Restated, Amended Technical Report for the Antilla Property

Apurimac, Peru



Company Name:
Panoro Minerals Ltd.

Effective Date:
1 June 2009
Ammended:
23 August 2009

From:
Christopher Wright, P.Geo.
Waldo Arias, MAusIMM
Edgard Vilela, MAusIMM

Project No.: **160972**

IMPORTANT NOTICE

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CERTIFICATE OF QUALIFIED PERSON

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I, Christopher Wright, P.Geo., am employed as a Senior Geologist with AMEC Americas Limited.

This certificate applies to the technical report entitled Restated, Amended Technical Report for the Antilla Property, Apurimac, Peru, dated 23 August, 2009.

I am a member of the Association of Professional Geoscientists of Ontario (APGO 901). I graduated from McGill University with a Bachelor of Science Degree in Geology and Environmental Sciences in 1997.

I have practiced my profession for 12 years. I have been directly involved in underground and open pit mining operations, property exploration and evaluation in Canada, Brazil, Peru, Australia, Chile and Bolivia.

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

I visited the Antilla Property for three days between 9 and 11 November, 2008.

I am responsible for Section 1 to Section 16, Section 18 and Section 20 to Section 22 of the Technical Report entitled Technical Report for the Antilla Property, Apurimac, Peru.

I am independent of Panoro Minerals Ltd. as independence is described by Section 1.4 of NI 43-101.

I had not worked on the Antilla Property prior to November 2008.

I have read NI 43–101 and this report has been prepared in compliance with that Instrument.

As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

“signed and sealed”

Christopher Wright P.Geo.

Dated: 23 August, 2009

CERTIFICATE OF QUALIFIED PERSON

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I, Waldo Arias MAusIMM., am employed as a Senior Geologist with AMEC (Perú) S. A.

This certificate applies to the technical report entitled Restated, Amended Technical Report for the Antilla Property, Apurimac, Peru, dated 23 August, 2009.

I am a member of the Australasian Institute of Mining and Metallurgy registration number 992544. I graduated from Universidad Universidad Nacional Mayor de San Marcos with a Bachelor of Science in Geology in 1995.

I have practiced my profession for 15 years. I have been directly involved in open pit mining operations in, Peru and Chile.

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

I did not visit the Antilla Property during the preparation of this report.

I am responsible for Section 17 of the Technical Report entitled Technical Report for the Antilla Property, Apurimac, Peru.

I am independent of Panoro Minerals Ltd. as independence is described by Section 1.4 of NI 43-101.

I had not worked on the Antilla Property prior to the preparation of this report.

I have read NI 43–101 and this report has been prepared in compliance with that Instrument.

As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

“signed and sealed”

Waldo Arias MAusIMM.

Dated: 23 August, 2009

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I, Edgard Vilela MAusIMM., am employed as a Mining Engineer with AMEC (Perú) S.A.

This certificate applies to the technical report entitled Restated, Amended Technical Report for the Antilla Property, Apurimac, Peru, dated 23 August, 2009.

I am a member of the Australasian Institute of Mining and Metallurgy registration number 992615. I graduated from Pontificia Universidad Católica del Perú with a Bachelor of Mining Engineering in 2000.

I have practiced my profession for nine years. I have been directly involved in underground and open pit mining operations in, Peru, Chile and Argentina.

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

I did not visit the Antilla Property during the preparation of this report.

I am responsible for Section 19 of the Technical Report entitled Technical Report for the Antilla Property, Apurimac, Peru.

I am independent of Panoro Minerals Ltd. as independence is described by Section 1.4 of NI 43-101.

I had not worked on the Antilla Property the preparation of this report.

I have read NI 43–101 and this report has been prepared in compliance with that Instrument.

As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

"signed and sealed"

Edgard Vilela Acosta MAusIMM.

Dated: 23 August, 2009

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Units of Measure

a	Annum (year)
%	Percent
°	Degrees
°C	Degrees Celsius
cm	Centimetres
dwt	Deadweight tonnes
g	Grams
g/cm^3	Grams per cubic centimetre
g/m^3	Grams per cubic metre
h	Hour(s)
ha	Hectares (10,000 square metres)
HP	Horsepower
kg	Kilograms
klm^3	Thousands of loose cubic metres
km	Kilometres
km^2	Square kilometres
KN	Kilo newtons
kW	Kilowatts
M	Millions
m	Metres
m^3	Cubic metres
masl	Metres above sea level
mm	Millimetres
Mm^3	Million cubic metres
MN/m^2	Million Newtons per square metre
Mt/a	Million dry tonnes per year
MW	Megawatts
ppm	Parts per million
st	Short tons
t	Tonnes (metric)
t/h	Tonnes per hour
t/a	Tonnes per year
Cdn$ M	Million Canadian Dollars
US$ M	Million US dollars
$/t	Canadian dollars per tonne
US$/t	US dollars per tonne
US$/T	US dollars per short ton
wt %	Weight percent

1.0 SUMMARY

The report supersedes the Technical Report for the Antilla Project dated 4 August, 2009. The previous report has been amended to correct immaterial mistakes and inconsistencies between tables and text in Sections 1, 2, 17 and 19 which made the document unclear.

AMEC Americas Ltd was commissioned by Panoro Minerals Ltd. (Panoro) to provide an independent Qualified Person's Review and Technical Report (the Report) on the Antilla property, located in Peru, South America.

This Report incorporates the results of diamond drilling completed in 2008 and an updated Mineral Resource estimate for the Antilla deposit. AMEC understands that this report will be used by Panoro, in support of the press release entitled "Panoro Announces 1.6 Billion pound Copper Inferred Resource Estimate at the East Block of the Antilla Project, Peru" Issued 18 June, 2009 among other uses.

The property lies at an elevation of between 3,400 m and 4,000 m in the Andahuaylas-Yauri belt of the Western Cordillera of the Peruvian Andes. The climate is sub-alpine and has both a dry and a rainy season. The region is characterized by deeply incised river valleys and canyons such as the Rio Antabamba and Rio Quilla which lie 600 m below the town of Antilla. The area is vegetated by tough mountain grasses and shrubs, with portions being cultivated by local farmers or used for grazing. In general, the property is above the tree line with the only trees being the non-indigenous Eucalyptus and pine, which have been planted near or within communities, and on hill slopes and along roadways to control erosion.

Project access is via paved and unpaved roads. The nearest airport is at Cusco, approximately 200 km northeast of the Project.

The Antilla property consists of 12 mineral concessions covering 7,500 ha, which are held in the name of Panoro Apurimac, a wholly-owned subsidiary of Panoro. At the effective date of the report, mineral tenure was valid and sufficient to support Mineral Resources. Annual payments to the national government for the exploration concessions are in good standing; payment for the year 2008 was made 30 June, 2009. An agreement exists with the Antilla community for surface rights to allow access for mineral exploration.

Exploration to date has been conducted under the appropriate permits. Panoro has not yet started the permitting process for project development but has conducted some preliminary environmental base line studies that may be useful for this purpose in the future.

Mineralization comprises a tabular zone of supergene sulphide mineralization dominated by chalcocite and molybdenite. Secondary sulphide mineralization overprints lower-grade primary porphyry-style chalcopyrite-molybdenite mineralization. Secondary sulphide mineralization contains chalcocite, and traces of chalcopyrite and chalcopyrite partially replaced by chalcocite. Primary and secondary mineralization is hosted by quartzite and other quartz-rich clastic sediments of the Soraya Formation, which have been intruded by altered and weakly mineralized porphyritic granodiorite apophyses, and unaltered, unmineralized porphyritic dykes. Alteration minerals include biotite, sericite, quartz, and chlorite.

The deposit is an example of the Miocene-Eocene porphyry copper deposits of southern Peru and northern Chile. However, hydrothermal alteration at Antilla is more subtly developed than in is the case in classic porphyry deposits that are hosted by more reactive rocks. .

Exploration work on the project was conducted by Southern Peru Copper, Cordillera de las Minas (CDLM), a joint venture between Companhia Vale do Rio Doce and Antofagasta Minerals, and Panoro. Work completed included prospecting, geological mapping, limited geochemical and geophysical surveying, and diamond drilling.

Drilling in the period 2003-2008 totalled 75 NQ-diameter core holes (13,090 m); drilling was performed by contract drill companies under the supervision of CDLM and Panoro personnel. In all drill programs to date, holes have been drilled with collar azimuths and inclinations designed to intersect mineralized strata at high angles. The high angles of intersection give intersection lengths that are close to true thicknesses and minimize drill deflection.

Core logging was undertaken by project geologists, and used logging forms that are appropriate to the mineralization, alteration, structural and geotechnical styles of the deposit. Core hole collars were surveyed using global positioning system (GPS) measurements; downhole surveys were performed using Sperry Sun or Flexit down hole directional survey instruments. Recovery data indicate good recoveries below the leached cap, or 25 m depth. AMEC reviewed the information in the geological database and found it suitable to support mineral resource estimation.

Sample preparation was performed by either the CIMM laboratories in Lima, or by the ALS Chemex preparation laboratory in Cusco and Arequipa. Samples were analysed by either CIMM laboratories (2003-2006) or ALS Chemex in Lima (2008). Samples were analysed for a standard elemental suite by atomic adsorption for total copper, molybdenum, lead, zinc, arsenic, silver. Gold is analysed using a fire assay technique.

Quality assurance and quality control (QA/QC) procedures included submissions of blanks and certified reference materials, check assays of pulp duplicates, and assaying of coarse reject duplicates. AMEC's review of the QA/QC data indicated that overall, the results were acceptable, and assay data could be used to support mineral resource estimation.

All drilling is used in mineral resource estimation. Three-dimensional (3D) solids and surfaces of pertinent lithologies, copper and molybdenum grades, and alteration were constructed from polygons and polylines resulting from geological interpretation of sectional and level plans. Solids and surfaces were modeled in MineSight® commercial mine design and interpolation software. Six domains were modelled, Overburden, Oxide/leached Zone, Secondary Sulphide Zone, Primary Sulphide Zone, Main Porphyry, and Late Porphyry.

Summary statistics, histograms, cumulative frequency plots, box plots, and correlograms were used for data analysis. Such analyses were useful for characterizing grade distributions, and identifying multiple populations within a dataset.

Raw assays in the database were examined for the presence of local high-grade outliers. Outlier restrictions were used for copper and molybdenum assay data; removing 3.0% and 1% of the total copper respectively from the Secondary Sulphide Zone, Primary Sulphide Zone, and 8.0% and 2% of the molybdenum respectively from the same zones.

Data were composited based on 6 m composite lengths. Composite lengths were based on conceptual minimum bench heights, which correspond to conceptual smallest mining units (SMU) for open pit mining.

Experimental correlograms were calculated for copper and molybdenum grades in the composite dataset. Due to the relatively wide spacing of the drilling at this stage of the Antilla project, the correlograms are poorly defined at distances of less than 100 m.

An assortment of linear estimation methods were employed and validated to come up with an optimal method for the current data configuration and geological context of the Antilla project. The current drill pattern does not provide enough closely spaced data to build strong correlogram models at ranges less than 100 m making estimation involving kriging, such as ordinary kriging (OK), a normally robust estimation method, somewhat tenuous. Inverse distance weighting (ID) to the second (ID2), third (ID3) and fourth (ID4) power were also attempted and validated. A nearest-neighbour (NN) model was also estimated and used in the validation of the ID and OK models.

Density was assigned based on the domain codes in each block, and on average values returned from 262 density determinations performed on drill core.

The data used in the current geological model are from diamond drill holes that are relatively widely spaced but provide sufficient data distribution to reasonably assume the geological and grade continuity of the deposit. AMEC considers that the current drill spacing and geological knowledge of the deposit supports classification of the mineralization as Inferred Mineral Resources in accordance with the 2005 CIM Definition Standards.

To assess reasonable prospects for economic extraction to support declaration of a Mineral Resource, mineralization that could be extracted by open pit methods was confined within a conceptual pit shell using economic parameters that included consideration of long-term commodity prices, conceptual mining costs for mineralization and waste, estimated metallurgical recoveries, and appropriate final pit slope angles. The pit shell had a nominal economic requirement that blocks in the conceptual pit cover all costs (break-even) plus return a profit of one dollar. The open pit conceptual plan assumed a mining rate of 20,000 t/day, a 360-day operating year, and a potential mine life of approximately 22 years. The conceptual mining operation was assumed to mine sulphide mineralization, which would be recovered using a flotation method to produce a copper concentrate and a molybdenum concentrate.

Mineral Resources are reported using a long-term copper price of US$2.00/lb, a molybdenum price of US$10.00/lb, mining costs of US$1.10/t for mineralization and US$0.80/t for waste, total operating costs of US$10.00/t including general and administrative costs, and metallurgical recoveries of 90% for copper and 40% for molybdenum, and final pit slopes of 45º. A cut-off grade of 0.25% Cu was used to constrain the Mineral Resources.

Mineral resources are classified in accordance with the 2005 CIM Definition Standards for Mineral Resources and Mineral Reserves. AMEC cautions that Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resources have an effective date of 1 June 2009. Chris Wright, P.Geo., an AMEC employee, is the Qualified Person for the estimate. Mineral resources are summarized in Table 1-1.

Table 1-1: Mineral Resource Statement for the Panoro Antilla Property

	Mt	Cu (%)	Mo (%)
Inferred Mineral Resources	154.4	0.47	0.009

Note:
1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability
2. Mineral Resources are reported above a 0.25% Cu cut-off grade.
3. Mineral Resources are reported within a conceptual pit shell
4. Mineral Resources are reported using long-term copper price of US$2.00/lb, a molybdenum price of US$10.00/lb, mining cost of US$1.10/t for mineralization and US$0.80/t for waste, total operating cost of US$10.00/t including general and administrative costs, and metallurgical recoveries of 90% for copper and 40% for molybdenum, and final pit slopes of 45º.

An additional pit optimization was undertaken using a higher cut off grade to demonstrate the robustness of the conceptual pit-shell, and the opportunity for flexibility in mine scheduling to improve the economic performance of the project. The higher-grade pit shell contains an Inferred Mineral Resource of 70.5 Mt grading 0.56% Cu and 0.011% Mo above a cut off of 0.25% Cu that is within the base-case mineral resource stated above and in Table 1-1.

AMEC proposed a two-stage work program for additional work on the project. The first stage is a scoping study, which should include metallurgical testwork and evaluate process options, access issues, power generation, and major infrastructure capital requirements for the project to determine the prospects of advancing the property to a pre-feasibility stage. The second stage is contingent on a positive outcome of the scoping study, and would comprise a pre-feasibility study. Such a study should include infill drilling, an updated mineral resource estimate, likely operating costs and capital equipment costs, trade-off studies for a range of throughput scenarios, and modifications to process options based on additional metallurgical testwork. If results indicate positive project economics, the last stage of the pre-feasibility study would be to assess what would be required in terms of work plans and cost estimates to allow the project to proceed to feasibility-level studies. Table 1-2 shows the recommended work plan and budget for the two-stage program.

Table 1-2: Estimated Cost of Staged Study Work for the Antilla Property

Scoping Study	Estimated Cost (US$)
Drilling for Inferred Resources	*complete*
Resource Model	*complete*
Property Maintenance	100,000
Social and Environmental Base Line	50,000
Met Study	100,000
Mine Planning	50,000
Geotech Interpretation	30,000
Infrastructure Evaluation	40,000
Financial Analysis	30,000
Estimated Total	400,000
Pre-Feasibility Study	
Social and Environmental Monitoring	50,000
Property Maintenance	150,000
Infill Drilling for Indicated Resources	1,950,000
Resource Estimation	50,000
Mine Planning	50,000
Metallurgical Program	150,000
Financial Analysis	50,000
Feasibility Study Planning	20,000
Estimated Total	2,470,000

2.0 INTRODUCTION

The report supersedes the Technical Report for the Antilla Project dated 4 August, 2009. The previous report has been amended to correct immaterial mistakes and inconsistencies between tables and text in Sections 1, 2, 17 and 19 which made the document unclear.

Panoro Minerals Ltd. contracted Chris Wright, Waldo Arias, and Edgard Vilela of AMEC (Perú) S.A. to serve as Qualified Persons for the preparation of a mineral resource estimate and Technical Report for the Antilla property. It is AMEC's understanding that this Technical Report will be used in support of an updated mineral resource statement on the Antilla deposit.

2.1 Work Completed

The work completed in the preparation of this Technical Report began in November 2008 when Chris Wright visited the Panoro Antilla property for a technical site visit to review geology, diamond drilling and sampling procedures from 9 to 13 November, 2008. In May and June 2009 AMEC geologist Waldo Arias prepared a mineral resource estimate based on diamond drilling to the end of the Panoro 2008 drill campaign observing the Best Practices for Mineral Resource estimation recommended by the Canadian Institute of Mineralogy, Mining and Petroleum (CIM, 2005). Edgard Vilela, AMEC Mining Engineer, assisted with open pit mining optimization to demonstrate reasonable prospects of economic extraction and the declaration of Mineral Resources for the Antilla Property.

2.2 Sources of Information

In preparing this report, AMEC relied on geological reports and maps, miscellaneous technical papers, published government reports, and historical documents listed in Section 22 of this report, and AMEC's experience in Peru.

This Technical Report is an update of the information presented on the Antilla property in the Technical Report prepared for the CDLM properties in southern Peru by SRK Consulting Services Ltd. in 2007 (Lee et al., 2007). The previous Technical Report is filed with the System for Electronic Document Analysis and Retrieval (SEDAR) and can be accessed from the SEDAR website (www.sedar.com/homepage_en.htm).

During the site visits AMEC reviewed drill collar locations, drill core, and assay certificates from four diamond drill holes. Results generally confirmed those reported by Panoro, and therefore AMEC has accepted the information on the project as suitable to support mineral resource estimation.

The effective date of this technical report is 1 June, 2009. There were no material changes to the information on the Project between the effective date and the signature date of the Report.

3.0 RELIANCE ON OTHER EXPERTS

The QPs, authors of this Report, state that they are qualified persons for those areas as identified in their respective “Certificate of Qualified Person” attached to this Report. The authors have relied upon, and fully disclaim responsibility for the information derived from the following expert report pertaining to mineral rights, surface rights, and property agreements.

Mining Concession Tenure

AMEC QPs have not reviewed the mineral tenure, nor independently verified the legal status or ownership of the Project area or underlying property agreements. AMEC has fully relied upon, and disclaims responsibility for, information obtained through the following document:

Llerena, Luis Amat, 2009: “Informe No 18-2009 PA/AL”, memorandum prepared by Luis Amat Llerena, Legal Assessor on 12 May, 2009.

This information was used in Section 4.1 of the Report.

Surface Rights

AMEC QPs have fully relied on, and disclaim responsibility for, information regarding the status of the current Surface Rights through the following document:

Llerena, Luis Amat, 2009: “Informe No 18-2009 PA/AL”, memorandum prepared by Luis Amat Llerena, Legal Assessor on 12 May, 2009.

This information is used in Section 4.2 of the report.

Property Agreements

AMEC QPs have fully relied on, and disclaim responsibility for, information regarding the status of the current property agreements through the following document:

Llerena, Luis Armat, 2009: “Informe No 18-2009 PA/AL”, memorandum prepared by Luis Amat Llerena, Legal Assessor on 12 May, 2009.

This information is used in Section 4.2 of the report.

Environmental Impact

AMEC QPs have fully relied on information regarding the environmental status of the project through the following documents:

Consultora Minera Minconsult, 2007: Study of of environmental liabilities and procedures supporting environmental licensing (Espinoza et al., 2007)

Knight Piesold: hydrological studies (Knight Piesold, 2008, 2009)

The information from these reports is used in Section 4.3 of the report.

Royalties

AMEC has relied on financial statements included in the 2009 Annual Information Forum prepared by Panoro (Panoro, 2009) and audited by KPMG LLP, Chartered Accountants, Vancouver for information about mineral royalties that is discussed in Section 4-4 of this report.

4.0 PROPERTY DESCRIPTION AND LOCATION

The Antilla Project camp is located on a hill overlooking the town of Antilla in the District of Sabaino, Province of Antabamba, Department of Apurimac, Peru. The property ranges in elevation from 3,300 masl to 4,100 masl. The centre of the property lies in UTM zone 18 at the coordinates 8,414,000 mN and 718,500 mE.

4.1 Property Title in Peru

In 1992 Peru enacted a new mining law which:

- Guarantees land tenure for mining rights distinct from surface rights where a minimum rental is paid to hold title to mining rights.
- Enumerates only specific circumstances (arising from negligence of the title holder) under which mining rights may be lost.
- Grants equal rights to explore for and exploit minerals by way of concession to both Peruvian nationals and foreigners.
- Establishes tax, administrative, and currency exchange stability for mining investors.
- Establishes the right to sell mining production freely on world markets.

The current general framework for foreign investment in the country is supported by three legislative decrees: 662, 757, and 668. One hundred percent foreign ownership is permitted, and foreign investment in Peru is automatically authorized and registered with the National Commission of Foreign Investments and Technology (CONITE). Repatriation of capital and profits is possible under CONITE, which allows foreign investors to transfer abroad 100% of capital, dividends, royalties, interest, etc., provided that payment of all corresponding taxes is made. No restrictions are imposed on imports or exports (with the exception of a few items such as hazardous waste). The major taxes that affect the mining sector are as follows:

- Corporate tax rate (minimum tax of 1.5% of net assets) 30%
- Value-added tax (IGV) + Municipal Promotion tax 19%
- Import duties 15% or 25%
- Profit sharing 5% to 10% of net income (mining 8%)
- Re-investment tax-free
- Stock market capital gains tax-free

- Precious metal sales tax-free

(MEM, 1998)

On November 15, 2004 Peruvian congress voted in favour of a 1 to 3% sliding-scale royalty based on annual net sales from mining production. The royalty was retroactive to June 2004 when it was signed into law. The royalty introduces a 1% tax on concentrate sales of up to US$60 M/year, 2% on US$60-120 M/year and 3% on more than US$120 M/year (SUNAT, 2005). The Peruvian government provides tax refunds to exploration companies that have entered an Exploration Investment Agreement through the MEM. Through this agreement, the IGV and municipal promotion tax (an aggregate of 19%) paid on goods and services purchased during the exploration stage may be recovered. An IGV drawback system for mining company exports grants a tax credit for the sum that has been paid during the production process. As well, sizeable mining operations may be able to enter a tax-stabilization agreement with the Peruvian government for terms of 10 to 15 years.

4.2 Antilla Property Title

The project area comprises 12 exploration concessions (Table 4-1, Figure 4-1) and has a total area of 7,500 ha. The property originally consisted of nine concessions totalling 6,700 m and was acquired by Panoro during the purchase of Panoro Apurimac from Cordillera de las Minas (CDLM), a mineral exploration company that was the joint venture vehicle of Antofagasta Minerals of Chile and Companhia Vale do Rio Doce (CRVD) of Brazil, in March 2007. Later in 2007, Panoro acquired two additional concessions (Macla 2003 and Don Martin 1) to complete the land package.

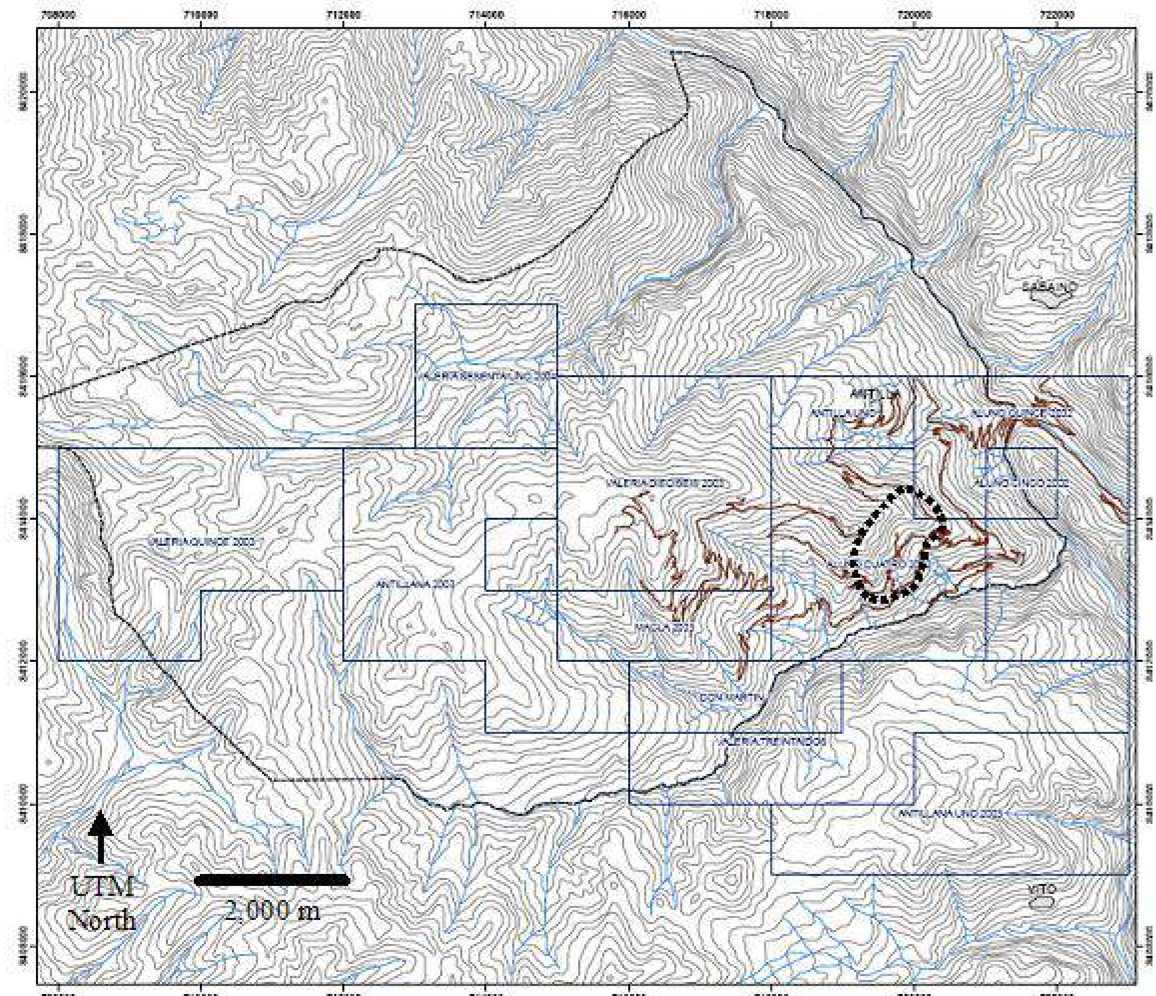
Table 4-1: Antilla Exploration Concessions

Concession Identification	Map Sheet	Concession Name	Hectares
010170402	29-Q	Aluno Cinco 2002	100
010170302	29-Q	Aluno Cuatro 2002	800
010200202	29-Q	Aluno Quince 2002	900
010344303	29-P	Antillana 2003	1,000
010344203	29-Q	Antillana Uno 2003	800
010043903	29-P	Valeria Dieciseis 2003	900
010043803	29-P	Valeria Quince 2003	1,000
010166404	29-P	Valeria Sesentaiuno 2004	400
010329903	29-Q	Valeria Treintaidos	800
010002003	29-P	Macla 2003	300
010313306	29-Q	Don Martin 1	300
010059709	29Q	Antilla Uno	200

Details of the Panoro Antilla property were provided to AMEC by Fred Tejada, Vice President of Exploration for Panoro Minerals Limited. Exploration concessions are held by Empresa Panoro Apurimac S.A. which is a Peruvian business wholly owned by Panoro Minerals Limited (Panoro, 2009). Expert legal opinion of Empresa Panoro Apurimac S.A.'s title to the mining concessions listed in Table 4-1 was expressed in a memo by Luis Amat Llerena and provided to AMEC by Panoro (Amat, 2009).

On the effective date of this report, 1 June, 2009, the annual payments to the national government for the exploration concessions had been made, and the concessions were in good standing. Payment for the year 2008 was made before 30 June, 2009. Permits are in good standing as long as payments are made.

Figure 4-1: Panoro Antilla Exploration Concession Location Map



Note: The footprint of defined mineralization is marked with the heavy black broken line. The topographic interval is 20 m and is marked with a fine black line. Concessions limits are labelled and outlined with fine black lines.

4.3 Surface Rights

According to the expert legal opinion of Luis Amat Llerena (Amat, 2009), Cordillera de las Minas S.A., the legal predecessor to Panoro Apurimac S.A., established with the community of Antilla, legally known as the Comunidad Campesina de Antilla, an agreement to allow access to the land for the purpose of carrying out mineral exploration. The agreement is registered as agreement N° 11011117 with the Departmental property administrator and registry in Abancay.

The surface rights agreement was renewed by the community of Antilla on 1 December 2007, and is scheduled to be renewed in December 2009.

4.4 Environmental and Social Liabilities

The authors of this report did not audit or conduct a detailed review of environmental liabilities of the Antilla property in the preparation of this report but rely on Panoro and a study of environmental and social conditions prepared and documented by Consultora Minera Minconsult of Lima, Peru (Espinoza et al., 2007). The study identified road and drill platform construction as well as garbage, oil, household waste, process water and drill cuttings as controllable environmental risks and with proper care not necessarily causing damage to the environment during exploration on the Antilla property.

Panoro is presently operating its exploration properties under a Class B exploration permit.

4.5 Royalties

The Antilla property is effectively wholly owned by Panoro and there are no outstanding production royalties on the property (Panoro, 2008).

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 Accessibility

The property is 72 km by the unpaved road connecting the provincial capital of Antabamba to Highway 3, also known as the Caminos del Inca road, which has connected Nazca to Cusco since pre-colonial times. From the junction of the unpaved road with Highway 3, the Departmental Capital of Abancay is 92 km east. Abancay is a city of approximately 60,000 inhabitants, located on the Apurimac river which flows northward until joining the Ucayali and later the Amazon rivers (Figure 5-1). The trip from the property to Abancay takes four to five hours depending on the condition of the unpaved road. Abancay is approximately 200 km or three hours west of the city of Cusco on a reasonably well-maintained, paved highway. Cusco has daily scheduled jet flights from the national capital of Lima.

Access to the property from the Port of San Martin near the city of Pisco is approximately 450 km by the paved highway connecting Abancay to the Pan American highway, then 72 km on the unpaved road to Antabamba. The major deep-water port and international airport at the city of Callao, a municipality of Metropolitan Lima, the national capital, is 240 km north of Pisco on the Pan American highway. The total driving time from Lima to the property is approximately 16 hours.

Table 5-1: Distances from the Antilla Property to Cusco

Segment	Distance (km)	Travel Time (hrs)	Type of Road
Cusco – Abancay	202	4:20	Paved
Abancay – Sta. Rosa	92	1:40	Paved
Sta.Rosa – Antilla	72	2:40	Gravel
Total	366	8:4	

Figure 5-1: Location of the Panoro Antilla Property

5.2 Climate

The climate in this region is considered sub-alpine and has both a dry and rainy season. Generally the winter, between May to October is the dry season and has very little precipitation. The summer months, between November and April, are the wet season and have consistent rains. In the dry season the daytime temperatures are pleasant, generally ranging between 18° and 22°C with highs near 30°C. The night time temperatures are cold and commonly drop below 0°C during July and August. The wet season has moderate variations in temperatures with the daytime average ranging between 15° to 18°C and night time lows between 5° and 8°C.

Exploration and mining work can be carried out year-round on the Antilla property,

5.3 Local Resources and Infrastructure

The project is currently isolated from public infrastructure, with infrastructure on site currently limited to the exploration camp. Exploitation of the Antilla deposit will require building a greenfields project with attendant infrastructure.

The town of Abancay is the closest major town and is a four-hour drive from the property. Abancay can provide the most basic needs for early stage exploration and mining projects, while the majority of mining-related equipment and services for more advanced projects must be obtained from Lima. All of the current manual labour requirements for the exploration work being carried out on the property are sourced from nearby communities.

Apurimac has an installed hydroelectric generating capacity of 10 MW (Ministerio de Energía y Minas, 2005), of which approximately half is from hydroelectric and half is from thermal sources. The main electrical grid bringing energy to the coast from larger generating facilities in Cusco follows the Abancay-Pisco highway. The small towns in the area are serviced by secondary lines. Low voltage electricity is supplied to the community of Antilla. Power generation for any planned mining operation is likely to be produced by an on-site diesel generation plant.

Process water for any planned mining operation could be obtained from open-pit water collection, recycling of process water, water management ponds and from re-treatment of water from waste piles. During any project advancement studies, appropriate sources of process water would be identified.

Potable water for any future mining operation is likely to be sourced from a bore.

Communications including telephone and internet for the project and for the town of Antilla are by satellite link.

5.4 Physiography

Antilla is located in mountainous terrain of the high Andean Cordillera, where elevations vary between approximately 2,500 and 4,500 masl. The elevation of the mineralization defined on the Antilla property ranges from 3,400 masl to 4,000 masl, and occurs as a sub-cropping blanket parallel to the southeast-facing slope of Cerro Calvario and Cerro Salcantay. The deposit itself is covered by a discontinuous veneer of talus and unconsolidated debris eroded from the hill slope (Figure 5-2). The crest of Cerro Calvario is a steep rocky bluff that may have formed as the result of a debris slide down the face of the hill.

Figure 5-2: Photograph of the Antilla Deposit Viewed Looking Northwest from the Town of Matara

The region is characterized by deeply incised river valleys and canyons such as the Rio Antabamba and Rio Quilla which lie 600 m below the town of Antilla. The slope on which the majority of the deposit lies has defined is the southeast facing slope of a steeply-eroded ravine or *quebrada* called Quebrada Huancaspaco. The slope itself is cut by two or more seasonal creeks which collect in the Quebrada Huancaspaco, which has a small river that runs year round.

The area is vegetated by tough mountain grasses and shrubs, with portions being cultivated by local farmers or used for grazing. In general, the property is above the tree line with the only trees being the non-indigenous Eucalyptus and pine, which have been planted near or within communities, and on hill slopes and along roadways to control erosion.

6.0 HISTORY

Southern Peru Copper S.A. (SPCC) carried out regional exploration work in the general Project area in 1999, including drilling on an optioned property immediately to the east of what became the Antilla block. Poor results caused SPCC to abandon the property.

Beginning in 2002, CDLM explored Peru for large copper deposits. Anaconda Peru S.A. (Anaconda), a Peruvian subsidiary of Antofagasta Plc (Antofagasta), transferred ownership of several groups of exploration concessions in southern Peru to CDLM. CVRD, through its subsidiary Compañía Minera Andino-Brasilera (CMAB) had the option to acquire a 50% interest in CLDM by spending US$6.7 M funding exploration over three years (Vale, 2002).

CDLM carried out geochemical exploration in 2002 and following up anomalous responses to the west of Calvario Hill, where SPCC had worked, staked the first 2,800 ha of mineral concessions. Geological mapping and geophysical surveys in 2003 led to a drilling program in September 2003 that extended into 2004. Ten holes totalling 1,991.91 m were drilled outlining the mineralized zone at Antilla. Three holes were abandoned after 20 m to 50 m, recollared, and subsequently drilled to their final depth (Table 6-1).

Table 6-1: Drill Campaigns at Antilla

Year	Operator	Holes	Meters	Targets
2003	CDLM	13	2,142.5	Reconnaissance of main mineralized zone, holes collared 500 m apart.
2004	CDLM	8	995.8	Reconnaissance of Punkuccasa, Carachara, Ccayarani and Hualhuani areas, 3 km west of the main mineralized zone.
2005	CDLM	5	820.8	Reconnaissance holes at the edge of the zone defined in 2003.
2008	Panoro	49	9,130.6	Drilling on 100 m centers to define mineralization in the main zone.
Total		**75**	**13,089.6**	

In 2004, CDLM drilled eight holes testing targets that had been defined during mapping and geophysical surveys in 2003 on the western half of the property. Results were generally disappointing, and in 2005 the CDLM joint venture returned to the eastern part of the property to drill five more holes totalling 821 m in an attempt to extend the known mineralization to the north and southwest. A mineral target estimate was prepared in-house by CDLM during 2005; the estimate is not compliant with CIM guidelines. Results of the 2005 campaign were disappointing and led to the dissolution of the joint venture.

Drill holes from the CDLM campaigns were logged for descriptive rock type and alteration using graphic logs and geotechnical data such as fracture density, recovery and RQD were recorded. Samples were sent for analysis to the CIMM laboratory in Lima. Analyses for total copper, arsenic, silver, gold, lead and zinc and sequential soluble copper were carried out at CIMM. No independent QA/QC procedures were followed for this assaying. Density determinations were also made on a systematic basis, however details about the procedures, and the original measurements are unknown.

In September 2006 Panoro requested John Fox of Laurion Consulting Ltd., Vancouver, Canada, undertake a review of assay data from the CDLM programs and consider process options for the Antilla property. The potential amenability of the mineralization to acid leach and flotation was reviewed and some initial operating and capital costs and smelter returns were discussed for the concentrator and heap leach scenarios.

In March 2007 Panoro acquired all outstanding shares in CDLM on the Lima exchange for US$16.6M, comprised of US$13 M in cash and the remaining amount in common shares. Through the deal Panoro acquired 13 properties including the Antilla property.

During the acquisition of the CDLM land package by Panoro, a Technical Report was compiled and published by SRK Consulting Services of Vancouver, Canada (Lee, 2007). The Technical Report included the Antilla property and twelve other properties in the region. The report estimated a potential mineral deposit on the Antilla property that was based on nine drill holes, and recommended additional drilling.

Panoro successfully acquired permits and transferred the surface rights agreement for the Antilla property from CDLM in December 2007 and acquired exploration permits to allow drilling to begin in June 2008. The 2008 drill program focused on defining the mineralization encountered by CDLM on the eastern part of the property. A 10,000 m program was planned and laid out on a 150 m grid with grid lines at azimuth 320°, roughly parallel to the slope of the hill.

By the end of the 2008 program in December 2008, 49 drill holes (9,130.6 m) had been drilled. During the program Panoro re-logged the drill holes drilled by CDLM and carried out surface mapping of outcrops and road cuts on the property.

In 2008 Eagle Mapping of Peru was contracted to prepare a topographic map for CDLM from a series of 1 : 45,000 scale ortho-photos from the Carta Nacional (Peru). A digital elevation or digital topographic surface was created from the data and has meter-scale resolution.

All holes drilled in the 2008 campaign were subjected to detailed geotechnical logging according to procedures laid out by Knight Piesold at the beginning of the program. Detailed observations were recorded for 20 parameters including recovery (%), joints, fracture fillings, and weathering. A rock-mass rating was developed for each run based on ten parameters for intact rock strength, rock quality dimension, fracture characteristics and position relative to the water table.

Systematic density determinations were carried out on site for samples at 20 m intervals from holes drilled during the 2008 campaign. Density determinations were carried out for water saturated samples (SG1), and cellophane wrapped samples (SG2) using the differential weight water immersion method. A lot of 12 samples were sent to CIMM laboratories for check density determinations using water immersion with paraffin wax to seal porosity. A density database of approximately 240 determinations was developed based on the 2008 determination campaign.

Assaying and QA/QC work was completed on the samples taken during the 2008 drill program. ALS Chemex in Lima was used as the primary laboratory for assaying and check assays of pulps submitted to the primary laboratory were carried out at Acme Labs in Lima.

At the completion of the 2008 drill campaign, pulps and coarse crushed duplicates for approximately 150 mineralized intervals drilled during the CDLM campaigns were selected and sent with standards and blanks for analysis at ALS Chemex as a validation of assaying during the CDLM campaigns.

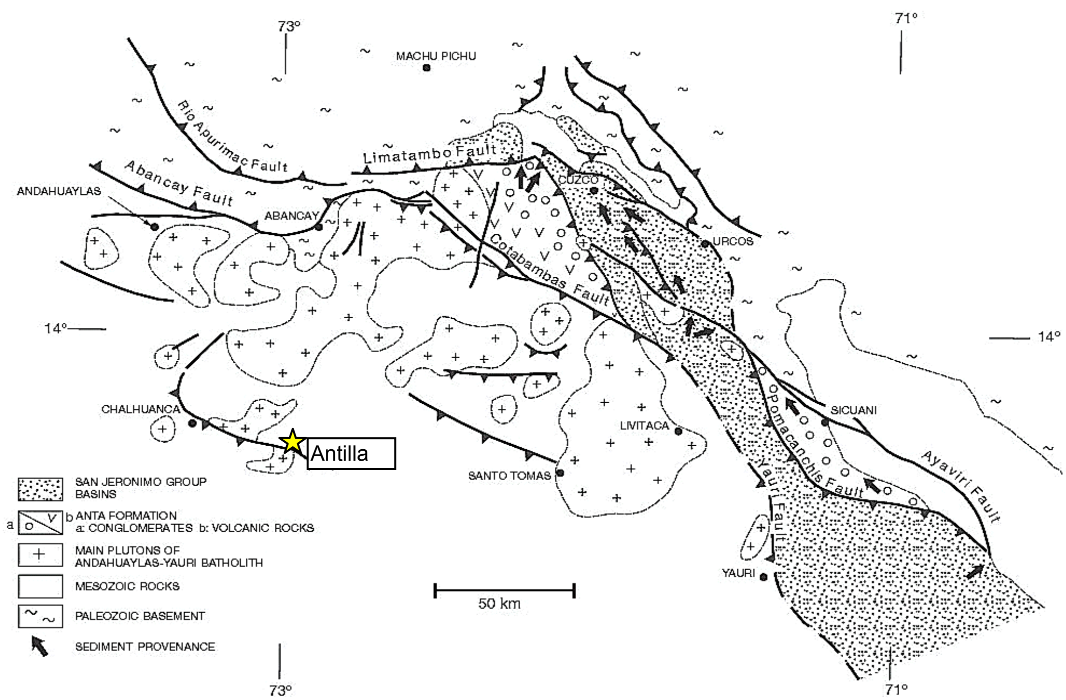
In October and November 2008 a petrographic study of 19 drill core samples and 2 hand samples was completed by Katherine Dunn of Salmon Arm, British Columbia. The study was of arkose, mudstone, quartzite, hornfels and intrusive samples. The modal mineralogy and alteration mineralogy were reviewed and documented in a final report (Dunn, 2008).

7.0 GEOLOGICAL SETTING

7.1 Regional Geology

The Antilla deposit is located in the Andahuaylas-Yauri belt of the high Andes of southern Peru. The Andes are the second highest fold-thrust belt in the world after the Himalaya chain in Asia. The Andahuaylas-Yauri belt is located immediately south of the Abancay deflection of the cordillera where thrust faulting oriented dominantly north-south is deflected to strike north-west south-east (Figure 7-1). At the deflection the normal subduction of southern Peru and northern Chile changes to flatter subduction below central and northern Peru.

Figure 7-1: Regional Structural Geology of the Andahuaylas-Yauri Belt

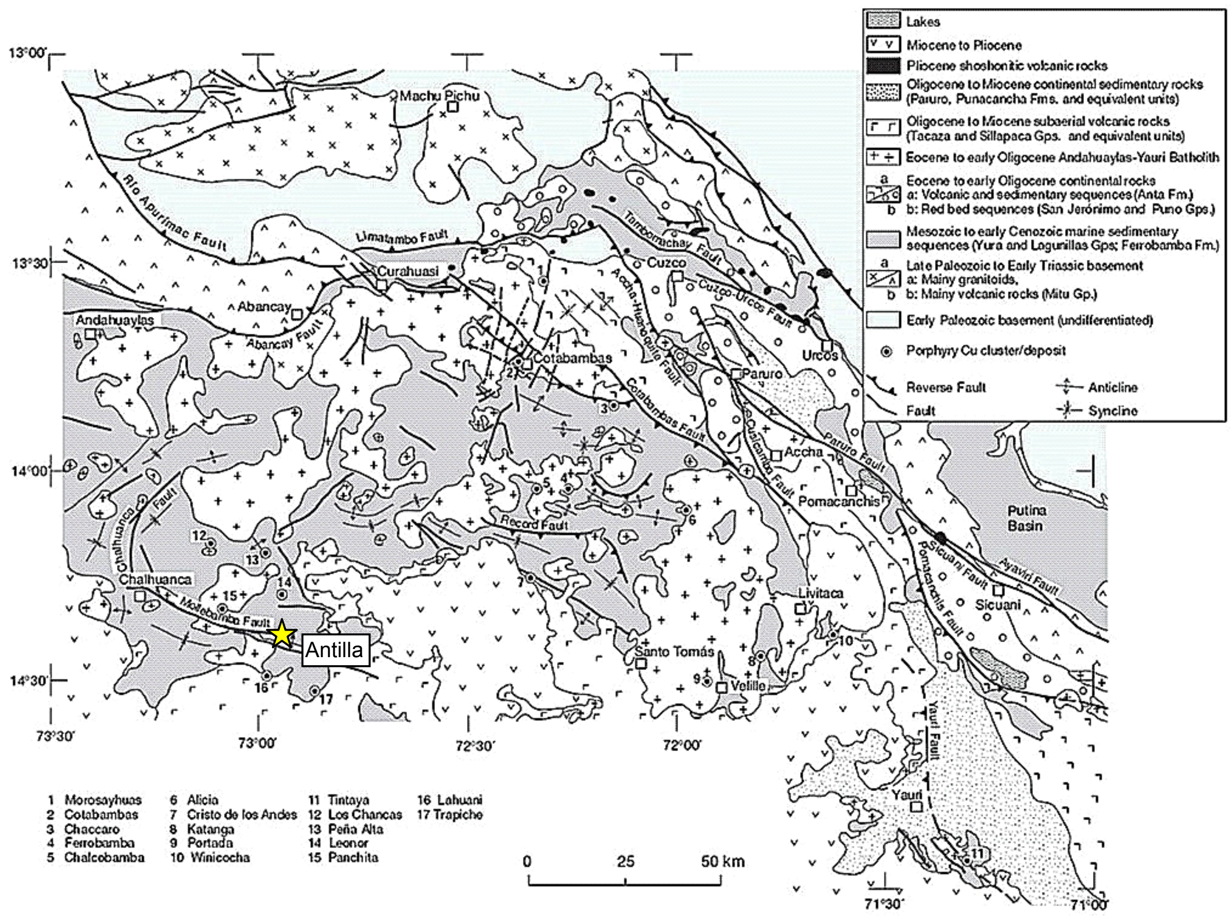


Note: Modified from Perelló et al. (2009). Geographic north is to the top of the map.

The geology of the Andahuaylas-Yauri belt is dominated by the Andahuaylas-Yauri batholith which is exposed for approximately 300 km between the towns of Yauri in the southeast and Andahuaylas in the northwest, and Mesozoic to Early Cenozoic clastic and marine sediment sequences (Figure 7-2). The batholith is ranges from 25 km wide at the east end to 130 km wide near Abancay and is composed of early mafic to intermediate intrusives with cumulate textures, grading to intermediate intrusive rocks with equigranular to porphyritic textures. The batholith intrudes Precambrian to Palaeozoic basement rocks which are exposed to the northeast. The basement sequence culminates in Permian to

Early Triassic age Mitu Group volcaniclastic and clastic rocks. The basement is overlain by Mesozoic and Cenozoic sediments deposited in the Eastern and Western Peruvian basins. The eastern basin is made up of marine clastic and carbonate rocks. The western basin, exposed in what is now the Western Cordillera or Cordillera Occidental where the Antilla Property is located, is a marine transgressional sequence grading from continental deep-water clastic sediments to limestones. The northeastern edge of the western basin is includes the Lagunilla and Yura Groups, made up of middle to late Jurassic quartz-arenite, quartzite, and shale grading upward to massive micritic limestone, shale, and chert of the Mara and Ferrobamba Formations. At the top of the Yura Group is the Soraya Formation, composed of arenites, quartz arenites, and quartzites, which hosts the Antilla deposit.

Figure 7-2: Regional Geology of the Andahuaylas-Yauri Belt

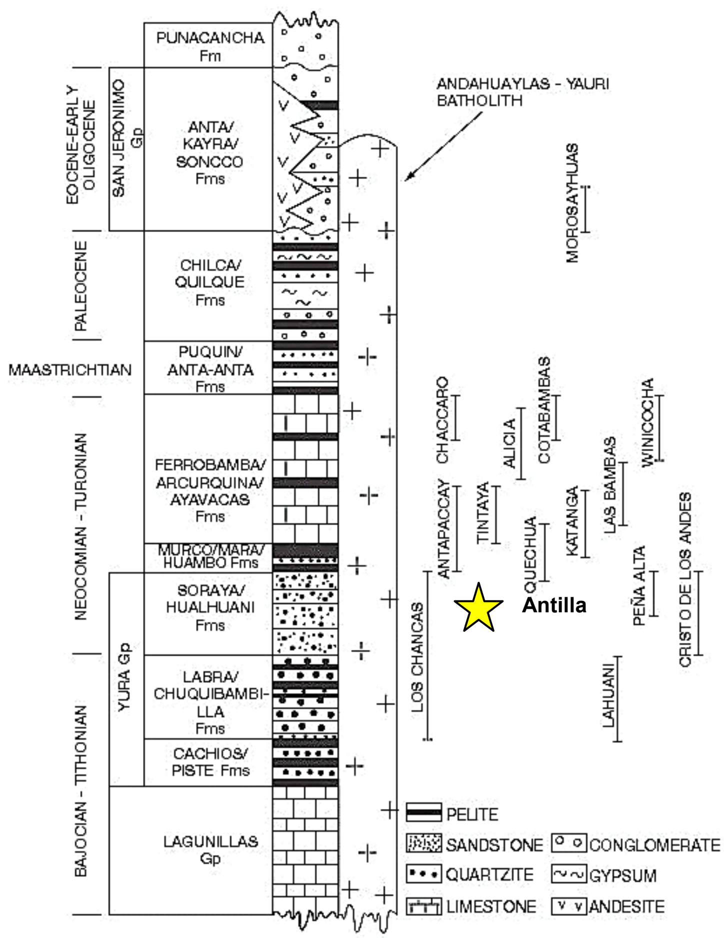


Note: Modified from Perelló et al. (2003). Geographic north is to the top of the map.

Eocene and Oligocene stratigraphy is dominated by the sedimentary San Jerónimo Group and the dominantly volcanic Anta Formation, which unconformably overlie the Mesozoic and Cenozoic sediments. Miocene and Pliocene volcanics and sediments overlie Oligocene sediments. A discontinuous veneer of Pleistocene fluvio-glacial sediments and re-worked gravels overlie the region.

Major mineralization styles in the region include porphyry copper (+Mo+Au), iron-copper skarn, and minor epithermal vein-style mineralization. Since the commissioning of the Tintaya mine by BHP in 1999 at the southeastern end of the belt, major copper deposits have been brought to feasibility at Antapaccay, Las Bambas, and Los Chancas. Fifteen to twenty other copper deposits, including Antilla, are currently being explored by Peruvian and multinational mining and exploration companies (Figure 7-2 and Figure 7-3).

Figure 7-3: Regional Stratigraphy for the Antilla and Other Cu+Mo+Au Deposits



Note: Modified from Perelló et al. (2003).

7.2 Property Geology

Quartzite and quartz-arenite of the Soraya Formation outcrop over most of the central and eastern part of the Antilla property and host the intrusive rocks and mineralization defined to date. The clastic sediments are fine- to medium-grained, well laminated on sub-centimetre to meter scale and occasionally show other primary depositional features such as cross-bedding. The quartzite and quartz-arenite units are can be intercalated with centimetre to ten centimetre scale siltstone or lutite beds.

At the bottom of the canyon in road cuts on the road up to the town of Antilla from the valley floor, and behind Calavario Hill, the Chuquibambilla Formation is exposed, comprising outcrops of mudstone, lutite and arenite.

Sediments are intruded by at least two intrusive rock types: altered and weakly-mineralized Main Porphyry stocks or aphophyses and narrow, unaltered Late Porphyry dykes. The altered, weakly-mineralized Main Porphyry is exposed as a prominent knob immediately to the west of the mineralized quartzites, and another, smaller intrusive body is exposed to the southeast of the mineralization (Figure 7-4). The Main Porphyry has medium-grained porphyroblasts of euhedral plagioclase accounting for approximately 25% by volume. Coarse, corroded, or rounded quartz crystals are also common and constitute approximately 5% of the porphyry by volume. Medium- to coarse-grained biotite, hornblende, and orthoclase are also important porphyroblasts and collectively constitute approximately 10% by volume. The remaining 60% of the volume of the Main Porphyry is composed of a groundmass of fine to glassy quartz and feldspar. The composition of the Main Porphyry is granodioritic to quartz monzodioritic.

The Late Porphyry is fine grained, with fine- to medium-grained porphyroblasts and a dark grey glassy groundmass (Figure 7-5). Plagioclase porphyroblasts constitute approximately 25% of the volume of the rock, and biotite and amphibole porphyroblasts constitute an additional 15%. The Late Porphyry is distinguished from the Main Porphyry by its unaltered, dark-coloured groundmass, relatively low abundance of quartz porphyroblasts, and its tabular dyke-like form of emplacement. Late Porphyry dykes are general north-south-striking and are interpreted to be localized on normal faults that were active during the emplacement of the Andahuaylas-Yauri batholith. Potassium-argon dating indicates that the bulk of the batholith was emplaced during the middle Eocene to early Oligocene (~40-32 Ma, Perelló et al, 2003).

At least two other porphyritic intrusive bodies have been mapped on the Antilla property. A diorite porphyry with traces of copper mineralization is exposed on the western block of the property, and un-mineralized monzonitic sills are exposed to the north east of the mineralized zone.

Figure 7-4: Geology of the Panoro Antilla Property

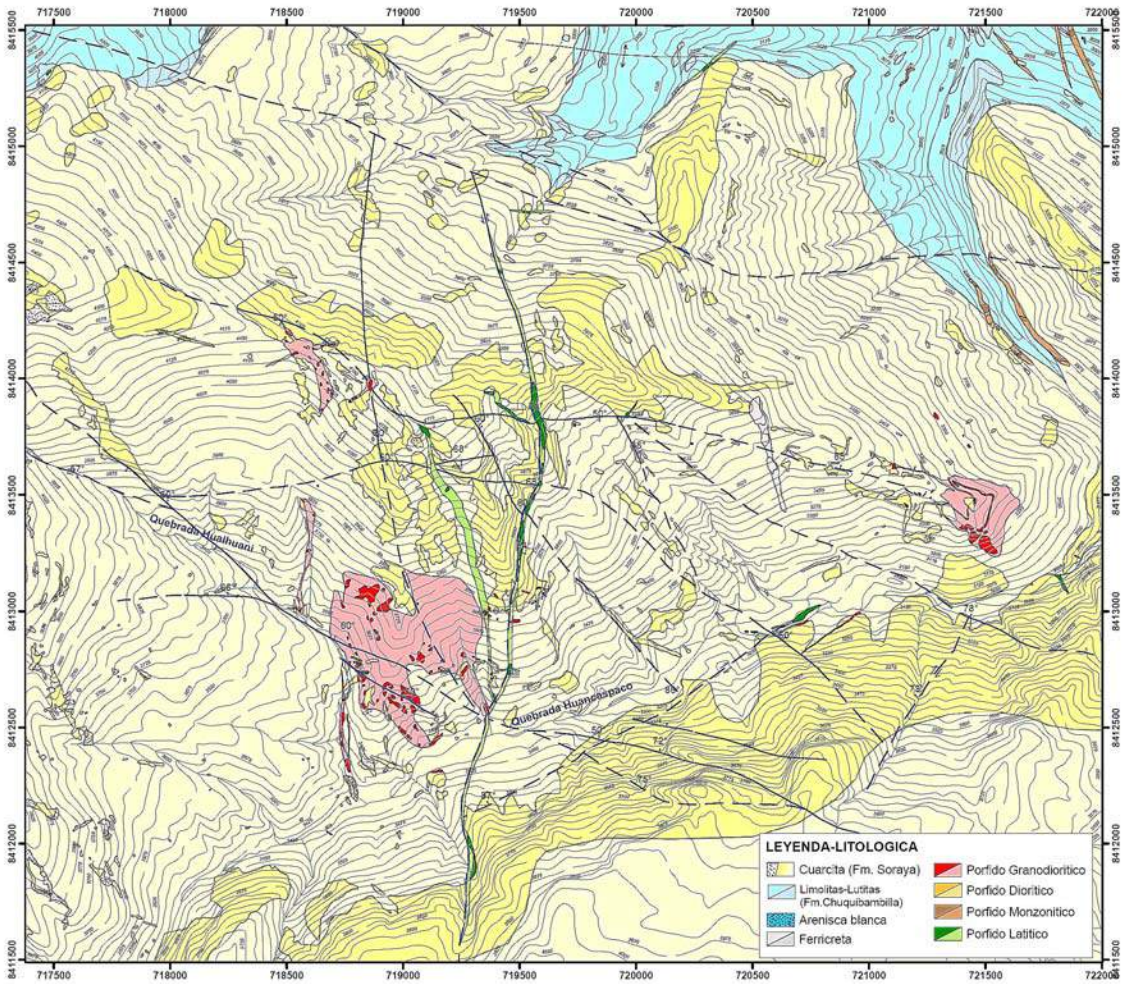


Figure 7-5: Photographs of Main Rock Types at Antilla

Note: Drill core is 8 cm wide. Clockwise from upper left: quartzite with bedding laminations at mm scale; delicate bedding features are offset along fractures; altered Main Porphyry with sulphide mineralization; quartz aphyric Late Porphyry; altered sediments (left) in contact with Main Porphyry (field of view is 4 m wide); fine grained lutite.

7.3 Structural Geology

Regional structural geology is dominated by the Andean Orogeny which, in the vicinity of 13°S latitude at the Abancay deflection, is oriented approximately northwest-southeast. Tectonic activity was most active during the Eocene and Oligocene times, referred to as the Incaic pulse, and during an Oligocene to Miocene-age Quechua pulse (Pecho, 1981). West-southwest-dipping thrust faults stack repeating packages of Mesozoic to Early Cenozoic sediments on top of each other to form a belt 300 km wide. The younger sediments are in turn thrust northeastward on top of Palaeozoic to Precambrian basement (refer to Figure 7-2). Deformation is most intense in the northeastern portion of the western cordillera where large north-verging folds are developed in the Ferrobamba formation.

At property scale, a series of steeply-dipping west-northwest-striking faults and conjugate north-northeast-striking normal faults with dextral offsets have been interpreted from outcrop mapping (Figure 7-4). The sense and throw of the faults is extremely difficult to determine due to the relatively monotonous sequence of clastic sediments. Reliable indicators of stratigraphic elevation such as marker beds have not been found.

8.0 DEPOSIT TYPES

Panoro is of the opinion that the mineralization identified to date on the Antilla property is consistent with a supergene enrichment blanket associated with an Andean-type copper-molybdenum porphyry system.

Common features of copper-molybdenum porphyries include stockworks of quartz veinlets, quartz veins, closely spaced fractures and breccias containing pyrite and chalcopyrite with lesser molybdenite, bornite and magnetite occur in large zones of economically bulk-mineable mineralization in or adjoining porphyritic intrusions and related breccia bodies. Disseminated sulphide minerals are present, generally in subordinate amounts. The mineralization is typically spatially, temporally and genetically associated with hydrothermal alteration of the host rock intrusions and wallrocks. Andean-type examples include Antapaccay, Las Bambas and Los Chancas.

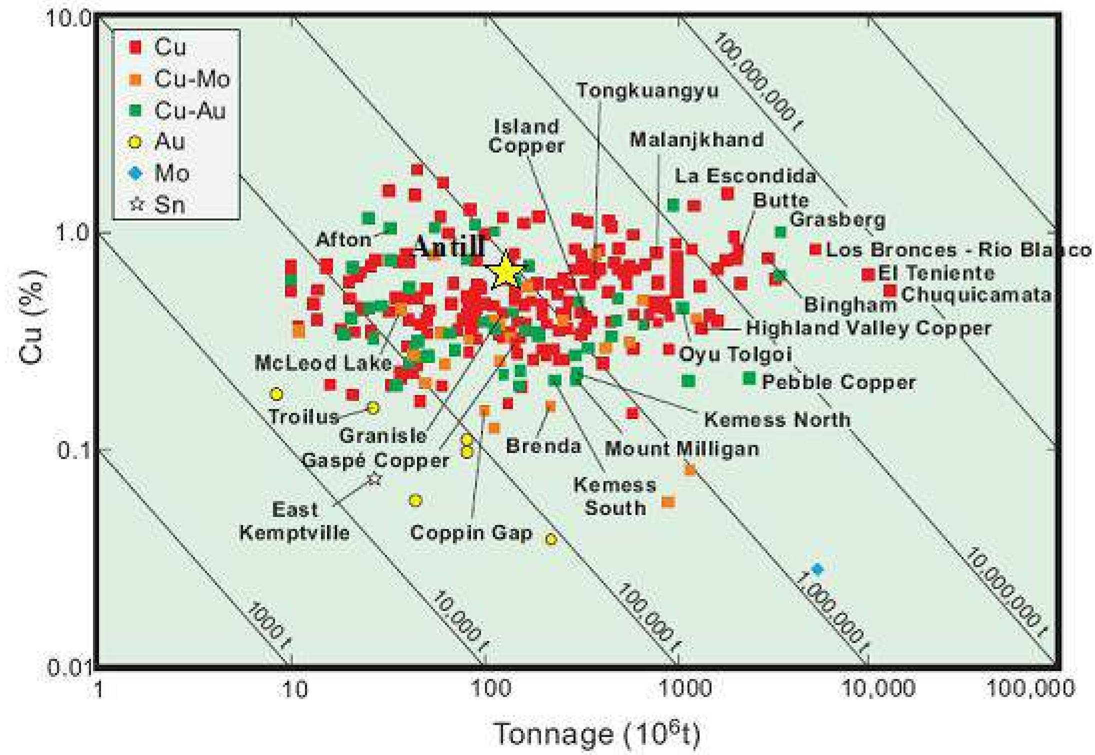
Mineralization on the Antilla property consists of a tabular body of fracture-controlled and disseminated chalcocite and chalcopyrite with minor molybdenite-coated fractures overlain by a barren, leached zone of variable thickness. Associated with the chalcocite mineralization is silicification, sericitization, biotitization and chloritization of arenite, quartzite, and sandstone. The strongest chalcocite mineralization is associated with brittle faults. Below the chalcocite mineralization, low-grade disseminated chalcopyrite, bornite, and molybdenite mineralization occurs. Altered, weakly–mineralized, porphyritic felsic intrusives are associated with the mineralization. The general geometric and mineralogical characteristics of the deposit are consistent with a supergene enrichment blanket associated with an Andean-type copper-molybdenum porphyry system.

Porphyry deposits are defined in general as being large, low-to medium-grade deposits in which primary ore minerals are dominantly structurally controlled and which are spatially and genetically related to felsic to intermediate porphyritic intrusions (Figure 8-1, Sinclair, 2007). Porphyry deposits generally contain economic concentrations of one or more of copper, gold, molybdenum, and can also contain silver, tin tungsten and rare earth elements. Skarn deposits also occur in the region and are associated with porphyritic intrusions, but the mineralization on Antilla lacks the intense fluid-dominated calc-silicate alteration, intense iron metasomatism, and reactive carbonate host rocks of skarn systems (Figure 8-2).

The Antilla deposit has a number of characteristics which are not common in other porphyry systems in the region or in typical porphyry models (such as those discussed by Lowel and Guilbert, 1970; Kirkham and Sinclair, 1975):

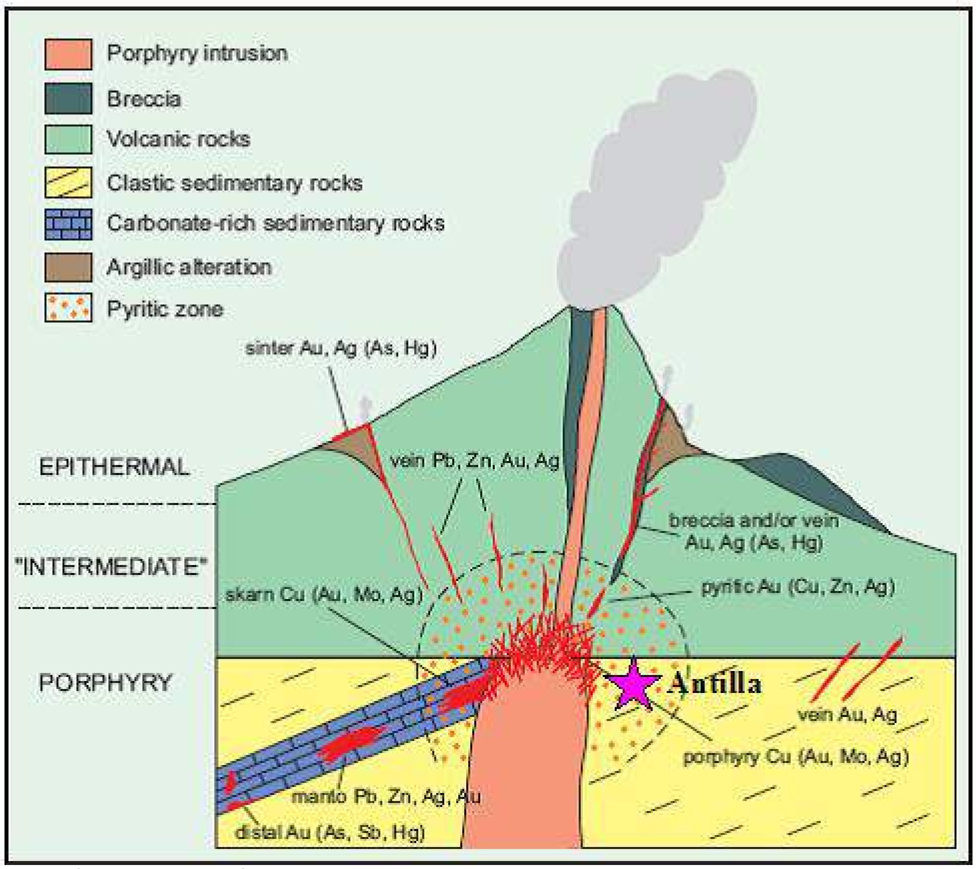
- Alteration at Antilla is limited to weak sericitic or phyllic, weak chlorite or propylitic and weak silicification. The well defined potassic, phyllic, propylitic and argillic alteration assemblages typical of porphyry copper deposits are not well developed at Antilla. The relatively weak alteration characteristics are interpreted to be a result of the lack of aluminous mineral phases of the quartzite hosting the mineralization.
- A well developed hypogene or primary sulphide mineralization zone has not been encountered at Antilla. Assays of the primary sulphide zone at Antilla grade approximately 0.12% Cu and 0.009% Mo. The Main Porphyry contains approximately 0.08% Cu on average. No higher-grade hypogene chalcopyrite mineralization has been encountered on the property. To date, Panoro has not located a higher grade primary porphyry system with which it believes the Antilla mineralization is associated.
- A characteristic of the Antilla deposit, and of the other deposits in the Andahuaylas-Yauri belt is the lack of typical oxide-style mineralization. Only minor chrysocolla, tenorite and malachite are found. Supergene mineralization consists entirely of secondary sulphides. Two interpretations have been made to explain the lack of oxide mineralization: the lack of pyrite in hypogene mineralization and subsequently the inability to generate sufficient acid to generate oxide mineralization during supergene mineralization, and the relative abundance of carbonate stratigraphy to neutralize acid during supergene enrichment. Carbonates are not locally important at Antilla, but, a relatively low quantity of pyrite in hypogene mineralization may support the hypothesis that the low pH required to generate oxide mineralization during supergene enrichment was not attained.

Figure 8-1: Grade Tonnage Profile of Selected Porphyry Copper Deposits



Note: Modified from Sinclair (2007).

Figure 8-2: Geological Environment of Porphyry Copper Deposits



Note: After Kirkham and Sinclair (1995).

9.0 MINERALIZATION

The most important mineralization encountered to date on the Antilla property is a tabular body of fracture-controlled and disseminated chalcocite and chalcopyrite with minor molybdenite-coated fractures overlain by a barren, leached zone of variable thickness. The tabular zone strikes 050° and dips -20° to the east over an area 1.2 km long and 1.2 km wide. The supergene chalcocite mineralization has a true thickness of 40-80 m. Associated with the chalcocite mineralization is weak sericitization, chloritization, and silicification of arenite and quartzite. The strongest chalcocite mineralization is associated with brittle faults. Below the chalcocite mineralization, low-grade disseminated chalcopyrite, bornite, and molybdenite mineralization occurs. Altered, weakly-mineralized porphyritic felsic intrusives are associated with the hypogene mineralization. Unaltered, unmineralized porphyritic dykes cut mineralization.

9.1 Mineralization Style

The most economically significant form of mineralization encountered to date on the Antilla property is fracture-controlled and disseminated chalcocite. The chalcocite occurs as:

- sooty or scaly coatings on millimetre wide, filled to partially open fractures
- sooty coatings on rock fragments and rock flour encountered in intense fracture or fault zones over widths of one to ten metres
- selvages on sub-centimetre width quartz veinlets
- occasionally as disseminated grains or coating disseminated grains of primary chalcopyrite in zones of more intense fracturing and silicification (Figure 9-1).

Chalcocite is restricted to the secondary sulphide enrichment zone.

Molybdenite occurs in fine fractures and as grains within sub-centimetre wide quartz veinlets in the primary sulphide, secondary sulphide and Main Porphyry.

Chalcopyrite occurs as disseminated grains and surface coatings along fractures and within quartz veinlets. Disseminated grains are also observed. Chalcopyrite in concentrations of up to 1% occur in the Main Porphyry and primary hypogene sulphide zones.

Figure 9-1: Photographs of Mineralization at Antilla

Note: Drill core and core tray dividers are approximately 8 cm wide for scale. Clockwise from upper left: chalcocite and quartz filled fractures in quartzite; chalcocite coating a fine late fracture in weakly altered quartzite; intense fracturing and sooty chalcocite mineralization associated with faulting: primary chalcopyrite mineralization in fractures below the secondary sulphide zone; molybdenite mineralization on fine fractures; chalcocite on fracture surface and in quartz veins.

9.2 Trace Elements Associated with Mineralization

Copper grades increase three-fold from the primary sulphide zone to the secondary sulphide zone (Table 9-1). The leached zone has copper grades of approximately one third of those from the primary sulphide zone and an order of magnitude less than the secondary sulphide zone. The genetic model involving the removal of copper from primary mineralization in what is now the leached zone and re-deposition as chalcocite in the secondary sulphide zone is well supported, given the distribution of copper grades among the mineralization zones. The Main Porphyry is weakly mineralized with copper, and the Late Porphyry contains little or no copper.

Table 9-1: Average, Maximum and Minimum Grades of Assays

Domain	n	Cu (%)			Mo (%)			Au (g/t)		
		Avg.	Max.	Min.	Avg.	Max.	Min.	Avg.	Max.	Min.
Primary Sulphide	1,993	0.125	2.270	0.002	0.0092	0.7940	<0.002	0.010	1.210	<0.005
Secondary Sulphide	2,336	0.367	4.480	0.002	0.0093	0.3800	<0.002	0.008	0.190	<0.005
Leached/Oxide Zone	1,493	0.042	2.030	0.003	0.0075	0.2630	<0.002	0.008	0.173	<0.005
Main Porphyry	158	0.078	0.586	0.005	0.0117	0.1681	<0.002	0.007	0.310	<0.005
Late Porphyry	240	0.045	0.590	0.001	0.0014	0.0290	<0.002	0.004	0.023	<0.005
Average	6,220	0.192	2.935	0.002	0.0086	0.4656	<0.002	0.008	0.509	<0.005

Domain	Ag (g/t)			Zn (ppm)			As (ppm)			Pb (ppm)		
	Avg.	Max.	Min.	Avg.	Max.	Min.	Avg.	Max.	Min.	Avg.	Max.	Min.
Primary Sulphide	0.9	55.0	<0.5	53	2,700	<5	35	778	<25	38	1,900	<5
Secondary Sulphide	0.8	62.0	<0.5	49	1,100	<5	26	747	<25	42	1,100	<5
Leached/Oxide Zone	1.4	74.0	<0.5	48	700	<5	24	246	<25	55	1,500	<5
Main Porphyry	1.0	10.7	<0.5	77	893	6	55	282	<25	78	876	<5
Late Porphyry	1.2	95.0	<0.5	89	300	42	13	13	<25	49	267	<5
Average	1.0	62.6	<0.5	52	1,481	4	29	597	<25	45	1,415	<5

Molybdenum grades do not vary significantly between the primary sulphide, secondary sulphide, and leached zones, demonstrating the relative immobility of molybdenum in molybdenite during supergene processes. The highest concentrations of molybdenum occur in the Main Porphyry, a characteristic which is common to other porphyry and skarn deposits in the region.

In general, gold, silver, zinc, and lead concentrations are very low in all mineralization types. These metals do not show significant enrichment or depletion trends between the primary, secondary, and leached zones, and are not especially enriched or depleted in either of the porphyries. Only four assays, all from the primary sulphide zone have grades above 0.5 g/t Au.

Table 9-2: Average ICP Analyses of Representative Sample Intervals

	Primary Sulphide	Secondary Sulphide	Leached/ Oxidized	Late Porphyry
n	17	31	19	2
Al (pct)	3.76	3.55	2.00	5.00
Fe (pct)	1.35	0.94	0.65	1.50
Ca (pct)	0.29	0.03	<0.01	0.50
Na (pct)	0.18	0.03	<0.01	0.50
K (pct)	1.65	1.71	0.90	2.00
Mg (pct)	0.29	<0.01	<0.01	0.50
S (pct)	0.53	0.74	0.05	0.00
As (ppm)	32.3	49.8	31.5	9.0
Ba (ppm)	270	271	650	835
Be (ppm)	0.76	0.45	0.15	1.50
Bi (ppm)	1.4	2.8	1.4	1.0
Cd (ppm)	0.2	0.2	<0.1	<0.1
Co (ppm)	4.8	4.4	0.6	2.5
Cr (ppm)	23.8	22.5	17.3	8.0
Ga (ppm)	8.8	9.0	7.0	15.0
La (ppm)	15.9	15.2	12.3	20.0
Mn (ppm)	195	50	29	351
Ni (ppm)	8.6	6.6	1.8	4.0
P (ppm)	274	153	61	350
Pb (ppm)	13.8	16.7	21.5	14.0
Sb (ppm)	3.6	7.3	4.7	2.0
Sc (ppm)	4.5	3.5	1.7	3.0
Sr (ppm)	37.1	40.5	22.5	113.0
V (ppm)	36.8	35.2	20.9	31.5
W (ppm)	7.4	8.9	8.3	7.5

9.3 Hydrothermal Alteration Associated with Mineralization

Hydrothermal alteration is restricted to the development of secondary sericite, biotite and quartz. It is interpreted that the relatively inert quartzite and low water to rock ration of alteration result in the subtle alteration observed at Antilla. Unaltered quartzite lacks significant quantities of primary aluminosilicates to alter to large quantities of sericite, chlorite, biotite, and clay typical of potassic, phyllic, propylitic, and advanced argillic alteration zones common in other porphyry zones (Figure 9-2).

Figure 9-2: Photographs of Hydrothermal Alteration at Antilla

Note: Drill core and core box dividers are approximately 8 cm wide for scale. Clockwise from upper left: blocky, oxidized quartzite from the leached cap; weak biotite, sericite and silica alteration and quartz veining of quartzite; quartzite breccia with quartz matrix; remobilized or exotic-style copper oxide mineralization in overburden at the bottom of the slope that hosts the Antilla deposit (road cut is 3 m high); patchy textured hornfels metamorphism of arenite; quartz veins with silicified margins and fine primary sulphides at centre.

9.4 Structural Controls on Mineralization

Due to the relatively early stage of exploration on the property and difficulties of stratigraphic correlation within the relatively monotonous quartzites and arenite of the Soraya Formation, a detailed understanding of the structural geology of the Antilla deposit is still under development. However, current genetic interpretations for the Antilla deposit place an emphasis on structural features at regional and local scale as mineralization controls.

The Antilla deposit occurs along the regional Mollobamba thrust fault in the south western part of the Andahuaylas-Yauri belt (Figure 7-1). Two important regional-scale reverse faults are associated with the Mollobamba fault, the north-east trending Piste Fault, west of the deposit, and the east trending Matara fault south of the deposit (Lee et al., 2003). These regional scale faults are interpreted to control the emplacement of the Main Porphyry, responsible for the hypogene mineralization on the property, and the Late Porphyry which cuts the mineralization. Intrusives are interpreted to be located in zones of weakness caused by the intersection of faults in the case of the Main Porphyry, and along extensional or normal faults in the case of the Late Porphyry.

At deposit scale, fault or fracture zones containing relatively high-grade chalcocite mineralization have been intersected in diamond drill holes. Secondary sulphide mineralization is interpreted to be focused along fault zones that gave access to primary mineralization by meteoric fluids. The fine centimetre- to millimetre-width fractures that host chalcocite mineralization also tend to increase in frequency near wider property-scale faults.

9.5 Zonation of Mineralization

The main mineralization types or zones are similar to many other porphyry deposits. The zones found at Antilla are primary sulphides, secondary sulphides, and oxides in the leached cap overlying the deposit. The secondary sulphide zone forms a relatively continuous, tabular blanket of chalcocite that generally ranges from 60 to 120 m thick. Hole ANT-36-08 intersected a secondary sulphide zone 243 m thick before encountering primary sulphide-style mineralization at 278 m. The average thickness of the secondary sulphide zone is 92 m.

The secondary sulphide zone is overlain by the leached cap which has an average thickness of 55 m and generally ranges from 0 to 75 m thick. The leach cap appears to thicken to the north and to the west where hole ANT-64-08 encountered leached cap to a depth of 274 m. It is interpreted that much of the leached cap overlying the main and southeastern portion of the secondary sulphides has been eroded bringing the secondary sulphide mineralization nearly to surface in some locations.

The tabular secondary sulphide and leached cap zones are underlain by low-grade primary sulphide mineralization. The depth extent of the primary sulphide mineralization is not known as it has only been tested by five or six drill holes.

Main Porphyry is weakly mineralized and is known to flank the primary and secondary sulphides and oxide zone to the east and west and at the northwest corner (Figure 7-4). Hornfels alteration which may indicate proximity to another undiscovered porphyry body has been encountered in the deepest drill holes from the 2008 program. It is possible that a significant volume of Main Porphyry occurs below the primary and secondary sulphides with the primary and secondary zones occurring in sediments which remain as a roof pendant to a large intrusive body. Conclusive evidence of this interpretation has not been found.

The Late Porphyry occurs as barren dykes cutting mineralization.

Mineralization domains have been divided according to the parameters listed in Table 9-3.

Table 9-3: Mineralization Domains

Zone	Name	Alteration	Cu	Mo	Characteristics
1	Primary Sulphide	Silicification, biotitization, sericitization and hornfels metamorphism	Avg. = 0.12%, up to 2%	Avg. = 0.009%, up to 0.8%	Absence of chalcocite, minor chalcopyrite, pyrite in veins and fractures; soluble copper <10%.
2	Secondary Sulphide	Silicification, sericitization, biotitization	Avg. = 0.37%, up to 4.42%	Avg. = 0.009%, up to 0.38%	Presence of chalcocite on fractures, soluble copper is > 10% of total copper.
3	Oxide/Leached Zone	Limonite staining, bleaching	Avg. of 0.04%, up to 2%	Avg. = 0.075%, up to 0.26%	Lack of sulphides, limonite on fracture surfaces.
4	Main Porphyry	Silicification, sericitization, biotitization	Avg. of 0.08%, up to 0.59%	Avg. = 0.012%, up to 0.17%	Quartz porphyroblasts, minor sulphide mineralization.
5	Late Porphyry	None	Average of 0.04%	Avg. = 0.001%	Quartz aphyric intrusive, no mineralization.

A discontinuous veneer of gravel, sand, talus, and colluvium overlies the deposit. Overburden ranges in thickness from 0 to 53 m, averaging 12 m. In addition to the mineralization zones, a very small zone of weak exotic-type or remobilized copper oxide mineralization has been found in overburden exposed in a road cut at the bottom of the hill slope under which lies the secondary sulphide blanket (Figure 9-2).

Soluble copper assays show a clear trend to higher percentages of copper leached by sulphuric acid and cyanide solutions, and lower residual copper progressively from primary style mineralization, to secondary sulphide mineralization to leached cap or oxide mineralization. Table 9-4 shows the stepwise increase in soluble copper for drill hole composite samples from the 2008 Panoro drill campaign. Only composite samples grading above 0.1% total copper have been tabulated.

Table 9-4: Soluble Copper Analytical Results for 2008 Drill Hole Composites

Zone	n	Sulphuric Acid Soluble Copper (%)	Cyanide Soluble Copper (%)	Residual Copper (%)	Total Copper (Cu -%)
Primary Sulphides	1	2.6	5.3	89.5	0.380
Secondary Sulphide	67	13.9	48.8	33.9	0.360
Leached/Oxidized	35	19.4	64.0	14.6	0.438
All	**103**	**15.7**	**53.5**	**27.9**	**0.387**

10.0 EXPLORATION

10.1 Geological Mapping

Geological mapping at 1:5,000 scale has been concentrated on the central 4,000 ha of the property. Mapping was done by CDLM between 2002 and 2004 and was updated in 2008 by Panoro. Outcrop is reasonably good and exposures of the porphyritic intrusives and the Soraya Group sediments are common. Road cuts provide additional exposure in areas that are covered by talus and quaternary gravel, sand and silt.

Reconnaissance-scale mapping has been carried out on the remainder of the property at 1:5,000 scale.

10.2 Geochemistry

In 2002 and 2003, systematic rock and soil geochemical sampling was carried out on a 100 m x 50 m grid across the western part of the property. A total of 2,461 samples were taken, including 734 rock samples and 1,727 soil samples.

The results of the soil and rock samples were not promising and failed to generate additional targets for drill testing. Panoro has not continued with systematic geochemical sampling.

10.3 Geophysics

A 214.2 km magnetometer survey and 43.6 km induced polarization and Resistivity (IP) survey was carried out by CLDM in 2003. The survey was executed by Val d'Or Geophysics of Peru.

11.0 DRILLING

Drilling on the property has been undertaken in four campaigns from 2003 to 2008, comprising 75 core (13,090 m) drill holes. Of this total 67 core drill holes support mineral resource estimation. Drill hole collar locations are shown in Figure 11-1.

Only the first campaign carried out by CDLM in 2003 and the 2008 infill drilling campaign by Panoro intersected copper mineralization. Better-grade intercepts are summarized in Table 11-1.

Table 11-1: Selected Drill Hole Intersections

CDLM Campaigns

Hole	From (m)	To (m)	Length (m)	Cu (pct)	Mo (%)	Au (ppm)	Ag (ppm)	Mineralization Type
ANT-01-03	2	54	52	0.793	0.0030	0.01	1.0	Secondary Sulphides
ANT-05-03	18	84	66	0.672	0.0078	0.01	0.9	Secondary Sulphides
ANT-06-03	10	76	66	0.894	0.0136	0.01	0.7	Secondary Sulphides
ANT-06-03	150	165	15	0.258	0.0268	0.01	0.4	Primary Sulphides
ANT-07-03	18	98	80	0.681	0.0083	0.01	0.9	Secondary Sulphides
ANT-09E-05	136	166	30	0.721	0.0013	0.01	0.8	Secondary Sulphides
ANT-10-03	20	48	28	0.390	0.0227	0.00	0.9	Primary Sulphides
ANT-16-04B	80	106	26	0.385	0.0200	0.09	1.1	Secondary Sulphides

Panoro 2008 Campaign

Hole	From (m)	To (m)	Length (m)	Cu (pct)	Mo (%)	Au (ppm)	Ag (ppm)	Mineralization Type
ANT-20-08	60	94	34	0.745	0.0066	0.01	0.6	Secondary Sulphides
ANT-22-08	56	98	42	0.795	0.0051	0.01	1.2	Secondary Sulphides
ANT-24-08	18	74	56	0.704	0.0171	0.01	0.6	Secondary Sulphides
ANT-25-08	26	64	38	0.553	0.0043	0.01	0.9	Secondary Sulphides
ANT-26-08	6	68	62	0.631	0.0118	0.01	0.7	Secondary Sulphides
ANT-28-08	26	86	60	0.853	0.0231	0.02	3.2	Secondary Sulphides
ANT-30-08	32	96	64	0.753	0.0115	0.02	0.5	Secondary Sulphides
ANT-34-08	60	82	22	0.551	0.0385	0.00	0.5	Secondary Sulphides
ANT-37-08	62	136	74	0.543	0.0012	0.01	0.5	Secondary Sulphides
ANT-38A-08	37	67	30	0.753	0.0293	0.01	1.1	Primary Sulphides
ANT-38C-08	34	130	96	0.723	0.0291	0.01	0.8	Secondary Sulphides
ANT-39-08	6	82	76	0.569	0.0017	0.01	0.9	Secondary Sulphides
ANT-41-08	58	149	91	0.558	0.0126	0.01	0.5	Secondary Sulphides
ANT-43-08	44	62	18	0.671	0.0109	0.01	1.1	Secondary Sulphides
ANT-46-08	76	102	26	0.633	0.0059	0.01	0.5	Secondary Sulphides
ANT-49-08	28	70	42	0.934	0.0166	0.01	0.8	Secondary Sulphides
ANT-51-08	66	99	33	0.488	0.0157	0.01	0.6	Secondary Sulphides
ANT-61-08	196	226	30	0.649	0.0088	0.01	1.0	Secondary Sulphides
ANT-62-08	60	102	42	0.521	0.0120	0.01	1.0	Secondary Sulphides
ANT-65-08	46	90	44	0.510	0.0062	0.01	1.1	Secondary Sulphides
ANT-66-08	9	64	55	0.419	0.0326	0.01	0.5	Secondary Sulphides

Details of the drill programs by operator are outlined in the following subsections.

11.1 CDLM Drill Campaigns from 2003, 2004 and 2005

The 2003, 2004 and 2005 drill campaigns by CDLM were reconnaissance exploration programs intended to test for large porphyry-type targets carried out by contract drill companies and supervised by CDLM staff geologists. Drill spacing was wide, collar surveying was limited to a hand-held GPS, and logging was largely descriptive featuring graphic logs for rock type, texture, structure, alteration and mineralization and focused on regional stratigraphic context. Quality assurance practices relied on internal laboratory duplicates and does not meet industry best practices. Drill holes were surveyed with a Sperry Sun or Flexit down hole directional survey instrument.

On 12 November, AMEC reviewed drill hole ANT-05-03 and compared the core to drill hole logs. The graphic logs used by CDLM made it difficult to sub-divide the hole into discrete rock types. The hole had not been logged for mineralization type. AMEC recommended that the CDLM holes be relogged to incorporate these details in discrete down-hole intervals, as is the standard for the 2008 Panoro drill campaign. By January 2009 Panoro had completed this work.

11.2 2008 Panoro Drill Campaign

AMEC visited to the Antilla property for four days from 9 November to 13 November, 2008, near the end of the Panoro drill program. During the visit diamond drilling, core logging and sampling, and the project drill hole database were reviewed.

Panoro contracted Bradley MDH to perform the drilling for the 2008 drill campaign, supervised by Panoro personnel. Two rigs, a Bradley MDH LF-70 and LD-250 diamond drill were used to drill conventional NQ holes (Figure 11-1). NQ diameter holes are 75 mm wide and regular-kerf bits give a 49 mm core diameter. Core was drilled from surface platforms that were located with a hand-held GPS on 100 m spaced grid lines with azimuth 150° dipping 45 to 75 degrees to the north west to provide high-angle intersections with the secondary sulphide zone. Drills were aligned with a compass. Due to the difficult topography of the property, the LF40 drill was moved manually by a team of men and women from the Antilla community where road access was not possible (Figure 11-2).

Drill holes generally range from 95 m to 200 m long; however, during the 2008 Panoro campaign hole ANT-62-08 and ANT-66-08 were drilled to just over 750 m depth to test primary mineralization and hornfels alteration at depth (Figure 11-3).

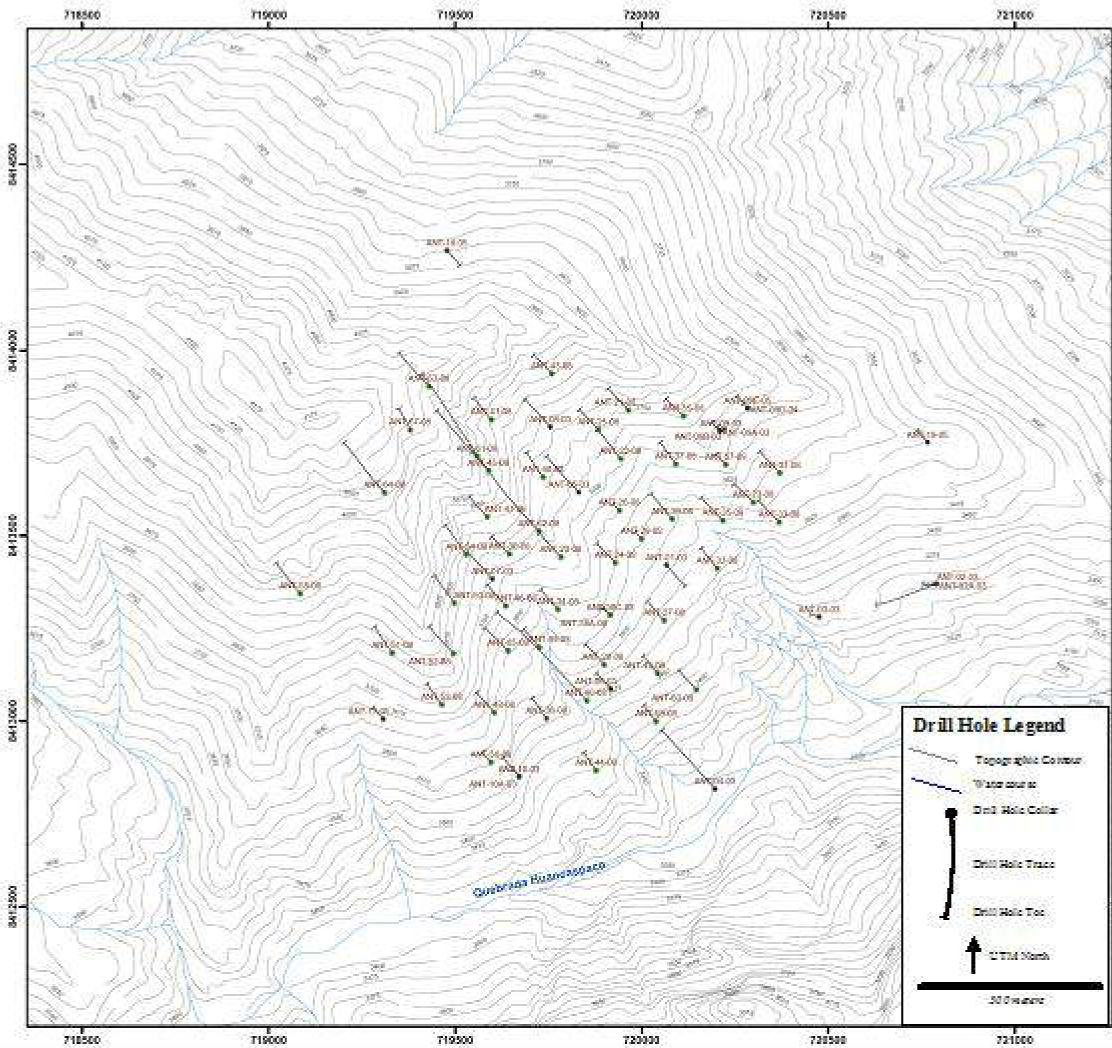
The drill contractor performed downhole surveys using a Sperry Sun instrument at 30 m intervals. AMEC reviewed the survey discs for holes ANT-36-08, ANT-29-08 and ANT-54-08 and found them to clear and easily read. AMEC checked the survey discs for the three holes against the database and did not find any defects.

Following drilling, casings were pulled and a cast concrete monument was set on the drill hole collar. Panoro contracted Global Mapping Peru to survey diamond drill collars using a total station GPS. Global Mapping visited the property twice to survey completed holes during the 2008 campaign.

Figure 11-1: LF-70 Drill being Moved by Workers from the Community of Antilla

Figure 11-2: MDH Bradley LD-250 Drilling Hole ANT-60-08

Figure 11-3: Drill Hole Location Plan



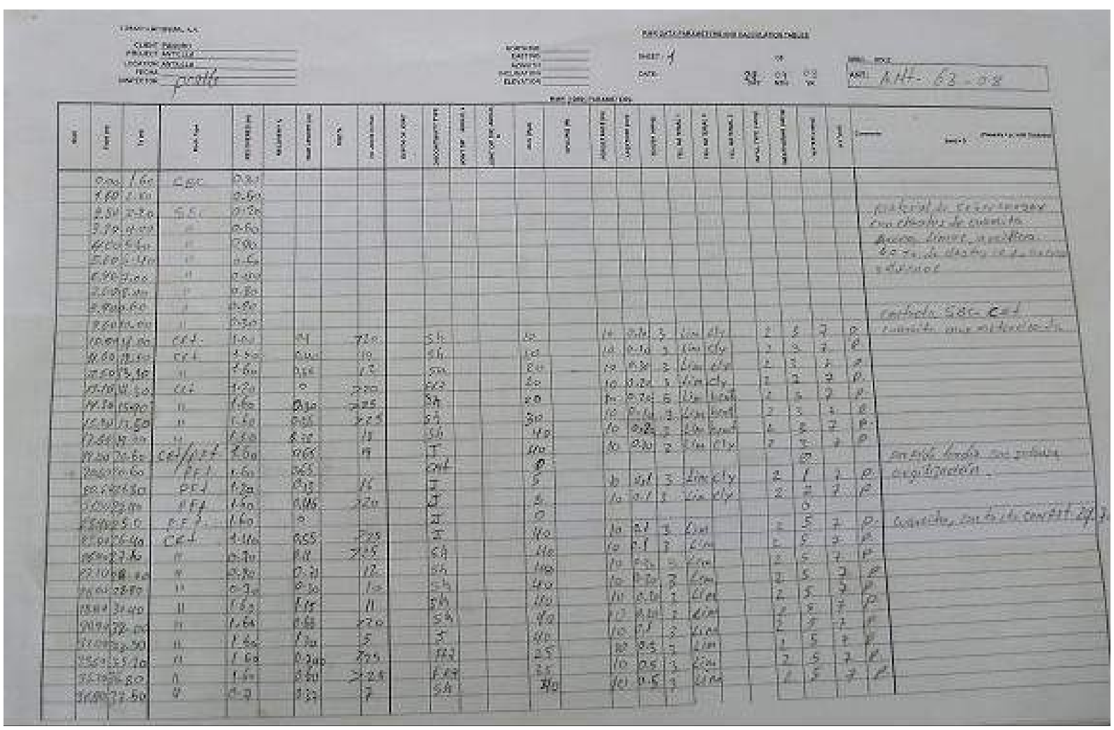
Note: Drill hole plan shows holes drilled on the main mineralized zone for the Panoro Antilla property. Holes drilled during the 2004 program were collared on targets 2 km west of the area above.

11.3 Geotechnical Logging

During the CDLM drill programs in 2003, 2004, 2005 geotechnical logging was restricted to the collection of rock quality dimension (RQD) and core recovery data. Recovery averaged 88% and RQD averaged 18%. The criteria and methodology for the collection of these data are not known; however, the average values are similar to those obtained from the current drill campaign.

At the beginning of the 2008 drill campaign Panoro contracted Knight Piesold of Lima to develop and train Panoro staff in geotechnical logging procedures. During the drill program, Knight Piesold staff visited the Antilla property to review data and logging and maintain logging standards for the program. Geotechnical logging was carried out prior to geological logging and sampling for all holes drilled during the 2008 campaign. Logging was recorded on a standardized paper log sheet (Figure 11-4). A geotechnical database of 22 logged parameters consisting of measurements or scores and calculated values for rock quality description (RQD), recovery (%), rock mass rating (RMR).

Figure 11-4: Geotechnical Log Sheet from the Panoro 2008 Drill Program



Core recovery in all campaigns is good for all zones, averaging greater than 87% for each of the Primary Sulphide, Secondary Sulphide, Leached/Oxidized zones and averaging 93% for all zones (Table 11-2). RQD is relatively low. The Primary Sulphide and Secondary Sulphide Zones have RQDs of approximately 20, the Leached/Oxidized zone is 10. RQD in the intrusive domains is higher, ranging from 29 to 63. Uniaxial compressive strength (UCS) is reasonably consistent ranging from 32.4 MPa in the Leached/Oxide Zone to 42.8 MPa in the Main Porphyry.

Table 11-2: Geotechnical Summary for the 2008 Panoro Drill Campaign

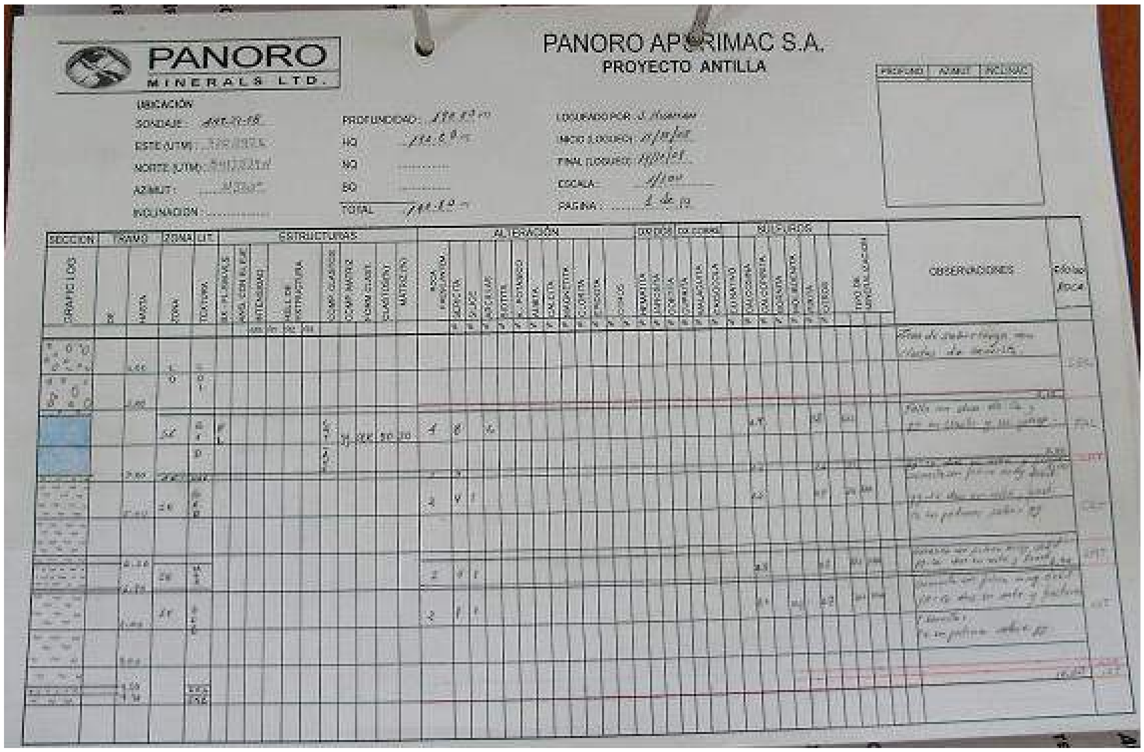
Domain	n	Core Recovery (%)	RQD	UCS (MPa)	RMR
Primary Sulphide	1,481	95.4	18.8	37.8	38.2
Secondary Sulphide	2,403	98.3	21.9	38.2	38.6
Leached/Oxidized	2,840	87.3	11.1	32.4	35.9
Main Porphyry	98	100.0	63.5	42.8	49.0
Late Porphyry	270	95.3	29.9	42.1	41.0
Total	**7,092**	**93.2**	**17.8**	**36.0**	**37.7**

11.4 Geological Logging

Geological logging during the 2003, 2004 and 2005 drill campaigns by CDLM was recorded on graphic log sheets. Intensities of structural features, mineralization and alteration were marked by coloured pencil lines in columns down the drill hole. Rock types were marked with graphic figures for clay, sand, bedding or intrusive symbols. It is difficult to translate graphic geological logs to database records to plot sections for geological modelling and resource estimation. As a result, at the end of 2008, Panoro relogged the CDLM holes from the 2003 and 2005 campaigns in the vicinity of the mineralized zone with their own core logging legend and standardized log sheets.

Geological logging for the 2008 Panoro program was recorded on standardized log sheets with fields for interval depths, mineralization zone type (primary, secondary-sulphide, leached and oxidized), texture, brecciation and veining, structure filling, alteration intensity by mineral (sericitie, silica, clay, biotite, K-spar, albite, calcite, magnetite, chlorite, epidote), iron and copper oxide and sulphide mineral intensity, and mineralization style (Figure 11-5). A field for observations and a graphic strip log and rock code field were also recorded.

Figure 11-5: Geological Log Sheets from the Panoro 2008 Drill Program



AMEC reviewed the logging of holes ANT-41-08 and ANT-36-08 and found some minor issues with non-standard codes for rock type, and some mineral intensity scores marked as <1% or 0.5-1%. AMEC also reviewed the lithology table from the resource model database and found a few non-standard codes (Table 11-3). In general, the number of non-standard codes used is reasonably low, and simplification of the geological logging in the construction of the geological model make the detailed rock codes less critical. Data in the comments field of the log sheets and the lithology table could be used to decipher the non-standard rock codes. AMEC recommends that prior to starting future drill campaigns, a standardized system of logging codes be developed and strictly implemented.

Table 11-3: Rock Codes used for Geological Logging

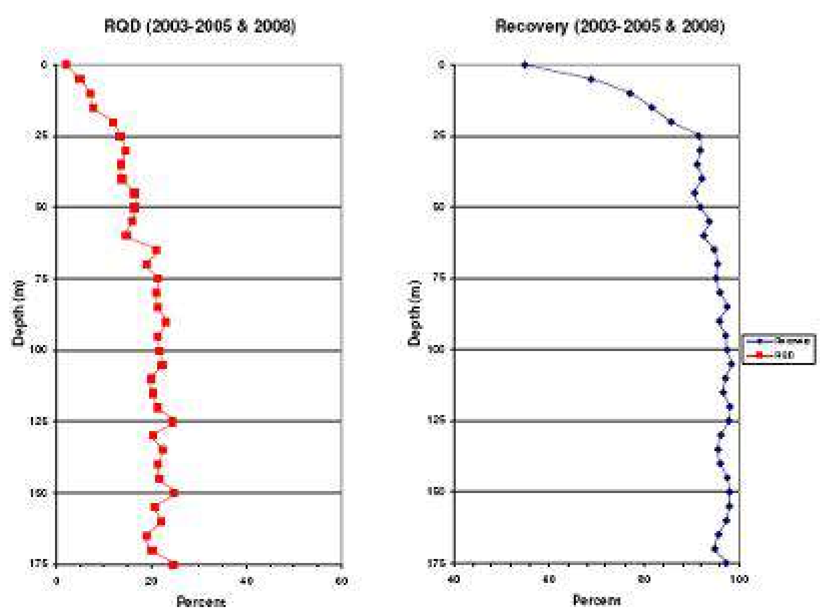
Rock Code	Occurrences	Description
ARE	900	Arenite
ARL*	11	Limolitic Arenite
CRT	1482	Quartzite
HAL*	1	Hornfels
LMT	167	Limolite
LUT*	19	Lutite
NR*	27	Not Recovered
PFP	41	Main Porphyry
PFT	38	Late Porphyry
PFT1*	3	Late Porphyry (East dyke)
SBC	61	Overburden
VT*	2	Vein

*Not on original rock code legend.

11.5 Drill Core and Sample Recovery

Average drill core recovery increases from a minimum of approximately 25% near surface to 90% within the first 25 m of drilling (Figure 11-6). Below 75 m vertical depth, drill core recovery averages 95%.

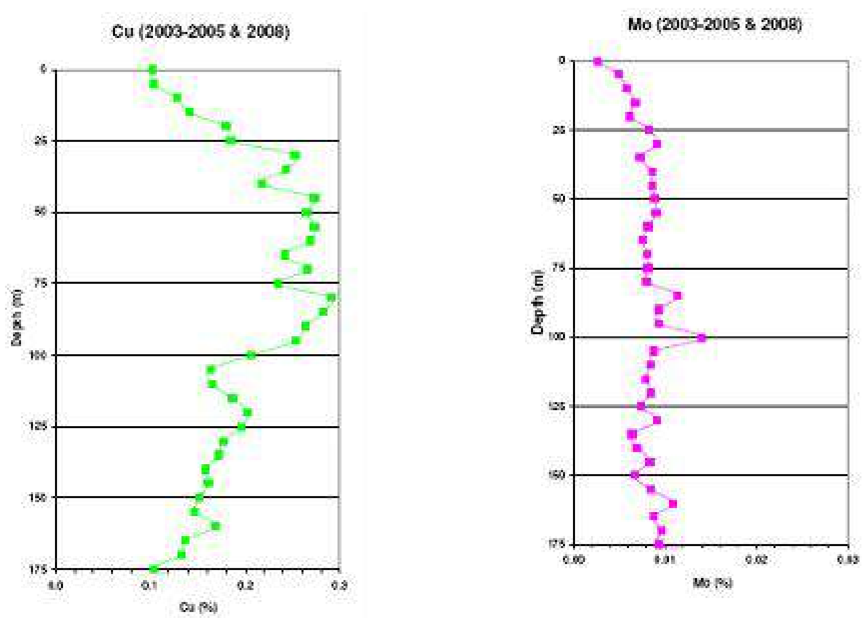
Figure 11-6: Average Drill Core RQD and Recovery vs Depth`



RQD, defined as the percentage of core in segments greater than 0.1 m length within a drill run, increases from near zero at surface to 15% in the first 25 m of drilling then to a maximum of 20% from approximately 60 m.

Low recovery and RQD in the first 25 m of drilling are common when drilling overburden and the upper metres of weathered oxide/leached cap. Copper and molybdenum mineralization are not encountered in the upper metres of the profile and no major impact is caused by low recovery and RQD. Further down hole, the low overall RQD is typical of brittle, fractured quartzites but recovery improves to 90% to 95%.

Figure 11-7: Copper and Molybdenum Grade with Depth



12.0 SAMPLING METHOD AND APPROACH

In all drill programs to date, holes have been drilled with collar azimuths and inclinations designed to intersect mineralized strata at high angles. Thus, high angles of intersection give intersection lengths that are close to true thicknesses and minimize drill deflection. For the main zone of chalcocite mineralization collar azimuths range from 270° to 320° degrees and dips or inclinations from -45° to -75°.

During the four drill campaigns, over 6,000 samples have been taken at running 2 m intervals from the first recovered bedrock to the end of the hole. In some cases, where recovery of the first bedrock was poor, a 3 m long sample was taken to provide sufficient sample mass.

Table 12-1: Number of Samples taken from Diamond Drill Campaigns

Year	Samples
2003	1,021
2004	428
2005	329
2008	4,296
Total	6,074

12.1 CDLM Drill Campaigns from 2003, 2004 and 2005

Core sampling for the CDLM campaigns as noted by SRK is described in Lee et al. (2007). The authors report that core was sampled at continuous 2 m down hole intervals, independent of logging for mineralization intensity or rock type. Sample intervals were marked by the logging geologist and core was split with a rotary diamond-carbide saw. Half of the core was placed into pre-numbered sample bags, the other half was transferred into corrugated plastic boxes for storage.

AMEC reviewed holes ANT-05-03 and ANT-01-03 and found that the SRK description of sampling methodology appeared to be accurate. The corrugated plastic boxes used to archive the drill core were not ideal for long-term storage or transport. Shifting and disruption of the core and sample tags and blocks made validation of the sampling intervals difficult.

12.2 Panoro 2008 Drill Campaign

AMEC observed the core sampling procedures used for the 2008 Panoro drill campaign. Considerable care was taken to preserve fines and prevent the loss of chalcocite occurring as loose grains in open fractures during handling of the core.

Diamond drilling was supervised by Panoro staff on night shift and day shift at each drill. Drill core was transferred from the core tube metal trough by the drill helper. Drill intervals and recovered core lengths were measured and noted and core blocks were prepared. Core was broken at meter intervals and placed into plastic core boxes with core blocks glued into the core box to mark the down-hole depth and location of the drill run ends. Fines and fractured core were transferred from the core trough to the core box using a curved metal scoop. Once core boxes were filled a plastic top was placed on the box.

Drill core was picked up at the drill by Panoro geologists and taken back by pickup truck to the core processing facility in the camp. At the core facility, boxes were opened and placed on waist-high racks for marking and logging. A geologist marked sample intervals and sample splitting lines on the core. Sample tags, including those for control samples and core twin samples, were taped to the inside of the core boxes. Control samples were inserted at pre-determined intervals in the sample series. The sample intervals and sample numbers were hand-entered in a sample register. While on site, AMEC checked the sample intervals for holes ANT-41-08, ANT-36-08 and part of hole ANT-60-08, and found the sample tags in the core boxes, the sample registry, and intervals in the database to be accurate.

Once samples were marked, core boxes were transferred to the core splitting area. Intact core pieces were split using a hydraulic core splitter. More consolodiated core, in lengths of 15 to 30 cm or more, particularly in intrusive rocks were cut in half with a rotary diamond carbide saw. Split core was collected in bread pans on either side of the splitter; the split sample from one pan was transferred to pre-numbered, pre-tagged double sample bag with a scoop and brush, the other half was returned to the core box. Fractured core was sampled by splitting the sample interval with a metal scraper and transferring one-half of the interval to a sample bag, the other half was retained in the core box as a reference sample.

13.0 SAMPLE PREPARATION, ANALYSES, AND SECURITY

13.1 CDLM Assaying

During the CDLM drill campaigns in 2003, 2004, and 2005, samples were prepared and analyzed at the independent, ISO certified CIMM laboratory in Lima Results for total copper, cyanide soluble copper, sulphuric acid soluble copper, residual copper, molybdenum, silver, lead, zinc and arsenic by atomic absorption (AA) and gold by fire assay were reported.

All core, pulps and coarse crushed rejects from the CDLM drill programs at Antilla was transported to what is now the Panoro core logging and storage facility at Cotabambas where they have been stored in a secure building.

13.2 Panoro 2008 Drill Campaign Assaying

For the 2008 drill campaign, Panoro maintained a chain-of-custody of drill core and samples from the core tube at the drill site to the ALS Chemex, an independent laboratory with certifications ISO 9001:2000 and ISO 17025, sample preparation facility in Cusco. Panoro staff supervised drilling at both drills on two shifts, transported core to the core handling facility, logged, and sampled all core. Bagged samples were stored in a locked container beside the core shed until a batch could be dispatched by pickup-truck to Cusco.

Samples were prepared by ALS Chemex sample preparation facility in Lima with the PREP-31 package. Samples were registered and assigned a laboratory information management system (LIMS) code upon reception. Samples were transferred from bags to steel pans and dried in racks in a large gas-fired oven for several hours at 100-105°C. Dry samples were crushed to better than 70% passing -2 mm. A 250 g sub-sample of the crushed sample was taken and pulverized to better than 85% passing 75 µm. The pulps were sent to the ALS Chemex chemical laboratory for analysis.

Samples were analyzed at the ALS Chemex chemical laboratory in Lima by AA with the AA62 package for total copper, molybdenum, lead, zinc, arsenic, and silver, and fire assay for gold. A 2 g split of the prepared pulp was digested with a HF-HNO_3-$HClO_4$ solution, leached with HCl, and read by AA for each of the six elements. Gold was assayed using the Au-AA23 package where a 30g sample aliquot is fused, cupilated, the bead digested in aqua regia, and the final solution read by AA.

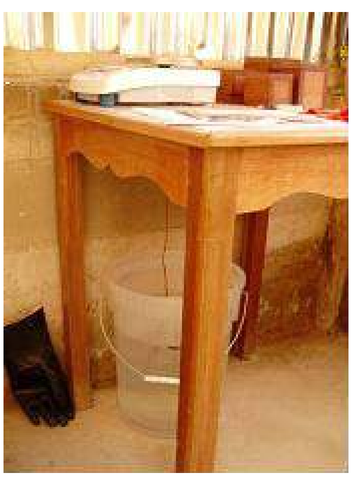
At the conclusion of the 2008 Panoro drill campaign 1,734 pulp samples from mineralized intersections were combined into 140 composite-samples and analyzed for sequential copper and total copper at the ALS Chemex analytical laboratory in Lima using the CU-PKG06 package. Samples are digested and analyzed from a sulphuric acid solution, a cyanide solution, and then the residual, undigested copper is digested using a four acid attack and read by AA.

13.3 Density Determinations

Two density determinations were made from each 2 m interval drilled during the CLDM 2003, 2004 and 2005 drill campaigns. Over 3,600 density determinations were made and give an average of 2.53 g/cm^3; however, the method and procedures are unknown. Negative density values and values up to 14.5 g/cm^{3}are included in the density tables and the reliability of the determinations is unclear. Density determinations from the CLDM drill campaigns were not used for the current resource estimate.

During the 2008 Panoro drill campaign, 283 density determinations were carried out by project staff following two variations of the water displacement method to determine two different densities. Both determinations were carried out on 10 cm to 15 cm long pieces of diamond drill core taken at 20 m interval down each drill hole. Sample weights were measured in air and suspended in water in the project density determination laboratory in the core shed at Antilla (Figure 13-1). When AMEC visited the project in November 2008, the worker responsible for density determinations was not on site, so it was not possible to observe density determinations being carried out.

Figure 13-1: Panoro Project Density Determination Apparatus



The first determination was that of bulk water-saturated insitu density. The procedure involved the measurement of the sample's saturated weight on an electronic balance after being soaked in water to allow all pore space to be filled with water. The sample was then suspended from a wire hanger from the bottom of the balance and the weight of the submersed, water-saturated sample was measured.

The second density determination was for a dry insitu bulk density. Samples were dried in a small electric oven and weighed on the digital balance. Samples were then wrapped in clear plastic wrap to keep water from infiltrating pore spaces, and weighed while submersed in water.

AMEC reviewed the two density determination methods and the data. The paired density data showed that for low porosity samples, the results for the dry density were approximately 7% lower than those for the water-saturated density. The samples with low porosity should have a dry density very close to the water-saturated density so it was reasoned that excessive cellophane and air pockets trapped while wrapping the samples for dry density determination had lead to a bias in the overall density determinations.

A suite of 22 check samples were sent to ALS Chemex in Lima for validation of the two methods. The check samples were weighed in air, coated in paraffin, weighed in air with paraffin, then submersed and weighed in water. Density was calculated by the differential of the sample weight in air and water with the influence of the weight and density of the wax used to seal the sample removed. The resulting check determinations were quite close to the water-saturated insitu bulk density method. Results from the water-saturated insitu bulk density program were selected for use in resource estimation (Table 13-1).

Table 13-1: Bulk Insitu Density Determinations for the Antilla Project

Zone	n	Average (g/cm^3)	Max (g/cm^3)	Min (g/cm^3)
Primary Sulphide	41	2.46	2.83	2.15
Secondary Sulphide	132	2.43	2.79	2.13
Oxide	78	2.42	2.73	2.07
PFP	3	2.40	2.44	2.38
Late Dyke	8	2.41	2.53	2.28
Total	**262**	**2.43**	**2.83**	**2.07**

14.0 DATA VERIFICATION

14.1 CDLM Data Verification

SRK reviewed approximately 300 assays in the drill hole database and compared them to the original hardcopy assay certificates during the acquisition of the CDLM properties by Panoro (Lee et al., 2007). No errors were noted. SRK also reported that several of the drill hole collars were found to lie significantly above or below the original topographic surface provided to them by CLDM and that four (ANT-02-03, ANT-02A-03, ANT-07-03, and ANT-09-03) had to be adjusted by more than 50 m. As a result the CLDM holes drilled on the eastern part of the Antilla property, from the 2003 and 2005 campaigns were re-surveyed using total station GPS in 2008 by Panoro.

CDLM reportedly included three duplicates and two standards (one Cu and one Au standard) in every sample batch (C. Neyra, pers. comm.); however, no independent QA/QC data for the CLDM campaigns were available for review by SRK in 2007, or in the preparation of this report by AMEC in 2009. SRK was able to review digital copies of the laboratory analytical data, and reported that batches of 22 pulps included one laboratory repeat, and that some batches contained explicitly marked laboratory blanks. SRK reported that the internal laboratory repeats show fair repeatability and the blanks indicate little or no contamination; however, the lack of information on independent standards prohibited an evaluation of the accuracy of the CDLM analyses from the 2003, 2004, and 2005 campaigns.

In 2009, Panoro reanalyzed 113 pulps and re-prepared and reanalyzed 27 coarse crushed rejects from mineralized intervals above 0.2% Cu from the CDLM drill campaigns. The samples were analyzed at ALS Chemex, the primary laboratory for the 2008 campaign and included certified standard reference materials (CRMs) to validate the assays from the previous campaign. For all but three samples, the repeatability of the assays was excellent. Copper assays from previous campaign were on average 3.6% higher than those from the primary laboratory for the current campaign. The three copper assays that showed poor agreement with the previous laboratory may have been caused by sample switches during the previous campaign. SRK reported several switches of this type in their review of the CDLM assays for the Cotabambas property (Lee et al., 2007). This level of defect is relatively low, but highlights the importance of well-defined sampling and sample handling procedures, and quality control programs. The molybdenum assays from the reanalyzed pulps and coarse crushed rejects also validate the CDLM data and are 10% lower than the original results and show reasonable reproducibility, and a small but manageable bias in the assays from the CDLM drilling.

14.2 Panoro 2008 Campaign Data Verification

During a visit to the Antilla property in November 2008, AMEC verified drill collar surveys, down hole surveys, sample intervals, assay certificates, and geological logging against the 2008 Panoro drill campaign database. No significant or systematic errors were found. AMEC concludes that the accuracy of the data in the project database is acceptable for use in mineral resource estimation.

14.3 Panoro 2008 Campaign Assay Quality Assurance

Panoro implemented a clear quality control procedure in the field for the 2008 drill campaign. A sampling register reviewed by AMEC during a site visit in November 2008 shows that the quality control program is being diligently followed by project staff. The quality control program has been designed such that for each dispatch of 60 routine or production samples there are:

- One coarse blank (insertion rate 1.5%)
- Three certified standards for copper and molybdenum (insertion rate 3%)
- One field duplicate (frequency 1.5%)
- One coarse crush reject duplicate (frequency 1.5%)
- One pulp duplicate (frequency 1.5%)
- Six percent of pulps were sent to Acme Laboratories in Lima, an independent commercial laboratory, for check assaying

AMEC generally recommends that at least 20% of the samples analyzed during an assaying campaign are control samples. The number of the control samples in the Panoro program bring the quantity of control samples to about 15%, which is slightly below the target recommended by AMEC; however, the results of the quality assurance program implemented in the 2008 Panoro drill campaign do an excellent job of demonstrating the lack of contamination, precision and accuracy of the assays, which are the objective of a good QA/QC program.

In addition to the standard QA/QC control samples, additional quality assurance was achieved by comparing the total copper grades for the 140 composite-samples analyzed for sequential copper with the weighted average total copper grades of the 1,764 pulps forming the composite samples.

The results of the quality assurance program and the composite sample check are discussed in the subsections below.

Assay Accuracy

Assay accuracy is best demonstrated by the routine analysis of CRMs. Three standards with best values grading 0.43%, 0.79% and 1.53% Cu and 0.005%, 0.048% and 0.082% Mo were used to monitor the accuracy of assaying during the 2008 Panoro diamond drill program. An average of three standards were included in each sample dispatch; the type of CRM was chosen to reflect the grade of nearby samples. Standards were inserted into empty, pre-tagged, and labelled bags in the sample stream prior to dispatch. The standards were prepared by WCM Minerals of Burnaby, Canada and have best values from the analysis of the standards in three commercial laboratories.

The low and mid-grade standards show that the accuracy for the copper analyses is excellent with a very small negative bias of between -2.1% to -2.3%. The low and mid-grade standards for molybdenum demonstrate that the accuracy of molybdenum assays is also reasonable, ranging from slightly positive at low grades (+2.0%), to slightly negative (-6.0%) for the mid-grade standard.

Sampling Variance

Sampling variance is can be demonstrated by the comparison of results from core twin or field duplicate samples. The variance between core twin samples captures analytical, sub-sampling, and sampling variance, the largest of which is the sampling variance and can be caused by insufficient core diameter or a sample interval that is too short for the type of mineralization being analyzed. During the 2008 Panoro campaign, 71 pairs of quartered core twins were taken submitted to the primary laboratory for analysis as adjacent samples in sample dispatches.

The industry standard acceptable limits for sampling variance of assays to be used to support feasibility study level mineral resource estimation is that 90% of core twins should have an error of less than ±30%. The copper assays from the core twin samples from the 2008 program have a precision of 97% ±30%, well within the acceptable limits for sampling variance. Molybdenum typically shows a higher sampling variance because of its nuggetey occurrence, but from the Antilla core twins the sampling variance for molybdenum is 96% ±30%.

Sub-sampling Variance

Sub-sampling variance is demonstrated by the analysis of samples obtained from two splits of a coarse crushed sample. The sub-sampling variance also includes analytical variance, but typically shows the particle size and homogeneity of the coarsely crushed sample is suitable for the type of mineralization being analyzed. In the field, prior to dispatch, coarse crushed samples were inserted into the sample stream as empty, labelled, tagged bags and identified as coarse crushed duplicates on the sample submission sheet. The laboratory took a second split of coarse crushed sample to prepare a second pulp for assaying.

The results from the 71 coarse reject duplicates analyzed during the 2008 Panoro drill campaign show that the precision of sub-sampling is 100% ±20% for copper and 100% ±20% for molybdenum, well within the industry standard acceptable limits of 90% ±20% for sub sampling precision.

Analytical Variance

Analytical variance is measured by duplicate analyses of a single pulp. The analytical precision takes into account instrument precision and sample digestion procedure. In the field Panoro managed pulp duplicates in the same way they managed the coarse crush duplicates, an empty pre-labelled, pre-tagged bag was inserted into the sample stream and the duplicated sample was noted on the sample dispatch form so that the laboratory could weigh a second aliquot of the pulp for duplicate analysis.

The results from the pulp duplicates show an analytical precision of 98% ±10% for copper and 98% ±10% for molybdenum, which are well within the industry recognized limits of 90% ±10% for pulp duplicate precision.

Check Assays

A suite of 256 mineralized pulps originally analyzed at the primary laboratory, were sent to Acme Laboratories in Lima to check assaying in the primary laboratory. The check sample pulps were selected from the sub-set of samples with grades greater than 0.2% copper. The pulps were analyzed using the 8TD package.

The check samples show good agreement between the two laboratories and a small average error. Copper assays from the secondary laboratory were an average of 3.3% lower than the primary laboratory for copper and 2.4% higher than the primary laboratory for molybdenum.

Composite Sample Check

Length-weighted average composite grades were calculated from the copper analyses for pulps used in soluble copper analysis. The calculated composite grades were compared with the total copper assays for the composited pulps. The correlation between the calculated composite grade and the analysis of the composited pulp is 0.9935.

14.4 Density Determination Verification and Validation

A suite of 22 samples for which density determinations had been carried out during the 2008 Panoro drill campaign, were sent to ALS Chemex laboratories for density determination using paraffin wax as sealant. The densities obtained by ALS Chemex confirmed the densities described in Section 13.4.

15.0 ADJACENT PROPERTIES

There are no adjacent properties relevant to this project.

16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

A preliminary assessment of flotation and two acid heap leach process options for the Antilla property was carried out by Laurion Consulting Ltd (Laurion) in 2005-2006 (Fox, 2006). The assessment was based on drill core logging and total and soluble copper assays from the 2003, 2004, and 2005 CDLM drill campaigns.

Froth flotation of sulphide minerals in ground ore was considered as the most favourable process option for the Antilla property (Fox, 2006). Laurion identified several advantages of flotation including the recovery of molybdenum and silver, and the suitability of the method for recovering the transitional sulphide-secondary sulphide mineralization that is observed at Antilla. Laurion point out that typical porphyry copper mineralization can be treated with a coarse primary grind and rougher scavenger to achieve a final recovery of 90% for copper. A 30,000 t/d concentrator could be configured with a primary gyratory crusher, and a semi-autonomous grinding (SAG) or ball mill circuit and hydro-cyclones. Large tank cells can be used in rougher/scavenger flotation and a ball mill vertimill used to regrind concentrate. Tank cells and column cells can be used for cleaner flotation. Thickening and pressure filtration of the concentrates could also be used to increase copper grade and decrease impurities in the final concentrate. In the preliminary assessment recovery of 90% of copper and 40% of molybdenum by flotation were given as reasonable targets for metallurgical recovery.

Conventional or Cuprochlor heap leach with solvent extraction and electrowinning (SX-EW) are often used on lower-grade oxide and chalcocite ores and have the advantage of lower capital costs and often have lower operating costs than flotation (Fox, 2006). The major down-side of the leach methods is the low recoveries anticipated for chalcocite and chalcocite-chalcopyrite mineralization and the inability to recover molybdenum and other by-product credits.

17.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

From 14 May to 4 June, 2009, Panoro Vice President of Exploration Fred Tejada and AMEC geologists Waldo Arias and Chris Wright with AMEC mining engineer Edgard Vilela worked on geological interpretation, construction of the geological model, mineral resource estimation and the development of an economic pit shell to demonstrate reasonable prospects for economic extraction and to provide the current mineral resource model.

17.1 Mineral Resource Database

The drill hole database, assay results and digitized polygons from hand-drawn geological sections were converted to text files and drawing exchange (DXF) files for visualization and resource estimation using the commercially-available software package, MineSight® 3D version 4.6. The mineral resource database is composed of:

- a collar file with 75 drill hole collar records, each having a hole name, easting, northing, elevation and final depth
- a down-hole survey file having 268 records for surveys with fields for hole name, depth, azimuth and dip
- an assay file with 6,203 records and fields for hole name, depth intervals in the form of distances from the collar to the beginning and the end of each interval and assay results for copper and molybdenum in percent
- a set of three dimensional geological interpretations for the mineral resource estimation domains.

17.2 The Geological Model – Domains for Mineral Resource Estimation

The criteria for the sectional interpretation of the mineral resource estimation domains are shown earlier in Table 9-4. Section lines are along azimuth 150° viewing northeast, parallel to the dip direction of the secondary sulphides, and the down-slope direction of the local topography. Thirteen cross-sections were interpreted on paper sections, showing the surface topography and drill hole traces, with rock code, biotite and sericite alteration, copper and molybdenum grades at 1:2,500 scale. The ratio of soluble copper to total copper was noted on drill hole traces. The geology of outcrops and road cuts were also added to the sections to assist in sectional interpretation.

Paper sections were scanned, imported into AutoCAD and geo-referenced. The images of the hand-drawn polygons for Overburden, Oxide/leached Zone, Secondary Sulphide Zone, Main Porphyry, and Late Porphyry were digitized in AutoCAD as closed polygons. In some cases the drawn interpretations were projected and extended to provide uniform coverage over the entire geological model. The polygons were then exported as DXFs and imported into the MineSight® project (Figure 17-1).

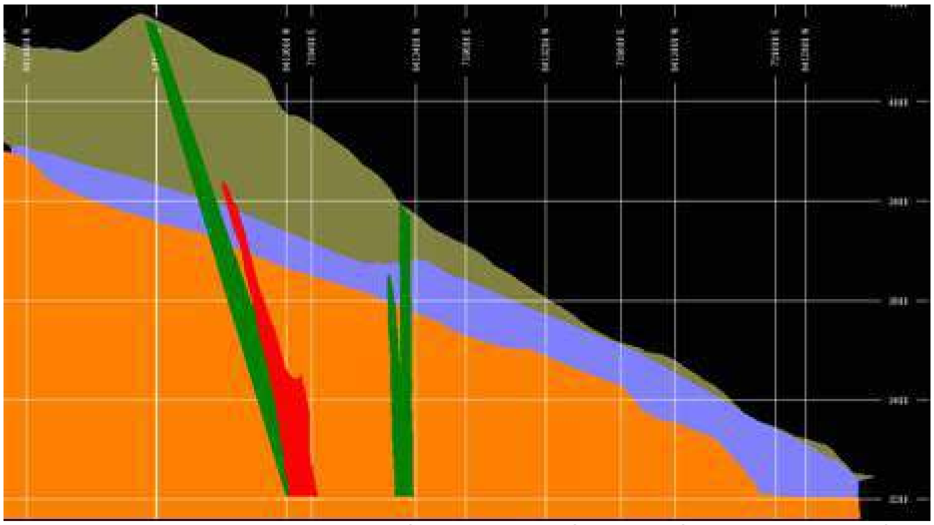
Polygons were reviewed in three dimensions in MineSight® and minor adjustments were made to the projections and extensions to improve consistency between sections. Projections of the polygons were then reviewed in long section and plan. It was determined that, with some additional control polygons, the sectional polygons for the Main Porphyry and Late Porphyry dykes could be linked to form wireframes which would give a reasonable three-dimensional representation of their shapes and volumes. The contacts between the Secondary Sulphide Zone and the Primary Zone, and the Leached/Oxidized Zone and the Secondary Sulphide Zone were found to be too irregular when viewed in plan and long section. To improve the continuity and the accuracy of the interpretation of drill hole data plotting off-section, surfaces at the upper and lower contact of the Secondary Sulphide zone were created from the points interpreted along the drill hole traces, with three or four control points on the sections to allow the surfaces to be extrapolated beyond the drill holes at the ends of each of the sections. The resulting surfaces were sliced in cross-section, long-section and plan, and reviewed in three dimensions and found to be acceptable for use in resource estimation.

17.3 Data Compositing

Assay data were assigned to one of the six resource estimation domains from the position of the assay mid-point with respect to the three-dimensional geological model.

Six metre down-hole composites were calculated in the downhole direction from the upper contact to the lower contact of each of the geological domains. The 6 m composite length was chosen to reflect the 6 m block height of the resource model, and the bench-height of a conceptual selective mining unit (SMU). In some cases the final composite within a domain was quite short; however, composites of less than 3 m were not used for resource estimation.

Figure 17-1: Geological Model for Antilla Resource Estimation



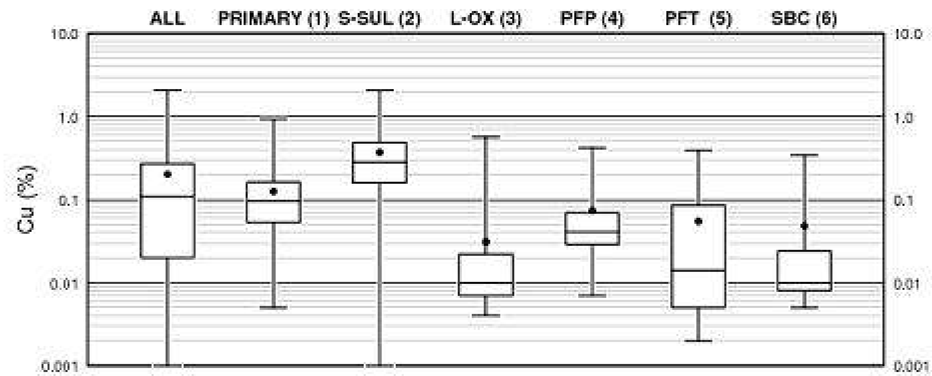
Note: The orange polygon is the Primary Sulphide, blue is Secondary Sulphide, grey is the Oxide/Leached Zone, Late Porphyry is green and Main Porphyry is shown in red. The section line has azimuth 140° and is looking north east.

17.4 Exploratory Data Analysis

An exploratory data analysis (EDA) program consisting of summary statistics, histograms, cumulative frequency plots, box plots and correlograms were constructed from the composites to be used for resource estimation.

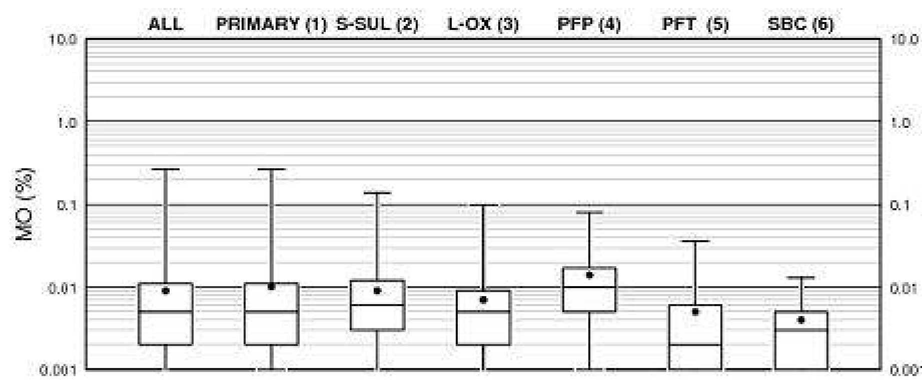
The structure of cumulative frequency plots for the copper and molybdenum composites in the primary and secondary sulphide domains show very clean log-normal distribution with a long smooth tail to high grades. No high-grade outliers are noted in cumulative frequency plots of the two variables in either of the estimation domains. The coefficient of variation (CV), for the copper in the primary sulphide and secondary sulphide domains is less than one (Figure 17-2). In general, linear estimation techniques such as ordinary kriging and inverse distance weighting work well to estimate grades having normal or log-normal distributions where the CV of composite datasets are less than 1.5. The CV of the molybdenum mineralization in the Primary Sulphide zone is 1.8 (Figure 17-3), indicating a skewed distribution and the potential for issues using linear estimation techniques, and the need for capping or outlier restriction to decrease limit the potential for bias at high grades.

Figure 17-2: Box Plot of Copper Composite Grades by Resource Estimation Domain



	ALL	PRIMARY (1)	S-SUL (2)	L-OX (3)	PFP (4)	PFT (5)	SBC (6)	
Number of data	1845	447	788	493	34	56	27	Number of data
Mean	0.203	0.126	0.374	0.031	0.074	0.055	0.048	Mean
Maximum	2.059	0.92	2.059	0.562	0.424	0.393	0.345	Maximum
Upper quartile	0.272	0.163	0.491	0.022	0.07	0.086	0.024	Upper quartile
Median	0.109	0.097	0.284	0.01	0.041	0.014	0.01	Median
Lower quartile	0.02	0.053	0.16	0.007	0.029	0.005	0.008	Lower quartile
Minimum	0.001	0.005	0.001	0.004	0.007	0.002	0.005	Minimum
Variance	0.0689	0.0119	0.096	0.0041	0.0087	0.0066	0.0077	Variance
CV	1.291	0.859	0.828	2.054	1.25	1.481	1.83	CV
Skewness	2.476	2.358	1.829	4.6	2.401	2.402	2.316	Skewness

Figure 17-3: Box Plot of Molybdenum Grades by Resource Estimation Domain



	ALL	PRIMARY (1)	S-SUL (2)	L-OX (3)	PFP (4)	PFT (5)	SBC (6)	
Number of data	1845	447	788	493	34	56	27	Number of data
Mean	0.009	0.01	0.009	0.007	0.014	0.005	0.004	Mean
Maximum	0.269	0.269	0.138	0.099	0.08	0.036	0.013	Maximum
Upper quartile	0.011	0.011	0.012	0.009	0.017	0.006	0.005	Upper quartile
Median	0.005	0.005	0.006	0.005	0.01	0.002	0.003	Median
Lower quartile	0.002	0.002	0.003	0.002	0.005	0.001	0.001	Lower quartile
Minimum	0.0	0.001	0.0	0.0	0.001	0.0	0.0	Minimum
Variance	0.0002	0.0003	0.0001	0.0001	0.0002	0.0	0.0	Variance
CV	1.437	1.832	1.201	1.178	1.066	1.422	0.871	CV
Skewness	7.99	9.138	4.074	4.449	2.629	2.868	1.321	Skewness

Experimental correlograms were calculated for copper and molybdenum grades in the composite dataset. Due to the relatively wide spacing of the drilling at this stage of the Antilla project, the correlograms are poorly defined at distances of less than 100 m. The downhole correlogram, and correlograms at 320°/-70°, parallel to the downhole direction and at high angles to the chalcocite mineralization, have good data density.

The short-scale variance or nugget effect (C_0) is quite low, accounting for approximately 12% of the total correlation (Table 17-1, Figure 17-4). The first structure (C_1) comprises an additional 40% of the correlation and has a range that varies from 100 m in the plane of the secondary sulphides to 15 m in the direction perpendicular to the secondary sulphide blanket. The second structure (C_2) takes up the remaining 48% of the variance and is shortest perpendicular to the secondary sulphide blanket. The second structure appears to be longest in the down dip direction of the secondary sulphide blanket and the along-strike direction has less continuity.

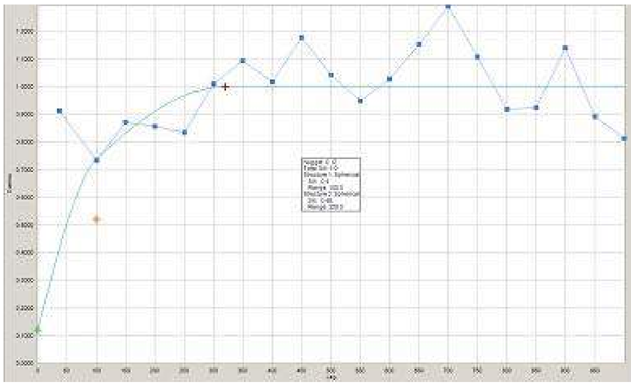
Table 17-1: Correlogram Model for Copper

	Gamma	Range (Major)	Range (Intermediate)	Range (Minor)
C_0	0.15			
C_1	0.40	100	100	15
C_2	0.48	600	320	150
Orientation		140/-20°	050/00°	320/-70°

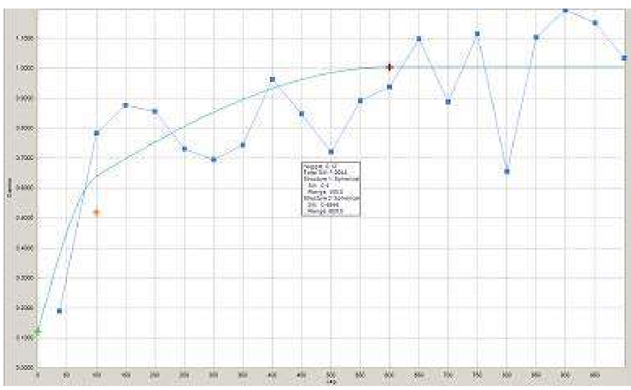
Based on the characteristics of the down-hole correlogram a model was developed for the major axis.

Figure 17-4: Experimental and Model Correlograms for Copper Grade at Antilla

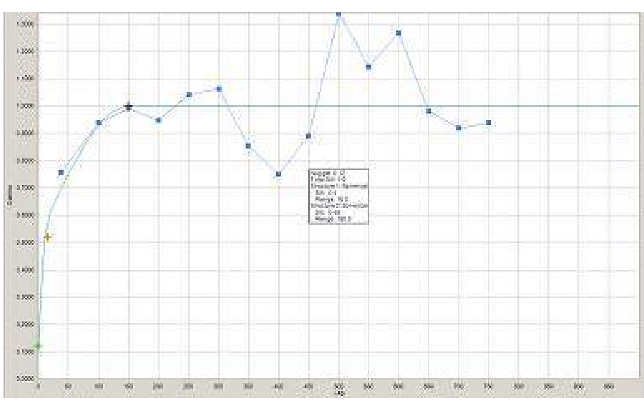
Correlogram Model for the Direction 050/00º



Correlogram Model for the Direction 140/-20º



Correlogram Model for the Direction 320/-70º



17.5 Treatment of Extreme Values

In the Antilla mineral resource database the top 5% of the 6 m composites used for estimation contain approximately 23% of the copper in the dataset. The disproportionately high value of a relatively small number of composites creates considerable risk in the mineral resource estimate. To mitigate this risk a strategy to limit the impact of the high grade composites is required.

AMEC tested a number of thresholds and found that using an outlier restriction strategy with a distance of 20 m and a threshold grade of 1.5% copper in Secondary Sulphides and a threshold of 0.5% Cu in Primary Sulphides (Table 17-2) reduced the total copper in the block model by 3.0% and 1% respectively. The outlier restriction methodology allows composites above the 1.6% copper threshold to be used at full strength to estimate blocks within a 20 m radius. Beyond the 20 m radius, the composites are reduced to the threshold grade.

A threshold of 0.05% and 0.03% Mo were used for Secondary and Primary Sulphides (Table 17-2) and achieved a metal reduction of 8.0% and 2% respectively.

Table 17-2: Outlier Restriction and Metal Reduction

Metal	Domain	Max (%)	Threshold (%)	Threshold Percentile	With OR (%)	Without OR (%)	Change (%)	Background (%)
Cu	Primary Sulph.	0.920	0.50	98.5	0.348	0.351	-0.9%	0.050
	Secondary Sulph.	2.059	1.50	99.0	0.523	0.539	-3.0%	0.100
Mo	Primary Sulph.	0.269	0.03	98.0	0.0049	0.0050	-2.0%	0.001
	Secondary Sulph.	0.138	0.05	99.0	0.0104	0.0113	-8.0%	0.001

Note: OR = outlier restriction

17.6 Mineral Resource Estimation Strategy

An assortment of linear estimation methods were employed and validated to come up with an optimal method for the current data configuration and geological knowledge of the Antilla project. The current drill pattern does not provide enough closely-spaced data to build strong correlogram models at ranges less than 100 m, making estimation involving kriging, such as ordinary kriging (OK), a normally robust estimation method, somewhat tenuous. Inverse distance weighting (ID) to the second (ID2), third (ID3) and fourth (ID4) powers were also attempted and validated. A nearest-neighbour (NN) model was also estimated and used in the validation of the ID and OK models.

A composite selection strategy was set to provide data from a number of nearby drill holes in a configuration that would suit the tabular, slightly dipping geometry of the secondary sulphide blanket. A maximum of two drill holes per block, a minimum of two composites, and a maximum of twelve composites were used for each estimate. A search ellipsoid was used having its short axis parallel to the pole to the secondary sulphide blanket (320/-70°), and its major and intermediate axes in the along strike (050/00°), and down dip (140/-20°) directions in the plane of the tabular form of the mineralization. The search ellipse was restricted to 60 m along the short axis and 120 m in the plane of the mineralization to decrease smoothing and limit the distance grades could be extracted from drill holes.

17.7 Block Model Parameters

The Antilla block model parameters were selected to reflect the anticipated operating conditions of the project. The deposit is envisaged to be mined by open pit with benches parallel to the topographic contours of the surface in the vicinity of the mineralization, and parallel to the strike direction of the secondary sulphide blanket. A block size of 15 m x 10 m x 6 m with the long side of the block parallel to the bench crest, and 6 m bench height was a compromise to minimize block size for optimal ore-waste selectivity with the gently-dipping supergene enrichment blanket, and maximize block size for operational efficiency in a conceptual 20 to 30 kt/day open pit mine setting.

The block model was given fields for the percentage of each block below the topographic surface, mineral resource estimation domain, density, distance to the closest composite and fields for capped and uncapped copper and molybdenum grades estimated by NN, ID2, ID3, ID4, and OK. The model was coded for topography using a triangulated surface from Eagle Mapping topographic data. Blocks were coded to estimation domain based on the position of the block centroid within the geology model. Density was assigned based on the domain codes in each block and the values in Table 17-3.

Table 17-3: Bulk Insitu Dry Densities for the Antilla Resource Model

	Determinations	Average (g/cm^3)	Max (g/cm^3)	Min (g/cm^3)
Primary Sulphide Zone	41	2.46	2.83	2.15
Secondary Sulphide Zone	132	2.43	2.79	2.13
Leached/Oxidized Zone	78	2.42	2.73	2.07
Main Porphyry	3	2.40	2.44	2.38
Late Porphyry	8	2.41	2.53	2.28
Grand Total	**262**	**2.43**	**2.83**	**2.07**

All blocks in the block model that are at least partly below the topographic surface were assigned a default background grade of 0.01% Cu except for the Secondary Sulphides which were assigned a grade of 0.05% Cu based on the lower end of the distribution determined during the EDA. A minimum Mo grade of 0.001% was assigned to blocks such that that all blocks in the final model would have a grade. The block model was then estimated by the five different interpolation methods. Blocks were estimated using only composites having corresponding estimation domain code and a length of at least 3 m.

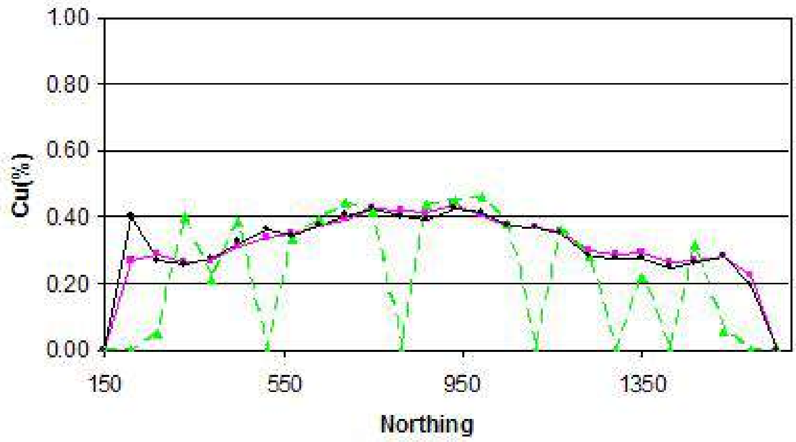
17.8 Mineral Resource Model Validation

Validation of mineral resource models should demonstrate that global and local estimates are of an accuracy and precision consistent with their resource classification. AMEC used visual inspection of cross-sections with block grades and composite grades, a nearest neighbour grade model, block model summary statistics, swath plots, and Herco validation and comparison between a capped and uncapped model to validate the Antilla model. As a result of the validation program, the ID3 block model was selected for reporting of tonnages, and copper and molybdenum grades.

The ID3 model shows good agreement with the composite data used for estimation. Trends between holes are incorporated in the block model, and high grade composites do not appear to be unduly over-extended in the block model. The overall southeast-dipping secondary sulphide mineralization is well represented in the block model. The Late Porphyry and Leached/Oxidized Zone have very low copper and molybdenum grades. The Main Porphyry has relatively low copper and molybdenum grades. Small isolated pockets of primary sulphide have grades that exceed 0.2% Cu, as do one or two small zones at the base of the secondary sulphide zone.

Swath plots were generated for copper in block model rows, columns and benches. The nearest-neighbour grades, composite grades and final estimated grades show good agreement and demonstrate that the model is generally free of local biases (Figure 17-5).

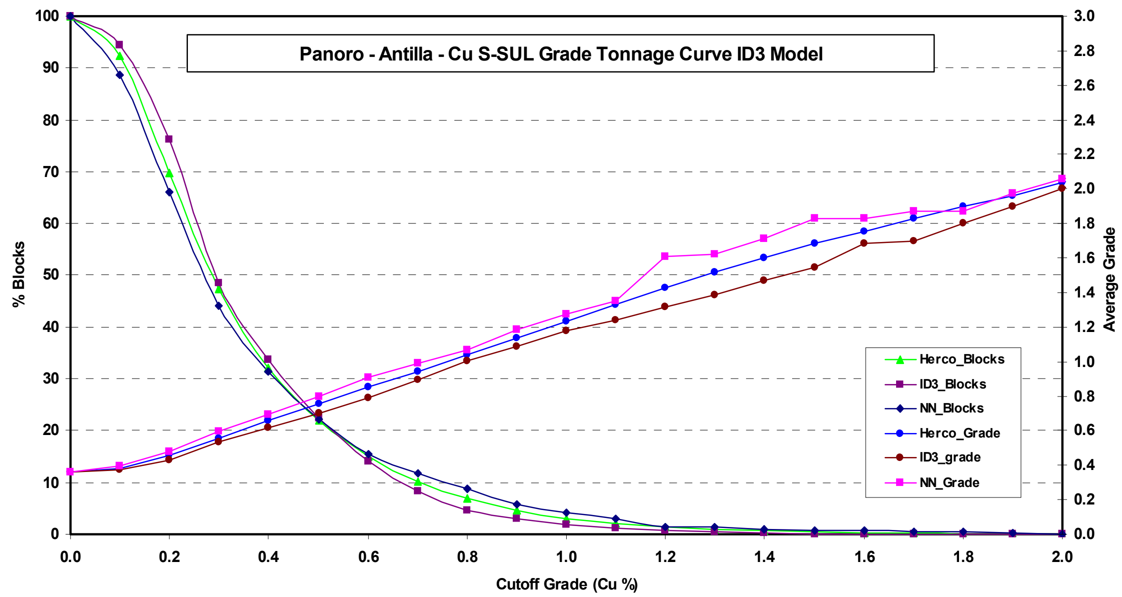
Figure 17-5: Swath Plot for Copper Grade by Block Model Row



Note: Composite grades are shown in green. A grade of zero indicates no composites were present at that northing. Block model grades are shown in pink and nearest-neighbour grades are shown in blue.

A theoretical Herco distribution was calculated from the nearest-neighbour block model to account for the change of support from composites to blocks. The grade-tonnage distribution of the nearest-neighbour model was adjusted with the block dispersion variance calculated for the 15 m x 10 m x 6 m block and the correlogram model described in Table 17-3. The resulting theoretical Herco distribution is smoother than the distribution of the nearest-neighbour model to account for the change in support volume from composites to blocks of selective mining unit (SMU) volume. In the critical range of cut-off grades from 0.2% Cu to 0.6% Cu, the final copper grades estimated by ID3 compare well to the theoretical Herco distributions. This demonstrates that the block size and interpolation strategy correctly accounts for change of support, and the grade-tonnage characteristics of the final block model are representative of recoverable tonnes and grade for the Antilla project (Figure 17-6). At a cut-off grade of 0.3% Cu, the ID3 model has approximately 3% more tonnes above cut-off at an average grade about 3% less than the Herco distribution. Below cut-off grades of 0.2% Cu, the model has about 10% more tonnes at about 10% lower grade.

Figure 17-6: Grade Tonnage Curve for Herco Validation



Note: Theoretical Herco grade and tonnage are within ±10% between 0.2% and 0.6% copper cut off grades.

17.9 Mineral Resource Classification

The data used in the current geological model is from diamond drill holes that are relatively widely spaced but provide sufficient data distribution to reasonably assume the geological and grade continuity of the deposit. The drill holes in the 2008 Panoro and the 2003 and 2005 CDLM drill campaigns do not provide sufficient sampling density to support mine planning or the evaluation of the economic viability of the deposit that would be required to support Indicated Mineral Resources. The CIM guidelines recommend that:

> *"Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies."*

AMEC considers that the current drill spacing and geological knowledge of the deposit supports classification of the mineralization as Inferred Mineral Resources.

17.10 Assessment of Reasonable Prospects for Economic Extraction

To assess reasonable prospects for economic extraction, a conceptual pit shell was created using the floating cone algorithm run with MineSight® 3D Economic Planner Build 2.1. Optimistic, but reasonable parameters for metal prices, metallurgical recovery, final pit wall angles, operating costs, were used as the optimization parameters. The pit shell had an economic requirement that blocks in the conceptual pit cover all costs (break-even) plus return a profit of one dollar

- Metal Prices: US$2.00/lb Cu, US$10.00/lb Mo
- Mining Cost: US$1.10/t – drill, blast, load, haul, dump
- Total Operating: US$10/t – mining, processing, general and administrative
- Metallurgical Recovery: 90% Cu, 40% Mo
- Final Pit Slope Angle: 45°

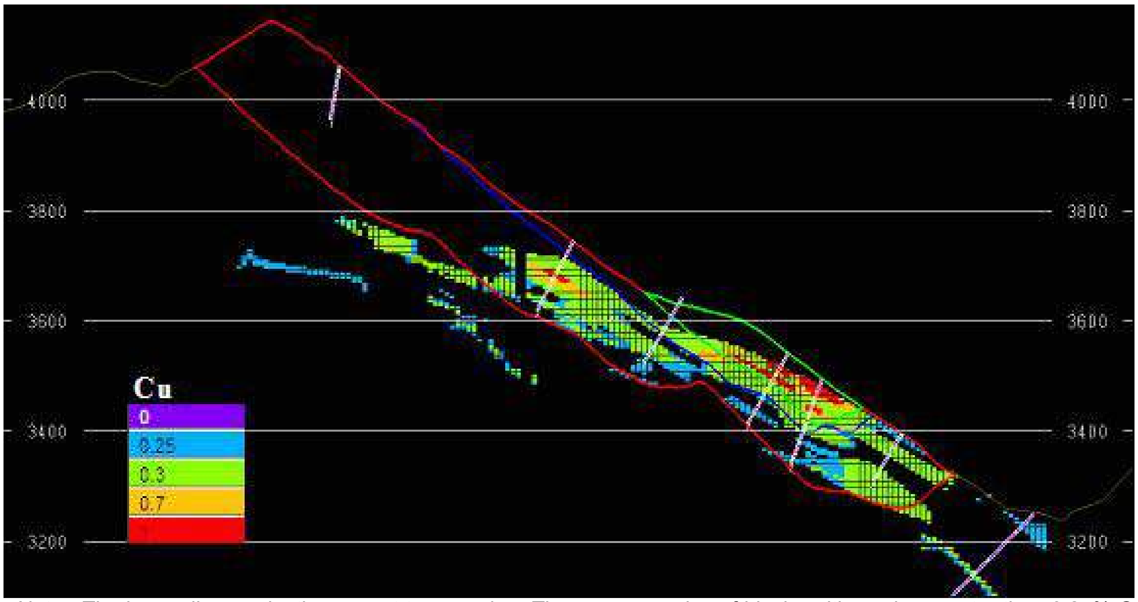
The open pit conceptual plan assumed a mining rate of 20,000 t/day, a 360-day operating year, and a potential mine life of approximately 22 years. It was assumed that metal would be recovered using a flotation method to produce a copper-molybdenum concentrate.

Discussion

AMEC also reviewed incremental changes in the basic assumptions for the conceptual open pit to assess potential sensitivies of the pit to changes in commodity prices, costs and copper cut-off grades. Use of the pit shells and associated sensitivities demonstrated that current assumptions on pit slopes, costs, and long-term commodity pricing have a significant effect on the conceptual project economics.

The conceptual pit has a high stripping ratio as a considerable portion of the top of the hill above the Antilla deposit will need to be removed to access deeper mineralization (Figure 17-7). Higher-grade conceptual pit shells generated using a higher copper cut-off grade resulted in a lower mining recovery of blocks above cut-off, but attained an average over-all grade of over 0.6% Cu. The slope of the hill and the use of a 45° final pit slope design criteria in the pit shell development resulted in relatively low recovery of blocks above cut-off.

Figure 17-7: Vertical Section Showing Pit Shells for the Antilla Project



Note: The brown line marks the current topography. The copper grades of blocks with grades greater than 0.25% Cu are shown with colours according to the colour scheme at lower right. Drill hole composite copper grades are shown colour coded to the same colour scheme. The conceptual pit shell used to constrain mineralization is shown in red. The higher-grade, lower strip shell is shown in magenta. The vertical and horizontal scales are equal. The section line is along azimuth 150° looking to the northeast.

17.11 Mineral Resource Statement

The copper and molybdenum resources were classified in accordance with the 2005 CIM Definition Standards for Mineral Resources and Mineral Reserves, incorporated by reference into NI 43-101. Mineral resources are summarized in Table 17-4.

Mineral Resources have an effective date of 1 June, 2008. Christopher Wright, P.Geo., an AMEC employee, is the Qualified Person for the estimate. AMEC cautions that Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Table 17-4: Mineral Resources for the Panoro Antilla Property

	Mt	Cu (%)	Mo (%)
Inferred Mineral Resources	154.4	0.47	0.009

Effective 1 June, 2009, Chris Wright, P.Geo.

Note:
1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability
2. Mineral Resources are reported above a 0.25% Cu cut-off grade.
3. Mineral Resources are reported within a conceptual pit shell
4. Mineral Resources are reported using long-term copper price of US$2.00/lb, a molybdenum price of US$10.00/lb, mining cost of US$1.10/t for mineralization and US$0.80/t for waste, total operating cost of US$10.00/t including general and administrative costs, and metallurgical recoveries of 90% for copper and 40% for molybdenum, and final pit slopes of 45º.

18.0 ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORT ON DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES

As the Project is not at a development or production stage, this section is not relevant to the Technical Report.

19.0 OTHER RELEVANT DATA AND INFORMATION

To assess reasonable prospects for economic extraction an economic pit shell was created using the floating cone algorithm run with MineSight® 3D Economic Planner Build 83. The pit runs were not intended to optimize net present value or other financial indicators, but to support Mineral Resource declaration and identify the opportunity for scheduling options to maximize economic performance or shorten capital payback period for the project. More detailed pit design and scheduling will be required as the project advances through scoping to feasibility and production.

A base case scenario was run using optimistic, but reasonable parameters for metal prices, metallurgical recovery, final pit wall angle, operating costs and break-even plus one dollar as the optimization parameters.

- Metal Prices: US$2.00/lb Cu, US$10.00/lb Mo
- Mining Cost: US$1.10/t – drill, blast, load, haul, dump
- Total Operating: US$10/t – mining, processing, general and administrative
- Metallurgical Recovery: 90% Cu, 40% Mo
- Final Pit Slope Angle: 45°

The base case life of mine shell recovers 154.4 Mt grading 0.47% Cu and 0.009% Mo above a cut off of 0.25% Cu and requiring the removal of 410.9 Mt waste for a stripping ratio of 2.6. Based on 20,000 t/day production capacity and 360 operating days per year, the project would have a life of approximately 22 years and mine ore containing 1.61 billion lbs of copper.

Subsequent runs were made by incrementing the cut-off grade used for the optimization to demonstrate the robustness of the mineral resource and determine the possibility of mining scenarios with higher profitability and shorter payback periods (Table 19-1). The same marginal cut off grade of 0.25% Cu was used in all cases. A pit shell yielding a mine plan with lower stripping and higher cut-off grade was developed by varying the above assumptions to achieve an effective cut off grade of 0.5% Cu. The more aggressive pit shell contains 70.5 Mt of ore above a cut off grade of 0.25 % Cu with an average grade of 0.56% Cu and 0.011% Mo with a stripping ratio of 1.5 and a mine life of 9.8 years assuming a production capacity of 20,000 t/day and 360 operating days/year.

Table 19-1: Open Pit Mine Scenarios for the Antilla Project

Scenario	*Cut Off Grade (% Cu)*	*Ore (Mt)*	*Cu (%)*	*Mo (%)*	*Waste (Mt)*	*Strip (W/O)*	*Years*
Life of Mine Pit	0.25	154.4	0.47	0.009	388.7	2.5	21.4
High Grade Pit	0.25	70.5	0.56	0.011	13.2	1.5	9.8
Starter Pit	0.25	15.0	0.72	0.017	13.2	0.9	2.1

Note: The three scenarios above are mutually exclusive. The Life of Mine pit includes the mineralization in the High Grade Pit and the Starter Pit. The High Grade Pit includes the mineralization in the Starter Pit

The potential for a high-grade starter pit was also investigated by generating a pit cone based on a 0.7% copper cut off. The starter pit mined higher grade mineralization with relatively thin overlying leached/oxide material in lower part of the center of the mineralized zone. The starter pit has a volume of 15 Mt at an average grade of 0.72% Cu and 0.017 % Mo above a cut off grade of 0.25% Cu, with a stripping ratio of 0.9 and life of two years. The starter pit may be an advantage in scheduling higher cash flow in the early years of the project to decrease the capital payback period for the project.

The base case life of mine pit has a high stripping ratio as a considerable portion of the top of the hill above the Antilla deposit will need to be removed to access deeper mineralization (Figure 17-7). The higher grade pit shell generated using a higher cut off grade results in a lower mining recovery of blocks above cut-off but attains an average grade of over 0.6% Cu. The slope of the hill and a the use of a 45° final pit slope design criteria in the pit shell development result in relatively low recovery of blocks above cut off. If geomechanical studies warrant the use of a steeper final pit wall, a higher mining recovery and lower stripping rate may be achieved for the project’s life of mine plan.

20.0 INTERPRETATION AND CONCLUSIONS

AMEC has reviewed the information incorporated in the earlier chapters of this Report, together with supporting data supplied by Panoro. As a result, AMEC has concluded:

- Panoro holds 100% of the Antilla Project
- Mineral tenure, in the form of 12 exploration concessions that are held over the Project area, is valid
- A number of payments are required to Governmental departments to keep the licenses/ leases in good standing; these have been paid as and when they fall due
- A surface rights agreement has been established with the community of Antilla to allow mineral exploration. The agreement was last signed in 2007 for a two-year period, and requires renegotiation in December 2009.
- Royalties are payable to the Peruvian Government on any metal production from the Project
- Exploration programs to date were conducted under the relevant permits obtained from the appropriate authority
- Current environmental liabilities are believed to be restricted to drill cuttings, drill pads and access roads.
- The mineralization styles and geological setting are reasonably understood for the Antilla deposit, and are based on surface mapping and drill hole data.
- The geologic and mineralogical understanding of the deposit settings, lithologies, and structural and alteration controls on mineralization are sufficient to support estimation of Inferred Mineral Resources.
- The quantity and quality of the lithological, geophysical, and geochemical data collected in the exploration programs has been adequate to delineate copper mineralization within the Project area
- The current level of research work supports Panoro's genetic and affinity interpretations for the Antilla deposit.
- Between 2003 and 2008, a total of 75 core holes (13,090 m) were completed. These are widely-spaced drill holes that are sufficient to support Mineral Resource estimation of Inferred Mineral Resources. Significant additional drilling is required to allow estimation of Indicated and Measured Mineral Resources.
- Core handling, logging, and sampling were performed using industry best practices.
- Collar and downhole surveys were performed with industry standard tools and methods.

- Density determinations were performed using water displacement methods. Additional data should be collected to confirm the values used for Mineral Resource estimation.
- Sampling methods are considered to be acceptable, were consistent with industry-standard practices, and are adequate for supporting Mineral Resource estimation
- The quality of the copper and molybdenum analytical data is reliable and that sample preparation, analysis, and security are generally performed in accordance with exploration best practices and industry standards
- Data collected from the Project adequately support the geological interpretations and the database quality, and therefore support the use of the data in Mineral Resource estimation
- No conclusive metallurgical testwork has been completed on mineralization from the Project to date. Formal bench-scale metallurgical testing is required to determine metallurgical recovery, and final concentrate grades and marketability for the Antilla project mineralization. Changes to metallurgical recovery of copper and molybdenum and to concentrate value could have significant impacts on the conceptual project evaluation discussed in this report.
- No specific geotechnical or hydrological studies have been performed to date.
- Mineral Resources were estimated in accordance with the CIM (2005) Definition Standards for Mineral Resources and Mineral Reserves
- An Inferred Mineral Resource of 154.4 Mt grading 0.47% Cu and 0.009% Mo at a 0.25% Cu cut off grade is contained within an economic pit shell. The economic pit shell is based on a long term copper price of US$2.00/lb, a molybdenum price of US$10.00/lb, mining cost of US$1.10/t for ore and US$0.80/t for waste, total operating cost of US$10.00/t including general and administrative costs, and metallurgical recoveries of 0.9 for copper and 0.4 for molybdenum (Table 1-1) giving a copper-only cut-off value of 0.25% Cu.
- AMEC developed a conceptual mine plan to assess “reasonable prospects of economic extraction” to support Mineral Resource declaration. AMEC considers the conceptual mine plan to be reasonable based on the current limited knowledge of the deposit.
- The mineralization of the Project satisfies sufficient criteria to be classified into the Inferred Mineral Resource category. Those criteria are:
  - The mineral resource estimate is based on limited information of reasonable quality.
  - There are reasonable prospects for economic extraction.
  - Geological and grade continuities are assumed but not verified.

- Additional information, including further drilling, metallurgical testwork, and input from engineering studies will be required to support upgrades in Mineral Resource confidence levels using CIM guidelines to Indicated or Measured Resources.
- Mineral Resources that have been defined at Antilla remain open laterally and at depth. Potential exists to expand the mineralization defined to date to the north and west beyond hole ANT-63-08. Subsequent drill programs should target this area. If mineralization is encountered in drill holes at depths of up to 1,000 m below surface on the top of the hill slope, there may be additional potential for exploitation by open pit mining methods.
- There is considerable remaining exploration potential within the Project. There is exploration potential for additional blind, porphyry copper-type secondary sulphide or primary sulphide mineralization on the Antilla property.

Exploration programs completed on the Antilla Project have met their objective of identifying mineralization that had a reasonable prospect of meeting economic extractability requirements.

Preliminary pit shell development demonstrates considerable opportunity for open pit mine scheduling. A pit shell has been developed recovering fewer mineralized blocks using a higher cut-off grade and giving a 28% higher average copper grade and stripping ratio half that of the life of mine pit.

Additional work is required to assess potential mining and milling methods that are suitable to the local geology and mineralization style and that can support an economic mining operation; this work will require additional exploration expenditure, drilling, and testwork. Geotechnical analysis of slope stability may allow conceptual pit designs to utilize steeper final slopes to improve the expected stripping ratio and potential capital costs for the project.

Subsequent to collation and interpretation of these data, Panoro will need to determine when it is most appropriate for the company to proceed with the permitting for any planned development.

20.1 Risks

The diamond drill hole spacing is quite wide at this stage of the project and there is considerable uncertainty in the grade tonnage above cut off grade due to the uncertainty of geological contacts and the continuity of secondary sulphide and primary sulphide mineralization.

Formal bench-scale metallurgical testing is required to determine metallurgical recovery, and final concentrate grades and marketability for the Antilla project mineralization. Changes to metallurgical recovery of copper and molybdenum and to concentrate value have the potential to either increase or decrease project resources and the economic outcome of the project.

20.2 Opportunities

There is considerable exploration potential to find additional blind, porphyry-copper type secondary sulphides or primary sulphides on the Antilla property.

Potential exists to expand the mineralization defined to date to the north and west beyond hole ANT-63-08. Subsequent drill programs should target this area. Furthermore, if mineralization is encountered in drill holes at depths of up to 1,000 m below surface on the top of the hill slope, it is potentially mineable from a pit configured in a similar fashion as the current life of mine pit.

Geotechnical analysis of slope stability may allow pit design to utilize steeper final slopes to improve the stripping ratio and capital costs for the project.

21.0 RECOMMENDATIONS

A staged approach is recommended to advance the Antilla project. At the end of the first stage a pass or fail evaluation should be undertaken to justify the next level of evaluation. The cost of the second phase increases as the confidence in financial outcomes increases. The cost of community relations and basic infrastructure are considered in each stage are included as property maintenance costs. The budgets for the recommended work plan do not consider corporate costs, or the costs of supervisory and administrative labour.

21.1 Scoping Study Work Plan

The diamond drilling and resource model are already complete to scoping level. Additional metallurgical, geotechnical, hydrological, mine planning, social and environmental base line studies are required to arrive at a scoping-level (±35%) estimate of the potential financial viability of the project. The estimated cost of the remaining scoping-level work is US$400,000.

A metallurgical study should include an evaluation of leach versus flotation options for the project which should be based on:

- Bench-scale flotation tests from coarse crushed rejects from the diamond drilling campaign
- Column and bottle roll tests for acid leach recoveries, leach kinetics
- Scoping-level capital and operating cost estimates for a concentrator and conventional or other heap leach process options
- An evaluation of leach versus concentrator options for the project.

Scoping-level mine planning should incorporate potential life-of-mine (LOM) Mineral Resources to define a range of milling capacities and project life spans.

Social and environmental base line studies should be completed identifying risk issues, risk mitigation strategies, and estimates for costs during pre-feasibility and feasibility study. During the scoping stage of the project a budget of approximately US$100,000 will be required for the maintenance of property, permits and community relations.

A geotechnical evaluation of the site should be carried out to provide site options for plan, leach pad, waste dumps and tailings disposal as well as an evaluation of final pit wall slope angles.

Power supply and capital costs for infrastructure are important variables to consider at the scoping stage for the Panoro property. The relative benefits and costs of improvements to the road from Santa Rosa, versus a relatively short new road westward to the paved highway near Chalhuanca, a high tension power-line from the main grid, and the potential to generate hydroelectric power on site, should be considered.

A scoping-level financial analysis should be carried out considering the Mineral Resource base, most favourable process options, and major infrastructure capital requirements for the project. A positive assessment for one or more process and mining scenarios could trigger the decision to move forward to the pre-feasibility level of project evaluation.

21.2 Pre-Feasibility Study Work Plan

During the pre-feasibility stage of the project a budget of approximately US$150,000 will be required for the maintenance of the Antilla property and permits and community relations. An environmental and social monitoring program will also be required to provide baseline data for environmental impact studies required for the application of operating permits following project feasibility.

The estimated cost of the recommended pre-feasibility work program is US$2.74 million.

An infill drilling program consisting of a set of 40 to 50 diamond drill holes drilled inside the current 100 m drill pattern should provide a drill spacing of approximately 75 m which should be sufficiently closely-spaced to define Indicated Mineral Resources over the majority of the deposit. A 13,000 m program drilling inclined holes averaging 200 m long at a cost of US$150/m including assaying and surveys will cost US$1.95 million. Ten percent of the drill program could be used to drill a relatively closely spaced pattern of approximately 20 m, to upgrade a portion of the deposit to Measured Resources and to define the short-scale variability and allow the development of robust variograms for use in mineral resource estimation and resource confidence assessment.

Following the drill program, an updated resource estimate, and projected life-of-mine plan can be developed for the project. Mine planning should be limited to Measured and Indicated Mineral Resources, and should focus on likely operating costs and capital equipment costs. A metallurgical program which will advance the understanding of metallurgical recovery, operating, and capital costs for the selected process option from the scoping level work is recommended. Prefeasibility mining and process work should address the optimal operating capacity for the project in a trade off study for a range of throughput scenarios.

A work plan and cost estimate to establish a basis for a feasibility-level study should be laid out during the pre-feasibility program. A detailed project execution schedule from feasibility to commissioning can also be developed based on the process throughput and permitting work established during pre-feasibility. A financial analysis of the project can be carried out using Measured and Indicated Mineral Resources, the selected throughput option and the improved estimates for mining and plant operating costs and capital.

Table 21-1: Estimated Cost of Staged Study Work for the Antilla Property

Scoping Study	Estimated Cost (US$)
Drill Spacing Sufficient to Support Estimation of Inferred Mineral Resources	*complete*
Construction of Resource Model	*complete*
Property Maintenance	100,000
Social and Environmental Base Line	50,000
Metallurgical Study	100,000
Mine Planning	50,000
Geotechnical Interpretation	30,000
Infrastructure Evaluation	40,000
Financial Analysis	30,000
Estimated Total	**400,000**
Pre-Feasibility Study	
Social and Environmental Monitoring	50,000
Property Maintenance	150,000
Infill Drilling to Support Declaration of Indicated Resources	1,950,000
Update of Mineral Resource Estimate	50,000
Mine Planning	50,000
Metallurgical Program	150,000
Financial Analysis	50,000
Feasibility Study Planning	20,000
Estimated Total	**2,470,000**
Estimated Total Cost	**2,870,000**

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23.0 DATE AND SIGNATURE PAGE

The undersigned prepared this Technical Report, titled *Restated, Ammended Technical Report for the Antilla Property, Apurimac, Perú,* dated 23 August 2009. The format and content of the report are intended to conform to Form 43-101F1 of National Instrument 43-101 (NI 43-101) of the Canadian Securities Administrators.

Signed

"signed and sealed"

Christopher Wright August 23, 2009

"signed and sealed"

Waldo Arias August 23, 2009

"signed and sealed"

Edgard Vilela August 23, 2009