SECTION 1: COVER PAGE

National Instrument 43-101F1

SUMMARY REPORT

on the

LISCAY GOLD-SILVER PROJECT

SOUTHWEST
PERU

For

RAE-WALLACE MINING COMPANY.
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October 24, 2010
Revised July 27, 2011
Revised January 10, 2012

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SECTION 3: SUMMARY

The 11,800-ha Liscay gold-silver project in southwest Peru is one of eight properties acquired by Rae-Wallace Mining Company (the Company) from Geologix Explorations Incorporated (Geologix) under the terms of an option agreement announced on March 25, 2010. The property comprises a northern group of contiguous claims (Liscay North claims) separated by one to two kilometers from a smaller group of contiguous claims to the south (Liscay South claims).

In order to earn 100% interest in the eight Peruvian properties, the Company has paid Geologix US$97,500, has issued share certificates to the value of US$250,000 and has agreed to several other minor conditions described more fully in Section 6 (Property Description and Location).

Liscay and most of the other properties in Peru were acquired in 2007 by Geologix and their joint-venture partner, Newmont Mining Company, based on results of a regional stream-sediment sampling survey. Recently, Geologix decided to relinquish property assets in Peru and made a corporate decision to concentrate exploration efforts on more advanced opportunities in Mexico.

This report, written by John Brophy (an independent qualified person), deals exclusively with the Liscay property, which is the largest and the most advanced of the acquired properties in terms of exploration expenditures and accrued geotechnical information. The Company's intention is to organize an Initial Public Offering (IPO) based on this report describing epithermal-style mineralization at Liscay.

Like most epithermal gold-deposit camps in Peru (for example; Yanacocha, Pierina, Alta Chicama, Tres Cruces, Arcata, etc), the Liscay property is mainly underlain by Tertiary-aged volcanics and related coeval intrusions. No significant precious-metal mineralization had been reported from the Liscay property or from adjacent areas prior to the exploration work done by Geologix.

Work done on the Liscay property by Geologix between 2007 and 2009 included the property-wide collection of 2,484 rock samples, rudimentary geological and alteration mapping, an orientation program of shallow diamond drilling (1,500 meters in 12 holes), and orientation-scale geophysical and soil-sampling surveys (13.5 line-km of IP-Resistivity and 190 soil samples). The results of this work suggest that Liscay is a low-sulphidation, epithermal precious-metal prospect based on physical characteristics, alteration assemblages, and elemental associations.

Economically significant precious-metal concentrations (defined as >500 ppb Au and >50 ppm Ag) were detected in about 6% of the samples collected in the property-wide rock-sampling survey. Significant assays are associated with steeply dipping, north-northwest-trending veins (straight veins, knotted veins, echelon clusters of veins and splay veins) varying in width between 0.20 to 4.67 meters and usually hosted by silica-inundated zones of altered dacite measuring tens of meters wide. The silica-inundated host rocks typically carry geochemically anomalous (>50ppb) concentrations of gold.

The orientation surveys (drilling, geophysics and soil sampling) were confined to two widely separated mineralized occurrences denominated the NE Zone and the SW Zone. These surveys have superficially evaluated only a small portion of what appears to be an extensive mineralized system as indicated by the property-wide rock-sampling survey, which has identified precious-metal anomalies that cluster in a near-circular pattern (caldera?) with a circumference of about 22 kilometres. The orientation surveys have shallowly probed only a 2-km segment of the circumference of this circular feature in the NE Zone, and about a 0.5-km segment in the SW Zone.

The orientation geophysical survey, conducted by Fugro Ground Geophyics (13.5 line-km of IP-Resistivity) was divided between the NE and SW zones on the Liscay North claims. Although chargeability profiles are relatively flat, resisitivity anomalies correspond to silicified and mineralized zones identified in surface mapping/sampling programs.

The orientation drilling program comprised twelve diamond drill holes totaling 1,499.7 meters of HQ core. Ten drill holes were spotted on the Liscay North claims (594.4 meters on the NE Zone and 617.6 meters on the SW Zone), and two others on the Liscay South claims (287.7 meters). No significant mineralization was intersected on the Liscay South claims. A total of 297 core samples (including 10 duplicate samples) aggregating 323.1 meters of core was assayed for gold, silver, and ICP-suite elements. The widest significant intercept is in DDH SW-4, which grades 416 ppb Au and 67.3 ppm Ag across 4.67 m (true width). The highest gold-silver intercept is in DDH NE-3, which grades 2,330 ppb Au and 192 ppm Ag across 0.17 m (true width). Gold-silver dispersion plots suggest that there are two generations of mineralization; one in which silver grades are relatively high (>10 ppm) and increase with increasing gold grade, and another in which silver grades are relatively low (<10 ppm) and do not increase with increasing gold grade.

There is some evidence; presented in Section 10 (Deposit Types), that the assay grades of silver (and, to a lesser extent, gold) increase with increasing elevation. Specifically, targets above an elevation of 4,000 m ASL are probably more prospective for low-sulphidation Bonanza-style high-grade veins than targets below this elevation. This does not dismiss the possibility of high-sulphidation targets at lower elevations.

The author concludes that the Liscay property warrants additional exploration based on the evidence summarized in this section and elaborated in subsequent sections. It is a large property that has widespread evidence of significant epithermal-style gold-silver mineralization that has only been superficially evaluated. Liscay is situated in a part of Peru where no significant precious-metal mineralization has been identified before, and the Geologix/Newmont discoveries could signify the presence of a previously unknown metallotect. The following two-stage work program is recommended.

3-1: PHASE 1 EXPLORATION AND BUDGET

A: Geological and Structural Mapping

The mapping completed by Geologix was rudimentary, although entirely appropriate for a project at a grass-roots level of exploration. Now, it is necessary to obtain a more rigorous appreciation of stratigraphic and structural controls to anchor expensive exploration decisions expected in the future. This will require the services of an experienced exploration geologist with a strong background in volcanology. Time allot is 30 days in the field, 15 days in the office, and five days traveling. Budget allot is US$500 per day. Total cost is US$25,000.00.

B: Geophysical Surveying

Additional deep-penetrating IP-Resistivity surveying is recommended to identify silicified or sulphidized root zones corresponding to potential high-sulphidation epithermal mineralization, or to broadening/intensifying of low-sulphidation vein systems. The author suggests that most of the geophysical lines should be located at elevations >4,000 meters, and should cross the perimeter of the notional caldera (?) structure discussed above. A minimum of 100 line km is suggested. The geophysical parameters should be determined by the Company in collaboration with an experienced geophysicist. The author is not qualified to make such decisions without advice. Estimated cost at US$800 per line km is US$80,000.00.

C: Soil Surveying

Overall, outcrop exposure on the property ranges from about 2% to 10%, but there are extensive grassland tracts where there are no outcrops at all, and where soil sampling could identify new targets and amplify existing ones. In the orientation survey completed over part of the NE Zone, 190 soil samples were taken at 25-meter intervals along four lines separated by 500 to 1,000 meters. The orientation soil survey successfully identified known mineralized structures (highly anomalous soil assays of > 50 ppb gold obtained), and identified the down-slope trail of mineralized structures for distances of 200 to 300 meters away from the source (moderately anomalous results of 20 to ≤50 ppb gold obtained). The orientation soil survey also identified gold anomalies up-slope of known showings that have not been traced to source. Based on the distribution pattern of soil anomalies in the orientation survey, the author is confident that a soil-sampling interval of 100 meters is sufficient to identify the presence of unexposed mineralized zones in inclined terrain, although this should be reduced to an interval of 50 meters in flat terrain.

The author recommends that additional soil sampling be done along the geophysical lines and elsewhere on the Liscay property, particularly at high altitudes and where outcrop is sparse. It is calculated that 1,500 soil samples would have to be collected to accomplish the objectives. The budget allot at US$25.00 per sample for shipping, handling, drying, gold assays and multi-element ICP analysis is US$40,000.00.

D: Target Definition

This is a contingency for such activities as detailed mapping, detailed sampling, trenching, and labour that may be required to define specific targets for drilling. Budget allot is US$20,000.00.

A cost estimate for phase 1 is given in Table 3-1 below.

TABLE 3-1, COST ESTIMATE, PHASE 1

ITEM	COST
geological mapping (consulting specialist)	$25,000.00
geophysical surveying	$80,000.00
soil surveying (lab)	$40,000.00
salaries and benefits	$70,000.00
camp, fuel, food, hotels, informal labour, etc	$30,000.00
office, drafting, phone, etc	$10,000.00
target definition	$20,000.00
Contingencies 10%	$25,000.00
TOTAL	$290,000.00

3-2: PHASE 2 EXPLORATION AND BUDGET

The author recommends diamond drilling in phase 2. The logistics, scope and scale of the program are completely dependent on the results of phase-1 exploration. However, based on the current level of knowledge and on the anticipation of intriguing results from phase-1 exploration, the author suggests that the Company prepare for a 5,000-meter drill program that will cost US$ 150 per meter (all inclusive). Budget allot is US$750,000.00.

SECTION 4: INTRODUCTION AND TERMS OF REFERENCE

In late August of 2010, the author was asked by George Cole, President and Chief Executive Officer of Rae-Wallace Mining Company (RWMC), to review exploration work (rock sampling, soil sampling, geophysics, and drilling) that was done on the Liscay gold-silver property in southwest Peru between 2007 and 2009, and to write a 43-101 report on the property in support of an Initial Public Offering (IPO) planned in the near future.

RWMC is a Cayman Islands- registered, publicly trading mineral exploration company that is listed on the OTC Markets Pink Sheets with the trading symbol of RAEW. The corporate head office is located in Sparks, Nevada, USA. A subsidiary company formed to manage Peruvian operations is called Rae Wallace Peru (RWP).

The author, John Brophy, is an “independent qualified person” according to definitions established in National Instrument 43-101. The author has no shares or interests in RWMC, RWP, or any affiliated company, and will not receive any considerations from RWMC, RWP or any affiliated companies except for fair remuneration for the preparation of this report. The author assumes sole responsibility for the contents of this report, with the exception of disclaimers listed in Section 5.

The Liscay gold-silver property is one of eight properties in southwest Peru that RWMC obtained from Geologix Explorations Inc (GIX) under terms of an option agreement documented in news releases issued by both companies on March 25th, 2010. To summarize the agreement; RWMC made cash payments to GIX of US$97,500 and transfers to GIX amounting to a total value of US$250,000 in RWMC shares in order to earn a 100% interest in these properties. Details of the agreement, including other minor provisions, are given in Section 6.

The work reviewed and reported on herein was done by GIX between 2007 and 2009 under terms of a joint-venture agreement between GIX and Newmont Mining Corporation (NMC). The terms of this agreement have not been reviewed by the author and are not germane to this present report.

Because the Liscay property is the largest of the optioned properties, and has received a lion’s share of exploration expenditures, RWMC elected to isolate this property and to present this separate technical report for it. An additional technical report for the other seven properties is planned in the near future.

The author has had no involvement in the exploration programs reported herein, but has verified the information to the best of his ability, as described in Section 16 (Data Verification). The author spent one long day on the property (August 26, 2010), and has spent weeks sifting through and evaluating the extensive files inherited by RWMC from GIX.

The author does not have access to the financial records of GIX and NMC, and so can not give a notarized dollar figure for the amount of money that has been spent exploring the Liscay property. However, the author has sixteen years of experience exploring in Peru, including management of exploration programs that are comparable to the exploration program done at Liscay. It is the author’s considered opinion that, considering the work done, (regional stream sediment sampling surveys to identify targets, ±2500 rock samples collected and analyzed, geological mapping, soil sampling alteration mapping, 1500 meters of diamond drilling in 12 holes, 13.5 line-km of geophysical surveying, wages and benefits, Peruvian office costs, head-office costs, drafting services, environmental- impact studies, archeological studies, road-building, claim fees, notaries’ fees, lawyer’s fees, etc.), that US$800,000 is a very conservative estimate of the amount of money that has been expended on the Liscay property.

4-1: UNITS AND CURRENCY

All measurements in this report are in metric units, except for the occasional use of opt (ounces per ton). Common abbreviations are as follows:
m = meters
km = kilometre
ppm = parts per million
ppb = parts per billion
g/t = grams per metric tonne = ppm
opt = ounces per ton = 34.2857 g/t
ASL = above sea level

Most maps and coordinates in this report are given using UTM datum WGS 84. The only exception is in Section 6 (Property Description), where UTM datum PSA 56 is sometimes used for reasons that are explained in the text.

Dollar amounts are in United States dollars.

4-2: SOURCES OF INFORMATION AND DATA

This report is based mainly on files inherited by RWMC from the GIX-NMC joint venture. These include voluminous quantities of data such as geological reports, geochemical reports, laboratory certificates, database files, news releases, geophysical reports, environmental reports, published government reports, memoranda, orthophotos and a plethora of maps presented in various formats. In fact, the author has received, and has sifted through, about 3.0 GB of information.

A good deal of the information can not be attributed, because specific authors, titles and dates can not be formally referenced. Wherever attributable information is available, it has been referenced in Section 23. The author expresses his confidence in the information inasmuch as, in his opinion, it is all plausible (the plodding results of routine exploration conducted over a period of several years), that there are no extraordinary results or claims that alarm the author, and that the source of the information is from NMC and GIX; two reputable companies who have a history of responsible behaviour reporting accurate exploration results.

5: DISCLAIMER

The author has not relied on any reports by unqualified persons for information on legal, environmental or political issues and factors relevant to this technical report.

SECTION 6: PROPERTY DESCRIPTION AND LOCATION

6-1: GENERAL INFORMATION

The 11,800-ha Liscay property in southwest Peru, centered 13.12° South Latitude and 75.80° West Longitude, lies approximately 170 kilometers southeast of Lima, the nation's capital, and consists of a northern claim group comprising 9 concessions totaling 8,800 hectares, and a southern claim group comprising 3 concessions totaling 3,000 hectares. The property is in the Departments of Lima and Ica within the Provinces of Yauyos and Chincha. The concessions span parts of the Districts of Azangaro, Madean, Hungascar, San Pedro de Huacarpana, Chavin and San Juan de Yanac, and are situated on the Tupe (26-L) and Tantara (27-L) map sheets. The Liscay property is neither patented nor surveyed, as there is no legal requirement for this in Peru. The claim blocks are not contiguous, but are separated by one to two kilometers of intervening ground that is staked by a company called Feroaluminios Peru No.4 SAC.

Figure 6-1 is a claim map of the property obtained by the author from MEM (Ministerio de Energia y Minas) on August 31, 2010. (Note that the datum for this map is PSA 56, which is the datum used by the government to record map staking.) Another map, Figure 6-2, shows the claims, topography, roads and exterior coordinates using datum WGS-84. Figure 6-3 is a map of Liscay showing geology, alteration and the widespread distribution of gold/silver-mineralized quartz veins discovered on the property. Mineralization is discussed in greater detail in Section 11.

Registration data for the claims are compiled in Table 6-1, and claim coordinates (datum PSA 56) are tabulated in Table 6-2. Full title to the Liscay concessions has recently been transferred to the Company.

The author has verified that the claims are in good standing until June 30, 2012. On or before that date, "vigencias" (claim fees) of US$3.00 per hectare must be paid to maintain the property in good standing for an additional year. This is the only obligation imposed by Peruvian Mining Law to maintain concessions in good standing for the first seven years after the date of original staking. Thereafter, certain annually-escalating penalties are applied if certain expenditures for exploration or exploitation are not committed (and reported) on the property. Such penalties will not be applied to the Liscay concessions before the years 2014 and 2015, and may not be applied at all if adequate work is documented.

There are no specific licenses or permits required for routine exploration of mineral properties in Peru, although there are common-sense guidelines regarding community relationships. However, once a project has advanced to the drill stage or beyond, an Environmental Impact Study (EIS) involving water quality, flora and fauna, archeological features, environmental issues, social benefits, surface rights, community consultations, and a reclamation plan is required in order to proceed with drilling or more advanced exploration work. The author has reviewed documents on file inherited from GIX and confirms that an EIS was completed in 2008 in support of the GIX drilling program.

However, the permit to drill has probably expired, and a new EIS will have to be completed to obtain authorization for additional drilling. In the author's experience, given that there is a previous EIS to build on, a subsequent EIS can probably be completed and authorized within three to four months.

To the best of the author's knowledge, there are no environmental liabilities to which the property is subject other than the need to complete an EIS for permission to drill.

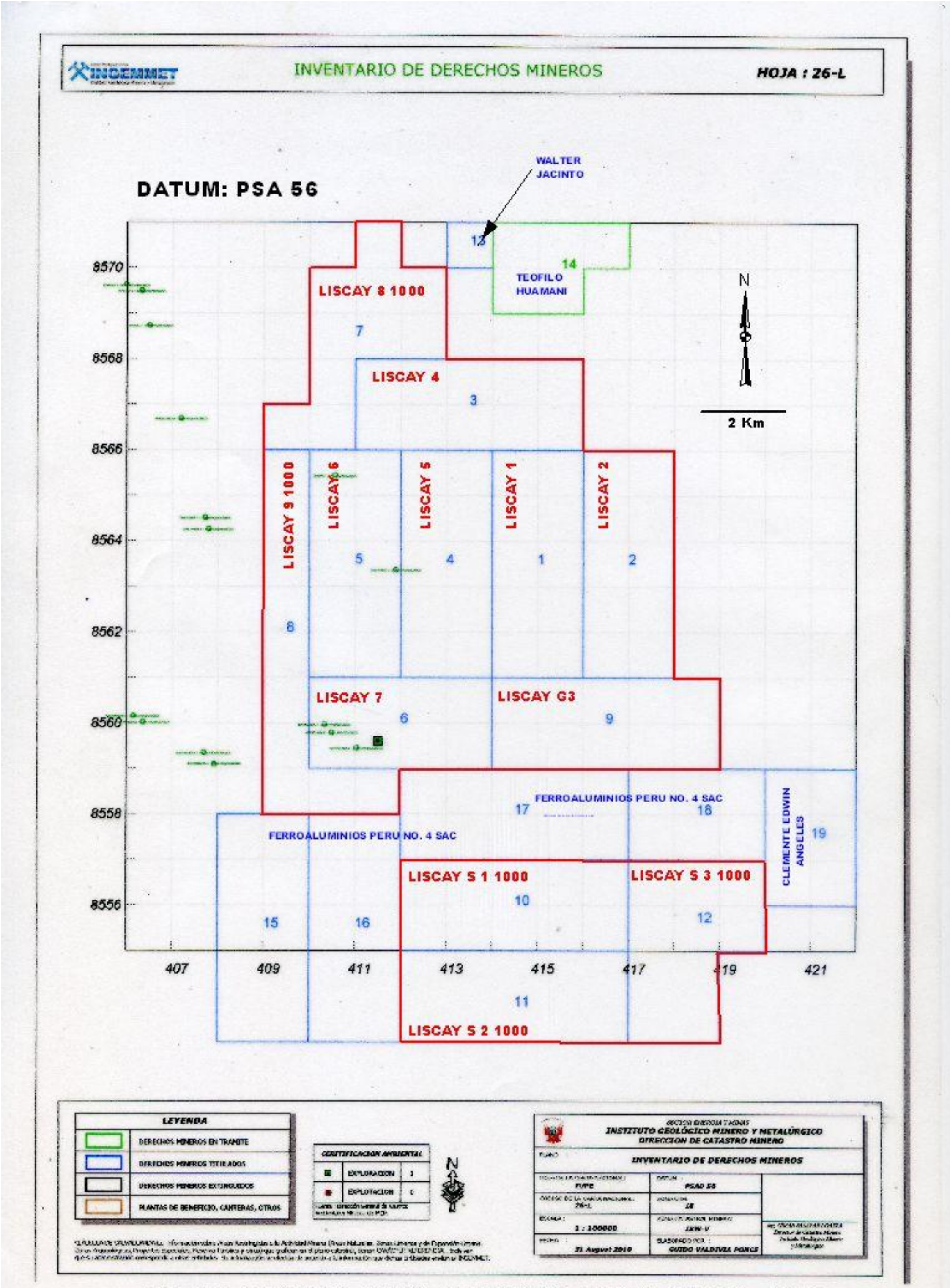


FIG 6-1: OFFICIAL GVN'T CLAIM MAP DATED AUG 31, 2010

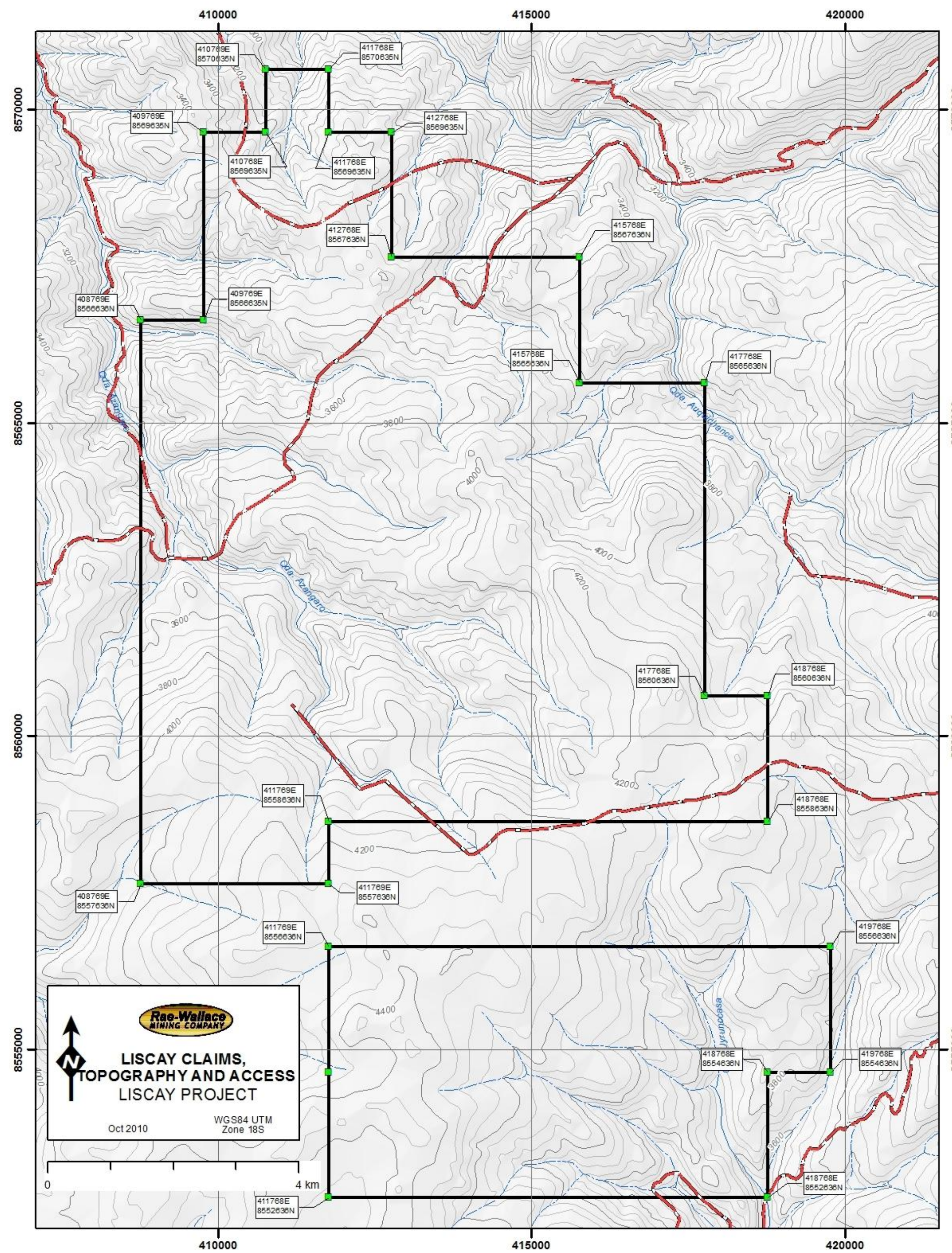


Figure 6-2: Topography, Access, and WGS 84 Claim Coordinates *(from GIX files)*

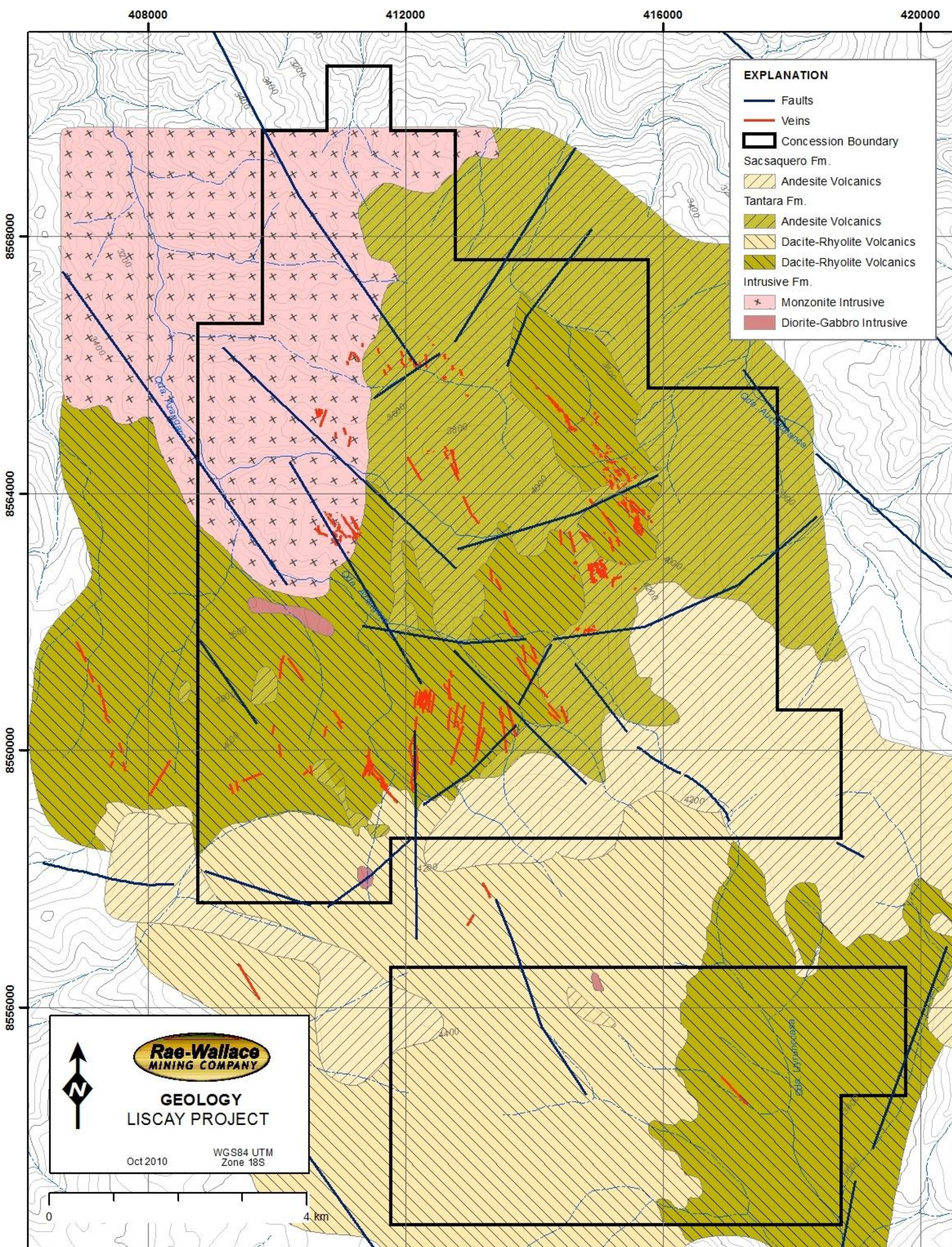


Figure 6-3: Geology and Mineralized Veins *(from GIX files)*

Table 6-1: Liscay Concessions, Registration Data

Claim Name	Area (Has)	Code	Date filed	Dept.	Notice Date	Date recorded Mining Registry	Public Registry Recording Data
Liscay 1	1000	01-05978-07	11/14/07	Lima	12/6/07	8/29/08	12195849
Liscay 2	1000	01-06190-07	11/26/07	Lima / Ica	2/18/08	8/28/08	12195366
Liscay G3	1000	01-06191-07	11/26/07	Ica / Lima	2/7/08	8/29/08	12195746
Liscay 4	1000	01-06230-07	11/29/07	Lima	1/11/08	8/29/08	12195717
Liscay 5	1000	01-06231-07	11/29/07	Lima	1/7/08	8/29/08	12195697
Liscay 6	1000	01-06431-07	12/10/07	Lima	1/28/08	2/10/10	12437912
Liscay 7	800	01-06432-07	12/10/07	Ica / Lima	1/28/08	9/1/08	12196815
Liscay 8 1000	1000	01-00399-08	1/25/ 08	Lima	3/28/08	2/11/10	12438282
Liscay 9 1000	1000	010235208	4/1/08	Lima / Ica	11/25/08	2/11/10	12437777
Liscay S 1 1000	1000	01-00798-08	2/1/08	Ica / Lima	2/28/08	8/26/08	12194178
Liscay S 2 1000	1000	01-00800-08	2/1/08	Ica	2/28/08	8/19/08	12190152
Liscay S 3 1000	1000	01-00799-08	2/1/08	Ica	2/28/08	8/19/08	12190327

Table 6-2: Liscay Concession Block Coordinates (Datum PSA 56)

Claim	UTM North and East
Liscay 1	8566000 414000 8566000 416000 8561000 416000 8561000 414000
Liscay 2	8566000 416000 8566000 418000 8561000 418000 8561000 416000
Liscay G3	8561000 414000 8561000 419000 8559000 419000 8559000 414000

Claim	UTM North and East
Liscay 5	8566000 412000 8566000 414000 8561000 414000 8561000 412000
Liscay 6	8566000 410000 8566000 412000 8561000 412000 8561000 410000
Liscay 7	8561000 410000 8561000 414000 8559000 414000 8559000 410000

Claim	UTM North and East
Liscay 9 1000	8566000 409000 8566000 410000 8559000 410000 8559000 412000 8558000 412000 8558000 409000
Liscay S 1 1000	8557000 412000 8557000 417000 8555000 417000 8555000 412000
Liscay S 2 1000	8555000 412000 8555000 417000 8553000 417000 8553000 412000

Claim	UTM North and East
Liscay 4	8568000 411000 8568000 416000 8566000 416000 8566000 411000

Claim	UTM North and East
Liscay 8 1000	8571000 411000 8571000 412000 8570000 412000 8570000 413000 8568000 413000 8568000 411000 8566000 411000 8566000 409000 8567000 409000 8567000 410000 8570000 410000 8570000 411000

Claim	UTM North and East
Liscay S 3 1000	8557000 417000 8557000 420000 8555000 420000 8555000 419000 8553000 419000 8553000 417000

6-2: PAYMENTS AND AGREEMENTS

In 2009, Geologix Explorations Inc (GIX) made a corporate decision to dispose of assets in Peru due to a downturn in the global economy, and to focus exploration efforts on advanced projects in Mexico. Consequently, the files, material assets and properties of Geologix were optioned to Rae-Wallace Mining Company (the Company). Liscay is one of eight properties involved in this agreement. The terms of the option agreement, as outlined in a GIX news release dated March 25, 2010, are as follows:

Pursuant to the terms of the agreement, in order to earn a 100% interest in the properties, RWMC is to:

1. *Pay GIX US$30,000 on signing of the Letter of Intent (LOI). (Payment was delivered on March 8, 2010).*
2. *Pay GIX US$67,500 on or before May 31, 2010. Geologix further agrees to use this payment to renew the properties' concessions for 2010.*
3. *Deliver to GIX shares of RWMC valued at US$250,000, distributed as follows: i: 500,000 common shares of RWMC to be delivered on or before May 31, 2010, with each share to be accompanied by a half warrant, with each full warrant entitling GIX the right to purchase one additional common share or RWMC for a period of two years from the date the shares are issued; ii: An additional payment of RWMC shares and warrants as described in (i) above, shall be delivered within 10 days after RWMC completes a private placement or public financing, but no later than September 30, 2010, such that the total value of shares delivered totals US$250,000.*

Upon completion of the above exchanges and payments, RWMC shall own the properties, and GIX shall execute whatever documents are required to effectuate the exchange of title to the properties of RWMC.

If RWMC or any of its affiliated should sell, lease, transfer, convey or otherwise disposes of any of the properties or enters into an option or agreement to do any of the same, or if it *grants a royalty on the properties, or any portion thereof, to a third party before March 8, 2011, RWMC shall pay GIX 20% of the proceeds when received by RWMC from such transaction (Payment of US $30,000 was delivered by the Company to GIX representing 20% of the proceeds received from Fronteer Gold Inc. (Fronteer Gold) in connection with the option granted to Fronteer Gold as further described below).*

RWMC is not obligated to any work commitment on the properties.

In addition, Newmont (but not GIX) retains a 1% base-metal and 2% precious-metal royalty on all of the Liscay claims except for Liscay 6, Liscay 8 1000, and Liscay 9 1000.

All of the main conditions of the option agreement have been satisfied, and the author has verified (on Oct 13, 2010) that the claims are in good standing and have recently been transferred to Rae Wallace Peru SAC (the Peruvian subsidiary of the Company).

On July 22, 2010, the Company entered into a three-year option agreement with Fronteer Gold (currently operating as Pilot Gold Inc.). In consideration of the payment of US $150,000 from Fronteer Gold to the Company, the Company granted Fronteer Gold an option to acquire a 51% interest in up to two properties that the Company currently owns or may acquire within a 25,300 square kilometre area of interest (which includes the Liscay property and the Toro Blanco property), located largely within Huancavelica Province and portions of adjacent provinces in the Andes Mountains southeast of Lima, Peru. Under the terms of the option agreement, Fronteer Gold may exercise the option by spending the greater of US $150,000 and three times the expenditures incurred by Rae-Wallace on the selected property since July 22, 2010. In addition, should Rae-Wallace wish to find a joint venture partner for any of the remaining projects not selected by Fronteer Gold, or any future project the Company may acquire within this area of interest, it must first offer the joint venture opportunity to Fronteer Gold.

SECTION 7: ACCESS, CLIMATE, VEGETATION, ETC.

7-1: ACCESS

There is good road access to the Liscay property from Lima; in fact, it can be reached from the capital city in about 5 hours. Road distance from Lima is about 244 kilometers. The trajectory is described in Table 7-1 and is illustrated in Figure 7-1

TABLE 7-1: TRAJECTORY, LIMA TO LISCAY PROPERTY

From	To	Dist.	Bearing	Road	Time	Elev'n
Lima	Vincente de Cañete	140 km	SSE	hwy	1.5 hrs.	±sea level (SL)
Vincente de Cañete	Lunahuana	40 km	NE	paved	0.75 hrs	±SL to ±500 m
Lunahuana	San Jeronimo	36 km	NE	Paved (but narrow)	1.0 hrs	±500m to ±1000 m
San Jeronimo	Azangaro	28 km	E	Packed gravel	1.75 hrs	±1000m to ±3,500 m

Lunahuana is a local (as opposed to International) vacation resort where residents of Lima can escape the long, cloudy and contaminated winter months to enjoy fair cuisine, sunshine, and white-water rafting. There are quite a few good hotels and restaurants in Lunahuana.

Azangaro is a pueblo of about 1000 persons situated at the western margin of the northern concession of the Liscay property. Its location is shown in Figure 6-3 of the previous section.

From San Jeronimo to Azangaro, and beyond via the rudimentary roads crossing the Liscay property (refer to Figure 6-3), four-wheel-drive vehicles are required for access.

7-2: CLIMATE AND VEGETATION

In this part of Peru, there is a rainy season lasting from December through March during which early mornings are generally clear, but late mornings and afternoons are often greeted by torrential rainfalls punctuated by hailstorms and fog that can last well into the evening. The remainder of the year is the “dry season” during which only intermittent rains are encountered. Because of the relatively good access to Liscay, it is possible to work during the rainy season, although not as productively as during the dry season. Temperatures seldom fall below 5º Celsius and seldom rise above 21º Celsius. The average annual temperature is 13º

The people of the Azangaro region eek out a subsistence livelihood grazing livestock (cows, sheep and goats) on the bunchgrass that grows at higher elevations and harvesting tuber crops (potatoes, turnips, etc) at lower elevations (<4000 m ASL) for local consumption. Apart from the bunchgrass at higher elevations and small agricultural plots and eucalyptus stands at lower elevations, the vegetation can best be described as sparse to absent.

Figure 7-1: Trajectory, Lima to Liscay *(from GIX files)*

7-3: RESOURCES AND INFRASTRUCTURE

Because of its proximity to Lima, "regional" resources are essentially inexhaustible. Locally, in Azangaro and a few smaller near-by pueblos, there is an ample supply of unskilled workers available for trenching, sampling, road maintenance, and similar manual support work. Infrastructure on the property is basically limited to the existence of crude access roads put in by GIX to support exploration and drilling programs. Several near-by pueblos can provide living facilities with electricity and non-potable water. A rudimentary telephone service is available, but not reliable.

7-4: PHYSIOGRAPHY

The principal topographic features are northerly- to westerly-trending dendritic drainage patterns and ridges. Elevations range from 3,100 m in the canyons to 4,300 m along the highest ridges. Canyons are deeply incised, but the central area of the property, where most work has been done, can be described as "rolling hills" with local relief of a hundred meters.

SECTION 8: HISTORY

As far as the author can ascertain, there is no prior history of significant exploration or mineral discoveries on the Liscay concessions or on adjacent terrain prior to exploration by the GIX/Newmont joint venture that is described in this report. Liscay, and other properties acquired in Peru, were staked on the basis of results obtained from regional BLEG-sediment (bulk-leach extractable gold) and standard stream-sediment sampling surveys conducted by the joint-venture partners. The details of the stream-sediment sampling surveys are not revealed in this report in order to protect regional proprietary information that is not specifically germane to the Liscay property.

SECTION 9: GEOLOGICAL SETTING

9-1: REGIONAL GEOLOGICAL SETTING

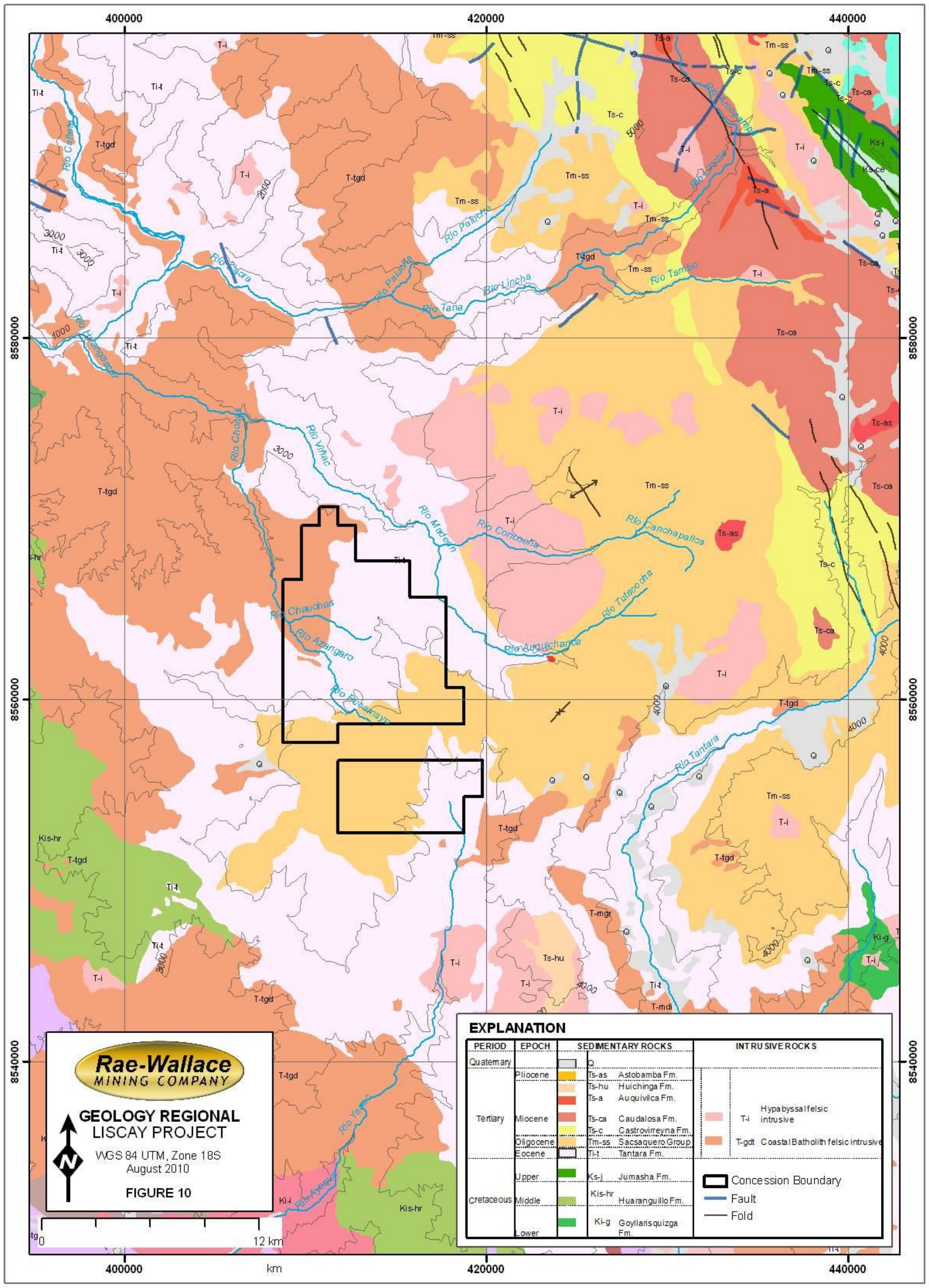
The following, taken verbatim from *Easdon and Park (2010),* is considered by the author to be a good summary of the regional geological context. Figure 9-1 summarizes the regional setting and is modified only slightly from *Landa and Salazar (1993).*

"The geology of the Andean highlands of central Peru is dominated by a series of arc-parallel, northwest-trending structural belts created by compressive deformation throughout Cenozoic time caused by the subduction of the Pacific Plate under the South American Plate. The central Peru region is underlain by a belt of Cenozoic (Tertiary) intermediate calc-alkaline volcanic rocks overlying Paleozoic through Mesozoic carbonate shelf and continental clastic sedimentary rocks. Basalt, conglomerate and freshwater limestone are locally interbedded with the Tertiary volcanic rocks as a result of episodes of crustal extension between periods of compressive tectonism. The Paleozoic-Mesozoic sediments and pre-Miocene volcanic rocks were intensely deformed by at least two compressive tectoorogenic events in the Eocene to late Miocene time. High angle reverse faulting occurred in response to regional compression induced by flattening of the subduction zone.

Rapid uplift produced deeply incised drainages along the western Cordillera below the altiplano, or regional plateau, found at elevations above 3,500 m. At this elevation, the region around the property forms a moderately rolling landscape between principal drainages. Elevations in central Peru vary over a short distance from sea level on the coast to over 5,000 m on the peaks of the numerous strata-volcanoes that dot the altiplano.

Hydrothermal systems that developed during Tertiary time resulted in the formation of a number of base and precious metals deposits along the Miocene Metallogenic Belt in the central Andes. These systems, which range in age from about 6 to 20 Ma, are hosted by shelf carbonates and other sediments of late Triassic, Jurassic and Cretaceous age, and by volcanic and intrusive rocks of Paleogene and Neogene age. Within this mineral belt are found polymetallic sedimentary skarn replacement deposits; mineralized porphyry systems; and precious- and base metal-vein systems associated with all rock types.”

FIGURE 9-1: Liscay Regional Geology *(from GIX files)*



9-2: LOCAL AND PROPERTY GEOLOGY

Local and property-scale geology is based on mapping done by Geologix/Newmont personnel in 2008 and summarized by *Easdon and Park (2010).* Figure 9-2 summarizes the geology, structure and alteration.

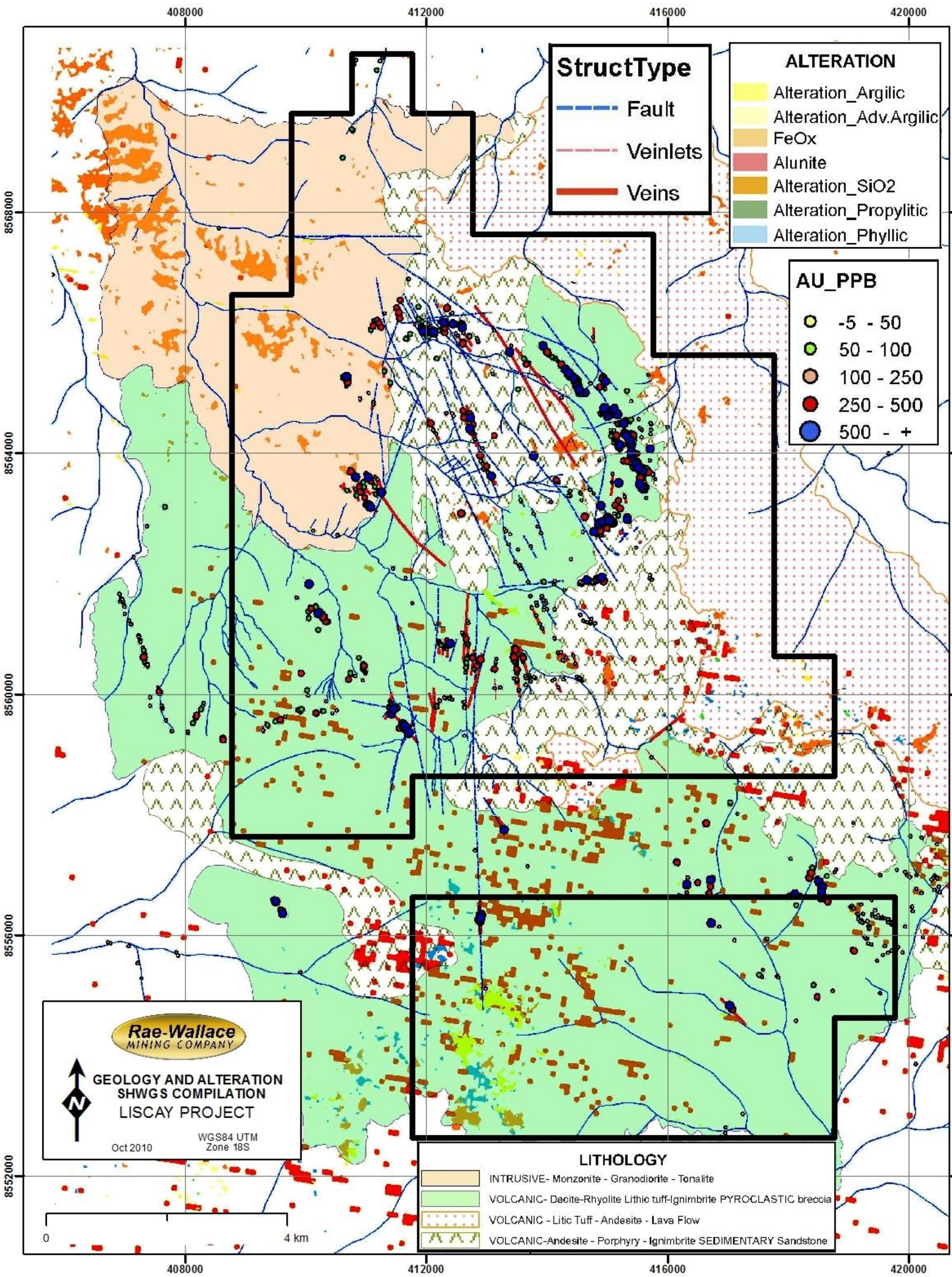


Figure 9-2: Geology, Structure and Alteration *(from GIX files)*

The Liscay property is underlain by felsic volcanic flows and related sediments of lower Tertiary age, and by intrusive rocks of the Coastal Batholith (Upper Cretaceous to Lower and Middle Tertiary age). Basement rocks in the region consist of shallow marine and carbonate shelf sediments of Cretaceous age.

Four principal units (listed below from younger to older) are exposed in the immediate area of the property: alluvium/colluvium, the Tantara Formation, the Sacsaquero Formation and intrusives of the Coastal Batholith.

1. Quaternary alluvium and colluvium form a blanket covering large portions of the property and masking the underlying rock units.

2. The Tantara Formation (Eocene) consists of a thick sequence of andesite, rhyodacite and dacite dikes and volcanic pyroclastic flows intercalated with thin horizons of volcaniclastic siltstones and sandstones. Outcrops are sparse except in deeply incised drainage valleys.

3. The Sacsaquero Formation (Eocene-Oligocene) unconformably overlies the Tantara Formation and consists of a thick volcanic-sedimentary sequence of andesite to rhyodacite flows intercalated with pyroclastics and re-deposited tuffs with minor units of sandstone, shale and limestone. The Sacsaquero Formation principally covers the higher ground in the central to southern portion of the property. The most prominent outcrops are along the crests of ridges.

4. The Coastal Batholith consists of a calc-alkaline suite of intrusive rocks; primarily tonalite, but with lesser amounts of monzonite, granodiorite, granite and fine-grained hypabyssal equivalents. The Coastal Batholith has been dated between upper Cretaceous to middle Tertiary, the latter age being coeval with the Tertiary volcanic rocks in the region.

The "Andean Trend", a dominant regional (NNW-trending) orientation is reflected in the structural geology of the property. Fold axes and regional faults are mainly oriented in a north-northwesterly direction. These structures are perpendicular to the principal direction of tectonic compression, resulting in normal or reverse faulting with little lateral movement. Complementary east- to northeast-trending structures are transverse faults that commonly have a lateral component of displacement.

Mineralized quartz veins, principally hosted in the older Tantara volcanic sequence, are mainly emplaced in north- to north-northwest-trending structures corresponding to the Andean trend described above, although some mineralized veins strike east to northeast.

10: DEPOSIT TYPES

Based on the age and composition of the host rocks (mainly Tertiary volcaniclastics, which host most of the epithermal deposits in Peru), the alteration assemblage (strong silicification and moderate sericitization), and elemental associations (precious-metal mineralization associated with anomalous concentrations of Bi, Cu, Hg, Mo, Pb, and Sb), there is little doubt that Liscay is an epithermal precious-metal prospect as described in numerous publications including *Corbett & Leach (1995)* and *Sillitoe (2010)* who recently summarized evidence that many epithermal deposits are genetically and spatially related to porphyry-copper systems.

Moreover, the alteration at Liscay suggests that it is a low-sulphidation epithermal system, formed distal from a magmatic source under neutral to slightly acidic conditions (as opposed to high-sulphidation systems that are more closely linked to magmatic sources and are characterized by acidic assemblages including extensive argillic alteration, vuggy silica, and crystallization of alunite.). Other examples of low-sulphidation deposits include the McLaughlin Mine in California and the Hishikari Mine in Japan *(Hedenquist et al, 1996)*. Examples in Peru include the Tres Cruces deposit in northwest Peru and the Arcata Mine in southwest Peru *(Candiotti et al, 1990)*.

Low-sulphidation systems typically have “Bonanza” (high-grade) segments that are strictly constrained in the vertical dimension due to physico-chemical conditions and structural preparation conducive to secondary boiling and the precipitation of ore minerals in multi-generational “crack-seal” veins characterized by laminated textures, cockscomb textures (implying open-space growth of quartz), and bladed quartz replacing calcite. Arcata, a typical “Bonanza” deposit, produced almost 2000 tonnes of silver and 4.5 tonnes of gold from ore grading 17.5 opt (ounces per ton) silver and 1.3 g/t gold between 1964 and 1989 *(Candiotti et al, 1990)*.

To test the hypothesis that there might be a vertical constraint on higher-grade mineralization at Liscay, the author organized rock-sampling information according to elevations for 129 samples collected that contained ≥500 ppb gold and for which elevations had been recorded. The results of this analysis are presented in Table 10-1. Similarly, Table 10-2 gives the elevation distribution for 153 samples that contained ≥30.0 ppm silver and for which elevations had been recorded.

This analysis is not rigorous. It does not consider the possibility that horsts, grabens, or cauldron-collapse structures might vertically shuffle mineralized zones. It also does not consider the random aspect of outcrop distribution, and the understandable human penchant for taking samples where terrain is not impossibly steep.

Still, there is a strongly ordered trend in the median value of silver assays that can not be ignored. In the population of Table 10-1(≥500 ppb gold) , the weighted average silver grade of 58 samples taken above an elevation of 4,000 meters is 83.94 ppm, whereas the weighted average grade of 71 samples collected below an elevation of 4,000 meters is 23.56 ppm. In the population of Table 10-2 (≥30 ppm silver), the weighted average silver grade of 69 samples taken above an elevation of 4,000 meters is 85.12 ppm, whereas the weighted average grade of 84 samples collected below an elevation of 4,000 meters is 55.1 ppm. Gold assays are more consistent relative to elevation, but median values tend to be < 1.0 ppm below an elevation of 4,000 meters, and >1.0 ppm above that same elevation in the population of Table 10-1 (≥500 ppb gold). In the population of Table 10-2 (≥30 ppm silver), median gold values are >450 ppb above an elevation of 4,000 meters and <450 ppb below that same elevation.

TABLE 10-1: ELEVATION DISTRIBUTION, 129 SAMPLES ≥ 500 ppb GOLD

Elev'n (m)	No. of samples	≈Median Au ppb	≈Median Ag ppm
3,400 – 3,500	1	600	5
3,500 – 3,600	3	700	15
3,600 – 3,700	8	1300	12
3,700 – 3,800	21	970	22
3,800 – 3,900	25	940	27
3,900 – 4,000	13	824	30
4,000 – 4,100	24	1140	77
4,100 – 4,200	2	1200	195
4,200 – 4,300	1	736	123
4,300 – 4,400	1	896	258
4,400 – 4,500	30	1020	75

TABLE 10-2: ELEVATION DISTRIBUTION, 153 SAMPLES ≥ 30 ppm SILVER

Elev'n (m)	No. of samples	≈Median Au ppb	≈Median Ag ppm
3,400 – 3,500	0	NA	NA
3,500 – 3,600	1	49	63.9
3,600 – 3,700	9	85	92.9
3,700 – 3,800	32	277	47.1
3,800 – 3,900	25	416	57.1
3,900 – 4,000	17	432	46.8
4,000 – 4,100	23	1000	85.8
4,100 – 4,200	8	446	81.9
4,200 – 4,300	1	736	123
4,300 – 4,400	2	573	173.3
4,400 – 4,500	35	897	79.3

The author is not saying that there might not be significant precious-metal mineralization below an elevation of 4,000 meters, but is cautiously suggesting that based on the low-sulphidation epithermal model and the available data from previous exploration, future exploration efforts might best be concentrated in the higher reaches of the concessions above an elevation of 4,000 meters ASL. Detailed stratigraphic mapping, additional sampling, geophysical surveying (IP and Resistivity) and additional drilling, all above an elevation of 4,000 meters, are considered the best methods for advancing the project based on current information. Figure 10-1, depicting elevations for the 129 samples of the population of ≥500 ppb gold, suggests that exploration efforts might best be concentrated on high ground in the southeast sector of the northern Liscay concession and the northern margin of the southern Liscay concession.

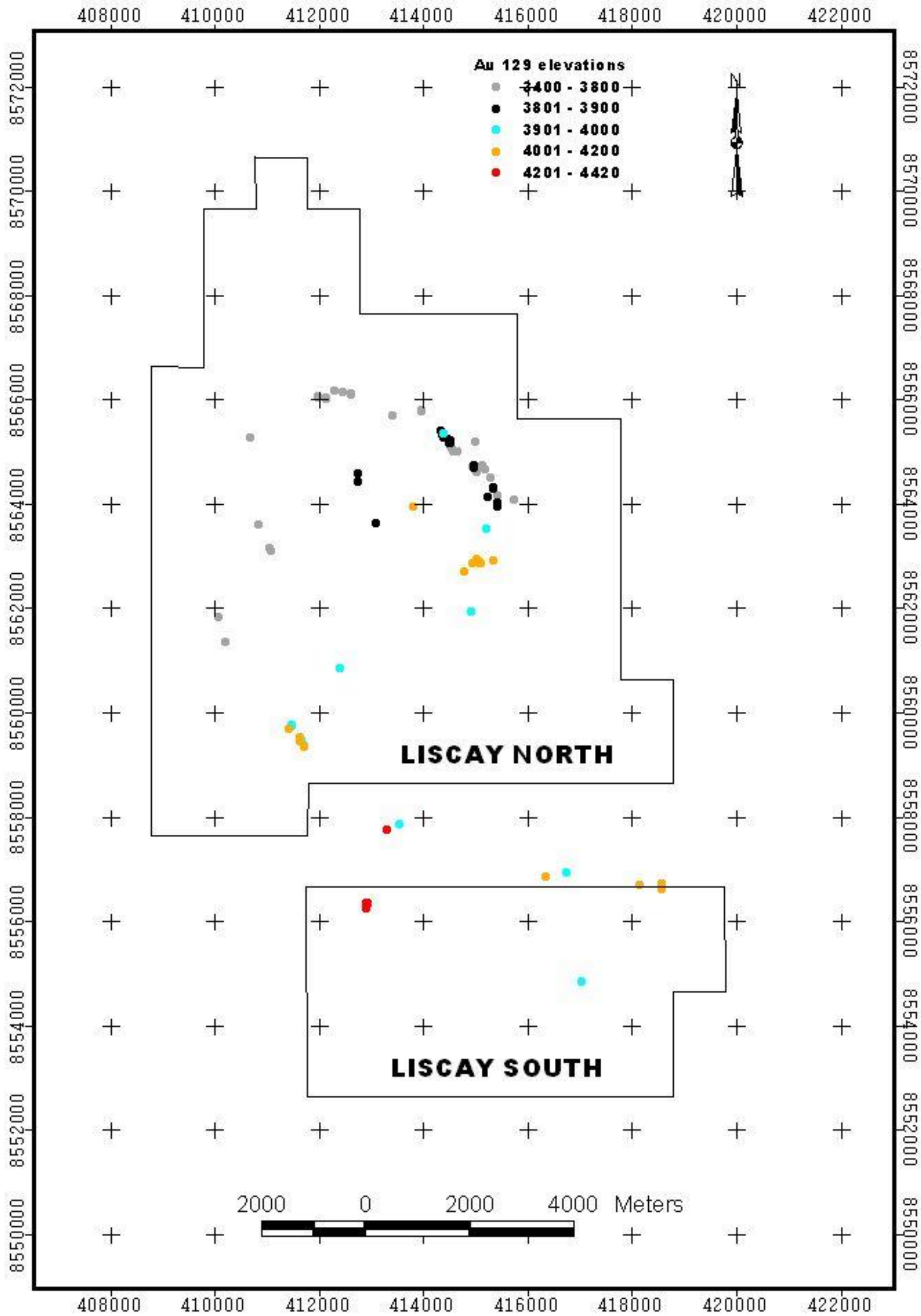


FIGURE 10-1: ELEVATIONS OF 129 ANOMALOUS (>500 ppb Au) ROCK SAMPLES

SECTION 11: MINERALIZATION

As shown in Figures 11-1 and 11-2, there are numerous gold-silver showings scattered across the property. But only two, the NE Zone and the SW Zone (Figures 11-3 and 11-4) on the Liscay North concession, were subject to semi-detailed evaluation (geophysics, soil sampling, and drilling) as detailed in Sections 12 and 13 of this report.

The NE Zone and SW Zone are similar in many respects. In both areas, gold (±silver) anomalies are associated with quartz veins and echelon clusters of quartz veins hosted by silica-inundated, feldspar-phyric quartz-eye dacitic dikes (?) striking northerly and dipping steeply west. In both areas, country rocks flanking the altered zones are mainly unaltered intermediate to felsic volcaniclastics (ash tuff, crystal tuff and lapilli tuff). In both areas, the hosting dacitic rocks carry geochemically anomalous concentrations of gold (>50 ppb), whereas economically significant concentrations of gold (>500 ppb) are confined to distinct veins or zones of intense silicification. In both areas, there are a variety of vein textures (crustiform silica coating fractures, druzy quartz in vugs, cockscomb quartz filling crack-seal fractures, massive quartz veins, crudely laminated veins, stockwork chalcedonic or hyaline quartz veinlets, offset veins, breccia veins etc). But, overall, the vein systems are coherent and can be traced for hundreds of meters on surface.

On a property-wide scale, veins occur as prominent linear outcrops cutting volcanic units, most commonly the dacitic volcanics of the Tantara Formation. The width of veins ranges from centimeter scale to >2 meters. Swarms of sub-parallel centimeter-scale or larger veins are common throughout the property; the widths of these vein swarms can be extensive, sometimes ranging variably to >100 meters. Individual veins pinch and swell along strike with irregular outcrop gaps. North to north-northwesterly trending structural zones hosting these series of veins can be traced for up to 14 kilometers.

Wallrock alteration is commonly quartz-pyrite-sericite up to a meter out from the vein, grading into a propylitic alteration assemblage of quartz-chlorite-epidote-kaolinite.

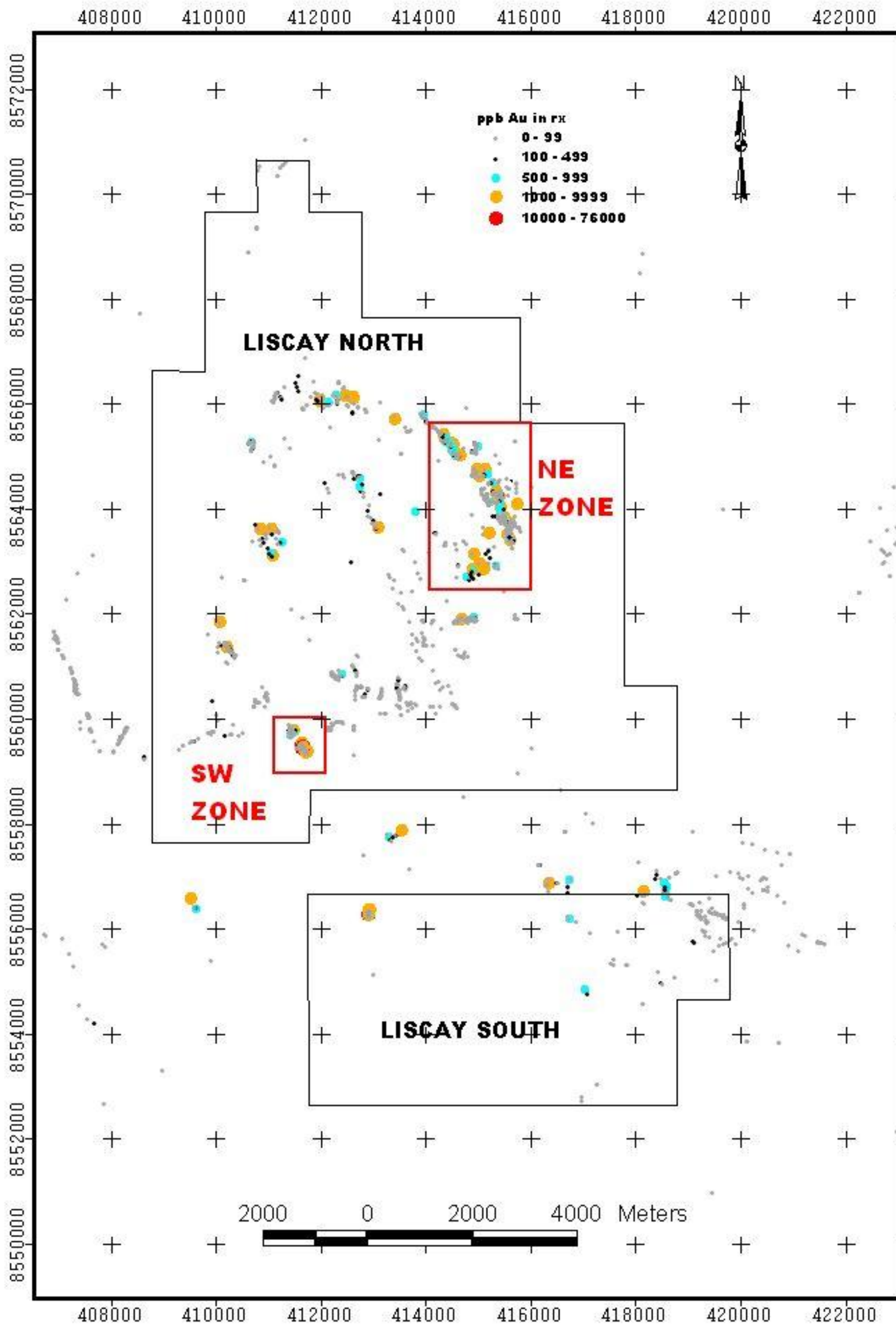


FIGURE 11-1: DISTRIBUTION OF GOLD IN ROCKS
AND LOCATION OF NE AND SW ZONES

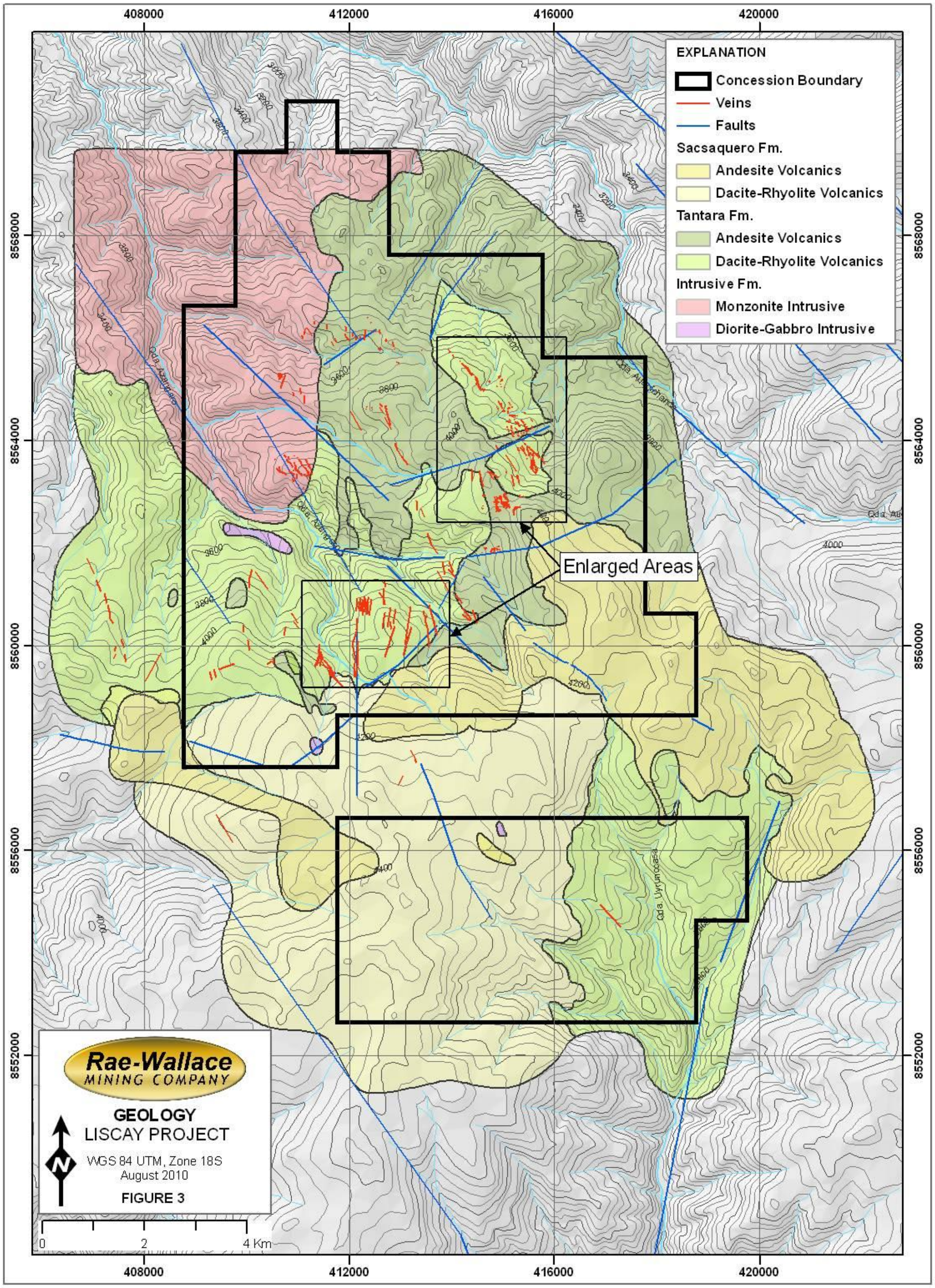
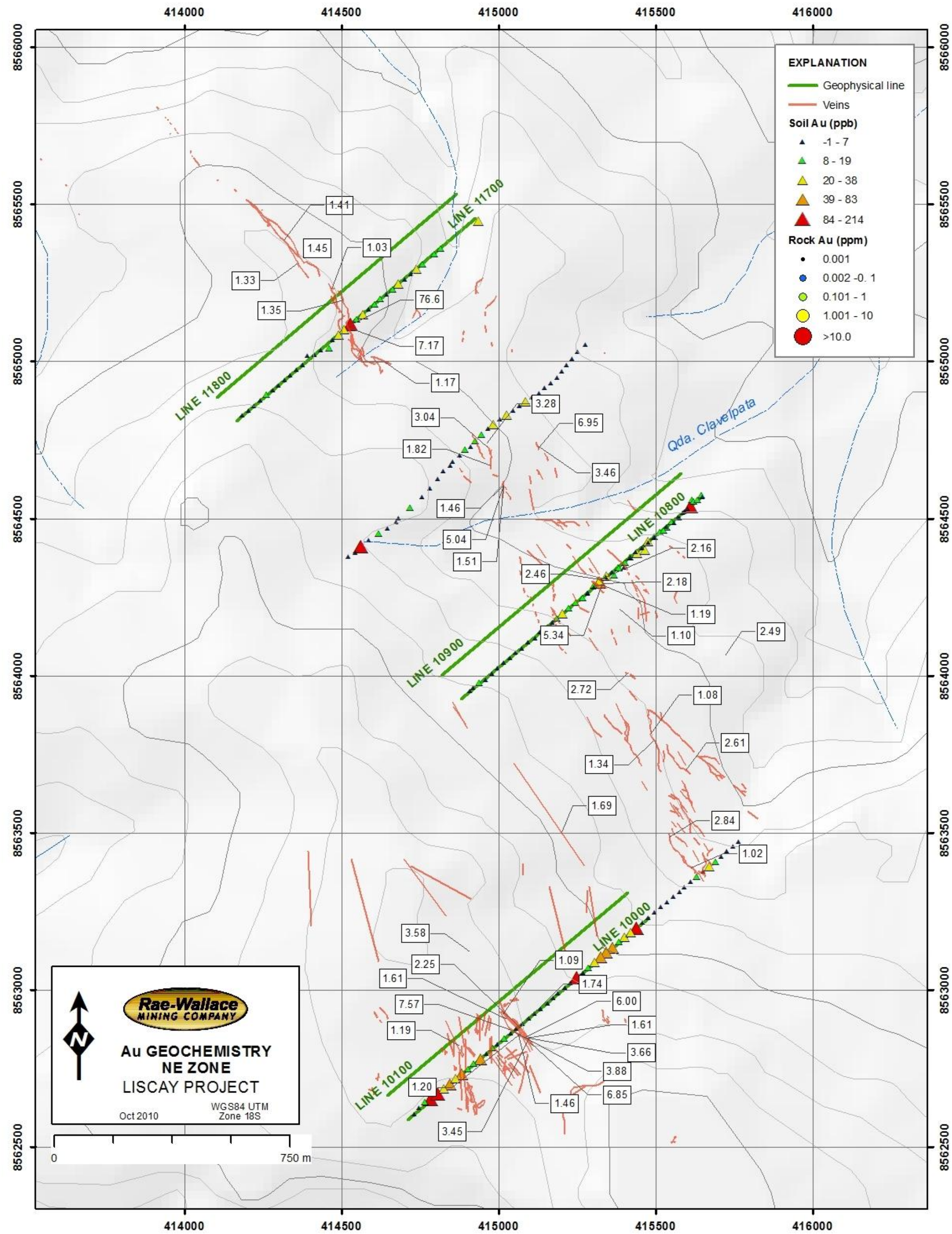


Figure 11-2: Geology and Mineralized Veins *(from GIX files)*

Figure 11-3: Compilation Detail, NE Zone *(from GIX files)*



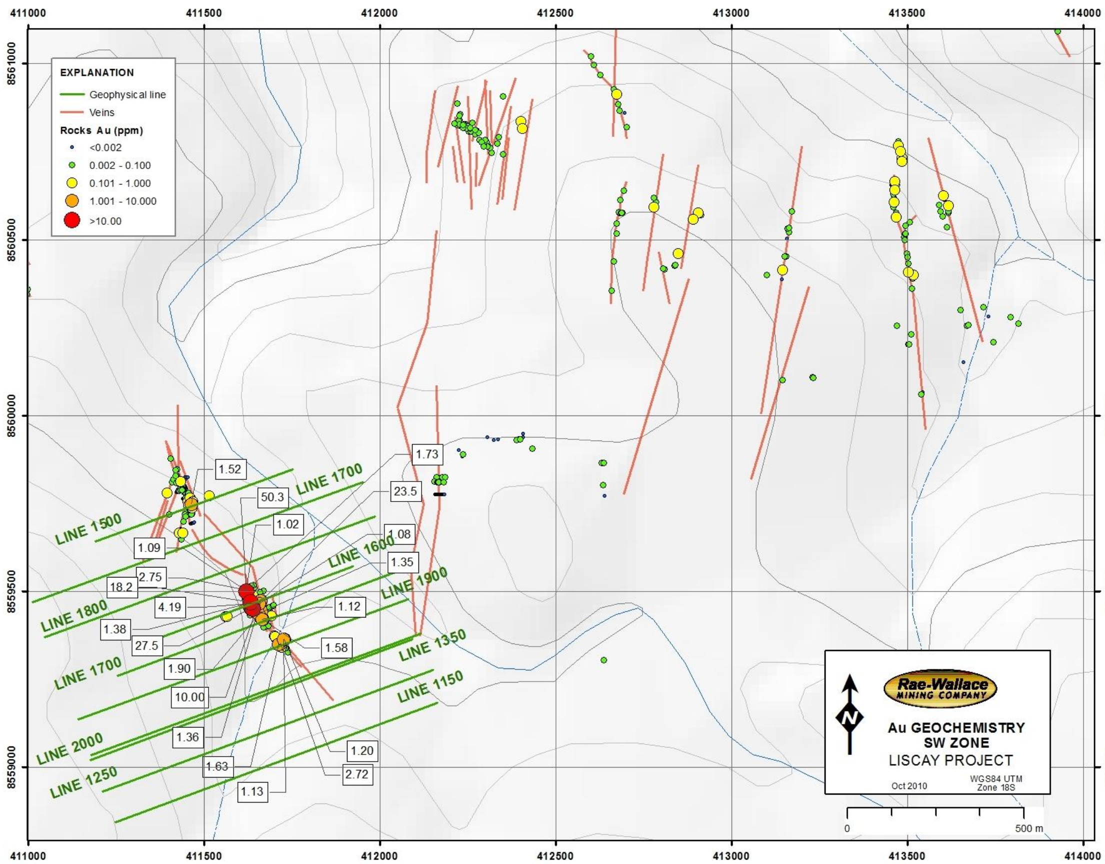


Figure 11-4: Compilation Detail, SW Zone *(from GIX files)*

SECTION 12: EXPLORATION

12-1: ROCK SAMPLING

Between October 18, 2007 and August 26, 2008, twelve project geologists working for GIX supervised the collection of 2,484 rock samples from the Liscay property. Most of the samples were chips or channels collected from outcrops. The rocks were analyzed for gold and silver (assay) and a suite of 49 additional elements (ICP). Gold distribution is summarized in Table 12-1A. Silver distribution is summarized in Table 12-1B. The precise procedures and parameters relating to the survey are not known to the author, who assumes that best-methods practices were used.

TABLE 12-1A: GOLD DISTRIBUTION, GIX ROCK SAMPLING

From	To	No. of samples	Percent of total
10,000 ppb Au	76,000 ppb Au	9	0.36%
1,000 ppb Au	<10,000 ppb Au	94	3.78%
500 ppb Au	<1000 ppb Au	82	3.30%
200 ppb Au	<500 ppb Au	159	6.40%
100 ppb Au	<200 ppb Au	202	8.05%
50 ppb Au	<100 ppb Au	294	11.84%
trace	<50 ppb Au	1644	66.18%

TABLE 12-1B: SILVER DISTRIBUTION, GIX ROCK SAMPLING

From	To	No. of samples	Percent of total
1,000 ppm Ag	1205 ppm Ag	5	0.20%
100 ppm Ag	<1,000 ppm Ag	62	2.50%
50 ppm Ag	<100 ppm Ag	70	2.82%
20 ppm Ag	<50 ppm Ag	157	6.32%
10 ppm Ag	<20 ppm Ag	173	6.96%
5 ppm Ag	<10ppm Ag	230	9.26%
trace	<5 ppm Ag	1787	71.9%

The above tables show that approximately 30% of the rock samples contain "geochemically anomalous" concentrations of gold and silver ("geochemically anomalous" is reasonably defined as ≥50 ppb gold and ≥5 ppm silver). Approximately 6% of the rock samples contain "economically interesting" concentrations of gold and silver ("economically interesting" is reasonably defined as ≥500 ppb gold and ≥50 ppm silver).

The tables show that there are similar distribution patterns between gold and silver, reflecting the fact that higher gold assays are frequently associated with higher silver assays. The author has ascertained that the correlation factor between gold and silver in 841 samples carrying ≥50 ppb gold is 0.5, which is not a perfect correlation, but is quite high.

The author has calculated that the median gold-to-silver ratio in 840 rock samples containing geochemically anomalous gold (≥50 ppb) is 1:50. The current gold-to-silver price ratio is 1:65. These ratios demonstrate that the Liscay mineralization has silver potential that is almost equivalent to the gold potential, notwithstanding presently unknown metallurgical factors that might augment or diminish the significance of the silver mineralization.

A review of the ICP data shows that geochemically anomalous gold (≥50 ppb) is associated with elevated values of Bi, Cu, Hg, Mo, Pb, and Sb as shown in Table 12-1C. These are typical pathfinder elements for epithermal gold (±silver-copper) deposits. The large difference between the average and median values for all pathfinder elements indicates that the data are skewed by very high values in a few samples. The median values give results that are more statistically meaningful. Specifically, median values for Pb and Hg are almost five times higher in the "gold-anomalous population" than in the "background population", whereas the contrast is not so marked for the other pathfinder elements. This implies that in the evaluation of geochemical information from the secondary environment (soils, stream sediments, BLEG samples, etc), gold anomalies associated with Pb and/or Hg anomalies should be accorded a high priority for follow-up exploration.

TABLE 12-1C: PATHFINDER ASSOCIATIONS IN ROCK SAMPLES

Au ppb	**Bi ppm**	**Cu ppm**	**Hg ppm**	**Mo ppm**	**Pb ppm**	**Sb ppm**
≥50 ppb N = 840	Median 0.41 Average 9.31	Median 34.6 Average 117.0	Median 0.37 Average 1.58	Median 7.11 Average 49.0	Median 170 Average 715	Median 2.65 Average 21.0
< 50 ppb N = 1644	Median 0.19 Average 2.24	Median 14.1 Average 45.6	Median 0.08 Average 0.33	Median 2.26 Average 11.9	Median 20.2 Average 198.4	Median 1.0 Average 3.5

Figures 12-1A through 12-1C show the distribution of rocks collected on the property together with symbolic representations quantifying the content of Au, Ag and Pb respectively. An additional figure, 12-1D, combines the previous four figures and shows the outline of the notional caldera-like feature.

A prominent characteristic that appears in these three figures, both from outcrop patterns and coinciding anomaly patterns, is a crudely circular feature with a diameter of six to eight kilometers (Figure 12-1D). As a conjectural notion, the author suggests that this might be the surface expression of a caldera margin. Elsewhere in the world, caldera margins are known to host both low-sulphidation gold deposits (for example, the Borovitsa Caldera in Bulgaria [*Singer and Marchev, 2000*]) and high-sulphidation gold deposits (for example, the Rodalquilar Caldera in Spain [*Hedenquist et al, 1996*]). In Peru, the Arcata Mine may lie near the margin of a small collapse caldera *(Candiotti et al, 1990)*.

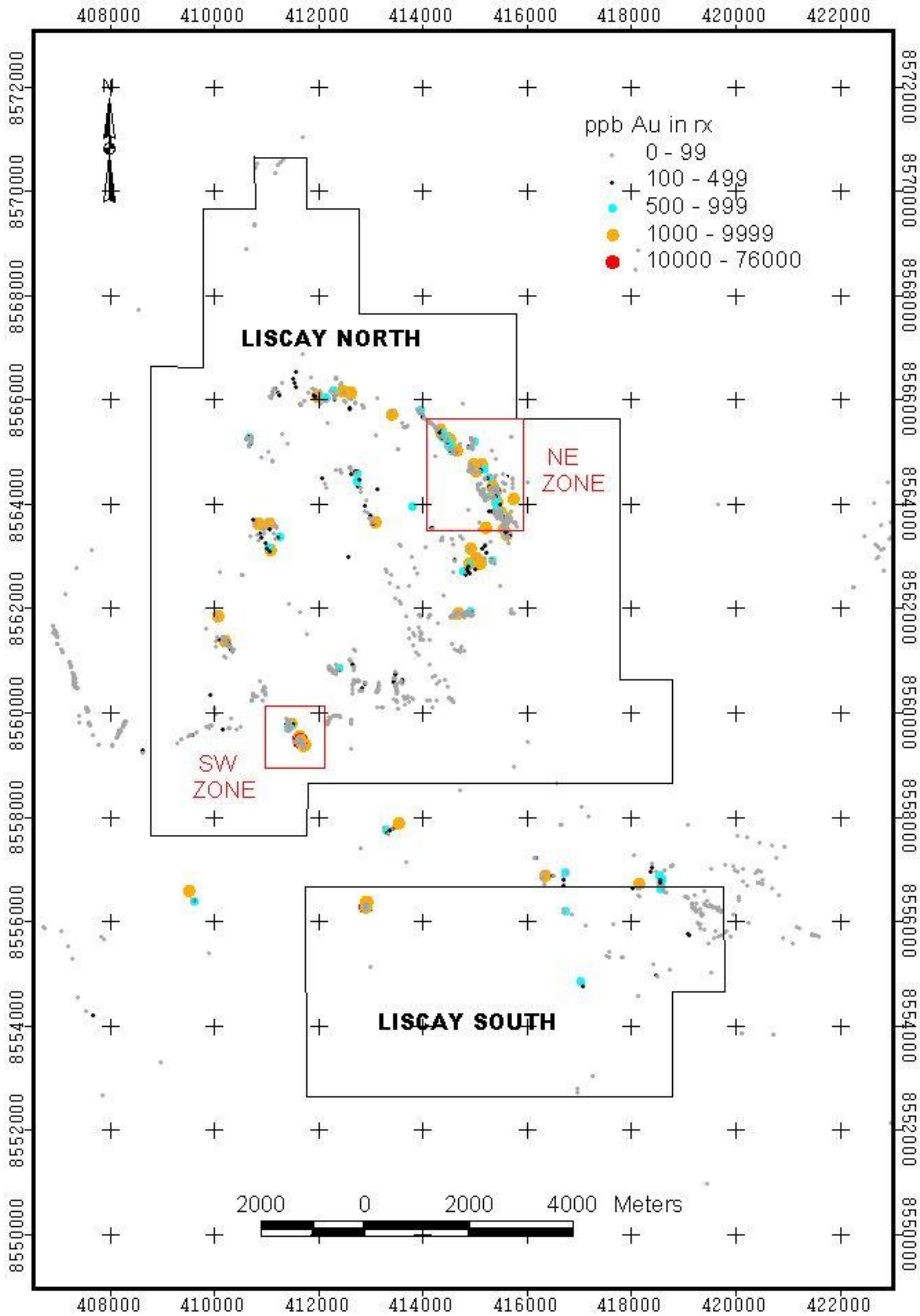


FIGURE 12-1A: GOLD IN ROCKS

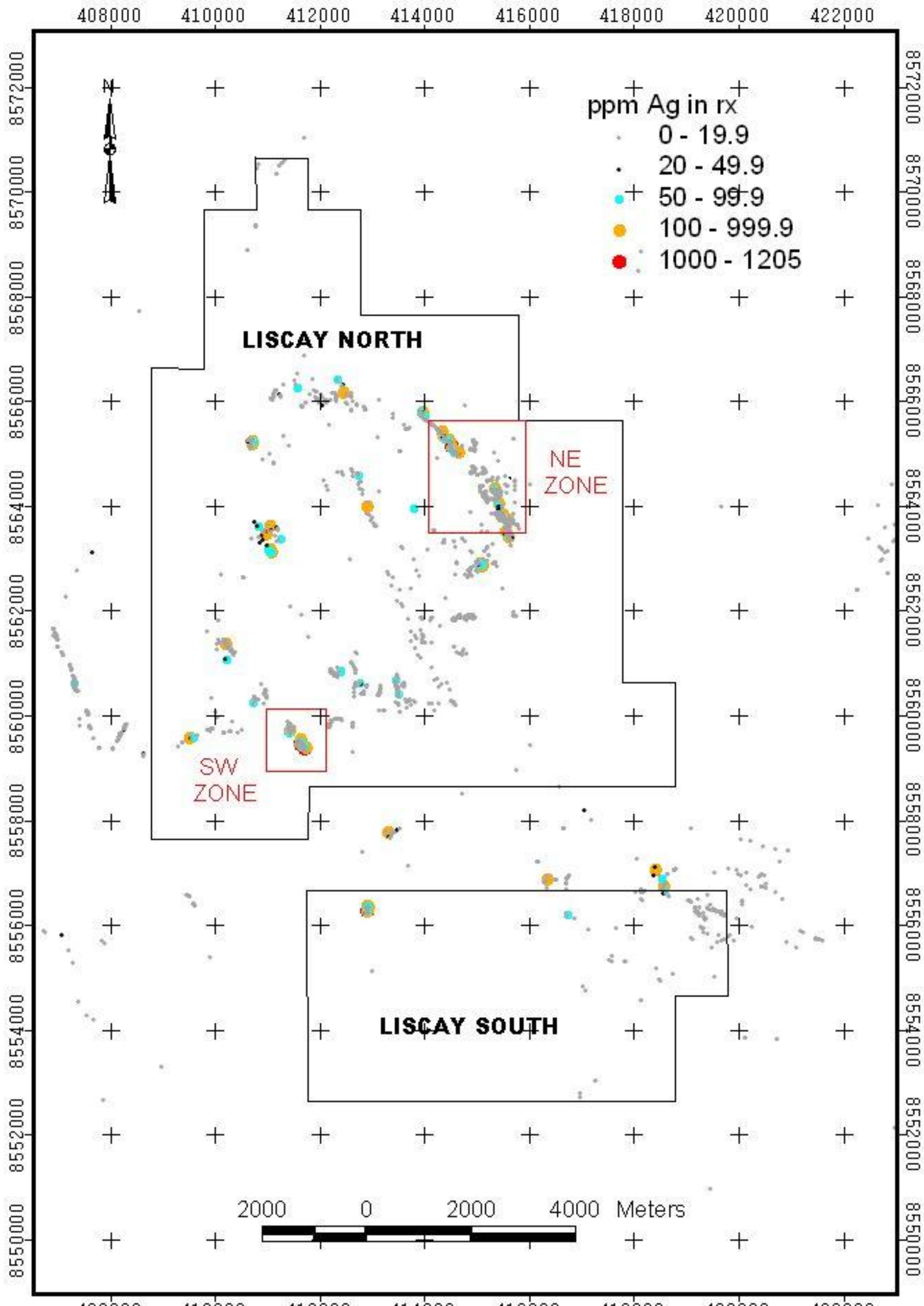


FIGURE 12-1B: SILVER IN ROCKS

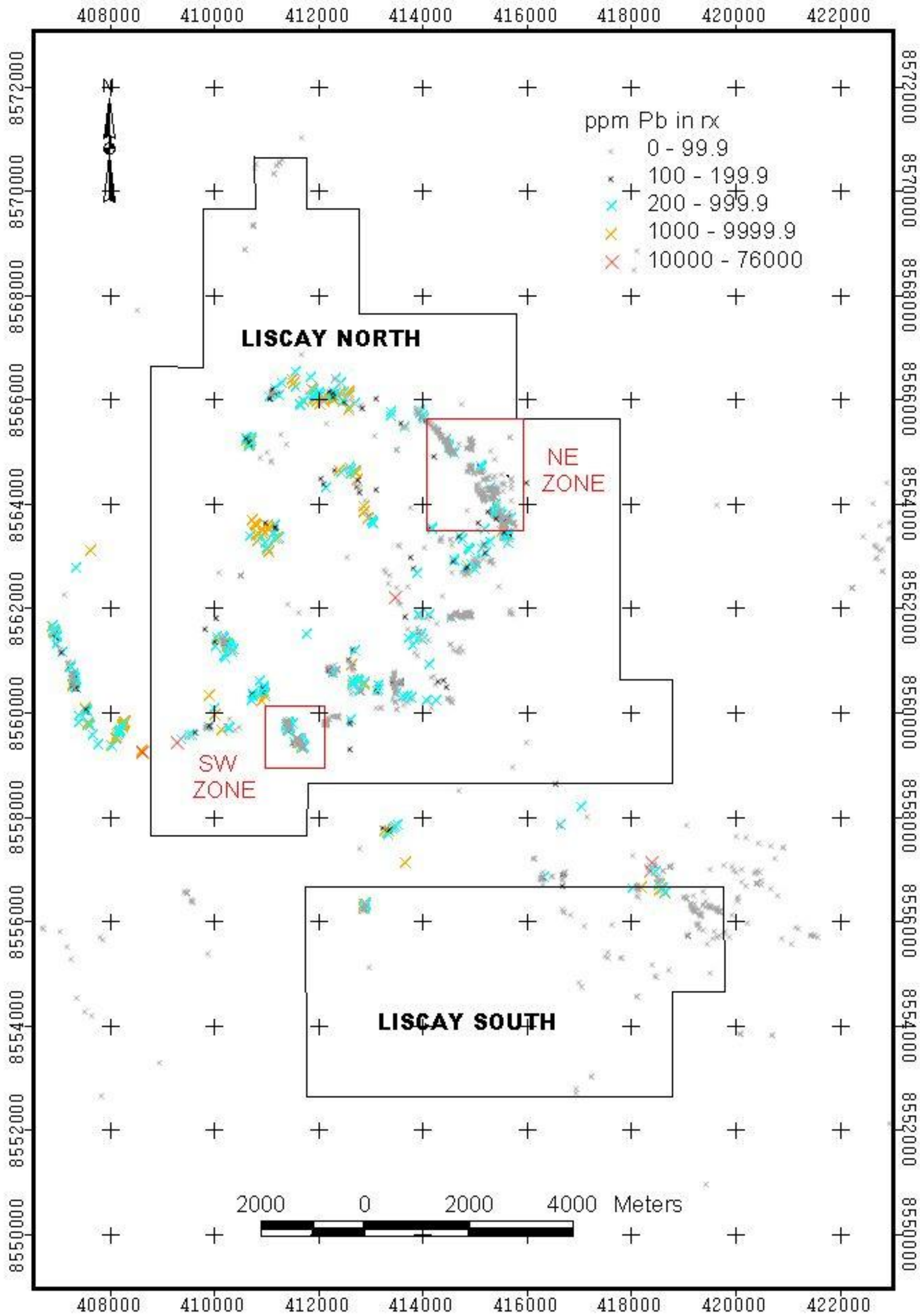


FIGURE 12-1C: LEAD IN ROCKS

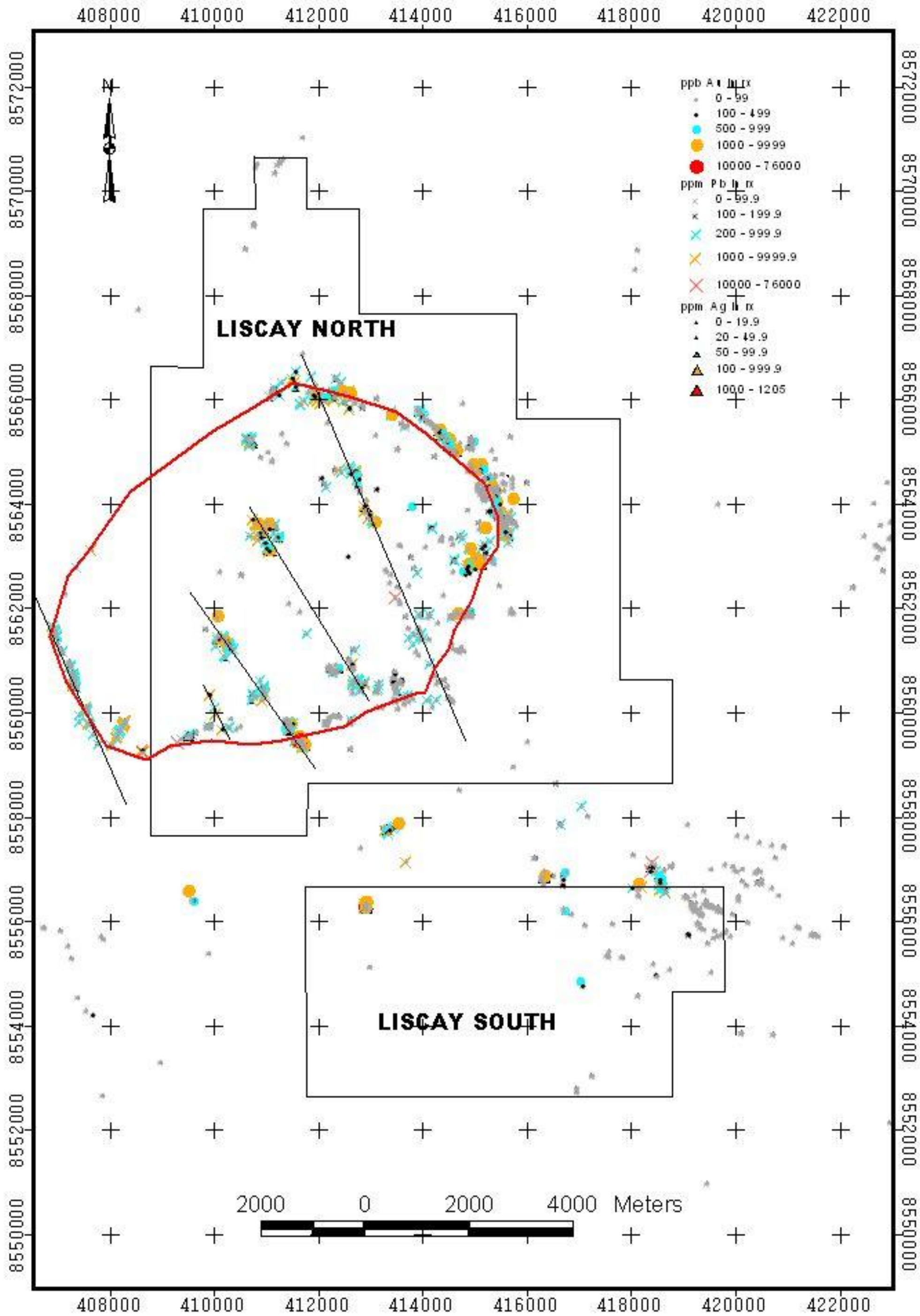


FIGURE 12-1D: COMPILATION SHOWING NOTIONAL CALDERA AND LINEAR ELEMENTS

12-2: SOIL SAMPLING

An orientation soil-sampling survey was completed over part of the NE Zone. A total of 190 soil samples were taken at 25-meter intervals along four lines separated by 500 to 1,000 meters (Figures 12-2A and 12-2B). Soils were assayed for gold, silver and 45 other elements. The orientation soil survey successfully identified known mineralized structures (highly anomalous soil assays of > 50 ppb gold obtained), and identified the down-slope trail of mineralized structures for distances of 200 to 300 meters away from the source (moderately anomalous results of 20 to ≤50 ppb gold obtained). The orientation soil survey also identified gold anomalies up-slope of known showings that have not yet been traced to a source.

With the exception of Pb, gold appears to be its own best pathfinder in soils. Silver results and other elemental results were flat.

The author does not know the sampling parameters (horizon sampled, sample depth, sample characteristics, etc), but assumes that best-methods practices were used in accordance with Newmont's quality-control and quality-assurance guidelines *(Bucknam et al, 2001)*.

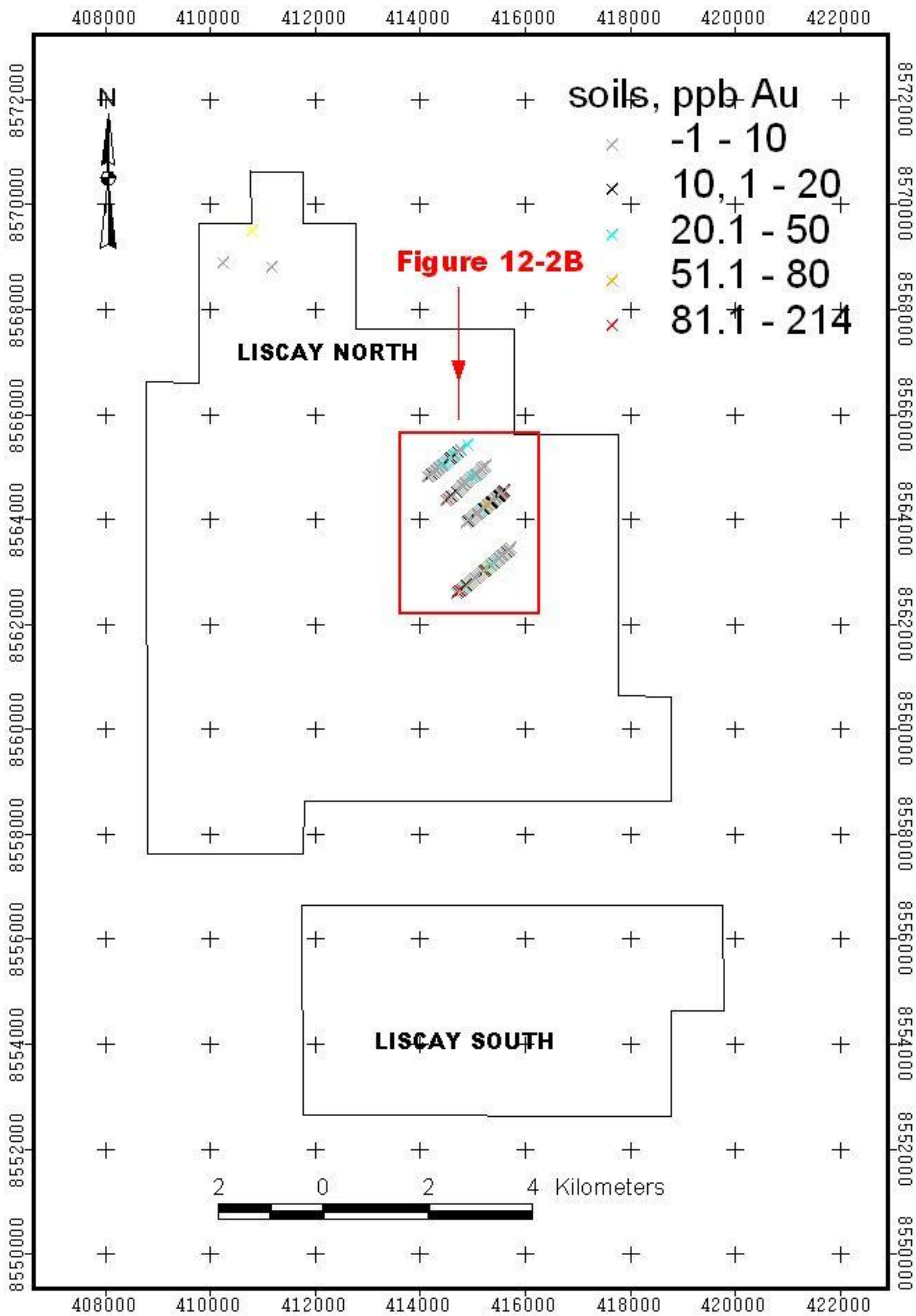


FIGURE 12-2A: SOIL-SAMPLING LINES, NE ZONE

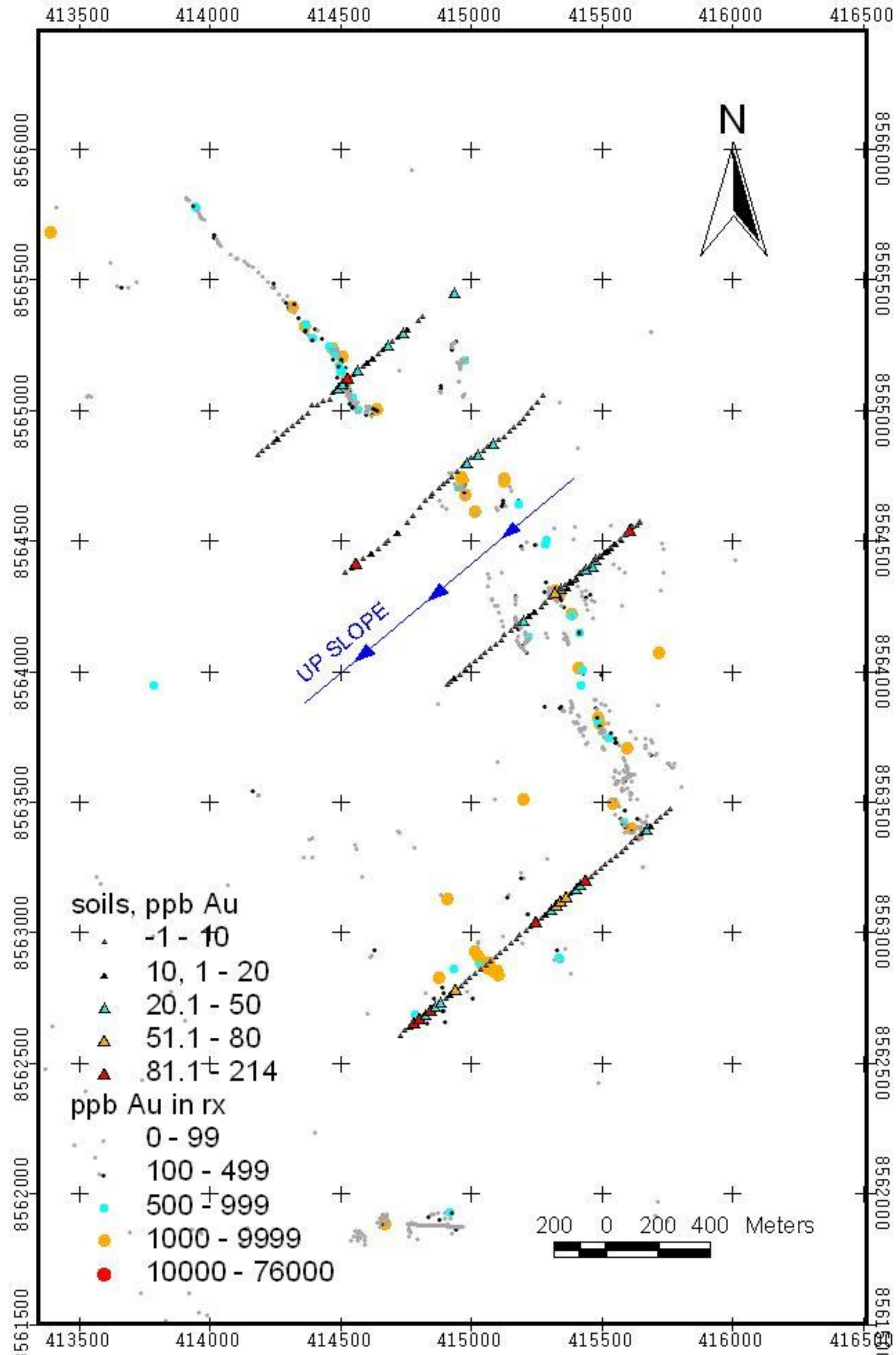


FIGURE 12-2B: SOIL SAMPLING (DETAILED), NE ZONE

12-3: GEOPHYSICAL SURVEYING

Orientation-scale pole-dipole induced-polarization (IP) and electrical-gradient (resistivity) surveys were conducted on the NE and SW Zones of the Liscay property by Fugro Ground Geophysics (Fugro) in two campaigns between May 22 and September 20, 2008. The orientation surveys involved a total of 13.5 line km of IP surveying and 12.0 line km of resistivity surveying divided between the NE Zone (six lines) and the SW Zone (7 lines) as shown in Figures 12-3A and 12-3B. The objective of the surveys was to evaluate geophysical responses of surface targets to a shallow depth.

Fugro concludes that resisitivity responses correlate well with down-dip extensions of silicified mineralized zones located on surface, but that chargeability responses are generally flat. Fugro suggests that the geophysical signature, when considered together with the geological information, is consistent with that of a low-sulphidation epithermal system and recommended drilling six holes to test the down-dip extension of surface mineralization based mainly on the resistivity responses.

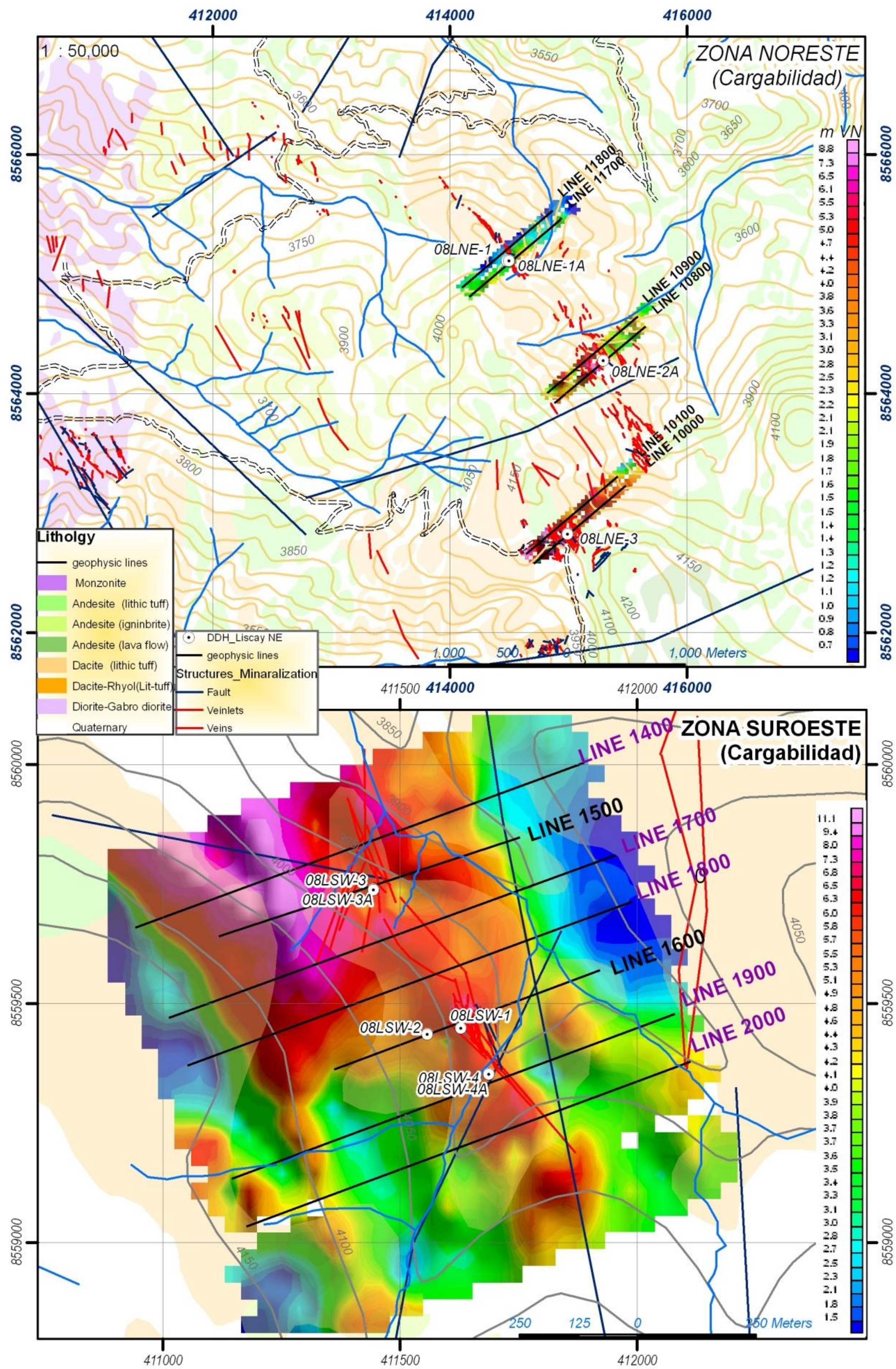


Figure 12-3A: Chargeability Responses, NE and SW Zones *(from GIX files)*

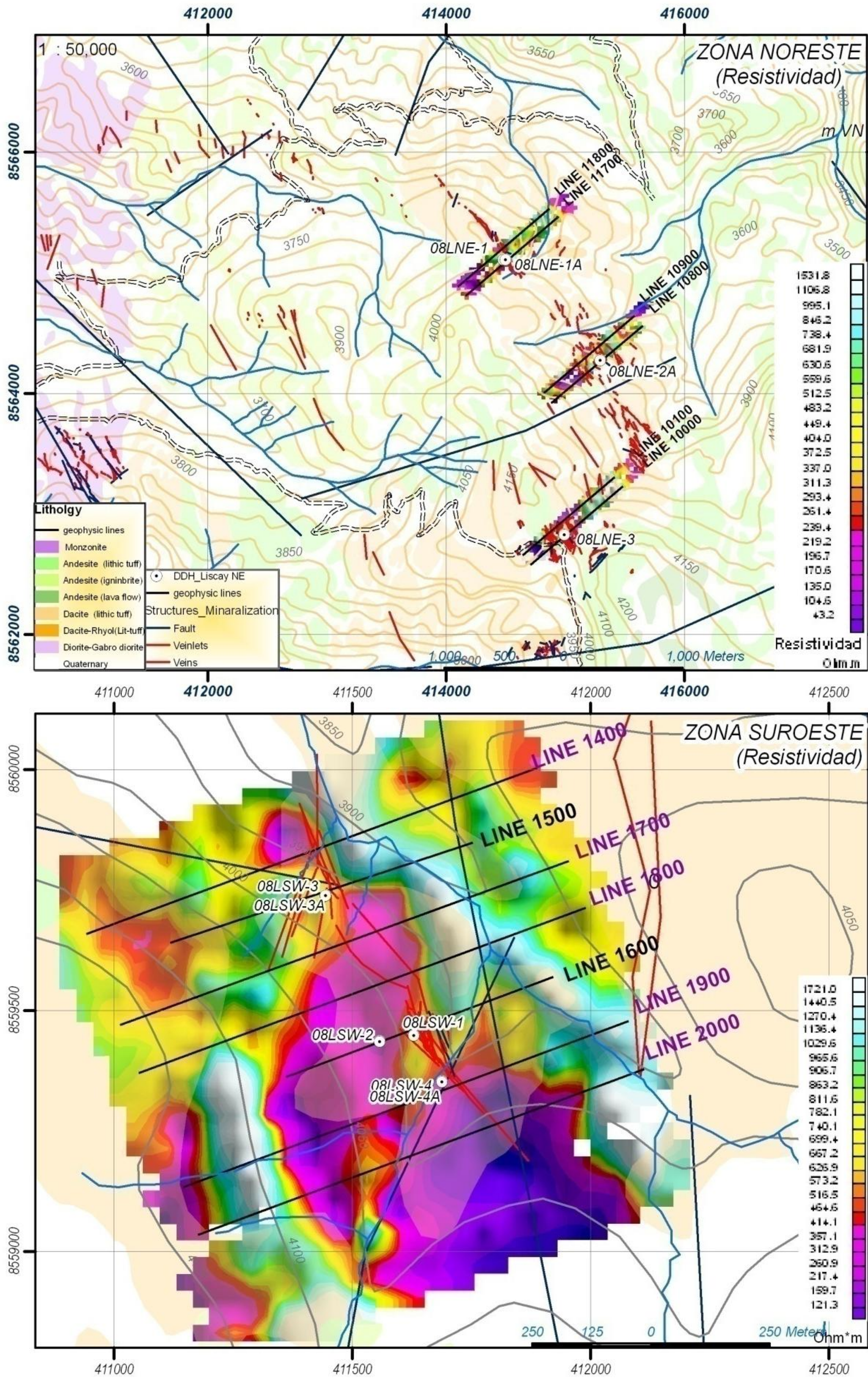


Figure 12-3A: Resistivity Responses, NE and SW Zones *(from GIX files)*

SECTION 13: DRILLING

Twelve diamond drill holes totaling 1,499.7 meters of HQ core (inside diameter 6.35 cm) were drilled by AK Drilling International between October 10 and November 29, 2008. Drill-hole parameters are given in Table 13-1. Significant assay intervals are summarized in Table 13-2. Drill-hole locations are shown in Figure 13-1 (also, see Figures 11-3 and 11-4). Ten drill holes were spotted on the Liscay North concession (594.4 meters on the NE Zone and 617.6 meters on the SW Zone), and two others on the Liscay South concession, NW Zone (287.7 meters). No significant mineralization was intersected on the Liscay South concession.

A total of 297 core samples (including 10 duplicate samples) aggregating 323.1 meters of core was assayed for gold, silver, and ICP-suite elements. The average length of core-assay samples is approximately 1.1 meters. The widest significant intercept is in DDH SW-4, which grades 416 ppb Au and 67.3 ppm Ag across 4.67 m (true width). The highest gold-silver intercept is in DDH NE-3, which grades 2,330 ppb Au and 192 ppm Ag across 0.17 m (true width). The average true width of significant intercepts is 1.3 meters.

Because the drill holes dip either -60º or -80º in a direction opposite to the dip direction of mineralized structures, the acute angle formed by the intersection of the steep-dipping structures (-85º) and the drill holes is either ≈35º or ≈15º respectively. In order to obtain an estimate of true width, the drill-hole intercept length must be multiplied by the geometrical sine of these angles (0.57 and 0.26 respectively). Table 13-2 includes a column giving the estimated true widths of significant drill-hole intercepts. Assays in Table 13-2 are calculated using the arithmetic weighted grade.

The drilling program can be considered an “orientation” survey inasmuch as the holes are widespread and there is not sufficient information to generate sections that are meaningful in a broad geological context. With the exception of the two holes drilled on the Liscay South concession, all significant intercepts correspond to the expected down-dip extension of silicified rocks mapped on surface, and higher grades correlate to zones of the most intense silicification. It is interesting to note that the two holes that did not have significant intercepts (those that were drilled on the Liscay South concession) are the only two holes that are not at or near the perimeter of the circular feature (caldera?) described in previous sections of this report.

It is also interesting to note from the intercept information in Table 13-2 that there are two populations of gold-silver pairings (Graph 13-1). In the first population (12 of 17 intercepts), silver assays are always >10 ppm and increase with increasing grades of gold. In the second population (5 of 17 intercepts), silver assays are always <10 ppm and do not increase with increasing grades of gold. This suggests to the author that there may be two generations of mineralization.

The author’s opinion is that the results of the reconnaissance drill program are encouraging. There are significant gold-silver intercepts in ten of the twelve holes drilled. But these holes have probed only a very narrow vertical slice of the mineralized system, mainly between

3900 and 4000 meters ASL. There is a good possibility of encountering Bonanza segments at other levels of the system or as favorable structures allow.

TABLE 13-1: DDH PARAMETERS

Zone	DDH number	Depth (m)	WGS84 E	WGS84 N	Elev'n (m)	Az(º)	DIP(º)
Liscay N, NE Zone	DDH-08LNE-1	105.70	414483	8565111	3814	90	-80
Liscay N, NE Zone	DDH-08LNE-1A	58.70	414499	8565111	3813	90	-60
Liscay N, NE Zone	DDH-08LNE-2A	220.00	415295	8564274	3804	50	-60
Liscay N, NE Zone	DDH-08LNE-3	210.00	414994	8562826	4100	50	-60
Liscay N, SW Zone	DDH-08LSW-1	111.30	411629	8559448	4004	70	-60
Liscay N, SW Zone	DDH-08LSW-2	203.20	411558	8559435	4026	70	-60
Liscay N, SW Zone	DDH-08LSW-3	58.40	411444	8559738	3975	70	-60
Liscay N, SW Zone	DDH-08LSW-3A	89.10	411444	8559738	3975	70	-80
Liscay N, SW Zone	DDH-08LSW-4	45.80	411688	8559352	3987	70	-60
Liscay N, SW Zone	DDH-08LSW-4A	109.8	411688	8559352	3987	70	-80
Liscay S, NW Zone	DDH-08LSW-9	126.85	412943	8556269	4425	270	-60
Liscay S, NW Zone	DDH-08LSW-9A	160.85	412939	8556269	4425	225	-60

TABLE 13-2: DDH SAMPLES, INTERVALS, AND SIGNIFICANT ASSAYS

DDH	**samples**	**m assayed**	**from (m)**	**to (m)**	**width (m)**	**true width**	**ppb Au**	**ppm Ag**
NE-1	12	12.85	22.90	25.90	3.00	0.78	229	4.70
			64.25	65.95	1.70	0.44	644	38.80
NE-1A	16	14.82	28.00	29.40	1.40	0.80	122	5.60
NE-2A	11	9.35	28.95	29.80	0.85	0.48	211	36.80
NE-3	44	30.78	116.00	117.00	1.00	0.57	676	44.20
			139.24	139.54	0.30	0.17	2330	192.00
			145.70	147.65	1.95	1.11	419	5.13
SW-1	80	111.80	18.95	21.6	2.65	1.51	169	12.00
			33.6	34.6	1	0.57	106	22.90
SW-2	31	35.44	142.65	150.27	7.62	4.34	208	5.20
			including					
			150.00	150.27	0.27	0.15	2110	5.20
SW-3	28	29.10	28.70	30.20	1.50	0.86	253	19.35
SW-3A	28	30.40	54.25	62.43	8.18	2.13	173	16.60
SW-4	14	14.80	28.80	36.00	7.20	4.67	416	67.30
			including					
			29.80	30.80	1.00	0.57	2080	239.00
SW-4A	19	19.90	57.20	61.20	4.00	1.04	210	56.90
			61.20	69.20	8.00	2.08	71	17.91
SW-9	6	6.37	no intercepts of interest					
SW-9A	8	7.52	no intercepts of interest					
TOTAL	**297**	**323.13**						

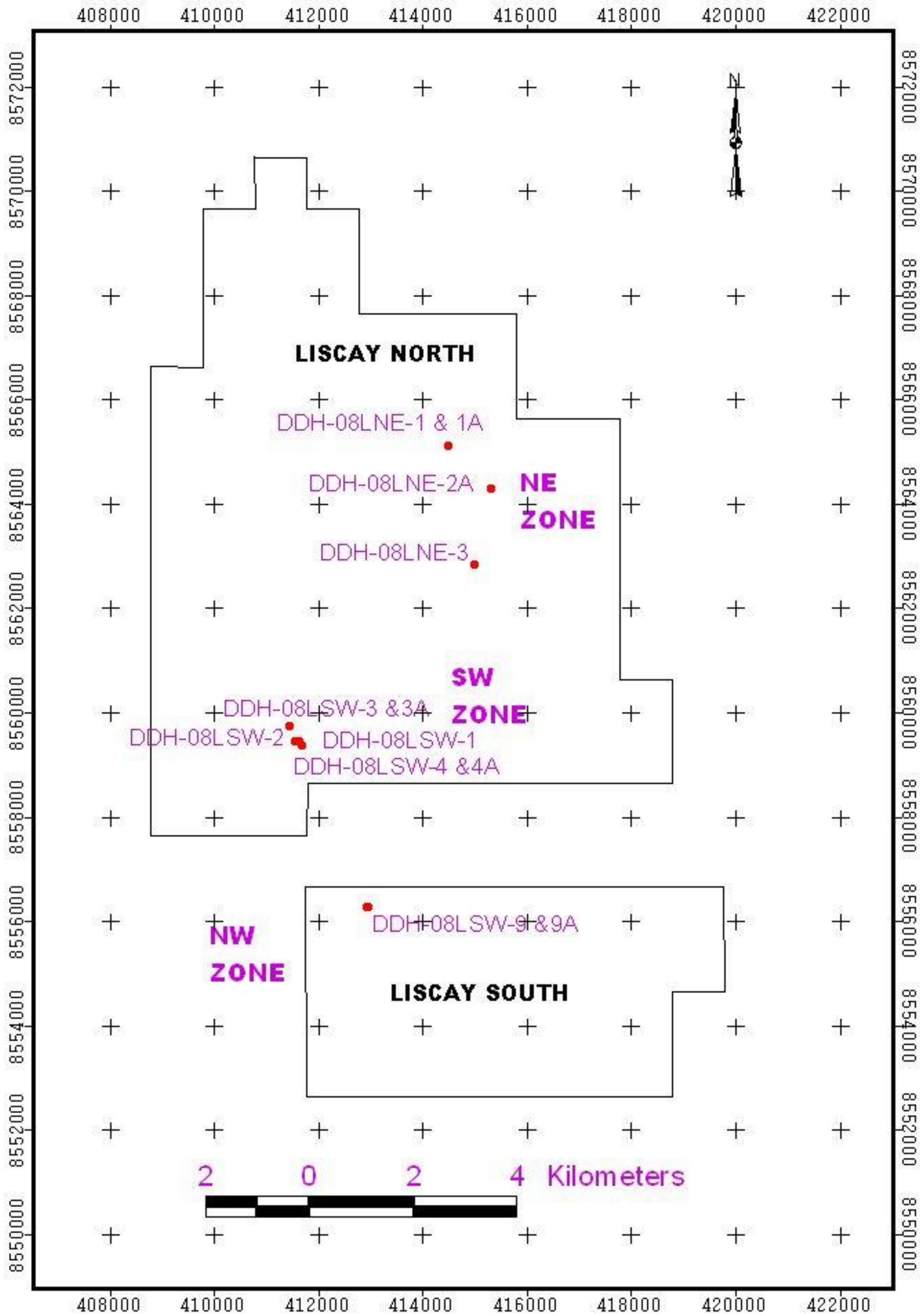
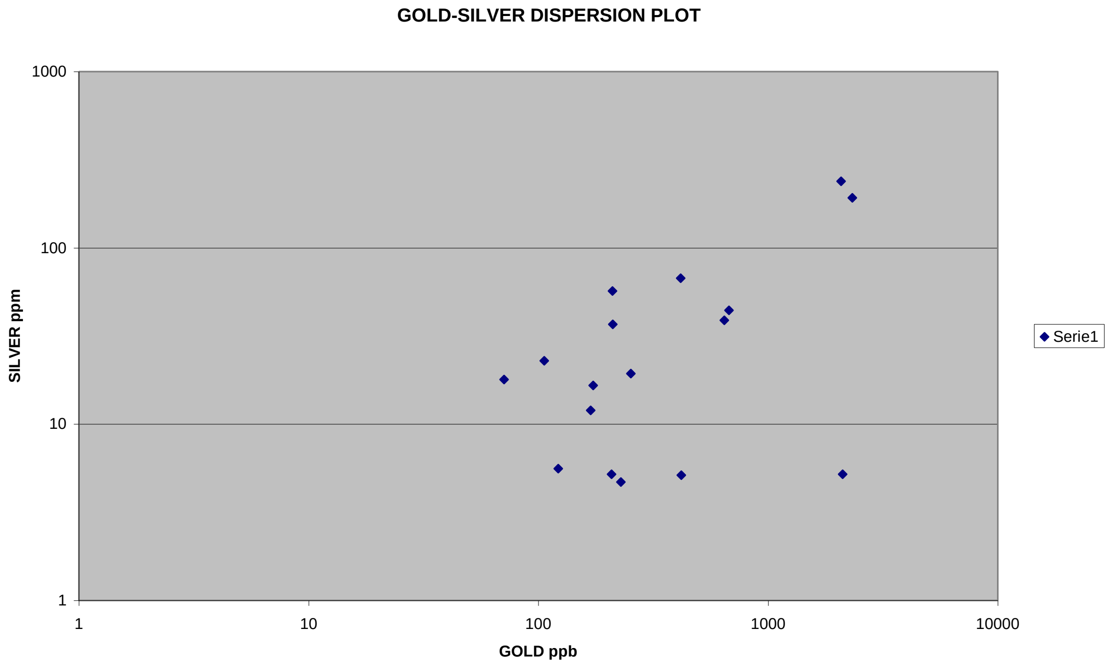


FIGURE 13-1: LOCATION OF DIAMOND DRILL HOLES

GRAPH 13-1: GOLD-SILVER DISPERSION PLOT



SECTION 14: SAMPLING METHOD AND APPROACH

The author does not know the sampling method and approach used by GIX and Newmont for the rock-sampling and soil-sampling programs, but assumes, given that both are reputable companies, that industry best-practices standards were used. In the field, the author observed numerous scars on outcrops attesting to physical sampling, and saw numerous fragments of flagging tape and illegible remnants of painted numbers marking sample locations. In other words, field evidence substantiates the completion of a systematic sampling program, as does the office evidence (laboratory certificates, spreadsheets, etc).

For the drill program, evidence of the sampling method and approach is obvious based on inspection of the drill core, which the author did on a random basis. The core is stored in strong, hinged wooden boxes that are carefully labeled and housed in a dry, secure building. Inside the core boxes, drill intervals and sample intervals are also carefully labeled. The drill core for sampled intervals was halved by a diamond saw, and it is obvious that the approach was to sample and assay any drill interval showing signs of alteration (silicification). From inspection of the randomly chosen core boxes opened by the author, it is evident that recuperation was excellent (close to 100%).

SECTION 15: SAMPLE PREPARATION, ANALYSES AND SECURITY

The author can not guarantee that no aspect of sample collection or preparation was conducted by an officer, director or associate of GIX or Newmont, and is not able to verify any issues relating to sample security. However, given the consistency of information, confirmations in the data-verification program reported in the next section, and the good reputation of the involved companies, the author is convinced that there are no realistic concerns in regard to these issues.

ALS Chemex in Lima, Peru, is an ISO 9002-certified laboratory and was the exclusive laboratory used for analysis of project samples and check samples. At the laboratory, the rock and core samples were weighed, logged, and crushed to 70% <2mm. Samples were then separated in a riffle splitter to obtain a 250-gram sub-sample. This was pulverized to 85% <75µm and a 30-gm split was analyzed for gold by fire assay with an atomic absorption finish, or a gravimetric finish in the case of samples carrying >10.0 ppm gold. Thirty-four additional elements were analyzed using ICP methods. Soil samples were analyzed using the same procedure, except that the soil samples were dry-sieved to 80 mesh (less than 180 µm).

For the drill program, assays for 10 duplicate samples, 4 standards and 6 blanks were included in the information reviewed by the author. Although parameters for the standard samples (preparation and grade) are not known, the assay values for gold and silver are consistent. All blanks returned negligible precious-metal values. Assays for all duplicates fall within acceptable limits of the original assay (Table 15-1).

The author is satisfied with the adequacy of sampling, sample preparation, security and analytical procedures for the rocks, drill core and soil samples.

TABLE 15-1: DRILL CORE DUPLICATE SAMPLES AND ASSAYS

sample	**Au ppb**	**Ag ppm**	**duplicate**	**Au ppb**	**Ag ppm**
M385070	-5	0.13	M385071	-5	0.18
M385095	19	2.85	M385096	16	2.04
M385123	105	13.45	M385124	75	11.15
M385149	63	8.60	M385150	59	11.30
M385168	43	0.72	M385169	15	0.40
M385199	7	0.46	M385200	7	0.43
M385221	-5	1.18	M385222	-5	1.11
M385272	12	0.19	M385273	13	0.18
M385279	54	1.19	M385280	50	1.18
M385427	91	12.80	M385428	66	6.93

SECTION 16: DATA VERIFICATION

The author has taken the following steps to verify the data:

- The author took eight chip samples of altered outcrops from two widespread mineral occurrences on the property (the NE Zone and the SW Zone, see Figure 16-1 and Plate 16-1) to verify the existence and tenor of gold-silver mineralization.
- The author has confirmed that there are drill platforms at the NE Zone and SW Zone, and rudimentary roads to service the drill platforms.
- The author has confirmed in the field that there is ample and obvious evidence that a rock-sampling program has been carried out on the property. Numerous fragments of wind-blown flagging tape identify sample locations, as do painted (but faded) sample numbers and scars from the physical sampling.
- The core-storage facility (Plate 16-2) was visited. It is in a clean, secure and locked building in a village close to the property. About twenty random core boxes were inspected. Drill-hole numbers, core intervals, and sample intervals are clearly labeled. An arbitrarily selected ±three-meter-long segment of split core from one hole was re-sampled (quarter-core check sample), and the assay result of this check sample confirms the original assays (see Table 16-1)
- Laboratory certificates from ALS-Chemex were examined and a random sampling of these certificates was cross-checked against spreadsheet databases to verify that the assay values for rock samples, core samples, and soil samples were accurately reported.
- Numerous documents, maps, PDF files, database files, memoranda, news releases, geochemical reports, geophysical reports and geological reports were reviewed and evaluated to confirm the consistency of information.

The author is satisfied that the information set forth in this report is valid based on the data-verification program described in this section

16-1: ASSAY CHECK SAMPLING OF OUTCROPS AND CORE

Table 16-1 lists sample details for nine rocks, including one composite core sample, collected by the author on August 26, 2010, from the SW Zone, the NE Zone and the core-storage facility. The table includes gold-silver assays as determined by Inspectorate Services Peru SAC, which is an ISO-certified laboratory in Lima (ISO 9001:2008 No. 39041). Gold was analyzed by fire assay with an atomic absorption finish. Silver and thirty-one other elements were analyzed by ICP (inductively coupled plasma mass spectrometry). One over-limit (>300 ppm) ICP silver assay was verified by fire assay.

The results of the outcrop check-sampling program are consistent with the results reported by GIX from the outcrop-sampling program described in Section 12. All of the check samples carry “geochemically anomalous” (>50 ppb) concentrations of gold, and two of the samples carry “economically interesting” (>500 ppb) concentrations of gold. The two highest silver assays (87.8 and 448.0 ppm, equivalent to about 2.0 to 13.0 opt) predictably correspond to the two highest gold assays (557 and 2474 ppb respectively). The author's sampling suggests that although silica-inundated quartz-eye dacite contains anomalous concentrations of gold (65 to 160 ppb), "economically interesting" concentrations of gold are confined to quartz veins.

The arbitrarily selected core sample was taken from DDH-08LSW-2 (147.05 meters to 150.0 meters, corresponding to GIX sample numbers M385104 [0.85 m], M385105 [0.75m], and M385106 [1.35 m]). The arithmetical weighted grade of this core interval (GIX data) is 142.6 ppb gold and 3.01 ppm silver across 2.95 meters. The grade of the sample (CB-909) collected by the author and assayed by Inspectorate is 141.0 ppb gold and 4.10 ppm silver, which is within about 1% (gold) and 26% (silver) of the GIX assays. This reproducibility is more than acceptable, particularly considering the low Au-Ag grade of the check sample.

TABLE 16-1: DESCRIPTION AND ANALYTICAL RESULTS, QP SAMPLES

No.	WGS84 E	WGS84N	Length m	Dir'n	Type	Az/Dip	Description and alteration	Au ppb	Ag ppm
CB 901	411660	8559425	1.2	295	CHIP	015 ±90	silic'd qtz-eye dacite dike(?), strong silica inundation, weak lim on fx and dissem spots, hyaline qtz microvts, trace chalcedonic microvts, spotty sugary wh qtz, spotty drusy silica in vugs, wk sericitization of feld Xcrysts, splay structure, SW Zone	135	6.9
CB 902	411702	8559370	1.4	65	CHIP	148 ±90	similar to CB 901, near platform DDH-4, SW Zone	160	25.7
CB 903	411737	8559329	2.0	230	CHIP	155 ±90	similar to CB 901, but with massive segments of milky white qtz vein to 0.3m, SW Zone	65	9.5
CB 904	414502	8565088	3.0	280	CHIP	180 85	silic'd qtz-eye dacite dike(?), strong silica inundation, weak lim on fxs and as dissem spots, hyaline qtz microvts, trace chalcedonic microvts, common white qtz veins to 6 cm with cockscomb texture, spotty sugary wh qtz, spotty drusy silica in vugs, wk sericitization of feld Xcrysts, near a drill platform, SW Zone	111	1.8
CB 905	414519	8565110	3.0	90	CHIP	175 85	similar to CB 904, but w/ more veins, traces of raggedy grey metallic mineral. Traces of cubic bxwks.,NE Zone	147	7.1
CB 906	414520	8565110	1.4	90	CHIP	175 85	90% qtz veining, massive to thickly laminated, NE Zone	557	87.8
CB 907	414469	8565226	1.0	70	CHIP	160 85	massive wh qtz vein, some fxs with lim and crustiform quartz., NE Zone	334	15.1
CB 908	414430	8565267	0.6	70	CHIP	160 85	massive wh qtz vein, common drusy silica in vugs, common crustiform qtz in fxs, modest limonite in fxs, NE Zone	2474	448.0
CB 909					CORE		DDH-08LSW-2, 147.05 to 150.45m, tickets M385104 to M385107	141	4.1

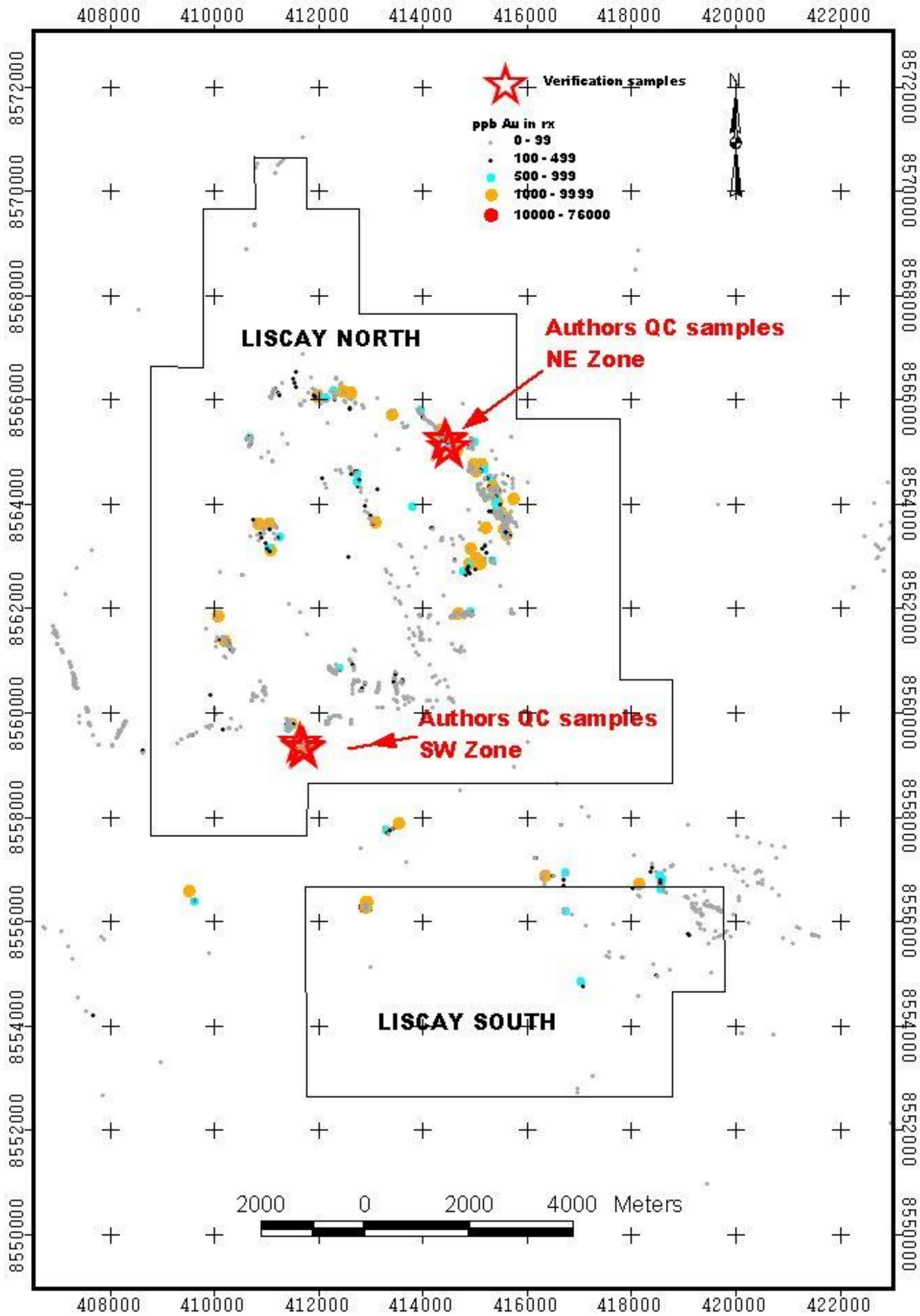


FIGURE 16-1: AUTHOR'S QC SAMPLES, NE AND SW ZONES

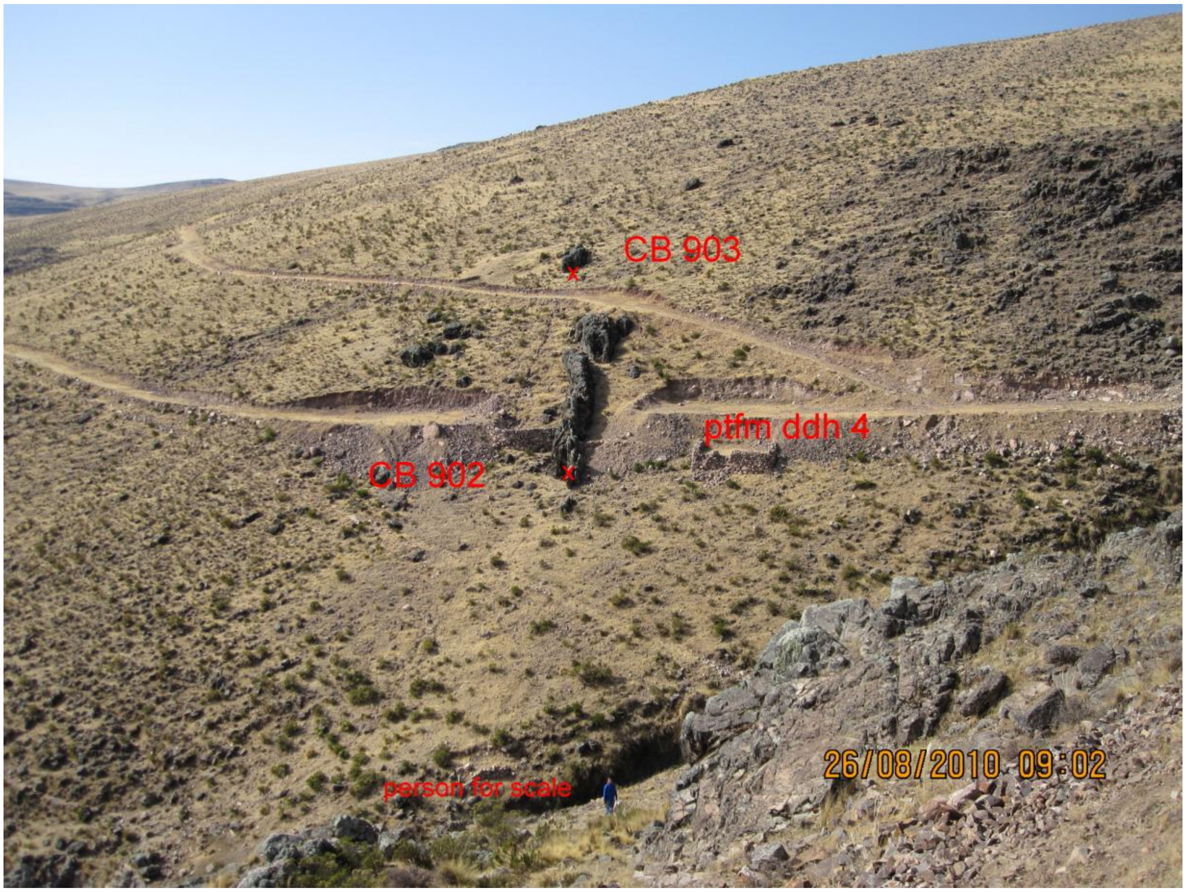


Plate 16-1: View 330 Degrees. North-Trending Silicified Crest, SW Zone, Verification Samples CB 902 and CB 903.

Plate 16-2: Liscay Drill Core

SECTION 17: ADJACENT PROPERTIES

To the author's knowledge, there are no significant mineralized prospects known on adjacent properties.

SECTION 18: MINERAL PROCESSING AND METALLURGICAL TESTING

There is nothing to report regarding mineral processing and metallurgical testing.

SECTION 19: MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

There is nothing to report in regards to mineral resource or mineral reserve estimates.

SECTION 20: OTHER RELEVANT DATA AND INFORMATION

There are no other relevant data or information to include in this report.

SECTION 21: INTERPRETATION AND CONCLUSIONS

1. Reconnaissance-level exploration on the extensive Liscay property has demonstrated that there is a wide-spread distribution of quartz veins and silicified zones carrying geochemically anomalous to economically interesting precious-metal values.
2. Alteration (silicification-sericitization), anomalous elemental associations (Pb, Hg, Sb, Bi, Cu, Mo), and the geological context (Tertiary-age volcanic host rocks) suggest that the identified mineralization is of the low-suphidation epithermal type. These types of deposits typically have “Bonanza” (high-grade) zones that are constrained to structures within well-defined vertical limits.
3. A roughly circular pattern emerges from plots of anomalous gold (to 76.6 ppm), silver (to 0.12%) and lead (to 8.7%) values from the >2400 rocks collected on the property during reconnaissance sampling. The author suggests that this circular feature might be the expression of a caldera. Caldera margins are known to host significant epithermal deposits in Peru and elsewhere in the world.
4. Orientation-scale soil sampling surveys and geophysical surveys (IP-Resistivity) have shown that both exploration methods are effective in identifying mineralized targets. Moderately anomalous (>20 ppb) gold-in-soil assays confirm the detection of known mineralized zones for distances of up to two hundred meters down-slope from source, whereas soils collected close to source typically yield assays of >50 ppb gold. Geophysical resistivity anomalies directly correspond to zones of silicification associated with mineralization. Although there is not a distinct chargeability anomaly associated with mineralization, the penetration depth of the geophysical orientation survey was shallow, and there could be a better response with deeper penetration techniques.
5. All ten reconnaissance-scale drill holes on the Liscay North concession intersected precious-metal anomalies corresponding to the down-dip extension (to a maximum depth of ≈60m below surface) of known mineralized zones on surface. The widest intercept (4.7 meters, true width) assayed 416 ppb Au and 67.3 ppm Ag. Narrower intercepts of up to 2,330 ppb Au and 192 ppm Ag were also obtained. All intercepts are situated at, or close to, the perimeter of the notional “caldera” structure. Two holes drilled on the Liscay South concession, which is not spatially associated with the notional caldera structure, did not intersect significant mineralization.
6. The property-wide prospecting/mapping program and the orientation-scale soil-sampling, geophysical, and drilling surveys have firmly established the property’s potential for hosting significant precious-metal mineralization. However, it must be recognized that the work that has been done, although perfectly appropriate for a grass-roots project, is not sufficient to identify specific targets for immediate drilling. The drilling that has been done is widespread, has only penetrated mineralized zones to a depth of about 60 meters below surface, and is mainly

confined to a vertical slice between elevations of 3,900 to 4,000 meters ASL. The geological model for low-sulphidation epithermal mineralization demands an evaluation of various vertical slices. Geophysics and soil sampling surveys that were completed are confined to a small arc segment of a potential structure (the notional caldera) that has a circumference of about 22 kilometers. The geological mapping that has been done is rudimentary. There is no firm grasp of volcanic stratigraphy and structure to anchor future exploration decisions. For these reasons, a two-stage approach to future exploration is recommended and outlined in the next section.

SECTION 22: RECOMMENDATIONS

22-1: PHASE 1 EXPLORATION AND BUDGET

A: Geological and Structural Mapping

The mapping completed by Geologix was rudimentary, although entirely appropriate for a project at a grass-roots level of exploration. Now, it is necessary to obtain a more rigorous appreciation of stratigraphic and structural controls to anchor expensive exploration decisions expected in the future. This will require the services of an experienced exploration geologist with a strong background in volcanology. Time allot is 30 days in the field, 15 days in the office, and five days traveling. Budget allot is US$500 per day. Total cost is US$25,000.

B: Geophysical Surveying

Additional deep-penetrating IP-Resistivity surveying is recommended to identify silicified or sulphidized root zones corresponding to potential high-sulphidation epithermal mineralization, or to broadening/intensifying of low-sulphidation vein systems. The author suggests that most of the geophysical lines should be located at elevations >4,000 meters, and should cross the perimeter of the notional caldera (?) structure discussed above. A minimum of 100 line km is suggested. The geophysical parameters should be determined by the Company in collaboration with an experienced geophysicist. The author is not qualified to make such decisions without advice. Estimated cost at US$800 per line km is US$80,000.

C: Soil Surveying

Overall, outcrop exposure on the property ranges from about 2% to 10%, but there are extensive grassland tracts where there are no outcrops at all, and where soil sampling could identify new targets and amplify existing ones. In the orientation survey completed over part of the NE Zone, 190 soil samples were taken at 25-meter intervals along four lines separated by 500 to 1,000 meters. The orientation soil survey successfully identified known mineralized structures (highly anomalous soil assays of > 50 ppb gold obtained), and identified the down-slope trail of mineralized structures for distances of 200 to 300 meters away from the source (moderately anomalous results of 20 to ≤50 ppb gold obtained). The orientation soil survey also identified gold anomalies up-slope of known showings that have not been traced to source. Based on the distribution pattern of soil anomalies in the orientation survey, the author is confident that a soil-sampling interval of 100 meters is sufficient to identify the presence of unexposed mineralized zones in inclined terrain, although this should be reduced to an interval of 50 meters in flat terrain.

The author recommends that additional soil sampling be done along the geophysical lines and elsewhere on the Liscay property, particularly at high altitudes and where outcrop is sparse. It is calculated that 1,500 soil samples would have to be collected to accomplish the objectives. The budget allot at US$25.00 per sample for shipping, handling, drying, gold assays and multi-element ICP analysis is US$40,000.

D: Target Definition

This is a contingency for such activities as detailed mapping, detailed sampling, trenching, and labour that may be required to define specific targets for drilling. Budget allot is US$20,000.

A cost estimate for phase 1 is given in Table 3-1 below.

TABLE 22-1: COST ESTIMATE, PHASE 1

ITEM	COST
geological mapping (consulting specialist)	$25,000.00
geophysical surveying	$80,000.00
soil surveying (lab)	$40,000.00
salaries and benefits	$70,000.00
camp, fuel, food, hotels, informal labour, etc	$30,000.00
office, drafting, phone, etc	$10,000.00
target definition	$20,000.00
Contingencies 10%	$25,000.00
TOTAL	$290,000.00

22-2: PHASE 2 EXPLORATION AND BUDGET

The author recommends diamond drilling in phase 2. The logistics, scope and scale of the program are completely dependent on the results of phase-1 exploration. However, based on the current level of knowledge and on the anticipation of intriguing results from phase-1 exploration, the author suggests that the Company prepare for a 5,000-meter drill program that will cost US$ 150 per meter (all inclusive). Budget allot is US$750,000.

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-Fifteen years of continuous exploration experience in Peru.

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-Fellow of the Society of Economic Geologists.

Qualified Person:
The author is an "independent qualified person" in accordance with definitions established in National Instrument 43-101

Property Inspection:
The Liscay property, which is the subject of this report, was visited by the author on August 26, 2010. The core-storage facility in a nearby village was inspected on the same day.

Responsibility:
The author is responsible for the full report.

Independence:
-The author is not an officer, director, or employee of Rae Wallace Peru (the Company).
-The author has neither received nor expects to receive shares of the Company or any other consideration besides fair remuneration for the preparation of this report.
-The author has not earned the majority of his income during the preceding three years from the Company or any associated or affiliated companies.

Technical Information:
The author certifies that, to the best of his knowledge, this technical report includes all the required scientific and technical information necessary to ensure that the report is not misleading.

Compliance:
The author has read National Instrument 43-101 and confirms that this technical report has been prepared in compliance with that Instrument.

John A. Brophy
October 24, 2010
Revised July 27, 2011
Revised January 10, 2012