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Milena Project, Main Target Area: Overview & Drill Proposal

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Summary
The Milena Project is located in the northern extension of the Miocene giant porphyry copper belt of central Chile. Previous exploration in the main target area includes drill intercepts of porphyry copper mineralization related to quartz-pyrite-chalcopyrite stockwork in hydrothermal breccia and within hornblende quartz diorite. New geophysical and mapping data indicate important structural controls on A-vein distribution related to large NW and NNE fault zones. Seven diamond holes totaling a minimum of 2100 m are proposed to test postulated porphyry copper mineralization.

Location and Tenure
Milena is located in the central cordillera of Region IV, Chile 100 km east of La Serena, approximately 5 hours by vehicle travel on mixed paved, graded, and 4x4 roads. (Fig. 1). Elevation of the main target area ranges between 3800m and 5000m. The main target area, recognized as the major breccia pipe and porphyry center located just north of Cerro Desfiladero, is split between two optioned tenure groups, the Milena option (Fig. 1) and a smaller group (Don Eduardo) recently optioned, held by Sr. M. Hernandez Alvarez.

Exploration History and Methods
Previous to 2007 exploration by Teck, little exploration work by competitors is known, but some exploration for gold was carried out by Chevron in the early 1980s as part of their Coipa-Infiernillo (Milena) program (Reyes et al 1982. In 2006, reconnaissance mapping and additional sampling by Javier Rodriguez identified quartz-sericite-limonite stockwork alteration and anomalous Cu-Mo mineralization in the Yanira area suggesting porphyry copper potential (Yanira 2006a, 2006b). This led to interest in the main Milena ASTER anomaly, located 5 km to the southeast, the option on the Milena property sight un-seen, and initial fast-track drill program. Five initial diamond holes totaling 1531 m were drilled in 2007, verifying the presence of a mineralized porphyry copper system (Fig. 2).

In addition to the drilling, exploration has involved regional mapping of 1: 20,000 to 1: 5,000 by J. Rodriguez, A. Fuentes, and B. Laird and on-going detailed outcrop and road cut mapping by A. Fuentes in the main target area. Surface samples, totaling approximately 590, include outcrop, float, talus-fine and road cut channel samples. Recently a series of widely-spaced IP-resistivity profiles have been completed and ground magnetic surveys have been carried out in 2007, 2008 and early 2010.

Regional Geology
The project lies within the belt of Miocene porphyry copper (e.g. Los Bronces) and high sulfidation (HS) gold deposits (e.g. El Indio; Fig. 1). The project area lies within an

uplifted block of Paleozoic (224-250 Ma, Mpodozis and Conejos 1986) intrusive and volcanic rocks, likely a few km east of the regional, east-vergent, Baños del Toro reverse fault (Sillitoe 2007).

Summary Geology, Alteration and Mineralization

Milena is underlain by batholithic Paleozoic granite intruding a deformed granodiorite to diorite complex (Fig. 2). The target area is dominated by a syn-mineral 2.5 km x 1.5 km polymicitc breccia pipe intruded by late and post-mineral porphyry dikes. The breccia is dominated by quartz-veined clasts of granite, lesser granodiorite, and uncommon fragments of late-mineral mafic dikes and other wallrocks. Drilling shows that the breccia is markedly clast-supported with very little rock flour matrix, generally << 5% by volume. A large syn-mineral, but possibly post-breccia, crowded, weakly porphyritic, fine-grained hornblende quartz diorite, (hq diorite) is intruded into the center-east part of the pipe. The intrusion appears to be brecciated along its margins and may contain xenoliths of veined-clast breccia, but timing relations are not clear. Present as dikes in the wallrocks to the breccia pipe and possibly as clasts in the breccia is diabase and microdiorite of the Infiernillo Unidad dated at ~17 Ma (Mdopozis & Conejo, 1988).

The main structures at Milena appear to be NW striking, steeply dipping fault sets that bound the north and south sides main breccia pipe (Fig. 2). A second structure of high importance is an inferred N-S to NNE central fault zone which marks the western margin of the late-mineral hq diorite. This structure, possibly west-dipping, lies between the two principal NW fault zones and is marked by far more intense A-type quartz veining in talus and float near its trace (Fig. 3). Pre- and post-mineral dikes generally parallel these two sets, with NW and NNE to NE strikes common and generally steep to moderate dips.

Alteration

Alteration is concentrically zoned (Fig. 3) with outer epidote-pyrite-(chlorite) and inner sericite ± chlorite (likely after biotitic alteration) with A-vein type quartz veinlets to stockwork developed within clasts of the main breccia pipe, granite wallrocks near the major structures, and within the late hornblende quartz diorite intrusion. Epidote-chlorite-altered post-mineral hornblende biotite quartz diorite porphyry (e.g. in MIL-05) cuts both the breccia and sericite-quartz alteration. Sericite-quartz vein alteration in granite is cut by fresh Infiernillo diabase dikes to the immediate WNW of the main breccia body, suggesting some mineralization before the main breccia event. Potassic alteration as indicated by shreddy biotite alteration has only been observed in float of clasts in the breccia in a few places near the south and west margins of the breccia pipe. In drill core, some clasts of poorly-mineralized mafic dikes (Infiernillo diabase(?)) with remnant shreddy biotite-altered are locally present.

Mineralization

Mineralization is associated with A-type veinlets to stockwork (Fig. 3) occurring mostly within clasts of the main breccia, as a hydrothermal cement in the tight matrix of the breccia, and locally within non-brecciated portions of the hq diorite, the Paleozoic granite, and aplitic to feldspar porphyry felsic dikes adjacent to the southwest margin of the breccia pipe. Mapping of relative abundance of stockwork veining outlines a rough

N-S zone coincident with the central NNW fault zone and it's western margin (Fig. 3). In recent and on-going detailed mapping by A. Fuentes, many vein-sets appear to be preferentially oriented NW, parallel to the main NW breccia bounding faults. Drilling in 2007 demonstrated that quartz veining is associated with pyrite, chalcopyrite, magnetite and abundant anhydrite. Very locally preserved in the higher areas of the south-southwest part of the target area is sulfide present at the surface with pyrite, chalcopyrite, chalcocite (coating pyrite), and covellite. Two holes intersected very thick primary sulfide copper mineralization starting at about 20m depth along the south west side of the breccia pipe and within hq diorite (252 m @ 0.24 % Cu (MIL-02), 324 m @ 0.19 % Cu (MIL-01)) that is associated with anomalous Au (Fuentes 2009).

Surface sampling demonstrates a large anomalous zone of elevated Cu and more locally Au and Mo (Fig. 3). Strongly elevated copper occurs outside of the zone of quartz stockwork, particularly to the west and northwest, and appears to be related to distal polymetallic mineralization with strong pyrite ± magnetite alteration. Inspecting ratios of proximal elements, such as Cu, Mo, or Au to distal or fringing metals such as Zn or Pb shows high proximal ratio anomalies correspond fairly well with the zone of more intense mapped veining and the NNE structural zone intrusion (Fig. 3).

Geophysics

Ground Magnetics

Ground magnetics has been carried out somewhat piecemeal at Milena since 2007. In early 2010, the main area at Milena was re-surveyed. Figure 5 shows preliminary reduced to pole results of that survey clearly outlining the breccia pipe and late hq diorite bodies, as well supporting the NW and NNE structural interpretations. Further processing and interpretation are still needed.

IP-Resistivity

In the main target are of Milena, a 4.5 km long WSW-ENE oriented IP-resistivity profile was completed in Feb. 2010. Initial results indicate that the N-S corridor of breccia coincident with the central NNE fault zone is a 400m wide zone of pronounced conductivity and moderate chargeability, bounded by zoned of high chargeability, presumably pyritic haloes. Holes MIL-01 and MIL-02 tested the very edges of this anomaly. The conductive anomaly may be the northern part of the core NNE mineralization zone indicated independently by the mapping, vein intensity, and geochemical samples (see conductive anomaly in blue, Figs. 2-4).

Conclusions & Recommendations

The first campaign of drilling discovered a new, large, and deeply-seated porphyry Cu ± Au system. Low-grade mineralization is present and future drilling needs to intersect significantly higher grades. Higher-density of early veining, more open-space in the matrix of the main breccia, and presence of early porphyry phases may be conducive to higher grades. Early ideas related to enhanced potential along the margin of the breccia pipe where the breccia may be more open remains valid, as does the general trend of geochemistry of surface samples and drill holes for increasing grades to the south and west. These ideas are enhanced by new understanding of the possibly structural controls, particularly the bounding NW faults, the central NNE fault, and possibly fluid flow along

the outside margin of the late hq diorite. Intensity of veining appears to be controlled by these latter two features and broadens out where the NNE corridor of more intensive stockwork intersects the south NW structural margin of the breccia pipe, probably the area of most potential (Fig. 6).

Seven holes are proposed to test these ideas, particularly the south and west margins of the breccia and the postulated NNE structural zone (Table 1). Total depths are approximate, and the sequencing and placement of holes should be evaluated after each hole is completed. In addition, further work to better understand the potential, including mapping and sampling, is needed and in progress in the east, southeast, and northeast part of the main target area.

Table 1. Proposed Diamond Drill Hole Locations

HoleID	East	North	Elev	Azimuth	Dip	Depth	Comments
PDH10M-1	385800	6649950	4526	240	-70	400	Central area of NNE stockwork corridor adjacent to hq diorite
PDH10M-2	385250	6651140	4420	240	-70	250	NW margin of breccia pipe near NW bounding fault, nearby area of strongly elevated gold in talus-fine samples
PDH10M-3	384960	6650630	4520	240	-70	250	Test of West margin of breccia, near NW bounding segment on Sr. Henandez option.
PDH10M-4	386300	6649800	4470	225	-70	300	SE margin of breccia, near margin of hq diorite. Area needs mapping and new cuts in progress may modify location
PDH10M-5	385400	6649950	4560	90	-60	300	SW area of NNE stockwork corridor, near possibly N-S west-bounding structure
PDH10M-6	385750	6650400	4320	90	-60	300	Central area of NNE mineralized zone, between mineralized MIL-01, MIL-02 and within projected conductive geophysical anomaly
PDH10M-7	385900	6651000	4200	90	-70	250	North end of NNE zone, within NW fault strands, in projected conductive geophysical anomaly

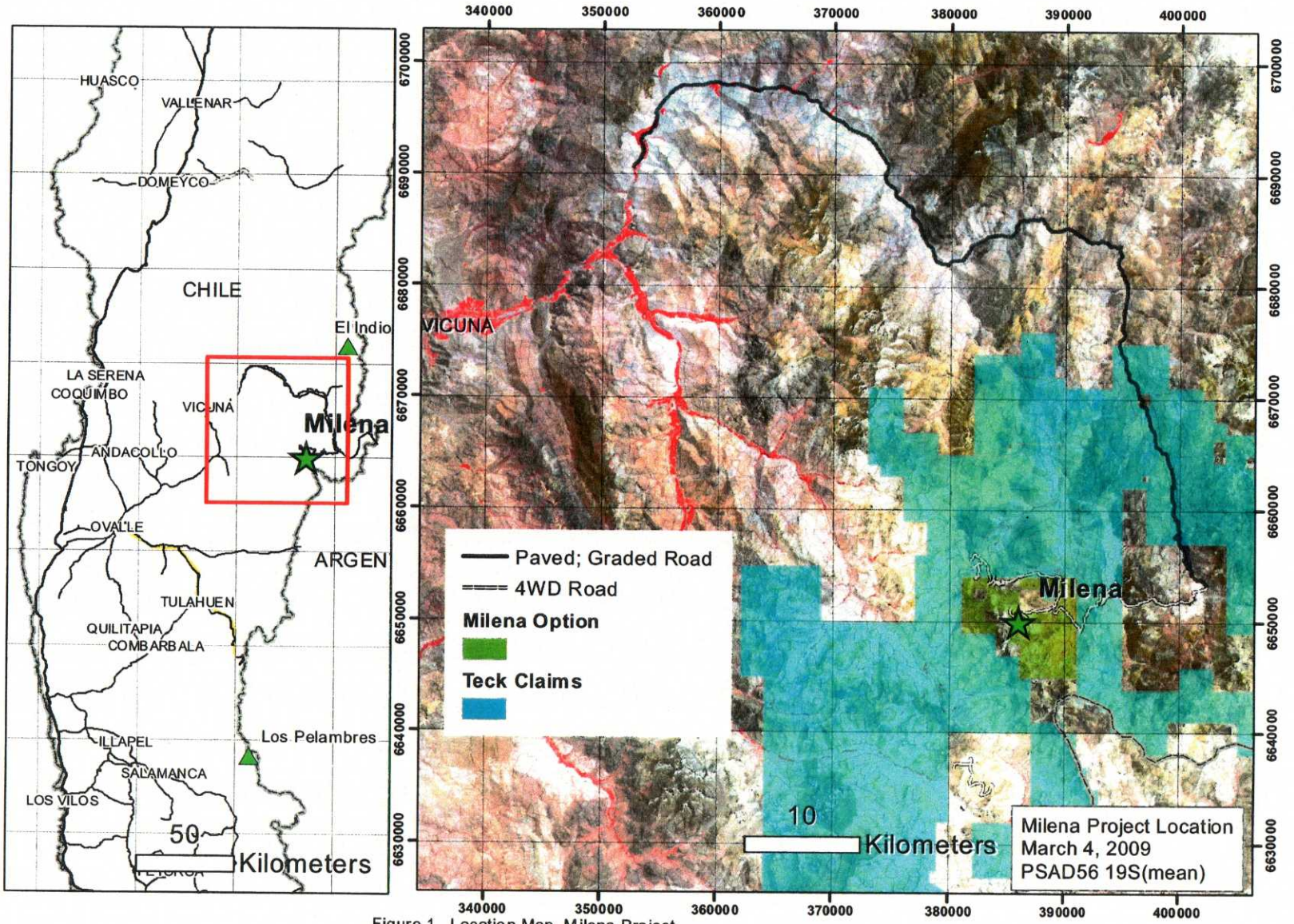


Figure 1. Location Map, Milena Project

Figure 1. Milena Location Map

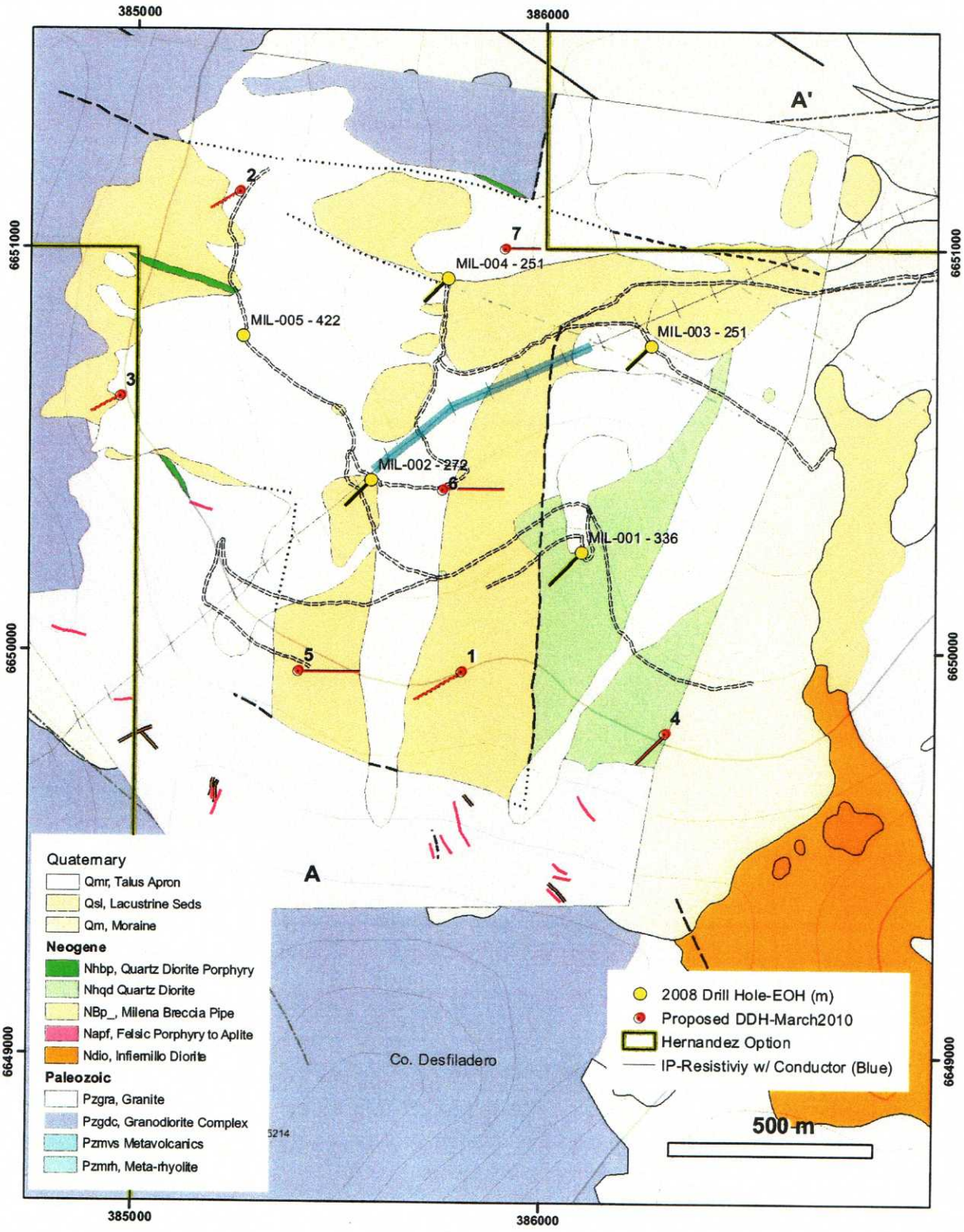


Figure 2. Geologic Map.

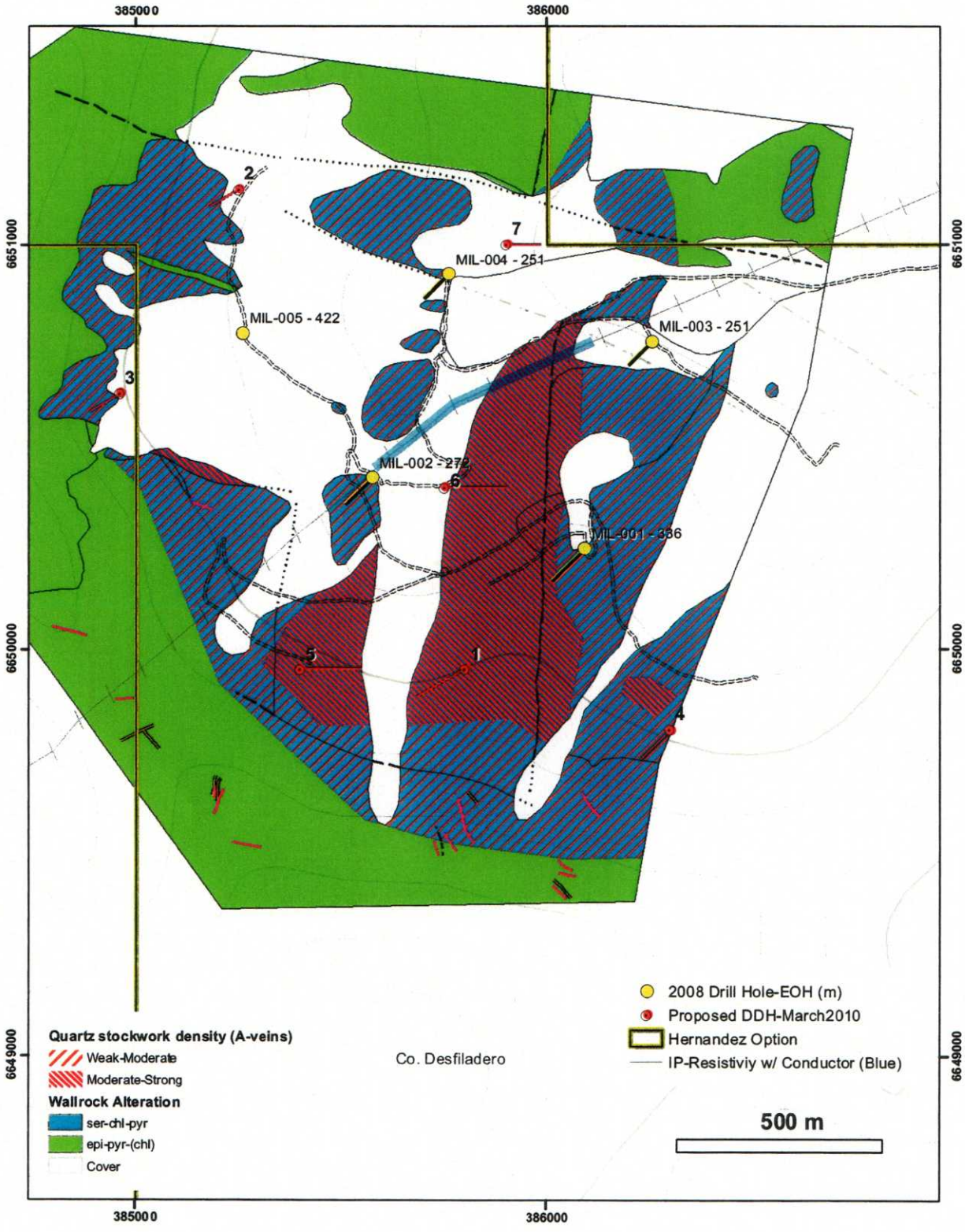


Figure 3. Summary Alteration Map

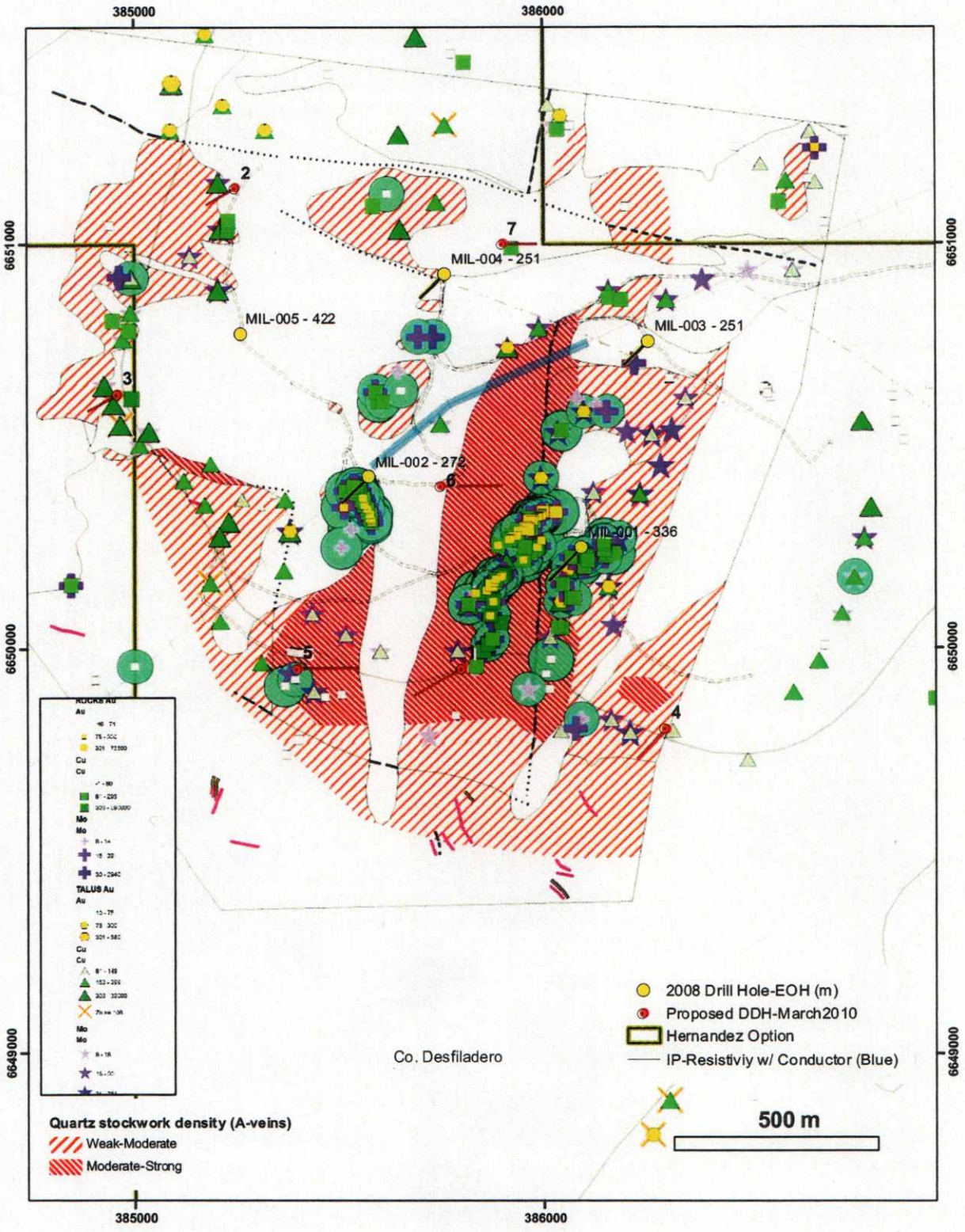


Figure 4. Suface Samples with anomalous Au (yellow), Cu (green), Mo (purple), rock (square), talus (triangle) and large blue-green circles are samples with > 5 Au(ppb) to Pb(ppm) Ratio

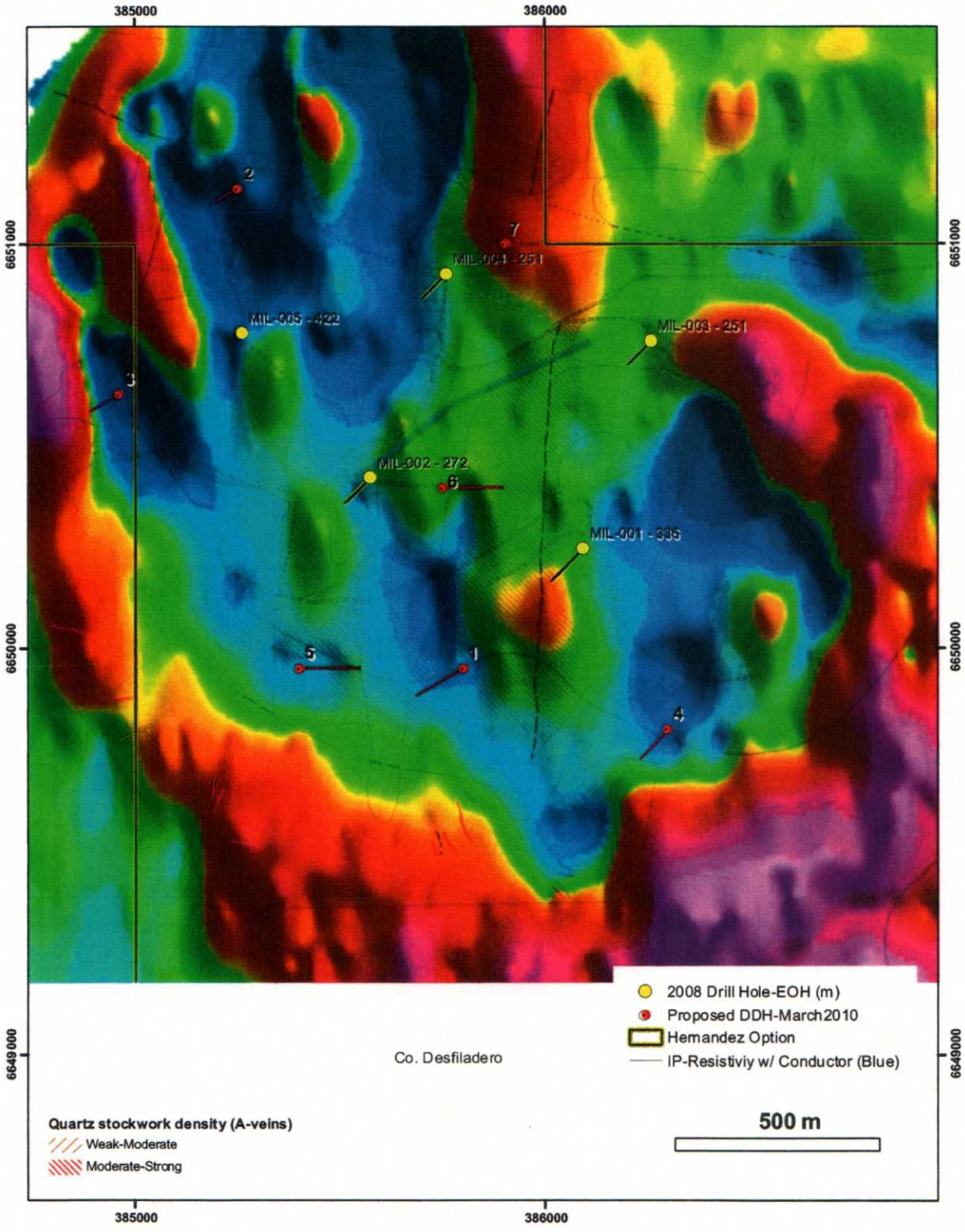


Figure 5. Preliminary Ground Magnetics, TMI-RTP

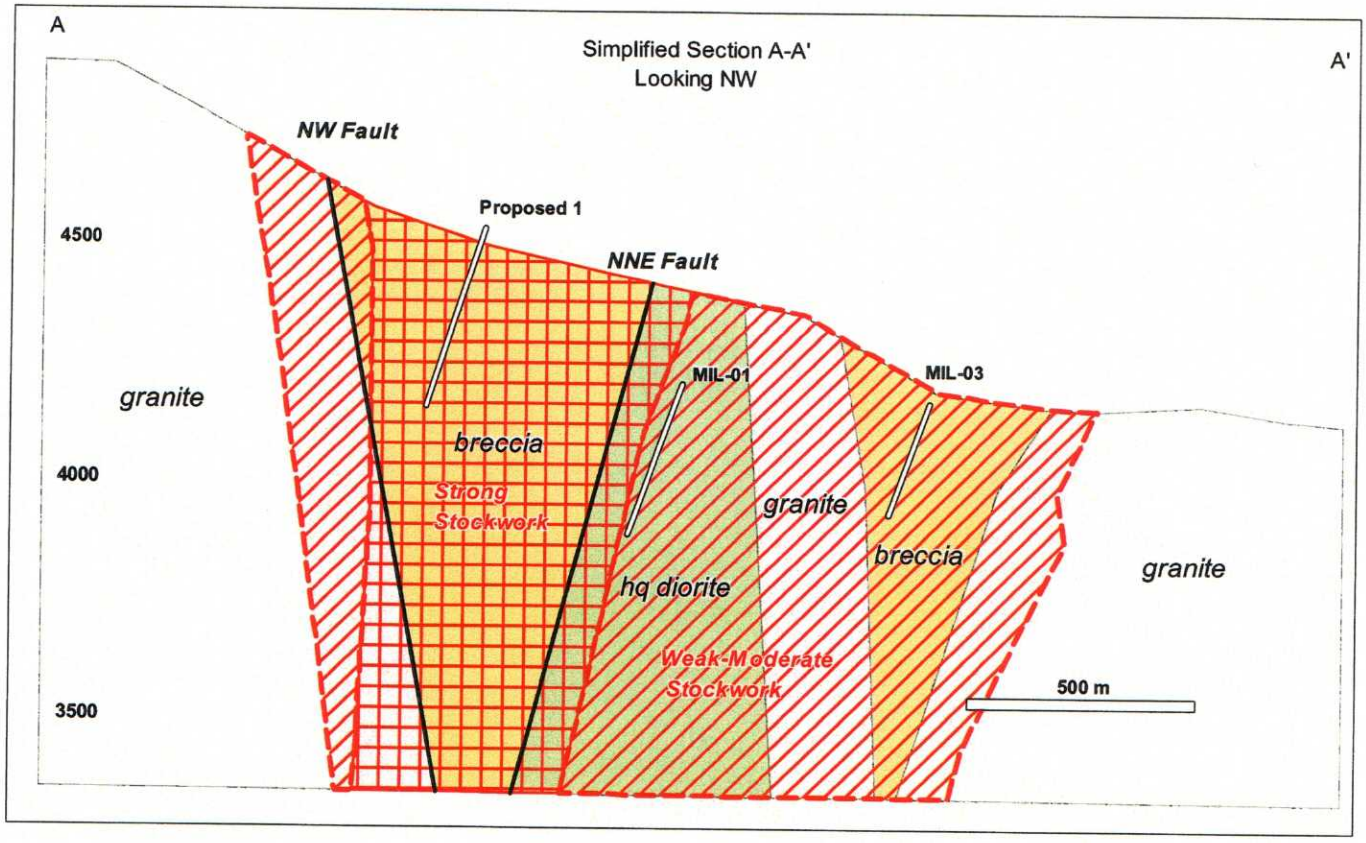


Figure 6. Simplified section showing first proposed drill hole. See Fig. 2 for section location.