



Exploring for Copper & Gold in South America

THE NEXINDIO PROJECTS

MAY 2011



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Introduction, Location and Access

The Hediondas property, which is located roughly 400 km north of Santiago and covers an area of 1,850 ha, is situated in the high Andean cordillera of Region IV, Chile. Topographic relief on the property is significant, ranging over roughly 1,000 m and having an average altitude of 3,750 m above sea level. Located roughly 20 km to the north is the past-producing El Indio deposit, a high-grade epithermal Au deposit that was operated by Barrick Gold Corp. Located 60 km to the north is the emerging Pascua-Lama high-sulfidation epithermal Au-Ag deposit that contains 27 million ounces of Au (equivalent), the third largest deposit of this type in the world, currently being developed by Barrick. Both deposits occur in the prolific El Indio mineral belt, a world-class metallogenic territory where more than 50 million ounces of Au have been delineated to date.

High grade veins, composed chiefly of auriferous enargite exist on the property and were mined by artisanal producers in the 1960's with 1,300 tonnes of ore processed. Reported average grades included 9.5% Cu, 218 g/t Ag and 1.03 g/t Au. Work was halted due to depressed metal prices and the then extreme isolation of the project area. Furthermore, previous operators of the property have all identified geologic similarities to the El Indio mineralizing system, but only 5 shallow holes have been drilled to date. Therefore, the potential for a significant discovery on the Hediondas property exists.

Access to the property is via the city of Coquimbo, an all-service industrial/tourist centre. From Coquimbo, the property is reached by travelling east 194 km along Highway 41 to the Argentinean border control check point, which is 20 km inside Chile. From this point, tertiary road D-395 north leads toward the El Indio site. The property is directly accessed roughly 6 km later via tertiary road D-397, which travels east to the historic Las Hediondas mine workings and eventually to the Argentina-Chile border. Travel time from Coquimbo is roughly 3 hours. A 4-wheel drive vehicle is necessary and the property is only accessible during the summer months.

The technical information presented in this summary has been compiled from the reports of past operators. The author visited the property for one day in February, 2010.

Introduction, Location and Access

- The company is focused on exploring for Gold and Copper in South America
- Las Hediondas, the company's initial property, is located in north-central Chile, 20 km southeast of Barrick Gold's world-class El Indio gold mine and along the same mineral belt as Barrick's emerging world-class Pascua-Lama gold-copper deposit
 - El Indio produced 3.5 M oz. gold at average grade of 12.4 gpt gold
 - Pascua-Lama cost \$2.8 B to construct and is forecasted to produce 800 K ounces of gold per year from a 17.8 M oz gold reserve. The deposit also hosts 671 M ounces of silver.
- Las Hediondas in the 1960's was a gold-copper profitable mine deposit on a small scale
- There has been a historical work on mapping and diamond drilling which indicates a high potential for a large copper-gold-silver deposit at Las Hediondas similar to Pascua-Lama

The Property

The Nexindio properties are situated between the Andes Cordillera range and a string of hills called the Doña Ana IV Region in the Elqui Province of Chile

Property covers ~1850 ha



Property Location

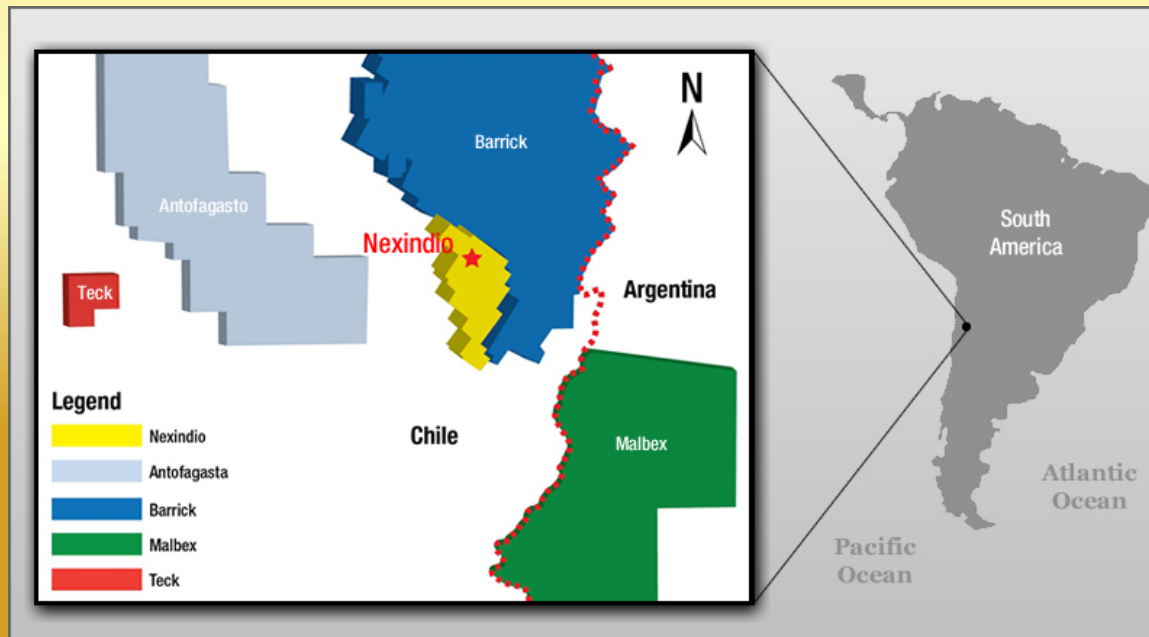


- Nexindio properties cover ~1,850 ha
- Located roughly 120 km from La Serena and Coquimbo
- The good conditions highways go along nearest to the properties.
- Water and electricity is near to the properties

Nexindio Properties-Regional Concessions

- Significant concession holders:

- Barrick
- Antofagasta
- Teck
- Malbex



Regional Geology – El Indio Mineral Belt

The El Indio – Pascua Mineral Belt is a world-class metallogenic province

Pascua - Lama

- 3rd largest high-sulfidation Au-Ag deposit worldwide
- 572 Mt @ 1.21 g/t Au
- 27 Million Oz. Au equiv.

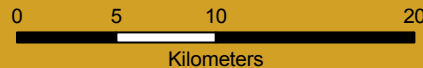
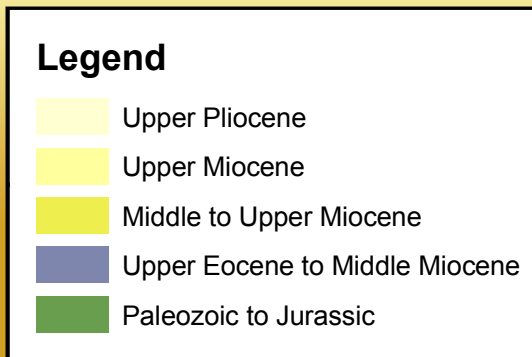
Veladero

- 542 Mt @ 0.75 g/t Au
- 13 Million Oz. Au

El Indio

- "Bonanza-style" epithermal deposit
- 8.7 Mt @ 12.4 g/t Au
- 3.5 Million Oz. Au

Belt Total: >50 Million Oz. Au



(modified after Bissig et al, 2002)

Regional Geology

The El Indio mineral belt strikes N-S over a length of 110 km, has a width of 10 km and straddles the Chile-Argentina border. It occurs between two other well-known mineralized areas: the Maricunga porphyry- Au and high-sulfidation Au-Ag belt to the north and the Los Pelambres – El Teniente porphyry Co-Mo belt to the south. The El Indio belt generally hosts widespread zones of hydrothermal alteration of many styles and mineralogies and multiple epithermal Au-Ag deposits; the largest being Pascua-Lama which contains >18 million ounces of Au-equivalent ore.

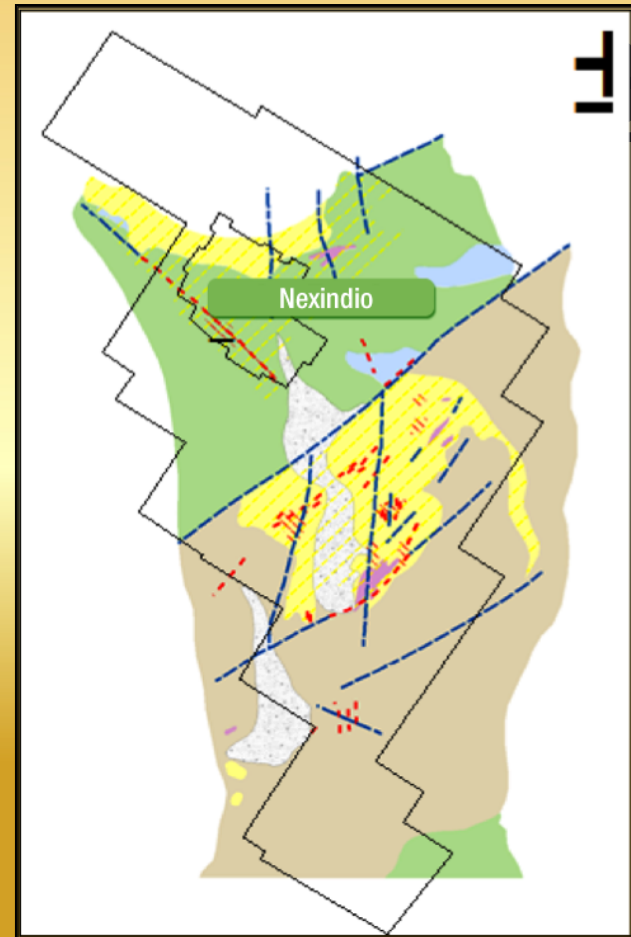
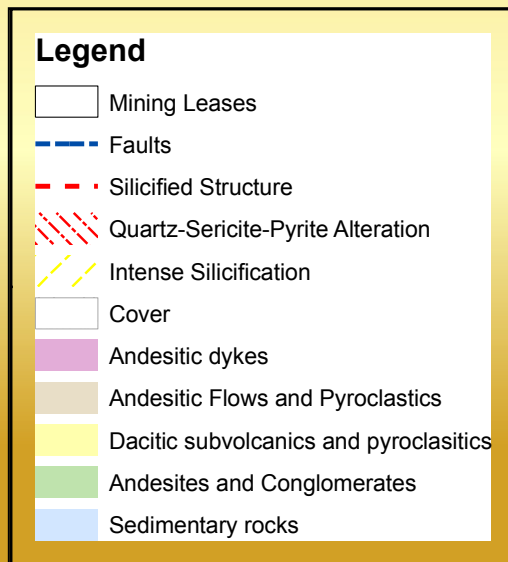
The gold deposits in the belt are associated with Miocene-aged magmatic rocks confined between two reverse faults with steep, opposite dips. Within this block, an Upper Paleozoic to Lower Jurassic basement composed predominantly of calc-alkaline felsic intrusions and volcanic rocks is overlain by up to 1,500 m of Tertiary sub-aerial volcanic strata and corresponding reworked sedimentary lithologies. The Tertiary volcanic sequence is comprised of the dominantly volcanic and volcanoclastic rocks of the Tilito Formation (27-23 Ma), the Escabroso Group (21-17.5 Ma) and the Cerro de Las Tortolas Formation (17-14 Ma). Magmatic activity decreased markedly after the eruption of these units. Nonetheless, isolated dacitic tuffs of the Vacas Heladas Formation erupted between 12.7 and 11 Ma.

Property Geology – Nexindio

Structural style the same as El-Indio

Property covers several zones of intense hydrothermal alteration

Property yields a number of mineral showings and rusty zones of which Las Hediondas is one



Property Geology – Nexindio



Property Geology

Lithology

The oldest rocks that outcrop in the Las Hediondas property correspond to the volcanic and sedimentary rocks of the Banos de Toro Formation. These rocks outcrop in the northern section of the property. The volcanic rocks are principally hematitic breccias and agglomerates with a purple color and clasts of the same composition. In general, they show a N to NNE strike with variable dips of 30° to 50°. The sedimentary rocks consist of finely stratified calcareous arenites, shales, and calcareous sands. They are found interstratified with breccias defined previously and show the same general attitude.

Toward the south part of the property, a sequence of tuffaceous rocks of a composition that varies between rhyolite, dacite, and andesite, that often show strong alteration, outcrops. The general attitude is N-S with dips of 30° toward the east on the eastern flank and toward the west on the western flank.

Property Geology

Hydrothermal Alteration

Silica Breccia

This style of alteration corresponds to a rock composed of fine-grained silica in which it is possible to differentiate two generations of silicification. The first corresponds to angular fragments up to 3.0 cm in diameter composed solely of fine-grained quartz and amorphous silica. The second corresponds to matrix material and is composed in large part by banded amorphous silica. Vesicular texture is common, principally in the siliceous centres, as well the presence of abundant exotic gypsum casts (gypsum-cret), which is related to circulation of thermal springs. Smaller zones exist inside of the siliceous breccia that display strong sericitic alteration with sericite often fully replacing plagioclase phenocrysts.

Quartz-Sericite±Pyrite

This alteration occupies the east sector of the project area with a principal orientation N-S to N10E and a local orientation in the extreme south of N30-50W. The intensity is variable, weak – moderate to strong, affecting both dacite-rhyolite porphyritic rocks and overlying andesitic rocks. This style of alteration is best developed in the porphyry of the Las Hediondas mine working, accompanied by amorphous silica-quartz veining. In addition, it occurs along the length of a N5-15E fault that is located to the east of the Las Hediondas mine. Boxwork pits that indicate the presence of sulfides are also associated with sericite-silica alteration within the Las Hediondas mine area, possibly indicating quartz-sericite-pyrite alteration, an alteration style often intimately associated with porphyry-Cu mineralization.

Argillite-Silica

Argillite-silica has an irregular distribution, principally located in the north-central part of the property, in the Quebrada de Vacas Heladas. It develops preferentially in the andesite rocks, where it exhibits partial kaolinization of the feldspars and partial silicification of the groundmass matrix. Determining the distribution of this alteration is difficult since there is a strong supergene alteration imposed upon it. However, it is possible to trace well-developed argillite alteration north to the El Indio system.

Property Geology

Mineralization

Information on the Las Hediondas prospect is limited with most information coming from initial reconnaissance work carried out in the 1930's. Parts of a translated report originally written by geologist P. Gloeber are as follows:

"The primary orebody is in the shape of irregular and branched veins that have cut into the rhyolite tuffs widely impregnating the crack walls and kaolinizing the main hill. The ordinary cracks may now be considered as hauling levels, the orebody extends over the whole impregnated area, thus forming large impregnation mantles. The primary copper ore is mainly deposited on chunks of kaolinized rhyolite, and partly propylitized, as it may be assumed, even though the pyrite formed during propylitization has been oxidized later on. In addition, there is a brecciated structure in the lodes, which in summary produces the typical compound vein formation with lateral impregnation.

The extension of the mineralized area is as follows: The aforementioned rough coat that covers the denudated layers of the hill, which is comprised of rhyolitic tuffs, has a thickness of approximately 20 m, a width of 250 to 300 m, the total difference in height is 800 m; if we now consider this lateral rough coat as the oxidation area, bearing copper secondary minerals, we have to assume that the extension of the primary orebody also extends more or less over the same horizontal and vertical dimensions.

The contents of the orebody are relatively simple. As primary minerals we find enargite, probably the only copper primary mineral. It appears in always well developed crystals, not in a dense or compact form. The crystals have grown either in gaping cracks or have found only the soft tuff, which they replace. A pyritic propylitization, which has impregnated the preexistent rock, possibly preceded the formation of enargite; however, we only found iron, either in the form of limonite or hematite, while pyrite"

Property Geology

He further wrote:

“The economic importance of this ore deposit that is prolonged to the S. hillside arises on the one hand from the relatively high grades and on the other hand from the easy exploration by leaching of the impregnated rough coat. If we take into account that the copper ore grades in Chuquicamata do not reach an average of 2% and we also consider the vertical extension of the impregnated area - more than 20 m - we can estimate approximately the secondary copper ore. Based only on a grade of 4% copper, which is less than half of the analysis of the poorest sample, we arrive at a visible existence of 4,000,000 cubic metres equivalent to 10,000,000 t of 2% - 10% Cu. The probable existence of primary mineral cannot be calculated and neither can the possible reserves, which are certainly significant. At any rate, it is a significant copper ore deposit with a relatively easy and cheap method of exploration; future exploration shall uncover the breadth and extent of this interesting orebody.

For the Argentine Republic the existence of this orebody represents an important indication in order to study and explore adjacent properties, since this type of copper ore deposit does not occur in isolated cases, but forms a series of ore bodies to a lesser or greater degree of importance.”

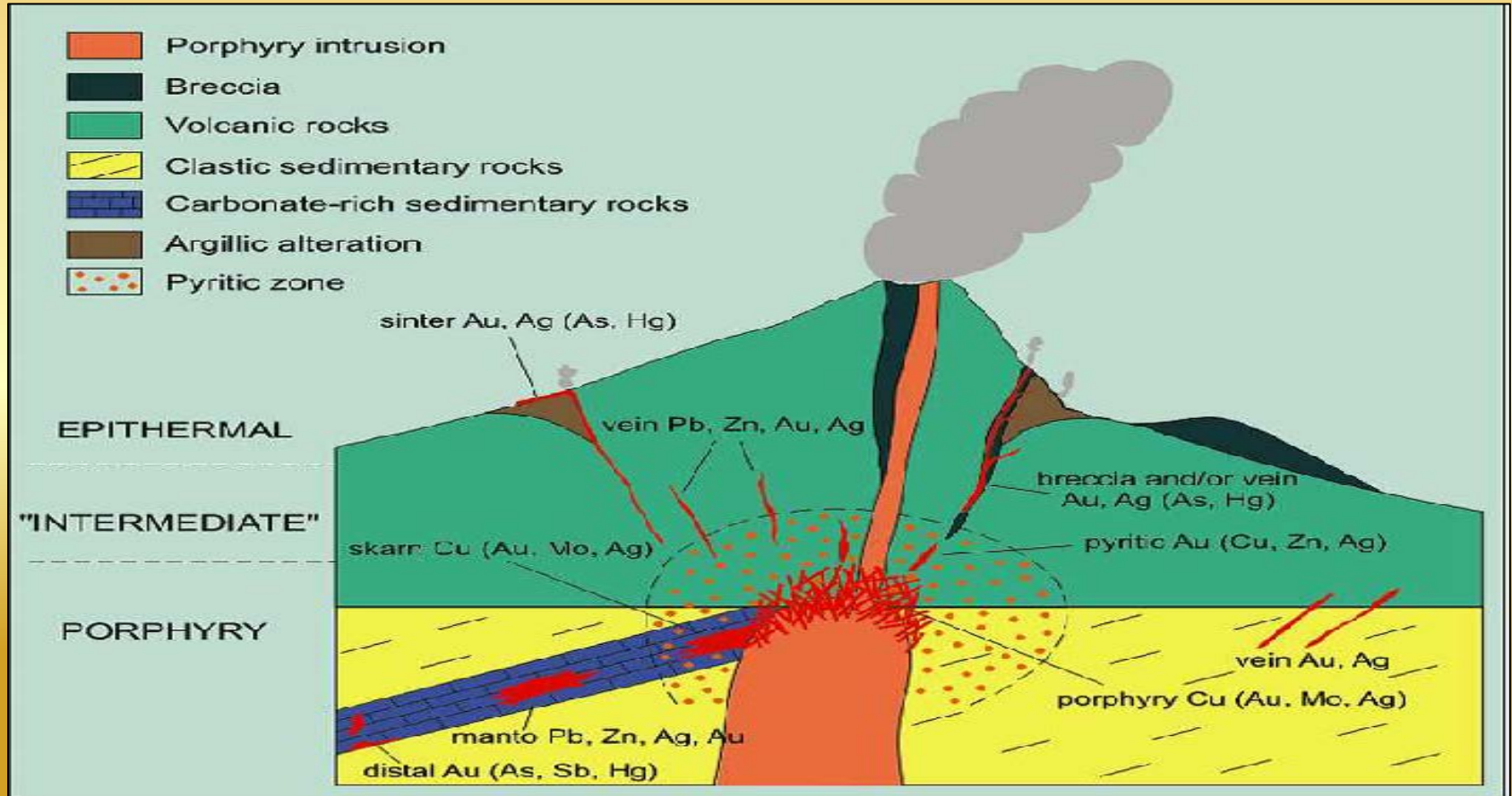
Exploration Potential

There is potential for the discovery of two types of mineralization on the property. The first is epithermal Au-Ag mineralization as either a high-grade vein system similar to El Indio and/or as low-grade disseminated mineralization similar to Pascua-Lama. High-grade veins that have seen limited past production are known to exist on the property. Their depth-extent, strike-extent and thicknesses remain unknown. Furthermore, the potential transition of the system at depth into a different mineralization style is unknown.

The second type of mineralization that could exist on the property is porphyry-Cu mineralization. Traditionally, the El Indio belt has not been thought of as having a high potential to host this type of mineralization. However, the connection between epithermal Au-Ag mineralization and porphyry-Cu mineralization should not be ignored. Porphyry-Cu systems represent the roots of epithermal Au-Ag systems. Roughly 100 km to the south, at Peregrine Metals' Altar project, epithermal mineralization that carries up to 20 g/t Au occurs above significant porphyry-Cu mineralization. Furthermore, at Las Hediondas, the alteration present is consistent with porphyry-Cu mineralization as well as epithermal mineralization.

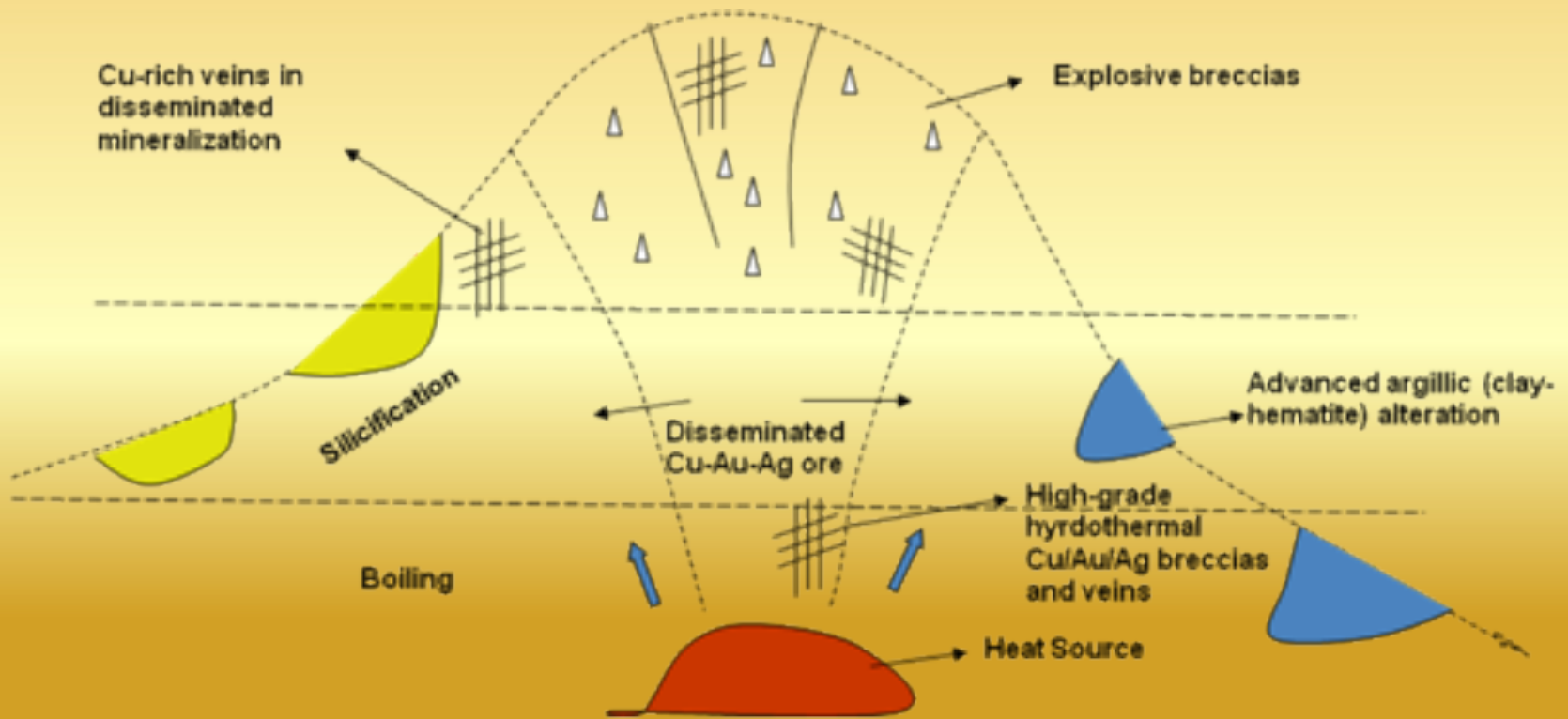
On May 31st, 2010 Malbex Resources, a Canadian junior mining company, released results from a drill-hole collared roughly 7 km east of the property, in Argentina. The results included 142 m of 1.11 g/t Au-equivalent beginning 22 m down-hole. The hole was ended in strong mineralization due to mechanical problems and the onset of winter conditions.

Exploration Potential



The Porphyry-Cu – Epithermal Au-Ag connection after Kirkham and Sinclair, 1995.

Exploration Potential



Exploration model for the Las Hediondas prospect

Work Completed

Work completed so far has included compilation of all known existing data into ArcGIS. Preliminary results of compilation show that the 5 holes drilled on the property were drilled parallel to the structure that hosts Las Tortolas. Hence, no diamond drilling has ever tested the Las Hediondas prospect either close to surface or at depth.



Work Completed

Historical Mine Workings at Las Hediondas property



Proposed Exploration Program

Geologic mapping

All past work concentrated on structures not related to the Las Hediondas prospect. Therefore, mapping needs to be redone with emphasis placed on the new exploration model.

Lithogeochemistry

Quantification of alteration could provide vectors towards mineralization.

Geophysics

No geophysical data is available for the property. A ground magnetic survey at 200m spacing is recommended for the whole property in order to help define intrusive bodies (possible heat sources) and alteration centres. Controlled-source audio-magnetotellurics (CSAMT) is recommended for the Las Hediondas area and any other high potential areas defined by mapping and geochemistry. CSAMT has proven successful in the El Indio belt for the identification of disseminated and vein mineralization.

Diamond-drilling

Testing of the Las Hediondas prospect at depth and any other targets defined by previous steps.

Past Production

1,268 tonnes at average grades of: **9.50% CU; 218 g/t AG; 1.03 g/t Au**

Number	Tonnes	Cu (%)	Ag (g/t)	Au (g/t)	Cu (lbs)	Ag (oz)	Au (oz)
1	43.8	12.9	167.3	1.0	12442	236	1.4
2	99.9	9.8	176.4	1.4	21542	567	4.5
3	140.9	9.5	269.9	0.9	29445	1223	4.1
4	10.4	10.1	241.6	1.0	2315	81	0.3
5	142.3	10.1	287.9	1.1	31619	1317	5.0
6	131.9	10.2	218.8	1.2	29604	928	5.1
7	16.6	13.8	256.8	1.7	5036	137	0.9
8	30.6	13.4	614.7	1.2	9024	605	1.2
9	28.5	15.2	198.2	0.5	9533	182	0.5
10	31.3	13.1	206.1	0.8	9035	208	0.8
11	49.9	14.5	358.6	1.4	15931	576	2.2
12	216.0	5.1	122.5	1.0	24234	851	6.9
13	89.8	8.9	198.1	0.7	17591	572	2.0
14	94.1	11.3	256.8	1.0	23391	777	3.0
15	142.3	7.8	140.3	0.9	24424	642	4.1
Total	1268.5				265,164	8,901	42
Average		9.50	218	1.03			

What is a tonne of this ore worth today?

At \$3.75/lb Cu, \$1400/oz Au and \$33/oz Ag the ore is worth ~\$1000/tonne

Proposed Exploration

Growth Plan

Las Hediondas -Tortolas:

- Data compilation and digitizing of historical exploration data
- Geological mapping and sampling of property and historic workings
- Geophysical survey to delineate high-quality drill-targets
- Drilling of targets for copper, gold and silver mineralization

Other Opportunities:

- Acquisition of additional advanced-stage gold-silver-copper properties