

Toren Olson Consulting

610 W. Moore Rd.
Oro Valley, Arizona 85755
USA

La Fortuna Project
Durango, Mexico

Technical Report

For

Morgain Minerals

By

Toren K. Olson, P.Geo.

May 15, 2007

	PAGE
TABLE OF CONTENTS	ii
Item 1: SUMMARY	1
Item 2: INTRODUCTION AND TERMS OF REFERENCE	5
Item 3: RELIANCE ON OTHER EXPERTS	6
Item 4: PROPERTY DESCRIPTION AND LOCATION	6
Item 5: ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY	7
Item 6: HISTORY	7
Item 7: GEOLOGICAL SETTING	9
<i>REGIONAL GEOLOGY</i>	9
<i>PROPERTY GEOLOGY</i>	9
Item 8: DEPOSIT TYPES	9
Item 9: MINERALIZATION	11
Item 10: EXPLORATION	11
Item 11: DRILLING	13
Item 12: SAMPLING METHOD AND APPROACH	16
Item 13: SAMPLE PREPARATION, ANALYSES AND SECURITY	16
Item 14: DATA VERIFICATION	18
Item 15: ADJACENT PROPERTIES	18
Item 16: MINERAL PROCESSING AND METALLURGICAL TESTING	19
Item 17: MINERAL RESOURCE ESTIMATE	21
Item 18: OTHER RELEVANT DATA AND INFORMATION	23
Item 19: INTERPRETATION AND CONCLUSIONS	23
Item 20: RECOMMENDATIONS	24
Item 21: REFERENCES	24
Item 22: CERTIFICATE	25
 APPENDIX 1: Figures	 4-11

LIST OF TABLES

1-1 Recommended program costs	5
4-1 Mining Concessions	6
10-1 Check Assays underground	12
11-1 Key Drill Intercepts	13
14-1 Check Sample statistics	18
16-1 Metallurgical test results	21
17-1 Historic Mineral Resources	22
20-1 Recommended program costs	24

LIST OF FIGURES

**ALL FIGURES ARE IN APPENDIX 1
(except where noted)**

1. Location Map	2
2. Regional Geology	10
3. Drill Hole location Map	17

4. Underground workings
5. Section Location Map
6. Section 5
7. Section 6
8. Section 7
9. Section 8
10. Section 9
11. Section 10

Item 1: SUMMARY

Toren Olson Consulting has been retained by Morgain Minerals (Morgain) to prepare an Independent Technical Report for the La Fortuna Gold Project in Mexico. The report is prepared by Toren K. Olson, P.Geol. the independent Qualified Person for the Report, to the standard of the National Instrument 43-101 (NI 43-101). It is based on information collected during a site visit by the author, from data generated through the exploration efforts of previous owners and data from previous operators.

The La Fortuna Gold Project includes the San Fernando claim (Lot Title No. 183578) comprised of 6 hectares, which cover the La Fortuna mine, together with the surrounding Ampliacion La Fortuna, totaling 606 hectares. The property is located in the northwestern corner of the State of Durango, Mexico at Lat. 25°19'N, Long. 107°52'W, about 70 kilometers northeast of the city of Culiacan, Sinaloa, population 1 million. Culiacan lies 270 kilometers northwest of Mazatlan, a major port and tourist city and 200 kilometers southeast of Los Mochis, another major port city.

The project is accessible by road from Culiacan, a driving distance of approximately 100 kilometers. The quality of the road is quite variable. The first 10 kilometers, to the town of El Tepuche is paved. The next 50 kilometers is graveled, graded and of reasonable width, with gentle gradients as the foothills of the Sierra Madre Occidental are approached. The final 40 kilometers is rough with frequent sections cut into the steeply inclined bedrock resulting in the road being steep and narrow with occasional sections barely the width of a pick-up truck.

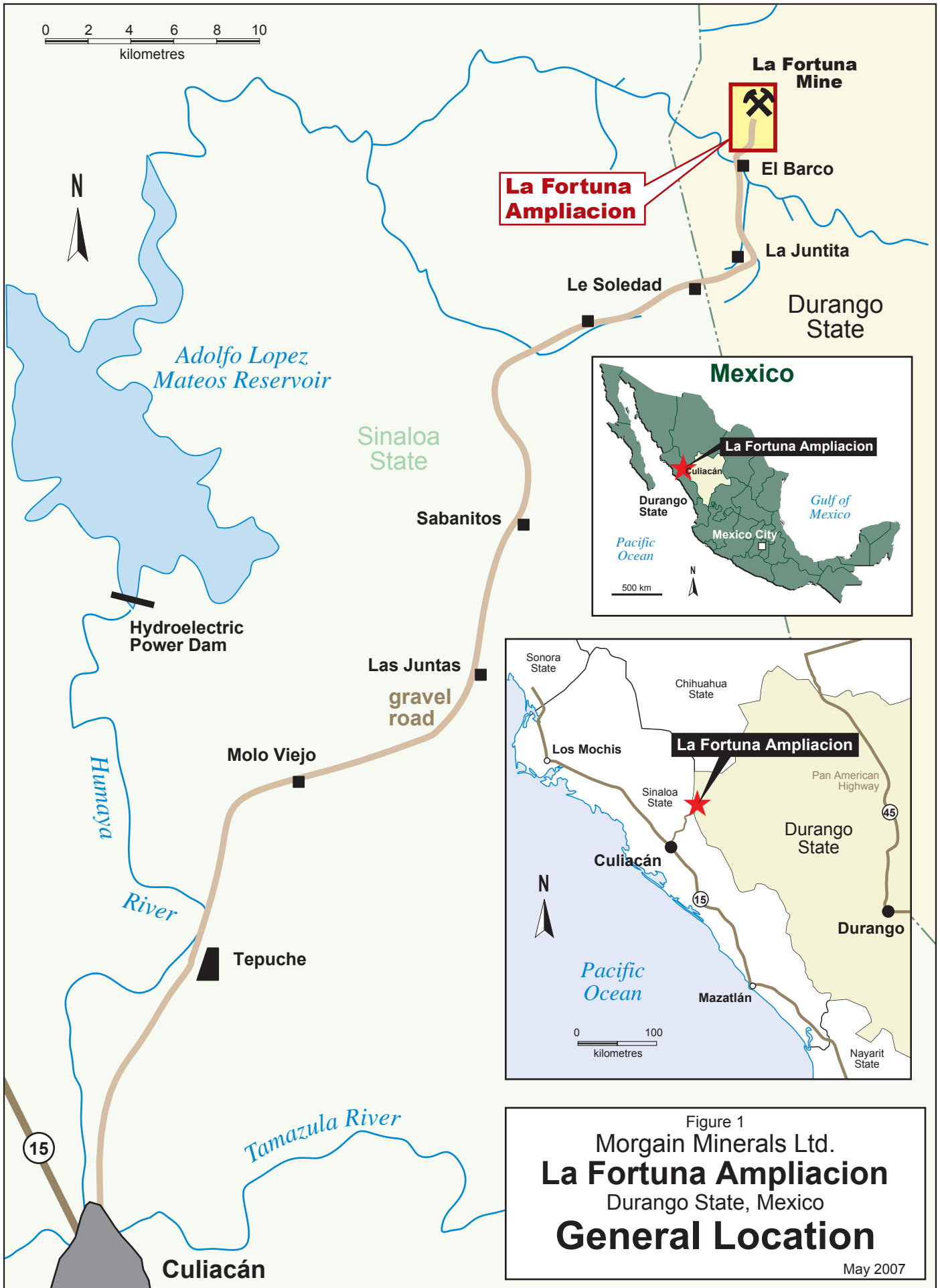
Initial development of La Fortuna followed the 1884 discovery of the gold-bearing oxidized outcrop. Between 1886 and 1892 a 200 TPD gravity mill was built near the site to process the ore which was selectively mined underground. Reportedly, about 200,000 tonnes of material, grading 20 g/t was mined and processed during this period.

Between 1974 and 1988, geologists from the Consejo de Recursos Minerales (CRM), an agency of the Mexican Government, carried out a program of systematic regional geologic mapping, geochemical surveys and underground channel sampling.

In 1987 an 80 TPD flotation mill was installed in order to process the sulfide ore operating intermittently until 1990. Reportedly, 20,000 tonnes were mined from underground and processed.

In 1989, changes to the Mexican law and a relaxation of foreign ownership restrictions permitted Alaska Fern Mines Ltd., a privately owned British Columbia company to acquire 100% interest in the La Fortuna project concessions. These concessions were subsequently sold to a series of foreign companies and are currently held by Morgain.

Between 1991 and 1996 San Fernando Mining carried out an extensive exploration program with particular emphasis on the La Fortuna Mine. The program included detailed mapping and sampling of underground workings and the drilling in the



immediate La Fortuna Mine area of 121 diamond drill holes with an aggregate of 18,900 meters drilled.

Alamos Minerals purchased the concessions from San Fernando Mining in 1996. During their tenure Alamos conducted various metallurgical test works and commissioned the 1997 Davies report. They planned on conducting a 20,000 ton bulk mining and heap leach test however due to technical difficulties and the falling gold price the test was abandoned prior to completion. The property was subsequently sold to Morgain Minerals in 2006.

The regional geology in the area of the La Fortuna Mine and its vicinity consists mainly of Upper Cretaceous plutonic rocks of granodiorite to quartz monzonite composition overlain by Lower Tertiary rhyolites and andesites. These rocks are intruded by dykes of andesitic to basaltic composition. The dominant structural features in the region are north-south as illustrated in part by the Sierra Madre Occidental main fault escarpment.

The Lower Tertiary andesitic volcanic series hosts several epithermal precious and base metal deposits, such as the mines at Topia approximately 40 kilometers east of the La Fortuna area. The Upper Cretaceous intrusive rocks host epigenetic native silver veins, such as those of Batopilas (near Guadalupe), approximately 60 kilometers to the north, plus fracture controlled and disseminated precious metal and copper deposits.

Mineralization appears to be related to separate bands of tourmalinized quartz monzonite breccia flanking a central less altered quartz monzonite body. The latter appears to be 60 meters wide dipping steeply to the west and striking slightly west of north. It forms a resistant backbone ridge prominent in the mine area. The gold-silver-copper mineralization in the La Fortuna Mine occurs as disseminations, stockwork veinlets and fracture fillings. It is noteworthy that the degree of mineralization and thus the grade of the ore is dependent on the intensity of the fracturing. The mineralized body is slab-like in form, from 20 to 40 meters thick and dipping to the west at about 30°. The aerial extent of the deposit is approximately 200 meters in a north-south direction and 150 meters east-west.

The La Fortuna mine workings consist of 8 levels at approximately 20 to 30 meter intervals. Five are accessible by adits and 3 by an internal shaft. The mine workings, drifts and crosscuts, reach a maximum lateral extent on the #2 level with up to 300 meters north-south and 120 meters east-west being present.

Previous owners have drilled 121 diamond drill core holes on the La Fortuna property for a total drilled length of approximately 18,900 meters. Core size was NQ and sample length is nominally 2 meters. The drill hole samples were analyzed by Bondar Clegg and SGS Laboratories in Canada. The samples were analyzed for gold using a 30 gram fire assay and were also generally analyzed for silver and copper.

Phase 1 of the 1995 metallurgical testwork program was directed towards “conventional” processing with fine grinding followed by an evaluation of gravity concentration, froth flotation and cyanidation. Gravity concentration produced gold recoveries ranging from 67 to 84%. Although flotation gold recoveries of up to 96-98% were achieved, cyanidation of the concentrate yielded poor results. Whole ore cyanidation recoveries

were notably good, ranging from 84-97%. Colorado Minerals Research Institute's (CMRI) conclusion was that direct cyanidation of whole ore, without an intermediate concentration step gave the highest recovery of gold and silver compared to all other flowsheet options investigated. Gold and silver extractions of 97% and 41% respectively were established at a grind of 100 mesh (149 microns). However, at that time it was determined that there was insufficient ore to support a milling scenario thus further work was commissioned to investigate heap leaching as an alternative.

Metallurgical test work was carried out by CMRI and METCON to test the applicability of heap leaching using core samples which represented average grade indicated by the core drilling program. CMRI's conclusions showed that with a ½" crush size gold recovery was 64% with a 147 day leach and a cyanide consumption of 1.29 kilograms per ton. METCON's test work confirmed the gold recovery rate.

In July of 1995 Fluor Daniel Wright (Fluor) of Vancouver, B.C. was commissioned by San Fernando Mining Company to estimate the geological resource and to develop preliminary open pit designs. This work produced an historical resource of 4,451,000 tons at 2.25 g/t gold at a 0.5 g/t cutoff grade.

It should be noted that the historical resource discussed above was calculated prior to the implementation of National Instrument 43-101 and does not comply with the current Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and definitions for estimating resources and reserves as required by Canadian National Instrument 43-101 "Standards of Disclosure for Mineral Projects". Sufficient work has not been done to verify the historical resource estimate and to classify it as a current mineral resource and therefore this estimate should not be relied upon.

The author has reviewed the available data, including drill logs, assay certificates, underground sample maps and additional supporting information, and believes that this historic resource calculation was conducted in a professional and competent manner and is relevant today.

In conclusion the La Fortuna ore body is well defined with 121 diamond drill core holes on a relatively close spacing. Metallurgical testwork carried out for previous owners by Colorado Minerals Research Institute and METCON has given encouragement that reasonable gold recoveries of up to 64% may be attained via heap leaching with moderate crushing to about minus ½". Higher gold recoveries appear to be possible through the use of a more "conventional" grinding and cyanidation process. Whole ore testwork with this flowsheet produced gold and silver extractions of 97% and 41% respectively at a relatively coarse grind of 100 mesh (149 microns).

There are several other showings around the property which may also develop into resources with additional exploration and definition drilling thereby increasing the potential at La Fortuna. Based on these conclusions it is recommended that the following work be conducted to further advance the project with the goal of producing a National Instrument 43-101 compliant resource estimate.

1. Clear and repair drill access roads.

2. Establish survey control and confirm historic drill hole and underground workings locations. Conduct 3D survey of underground workings.
3. Drill 750 meters of core twinning 8 holes to verify historic drilling data.
4. Conduct density testing to determine density of ore and waste material.
5. Re-establish access to underground workings and conduct sampling program as a check on historic results.
6. Develop resource model

The costs of these recommendations is set out in the Table below.

Table 1-1

Item	US\$
1. Clear and repair drill access roads	\$8,000
2. Survey control	\$10,000
3. Drill twin holes, 750 meters	\$130,000
4. Density testing	\$2,000
5. Re-open underground workings and sample program	\$10,000
6. Resource Model	\$20,000
Subtotal	\$180,000
Contingency (10%)	\$18,000
Total	\$198,000

Item 2: INTRODUCTION AND TERMS OF REFERENCE

Toren Olson Consulting has been retained by Morgain Minerals (Morgain) to prepare a Technical Report for the La Fortuna Gold Project in Mexico. The report is prepared by Toren K. Olson, P.Geol. the independent Qualified Person for the Report, to the standard of the National Instrument 43-101 (NI 43-101). It is based on information collected during a site visit in December 2006 by the author and from data generated through the exploration and operational efforts of previous owners.

Morgain holds a 100% interest in the La Fortuna concession (Concession Title # 183578) and in the surrounding Ampliacion La Fortuna concession (Concession Title# 217804). These concessions are held through Morgain's wholly owned subsidiary Durango Fern Mines, S. A. de C. V.

The Author visited the property with Morgain's geologist, Arturo Guerrero Rascón and interviewed Chris Babcock and Darren Koningen, President and Director of Morgain respectively.

Citations of the material that was reviewed are listed at the end of this report.

Metric units and United States dollars are used throughout this report unless other units are specified.

Item 3: RELIANCE ON OTHER EXPERTS

This report has been prepared by Olson for Morgain (the Client). The information, conclusions, opinions, and estimates contained herein are based on information available to Olson at the time of preparation of this report, assumptions, conditions, and qualifications as set forth in this report and data, reports, and opinions supplied by Morgain and other third party sources. Olson does not guarantee the accuracy of conclusions, opinions, or estimates that rely on third party sources for information that is outside the area of technical expertise.

Item 4: PROPERTY DESCRIPTION AND LOCATION

The La Fortuna Gold Project includes the San Fernando claim (Lot Title No. 183578) comprised of 6 hectares, which cover the La Fortuna mine, together with the surrounding Ampliación La Fortuna (Concession Title # 217804), totaling 606 hectares. These concessions are subject to a 1% Net Smelter Return (NSR) Royalty on all production payable to Alamos Gold the previous owner.

Table 4-1 MINING CONCESSIONS

LOT	HOLDER	SURFACE (Hectares)	CONCESSION TITLE	TERM FROM / TO	LOCATION
1. La Fortuna	DURANGO FERN MINES, S. A. DE C. V.	6.0	183578 (Exploitation)	50 years November 17, 1988 to November 16, 2038	Tamazula, Durango
2. Ampliación La Fortuna	DURANGO FERN MINES, S. A. DE C. V.	600.0	217804 (Exploitation)	50 years August 23, 2002 to August 22, 2052	Tamazula, Durango

The property is located in the northwestern corner of the State of Durango, Mexico at Lat. 25°19'N, Long. 107°52'W, about 70 kilometers northeast of the city of Culiacan, Sinaloa, population 1 million. Culiacan lies 270 kilometers northwest of Mazatlan, a major port and tourist city and 200 kilometers southeast of Los Mochis, another major port city.

Item 5: ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The project is accessible by road from Culiacan, a driving distance of approximately 100 kilometers. The quality of the road is quite variable. The first 10 kilometers, to the town of El Tepuche is paved. The next 50 kilometers is a graded and graveled road of reasonable width, with gentle gradients as the foothills of the Sierra Madre Occidental are

approached. The final 40 kilometers is rough with frequent sections cut into the steeply inclined bedrock resulting in the road being steep and narrow with occasional sections barely the width of a pick-up truck.

Direct flights link Culiacan, Mazatlan and Los Mochis to Los Angeles and Mexico City. The main carrier is AeroMexico.

The property lies about 7 kilometers north of the Humaya River. The river is fordable during the dry season, which extends from January to June. From July to December a small hand operated ferry operates and handles light vehicles. Freight into and out of the small local communities is hauled in small, 1 ton, flat-bed trucks.

There are a number of small settlements within a ten kilometer radius of the property. Subsistence agriculture is their principle means of survival.

Elevations at the project range from 600 to 850 meters above sea level. Dry thorn forest is the principle vegetation type. This vegetation can become very dense during the rainy season. Small scale logging was carried out until the recent past however, there is virtually no commercial timber remaining.

Power is available at a major hydro-electric facility located 50 kilometers to the southwest. Currently there is no power line at the project.

The weather is typical of northwestern Mexico with hot summers, moderate to warm dry winters and a monsoon season usually starting in July/August and ending around the first of October. Surface access is possible throughout the year but can be a problem during the monsoon season. Year round water is available from the Humaya river about 7 kilometers from the mine as well as from surface runoff during the wet season. A small spring about 1 kilometer east of the mine supplies some local drinking water via a high line, cable suspended hose.

Item 6: HISTORY

Initial development of La Fortuna followed the 1884 discovery of the gold-bearing oxidized outcrop. Between 1886 and 1892 a 200 TPD gravity mill was built near the site to process the ore which was selectively mined underground. Reportedly, about 200,000 tonnes of material, grading 20 g/t was mined and processed during this period. The concentrate was smelted on site to a copper matte and then shipped to Tacoma, Washington. The venture was not profitable due to a combination of operating problems, including poor recoveries and high transportation costs.

Between 1974 and 1988, geologists from the Consejo de Recursos Minerales (CRM), an agency of the Mexican Government, carried out a program of systematic geologic mapping and sampling in the mine and on the surface. Geochemical surveys, regional mapping and underground channel sampling were also carried out. Results are summarized in a series of published reports, under the general heading "Exploration in a gold-copper rich area of San Fernando, Municipality of Tamazula, State of Durango."

In 1987, Sr. Jaime Muguero Pena, acting as agent for the former concession owner, installed an 80 TPD flotation mill in order to process the sulfide ore operating

intermittently until 1990. The concentrates were shipped to a Mexican Government smelter. The payments were arbitrarily assigned to the payment of a loan made by the Mexican Government. The accumulation of operating costs, and the lack of cash flow, led to the cessation of operations. Reportedly, 20,000 tonnes were mined from underground and processed.

In 1989, changes to the Mexican law and a relaxation of foreign ownership restrictions permitted Alaska Fern Mines Ltd., a privately owned British Columbia company to acquire 100% interest in the La Fortuna Mine comprising 6 hectares. Alaska Fern also acquired the surrounding Ampliacion La Fortuna, 5700 hectares. These properties were then sold to San Fernando Mining Company Ltd..

Between 1991 and 1996 San Fernando carried out an extensive exploration program with particular emphasis on the La Fortuna Mine. The objective was to define a reserve of gold-silver-copper sulfide ore amenable to open pit mining, fine grinding, and conventional processing, either by cyanidation or froth flotation.

The program included detailed mapping and sampling of underground openings and the drilling in the immediate La Fortuna Mine area of 121 diamond drill holes with an aggregate total drilled of 18,900 meters. Preliminary reserve calculations, coupled with process test work carried out on representative core samples, did not support San Fernando's objectives and the property was sold in 1996 to Alamos Minerals Ltd.

During Alamos' tenure they conducted various metallurgical test works and commissioned the 1997 Davies report. They planned on conducting a 20,000 ton bulk mining and heap leach test however due to technical difficulties and the falling gold price the test was abandoned prior to completion. The property was subsequently sold to Morgain Minerals in 2006.

Item 7: GEOLOGICAL SETTING

REGIONAL GEOLOGY

The regional geology in the area of the La Fortuna Mine and its vicinity consists mainly of Upper Cretaceous plutonic rocks of granodiorite to quartz monzonite composition overlain by Lower Tertiary rhyolites and andesites. These rocks are intruded by dykes of andesitic to basaltic composition. The dominant structural features in the region are north-south as illustrated in part by the Sierra Madre Occidental main fault escarpment.

The Lower Tertiary andesitic volcanic series hosts several epithermal precious and base metal deposits, such as the mines at Topia approximately 40 kilometers east of the La Fortuna area. The Upper Cretaceous intrusive rocks host epigenetic native silver veins, such as those of Batopilas (near Guadalupe), approximately 60 kilometers to the north, plus fracture controlled and disseminated precious metal and copper deposits.

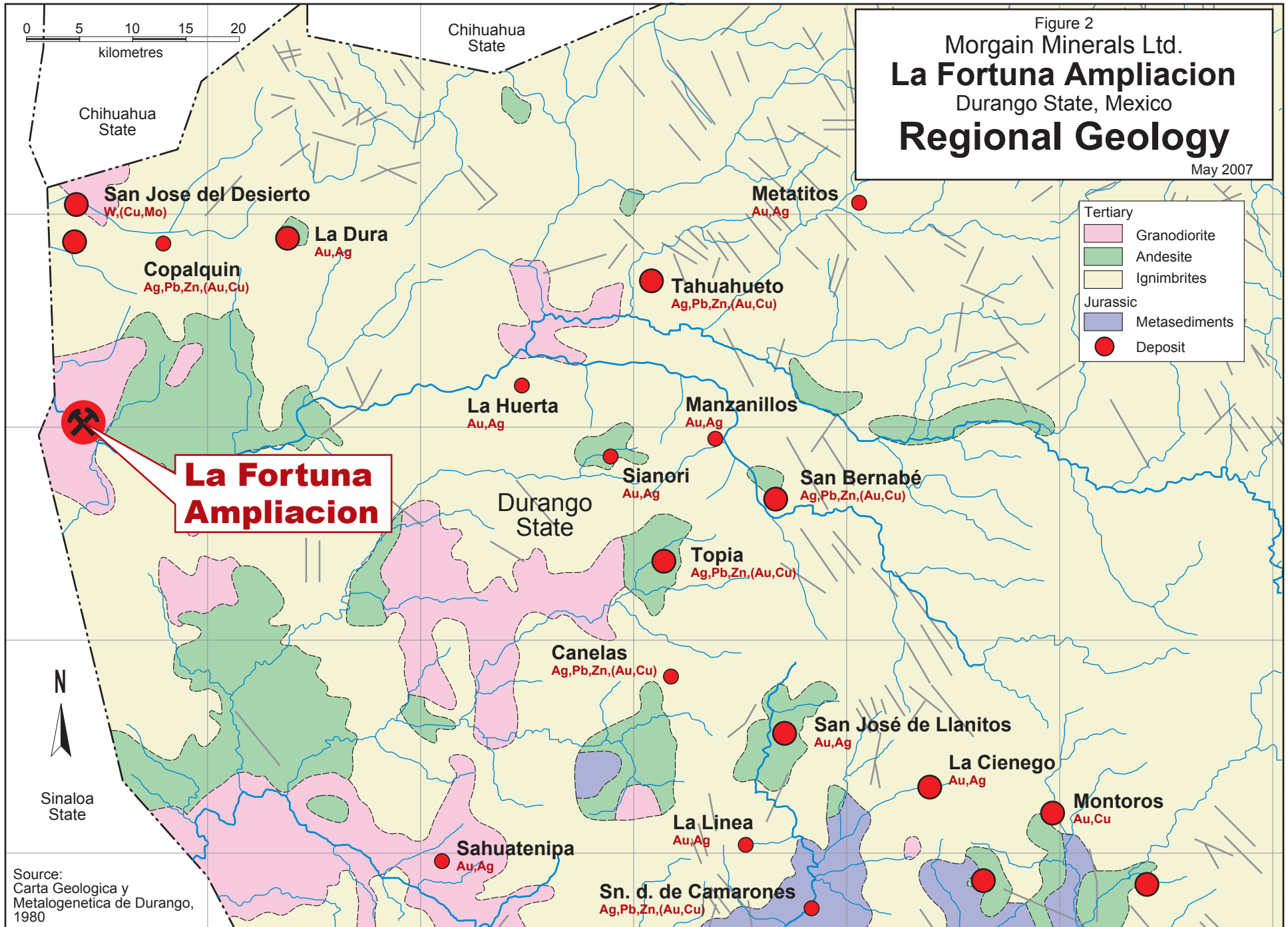
PROPERTY GEOLOGY

Mapping by CRM indicated that the La Fortuna Mine is underlain by plutonic rocks of granodiorite and quartz monzonite composition. Both rocks are medium to coarse grained. Petrographic studies indicate the quartz monzonite is prophyritic in texture with phenocrysts of k-feldspar. The ferromagnesian minerals consist of hornblende and biotite. The rocks are intruded by Late Tertiary basaltic and andesitic dykes trending N10°W and dipping 65°W, an easterly dipping set is present in the mine workings as well. The plutonic rocks are intensely brecciated in places.

The dominant fracturing and jointing zones appear to strike north-northwest and north-northeast, apparently paralleling those of the intrusive contacts. The rock exposed in the underground mine workings is notably competent with rock fall being limited to a few caved areas where chutes were broken or pulled out.

Item 8: DEPOSIT TYPES

In the La Fortuna area the mineral showings are associated with intrusive breccias and may best be described as modified elongate tourmaline breccia pipes.



Item 9: MINERALIZATION

Mineralization appears to be related to separate bands of tourmalinized quartz monzonite breccia flanking a central less altered quartz monzonite body. The latter appears to be 60 meters wide dipping steeply to the west and striking slightly west of north. It forms a resistant backbone ridge prominent in the mine area.

Mineralization consists mainly of chalcopyrite and pyrite stockwork veinlets and dissemination in amounts consisting up to 10% of the host rock. Minor tetrahedrite, sphalerite and galena are present. The mineralization is apparently associated with tourmaline, quartz, chlorite and epidote. It is mostly restricted to the highly tourmalinized areas. Minor mineralization occurs in the weakly tourmalinized quartz monzonite. The dykes are grayish-green, generally massive and classified as andesites. They appear to be post mineral but occasionally sulfides occur in fractures near their contacts. Some of the better sulfide concentrations occur within a few feet of the contacts, tentatively believed to be due to their location on the same structurally receptive zones.

The gold-silver-copper mineralization in the La Fortuna Mine occurs as disseminations, stockwork veinlets and fracture fillings. It is noteworthy that the degree of mineralization and thus the grade of the ore is dependent on the intensity of the fracturing.

Photomicrograph studies of mineral concentrate indicate gold and silver grains and minerals are present along the grain boundaries of the chalcopyrite and pyrite. Disseminated pyrite within the altered and unaltered wallrocks do not appear to carry any precious metal values of any significance. Significant values are found with the quartz-sericite-pyrite-chalcopyrite+/-tourmaline stockworks and the grades are dependent on the intensity of the fracturing. The sulfide mineralization is partially oxidized in some veinlets or fault shears to depths of 50 meters below surface but overall oxidation is minor. Thin limonite coatings are common on sulfides exposed by earlier mining. Limonite, hematite and malachite plus azurite occur occasionally within the poorly defined oxide zones. The lack of heavy oxides on surface is probably due in part to rapid erosion along the steep walled cliffs paralleling the ore zone. Oxidation appears better developed in the deeper valleys.

The mineralized body is slab-like in form, from 20 to 40 meters thick and dipping to the west at about 30°. The lower part of the body rests on a healed breccia base while the upper part consists of quartz stringers and veinlets extending up into the hanging wall. The aerial extent of the deposit is approximately 200 meters in a north-south direction and 150 meters east-west.

Item 10: EXPLORATION

The La Fortuna mine workings consist of 8 levels at approximately 20 to 30 meter intervals. Five are accessible by adits and 3 by an internal shaft. The mine workings, drifts and crosscuts, reach a maximum lateral extent on the #2 level with up to 300 meters north-south and 120 meters east-west being present. Two distinct steeply west dipping higher grade zones (East and West), appear to constitute the deposit in the mine area.

The CRM carried out detailed geological mapping and systematic channel sampling of all the accessible underground workings in 1975, 1980 and 1988 (levels 0,1,2,3,4 and 5) The mine development headings were continuously channel sampled, save for obviously unmineralized dykes, along one wall at 2 and occasionally 1 meter intervals. In 1975 a total of 768 samples were collected, most of which contained fresh sulfides only weakly oxidized post mining. A few narrow faults and fractures contain heavier oxides. In 1980 and 1988 fill-in and duplicate sampling was conducted. The samples were fire assayed with an AA finish and were assayed in Mexican government laboratories at Nogales and Hermosillo. Confirmation samples taken in 1991 by Mr. Mahon Vulimiri, working for San Fernando Mining were selected at random but from well marked representative locations. The samples collected were also fire assayed with an AA finish at a Vancouver lab.

Most original CRM 2 meter, moil cut, chest height wall channel samples probably weighed up to 5 kilograms each and most appear to have been carefully taken. However, those obtained along the northerly trending drifts tended to follow an overall northerly trending superimposed structure or banding more favorable to mineralization, possibly adding a bias. However, it is felt that this was offset elsewhere where sampling across the backs instead would have intersected more sulfides. Later sampling by someone whose records are not available seemed to recognize this situation. Vulimiri's samples were cut by pick rather than moil and were semi-continuous across the same generally well marked CRM channel widths. Sample weights were less than CRM's, in part accounting for the obvious grade variances (Vulimiri's were higher grade). Gunn, of Dupont Exploration Canada, carried out check sampling on the property and concluded the variation may be due to nugget effect and that large samples are necessary for accurate results.

Table 10-1

Channel Sample #	CRM samples Mexican Lab			Vulimiri samples Rosbacher Labs		
	Au g/t	Ag g/t	Cu %	Au g/t	Ag g/t	Cu %
280	4.2	13.2	0.06	.40	8.2	0.40
176	2.8	6.4	0.35	0.50	23.7	0.10
175	4.8	118.0	1.04	18.5	837.0	2.60
56	0.8	22.0	0.99	2.2	10.3	0.20
27	1.8	23.2	0.05	1.1	15.0	0.09
71	0.3	4.4	0.14	28.7	132.0	1.74
79	7.3	79.2	0.86	21.6	62.0	0.78
87	1.7	5.2	0.10	3.4	1.0	0.01
147	0.4	28.8	0.01	0.3	1.0	0.01
189	0.7	2.5	0.08	0.0	1.0	0.06
190	40.9	110.0	0.16	3.41	152.0	0.20
259	2.8	10.4	0.03	1.4	24.0	0.28

Item 11: DRILLING

Previous owners have drilled 121 diamond drill core holes on the La Fortuna for a total drilled length of approximately 18,900 meters. Core size was NQ and sample length is nominally 2 meters. A small percentage of the drill holes were surveyed down the hole. Generally these surveys only showed minor deflection of a few degrees.

Key Intercepts:

Table 11-1

Hole #	Elev	TD	From	To	Length	Au g/t	Ag g/t	Cu ppm
LF-001	780.027	110.03	none					
LF-002	779.422	44.80	39.95	41.95	2.00	0.628	1.60	261
LF-003	778.779	114.66	27.41	71.62	44.21	6.433	27.13	4,502
Hole #	Elev	TD	From	To	Length	Au g/t	Ag g/t	Cu ppm
LF-004	796.890	85.95	43.18	67.18	24.00	1.624	12.80	1,487
LF-005	796.890	155.75	45.71	74.05	28.34	1.657	18.99	2,902
LF-006	808.700	109.72	51.60	94.00	42.40	7.433	32.25	7,334
LF-007	808.700	93.57	22.55	73.84	51.29	7.392	29.96	5,120
LF-008	820.714	72.23	47.60	72.23	24.63	2.274	25.74	4,655
LF-009	820.714	72.23	56.90	72.23	15.33	1.178	26.31	3,019
LF-010	828.191	86.86	none					
LF-011	739.986	92.12	3.00	5.68	2.68	0.512	20.40	3,730
LF-012	738.001	24.99	15.18	24.99	9.81	10.021	40.67	6,001
LF-013	736.951	160.02	12.50	43.80	31.30	2.414	20.37	3,264
LF-014	733.660	154.53	35.66	55.76	20.10	0.897	9.77	1,728
LF-015	733.660	111.86	36.90	44.90	8.00	5.844	40.22	2,435
LF-016	733.660	128.01	37.40	53.10	15.70	3.005	14.15	3,321
			91.90	111.05	19.15	1.428	14.77	549
LF-017	740.489	178.91	44.46	50.46	6.00	4.985	47.37	10,111
LF-018	740.489	124.05	59.30	75.30	16.00	1.892	21.90	4,025
LF-019	740.489	148.43	49.40	53.40	4.00	21.361	50.00	14,732
			89.28	99.28	10.00	1.980	26.54	2,420
LF-020	742.661	169.77	52.45	56.75	4.30	7.329	46.33	5
LF-021	742.661	148.43	87.10	100.75	13.65	2.786	19.60	2,768
			53.60	57.10	3.50	14.965	35.51	11,875
LF-022	742.661	191.10	96.00	97.65	1.65	26.724	24.93	5,620
			111.30	117.50	6.20	1.467	24.44	3,855
LF-023	741.817	163.67	46.10	58.35	12.25	3.304	13.40	1,849
			62.35	71.95	9.60	4.139	23.62	6,524
			119.30	127.30	8.00	9.490	27.18	3,529
LF-024	741.817	154.52	46.15	50.10	3.95	10.821	35.47	10,152
			70.35	79.15	8.80	2.830	24.73	3,103
LF-025	741.817	172.82	79.35	94.60	15.25	2.679	15.42	2,873
LF-026	733.708	160.60	53.05	71.70	18.65	2.498	18.00	2,834
			81.70	91.60	9.90	1.841	9.30	1,901
LF-027	733.708	147.21	79.30	115.45	36.15	2.518	11.48	2,161
LF-028	778.779	99.65	44.45	65.00	20.55	5.315	31.00	5,444
LF-029	796.890	128.25	46.06	93.55	47.49	3.292	18.79	1,866

LF-030	808.700	191.71	33.56	75.73	42.17	2.579	21.09	3,339
			122.20	145.00	22.80	2.650	24.36	3,938
LF-031	820.714	151.48	62.00	104.05	42.05	3.813	28.77	2,851
LF-032	844.375	117.10	none					
LF-033	695.848	147.32	91.72	118.50	26.78	4.746	24.45	2,490
LF-034	695.848	200.25	104.00	126.40	22.40	6.505	24.05	1,444
LF-035	716.223	169.77	108.32	118.32	10.00	10.373	33.56	6,832
LF-036	729.841	154.35	113.18	117.48	4.30	0.885	1.84	224
LF-037	729.841	160.67	117.53	127.53	10.00	1.049	11.00	592
LF-038	729.747	171.29	123.00	125.00	2.00	0.989	12.10	24
LF-039	729.747	297.78	none					
LF-040	720.790	172.82	82.52	102.52	20.00	2.844	23.31	3,351
			136.50	152.50	16.00	2.076	11.23	1,796
Hole #	Elev	TD	From	To	Length	Au g/t	Ag g/t	Cu ppm
LF-041	724.224	148.43	78.00	86.00	8.00	2.039	14.95	2,233
LF-042	779.422	84.42	none					
LF-043	828.191	162.13	91.63	93.32	1.69	0.876	10.50	35
LF-044	723.368	187.45	116.40	118.40	2.00	0.584	11.30	1,747
LF-045	723.368	255.11	none					
LF-046	736.007	221.58	none					
LF-047	697.483	249.02	none					
LF-048	697.483	294.74	99.47	101.47	2.00	2.093	16.00	4,499
LF-049	708.706	14.32	none					
LF-050	694.134		not assayed					
LF-051	696.412		not assayed					
LF-052	675.913	145.38	138.78	142.78	4.00	0.832	3.75	792
LF-053	675.913	316.07	none					
LF-054	692.566		not assayed					
LF-054B	692.566	197.20	128.93	138.95	10.02	2.192	20.86	2,590
LF-055	688.469	199.03	115.00	126.95	11.95	3.211	27.22	4,700
LF-056	688.744	212.44	100.50	116.50	16.00	3.202	16.48	1,037
LF-057	688.557	182.88	90.50	104.50	14.00	0.779	20.71	1,187
LF-058	688.557	227.68	102.50	104.50	2.00	1.346	13.90	670
LF-059	662.958	227.68	81.83	85.83	4.00	8.562	33.95	4,073
LF-060	712.798	115.51	56.90	74.90	18.00	5.215	25.64	1,860
LF-061	712.798	121.92	72.20	99.19	26.99	5.547	33.16	4,816
LF-062	826.300	80.10	39.80	56.94	17.14	2.427	29.00	3,658
LF-063	826.300	73.76	49.21	68.36	19.15	5.838	38.84	7,093
LF-064	826.300	73.46	63.00	73.46	10.46	4.753	29.03	4,185
LF-065	826.300	160.62	120.25	124.20	3.95	1.370	22.10	470
LF-066	820.528	158.49	116.00	118.00	2.00	28.286	50.00	10,736
			149.10	157.10	8.00	1.672	21.73	2,805
LF-067	809.579	119.00	82.00	116.65	34.65	2.117	21.10	3,435
LF-068	802.709	110.64	35.90	91.90	56.00	4.586	24.88	4,097
LF-069	802.709	53.95	31.05	53.95	22.90	3.404	26.58	3,662
LF-070	802.709	32.60	none					
LF-071	796.822	121.00	51.05	69.20	18.15	2.489	19.89	1,614
LF-072	802.709	172.82	66.50	82.25	15.75	3.138	22.59	3,401
LF-073	713.143	151.48	74.43	78.40	3.97	5.360	50.00	7,527

LF-074	700.000	80.77	8.31	13.58	5.27	4.739	17.20	751
LF-075	700.000	157.48	none					
LF-076	718.795	169.77	58.90	64.90	6.00	1.106	6.70	255
LF-077	695.561	29.56	none					
LF-077B	695.561	195.98	152.50	158.30	5.80	2.710	10.33	601
LF-078	676.733	238.04	none					
LF-079	673.110	320.73	148.00	150.00	2.00	4.390	20.00	2,430
LF-080	671.382	307.01	186.00	194.00	8.00	1.161	5.63	530
LF-081	665.423	218.59	188.00	198.00	10.00	0.649	0.50	19
LF-082	648.640	238.72	166.00	172.00	6.00	2.760	7.17	458
Hole #	Elev	TD	From	To	Length	Au g/t	Ag g/t	Cu ppm
LF-083	643.440	252.13	166.00	170.00	4.00	7.600	32.75	1,300
LF-084	638.966	233.84	196.00	200.00	4.00	0.982	5.00	4,950
LF-085	644.897	242.98	174.00	180.00	6.00	2.383	5.17	1,685
LF-086	692.392	297.86	250.00	266.00	16.00	2.142	6.00	194
LF-087	695.561	306.09	204.00	208.00	4.00	1.204	10.00	1,210
LF-088	725.019	66.16	34.00	54.00	20.00	1.671	32.05	4,473
LF-089	715.828	210.97	124.00	128.00	4.00	2.127		9,060
LF-090	707.500	142.39	114.00	118.00	4.00	5.780	67.00	4,510
			136.00	139.80	3.80	3.758	24.61	1,941
LF-091	715.262	135.06	38.00	42.00	4.00	10.400	70.50	4,375
			78.00	96.00	18.00	1.043	13.90	1,492
LF-092	708.272	220.36	100.00	104.00	4.00	5.896		
			114.00	124.00	10.00	2.311		
LF-093	690.757	203.35	142.00	146.00	4.00	2.350	24.00	3,030
LF-094	842.808	114.93	52.00	62.00	10.00	2.107	27.25	2,082
LF-095	688.707	240.15	130.00	138.00	8.00	5.115		
LF-096	820.368	99.70	54.00	99.70	45.70	4.262	37.70	3,855
LF-097	742.846	85.65	none					
LF-098	802.709	148.47	28.00	68.00	40.00	2.941		
LF-099	742.707	153.31	none					
LF-100	771.713	191.10	none					
LF-101	740.124	137.76	none					
LF-102	779.252	202.69	44.00	54.00	10.00	2.068	21.55	2,328
LF-103	717.920	160.60	62.00	70.00	8.00	1.242	41.38	2,056
			92.00	104.00	12.00	2.355	21.30	2,179
LF-104	759.815	74.06	22.00	28.00	6.00	4.273		
			40.00	58.00	18.00	5.180		
LF-105	827.898	214.87	190.00	200.00	10.00	2.534	10.50	485
LF-106	834.365	81.38	40.90	78.30	37.40	3.232	43.50	3,640
LF-107	836.120	102.71	54.00	64.00	10.00	5.432	94.36	3,603
LF-108	838.759	78.32	none					
LF-109	825.504	122.83	64.00	75.20	11.20	4.128	42.99	4,855
LF-110	800.500	114.90	38.00	68.80	30.80	5.659	57.42	1,367
LF-111	820.308	194.15	86.00	92.00	6.00	2.569	19.00	2,648
			118.00	140.00	22.00	1.015	8.68	3,002
LF-112	808.919	188.06	49.50	55.50	6.00	7.240	92.33	12,805
			62.00	78.30	16.30	1.290	25.95	425
			178.00	184.00	6.00	4.650		
LF-113	808.919	107.59	44.00	74.00	30.00	6.467		
			98.00	107.59	9.59	1.392		

LF-114	824.244	211.83	84.00	112.00	28.00	2.849	38.75	4,345
			127.00	134.00	7.00	1.464	36.00	6,956
LF-115	688.774	152.69	none					
LF-116	688.774	135.02	none					
LF-117	688.774	203.29	172.00	176.00	4.00	6.260	13.50	4,915
LF-118	687.379	259.67	none					
LF-119	687.379	288.99	none					

Item 12: SAMPLING METHOD AND APPROACH

Most original CRM underground samples were moil cut wall channel samples taken at chest height and were 2 meters in length and weighed up to 5 kilograms. These samples appear to have been carefully taken.

Core splitting and sampling was observed during the various drilling programs by a consultant retained by the company and was deemed to be of acceptable quality.

Item 13: SAMPLE PREPARATION, ANALYSES AND SECURITY

CRM used government run laboratories in Nogales and Hermosillo.

The drill hole samples were analyzed by Bondar Clegg and SGS Laboratories in Canada. The samples were analyzed for gold using a 30 gram fire assay and were also generally analyzed for silver and copper. The results were faxed to the project.

