronto, February, 2011

BURT CONSULTING SERVICE



PHILIP D. BURT, P. Geo
President and CEO

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23 Certificates of Qualified Persons

I, **David G. Wahl, P.Eng., P.Geo., ICD.D** as the senior author of this report entitled "Technical Report-Deposit Modeling and Resource Estimation-Yanamina Gold Property, Department of Ancash, Peru and dated February 28, 2011, do hereby certify that:

1. I am President of Southampton Associates Inc. of 5716 Mt. Albert Road, RR 1 Mount Albert, Ontario L0G 1M0; Southampton Associates Inc holds a Certificate of Authorization to Practice Professional Engineering (Ontario) Lic # 1647726, granted August 27, 1996;
2. I am a graduate of Colorado School of Mines, Golden, Colorado, USA in 1968 with a Degree of Engineer of Mines";
3. I hold the following Professional Certifications and Designations:
 - Registered Professional Engineer (Professional Engineers Ontario Lic. #48471015 granted January 8, 1970);
 - Designated Consulting Engineer (Professional Engineers Ontario Lic. #1313 granted May 29, 1975);
 - Designated Specialist in Development-Geological (Professional Engineers Ontario Lic. #258 granted Nov 3, 2978);
 - Designated Specialist in Exploration – Geological (Professional Engineers Ontario Lic # 254 granted July 27, 1978);
 - Professional Geoscientist (Professional Geoscientists Ontario Lic. # 159, granted June 21, 2002) and
 - Registered Professional Director (Institute of Charter Director granted July 13, 2010).
5. I have worked as a mining engineer/geologist for 45 years since my graduation;
6. My resources estimation experience for the purpose of the Technical Report is summarized as follows:
 - Technical Report Model Study and Resource Estimate on the Rand Malartic Gold Property , Malartic Quebec, for NSR Resources Inc (2011)*
 - Audited the Preliminary Potash Resource Assessment Study on the Danakil Potash Deposit, Afar State/Ethiopia prepared by Ercosplan for Ethiopian Potash Corporation (2011);
 - Technical Report (including a mineral resource estimate) on the Dadi Property, Inner Mongolia, China for Silver Dragon Resources Inc. (2010)*;
 - Audited the Technical report on MINERAÇÃO CRUZEIRO LTDA. BOQUIRA PROJECT, BRAZIL, for a private company Femin Inc.(2010)
 - Audit the Carmen Mineral Resource Report, Region 111, Chile prepared for Minera Santa Fe S. A. for Femin Inc. (2010)

*Note Above: For both of the reports Southampton use the model and computer services provide by Mr. Burt Senior Geological Associate – Southampton Associates; the parameter used to generate the resource estimate were selected based on a collaboration between a Mining Engineer and Geologist based on my observation made during my site visit to the Properties

 - Supplemental note as a past director of the PDAC, I was a member of the Securities Committee who provide peer review of the CIMM reserve and resources definition included in NI 43-101 by reference.
 - I am also a member of a standing committee currently drafting reserve and resource definition for Salar Brine Deposits which will be review by the CIMM for inclusion in 43-101 by reference.



7. I worked through South America for over 15 years. I have accepted consulting assignments in Peru, Chile, Colombia, Argentina, Paraguay and Brazil. I was also President, CEO and Director of Latin American Minerals, Minsud Resources, which provided me with the opportunity to evaluating many mineral projects.
8. I am President, CEO and Director of Ethiopian Potash Corporation.
9. I have read the definition of "qualified person" set out in National Instrument 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.
10. I am the senior Qualified Person on this Technical Report and responsible for all sections of this report.
11. I visited the Yanamina Gold Property, Department of Ancash, Peru, from January 14 and January 19, 2011.
12. I am independent of the issuer and the vendor of the Property applying the test set out in Section 1.4 of National Instrument 43-101.
13. I have had no prior involvement with the property that is the subject of the Technical Report.
14. I have read National Instrument 43-101F1, and the Technical Report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1.
15. To the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Dated at Toronto, February 28, 2011

Southampton Associates Inc.


David G. Wahl, P.Eng., P.Geo., ICD.D
President and CEO



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1. I **Philip David Burt, BSc.,P.Geo**, as an author of this report entitled "Technical Report-Deposit Modeling and Resource Estimation-Yanamina Gold Property, Department of Ancash, Peru and dated February, 2011, do hereby certify that:

I am an Associate of Southampton Associates Inc. of 5716 Mt. Albert Road, RR 1 Mount Albert, Ontario L0G 1M0

I am a graduate of:

- | | | | |
|----|--|------|------------------------------|
| a. | British Columbia Institute of Technology | 1971 | Diploma of Mining Technology |
| b. | University of British Columbia | 1980 | BSc. (Geology) |

2. I am registered as a Professional Geoscientist in the Province of Ontario (Reg.#1741) and Saskatchewan (Reg.#10902). I have worked as a technician/ geologist for a total of more than thirty years since my graduation. My relevant experience for the purpose of the Technical Report is:

1997	Silver Bell Mine, Utah	Evaluation of vein silver deposits
2003	Dachang Gold Mine, Qinghai ,	NI 43-101 Report Technical support
2004	Gold Property, Mali	Internal Resource Evaluation
2006	Vein Au Property SE Swayse, Ontario	Internal Resource Evaluation
2007	Ni Deposit, Langmuir	Internal Resource Evaluation
2008	Vein Au Property Michaud Twp. Ontario	Technical support for a NI 43-101 Report

3. I have read the definition of "qualified person" set out in National Instrument 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.

4. I am responsible for data compilation/resource estimation of the Technical Report.

5. I am independent of the Issuer and the vendor applying the test set out in Section 1.4 of National Instrument 43-101.

6. I have had no prior involvement with the property that is the subject of the Technical Report.

7. I have not visited the Property

8. I have read National Instrument 43-101F1, and the Technical Report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1.

9. To the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Dated 28th day of February, 2011

Philip D. Burt, P.Geo



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