GEOLOGICAL REPORT AND SUMMARY OF FIELD EXAMINATION,

EL ALALMO PROJECT,

Municipality of Ensenada

BAJA CALIFORNIA,

MEXICO

November 20, 2010

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GLOSSARY OF TERMS RELATING TO MINING AND MINERAL PROPERTIES

"DDH"	means a diamond drill hole
"diamond drill"	means a machine designed to rotate under pressure, using an annular diamond studded cutting tool to produce a more or less continuous sample of the material that is drilled.
"g/t"	grams per (metric) tonne
"km"	means kilometres
"m"	means metres
"mineralization"	means a natural aggregate of one or more minerals, which has not been delineated to the extent that sufficient average grade or dimensions can be reasonably estimated or called a "deposit" or "ore". Further exploration or development expenditures may or may not be warranted by such an occurrence depending on the circumstances.
"ounce"	troy ounces precious metal
"ppb"	concentration of an element measured in parts per billion
"ppm"	concentration of an element in parts per million
"grams per tonne"	concentration of an element equivalent to parts per million.
"RCD"	means reverse circulation drilling by a machine designed to rotate under pressure, using a tricone cutting tool to penetrate bedrock or unconsolidated material and to return that material with the recirculation of the drilling water.
"strike length"	means the longest horizontal dimension of a body or zone of mineralization.

CONVERSIONS

The following table sets forth certain standard conversions from the Standard Imperial units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Grams	Ounces (troy)	0.032
Ounce (troy) per ton	Grams/ton	31.103
Tonnes	Short tons	1.102
Short tons	Tonnes	0.907
Grams per ton	Ounces (troy) per ton	0.029
Ounce (troy) per ton	Grams per tonne	34.286

1.0 SUMMARY

The El Alamo Project (or the "Property") was examined by the author on August 23-25, 2006 and on November 11, 2010. The merits of the Property, reliant on available summary data generated by previous workers and the field reviews are documented herein. The 16 concessions comprising the El Alamo Property are owned outright by Compañia Quasaro S.A. de C.V. ("Quasaro") and are not subject to any underlying royalties or other encumbrances. Totaling 11,766 Ha, the concessions are centered at 31° 35' North latitude and 116° 04' West longitude. The El Alamo Property is situated west and northwest of the village of El Alamo in the State of Baja Norte about 40 km southeast of the city of Ensenada and 135 km southeast of San Diego. The Property lies between 800 and 1600 m above mean sea level. The town site of El Alamo has only a few permanent year-round residents.

Underlying the Property are Paleozoic and Jurassic to Cretaceous metavolcanic and metasedimentary rocks which have undergone greenschist facies metamorphism. In general, metavolcanic rocks are compositionally rhyolite to andesite while metamorphic units include phyllite, schist, and quartzite. These older rocks have been intruded by Cretaceous tonalite to diorite which in turn have been cut by diabase and gabbro, aplite, and pegmatite dikes. Metamorphic and plutonic rocks have been cut by a dominant set of northwest trending strike-slip faults, part of a wide belt up to 80 km in width and 150 km in length. These structures are intersected by northeast faults which likely represent extensional faults. Mafic dikes are concordant with the northwest trending structural grain.

Gold-bearing, low sulfidation quartz veins are hosted in intrusive and metamorphic rocks which have tectonic, structural, and mineralogic similarities to mesothermal lode-gold deposits in other parts of the world including the Mother Lode District of California, characterized by high grades averaging 0.3 opt gold and persistent depths to 1.5 km. At the El Alamo target eight northwest striking, steeply dipping veins averaging less than 1.5 m in width, bend, pinch, and swell along strike segments up to 200 m in length. Gold occurs as free grains and occasionally with metallic sulfide minerals in massive, brecciated, and sheared quartz. Gold bearing quartz veins have temporal and spatial relationships to the mafic dikes which controlled their orientation and may have blocked mineralizing fluids at dike contacts.

The style of mineralization at El Alamo has many similarities with a class of mostly quartz-vein-related gold-only deposits referred to as mesothermal lode-gold deposits (Kirkham, 1997). These similarities are noted with their counterpart at El Alamo.

- Association with felsic intrusives: (Cretaceous diorite and quartz diorite hosting gold veins at El Alamo).
- Location on the splay of a major oblique-slip fault: (The El Alamo target occurs on a splay - El Alamo fault - of the Tres Hermanos fault).
- Position on a terrane boundary: (The El Alamo Project occurs near the eastern margin of the metasedimentary-metavolcanic rocks in contact with the granitoid complex farther east).
- Mineralogic associations: (Albite and biotite take the place of sericite which was recognized by Moehlman (1935). Minor amounts of common sulfides such as marcasite, pyrrhotite, chalcopyrite, sphalerite, and galena were observed by Moehlman (1935). Zoned facies of progressive carbonitization common at other mesothermal gold deposits are not extensive at El Alamo although ankerite and sericite were identified by Moehlman (1935). Kirkham (1997) notes that in felsic and intermediate rocks in which iron and magnesium are less common, carbonate (and pyrite) are less abundant).
- Gold dominant quartz veins: (The gold to silver ratio at the El Alamo Project exceeds 10:1**)**.

- Bonanza grades: (Gold grades to 1350 g/t have been intercepted in Calais drill holes).
- Great vertical continuity exceeding three km: (Drill holes to 425 m have encountered high grade gold mineralization up to 197 g/t Au at 421 m in DD62).

The geological model for the region stresses the importance of regionally significant north-northwest and conjugate northeast trending shear/fault zones and the local influence of geological contacts and favourable host rocks. Controls to mineralization are interpreted to be northwest striking faults and intersections with northeast trending faults. Intersections of quartz veins with diabase dikes may have precluded or directed fluid flow, affecting hydrology and boiling resulting in gold deposition at and below the intersection. Flexures in vein strikes and dips are expected to be likely sites for gold deposition.

In 2007 Quasaro discovered disseminated and stockwork mineralization at the Alamo West and Vetatierra targets. This mineralization is distinct from the narrow high grade veins which have been the focus of all historic prospecting and prior exploration. Anomalous areas are characterized by iron-carbonate and quartz-sericite-pyrite alteration with breccia and stockwork vein textures. These anomalies are believed to result from northwest and northeast structural intersections, but the timing and detailed controls of this mineralization and the relationship, if any, to the gold-quartz veins is not presently known.

One hundred two diamond drill holes focused on the El Alamo target were completed Calais Resources Ltd. ("Calais") in 1998. Drill holes were mostly focused on the historic veins of the El Alamo target. Only very limited summary data from this program is available to the author. However, drill hole intercepts ranging from less than detection limit, to 1350.7 g/t gold over 0.6 m intervals were obtained in Calais drill holes.

In 2007 Quasaro completed geological data compilation, and commenced a systematic stream sediment survey and three detailed soil geochemical grids on (50 m by 200 m) over the El Alamo Property. The stream sediment survey highlighted the hill west of the El Alamo vein system (an area with very little historic activity) as a priority target. Survey results indicated a signifiant and coherent anomaly with values up to 0.653 g/t Au in a drainage at the base of a hill underlain by clastic metasedimentary rocks, cut by diabase dikes and tonalite apophyses. In 2009 a (100 m by 100 m) grid, Alamo South was located on the upslope area south of the stream sediment anomaly. Grid sample results ranged from <2 ppb Au to 526 ppb Au and suggested a weak northeast trending anomaly and a general association between the gold trends and the tonalite – metasediment contact. This work was followed by a second (100 X 100 m) grid, referred to as the Alamo North located north of the drainage. Sampling indicated two significant coherent anomalies with a peak value to 11,245 ppb Au (0.32 oz. Au/t). The western anomaly with approximate dimensions of 500 m by 500 m is underlain by brecciated and stockworked metasedimentary rocks and granodiorite to tonalite apophyses cut by diabase dikes. Quartz veins up to 0.5 m in thickness trend northwest and northeast. Alteration includes iron-carbonate and quartz-sericite-pyrite and vein selvages are dffuse to sharp. Vein textures show repeated brecciation and rehealing and sheeted textures. The eastern anomaly on the Alamo North grid is at least 600 m by 300 m. Here a few prospect pits exploited poorly exposed quartz veins but the anomaly is mostly covered by shallow colluvium and alluvium with residual gabbro cobbles and boulders which show strong iron oxide alteration.

A second anomalous area was identified around the Vetatierra prospect located about 4 kms north of the El Alamo target. Here, northwest and northeast faults cut metasedimentary and granodiorite to tonalite bodies and peak values of 1080 ppb Au are associated with discrete faults. North of the Vetatierra prospect, weak northeast trending anomalies may be associated with northeast striking faults. Twenty pan concentrate samples were collected around the Vetatierra prospect and examined by microscopic study in 2010. Free gold was observed in 9 of the 20 samples examined. The gold in the samples commonly occurs as very bright yellow splendent grains and some of the slightly more abraded grains have some iron-oxide coating and the color of the gold indicates a relatively high fineness. The report concluded that the source of the gold is near the sample sites and there is no contribution of placer or paleoplacer gold from distant sites (Garside, 2010).

A two phase budget totaling $2,845,000 is recommended to advance targets on the El Alamo Property. Phase I work ($1,227,000) will commence with mapping and sampling programs leading to trenching and ground geophysics at the El Alamo, Alamo North, and Vetatierra targets. Other targets including La Biznaga will be evaluated by initial mapping and sampling programs. The primary objective of this budget is completion of 16 diamond drillholes with cumulative footage of 4000 meters. The El Alamo vein targets will be 3D modeled to evaluate the depth and plunge potential. If successful, this work will generate information which will be used to evaluate the justification of advancement to Phase II. The objective of the phase II program (US$1,630,000) is expansion on positive results from Phase I by completion of 35-40 diamond drill holes totaling 7000 m. In-fill, step-out, and down-dip drilling will be conducted on the El Alamo target veins and offsets completed at Alamo North, and Vetatierra targets. Three D Modeling will be refined to achieve a resource assessment. If successful, this work will generate information which will be used in a scoping study to evaluate the justification of advancement to Phase III which includes further drilling, metallurgical, geologic modeling and other studies which will be used for an initial feasibility study.

2.0 INTRODUCTION AND TERMS OF REFERENCE

Preparation of this technical report was undertaken on behalf of Compañia Minera Quasaro S.A de C.V." ("Quasaro") as part of documenting the merits of the El Alamo Property (" Property", or "Project").

This technical report includes a summary of recent field activity by Quasaro, but is based on a foundation of published reports from professional journals such as Economic Geology, other publications, internal memos, reports and other data generated by previous companies and individual evaluators. The author, Robert Lunceford, a Certified Professonal Geologist of the American Institute of Professional Geologists, and Qualified Person under Canadian National Instrument NI 43-101 requirements has benefited from discussions with Mr. D. A. Bending M.Sc., P. Geo., a technical consultant to Quasaro since 2004 to present, and a Qualified Person as defined by NI 43-101.

The author conducted an initial site visit on August 23-25, 2006 accompanied by Sr. Eduardo Boullousa (the former owner of the concessions comprising the Property), and David Bending M.Sc., P. Geo., during which nine audit rock samples were collected. Subsequently the author conducted a field examination on November 11, 2010 with the former owner's son, Sr. Eduardo Boullousa Jr., and Mr. David Bending, and an additional rock sample was collected during this most recent visit.

3.0 RELIANCE ON OTHER EXPERTS

This technical report is an accurate representation of the status and geologic potential of the El Alamo Property based on the information available to the author and the site visits completed on August 23-25, 2006, and November 11, 2010. The Property area includes numerous gold-bearing quartz veins which were exploited to shallow levels and partly tested by diamond drill holes. Other gold targets located on the Property are early-stage anomalies and reconnaissance areas with indications of stockwork and breccia hosted gold mineralization and geochemical sampling by Quasaro and other junior companies. Work recommended herein under Recommendations was planned and will be supervised by a Qualified Person(s) as defined by NI-43-101. A continuing program of exploration work, including but not limited to geologic mapping, extensive stream sediment, soil and rock geochemical sampling and geologic modeling leading to phased drilling will be necessary to advance the Project. Further geological studies, metallurgical investigations, and independent engineering will be required to confirm the economic importance of the prospects and their collective value for the Quasaro. In formulating recommendations herein, the author has considered the most appropriate means of determining the true value of the Property.

All concessions are considered to be valid by the Mining Department in México (the Dirección General de Minas or "Dirección") as of the date of this Technical Report The adequacy of the titles have been reviewed by Quasaro's Mexican counsel, Sr. Carlos Rudametkin and Associates of Ensenada, Baja California, Mexico. The author cautions the reader that while the opinion was provided by competent professionals, they are not Qualified Persons as defined under NI 43-101.

The author has reviewed the relevant documents and has no reason to believe that ownership and status are other than has been represented, however it was not within the scope of this technical report to examine in detail or to independently verify the legal status or ownership of the Property. Determination of secure mineral title and surface estate ownership is solely the responsibility of Quasaro.

4.0 PROPERTY DESCRIPTION AND LOCATION

Quasaro's land holdings are located within a district scale mining camp that is host to several small prospects and former mines developed on several narrow gold-quartz veins. These past producers are located within and outside the El Alamo Property boundaries.

The El Alamo Property is located within the Mexican State of Baja Norte at the north end of the Baja peninsula (Figure 1). The 16 concessions comprising the El Alamo Property are owned by Quasaro and are not subject to any underlying royalties or other encumbrances. Concessions of the El Alamo Project lie within the Mexican National topographic system (INEGI) 1:50,000 scale map sheets Zacatón (H11-B23). Totaling 11,766 Ha, the concessions are centered at approximately 31° 35' North latitude and 116° 04' West longitude.

The mineral rights comprising the EL Alamo Property (Figure 2, Table 1) were accumulated progressively by filing applications. The process to acquire mineral rights from the Mining Department in México (Dirección General de Minas, DGM) is initiated by surveying the area of coverage. The applicant must present a location map of the area requested for mineral rights, which includes a description of local prominent features and relative position with regards to other adjacent and nearby pre-existing claims. If the claimed area is free at the time of presenting the application and the details of the survey and application are approved by the technical reviewers of the DGM, a Mineral Concession is granted for a 50-year term, which may be renewed for similar duration. The Dirección General de Minas issued new Regulations, by Presidential decree, regarding mining concessions in April 26, 2005 to be applied from January 1, 2006, whereby all the Exploration and Exploitation mining claims were transformed to a unique type of Mining Concession for a renewable duration of 50 years. Previous mining claims were automatically adjusted to a 50 year term from the date of their registration in the Mining Public Registry. Semi-annual, Federal tax payments are due January 31 and July 31st each year. Taxes of M$42,661 (approximately US$3,250 at the prevailing exchange rate) were paid on January 29, 2010. At present, outstanding first and second semeter accrued taxes and penalties for 2010 are $M495,617.00 (or US$42,001.44) due by January 31, 2011.

Lot	Title No.	Hectares
Las III Fraccion 2 Fracc 1	Concession 227920	12
Las III Fraccion 2 Fracc 2	Concession 227921	12
Las III Fraccion 2 Fracc 3	Concession 227922	72
El Cid	Exploitation 219881	551
El Cid 1	Exploitation 219882	72
M. Carter	Exploitation 223403	67
La Sorpresa	Exploitation 203304	90
La Sorpresa III	Exploitation 218574	71
Dolores	Exploitation 219883	1267
La Chispa	Exploitation 221488	125
La Sorpresa II	Exploitation 203254	265
La Sorpresa VI	Exploitation 206202	180
La Helice	Exploitation 222272	1247
San Vicente	Exploitation 226898	594
La Rajadura	Concession 229481	6873
El Alamo	Concession 208070	268
	TOTAL HECTARES	**11766**

Table 1. List of concessions comprising the El Alamo Property.

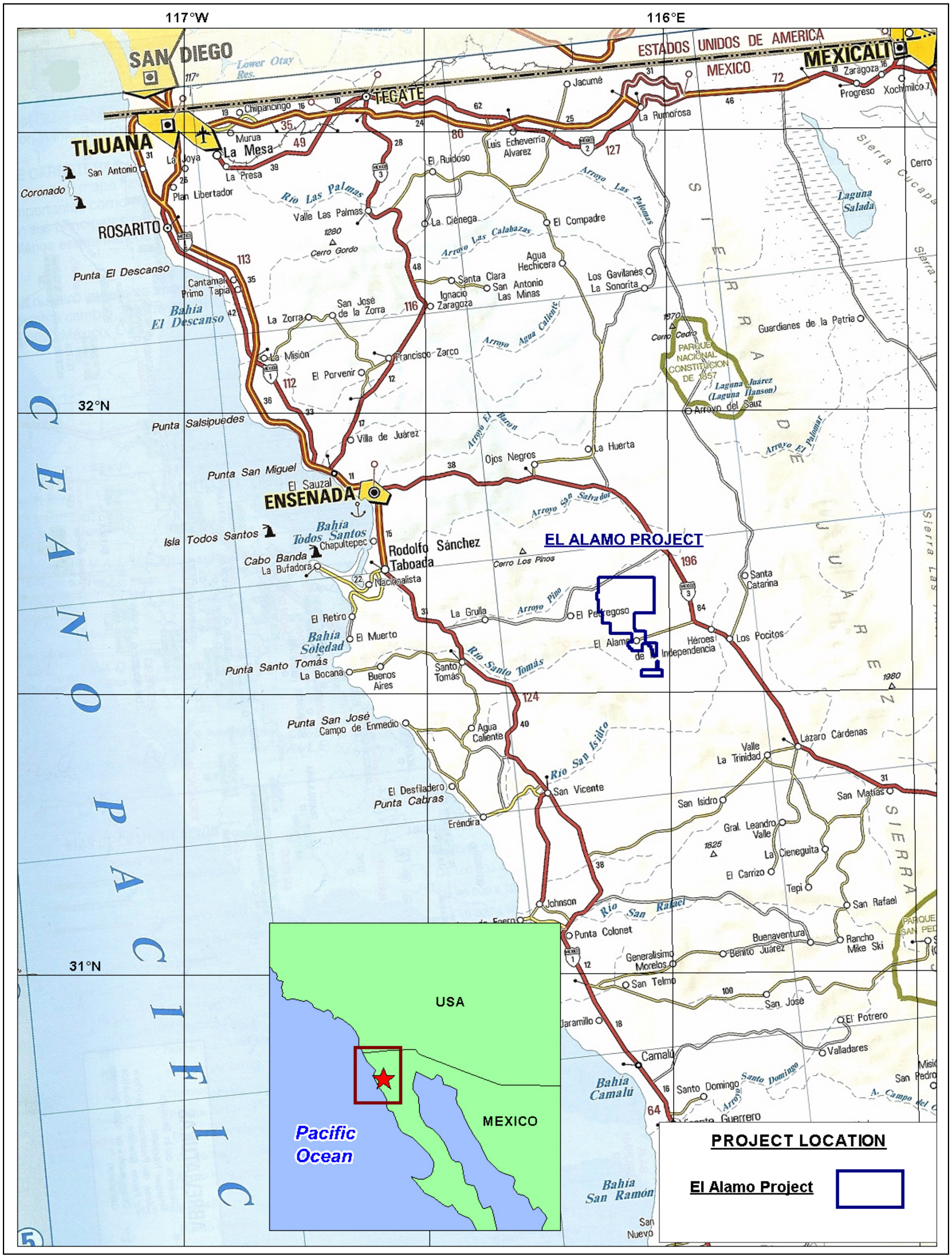

Figure 1. El Alamo Property location.

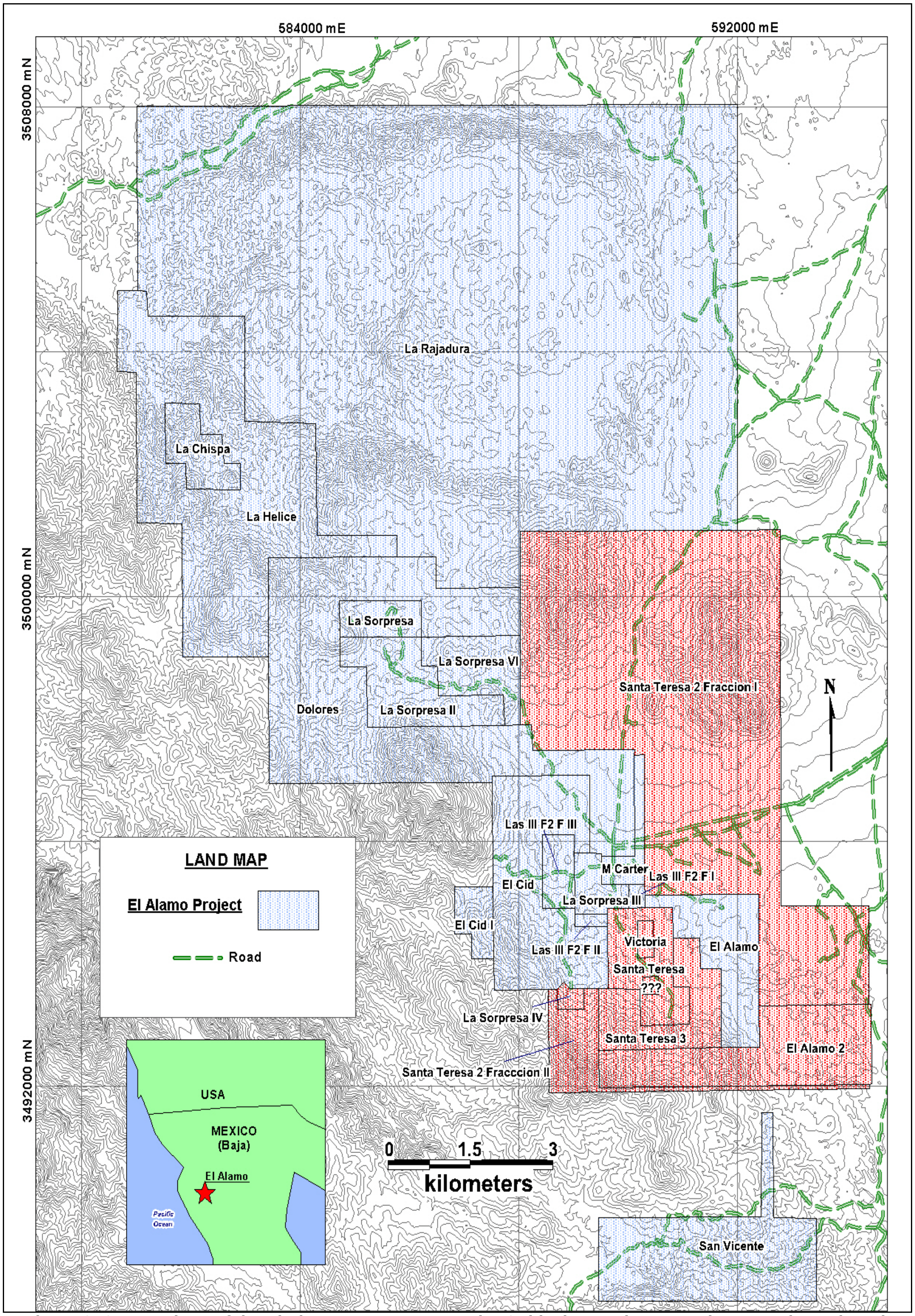

Figure 2. Concessions of the El Alamo Property. Premier Gold Mines Ltd. concessions are shown in red.

All mining concessions are governed by Mexican Mining Law, which provides for the rights to carry out the works and development required of and for mining and related activities. Mining concession licenses do not automatically grant surface access rights, given that they do not convey property rights to the parcel of land involved.

Permission for surface access must be negotiated with the relevant communities and individuals who hold surface rights to the areas affected by the mining concessions. These negotiations typically provide for the purchase or lease of the surface rights. Quasaro cannot guarantee to have continual and unencumbered access to their mineral exploration properties without negotiating access agreements or purchasing the surface mineral estate.

Surface rights can be held privately through direct title, or can be divided under the Mexican Ejido System into communal, collective and individual parcels; and governed under Mexican Agrarian Law. If no agreement can be reached with the surface owner the Mining Law grants the concessionaire the right to apply to the General Mining Bureau for the expropriation or temporary occupation of the land, which will be granted to the extent that the land is indispensable for the development of the mining project. Compensation is set through an appraisal carried out by the federal government's National Goods' Appraisal Commission.

This study did not include an evaluation of environmental liabilities within the Property area. Small dumps of tailings, slag from previous mining operations, and rock waste, pits and shafts, s) are located on the Property. These point sources of contamination are localized in scale but will be considered in future environmental base line studies as part of the exploration and development permitting processes.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

The 16 concessions comprising the El Alamo Project are situated west and northwest of the village of El Alamo about 40 km southeast of the city of Ensenada and 135 km southeast of San Diego. Access to El Alamo is gained via Mexico Federal Highway 3 southeast from Ensenada to Ojos Negros then, west to El Alamo, a distance of about 75 km. Travel time by vehicle is approximately 1.75 hours from Ensenada.

The Property lies between 800 and 1600 m above mean sea level characterized by gently rolling hills although peaks to 1700 m lie east and west of the Property. The town site of El Alamo, which has only a few permanent, year-round residents is situated in a wide, mostly flat, northwest trending valley suitable for potential development.

The dry climate is seasonal arid to semi – arid, with long, warm summers and cool winters requiring heated accommodations although sunny days predominate year round. Late summer and fall, hurricanes occasionally cross the northern Baja peninsula. Rainfall averaging approximately 30 cm occurs as infrequent winter storms and summer thunderstorms (Queen, 2001).

Electrical power lines are available about 10 km from the concessions although the author has not verified the terms or logistical issues of connecting suitable power lines to the project site. Generated power will likely be the most cost efficient source of power for any future development.

6.0 HISTORY

The El Alamo Property is situated within the Santa Clara District. The Jesuits began mining small amounts of gold in the 1500's which continued until 1767 when the mines were appropriated by the Spanish. Total production by the Spanish and Jesuits is unknown. In 1899 lode and placer mines were worked by several individuals and eventually small companies were organized.

During this period El Alamo is reported to have had a population of 10,000 and a 10 stamp, 50 tpd mill was operated by Aurora Mining and Milling Company Consolidated (Ortiz-Hernández, 1999). Placers were worked in Alamo and Viznaga Creeks, and hard rock mines were developed on the slopes of Viznaga and Leon Peak (Montgomery, 1998). Operations continued until 1908 when active mining ceased. Production during the period 1899-1908 is reported to be 217,000 ozs. gold ($4,500,000) (Hershey, 1937) and most of the deposits were mined to the water table (Montgomery, 1998). All operations in the district ceased in 1912 when the Socialist Army destroyed the mine and mill (Montgomery, 1998).

In 1921 C. F. Toleman produced a detailed geologic map and several cross sections of the Aurora-Princessa on behalf of a syndicate considering further development. He reported six main veins and minor branches trending N60W occupying fissures and joints related to a diabase dike swarm 10,000 feet long. Toleman reported that where the veins intersect older dikes they "stringer out" in sheared zones and continue to the other side. Gold was reported by Toleman to be free with no surface enrichment. Toleman believed about 100,000 ounces gold were mined to the water table in the Aurora-Princessa, and strongly recommended further investment (Toleman, 1921).

In 1925 a Mr. Price and Mr. Kingsbury took a lease and option for $250,000 on the Aurora-Princessa. They constructed a 10 stamp mill, converted power from steam to diesel and dewatered the Princessa and San David shafts, and subsequently developed cross cuts and sank a 119 foot winze on the vein from the 360 foot level. Inadequate pumps in the San David shaft eventually led to failure (Hershey, 1937).

A New York syndicate under the direction of G. H Bryant, optioned the property in 1933, refurbished the Ulysses Mine, dewatered the shaft and drove a 500 ft. cross cut. Two veins were opened on the 200 ft. level which assayed 1 opt across two feet (Montgomery, 1998).

R.S. Moehlman (1935) described the mineralogy and geology of the veins and dikes of the El Alamo mines and prospects.

In 1937 O. H. Hershey on behalf of the Compania Minera Moliners, S.A. described several undeveloped ore shoots within the Princessa Group (Hershey, 1937).

The Princessa Group of claims was held around 1950 by a Chinese group who were reported to have spent $360,000 on the properties and recovered about 7,000 ounces gold (Montgomery 1998).

In the late 1970s and early 1980s the prospects and mines of the El Alamo Property were investigated by the Consejo de Recursos Minerales ("CDRM"), now part of the Servicio Geológico Mexicano ("SGM") who conducted regional and local geologic mapping and sampling. Work by Medina (1982) included detailed underground sampling and mapping of accessible levels, concluding that the veins vary in thickness from 0.20 to 1.0 m with highly variable gold grades ranging from 1.0 to 200 g/t Au. These results were confirmed in a follow-up study by Melendez, et. al., (1985) who reported values ranging from 0 - 15 g/t Au and 10-24 g/t Ag.

Montgomery (1998) reports that in 1990 C. K. Edwards on behalf of International Resources Group commenced an evaluation program on the El Alamo Property. The San David mine was dewatered over a 27 day program. Bulk samples were collected from the Chaves and La Americana mines and results exceeding 2 opt were obtained. The study concluded that the richest "ore shoots" occur at vein dike intersections. A program of trenching, sampling, and drilling and rehabilitation of the La Americana mine was recommended.

C. J. Croff (1990) prepared an evaluation report for Galicia Mining Company focused on the El Alamo target at the El Alamo townsite and La Viznaga prospect, located about five kms north of El Alamo. Croff recommended an exploration program consisting of mapping, sampling and geophysical (VLF-EM - electromagnetic) surveys leading to core drilling. Subsequently, Croff summarized work in 1992 conducted by Grupo Recursos Internacionales de Mexico consisting of collar and shaft rehabilitation of the La Americana workings and surface buildings and water wells (Montgomery, 1998).

P. V. Angeren summarized results of an exploration program conducted for Tigre de Oro S. A. de C.V. who optioned the Property in 1993. Tigre de Oro completed 27 dozer and 13 backhoe trenches along a 1.8 km segment southeast of the Princessa shaft to the Telemaco shaft and collected 140 rock chip and dump samples (46 of 140) costing C$50,000 which was completed in late Fall, 1993 (Figure 10) Angeren recommended a C$816,000 two- phase program of compilation, geologic mapping, and diamond drilling. In 1995 P. V. Angeren wrote an evaluation report for Calais Resources Ltd. restating his conclusions in the 1993 report and recommending a C$440,000 trenching and diamond drilling program focused on the Sorpressa III and La Viznaga concessions.

In 1998, Montgomery Consultants Ltd. was contacted by the Senior Surveillance Officer of the Vancouver Stock Exchange to audit an ongoing drill and sample program being conducted by Calais Resources Ltd. on the El Alamo property. Concerns raised by the VSE pertained to sampling and logging procedures, fire assays, and drilling programs conducted by non-professionals, and Calais press releases referring to “production” and “ore”. At the time of the audit report prepared by Joe Montgomery of Montgomery Consultants Ltd., Calais had drilled over 100,000 feet in 75 diamond drill holes, constructed personnel facilities, refurbished roads and underground workings, purchased and partly erected a 1,500 tonne per day concentrating plant, and 50 tonne/hr placer mill.

In 1999 B. D. Game completed a summary report with recommendations for Mexore International S. A. de C. V. concessions including San Vicente, M. Carter, and La Helice respectively located 3.5 km southeast, just south, and 7 km northwest of the town site of El Alamo. Game recommended a four-phase program of initial sampling and mapping and follow-up diamond drilling totaling C$1.128 million.

J. M. Queen (2001) completed an academic report on the El Alamo Property summarizing the regional tectonic framework and geologic history.

In 2004 a summary technical report on the El Alamo Property was prepared for Mexore International S.A. de C.V., a predecessor company to Quasaro, The report was almost completely reliant on data collected by previous companies and evaluators and provided no new insights or conclusions (Brown, 2004).

7.0 GEOLOGIC SETTING

Historically prospected gold occurrences at the El Alamo Project were focused on low sulfidation, hypogene quartz veins hosted primarily in mid-Cretaceous quartz diorite intruded by late Cretaceous (?) northwest-trending diabase (minor diorite and gabbro) and aplite dikes (Figure 3). Structurally the district is dominated by a wide (0.5 to 1.0 km) northwest-trending fault zone which controlled the emplacement of dikes and dike swarms. Local faults around El Alamo are part of a larger system of northwest trending fault system up to 80 km wide and 150 km in length mapped by Gastil, et. al. (1975). In the vicinity of El Alamo northwest striking faults are intersected by north-northeast to northeast faults. The quartz veins are younger than the mafic dikes which they cut at oblique angles. In other occurrences, veins occupy fissures which also control emplacement of the aplite dikes, and veins are spatially and temporally related to the dikes. The intersection of northwest and northeast faults have resulted in brecciation, and stockwork mineralization.

7.1 Regional Geology

The El Alamo Project is located within the Peninsular Range of Baja California comprised of granitoid and older Paleozoic and Jurassic to Cretaceous metavolcanic and metasedimentary rocks. Game (1999) reported that the central portion of the La Helice claim approximately 5 km northeast of the town site of El Alamo is underlain by Jurassic aged quartzite, interbedded schist, and phyllite. In general, the metavolcanic rocks at El Alamo Property are rhyolite to andesite in composition, exhibiting greenschist facies metamorphism. The Property is situated near the eastern boundary of the volcanic-volcaniclastic belt within the westernmost batholithic sub-belt Gastil, et. al. (1975) referred to as the “Gabbro Belt”, dominated by gabbro, tonalite, and granodiorite.

7.2 Local Geology

Gastil, et. al.’s (1975) reconnaissance map of the El Alamo Property, and the surrounding area, excerpted in Figure 3 (Figure 4) is somewhat generalized but reliable. Moehlman’s (1935) study of the veins provides a good summary of the mineralogy of the El Alamo district. Previous work by P. V. Angeren (1993, 1995), and the work programs conducted by Calais (see History, above) may have resulted in a geologic map but the information is not available to the author. A San Diego State University Master's Thesis by B. Chadwick in 1987 included a mapped 45 km^2 area about eight kms north of the Property. Chadwick’s map area is underlain by Jurassic quartzite and phyllites intruded by Cretaceous tonalite, granodiorite, and gabbro. Numerous northwest trending, steeply northeast dipping, felsic, pegmatite/aplite, basalt and diabase dikes cut metasedimentary and plutonic rocks.

7.3 Property Geology

The surface expression of quartz veins and dikes at the El Alamo target is minimal but improves to the southeast and northwest as disturbance resulting from Calais’s work programs diminishes. Such work has also cut off access to some of the underground workings at the El Alamo and La Viznaga targets, located about 3.5 kms north of the El Alamo target. Northwest trending veins between El Alamo and La Viznaga occur within a fault zone approximately one-half km in width in low relief to enclosing metasedimentary and metavolcanic units.

At the El Alamo target, Moehlman (1935) observed numerous, dense swarms of gabbro, diabase, and hornblende porphyry and younger aplite dikes varying from 7 cm to 12 m in width hosted in quartz diorite (tonalite) (Figure 5). The quartz diorite is composed of white medium grained plagioclase and quartz with hornblende and biotite, and occasional streaked inclusions. The hornblende porphyry dikes tend to pinch, swell, and bend along strike forming anatomizing fingers to continuous strands, while the diabase dikes are more continuous with parallel to sub parallel strikes, generally N40W, dipping 55NE. Moehlman’s mapping indicated the diabase dikes postdated the hornblende porphyry dikes which were subsequently cut by small, discontinuous aplite dikes. Moehlman believed that the gold bearing quartz veins are younger than all the dikes but Toleman (1921) concluded that the quartz veins in some area were cut by a younger set of diabase dikes. This difference of opinion may be explained by Moehlman’s observation that the shear zones the dikes occupy sometimes die out within the dikes but persist to the other side of the dike where quartz reappears. Moehlman (1935) indicated the diabase dikes have variable compositions including gabbro, diorite and dacite and suggested that they were nearly contemporaneous intrusions. Textural coarseness varies with the width of the dike and chill borders are sharp, at most extending a few cm into the wall rock.

The El Alamo Property is located on the northwest striking Alamo fault zone so named by Croff (1990) which is a splay of the west-northwest trending Tres Hermanos fault mapped by Gastil, et. al. (1975). Mapping by Gastil, et. al. (1975) indicated that both faults exhibit about three kms of right lateral displacement. The northwest striking faults provide 1st order structural controls to gold mineralization. Although not noted by other workers in the area, Gastil, et. al.’s (1975) map

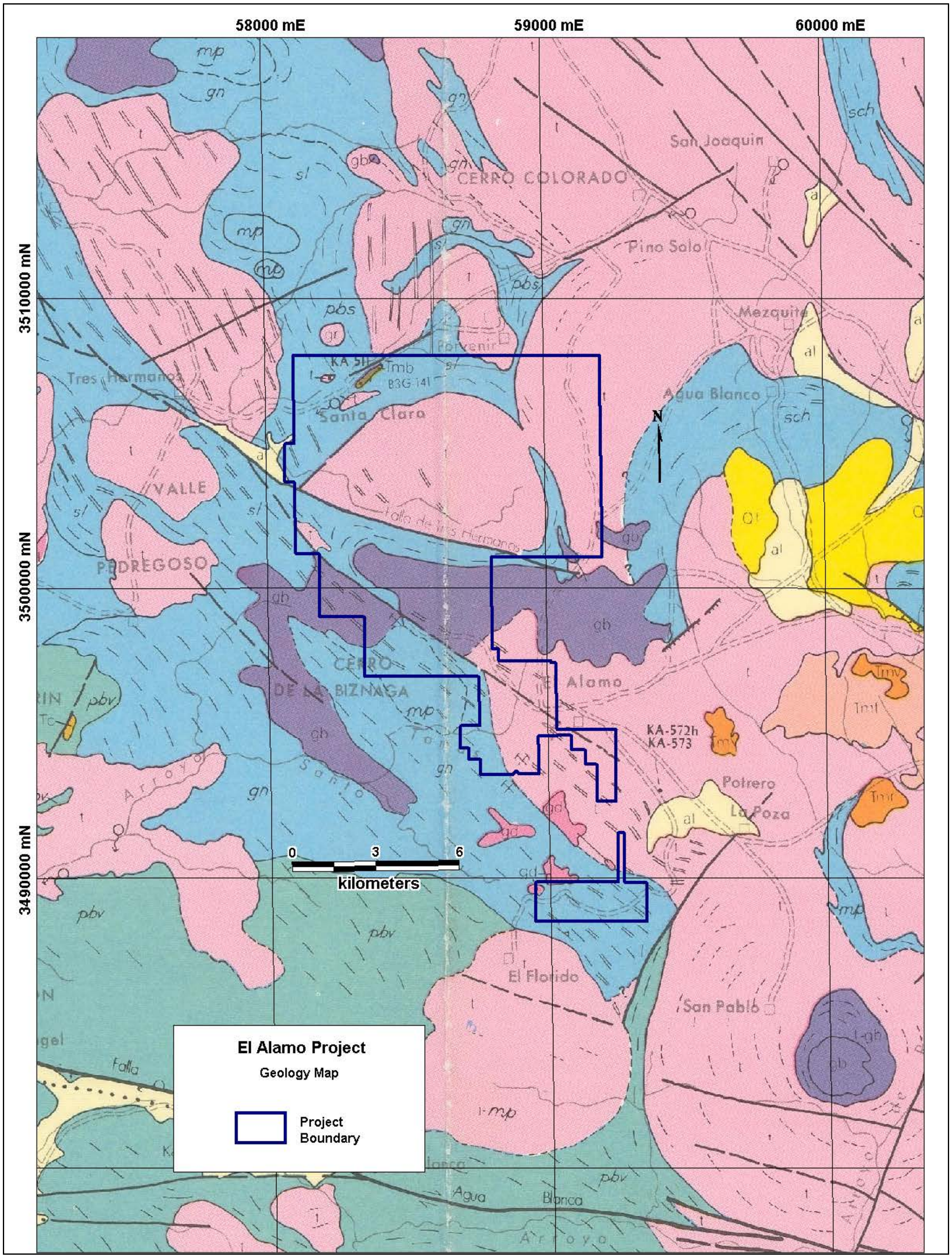

Figure 3. Geologic map of the El Alamo Property (after Gastil, et. al., 1975). The geologic legend appears as Figure 4.

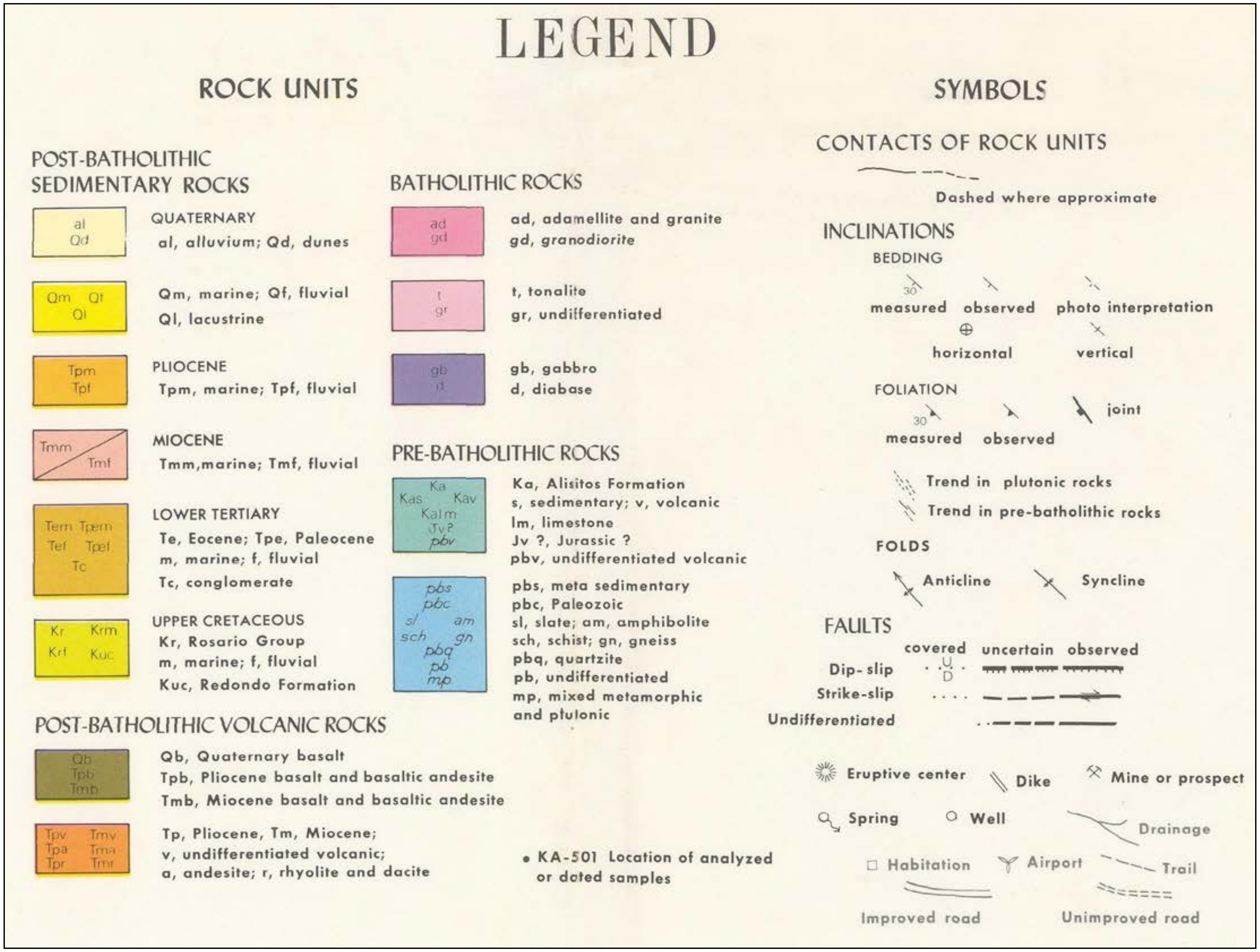

Figure 4. Geologic legend to accompany Figure 3 (after Gastil, et. al., 1975).


Figure 5. Diabase dikes cutting metasediments west of El Alamo.

indicates at least four prominent east-northeast striking faults southeast and northwest of El Alamo. These faults likely represent extensional fractures to the dominant northwest set.

8.0 DEPOSIT TYPES

All historic prospecting and production and recent exploration conducted prior to 2007 has focused on the mesothermal quartz veins within the El Alamo district. The gold-quartz veins which are associated with strike slip faults and splays off these structures is similar to other gold dominant occurrences noted by Staude (1993) in northern Baja.

Quasaro grid and reconnaissance sampling programs during 2007, 2009, and 2010 identified a second type of gold mineralization not recognized by previous workers. This disseminated gold mineralization as presently known is associated with carbonate-iron-sericite alteration and hosted in breccia and stockwork zones located at intersections of northwest and northeast trending faults at the Alamo West target. The 2009 study confirmed the presence of gold in this target environment but mapped in greater detail several northeast trending mineralized bodies at the Vetatierra prospect, located about four kms north of the El Alamo target.

The style of mineralization at the El Alamo camp has many similarities with a class of mostly quartz-vein-related gold-only deposits referred to as mesothermal lode-gold deposits (Kirkham, 1997). These similarities are noted with their counterparts at the El Alamo Property.

- Association with felsic intrusives: (Cretaceous diorite and quartz diorite hosting gold veins at El Alamo).
- Location on the splay of a major oblique-slip fault: (The El Alamo target occurs on a

splay - El Alamo fault - of the Tres Hermanos fault).

- Position on a terrane boundary: (The El Alamo Project occurs near the eastern margin of the metasedimentary-metavolcanic rocks in contact with the granitoid complex farther east).
- Mineralogic associations: (Albite and biotite take the place of sericite which was recognized by Moehlman (1935). Minor amounts of common sulfides such as marcasite, pyrrhotite, chalcopyrite, sphalerite, and galena were observed by Moehlman (1935). Zoned facies of progressive carbonitization common at other mesothermal gold deposits are not extensive at the El Alamo Property although ankerite and sericite were identified by Moehlman (1935). Kirkham (1997) notes that in felsic and intermediate rocks in which iron and magnesium are less common, carbonate (and pyrite) are less abundant).
- Gold dominant quartz veins: (The gold to silver ratio at the El Alamo Project exceeds 10:1**)**.
- Bonanza grades: (Gold grades to 1350 g/t have been intercepted in Calais drill holes at the El Alamo target.)
- Great vertical continuity exceeding three km: (Drill holes to 425 m have encountered high grade gold mineralization up to 197 g/t Au at 421 m in DD62 at the El Alamo target).

9.0 MINERALIZATION

Prior to 2007 the primary target for exploration of the El Alamo Property is the low mesothermal gold-quartz veins. Presently, disseminated and stockwork mineralization is the principal focus of exploration.

Toleman (1921) and Moehlman (1935) geologically mapped the El Alamo area and completed petrographic studies on the gold-bearing quartz veins, dikes, and granitic rocks. These workers provided the most detailed work on the vein mineralization of the El Alamo Project. Moehlman's mapping indicated that the quartz veins average less than 0.3 m in width with an average strike of N60W, dipping 80S (Figure 6). The few vein exposures observed during the author's examination's indicated N60-67W strikes and dips of 78S to 87N at the El Alamo target Figure 6). Northwest of El Alamo at La Viznaga vein strikes are N28W vertical. The veins bend, pinch, swell and pinch out and re-appear along strike. Moehlman concluded that the contact margins of dikes "are commonly mineralized with low gold values".

Toleman (1921) believed that gold bearing quartz veins have a close temporal and spatial association with the waning stages of plutonism at El Alamo, observing that aplite dikes represent the oldest phase, followed by barren, bull quartz veins, quartz-tourmaline-biotite-albite-epidote-chlorite-arsenopyrite-magnetite veins, followed by the economically important quartz-gold-pyrite-±galena-magnetite veins. Although the author noted no field occurrences of the quartz-tourmaline-biotite veins, and Toleman acknowledged they were not of "practical interest", aplite veins were observed discontinuously along some shears in contact with the gold-quartz and barren bull quartz veins. The relationship of the bull quartz veins to the gold-quartz veins was not apparent, however. Bull quartz veins observed during the author's examination in 2006 indicated massive, white quartz, with no evidence of brecciated, sheared or recrystallized textures and contained much less iron oxide with no sulfide mineralization (Figure 7).


Figure 6. Shaft on the San David vein.


Figure 7. Bull quartz vein north of El Alamo.

Toleman (1921) reported that native gold occurs with minor galena, occasional sphalerite, chalcopyrite, pyrite, marcasite, pyrrhotite, magnetite and specular hematite. In confirmation, Moehlman (1935) observed gold associated with heavy metallic sulfides but also in quartz alone without sulfides. Both Toleman and Moehlman observed sharp vein contacts but thin alteration selvages of biotite, hornblende, and epidote.

As would be expected, Moehlman (1935) observed that dikes influenced the formation of the vein fractures. He believed that solutions moved upward along fractures between resistant dike "plates" and were blocked at the impervious dike contacts as observed at the Princessa Mine in the eastern part of El Alamo district. Relationships between dikes and veins as interpreted by Moehlman (1935) are indicated in Figure 8. Veins mapped by Moehlman (1935) in the vicinity of El Alamo strike at oblique angles to the older mafic dikes and likely represent classic extensional fractures opened as a result of continued strike displacement along the bordering faults northwest and southeast of El Alamo. Structural displacement must have continued after vein development as some of the veins observed during the author's field exam in 2006 indicated brecciated, sheared and recrystallized textures (Figure 9).

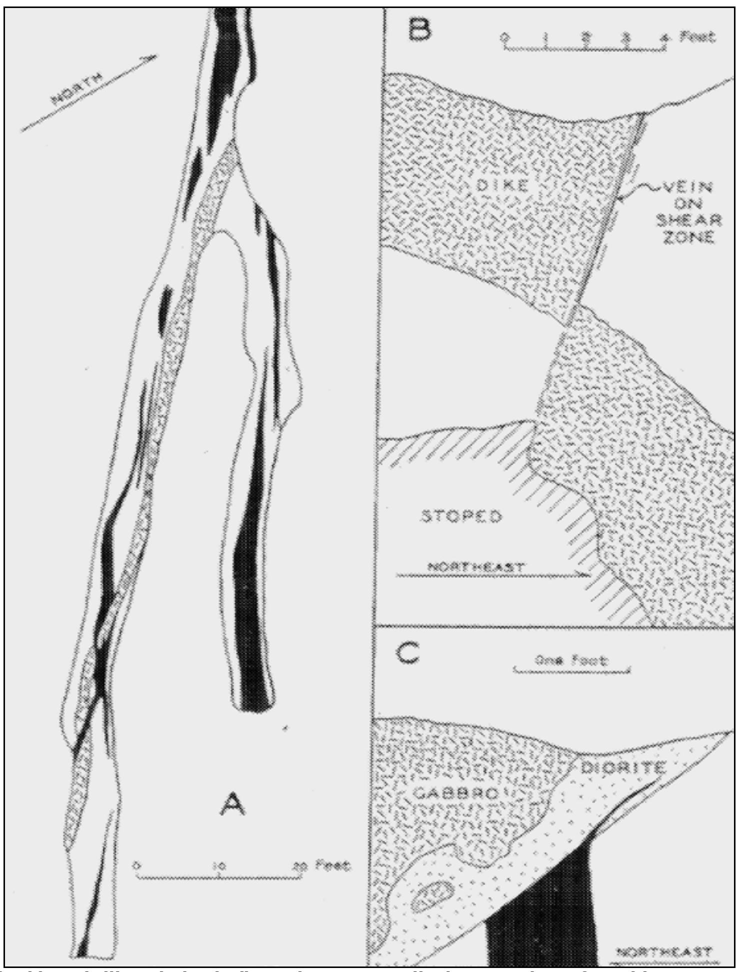

Figure 8. Veins (black) and dikes (stippled) cutting quartz diorite. *A.* Plan of workings on 100 level, southeast from Ulysses shaft #2. *B.* Remnant in open cut on Cosinera vein, showing veinlet on shear zone along which the dike is displaced. *C.* East wall of prospect pit on Arbol de Oro vein, with offshoot of vein penetrating younger member of a composite dike (Moehlman, 1935).

The disseminated and stockwork mineralization discovered in the 2007 sampling program was the focus of further sampling programs during 2009 and 2010. Iron-carbonate and quartz-sericite-pyrite alteration occurs at structural intersections characterized by brecciation and stockwork veining, but the timing and detailed controls of this mineralization and the relationship to the gold-quartz veins, if any, is not presently known.

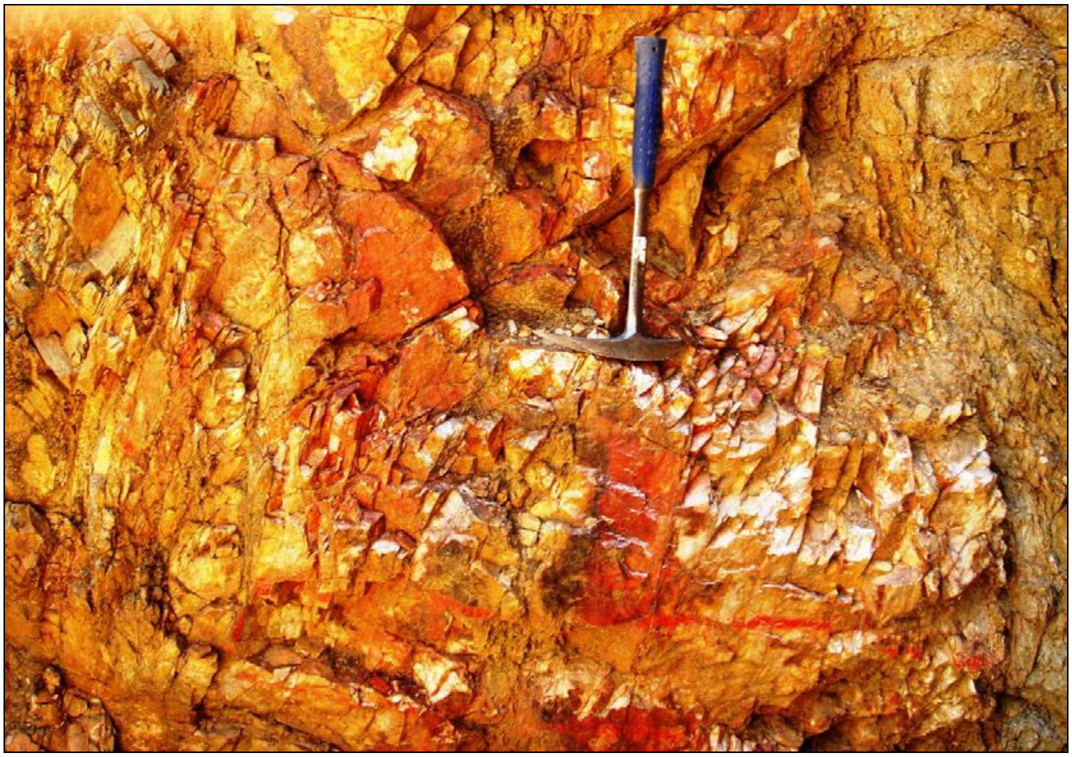

Figure 9. Brecciated and sheared texture of the Grandotta vein nrothwest of El Alamo.

Based on surface trenching and sampling P. V. Angeren (1993) provided detailed information on the vein systems known at the El Alamo target (Figure 10). Analyses indicated 24% of the samples collected under Angeren's supervision contained more than 0.015 opt gold up to a maximum of 10.3 opt gold. Angeren summarized each principal vein including details on previous production, although the bulk of the information was obtained from personal recollections of Sr. Boullousa, and other former El Alamo miners, and historic reports under History (above). Accordingly, conclusions reached in the Angeren report should be judged with prudence. However, Angeren concluded that in general the surface sampling under his supervision largely confirmed the historic grades and widths of the El Alamo quartz veins.

Eight major veins and their extensions were recognized by Angeren including the Grandotta-Galicia, Telemaco-Missouri-Ulysses-Santa Juanna-?-San David, Arbol-?-Fiross-?-Iron, Inter-?-Rooster Foot, Grano de Oro-?-Princessa-Aurora, Golindrina-(Cruda), Chacho-?-Maria Luisa-(Borracha), and Sorpressa. Angeren estimated that the veins accrue a total, combined strike length of 4,000 m of which "…more than 33% (1,300m±), has ostensibly been mind out by small open cuts and shallow workings". Angeren (1993) compiled historic workings, trench locations, sample sites, and quartz veins depicted in Figure 10. The estimate accounted for gaps where the veins pinch out or extend under creeks. Vein width based on historic production and sampling reported by Angeren average less than 1.5 m with a maximum reported width to 2.5 m. Based on historic records compiled by Angeren "ore" shoots were reported to attain lengths exceeding 200 m. Angeren concluded that the deepest shafts generally did not exceed 50 m although workings at the Princessa shaft reached 130 m. Based on the historic compilation and surface and underground sampling he reported that many veins have not been worked or developed below 5

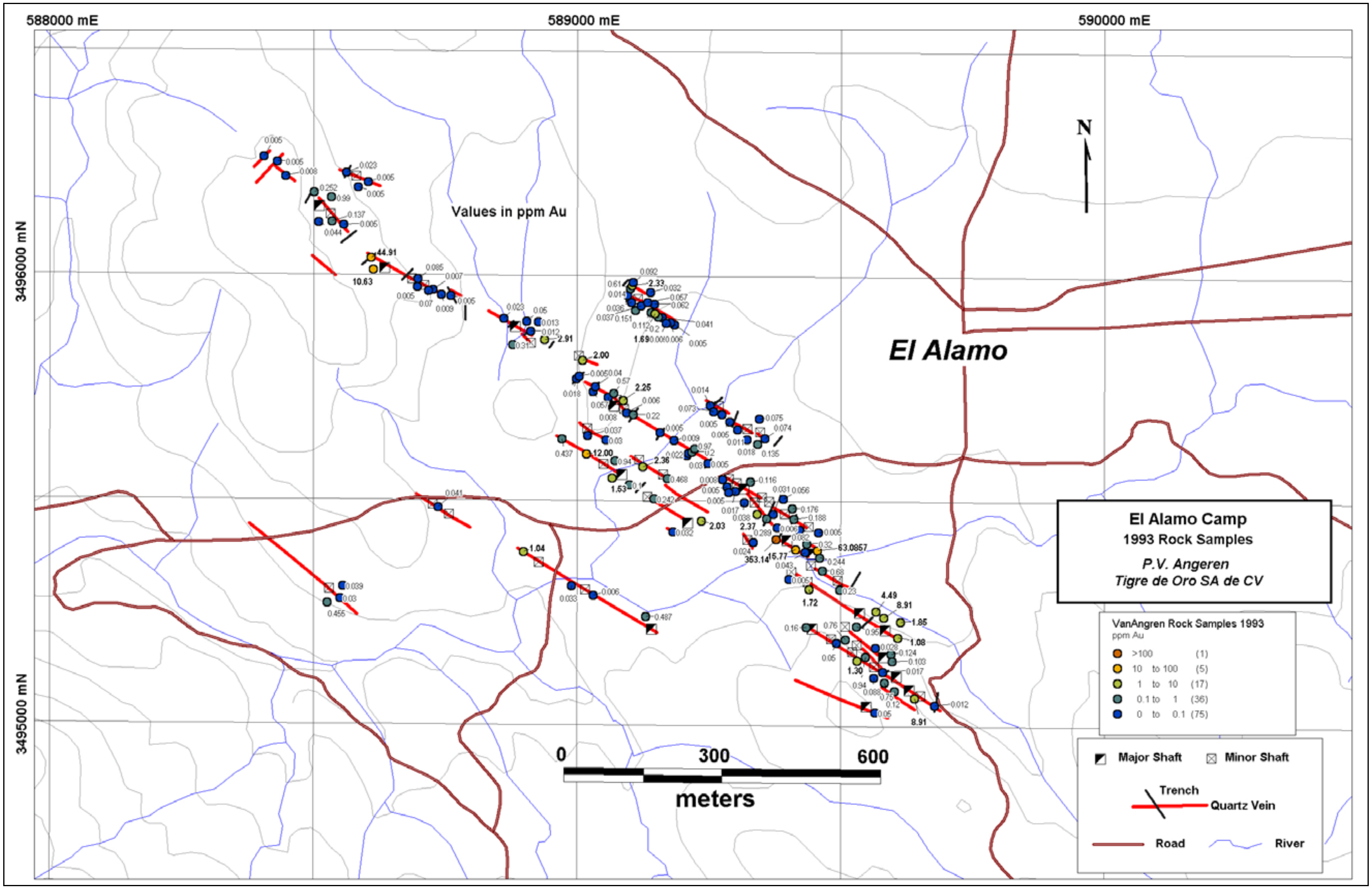

Figure 10. Historic shafts, veins and Tigre de Oro trenches (after P. V. Angeren, 1993).

m, the water table.

Angeren believed vein mineralogy is "....simple, a result of recrystallization of quartz and remobilization of gold during emplacement of the dikes". Based on sampling, he reported that gold occurs as free, variably-sized nuggets associated with sugary quartz. Angeren felt that the most likely model analogy is the Mother Lode (California) type veins which have been mined to depths up to 1.5 km with grades averaging 0.30 opt gold.

In-place, surface vein exposures observed by the author at the El Alamo target are limited but samples collected in 2006 showed massive to brecciated and sheared, iron stained quartz 0.3 to 1.0 m in thickness (Table 4). More recent sampling on November 11, 2010 indicated stockwork and breccia zones resulting from northwest and northeast striking faults at the Alamo West and Vetatierra targets.

Based on historic data, recent exploration and the author's field examination, suggested controls to mineralization are indicated below.

1. 1st order northwest striking faults, especially splays off these controlling structures.

2. Intersections of the 1st order faults with northeast striking structures.

3. Intersections of quartz veins with diabase dikes or gabbro may have precluded or directed fluid flow, affecting hydrology and boiling resulting in gold deposition at and below the intersection.

4. Flexures in vein strikes and dips are expected to be likely sites for gold deposition.

5. Host rock lithology is likely to have had some influence on gold distribution. For example, compositional phases within the diorite or metavolcanic and metasedimentary units may be favorable to gold deposition by providing ductile versus brittle fracturing. Aplite dikes often found in association with quartz veins may indicate areas with more numerous quartz veins.

6. Possible mineralogic controls may exist. Moehlman determined that gold was found in association with metallic sulfide minerals although gold also occurs in quartz veins lacking sulfide minerals. Despite sharp alteration halos, detailed studies of wall rock alteration may provide clues to gold mineralization.

10.0 EXPLORATION

In 2007 Quasaro completed geological data compilation and commenced a systematic stream sediment survey and three detailed soil geochemical grids on (50 m by 200 m) on the El Alamo-Biznaga, La Chispa, and San Vicente targets (Figures 11-14). The surveys included 856 soil samples with values ranging from detection limit (<2 ppb) to 1811 ppb, 681 stream sediment samples with values from detection limits to 6282 ppb and 70 rock chip samples with values from detection limit (< 2 PPB) to 10,670 parts per billion (0.30 oz/t).

The stream sediment survey (Figure 12, Figure 13) highlighted a very significant and coherent anomaly (Table 2) within the drainage west of the El Alamo target (Figure 15), an area with little historic activity, as a priority target. The area is underlain by clastic metasedimentary rocks, cut by diabase dikes with tonalite and granodiorite apophyses and small gabbro bodies.

In 2009, follow-up grid soil sampling was conduted to define the 2007 program gold anomalies in greater detail. An additional 679 soil samples were collected in two large and two small in-fill grids located just west, northeast, and northwest of the El Alamo target (Figures 11, 14, 18, 19). Samples values ranged from detection (< 2 PPB) to a peak value of 11,245 ppb Au (0.32 oz/ton). Twenty pan concentrate samples were collected around the Vettatierra prospect northeast of El Alamo. No anomalous results were obtained from the small in-fill grids La Biznaga East, La Biznaga West (Figure 11).

MUESTRAS DE SEDIMENTOS DE ARROYO					
MUESTRA	**FECHA**	**X**	**Y**	**AU_PPB**	
442911	8/7/2007	587619	3495502	267	
442912	8/7/2007	587634	3495503	653	
442913	8/7/2007	587629	3495479	73	
442914	8/7/2007	587710	3495424	736	
442915	8/7/2007	587804	3495388	187	
442916	8/7/2007	587885	3495324	243	
442917	8/7/2007	587975	3495378	96	
442918	8/7/2007	588065	3495420	415	
442919	8/7/2007	588161	3495369	163	
442920	8/7/2007	588233	3495285	41	
442921	8/7/2007	588301	3495209	38	
442922	8/7/2007	588395	3495190	155	
442923	8/7/2007	588505	3495144	272	
442924	8/7/2007	588625	3495150	143	
442925	8/7/2007	588718	3495181	182	
442926	8/7/2007	588818	3495157	268	
442927	8/7/2007	588898	3495195	84	
442928	8/7/2007	588883	3495287	121	
442929	8/7/2007	588888	3495296	52	
442930	8/7/2007	588875	3495296	0	
442931	8/7/2007	588861	3495402	4	
442932	8/7/2007	588840	3495514	0	
442933	8/7/2007	588774	3495604	0	

Table 2. Stream sediment sample results, El Alamo west anomaly.

In 2009 the Alamo West target, a (100 X 200 m) grid (S. Alamo, Figure 15) was located on the upslope area, south of the drainage anomaly. The results of the survey outlined some moderately anomalous trends in soils including several undocumented historic workings within metasedimentary rocks along a contact zone with tonalite and diabase dikes. Grid sample results ranged from <2 ppb Au to 526 ppb Au. The single high value (526 ppb Au) indicated a new target north of and stradling the drainage. In late 2009 a 100 X 100 m grid (N. Alamo) was located

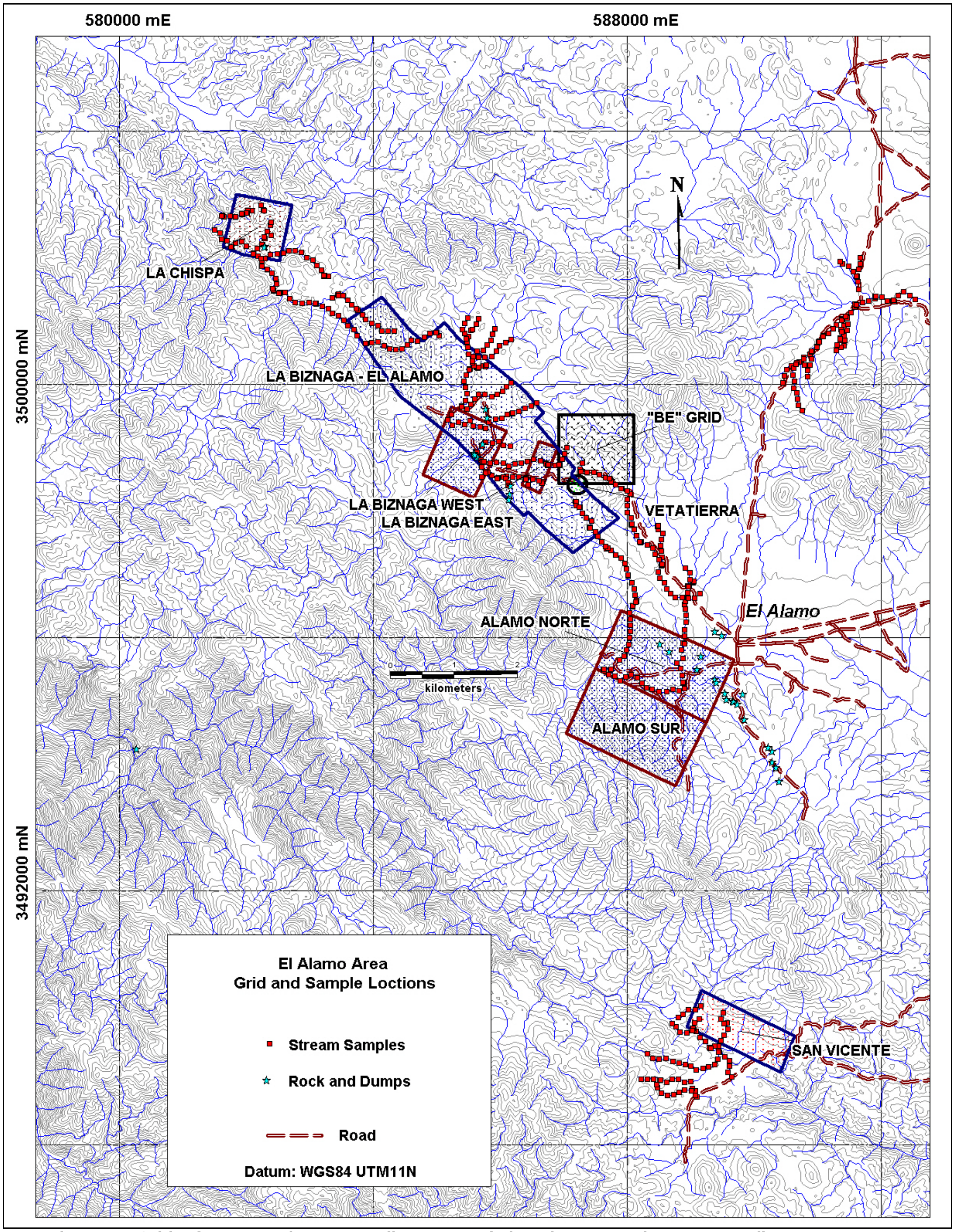

Figure 11. Grid reference and stream sediment sample location map. The stream sediment survey was completed in 2007 and included the large El Alamo-Biznaga grid and smaller San Vicente and Chispa grids. In 2009-2010 the El Alamo (North and South), small Biznaga (East and West) and BE grids and Vetatierra sampling was completed. The townsite of El Alamo where most historic prospecting and recent exploration has been focused is noted.

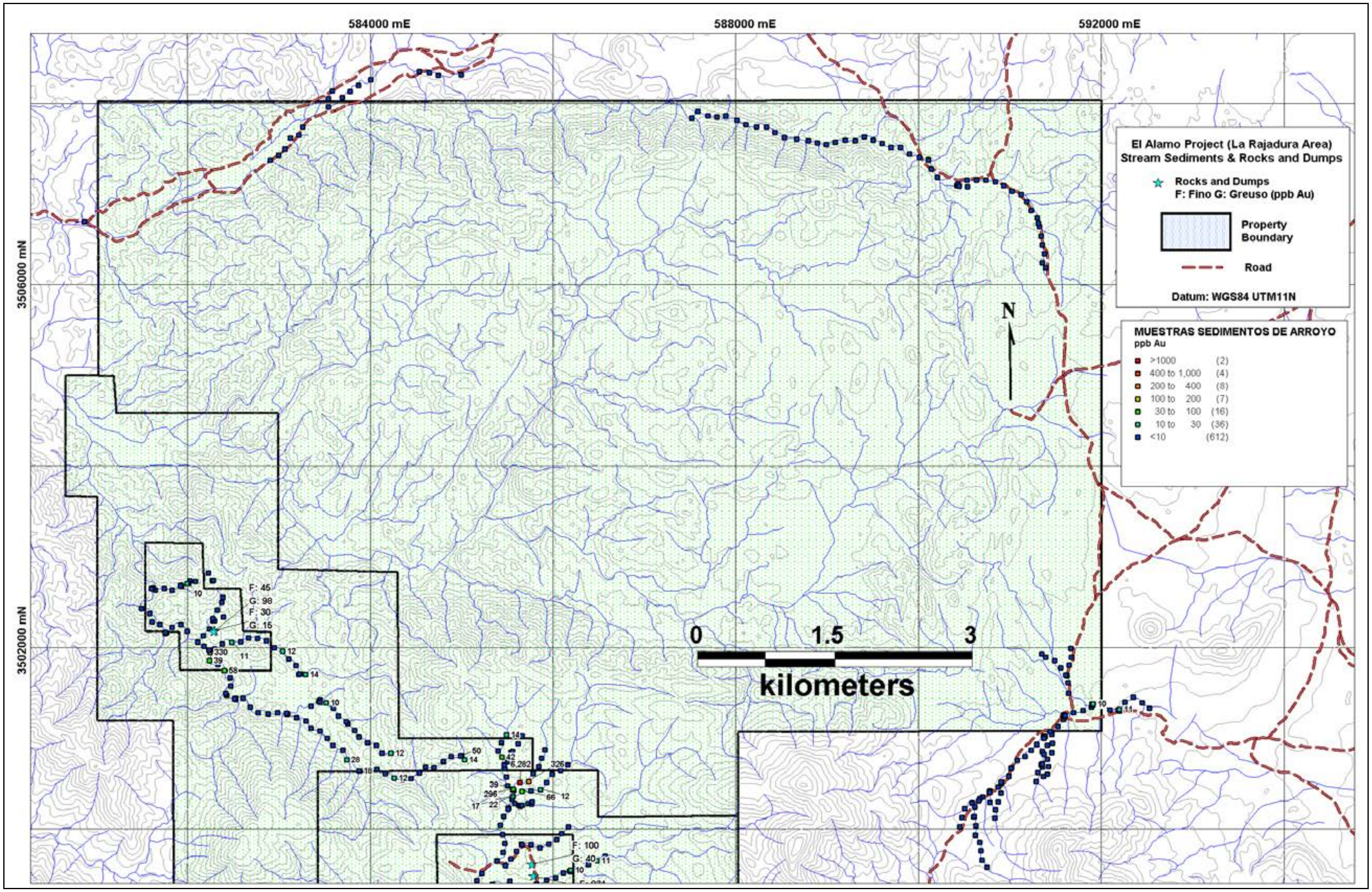

Figure 12. Stream sediment samples, dump, rock sample locations - North sheet.

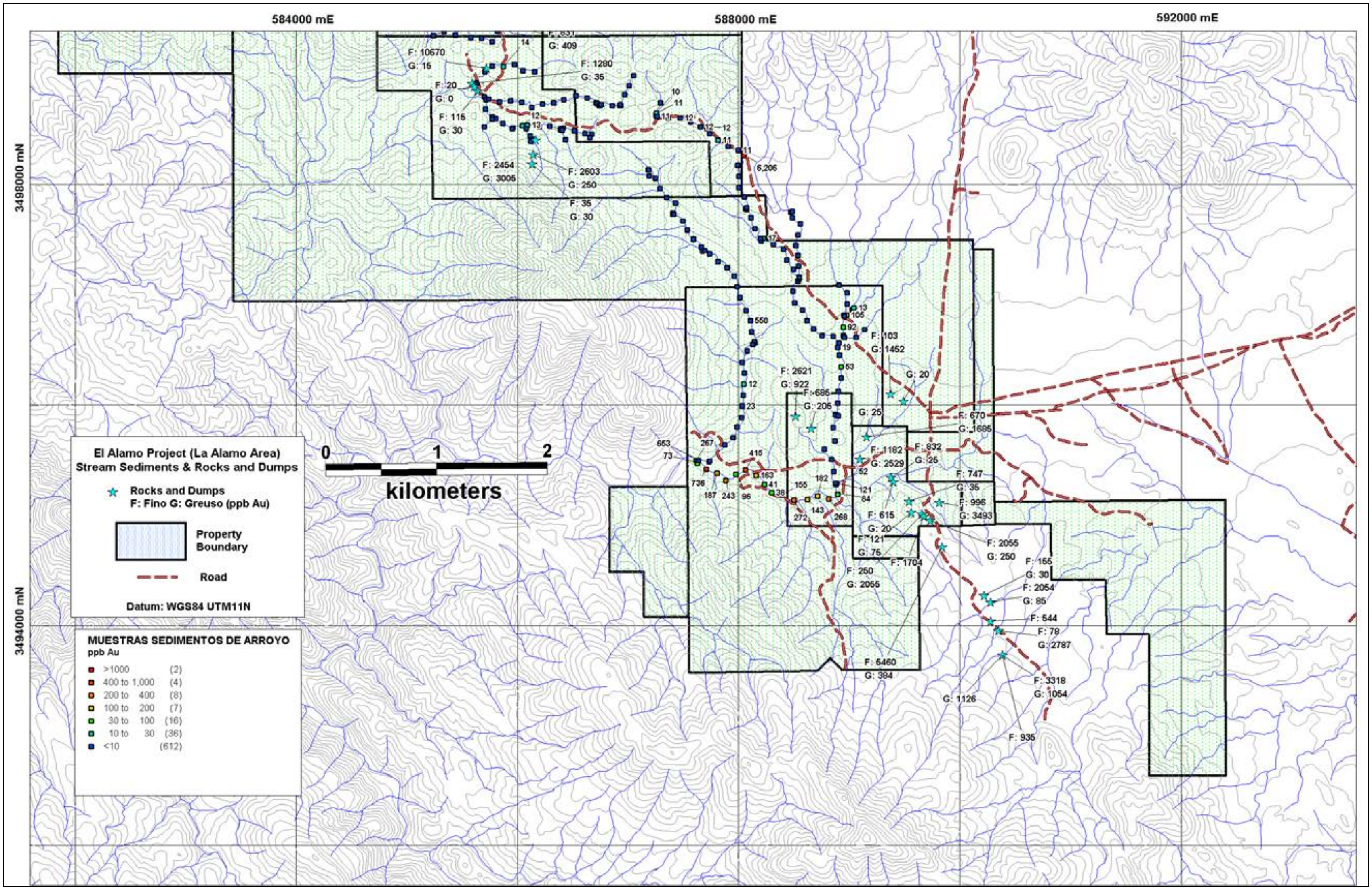

Figure 13. Stream sediment, dump, rock sample locations - South sheet.

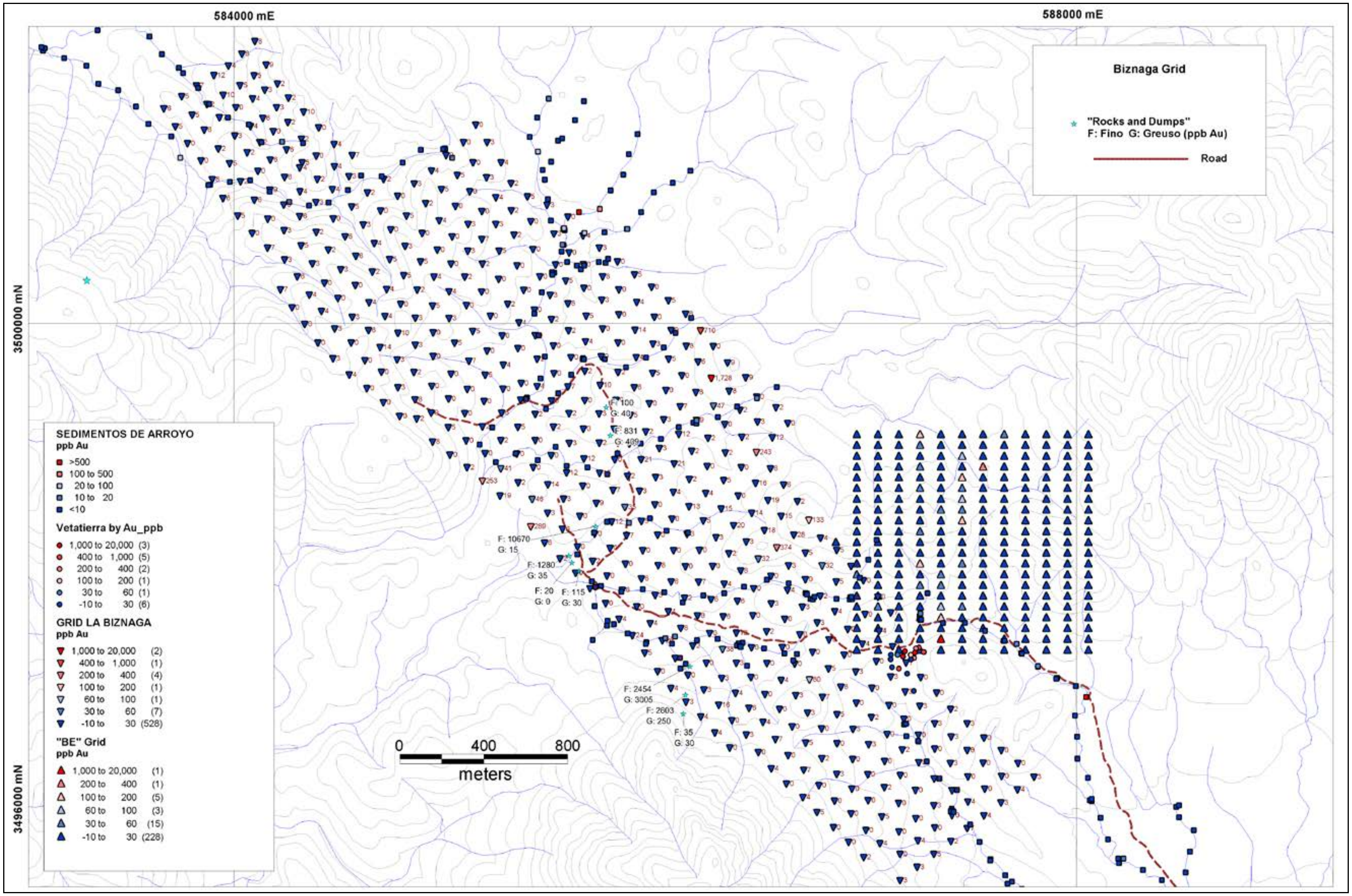

Figure 14. Stream sediment, gold soil anomalies El Alamo-Biznaga, Vetatierra.

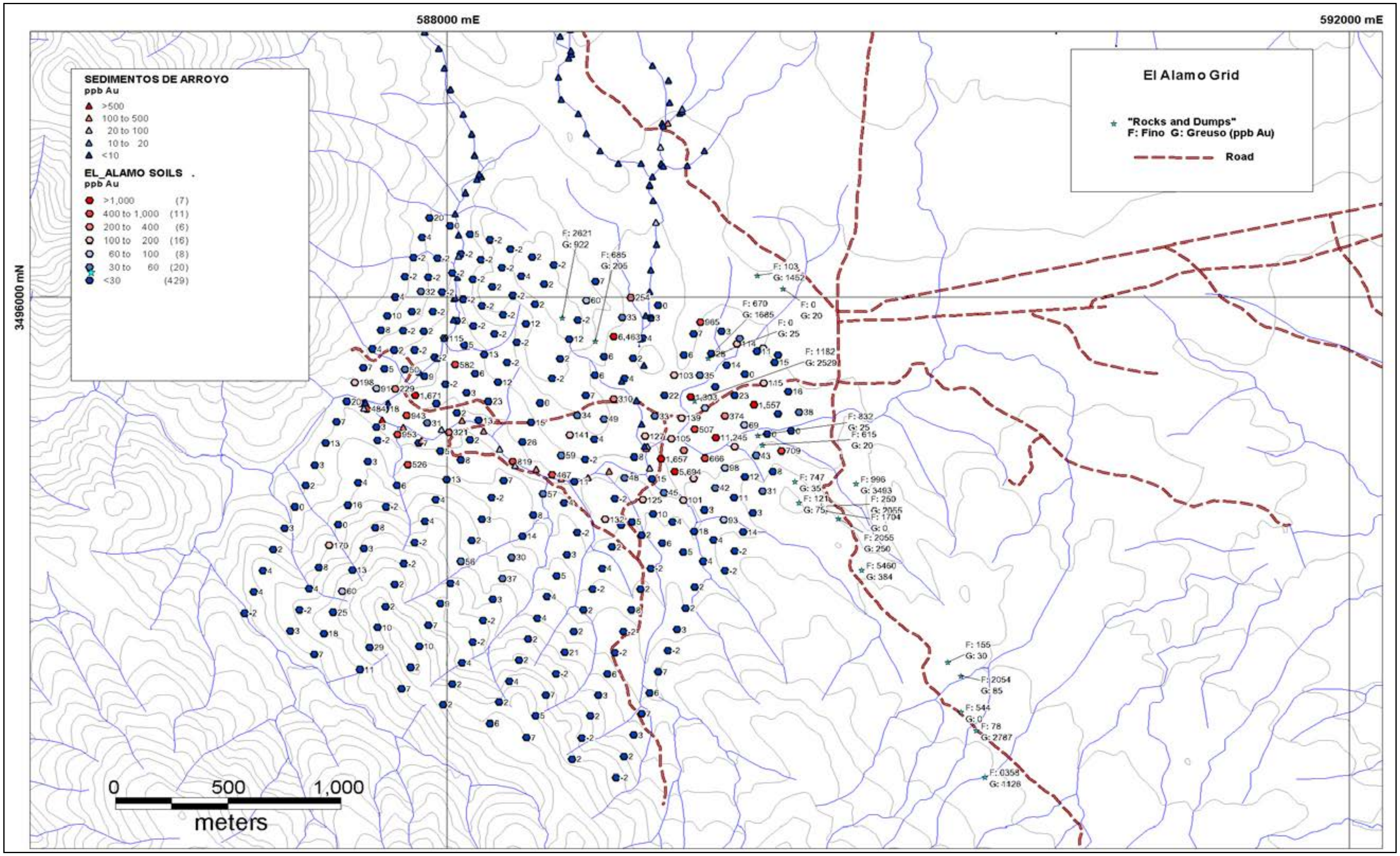

Figure 15. Alamo South and Alamo North grids. The Alamo West anomalies appear on the east and west sides of the Alamo North grid.

north of the drainage (Figure 15). Sampling indicated two significant, coherent anomalies with a peak value to 11,245 ppb Au (0.32 oz. Au/t). The western anomaly with approximate dimensions of 500 m by 500 m is underlain by brecciated and stockworked metasedimentary rocks and granodiorite to tonalite apophyses cut by diabase dikes. Quartz veins up to 0.5 m in thickness strike northwest and northeast. A grab sample collected (November 11, 2010) from a northeast trending vein (Figure 17, Table 4) returned 1.82 g Au/t confirming that the northeast vein is mineralized. Alteration includes iron-carbonate and quartz-sericite-pyrite and vein selvages are diffuse to sharp. Vein textures show repeated brecciation,rehealing, and sheeted textures (Figure 17). The eastern anomaly on the Alamo North grid is at least 600 m by 300 m. Here, a few prospect pits exploited poorly exposed quartz veins but the anomaly is mostly covered by shallow colluvium and alluvium with residual gabbro cobbles and boulders which show strong iron oxide alteration.

A second anomalous area was identified around the Vetatierra prospect located about four kms north of the El Alamo target (Figure 18-19). Here northwest and northeast faults cut metasedimentary and granodiorite to tonalite bodies. Dominant alteration at the Vetatierra prospect is weak argillic although northeast structures contain more iron-oxide after pyrite and sporadic quartz veins (Figure 20) and the anomaly is indicated by iron-oxide. Peak values of 1080 ppb Au are associated with discrete faults. North of the Vetatierra prospect, weak northeast trending anomalies may be associated with northeast striking faults.

In 2010 pan concentrate samples collected from the Vetatierra prospect (Figure 19) were weighed, described by examination with a Nikon SMZ-U stereoscopic microscope (75x) and photographed. Most of the grains in the samples were less than about 40 mesh (~0.3 mm), although many samples contained a few 1-3 mm grains, commonly magnetite. The samples all consist of the same general suite of minerals: magnetite, zircon, sillimanite(?), apatite, and unidentified anhedral, non opaque minerals (probably zircon and/or apatite). The magnetite content varies from 50% to 90%. Free gold was observed in 9 of the 20 samples examined. The gold in the samples commonly occurs as very bright yellow splendent grains and some of the slightly more abraded grains have some iron-oxide coating and the color of the gold indicates a relatively high fineness (Figure 16). The report concluded that the source of the gold is near the sample sites and there is no contribution of placer or paleoplacer gold from distant sites (Garside, 2010).

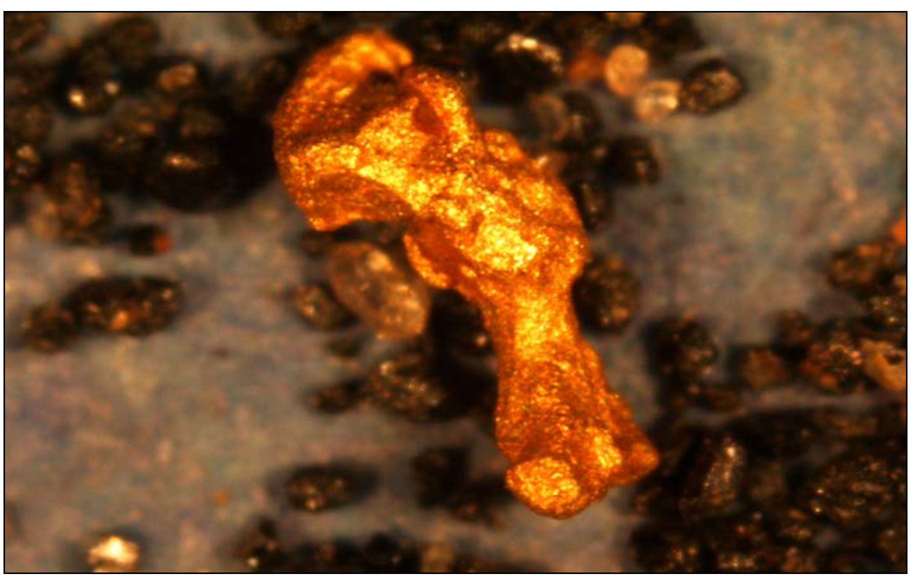

Figure 16. Large irregular gold grain (0.3 by 1.6 mm) sample BC 12. Flat areas are probably crystal faces; ends of grain are probably abraded (Garside, 2010).

Figure 17. Stockwork, breccia, veins exposed El Alamo west anomaly. The northeast trending vein (at the hammer, middle photo) returned 1.82 g Au/t.

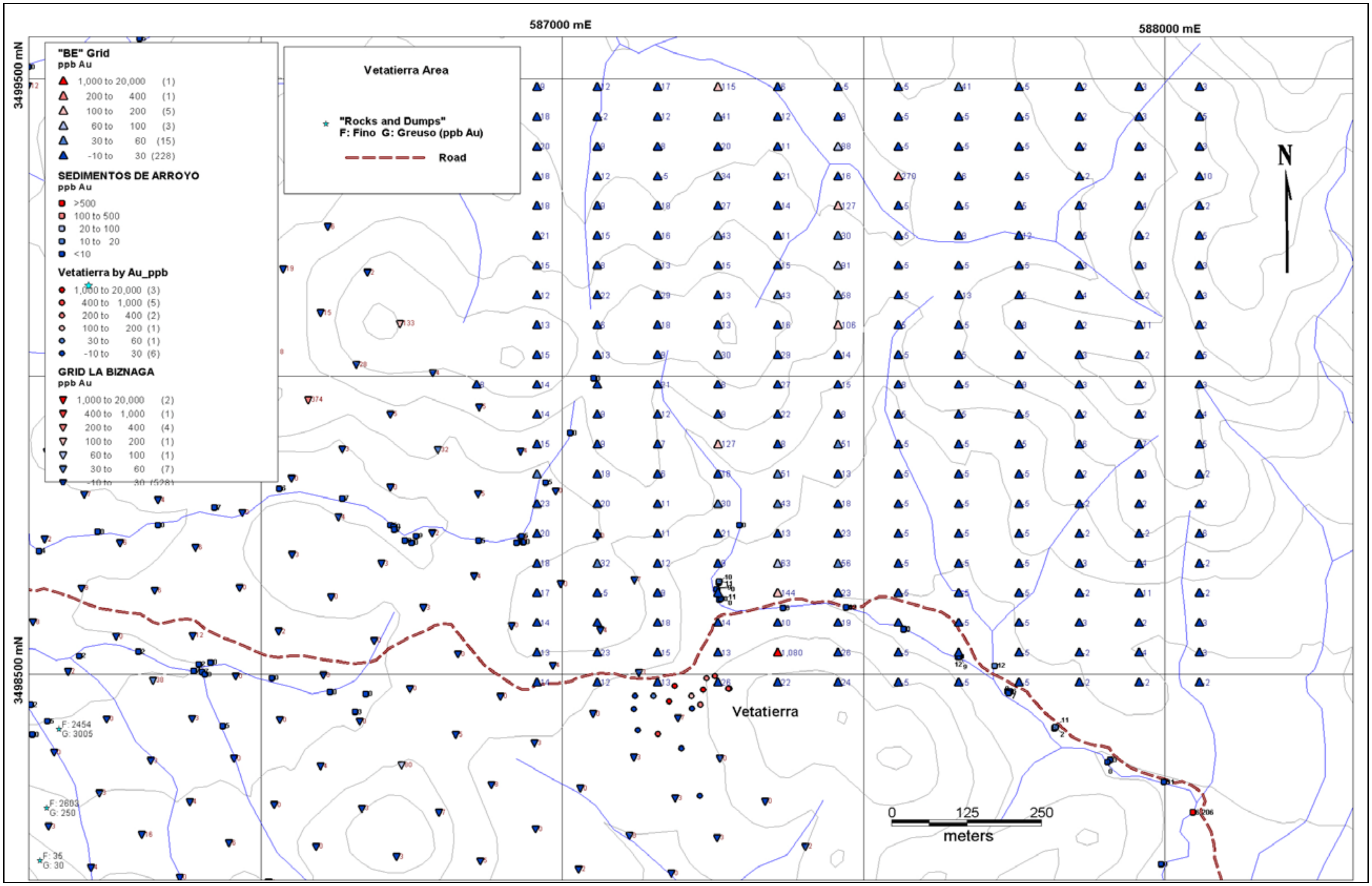

Figure 18. Vetatierra pan concentrate samples adjoining El Alamo-Biznaga, BE grids.

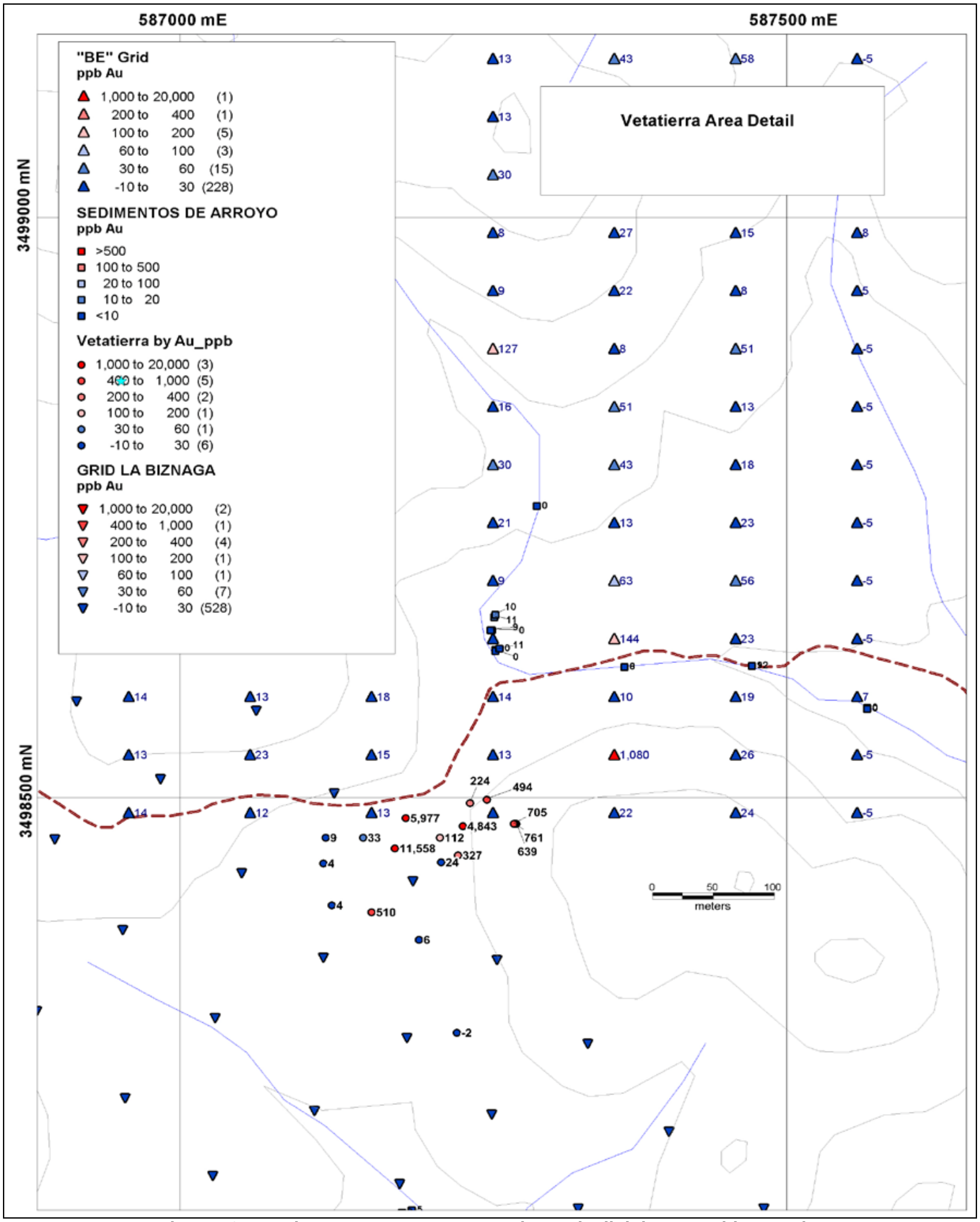

Figure 19. Vetatierra pan concetrate samples and adjoining BE grid anomaly.

Figure 20. Prospect pit at the Vetatierra target. The argillic alteration on the left is associated with intense brecciation. The northeast striking, iron-stained fault on the right contains weak and sporadic quartz veins and has been prospected along strike.

11.0 DRILLING

Despite recommendations for drill programs by Angeren (1993) for Tigre de Oro, and Game for Mexore (1999) only Calais Resources Ltd. has completed a drill program which was focused on the El Alamo Property. Only a small fraction of the data including summary drill hole locations (102 holes, a drill hole map, and significant intercepts grading > 1 g/t gold) is currently available to the author. The Montgomery (1998) report contained a drill hole plan and sections based on 75 drill holes which had been completed at the time of his site visit.

Despite concerns raised by the Senior Surveillance Officer of the Vancouver Stock Exhange ("VSE'), Montgomery (1988) was not overly critical of the work protocols and procedures for drill and other work programs conducted by Calais personnel (see History, above). In his report to the VSE, Montgomery did make several conclusions and recommendations regarding the Calais program:

1. Two drill rigs were employed to drill NQ core, a Longyear 38 and Longyear 44. Sites were selected by M. Carter, a geologist employed by Calais, and “appeared reasonable”.

2. The management of the data base reflected discontinuity of personnel and the project was under-staffed at the time of Montgomery's visit.
3. Core logging, by M. Carter was proper but was falling behind and Calais employed two Mexican geologists to continue logging core. Core handling was "better than standard for the industry".
4. Acceptable sample preparation employed standard crushing and pulverization to -150 mesh and gold metallic's collected and assayed by fire assay at reputable labs.
5. No recent surface or underground geologic mapping was completed.
6. "Current personnel have a good understanding of the mineral controls".
7. A few surface and no downhole surveys have been completed and should be completed in the future.
8. Some check assays have been performed, and where gold mineralization is encountered a 5 assay ton sample is analyzed.
9. Some metallurgical testing was completed on waste dump material. Samples were screened to -3/4" and concentrated using a 7" Knelson concentrator. Sample analysis was completed by Hazen Research Labs of Golden; Colorado who determined 90% of the gold was free.
10. Quality of personnel was acceptable but the project suffered from lack of continuity of personnel. An experienced structural geologist should be consulted.

Little of the original Calais data is available to the author. Summary Calais data includes partial UTM collar locations, bearings, dips, and total depth of the drill hole and at least some collar locations may be established by re-survey. No core logs or complete analytical data are available so lithologic, structural, or mineralogic controls to gold mineralization cannot be determined from the Calais logs. Summary drill hole maps and sections showing intercepts exceeding 0.015 g/t gold are included in the 1998 report by Montgomery. According to Sr. Boullousa, Calais drilled in excess of 200 drill holes, yet the Calais drill summary indicates only 102 drill holes completed and Montgomery summarizes results for 75 drill holes accruing over 100,000 feet at the time of the report in June 1998.

Despite substantial missing Calais data, the drill hole summary in Table 3 indicates significant, high grade mineralization up to 1350.7 g/t gold at depths ranging from the surface to 422 m. Although values are highly variable, the apparent width is 0.34 m, and the weight average grade is 66.82 g/t Au (excluding the high grade sample from DBA10). Detailed geologic modeling and systematic drilling are planned as part of the Phase 1 and Phase 2 exploration programs (See Recommendations, below).

12.0 SAMPLING METHOD AND APPROACH

Other than drill hole collar locations, and summary analytical results no primary data is available to the author documenting previous exploration programs. No details are available regarding sample collection protocols and methods regarding sampling and drilling programs from previous exploration programs prior to Quasaro's tenure. The 2007 and 2009 sampling programs conducted by Quasaro were supervised by a Qualified Person as defined by NI 43-101. Surface rock chip sampling programs included protocols of securing safe access, cleaning and mapping the exposures, and chip sampling using mallets and chisels in one to five meter intervals across the exposed mineralized zones. Stream sediment sample sites were located on the downstream stem of the "Y" formed by the intersection of the two drainages being tested. The samples were collected from standing or quiet waters where fines tended to accumulate, and from dry ephemeral streambeds. The uppermost surface of the fines was scraped using the trowel, and placed into a plastic sample bag. The bags were labelled and recorded, then immediately double bagged for transport back to camp. Samples were stored in a secure sample facility prior to shipment to the Inspectorate International ("Inspectorate" preparation facility in Hermosillo, in the State of Sonora, Mexico. Inspectorate is an internationally recognized analytical laboratory with ISO 9001:2008 certification.

Hole #	From (m)	To (m)	Interval (m)	Gold (g/t)
D9501	122.63	123.27	0.64	49
D9502	31.37	31.55	0.18	44.3
D9506B	94.12	94.42	0.3	19.2
DBA10	92.73	93.33	0.6	1350.7
DBA15	0.3	0.3	0	252.3
DBA17	45.48	45.73	0.25	268.3
DBA21	62.48	62.85	0.37	27
	72.3	72.45	0.15	58.3
DBA3	56.67	56.85	0.18	64
DD31	120.3	120.91	0.61	31.8
DD35	109.55	109.85	0.3	304.7
DD36	36.06	36.67	0.61	73.9
DD37	120.3	120.91	0.61	31.8
DD39	53	53.33	0.33	89.6
	142.42	143.03	0.61	33.6 [1]
DD44	33.85	34.24	0.39	17.8
	154.48	155.06	0.48	12.0 [2]
DD46	108.18	108.45	0.27	49.1
DD48	23.03	23.64	0.61	53.4
	141.52	141.82	0.3	20.9
	202.12	202.42	0.3	305.3
DD57	143.03	143.33	0.3	13.6
DD60	155.15	155.45	0.3	54.8
	203.48	203.79	0.31	29.3
DD61	219.39	219.7	0.31	150.7
	305.15	305.55	0.4	17.5
DD62	150	150.45	0.45	13.6
	272.88	273.18	0.3	10.3
	421.82	422.12	0.3	197.5
	422.12	422.42 [3]	0.3	13.3
DD62b	23.79	24.09	0.3	31.3
	68.79	68.94	0.15	28.7
	123.03	123.33	0.3	26.4
	293.03	293.18	0.15	56.1
	330.3	330.61	0.31	49.6
DD68	128.18	128.33	0.15	44.1
	164.24	164.55	0.31	253.9

[1] Duplicate re-assay 12.0 g/t
[2] Duplicate re-assay 82.8 g/t
[3] Hole TD 425.76 m

Table 3. Summary of significant (>10 g/t Au) Calais drill intercepts.

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13.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

No details on sample preparation, analyses and security from previous programs are available ot the author.

All sampling programs will be supervised directly by a Qualified Person, and the samples delivered directly or shipped using commercial trucking services to the Inspectorate preparation facility in Hermosillo. All sample bags will be closed and sealed as collected and the samples assembled in sealed shipping bags or cartons at the end of each working day. Prior to shipping, the sample cartons will be stored in locked facilities at the project site. Inspectorate will be responsible for sample security after the receipt of samples.

All pulps and rejects from this program will be retained for audit analyses and metallurgical work.

All future sampling programs will continue to be supervised directly by a Qualified Person and the samples delivered directly or shipped using commercial trucking services to Inspectorate's preparation facility in Hermosillo Mexico for final analysis in Reno, Nevada. All sample bags should be closed and sealed as collected and the samples assembled in sealed shipping bags or cartons at the end of each working day. Prior to shipping, the sample cartons must be stored in locked facilities at the project site.

The Inspectorate laboratory was and will be responsible for sample security after the receipt of samples. All pulps and rejects for future programs will be retained for audit analyses and metallurgical work.

The geochemical and drill programs should include duplicate sampling, comparison of panel samples to the more traditionally used chip samples, and the use of certified standards, blanks, and duplicates. The use of certified sample standards, blanks and duplicate samples should be inserted anonymously into the sample sequence every 10th sample. Careful statistical analysis of realized results versus expected results should be documented to assure that accuracy and precision are being maintained.

14.0 DATA VERIFICATION

The author first visited the El Alamo Property on August 23-25, 2006 accompanied by Sr. Lalo Buollosa (the former owner of the concessions), Sr. Jorge Zuniga a technical consultant to Quasaro, and Mr. Jim Dyer of Quasaro who was responsible for logistical support. Nine rock samples were collected from the El Alamo Property. Available summary reports were reviewed both prior and after the field evaluation in the company of Mr. David Bending, MSc., P. Geol. Follow-up site visits were conducted in 2009 and on November 11, 2010 an additional rock sample was collected from the Alamo North grid area. The purpose of these site visits was to inspect and ascertain the geologic setting of the El Alamo Property, witness the extent of historical exploration work carried out, and assess logistical aspects and other constraints relating to conducting exploration work in the area.

Despite indications of a large gold system at the El Alamo Property and substantial work programs including 102 drill holes by Calais Resources Ltd. in 1998, only limited summary data is available to the author. The author's interpretations and conclusions regarding gold mineralization modeling and controls based on these earlier programs and evaluations are not reliant on this primary exploration data only summary information. However, interpretations, conclusions and recommendations herein have also relied on recent Quasaro sampling programs which commenced in 2007.

Rock samples collected by the author in audit of previous evaluators were retained under his direct supervision and control and personally delivered to the Inspectorate preparation and analytical facility in Reno, Nevada. The gold and silver content, tenor, and geochemical character of the author's samples (Table 5) are similar to results of previous outcrop and core drill samples collected by Quasaro on the El Alamo Property.

Sample #	Location	Description	Au ppm	Ag ppm
Sample Descriptions - August 23-25, 2006				
BLA-1	N31º35'40.9" x W116º03'38.0"	El Alamo: Grandotta shaft, 1 m, white, milky, massive qtz, FeOx, lim. on fractures, shearing, brecciation	0.66	<0.5
BLA-2	N31º37'26.8" x W116º05'53.2"	El Alamo: grab off dump of prospect pit, white bull qtz, minor brecciation, some lim. on fractures	54.8	4.8
BLA-3	N31º37'24.0" x W116º05'54.1"	La Viznaga: 0.5 m lim stained qtz, lense like vein. possible contact of diorite and metavolc	<0.05	<0.5
BLA-4	N31º37'46.1" x W116º05'45.5"	La Viznaga: grab, lense like qtz, lim. frac. stockwork zone	<0.05	<0.5
BLA-5	N31º37'44.3" x W116º05'44.3"	N of La Viznaga: 0.6 m fx, FeOx stained qtz, hang wall not exposed	3.85	<0.5
BLA-6	N31º39'12.6" x W116º07'59.8"	La Chispa: select grab of dump, massive, brecciated qtz, FeOx and lim., open space filling some with term. crystals	<0.05	8.2
BLA-7	N31º37'05.5" x W116º04'46.7"	NE of El Alamo: sel grab off loose boulder, strong brec., weak silic., qtz stringers (no FeOx)	<0.05	0.5
BLA-8	N31º35'12.9" x W116º03'14.5"	El Alamo: select grab off prospect pit dump, white massive qtz, W inclusions of sulf.+qtz., brecciated (no vn present in pit)	0.2	<0.5
BLA-9	N31º35'20.5" x W116º03'11.5"	El Alamo: dump, single point collection, fines + diorite frags (<1")	1.92	<0.5
Sample Description - November 11, 2010				
RAL 11.11.10	0587735E x 3495561N (WGS84)	Bx, qtz vn. 0.1m, FeOx, goethite, NE strike	1.82	

Table 4. Samples collected by the author, August 23-25, 2006 and November 11, 2010.

The author's review of the work results provided by Quasaro, various publications and reports, and the collection of the audit samples have provided some personal familiarity with the El Alamo Property and have verified and confirmed the representations by Quasaro.

15.0 MINERAL PROCESSING AND METALLURGIAL TESTING

Mineral processing and metallurgical studies on samples collected under Calais Resources' work program in 1998 may have been conducted but the results of such work are not available to the author.

16.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

The information available for the El Alamo Property is not sufficient to undertake estimation of a resource or mineral reserve compliant with NI 43-101 standards.

17.0 ADJOINING PROPERTIES AND PROSPECTS

Premier Gold Mines Ltd. ("PGM") and Sutter Gold Mining Inc. ("SGM") have a joint venture within the Santa Teresa mineral concession, located just to the southeast of the El Alamo Property (Figure 21). The Princessa and other veins which were the focus of a core drilling program by PGM in 2007-2008 extend onto the El Alamo Property. PGM drill results (Figure 22) include multiple intercepts in excess of 34.00 g/t Au (about 1.00 oz./ ton) gold across one and three metres within the Princessa structure including twenty-three significant intercepts with length weighted average in excess of 35.00 g/t Au (http://www.premiergoldmines.com, 2010).

Figure 21. Premier Gold Mines Ltd. land position just southeast and along strike to the El Alamo Property. The concession outlined in red is believed to be only a part of the total land holdings owned by PGM.

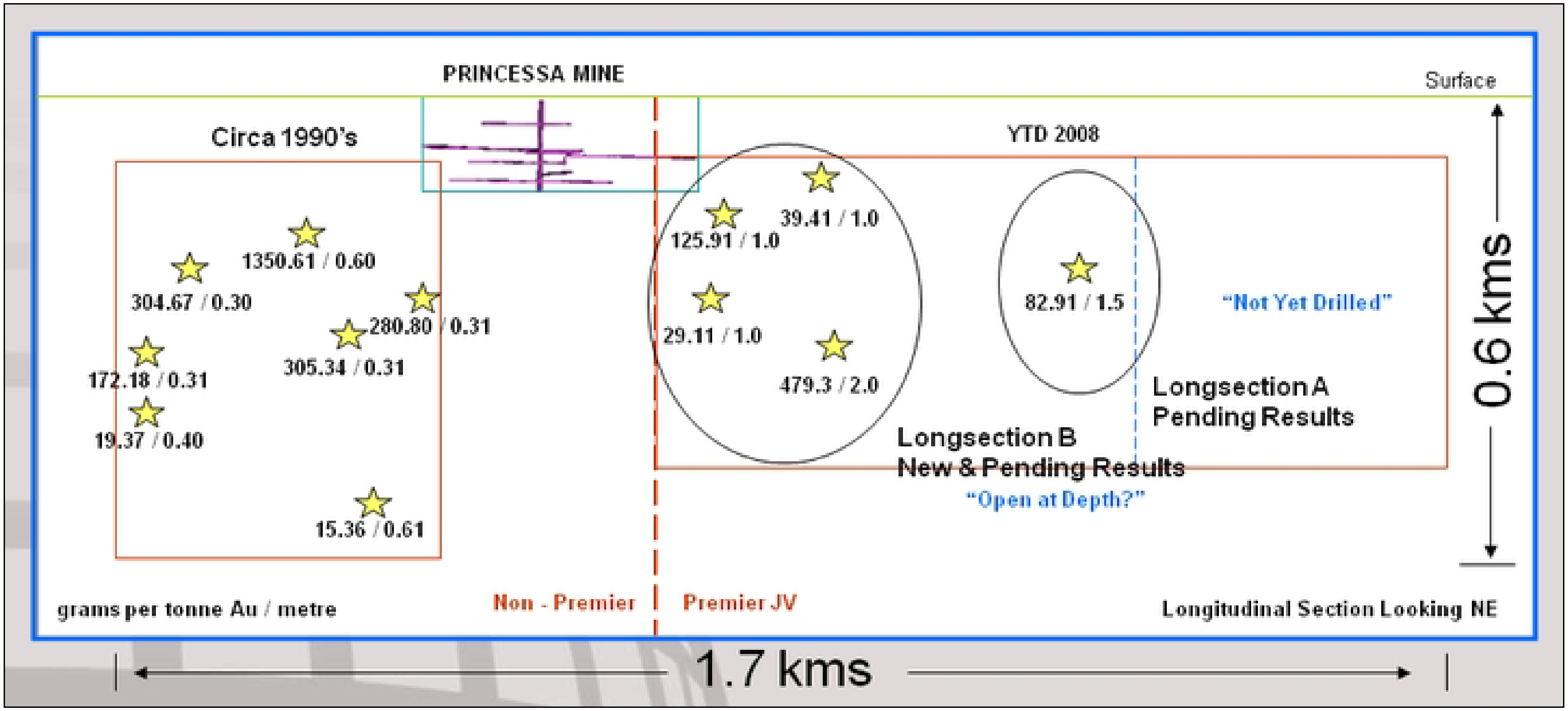

Figure 22. Long section (looking NE) of significant drill intercepts of PGM. Gold values in g/tonne are followed by the thickness of the intercept in M. The area labeled "non-Premier" includes drill results from the Calais drill program in 1997-1998.

18.0 OTHER RELEVANT DATA AND INFORMATION

The author found no evidence for environmental problems, social, or security concerns although a detailed investigation of these issues was not conducted.

19.0 INTERPRETATION AND CONCLUSIONS

The El Alamo Property offers excellent exploration potential for high-grade, mesothermal gold-quartz veins at the El Alamo target. Albeit early-stage, widespread disseminated gold mineralization is associated with northwest and northeast faults and fault intersections at three additional targets located just west and north of the El Alamo target representing attractive, bulk-tonnage targets which have not previously been explored. Sampling programs conducted by Quasaro and the drilling programs around the El Alamo target have demonstrated a significant and sizeable gold system extending in excess of 16 kms.

Mesothermal quartz veins with free gold have been the primary target for exploration in the project area. The veins are interpreted to trend northwest, have steep dips, do not exceed 2.5 m in width and average widths less than 1.0 m. At least eight veins occur across a zone about 250 m wide at the El Alamo target. Gold mineralization to a depth of 425 m has been recognized in previous drill holes. Similarities of veins at the El Alamo Project with other mesothermal gold deposits, such as the Mother Lode District in California suggest potential for great vertical continuity exceeding 1.0 km. Historic workings do not exceed 130 m and most workings did not reach depths greater than 50 m. Many veins have not been worked below a depth of 5 m, the level of the water table at the El Alamo target. Previous trenching and historic production has identified individual vein segments up to 200 m in length. Gold mineralization within veins occurs along a strike length exceeding 5 kms indicating a sizeable gold system. Emphasis for future exploration would reasonably combine identification of prospective structural settings, favorable host assemblages, and vertical zoning within the mesothermal quartz veins.

Disseminated gold mineralization associated with brecciation and stockwork zones was discovered in 2007 sampling programs and provides a different style of mineralization, distinct from the narrow gold-quartz veins which were the focus of all historical prospecting and recent drill programs conducted in the late 1990s, and as recently as 2007-2008. Grid soil samples have returned values up to 0.32 ounce gold/ton and stream sediment results to 0.30 ounce gold per ton. At least three significant anomalies have been identified including two at the Alamo West target and one at Vetatierra. The Alamo West anomaly is likely due to a northeast cross structures and vein sets producing broad zones of breccia and stockwork fractures. A single sample collected from a northeast trending vein returned 1.8 g Au/t confirming that northeast veins are present and are mineralized.

Comprehensive re – evaluation of the project, with additional systematic exploration work designed to fully evaluate and delineate the bulk tonnage targets and better determine the economic significance of the gold quartz veins are proposed as the next stage of work on the El Alamo Property. Phase I drilling will evaluate both vein and disseminated targets and phase II is planned as careful expansion and follow-up based on results obtained during the initial stage of drilling.

20.0 RECOMMENDATIONS

The recommended work programs for the El Alamo Project are subdivided into three phases, the justification and detailed planning of which are dependent on the preceding phase.

1. Compilation of previous work and commencement of mapping, and sampling leading to trenching and ground geophysics and general evaluation of the Property and other targets. The Alamo North and Vetatierra targets will be carefully mapped and sampled in detail. Trenching or shallow auger drilling will be utilized to determine zones of greater continuity and grade.

2. Drilling of previously defined high grade zones with emphasis on achieving multiple closely spaced penetrations, good core recoveries, and a rigorous assay program with emphasis on reliable assays of the coarse gold present. Drill targets will include the El Alamo, Alamo North, and Vetatierra targets.

3. Systematic in-fill, step-out, and down-dip drilling to test the strike and deeper potential of the veins and disseminated zones.

4. Evaluation of results and planning of further exploration work.

Phase I

Work will commence with mapping and sampling programs leading to trenching and ground geophysics at the El Alamo, Alamo North, and Vetatierra targets. Other targets including La Biznaga will be evaluated by initial mapping and sampling programs. The primary objective of this budget is completion of 16 diamond drillholes with cumulative footage of 4000 meters. The El Alamo vein targets will be 3D Modeled to evaluate the depth and plunge potential. If successful, this work will generate information which will be used to evaluate the justification of advancement to Phase II.

Phase II

The Objective of the Phase II program is expansion on positive results from Phase I by completion of 35-40 diamond drill holes totaling 7000 m. In-fill, step-out, and down-dip drilling will be conducted on the El Alamo target veins and offsets completed at Alamo North, and Vetatierra targets. Three D Modeling will be refined to achieve a resource assessment. If successful, this work will generate information which will be used in a scoping study to evaluate the justification of advancement to Phase III.

Phase III

The Objective of the Phase III program is advancement of the project to completion of a preliminary feasibility study. This work includes underground exploration and bulk sampling, detailed drilling of resource targets, metallurgy, geological modeling, and engineering studies. The details of Phase III are contingent on the results from phases I and II. Budgets will be determined based on the results of phase I and II and scope of work necessary.

Phase I and II Exploration Budget - El Alamo Project 2011-2012 (US $)			
Phase I - Pre-drilling			
Senior Geologist - mapping (50 days @ $600/day)			30,000
Junior Geologist (60 days @ $300/day			18,000
Geologic Assistants (400 days @ $50/day)			20,000
Assaying (1000 samples @ $25/sample)			25,000
Lodging/Meals			20,000
Travel and Transportation			30,000
Supervision 20 days @ $800/day)			16,000
Geophysics			150,000
Data Compilation/Reporting			15,000
Phase I – Drilling			
Contract cost -drilling (4000 m @ $150 m)			600,000
Assaying (800 samples @ $25/sample)			20,000
Geologist (80 days @ $600/day)			48,000
Assistants (300 man days @ $50/day)			15,000
Bulldozer (200 hours @ $150/hr)			30,000
Lodging/Meals			25,000
Travel and Transportation			45,000
Supervision 25 days @ $800/day			20,000
Data Compilation/Reporting/Modeling			40,000
Land/Legal/Taxes/Permitting			60,000
	Phase I	**$**	**1,227,000**
Phase II – Drilling			
Contract cost -drilling (7000 m @ $150 m)			1,050,000
Assaying (1500 samples @ $25/sample)			37,500
Geologist (200 days @ $600/day)			120,000
Assistants (450 man days @ $50/day)			22,500
Bulldozer (300 hours @ $150/hr)			45,000
Lodging/Meals			70,000
Travel and Transportation			100,000
Supervison 60 days @ $800/day			48,000
Data Compilation/Reporting/Modeling			75,000
Land/Legal/Taxes/Permitting			50,000
	Phase II	**$**	**1,630,500**
TOTAL PHASE I - PHASE II		**$**	**2,845,000**

Table 5. Budget summary El Alamo Property.

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APPENDIX 1: STATEMENT OF QUALIFICATIONS AND CONSENT

CERTIFICATE OF AUTHOR
STATEMENT OF QUALIFICATIONS

Robert A. Lunceford
Certified Professional Geologist
761 Aspen Trail
Reno, NV 89519
Phone: 775-787-6696
E-Mail: *browntroutbob@gmail.com*

I, Robert A. Lunceford, hereby certify:

1. That I am a registered Certified Professional Geologist # 6456 with the American Institute of Professional Geologists of Littleton, Colorado. Original certification occurred in November 1983, lapsed in December, 1998, and was reinstated in September, 2006.

2. That I graduated with a BS degree in Geology in 1971 from San Diego State University, and MSc. degree in Geology in 1976 from Montana State University.

3. That I have practiced my profession in the field of mineral exploration and mining since 1979 continuously to 2000. From March 2000 to July 2006 I worked as a Commercial Real Estate Salesman. I resumed consulting as a Geologist in August 2006.

4. That I have accrued 28 years of experience in discovery, exploration, and evaluation of metals and mineral deposits in North, Central, and South America.

5. That I have extensive experience and detailed knowledge of Exploration and Mining.

6. That I personally conducted the examination of the El Alamo Project on August 23-25, 2006 and November 11, 2010 as reported herein.

7. That I am the sole author in the preparation of the technical report titled "Geological Report and Summary of Field Examination El Alamo Project, Baja Norte State, Municipality of Ensenada, Mexico, November 20, 2010".

8. That I am not aware of any material fact or material change with respect to the subject matter of the technical report which is not reflected in the technical report, the omission to disclose which makes the technical report misleading.

9. That I am acting as a Qualified Person and independent Technical Advisor to Quasaro., I have no interest in the subject Property or shares or interest in Quasaro nor do I expect to receive any such interest or shares.

Signed and sealed Robert A. Lunceford