SECTION 1: COVER PAGE

National Instrument 43-101F1

SUMMARY REPORT

on the

TORO BLANCO (TAMBO NUEVO 15) PROPERTY

SOUTHWEST
PERU

For

RAE-WALLACE MINING COMPANY.
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SECTION 3: SUMMARY

The 900-hectare Toro Blanco gold 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.

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).

The Toro Blanco property was acquired by Geologix in 2005 based on an alteration anomaly (detected remotely by satellite imagery) suggesting argillic and silicic alteration typical of high-sulphidation epithermal gold mineralization. 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 Toro Blanco property. The Company's intention is to organize an Initial Public Offering (IPO) based on this report describing high-sulphidation epithermal-style mineralization at Toro Blanco, and based also on an earlier 43-101 report recently completed by the author describing low-sulphidation gold-silver targets on a larger property in southwest Peru known as Liscay (*Brophy, 2010*).

Like most epithermal gold-deposit camps in Peru (for example; Yanacocha, Pierina, Alta Chicama, Tres Cruces, Arcata, etc), the Toro Blanco property is mainly underlain by Tertiary-aged volcanics and related coeval intrusions. No significant precious-metal mineralization had been reported from the Toro Blanco property prior to the exploration work done by Geologix and Rae-Wallace Mining Company (as described in this report).

Work done on the Toro Blanco property by Geologix and Rae-Wallace Mining Company between 2005 and 2010 included the property-wide collection of 542 rock samples, rudimentary geological and alteration mapping, a soil-sampling program (550 samples, half of which were taken outside of the limits of the claim), and a six-line cumulatively 18.8-km-long geophysical survey comprising reconnaissance-scale, east-west IP-Resistivity transects separated by 400 meters.

The results of this work strongly suggest that Toro Blanco is a high-sulphidation, epithermal precious-metal prospect based on physical characteristics (age and lithology of host rocks), alteration assemblages (intermediate to advanced argillic alteration), elemental associations (Mo, Cu and Pb anomalies) and geophysical responses (chargeability anomalies associated with resistivity anomalies) across a part of the property denominated the "P-Zone", which has an area of more than 90 hectares. Within the P-Zone, the median gold value of 293 rock samples collected (including 94 channels from 4 trenches) is 30 ppb and the average gold value is 51 ppb (maximum value 976 ppb). Outside of the P-Zone, the median gold value of 249 rock samples collected (including 25 channels from one trench) is <5 ppb and the average gold value is 9 ppb. Only five geochemically anomalous gold results (maximum 244 ppb) were obtained outboard of the P-Zone. Lineament analysis suggests that the P-Zone might be associated with an east-northeasterly-trending sinuous structure denominated the “S” Structure. Gold anomalies (up to 662 ppb) in soil samples suggest that the size of the P-Zone can probably be extended along the trajectory of the “S” Structure to the southwest of the P-Zone.

The author has had the good fortune to work on numerous high-sulphidation epithermal prospects in Peru, and realizes one fact that is not commonly appreciated; that there are many high-sulphidation epithermal systems that have the correct alteration, the correct age (Tertiary), the correct host rocks (volcanics), and yet barely a trace of economically valuable metals. The acid-sulphate solutions that generated these alteration zones were barren. Of course, these prospects are rarely mentioned in the geological literature (because they are of no economic interest), and so there are scarce references available that can be included in Section 23 (References).

In the case of Toro Blanco, there is a large area (>90 hectares in the P-Zone) that has the correct alteration of a high-sulphidation system, the correct age, the correct host rocks, and also carries geochemically anomalous concentrations of gold, molybdenum and other elements. Because of this, the author concludes that Toro Blanco is a property of merit that warrants additional exploration to locate drill targets.

The author is firm in his belief, based on the existing information, that Toro Blanco should be drilled, but that this should be done only after additional exploration to better define drill targets. With a little more exploration effort, the author is confident that specific drill targets will be identified. Consequently, although the author includes reconnaissance-scale drilling in his recommendations, he does not propose specific sites for drilling.

Here are the author’s recommendations:

1. The P-Zone and its possible extensions, as inferred by rock-geochemical and soil-geochemical information, are the obvious targets for first-priority evaluation. Saturation sampling, detailed geological mapping and detailed alteration mapping are recommended.
2. The author has noted that a great deal of the property consists of colluvial cover, and has noted that “soil” sampling of colluvial fines has detected the P-Zone and potential extensions to the southwest. Systematic contour sampling of colluvial fines is recommended for the entire property. Contour sampling should be done at vertical intervals of 100 meters and at horizontal intervals of 100 meters.
3. All samples taken in the survey (colluvial fines and outcrop samples) should be analyzed by PIMA (portable infrared mapping analysis) as well as by routine gold fire assay and multi-element ICP. PIMA can help to identify acid-alteration assemblages (clay, silica, alunite, etc) that, together with standard information, can assist in drill-target definition.
4. Reconnaissance-level drilling of 1200 meters in four vertical holes is proposed to test the P-Zone to a depth of 300 meters.

A budget of US$300,000 is detailed in Table 22-1, Section 22 (Recommendations) in support of the above program.

SECTION 4: INTRODUCTION & TERMS OF REFERENCE

4.1: GENERAL

In November of 2010, the author was asked by George Cole, President and Chief Executive Officer of Rae-Wallace Mining Company (RWMC), to review exploration work (mapping, rock sampling, trenching, soil sampling and geophysics) that was done on the 900-hectare Toro Blanco property (Tambo Nuevo 15 claim) in southwest Peru between 2005 and 2010, 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 Toro Blanco gold 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 and RWP between 2005 and 2010.

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 day on the property (November 8th, 2010), and has spent weeks sifting through and evaluating information contained in extensive files inherited by RWMC from GIX, and additional information generated recently by RWMC.

The author requested that RWMC provide a summary of exploration expenditures on the Toro Blanco property for the years 2008 to 2010 (two years of GIC stewardship, and one year of RWMC stewardship). Table 4-1 was provided documenting expenditures of approximately US$185,000.

TABLE 4-1: TORO BLANCO EXPLORATION EXENIDITURES

Toro Blanco Cost Category	**Cost US$**
General & Administrative Expenses	$54,166.00
Field Labor	$10,932.00
Field Supplies, Maps	$12.00
Camp Cost	$4,464.00
Other Misc.	$2,284.00
Equipment Rental / Repair	$2,203.00
Transportation	$1,276.00
Assays	$4,502.00
Meals	$3,614.00
Consultants (mainly geological contractors)	$49,577.00
Travel	$2,191.00
Annual Concession Fees	$2,759.00
Courier / Postage	$6.00
Geophysics Surveys	$32,220.00
Valuation Reports	$4,472.00
Communities	$1,552.00
Payroll (in house)	$8,075.00
TOTAL	**$184,305.00**

It is the author's opinion that, considering the work done, (±500 rock samples collected and analyzed, trenching, geological mapping, soil sampling, alteration mapping, ±20 line-km of geophysical surveying, wages and benefits, Peruvian office costs, head-office costs, drafting services, claim fees, notaries' fees, lawyer's fees, etc.), that US$184,000 is a very conservative estimate of the amount of money that has been expended on the Toro Blanco property to date.

4-2: 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

avg = average (sum of all values divided by population number)
med = median (50%-ile value; half of the values in the population are higher, and half are lower).

"Tambo Nuevo 15" (the formal name of the claim) and the "Toro Blanco Property" (the formal name of the project) are used interchangeably.

Most maps and co-ordinates in this report presented 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.

4-3: SOURCES OF INFORMATION AND DATA

This report is based mainly on files inherited by RWMC from the GIX-NMC joint venture and files presented to the author documenting work done by RWMC in 2010. These include voluminous quantities of information such as geological reports, geochemical reports, laboratory certificates, database files, news releases, geophysical reports, published government reports, memoranda, orthophotos and a plethora of maps presented in various formats.

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 years), that there are no extraordinary results or claims that alarm the author, and that the source of the information is from GIX, NMC and RWMC; three reputable companies who have a history of responsible behaviour reporting accurate exploration results.

SECTION 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. The author accepts full responsibility for this report.

SECTION 6: PROPERTY DESCRIPTION AND LOCATION

6-1: GENERAL INFORMATION

The Toro Blanco Project comprises the 900-hectare "Tambo Nuevo 15" concession located on the Huachocolpa (27n) map sheet in the Pilpichaca District (Huaytara Province, Huancavelica Department) of southwestern Peru (Figures 6-1 and 6.2). The Toro Blanco property is neither patented nor surveyed, as there is no legal requirement for this in Peru.

Figure 6-1 is a claim map of the property obtained by the author from MEM (Ministerio de Energia y Minas) on November 2, 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 claim, topography, roads and exterior coordinates using datum WGS-84.

Registration data for the claim are shown in Table 6-1, and claim coordinates are shown in Table 6-2. The author has verified that full title to the Toro Blanco concession has recently been transferred to RWMC and that the claim is 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 Toro Blanco concession before June of 2011, and may not be applied at all if adequate work is documented

TABLE 6-1: REGISTRATION DATA, TAMBO NUEVO 15

CODE	STATUS	CLAIM	TITLE HOLDER	HECTARES
010280304	Titled D.L. 708	Tambo Nuevo 15	Rae Wallace Peru S.A.C.	900

TABLE 6-2: VERTICES, TAMBO NUEVO 15

VERTEX NW PSA 56	VERTEX NE PSA 56	VERTEX SE PSA 56	VERTEX SW PSA 56
512000E-8533000N	515000E-8533000N	515000E-8530000N	512000E-8530000N
VERTEX NW WGS 84	**VERTEX NE WGS 84**	**VERTEX SE WGS 84**	**VERTEX SW WGS 84**
511776E-8532634N	514776E-8532634N	514776E-8529634N	511776E-8529634N

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 Statement (EIS) must be completed. This involves a study of water quality, flora and fauna, archeological features, environmental issues, social benefits, surface rights, community consultations, and a reclamation plan.

To the best of the author's knowledge, the Toro Blanco property is not subject to any environmental liabilities.

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). Toro Blanco 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.

All of the main conditions of the option agreement have been satisfied, and the author has verified (on November 2, 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.

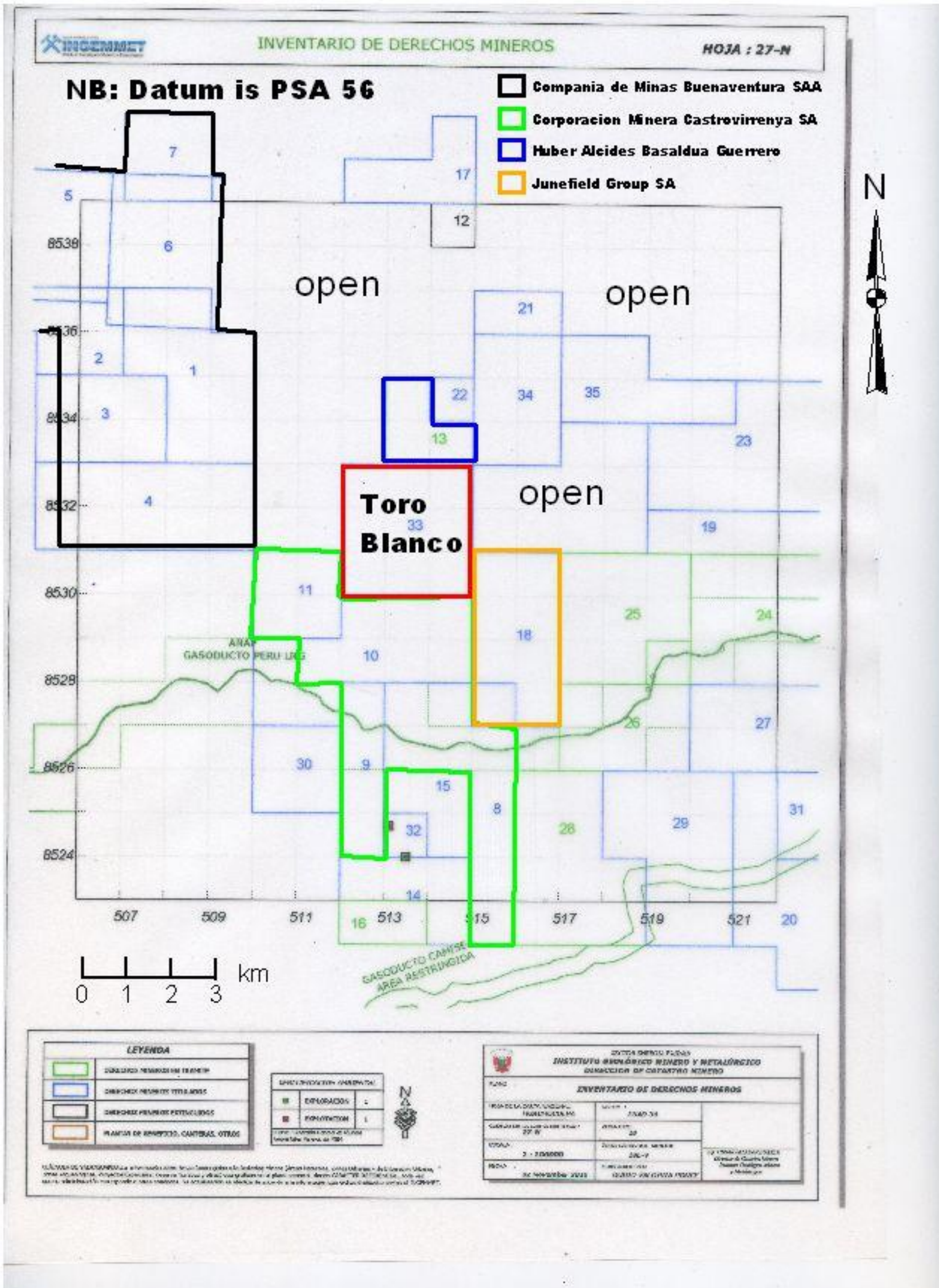

Figure 6-1: Official government claim map (Nov 2 2010) showing the Toro Blanco property and owners of adjacent and subjacent claims.

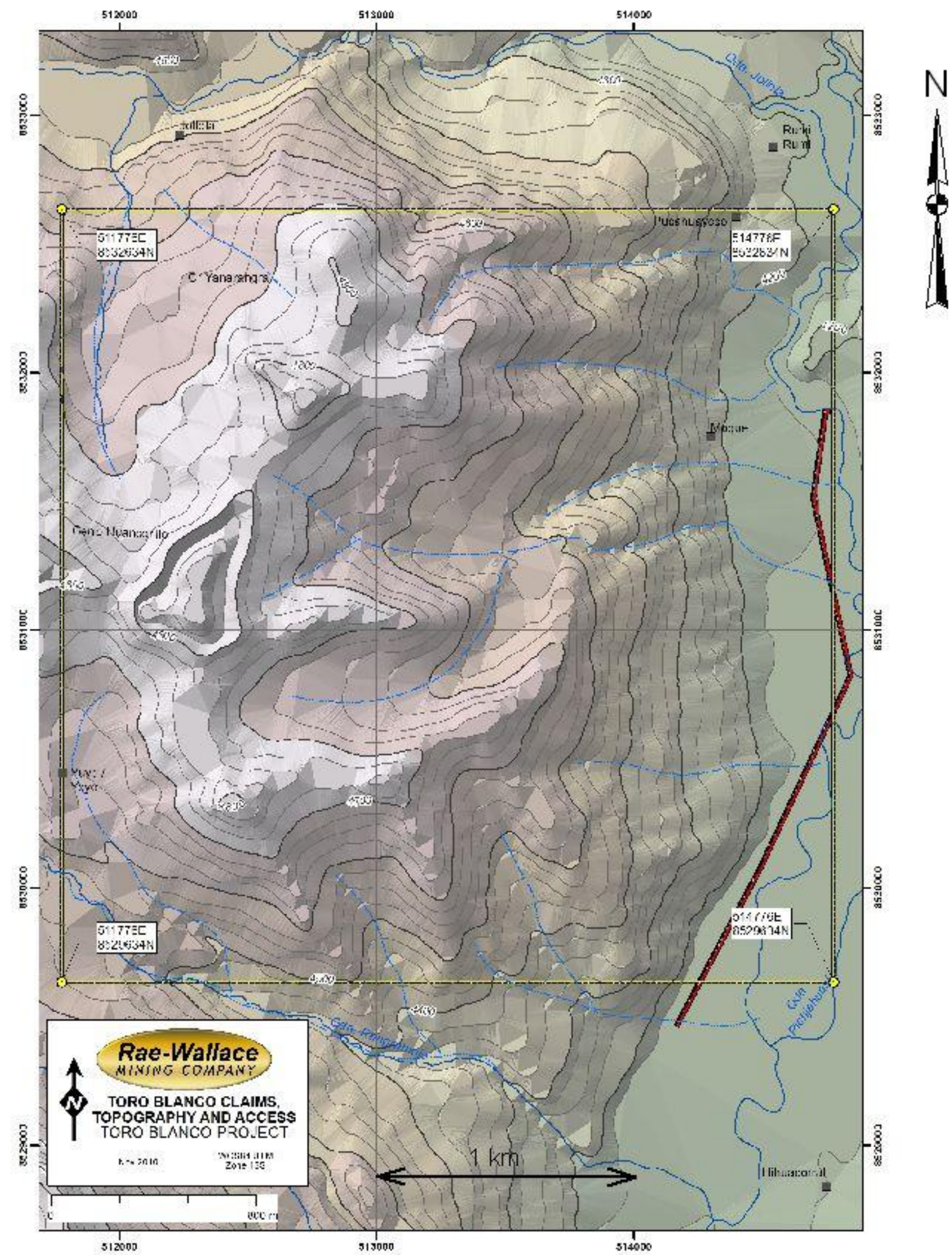

Figure 6-2: Toro Blanco property showing topography, gravel road, and WGS84 coordinates of vertices.

SECTION 7: TOPOGRAPHY, ACCESS, INFRASTRUCTURE, ETC.

7-1: TOPOGRAPHY, ELEVATION AND VEGETATION

The topography of the property is illustrated in Figure 6-2. The westernmost third of the claim encompasses a northerly trending, crescent-shaped, east-concave chain of peaks with altitudes ranging between 4,700 to 4,900 meters ASL. From these heights, the terrain drops at a moderately steep inclination towards the east, culminating in the valley of Rio Tambomachay at an elevation of 4,100 meters ASL. The average slope of the incline is about 18 degrees. It is basically a walk-up or walk-down scenario; there are few topographic swells to break the monotony of the slope. Besides grasses and shrubs at lower elevations that can be used for grazing, the property is otherwise barren of vegetation (see Plate 16-1 in Section 16).

7-2: ACCESS

The Toro Blanco project is 280 km southwest of Lima, the capital of Peru (Figure 7-1). Access by road is as follows:

1. Lima to San Clemente (passing Cañete and Chincha): 226.5 km, paved, South Pan Americana Highway, time allot is 3.0 hours.
2. San Clemente to turn-off (passing Huaytara and Rumichaka): 218.0 km, paved, Los Libertadores Highway, time allot is 4.0 hours.
3. Turn-off to east boundary of property: 10 km, well-maintained gravel road, time allot is 0.3 hours.

Total road distance is 454.5 km, and cumulative time allot is 7.3 hours. A regular car (as opposed to a 4x4 vehicle) is all that is required to reach the property.

7-3: INFRASTRUCTURE AND LAND USE

The “Los Libertadores” highway is about 10 km to the south of the property. There is electrical service along this route. The property itself is sterile with regards to land use, although there are a few adobe huts (shepherding stations) on the valley floor of Rio Tambomachay in the western extremity of the property. Apart from this, there are no inhabitants, no grazing grounds, no known archeological artifacts, and no agricultural plots. The land is barren, vertiginous, steeply inclined and unsuitable for any other economically viable activity besides mining.

The property is near Lima and is accessible by paved highways from the capital. Consequently, there are no limits to the availability of supplies and personnel to support exploration and development work.

Figure 7-1: Regional Location Map

7-4: CLIMATE

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 Toro Blanco, 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 about 13º Celsius.

SECTION 8: HISTORY

Apart from the exploration work done on the Toro Blanco property by GIX and RWMC (as documented in this report) between the years 2005 and 2010, the author is not aware of any previous history of exploration on the claim.

SECTION 9: GEOLOGICAL SETTING

9-1: REGIONAL GEOLOGICAL SETTING

Information on the regional geological setting (Figure 9-1, Table 9-1) is taken mainly from *Morche et al, 1996*. Some of the information, such as the capacity of processing plants and the number of identified mineralized prospects, may be outdated.

The basement rocks in the Huachocolpa quadrangle comprise moderately to intensely folded Paleozoic to Mesozoic sediments including carbonates, calc-arenites, arenites, quartzites and red-bed conglomerates. These are unconformably overlain by pyroclastics and flows of Paleogene to Neogene age cut by numerous stocks, sills and dikes ranging in composition from andesite to rhyodacite. Radiometric dating of the volcanics (*Noble et al, 1972; McKee et al, 1975*) gives ages that fluctuate between 8.2 and 10.4 million years.

The Huachocolpa region is part of what is considered to be one of the most important mineral districts in southwestern Peru. A total of 117 “*mines” have been documented on the Huachocolpa map sheet (*Morche et al, 1996*). Most of these are Ag-Pb-Zn prospects related to quartz veins, and most of the prospects are within volcanics of the Miocene-age Apacheta Formation (Nm-ap2 in Figure 9-1 and Table 9-2). These volcanics (pyroclastic-flow complexes) were generated by a north-northwest-trending chain of stratovolcanoes possibly controlled by a regional structure known as the Chonta Fault. Within the Apacheta Formation, at least 12 centers of hydrothermal alteration have been identified, one of which corresponds to the Toro Blanco property. The Apacheta Formation is at least 600 meters thick on the Toro Blanco property.

(*Author's note: A "mine" in Peruvian geo-speak can refer to a commercially viable operation, but could just as well refer to a few trenches exposing mineralized rock. The author has no way of distinguishing how many of the "mines" are actually mines, and how many of the "mines" should more accurately be referred to as mineralized prospects. Still, the existence of two flotation mills on the Huachocolpa map sheet [Recuperada at 600 tons per day, and Caudalosa at 700 tons per day, see Figure 9-1] suggests that there were profitable operations supported by the mills in 1996.)

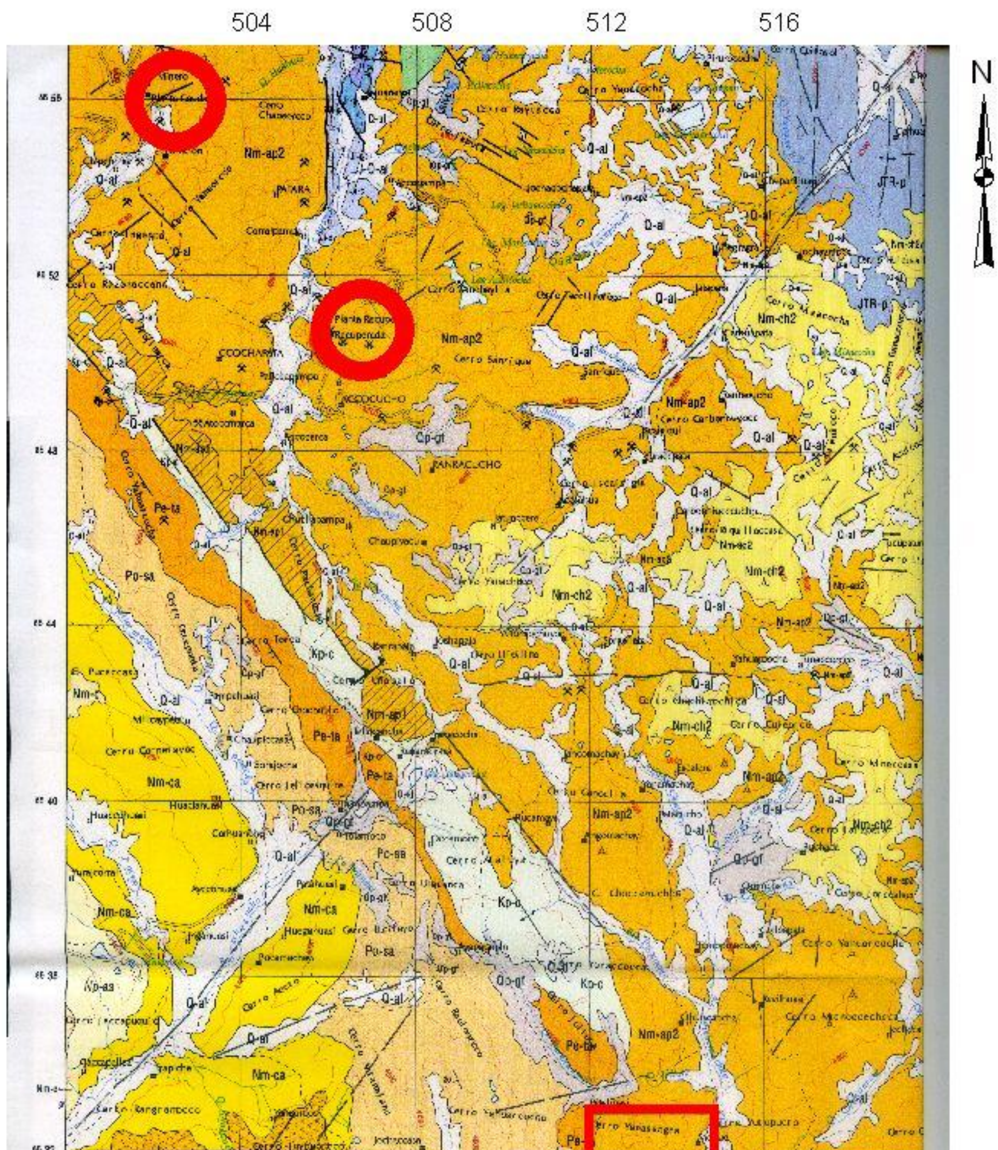

Figure 9-1: Regional geological setting of the Toro Blanco property (red square) showing the locations of the Recuperada and Caudalosa Plants (southern and northern red circles respectively). The crossed pick-and-hammer symbols indicate the locations of the many mines in the area. [After Morche et al, 1996]

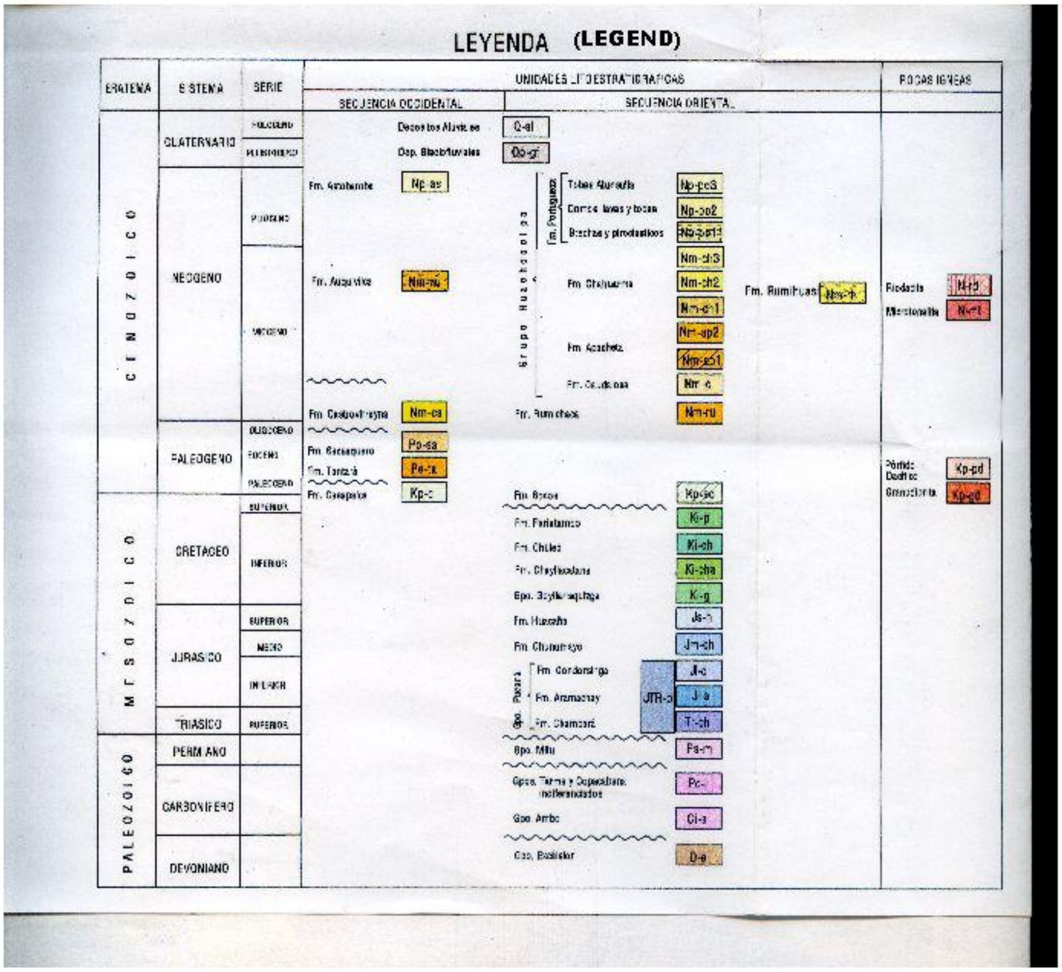

Table 9-1: Legend to Figure 9-1
[from Morche et al, 1996)

9-2: PROPERTY GEOLOGY

The information in this sub-section is taken from *Park (2010)* and is presented verbatim. The geology of the property is presented in Figure 9-2.

"The Toro Blanco property is underlain by an extrusive dome complex of lava and pyroclastic flows of calc-alkaline composition mapped by INGEMMET as part of the upper Apacheta Formation, Huachocolpa Group of middle-Miocene age. The dome complex forms a prominent circular-shaped mountain that fills the 9 sq. km. of the concession area. Topographic relief of this mountain from its base to the highest ridge is 700 m (4,200 to 4,900m).

The predominant rock type in the dome complex is andesite lava and tuffs ranging from porphyritic to fine-grained equigranular groundmass. Dacite, rhyodacite and latite(?) lava flows with highly variable flow foliation orientations are found at high levels in the southern half of the dome edifice overlying andesite flow units. These lavas comprise the "extrusive" portion of the dome complex, but absent are vitrophyres within these flow units suggesting substantial erosion has exposed lower levels of the original dome edifice. An explosion breccia and associated air-fall tuff is exposed on the eastern side of Toro Blanco at lower elevations, probably representing the initial phases of dome emplacement. Volcanic flow units at the base of the dome are generally flat-lying or gently dipping into the Toro Blanco peak.

A small hypabyssal stock of granodiorite/dacite composition was identified intruding the volcanic pile in the east-central portion of the property. Late diabase dikes also cut the volcanic pile throughout the property.

Pyroclastic flow units (ash-flow tuff or ignimbrite) show clearly defined cooling units within individual flows. Sharp contacts between densely-welded tuff overlying poorly-welded tuff are commonly found at low- to mid-level elevations along the east side of the mountain. Vitrophyre cooling units are not as clearly defined since most appear to have been preferentially susceptible to steam-heating or hydrothermal alteration.

Lithology – Volcanic Rocks

<u>Andesite</u>

Most of the volcanic rocks on the property are crystal-rich andesite tuff and lava with plagioclase phenocrysts that range in size from 3 – 10 mm that give the rock a porphyritic texture. Hornblende and biotite are the primary mafic phenocrysts, constituting 15-20% of the total phenocryst content and ranging in size from 1 – 2 mm. Pyroxene is present in minor amounts.

Fine-grained andesite lava flows with a nearly aphanitic texture are intercalated with the porphyritic andesite. Plagioclase and mafic phenocrysts in these flows are <1mm in size. This aphanitic andesite is distinctive in outcrop since it exhibits finely-parted flow foliation compared to the more massive flows of the porphyritic andesite. In hydrothermally altered *areas the fine-grained andesite shows a lesser degree of alteration than adjacent porphyritic units due to its tighter original permeability.*

Individual cooling units within the andesite volcanic pile are difficult to distinguish due to the prevalent alteration, although the permeability difference between cooling units may also have controlled the hydrothermal fluid flow and the resulting pattern of alteration on an outcrop scale. Vitrophyre units were tentatively identified on the northern side of the mountain where affects of alteration are weaker.

Bedding of the andesite flows is generally flat-lying or dipping moderately away from the center of the dome as seen near the eastern margin of Toro Blanco.

Explosion Breccia

A poorly-sorted, poorly-bedded breccia unit with centimeter- to meter-sized clasts is found at mid-level elevations on the eastern side of Toro Blanco. Breccia clasts are of dacite hypabyssal intrusive rocks showing a variety of alteration states from argillic to strongly silicic (vuggy silica). Outcrops of this unit range in thickness from 5 – 10 meters.

Overlying the explosion breccia is a unit of unconsolidated air fall tuff approximately 10 meters thick. This unit is not well exposed except where cut through by erosion such as in the creek at 514200E, 8531600N.

The explosion breccia and overlying air-fall tuff represent the initial explosive phase leading to the emplacement of the Toro Blanco dome.

A distinctive breccia outcrop with ferrocrete matrix in the southeastern sector of the property may also be part of this explosion breccia. These outcrops show a moderately steep dip to the southeast away from the dome center. As in the other explosion breccia outcrops to the north, the clasts in this area of outcrop are generally moderately to strongly silicified.

Trachyandesite

Lavas exposed at high elevations in the central-west sector of the property appear to contain a predominance of potassic feldspars and no quartz. These lavas have been tentatively identified as latite or trachyandesite.

Flow-foliation orientation is highly variable in these lavas flows. On the high ridges the lavas show a predominant northwesterly strike direction with varying dip angles.

Dacite – Rhyodacite

The central high ridge of the dome complex is composed of more felsic lavas. These flow units are distinguished by very fine flow-foliation and crystal-poor content relative to the massive flow units of andesite. Quartz phenocrysts occupy 2-5% of the groundmass with rare sanidine(?) feldspars accompanied by hornblende and biotite.

Lithology – Intrusive Rocks

Diorite Hypabyssal Intrusive

A high ridge in the east-central portion of the property is primarily composed of a diorite hypabyssal intrusive stock hosted in co-magmatic andesite volcanic rocks. The diorite outcrop is oriented NNE along the apparent southeastern rim of the volcanic dome, exposed over a distance of 800 meters and averaging 100 meters wide.

The diorite has a medium to coarsely equigranular texture composed of plagioclase, hornblende and biotite. Most of the ridge is altered to various degrees making it difficult to make a more complete description from hand samples.

The contact between the diorite and andesite is not well defined due to alteration although the presence of a series of hydrothermal breccia structures on the east side of and parallel to the ridge outcrop (discussed below) may mark a contact zone between intrusive and wall rocks.

Another hydrothermal(?) breccia zone within the diorite forming a prominent linear outcrop measuring 50 meters across is found on the northern side of the ridge on trend with a postulated E-W trending fault. The western limits of this breccia are sharply defined against a blocky, massive outcrop of moderately silicified diorite.

A broad area of argillically altered diorite is found below the ridge line on the eastern side toward the north end where the ridge is terminated by a creek. The diorite is exposed as soft sub-crop with abundant stockwork of Fe-oxide-filled fractures.

Dacite Hypabyssal Intrusive

A small-area dacite intrusive rock outcrops in the center of the property (513,310E; 8,531,760N). Phenocrysts of quartz, K-spar and plagioclase are <2mm in size; the groundmass is finely crystalline suggestive of a hypabyssal intrusive. The outcrop has been subject to weak argillic alteration with moderate silicification in the matrix and minor crystalline quartz-(pyrite) veinlets. Fine pyrite is disseminated in the matrix, 1-2%.

Mafic Dikes

Late diabase dikes cut the intermediate volcanic rocks locally at higher elevations on the mountain. The most prominent outcrop is found at 513330E, 8531720N, trending N45W.

Hydrothermal Alteration

Argillic

Most of the rocks on Toro Blanco have the appearance of argillic alteration, either from hydrothermal alteration related to the deposition of mineralization or steam-heated alteration resulting from the cooling process in the volcanic pile.

The key to the difference between these types of alteration is the presence of quartz as veinlets or silicification in the groundmass. Geochemical anomalies (Au + pathfinder values) also help identify hydrothermal alteration.

Argillic alteration on the property is noted where the rock matrix and feldspar phenocrysts are altered to white clay; mafic minerals are altered to iron oxides. Pyrite is commonly found disseminated throughout the rock matrix but may not necessarily be a product of hydrothermal alteration. Silicification of the rock matrix is generally weak.

Primary clay minerals in the zones of argillic alteration were previously identified by GIX as illite and kaolinite.

Advanced Argillic

Advanced argillic alteration is noted where the rock matrix and feldspar phenocrysts are completely altered to clay (kaolinite, dickite, pyrophyllite, sericite) with the presence of alunite replacing feldspar and pumice as pinkish, fine-grained masses or more crystalline tabular forms in larger cavities. Alunite also forms veinlets in wall rock parallel to silicified ribs. Supergene alunite, which is not representative of advanced argillic alteration and notably does not replace feldspar or mafic phenocrysts in the rock matrix, is found locally as fracture filling or veinlets of light brown color and of massive, amorphous form.

Quartz is present as fine veinlets ± pyrite, generally as sheeted veins or as stockworks of quartz veinlets with a dominant orientation. In general the advanced argillic alteration shows stronger silicification of the rock matrix and common disseminated pyrite.

Tourmaline was recognized as fine, black, acicular crystalline clusters filling 2-5% of small vugs in altered andesite along the eastern side of the mountain. In this same area the groundmass of porphyritic andesites is replaced by a dark siliceous filling that in some discrete spots in the groundmass shows a fibrous texture that may reflect quartz-tourmaline-(pyrite) compositions.

Phyllic

Geologix identified several occurrences of illite-muscovite in altered andesite and diorite intrusive outcrops in the east-central sector of the property that coincide with an advanced argillic alteration zone. The phyllic alteration may have over-printed the older advanced-argillic alteration as the ascending fluids in the hydrothermal system became less acidic with an increased component of ground water. This stage of alteration may also have included the tourmaline mineralization observed in the vugs of the silicified andesite.

Silicic

Rock that has been completely replaced by silica is mapped as silicic alteration. Most commonly the replacement by silica results in a vuggy texture due to the leaching of *feldspar and mafic phenocrysts. In some locations on the high ridges a light-gray, chalcedonic quartz either replaces the rock matrix or fills fractures forming veinlets and small brecciated zones. Pyrite is generally present in diminished amounts in the vuggy and chalcedonic quartz. The silicic alteration commonly shows dark-gray zones that likely represent an increased content of very fine pyrite in the quartz.*

Silicic alteration appears to be controlled by the original permeability of the volcanic units so that a 1-2m-thick flow unit may show silicic alteration sandwiched between argillically altered units with very little silica replacement.

Silicified rib outcrops are common in the northeastern portion of the property with a prominent trend direction of N25-30^{o}W. These are resistant to erosion due to the silica replacement or stockwork of fine quartz ± pyrite veinlets through the andesite matrix.

Minor amounts of barite were found locally associated with silicic alteration.

Quartz Veining

Quartz veining on the property occurs in localized zones in the volcanic rocks. Most commonly the quartz veins are very fine, < 2mm in width, and have 2 – 5% pyrite content or Fe-oxide minerals where oxidized. Zones of more intense fracture-fill veining show anastomosing veins with widths to 5 cm that grade into breccia zones. Regardless of width or density of veining, most quart veins are sheeted and dominantly oriented N10-30W. Northeast and E-W orientations of sheeted veins are common but less prominent. Quartz vein stockworks with two or more equally prevalent vein orientations are rare.
At least two generations of quartz veining are evident in outcrop. Veins in NE to E-W orientations represent an earlier generation of hydrothermal activity; these were later cut at high angles by the NNW-oriented veins.

Hydrothermal Breccia

A zone of hydrothermal breccia is exposed below a high ridge in the east-central sector of the property. The high ridge was formed as a result of the pervasive silicification (± alunite) of the host andesite volcanic rocks along this trend; parallel to the east of this silicic zone is a swarm of breccia structures 0.5 – 2.0 meters wide trending roughly N-S and cutting porphyritic andesite lava showing nearly horizontal flow foliation. The matrix of the breccia ranges from vuggy or massive silica to a white siliceous material that may be a combination of quartz-alunite (alunite possibly supergene?) with 1-2% disseminated fine-grained pyrite. Andesite clasts in the breccia are all altered by quartz-alunite or pervasive silicification.

A hydrothermal breccia structure found in the NE portion of the property (514060 E, 8531825 N) trends N25E, vertical dip, and averaging 50 cm in width. Angular feldspar and lithic fragments < 1 cm diameter are supported by a vuggy silica matrix with abundant limonite and hematite. The clasts show a range of alteration grades from argillic to silicic."

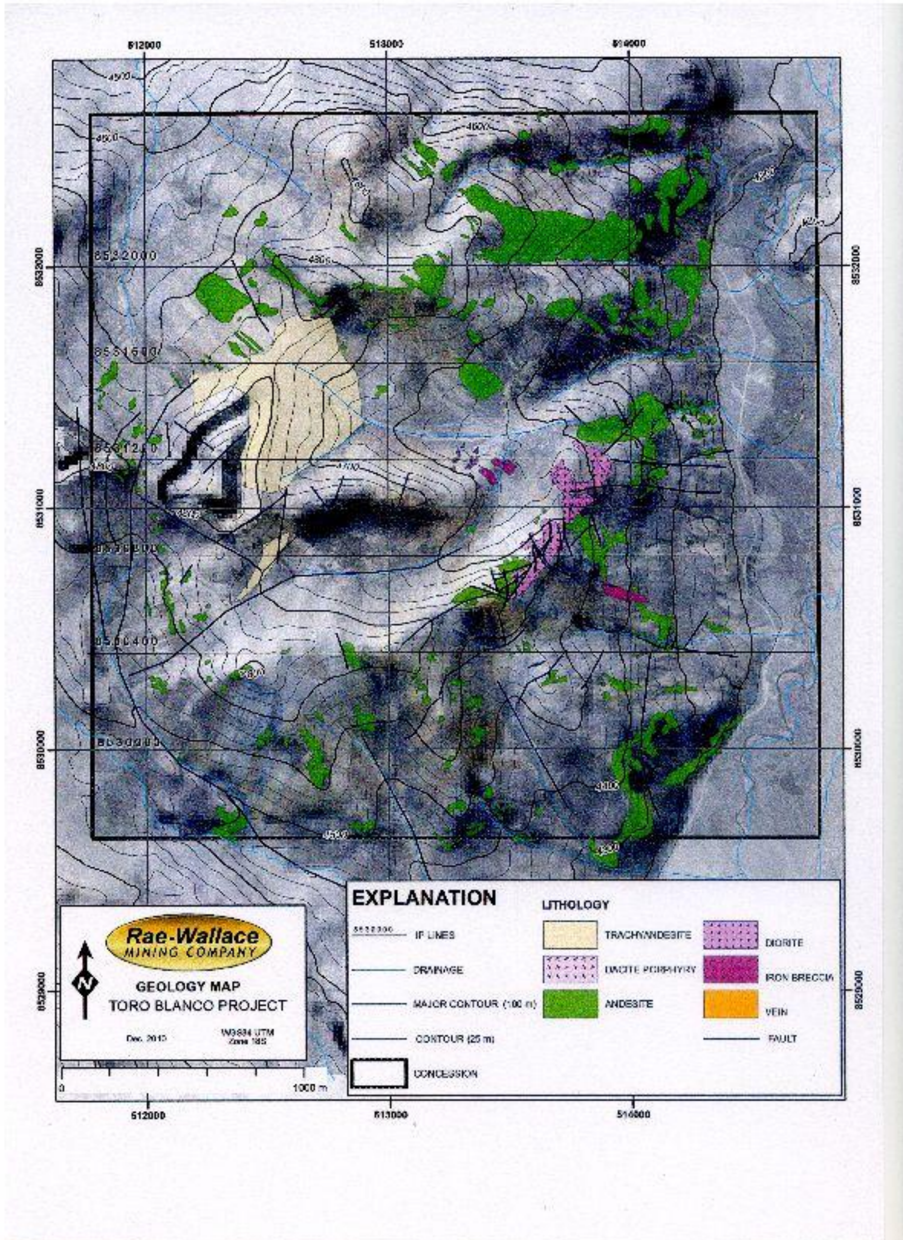

Figure 9-2A: Toro Blanco Geology

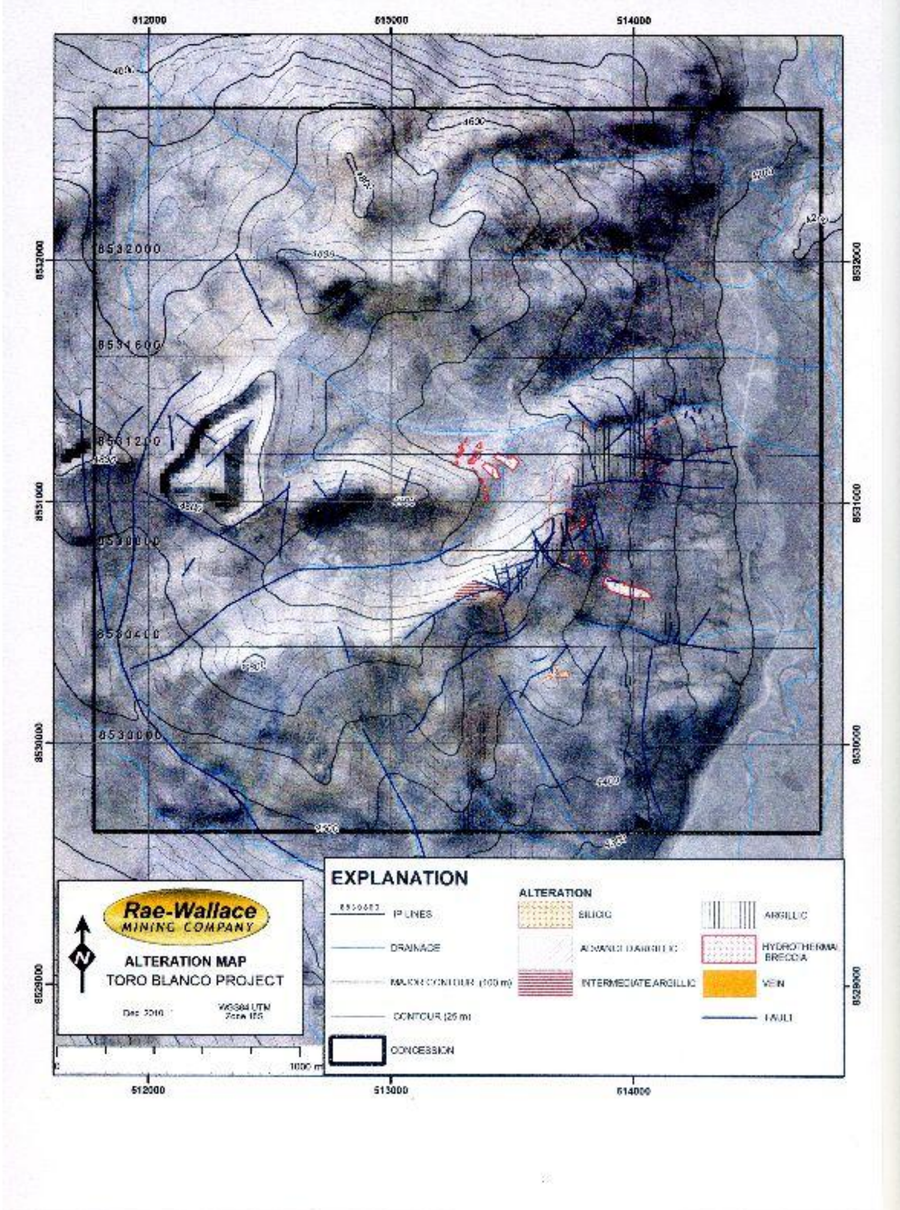

Figure 9-2B: Toro Blanco Alteration

9-3: LINEAMENT ANALYSIS

The author's analysis of linear elements on the property is presented in Figure 9-3. Essentially, there are two main trends, north-northwest and east-west. According to *Morche et al (1996)*, north-northwest-trending tensional fractures control the emplacement of mineralized "cuerpos filinianos" (veined bodies) in the region, and east-west-trending fractures are common conjugates to the north-northwest-trending fractures. They also report that there is little or no displacement associated with these fracture sets.

There is one sinuous feature, referred to as the "S" structure in Figure 9-3, that appears to cut the north-northwesterly and east-west-trending fractures. Because of its shape and the apparent displacement of an east-west lineament, the author is guessing that this is a dextral shear zone or fracture zone. The "S" stucture has an overall east-northeast trend and, as will be explained more fully in Section 11, is at least spatially associated with the best-defined zone of gold anomalies.

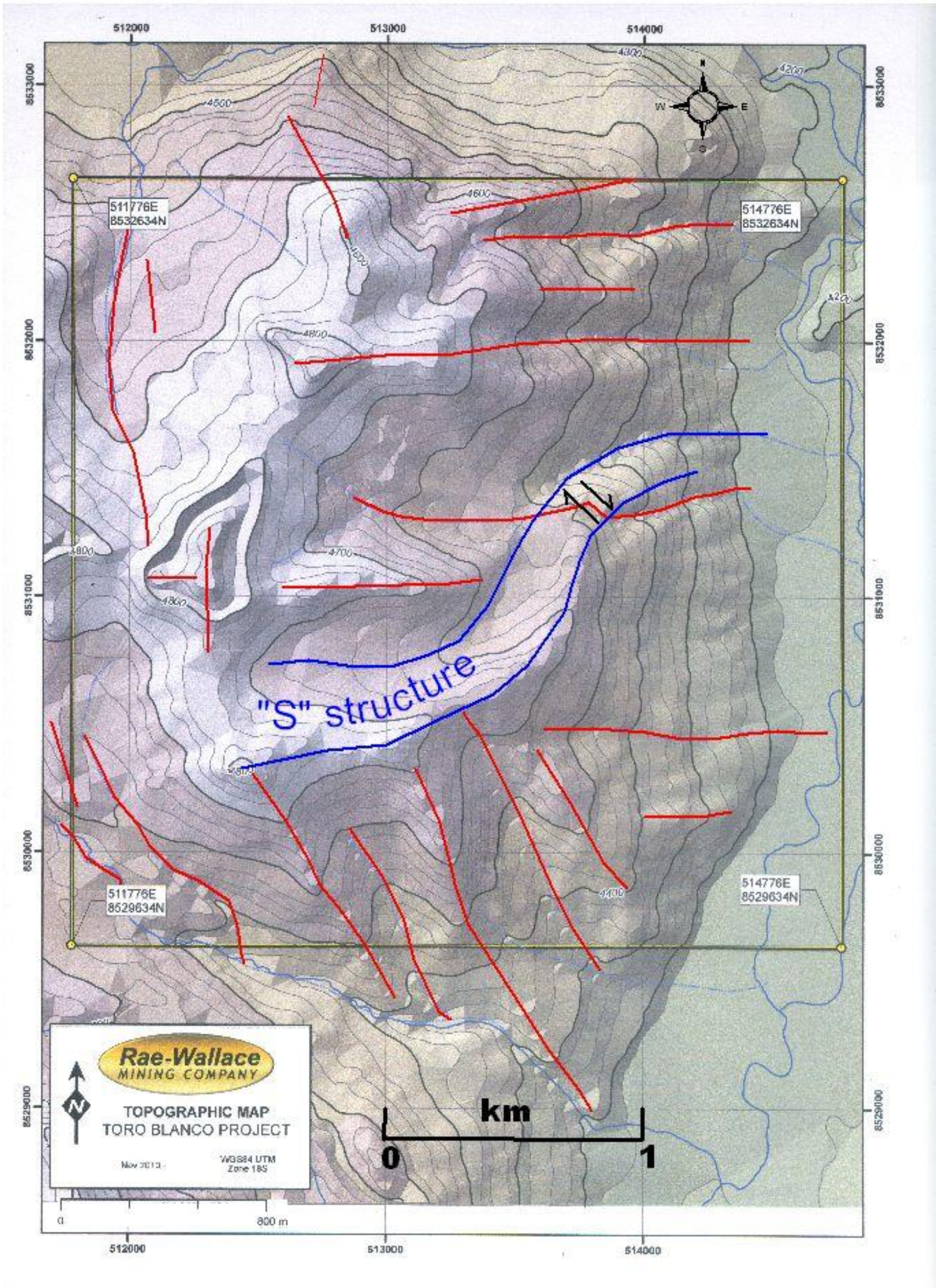

Figure 9--3: Lineament analysis

SECTION 10: DEPOSIT TYPE

Based on the age and lithology of the host rocks and based on the alteration assemblage (intermediate to advanced argillic alteration) there is little doubt that the Toro Blanco property is a high-sulphidation epithermal-gold prospect as defined in numerous publications including *Corbett (2002), Corbett and Leach (1995),* and *Sillitoe (1993).* Examples of such deposits in Peru include Yanacocha, Pierina and Alta Chicama. Examples elsewhere in the world include Rodalquilar in Spain, El Indio in Chile, Paradise Peak in Nevada, and Lepanto in the Phillipines (*Hedenquist et al, 1996*)

SECTION 11: MINERALIZATION

No specific mineralized zones have been found on the property. Rather, gold-in-rock geochemical anomalies of up to 976 ppb have been found within a 94-hectare portion of the property referred to as the P-Zone (Polygon Zone). The P-Zone is shown on most of the maps in Section 12 of this report.

The P-Zone is characterized by extensive clay and silica alteration that gives it a bleached appearance that can be appreciated from a distance of kilometers (see Plate 16-1 in Section 16). The P-Zone spans a vertical extent of 300 meters, is 1400 meters long and, on average, is about 700 meters wide. It is centered on the east half of the “S” structure. Indirect evidence (gold anomalies in soil samples and rock geochemical anomalies for molybdenum, which appears to be spatially associated with gold anomalies) suggests that the P-Zone could be extended to the southwest along the “S” structure with further exploration effort.

Within the P-Zone, which occupies about 10% of the Toro Blanco property, gold assays are geochemically anomalous (≥40 ppb, maximum 976 ppb) for 101 of the 293 rock samples collected. In other words, 34% of all rock samples taken from the P-Zone have geochemically anomalous concentrations of gold. Although 94 of the 293 rock samples were taken from 4 trenches, this does not affect the statistics inasmuch as the distribution of gold values in the trench samples is similar to the distribution of gold values in the reconnaissance samples.

Outside of the P-Zone, gold assays are geochemically anomalous ((≥40 ppb, maximum 244 ppb) for only 5 of the 249 rock samples collected (including 25 samples from one trench, none of which yielded anomalous gold). In other words, only 2% of all rock samples taken outside of the P-Zone have geochemically anomalous concentrations of gold.

These results indicate that the P-Zone is the premier target for more advanced exploration efforts on the property.

SECTION 12: EXPLORATION

Exploration since the property was staked in 2005 includes geological and alteration mapping, reconnaissance-level rock and soil sampling, trenching, and a reconnaisance-scale geophysical survey. Results of the geological and alteration mapping were previously described (in Section 9). Except for the geophysical survey, the exploration work was carried out by geological personnel of GIC and RWP. The geophysical survey was contracted to Fugro Ground Geophysics and the data interpreted by the Van Blaricom Research Institute. The author considers that the data are reliable inasmuch as the work was done by professionals, there are no unrealistic results, the exploration methods were routine, and the assays were conducted in ISO-certified labs.

12-1: ROCK AND TRENCH SAMPLING

Table 12-1 summarizes the rock sampling completed on the property to date.

Table 12-1: Rock-sampling summary

Company	**Samples**	**Year**	**Type**
GIX	254	2005-2009	Reconnaissance, mainly chip samples w/ typical dimension of 2 to 8 meters. Some samples taken off-property, none of which returned >5 ppb gold
RWP	160	2010	Reconnaissance, mixture of chips, channels and panels; w/ typical dimension of 2 meters.
RWP	119	2010	Trenching, 5 trenches w/ channel samples taken at 2-m intervals
Author	9	2010	Chips and select grabs as described in Section 16
TOTAL	**542**		

Figure 12-1 is a geochemical interpretation of gold in rocks for most of the samples listed above (some of the GIX samples were taken off property). Note that the P-Zone (the area within the blue polygon) contains almost all of the gold anomalies obtained to date.

Figures 12-2A (molybdenum), 12-2B (copper) and 12-2C (lead) are similar interpretations for the three elements with anomalies that also cluster in the P-Zone, although they are not necessarily correlative with gold anomalies. Figure 12-3 is a geochemical interpretation of gold in trench samples. Table 12-2 illustrates the marked difference between assay results within the P- Zone and outside of the P-Zone for gold and molybdenum, and to a much lesser extent for copper and lead. (The average for lead is highly skewed by one very anomalous assay [>1.0%] outside of the P-Zone.

TABLE 12-2: Distribution of gold, molybdenum, copper and lead assays

Zone	samples	median Au	avg Au	median Mo	avg Mo	median Cu	avg Cu	median Pb	avg Pb
in P-Zone	293	30 ppb	51 ppb	12 ppm	20 ppm	19 ppm	30 ppm	22 ppm	42 ppm
out of P-Zone	249	<5 ppb	9 ppb	3 ppm	6.7 ppm	12 ppm	26 ppm	17 ppm	79 ppm

The author also notes that there is an overall high regional concentration of arsenic (median 60 ppm, average 188 ppm) and phosphorus (median 300 ppm, average 559 ppm), but there are no specific zones of anomalous arsenic or phosphorus. *Park (2010)* has noted a weak correlation between gold and phosphorus.

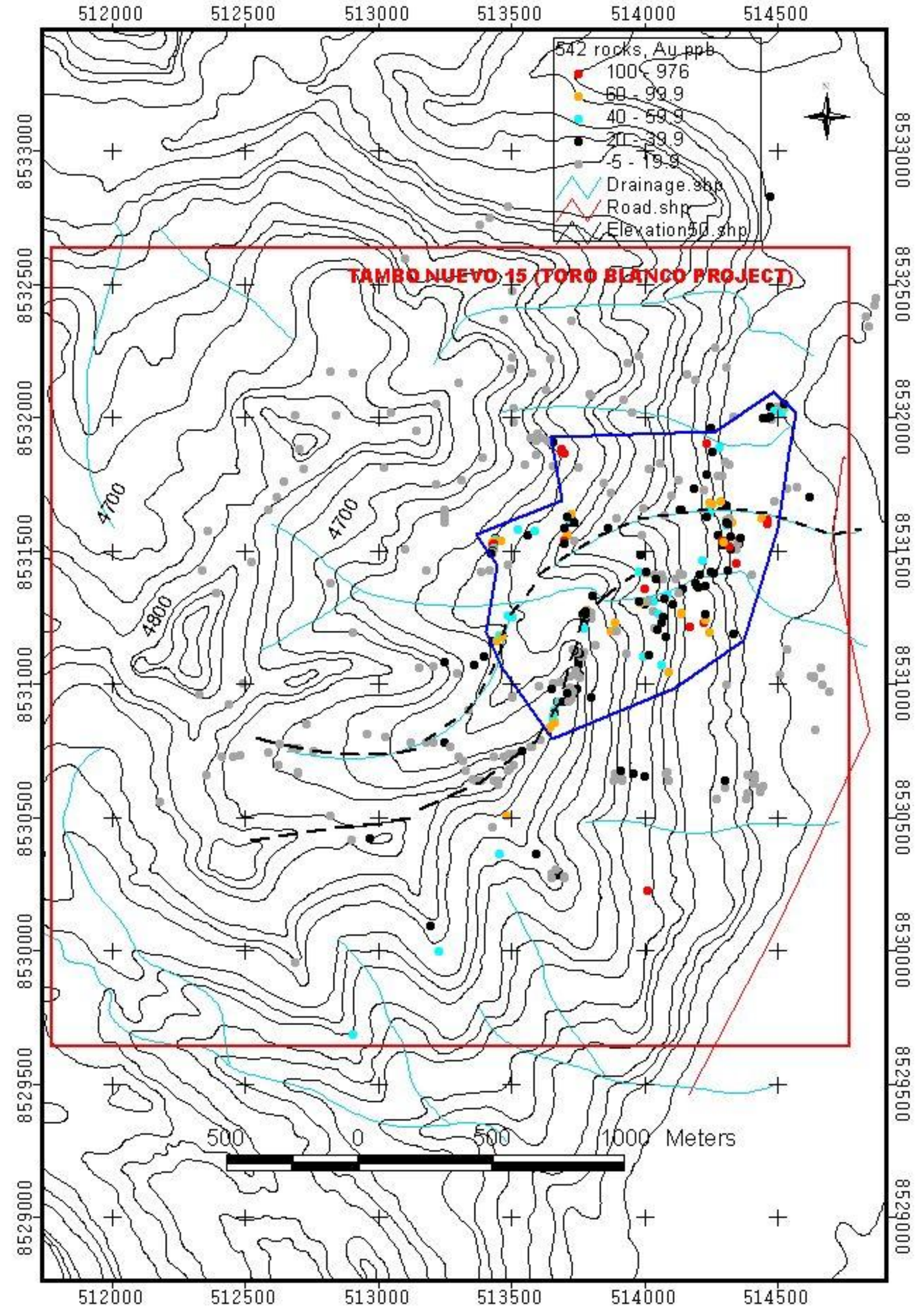

Figure 12-1: Gold in rock, N=542. Blue polygon shows anomalous zone possibly related to "S" structure (dashed black lines)

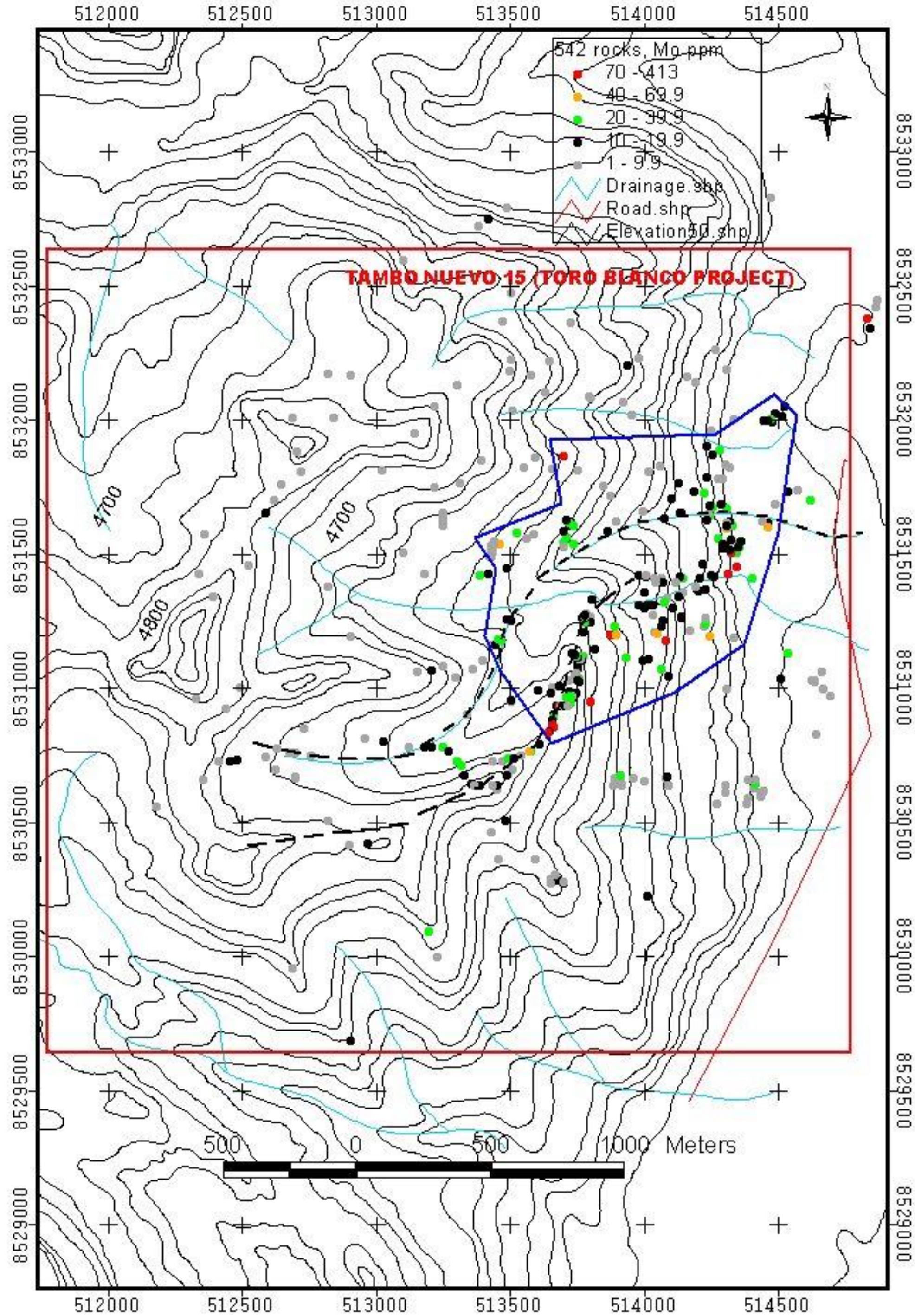

Figure 12-2A: Molybdenum in rock, N=542. Blue polygon shows anomalous zone possibly related to "S" structure (dashed black lines)

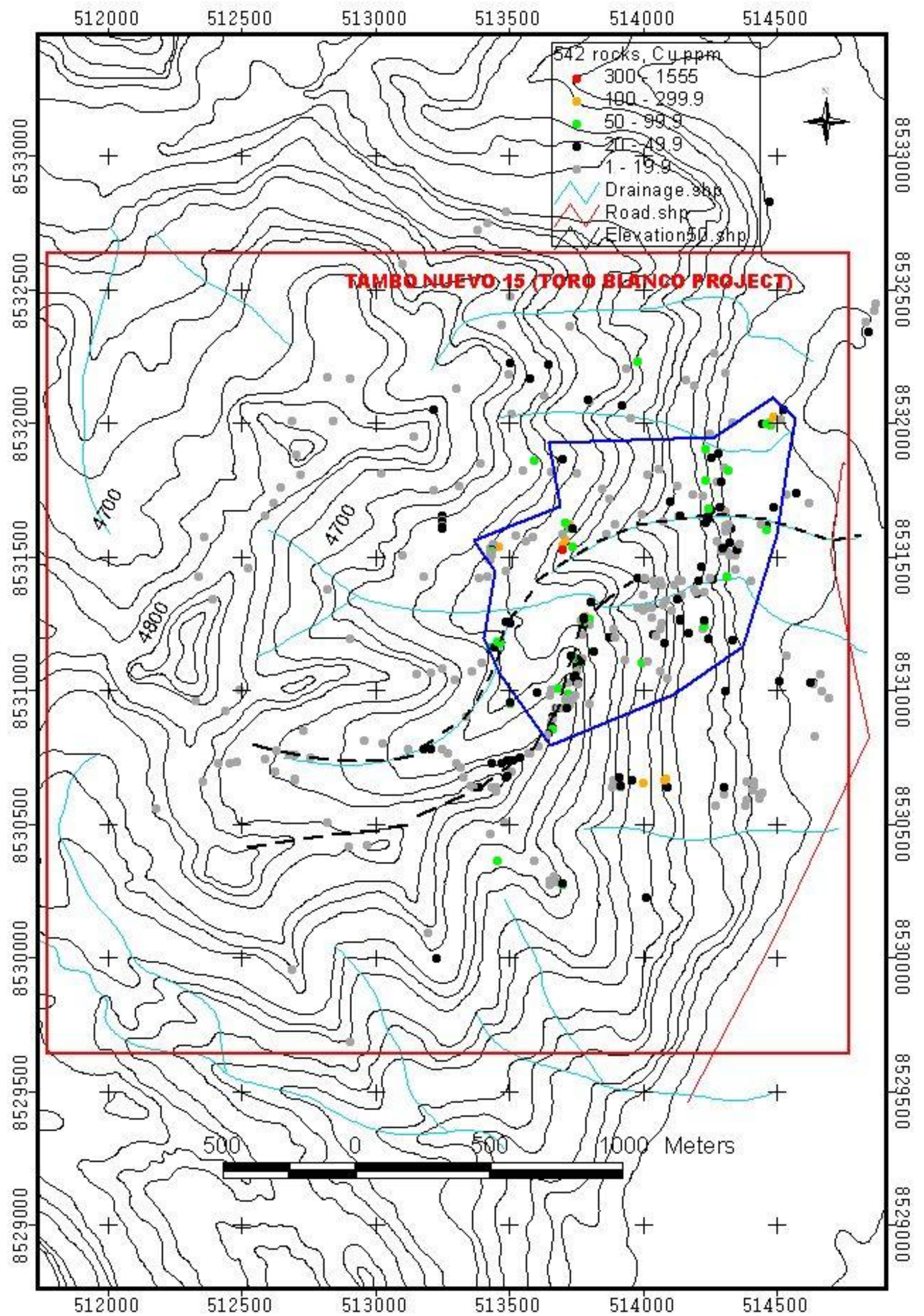

Figure 12-2B: Copper in rock, N=542. Blue polygon shows anomalous zone possibly related to "S" structure (dashed black lines)

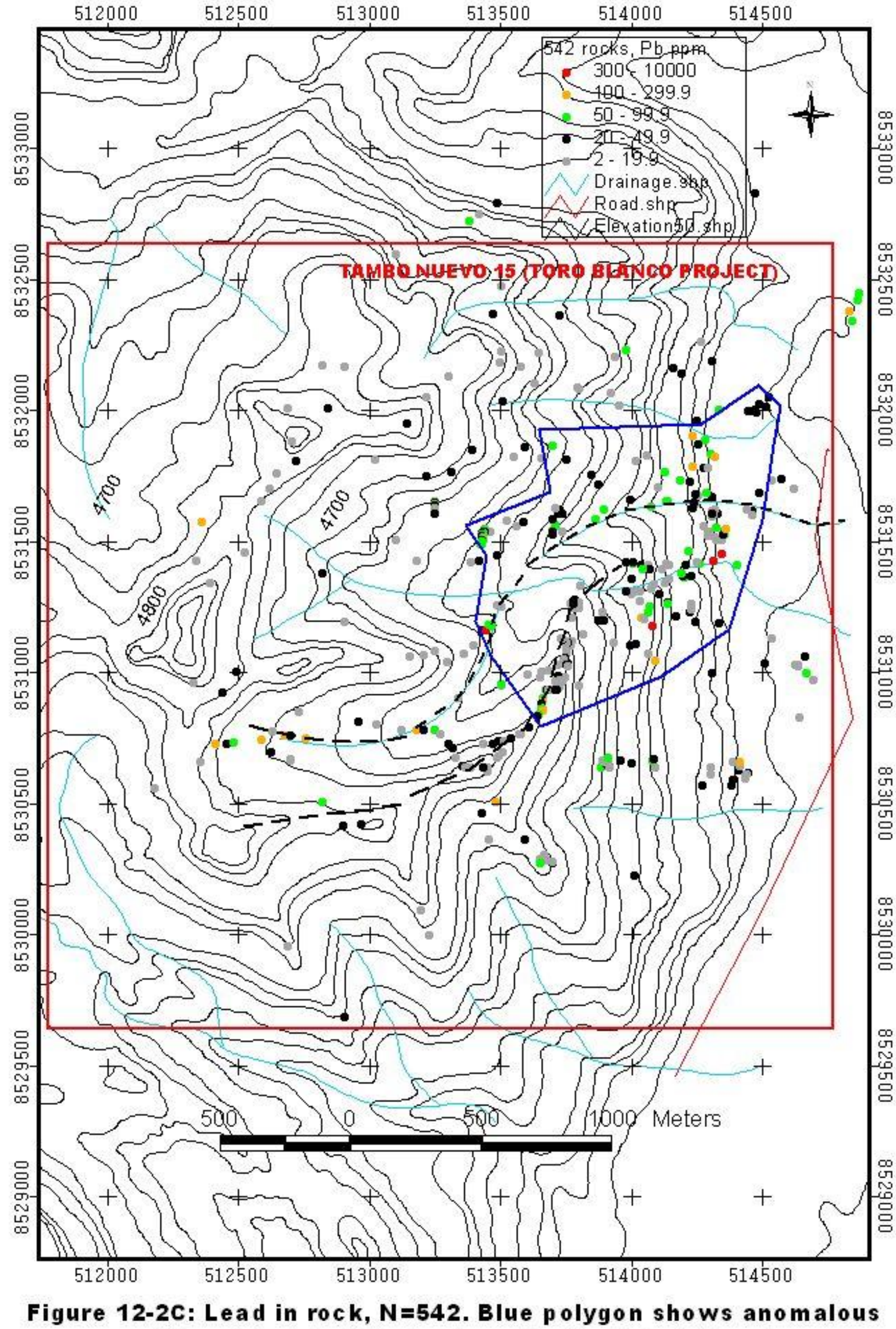

Figure 12-2C: Lead in rock, N=542. Blue polygon shows anomalous zone possibly related to "S" structure (dashed black lines)

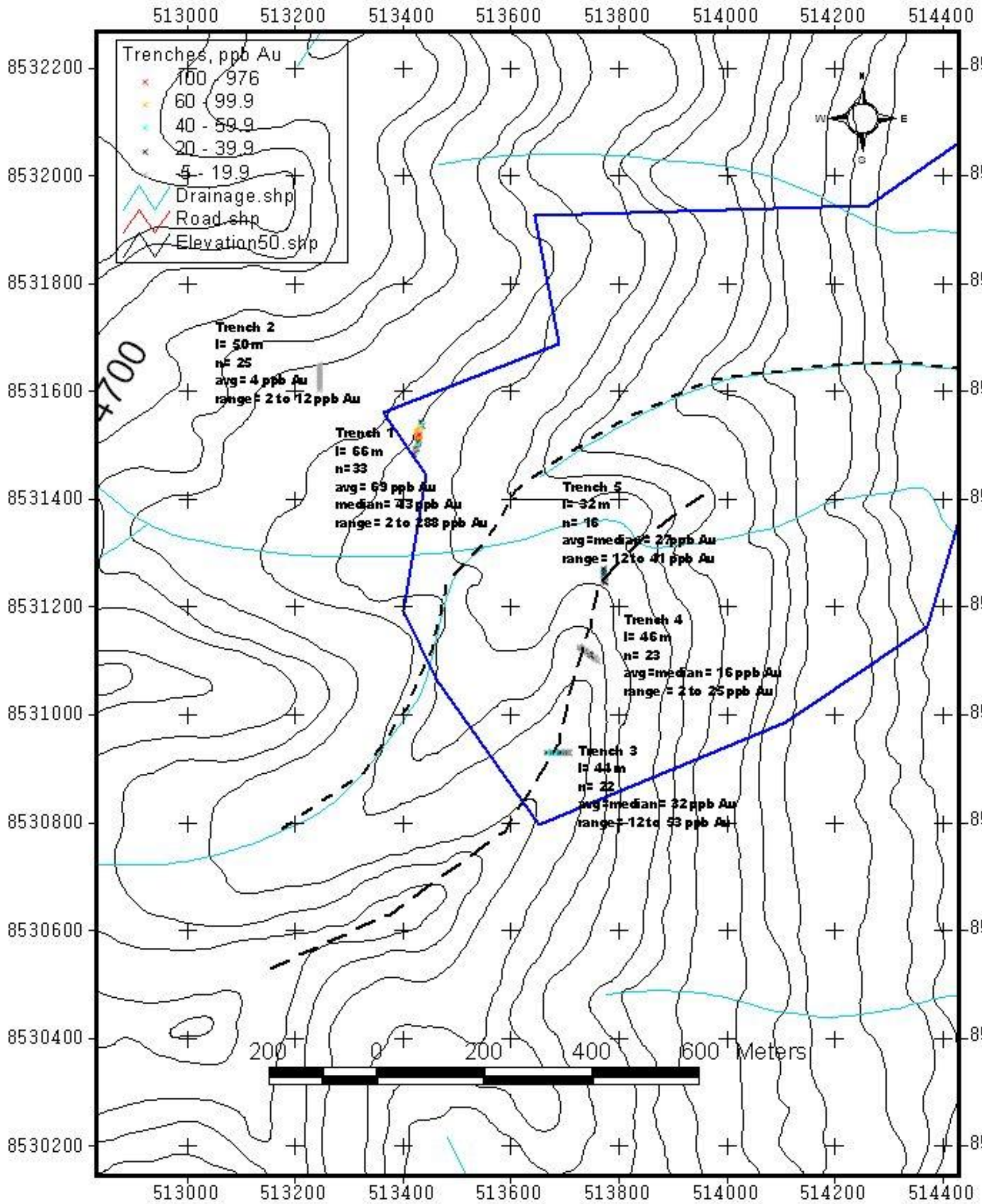

Figure 12-3: Gold in trench samples. Scale can be appreciated by the blue polygon and the black dashed lines, which are common to Figures 12-1 and 12-2

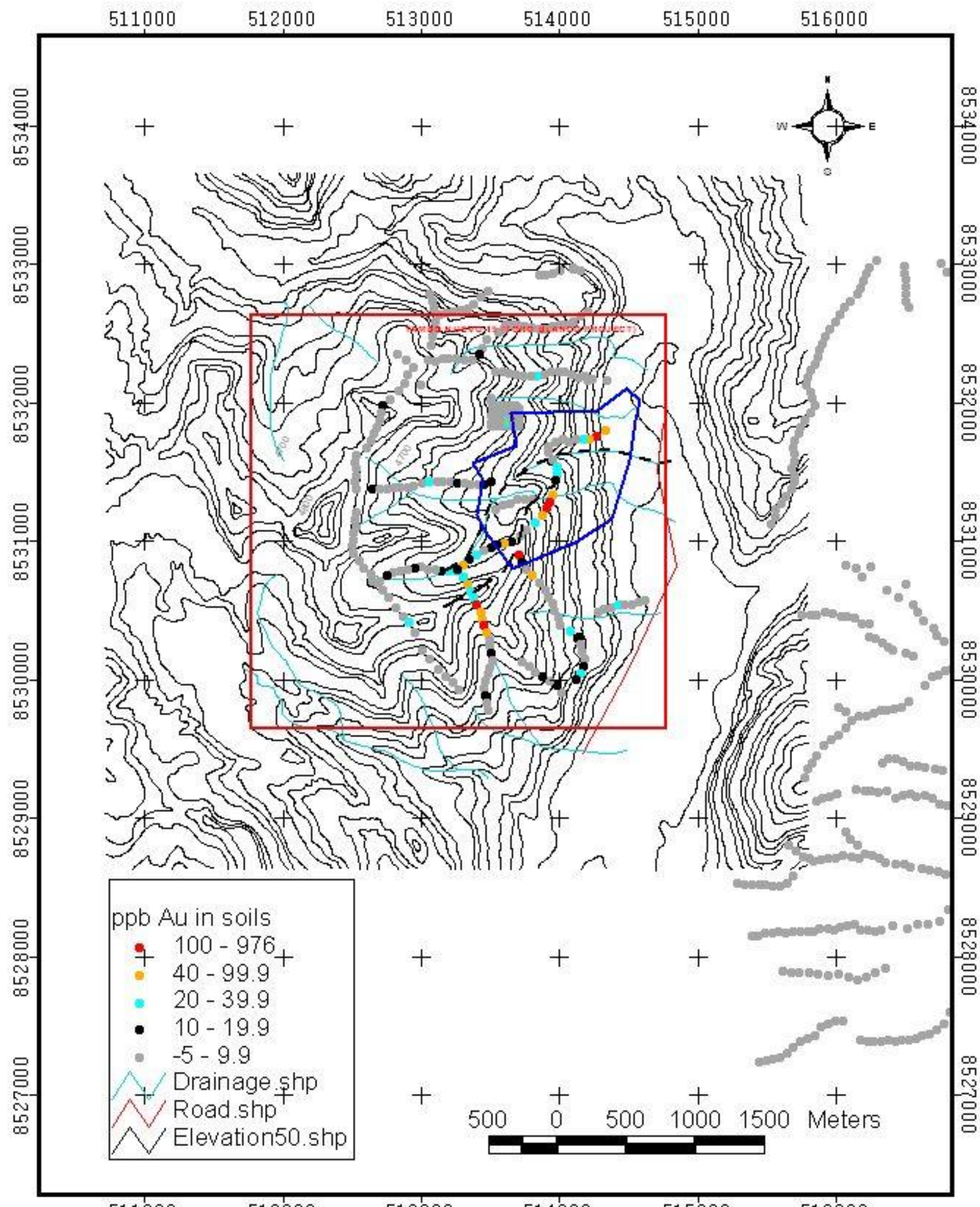

Figure 12-4: Gold in soils. Scale can be appreciated by the blue polygon and the black dashed lines, which are common to Figures 12-1, 12-2, and 12-3.

12-2: SOIL SAMPLING

Results of a soil-sampling survey done by GIX are shown in Figure 12-4. Soils were assayed for gold (fire assay) and for 34 other element (ICP). A total of 550 soil samples were taken, of which half were collected outside of the Toro Blanco property. Judging by the descriptions of the samples available to the author, the soils were probably colluvial fines. No gold anomalies were detected outside of the Toro Blanco property. Within the property, most gold anomalies (which range up to 662 ppb) are spatially associated with the P-Zone and the "S" structure. The average gold content of all soils taken off-property is <5 ppb. The average gold content of all soils taken within the property is 16 ppb. The average gold content of the 48 soils collected within the P-Zone is 43 ppb.

A string of adjacent gold-in-soil anomalies (10 samples spanning 600 meters and containing 26 to 149 ppb gold) to the southwest of the P-Zone and along the trajectory of the "S" structure suggests the presence of a bedrock source of gold that has yet to be identified. The position of these soil anomalies, and the presence of some modest molybdenum-in-rock anomalies in the same general area (Figure 12-2A), suggests that the P-Zone could be extended further to the southwest with additional detailed exploration.

12-3: GEOPHYSICAL SURVEY

The RWP geophysical program, done in 2010, comprised 18.8 line km of IP-Resistivity transects across six equal-length east-west lines separated by 400 meters and covering the entire Toro Blanco property as shown in Figure 12-5. The survey was carried out by Fugro Ground Geophysics, a respected provider of geophysical services in Peru. The geophysical information was interpreted by Dr. Van Blaricom, an American geophysicist with decades of experience evaluating epithermal deposits. Van Blaricom correctly states that the IP data carry more weight than the Resistivity data for the model of high-sulphidation gold mineralization, He reports that the tenor of IP responses on the Toro Blanco property is "impressive".

Parameters for the geophysical survey are as follows. The configuration was a time-domain dipole-pole arrangement using an "n" spacing of 0.5, 1.5, 2.5, 3.5 and 5.5. This half-spacing array is said to increase the shallow-depth resolution of the survey (*Van Blaricom, 2010*). As shown in Figures 12-6 and 12-7, there are obvious differences in the geophysical responses across the P-Zone on line 8531600N (high chargeability and high resistivity) and afar from the P-Zone on line 8530000N (much lower chargeability and moderately lower resistivity). The geophysical information supports the geological and geochemical evidence that the P-Zone (and its possible extensions) is the top-priority target that has been identified on the property.

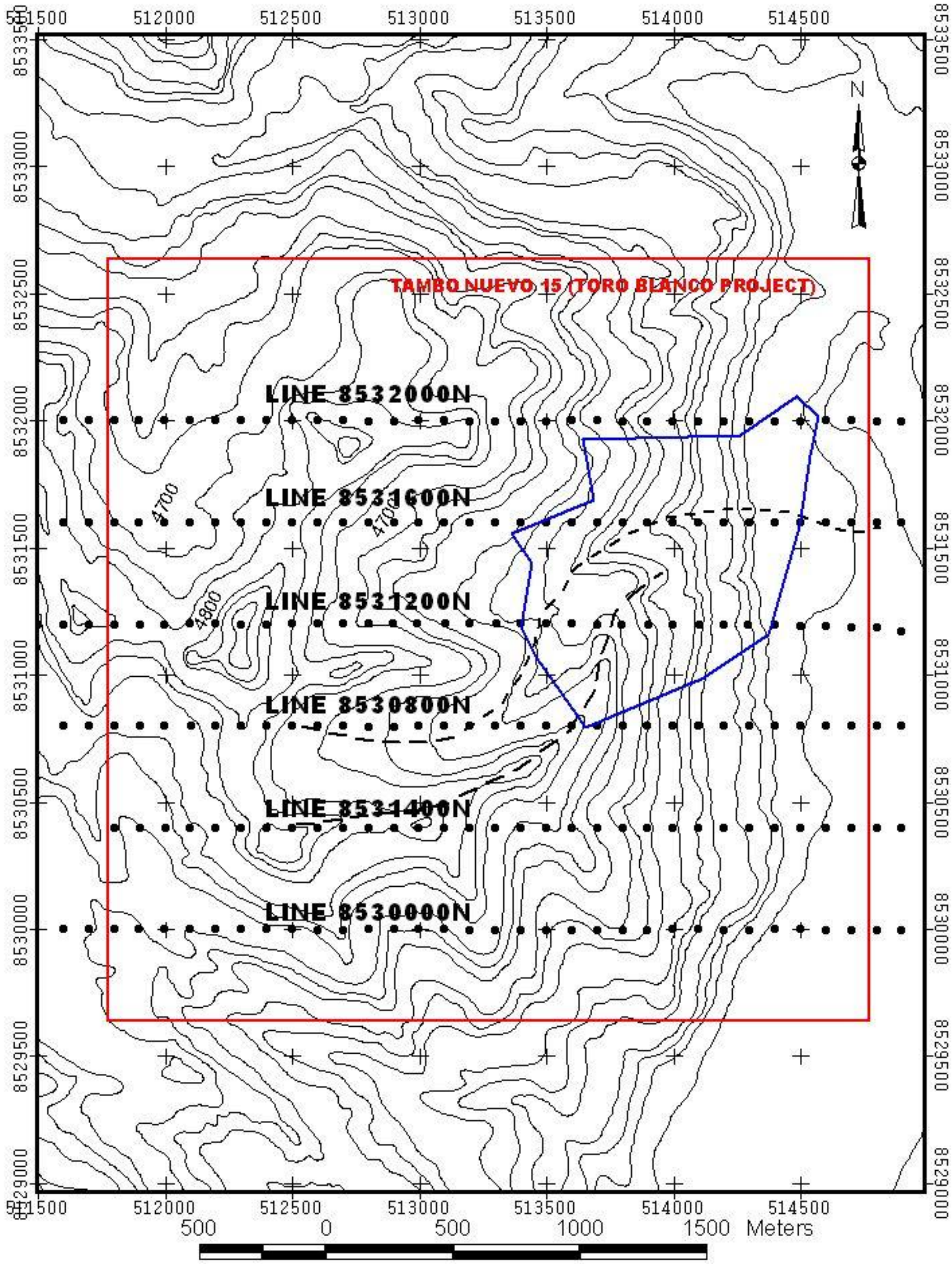

Figure 12-5: Geophysical transects at 400-m intervals across the Toro Blanco property

(scale can be appreciated by the blue polygon and the dashed black lines, which are common to Figures 12-1 through 12-4)

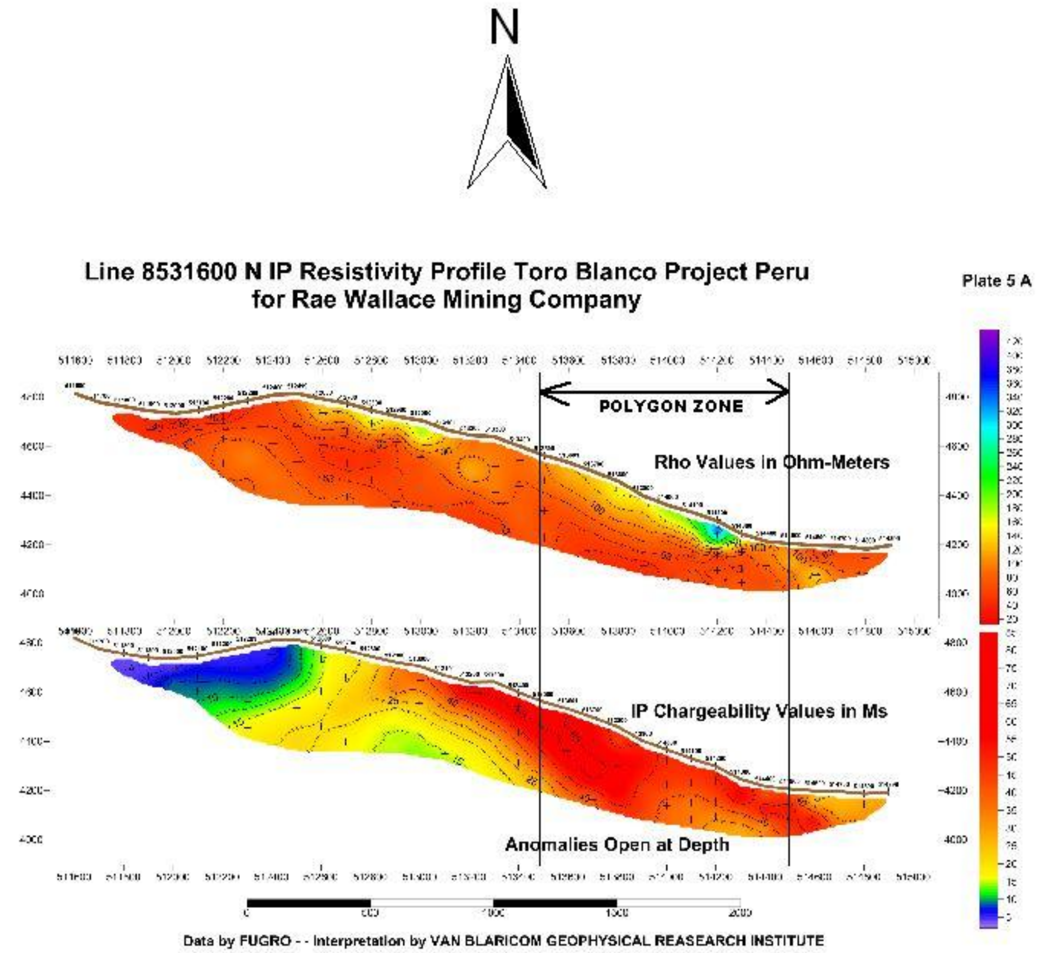

Figure 12-6: IP-Resistivity profiles across the "Polygon Zone", line 8531600 North

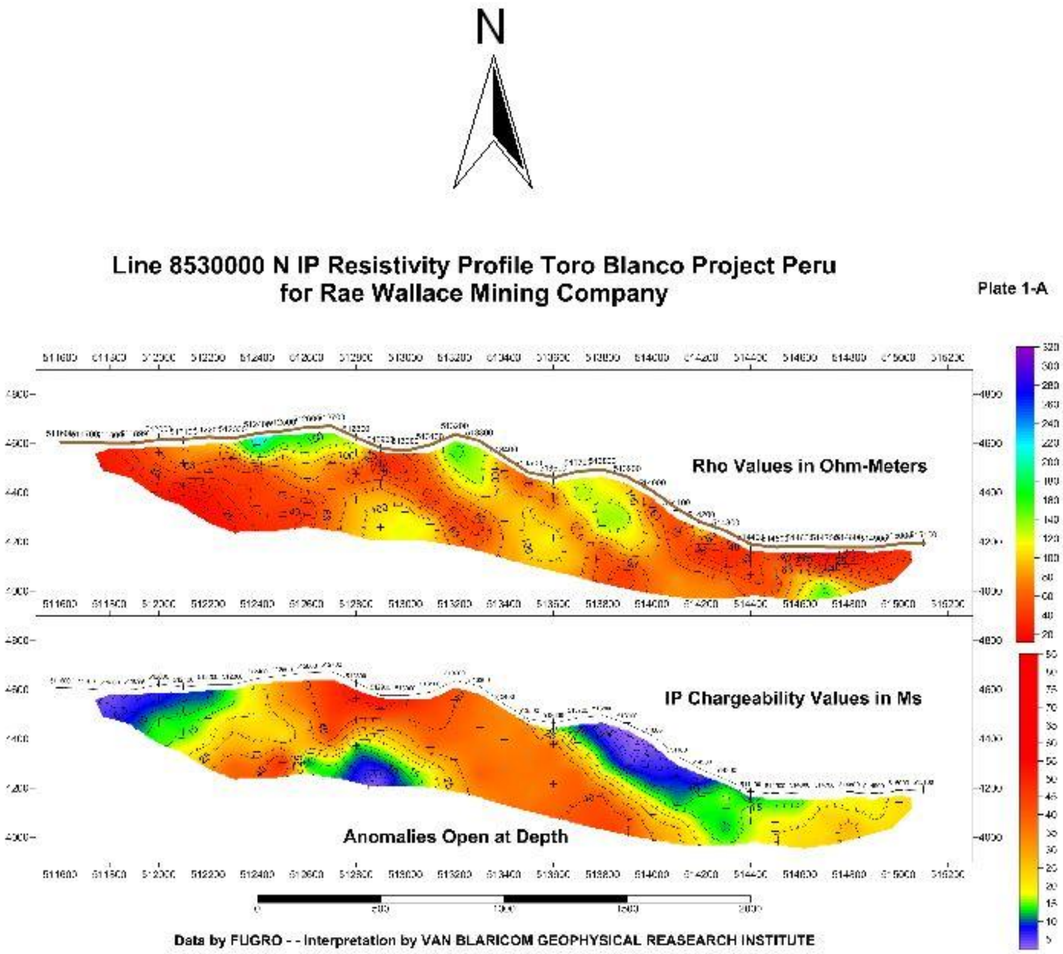

Figure 12-7: IP-Resistivity profiles south of the "Polygon Zone", line 8530000 North

SECTION 13: DRILLING

No drilling has been done on the Toro Blanco property.

SECTION 14: SAMPLING METHOD AND APPROACH

The author does not know the sampling method and approaches used by GIX and RWP for the rock-sampling and soil-sampling programs, but believes, 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).

SECTION 15: SAMPLE PREPARATION, ANALYSES AND SECURITY

The author can not guarantee that any aspect of sample collection or preparation was not conducted by an officer, director or associate of GIX or RWP; 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 for GIX. 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 were analyzed for gold by fire assay with an atomic-absorption finish. 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).

Inspectorate Services Peru SAC, which is also an ISO-certified laboratory in Lima (ISO 9001:2008 No. 39041), was the laboratory used by RWP. Gold was analyzed by fire assay with an atomic-absorption finish using similar procedures as reported for ALS above. Thirty-two other elements were analyzed by ICP (inductively coupled plasma mass spectrometry).

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

SECTION 16: DATA VERIFICATION

The author took the following steps to verify the information:

1. The Ministerio de Energia y Minas was visited on November 2, 2010 (see Figure 6-1), and it was confirmed that the claims are in good standing and are registered to Rae Wallace Peru SAC.
2. The property was visited on November 8, 2010. The author observed that the alteration is notorious and can be seen from a distance of many kilometers (see Plate 1; argillic-silicic alteration of the P-Zone can be appreciated at right-center of the photo, and limonitic alteration on the peaks)
3. The author traversed the northern portion of the P-Zone, collecting nine samples (Table 16-1, Figure 16-1) that confirm the anomalous gold-molybdenum signature of the zone. The author notes that alteration is nearly pervasive and consists of argillic alteration, silicic alteration (quartz veins and stockworks), limonitic alteration, intermediate argillic alteration, advanced argillic alteration (with alunite) and vuggy silica alteration (Plate 16-2. The author's samples were analyzed by Inspectorate Services Peru SAC using methods described in the previous section.

Table 16-1: Analytical Results of QP check samples

#	WGS84E	WGS84N	Elev'n	Type	L(m)	Dir'n	Structure	Description	Au ppb	Cu ppm	Mo ppm	Pb ppm
CB801	514487	8532020	4276 m	chip	1.5	vert	S0=150/10	andesite flow? strong lim alt'n in vugs, fx, and mx; qtz mvts; arg	55	124	11	20
CB802	514471	8532000	4285 m	select	3.0	270	vein=270/84	silic'd structure 2-6 cm, arg, vts & mvts, alunite? (adv. arg. alt'n)	23	115	24	25
CB803	514463	8531995	4286 m	chip	1.2	vert	vein=255/90	alt'd tuff, stwk mvts w/fg diss py, lim+MnOx+arg	23	86	18	31
CB804	514316	8531820	4384 m	chip	1.8	vert	no comment	al't tuff, silcica inund'n+qtz mvts, fg diss py, clay after feldspar, intemediate argillic alt'n	6	53	3	112
CB805	514289	8531776	4396 m	chip	1.8	35	S1=320/85	shear zone in tuff, very wk silica alt'n. Sample taken to discard.	10	38	3	10
CB806	514241	8531677	4404 m	chip	7.0	70	no comment	tuff, silic'd mx, strong arg alt'n, common cg to fg py	72	52	13	43
CB807	514242	8531639	4428 m	chip	2.5	120	no comment	tuff, silic'd mx, minor qtz mvts, lim bxwks	42	34	20	12
CB808	514296	8531530	4422 m	chip	2.5	20	no comment	al't tuff, silcica inund'n+qtz mvts, fg diss py, clay after feldspar, intermediate argillic alt'n	90	41	18	16
CB809	514313	8531422	4401 m	select	0.4	na	no comment	vuggy silica w/lim	34	60	79	584

Plate 16-1: Panoramic westerly facing view of the Toro Blanco Property (photo by author)

Plate 16-2: Sample CB 809, vuggy silica alteration. Geochemically anomalous for gold (34 ppb), Cu (60 ppm), Mo (79 ppm) and Pb (584 ppm) [Photo taken by author]

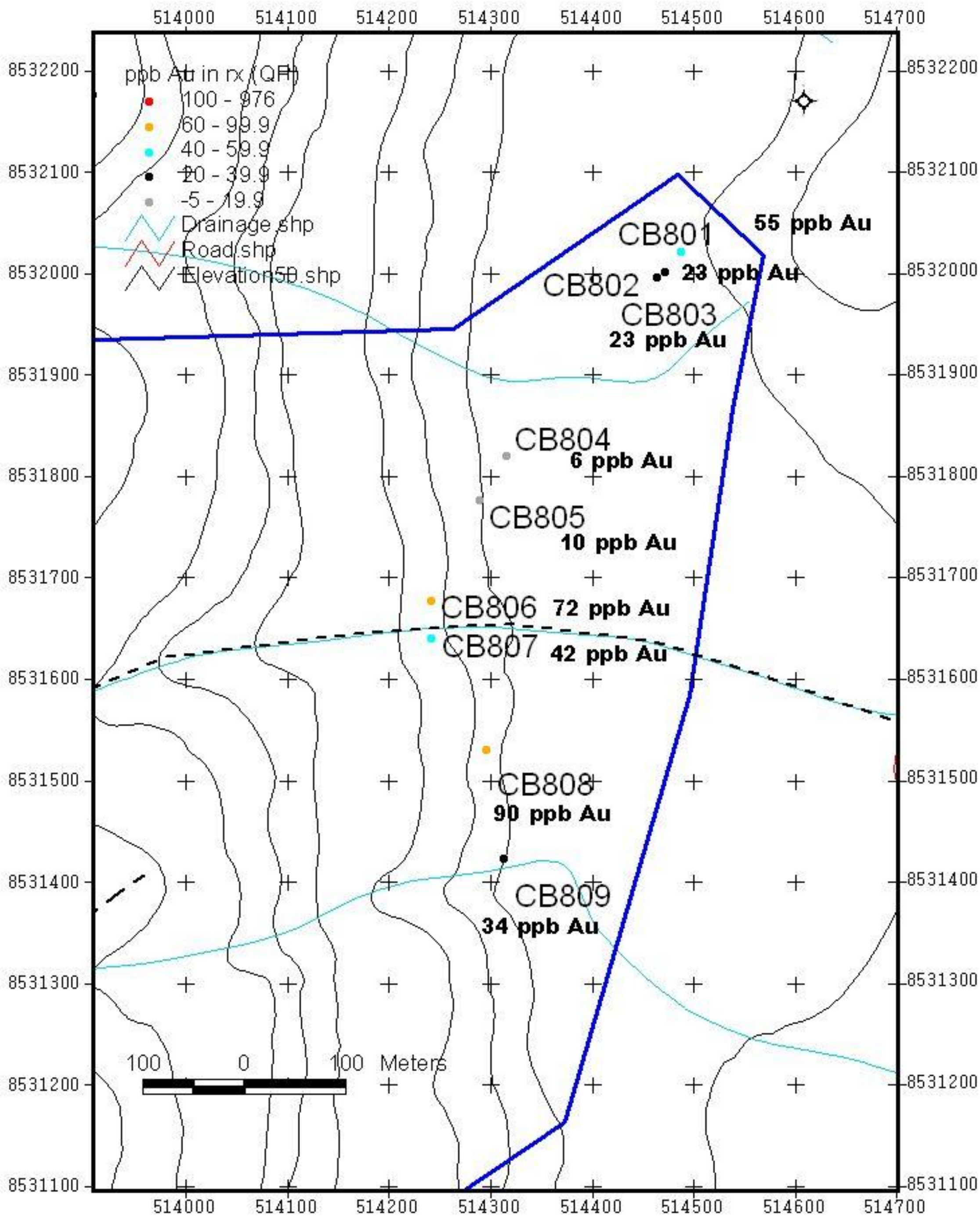

Figure 16-1: Author's samples and gold assay results. Scale and location can be appreciated by the blue polygon and the black dashed lines, which are common to Figures 12-1, 12-2, 12-3 and 12-4.

SECTION 17: ADJACENT PROPERTIES

Large (>2000 hectares) properties are being maintained adjacent and subjacent to Toro Blanco by two important Peruvian companies; Compania de Minas Buenaventura SAA and Corporacion Minera Castrovirrenya SA (see Figure 6-1). Both companies have operating gold and/or silver mines elsewhere in Peru. The author has not been able to find information about the properties adjacent and subjacent to Toro Blanco but assumes (because the properties have been maintained for more than five years) that there must be significant indications of mineralization.

SECTION 18: MINERAL PROCESSING AND METALLURGICAL TESTING

There is nothing to report in this section.

SECTION 19: MINERAL RESOURCES AND MINERAL RESERVE ESTIMATES

There is nothing to report in this section.

SECTION 20: OTHER RELEVANT DATA

There is nothing to report in this section.

SECTION 21: INTERPRETATION AND CONCLUSIONS

The author has had the good fortune to work on numerous high-sulphidation epithermal prospects in Peru, and realizes one fact that is not commonly appreciated; that there are many high-sulphidation epithermal systems that have the correct alteration, the correct age (Tertiary), the correct host rocks (volcanics), and yet barely a trace of economically valuable metals. The acid-sulphate solutions that generated these alteration zones were barren. Of course, these prospects are rarely mentioned in the geological literature (because they are of no economic interest), and so there are scarce references available that can be included in Section 23 (References).

In the case of Toro Blanco, there is a large area (>90 hectares in the P-Zone) that has the correct alteration of a high-sulphidation system, the correct age, the correct host rocks, and also carries geochemically anomalous concentrations of gold, molybdenum and other elements. Because of this, the author concludes that Toro Blanco is a property of merit that warrants additional exploration to locate drill targets.

The author believes that Toro Blanco is a property of merit that warrants additional exploration and reconnaisssance-level diamond drilling.

SECTION 22: RECOMMENDATIONS

1. The author has noted that a great deal of the property consists of colluvial cover, and has noted that "soil" sampling of colluvial fines has detected the P-Zone and potential extensions to the southwest. Systematic contour sampling of colluvial fines is recommended for the entire property. Contour sampling should be done at vertical intervals of 100 meters and at horizontal intervals of 100 meters. Efforts should be concentrated particularly on the P-Zone.
2. All samples taken in the survey (colluvial fines and outcrop samples) should be analyzed by PIMA (portable infrared mapping analysis) as well as by routine gold fire assay and multi-element ICP. PIMA can help to identify acid-alteration assemblages (clay, silica, alunite, etc) that, together with standard information, can assist in drill-target definition.
3. The P-Zone should be subjected to detailed mapping, sampling and alteration analysis.
4. The author recommends reconnaissance-level drilling (4 vertical diamond drill holes totaling 1,200 meters) to test a 1,200-m strike segment of the P-Zone as illustrated in Figure 22-1. The proposed holes are separated from one another by 300 meters and are to be drilled to a planned depth of 300 meters using NQ-diameter drill rods. The UTM coordinates (datum WGS 84) of the four recommended drill holes are as follows:
   - DDH-1 Easting 514090 Northing 8531960
   - DDH-2 Easting 513880 Northing 8531750
   - DDH-3 Easting 513675 Northing 8531530
   - DDH-4 Easting 513470 Northing 8531310

A budget for this proposed exploration program is given in Table 22-1.

TABLE 22-1: BUDGET, PROPOSED EXPLORATION

ITEM	COMMENT	DETAIL	COST US$
Contract colluvial-fines sampling	sampling and analyses	10 days at $1500/day	$15,000.00
Geol Mapping	detailed mapping/sampling of S-Structure and P-Zone	15 days at $550/day	$8,250.00
Analysis	300 rock; 1200 drill core	1500 samples at $34/sample	$51,000.00
Drilling	four 300-m diamond drill holes	1200 m at $125/m	$150,000.00
Camp	fuel, communication, lodging, food	60 days at $400/day	$24,000.00
Tenure			$2,700.00
Community projects and support			$20,000.00
Permitting	Environmental Impact Statement in support of Class A (minimum impact) permit for drilling		$15,000.00
Contingency			$14,050.00
TOTAL			**$300,000.00**

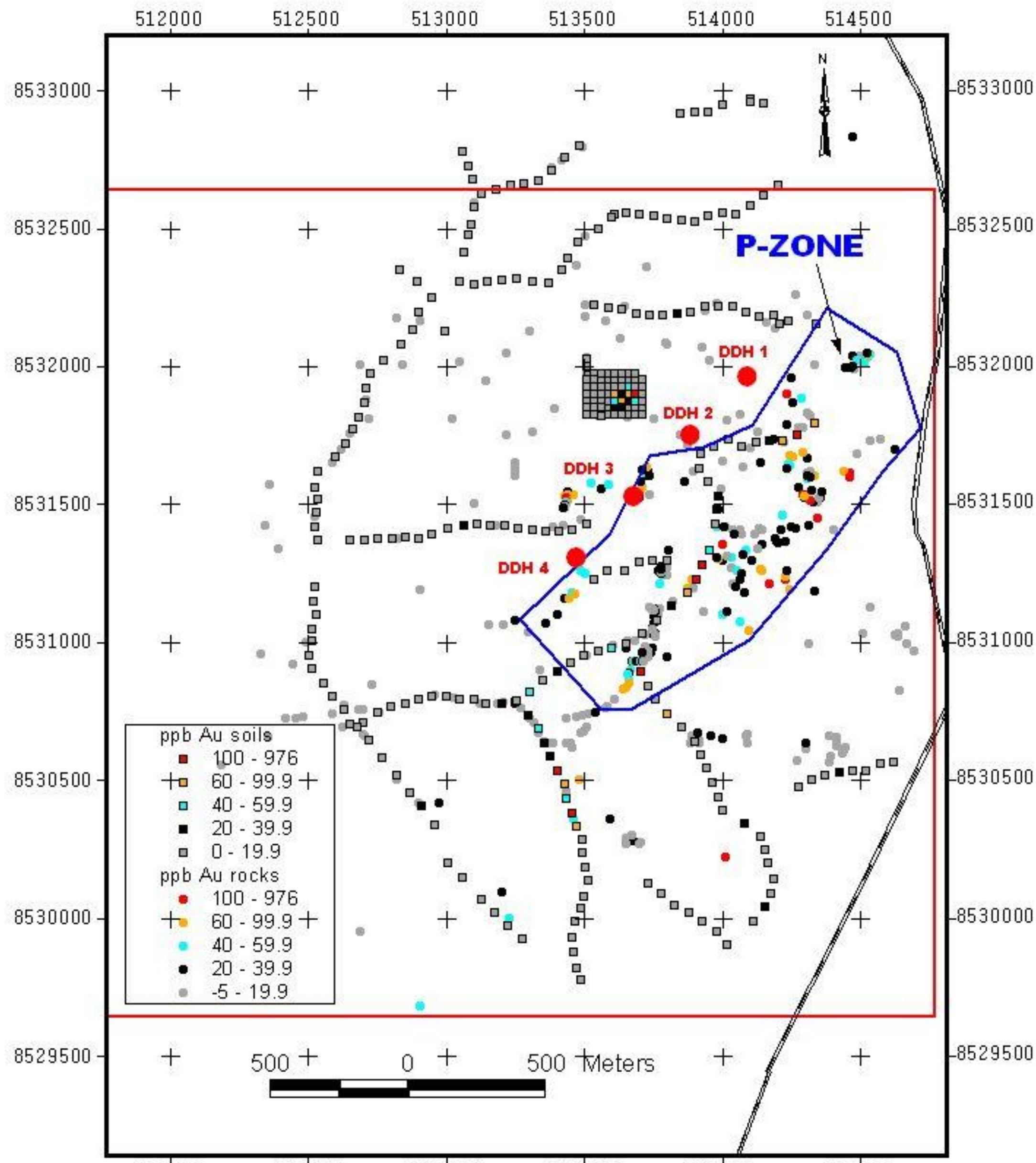

Figure 22-1: Proposed drilling, P-Zone, Toro Blanco Property

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

Property Inspection:
The Toro Blanco property, which is the subject of this report, was visited by the author on November 8, 2010.

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
December 22, 2010
Amended March 19, 2011
Amended July 27, 2011
Amended January 10, 2012