Scott E Wilson Consulting Inc
9137 S. Ridgeline Blvd., Ste 140
Highlands Ranch, CO 80129

Phone: (720) 348-1646
Fax: (303) 790-1872
www.wilsonmining.com

TECHNICAL REPORT

SOUTHERN LEGACY MINERALS INC.

ANTAKORI PROPERTY

YANACOCHA-HUALGAYOC MINING DISTRICT

DEPARTMENT OF CAJAMARCA, PERU

JULY 02 2012

PREPARED BY

SCOTT E. WILSON CONSULTING, INC.

SCOTT E. WILSON, C.P.G.

DATE AND SIGNATURE PAGE

The effective date of this technical report, entitled “Technical Report – Southern Legacy Minerals Inc., AntaKori Project, Peru” is July 2, 2012.

Dated: August 16, 2012

Scott Wilson, CPG

AUTHOR'S CERTIFICATE

I, Scott E. Wilson, of Highlands Ranch, Colorado, do hereby certify:

1. I am currently employed as President by Scott E. Wilson Consulting, Inc., 9137 S. Ridgeline Blvd., Suite 140, Highlands Ranch, Colorado 80129.
2. I graduated with a Bachelor of Arts degree in Geology from the California State University, Sacramento in 1989.
3. I am a Certified Professional Geologist and member of the American Institute of Professional Geologists (CPG #10965) and a Registered Member (#4025107) of the Society for Mining, Metallurgy and Exploration, Inc.
4. I have been employed as either a geologist or an engineer continuously for a total of 23 years. My experience included resource estimation, mine planning geological modeling and geostatistical evaluations of numerous projects throughout North and South America.
5. I have read the definition of "Qualified Person" set out in National Instrument 43-101 ("NI 43-101) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.
6. I made a personal inspection of the AntaKori Property on 22 March2012 for 1 day.
7. I am responsible for all of the items in the technical report titled Technical Report – Southern Legacy Minerals, Inc., AntaKori Property, Yanacocha-Hualgayoc Mining District, Peru, dated July 2, 2012
8. As of the date of the report, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.
9. I have had prior involvement with the property as the author of the Technical report titled Technical Report – Sinchao Metals Corp., Sinchao Property, Yanacocha-Hualgayoc Mining District, Peru, dated April 15, 2012.
10. That I have read NI 43-101 and Form 43-101F1, and that this technical report was prepared in compliance with NI 43-101.
11. According to Section 1.5 of NI 43-101 I am independent of Southern Legacy Minerals, Inc.(LCY) and the AntaKori Property due to the fact that neither I nor any family member at my home address owns an interest in LCY or the AntaKori Property.
12. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

____

Scott E. Wilson

August 16, 2012

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1 SUMMARY

1.1 ANTAKORI PROPERTY

The AntaKori Project (sometimes referred to as the "Project" or "Property") consists of known mineralization that is covered in part by 14 mining claims that are the subject of this report; ten claims 100% owned by Southern Legacy Minerals Inc. ("LCY" or "Southern Legacy") through a Peruvian wholly-owned subsidiary; three mining claims over which Southern Legacy holds 62.5% control through an option agreement; and one claim over which Southern Legacy holds 81.25% control through an option agreement. The Property is located in the Department of Cajamarca, Peru, South America. Together, the claims cover approximately 210 hectares of land.

1.2 ANTAKORI PROPERTY INFERRED MINERAL RESOURCES

The current mineral resource estimate is based on 70 drill holes for a total of 17,622.5 meters of drilling. The mineral resource is developed using a block model with a block size of 10 x 10 x 10 meter blocks. All tonnages are reported in metric tons (tonnes). The poly metallic grades for AntaKori are estimated from 5,898 three-meter-length composites. SEWC used inverse distance to the 7^{th} power estimation procedures. The basis for the estimation procedures is described in Section 14.

The AntaKori mineral resources are tabulated by open pit and underground mining methodologies and geometries. Mineral Resources are confined to the Project mineral tenure. The following metal selling prices were used: $1,500/oz Au, $25/oz Ag, $3.50/lb Cu, $0.95/lb for both Pb and Zn, and $16/lb Mo. The pit limited resource was tabulated at a copper equivalent cutoff grade of 0.20% while the underground resource was reported at a copper equivalent cutoff grade of 0.50%. Both of these approaches meet the criteria that a mineral resource estimate has a "reasonable prospect for economic extraction." The mineral resource estimate was prepared in compliance with Canadian National Instrument 43-101 and followed the guidance of the Canadian Institute of Mining - Definition Standards for Mineral Resources and Mineral Reserves. Table 1.1 represents the summary of the Inferred Resources for the Project. There are no Measured or Indicated Mineral Resources identified for the Project.

Table 1.1 AntaKori Project Inferred Mineral Resources

	AntaKori Inferred Resources at July 02, 2012													
Resource Type	Cutoff Copper Equivalent	Tonnes (X1,000)	Grade Au g/t	Ounces Au	Grade Ag g/t	Ounces Ag	Grade Cu %	Cu Lbs (x1,000)	Grade Mo ppm	Mo Lbs (x1,000)	Grade Pb %	Pb Lbs (x1,000)	Grade Zn %	Zn Lbs (x1,000)
In Pit	0.20%	125,388	0.25	1,008	6.60	26,606	0.28	774,012	6.93	1,916	0.05	138,216	0.22	608,152
Underground	0.50%	169,376	0.44	2,396	12.79	69,647	0.63	2,352,481	13.48	5,034	0.08	298,728	0.26	970,865
Total		294,764	0.36	3,404	10.16	96,253	0.48	3,126,493	10.69	6,950	0.07	436,944	0.24	1,579,018

1.3 GEOLOGY

The property is underlain by a thick pile of metamorphosed fine grained sedimentary rocks and shallow marine, limestones that are interbedded with minor calcareous silt and sandstones, which are locally covered by dacitic volcanics with weak argillic alteration. A medium to coarse grained stock of dioritic composition was then emplaced and followed by medium grained diorite to quartz diorite porphyritic dykes. The emplacement of the dikes prepared the geology in such a way that mineralized solutions emplaced substantial concentrations of base metals as well as gold and silver.

1.4 MINERALIZATION

Mineralization is represented by strong dissemination and veins/veinlets of pyrite and/or enargite-(sphalerite-tenantite-galena) with high contents of Cu-Au-Ag-Zn-As-(Sb). Chalcopyrite is occasionally found and it is probably relicts of older episodes of mineralization. A series of vertical porphyry dikes host mineralization. Mineralization is also disseminated throughout metamorphosed rock units and is also found locally throughout an overlaying cap of volcanic rock units.

1.5 DRILLING

Seventy drillholes have been drilled to date on the Project. The drilling is a combination of Reverse Circulation and Core hole drilling. The drillholes were intended to cross structures and identify potentially economic quantities of mineralized material. Assays were collected and analyzed according to accepted industry standards. Reference samples, blank samples and standard samples were inserted into the mixture of samples to ensure laboratory quality, sample quality and sample accuracy for the AntaKori deposit.

1.6 RECOMMENDATIONS

Implement the property wide drilling program. Table 1.2 sets out the property wide work program for the Project.

Table 1.2 Recommended Drilling Program

Item	US$ (000)
Diamond drilling 20,000 m, including geology and assays.	5,000,000
Access and permits.	100,000
General and administration.	100,000
Total	5,200,000

2 INTRODUCTION AND TERMS OF REFERENCE

2.1 PURPOSE OF TECHNICAL REPORT

At the request of Cesar Lopez, Chairman and CEO of LCY, this technical report has been prepared by Scott E. Wilson Consulting, Inc. ("SEWC") on the AntaKori Project, Yanacocha-Hualgayoc mining districts in the department of Cajamarca, northern Peru. The purpose of this report is to provide LCY and its investors with an independent opinion on the technical aspects and mineralization present on LCY's mineral tenure. This report conforms to the standards specified in Canadian Securities Administrators' National Instrument 43-101, Companion Policy 43-101CP and Form 43-101F. The information in the report is current as January 31, 2012.

This technical report is a new technical report written specifically for LCY with respect to the property. Prior to 25 January 2012 the author has had no involvement with LCY or the AntaKori Property.

This report describes the property geology, mineralization, exploration activities and exploration potential based on compilations of published and unpublished data and maps, geological reports and a field examination by the author. The author has been provided documents, maps, reports and analytical results by LCY. This report is based on the information provided, field observations and the author's familiarity with mineral occurrences and deposits worldwide.

The author visited the Project on March 22, 2012.

This report was prepared by Scott E. Wilson. There is no affiliation between Mr. Wilson and LCY except that of independent consultant/client relationship.

2.2 TERMS OF REFERENCE

The report fulfills the requirements of LCY to list as a publically traded company in Canada. The reader of this report can rely on its contents to represent an accurate assessment of the technical information in regards to LCY's AntaKori Property.

2.2.1 ABBREVIATIONS

m	meter(s)
km	kilometer(s)
g/t	grams/tonne
ha	Hectares
oz	ounces
Au	gold
Ag	silver
Cu	copper
Zn	zinc
Pb	lead
Sb	antimony
Mo	molybdenum
MT	metric tonne

2.2.2 COMMON UNITS

Gram	g
Kilo (thousand)	k
Less than	<

Million	M
Parts per billion	ppb
Parts per million	ppm
Percent	%
Square foot	ft2
Square inch	in2
Square meter	m2
Tonne	t
Tonnes per day	tpd
Tonnes per hour	tph
Tonnes per year	tpy

2.2.3 COMMON CHEMICAL SYMBOLS

Antimony	Sb
Arsenic	As
Calcium carbonate	$CaCO_3$
Copper	Cu
Cyanide	CN
Gold	Au
Hydrogen	H
Iron	Fe
Lead	Pb
Molybdenum	Mo
Silver	Ag
Sodium	Na
Sulfur	S
Zinc	Zn

2.2.4 COMMON ACRONYMS

AA	atomic absorption
AuEq	gold equivalent
CIM	Canadian Institute of Mining, Metallurgy and Petroleum Engineers
ISO	International Standards Organization
RC or RVC	Reverse circulation

3 RELIANCE ON OTHER EXPERTS

For Section 4 of this report, the author relied upon the legal review of: 1) Gallo Barrios Pickmann with respect to a legal opinion issued to Haywood Securities Inc. and Miller Thompson LLP dated June 19, 2012, signed by Fernando Pickmann; and 2) Rodrigo, Elias and Medrano with respect to a property ownership in memo to Sinchao Metals Corp. dated March 17, 2011, signed by Francisco Tong and Claudio Ferrero. In addition, attorneys at the law firm of Gallo Barrios Pickmann were consulted in reference to the ownership status of the mining titles. This was used to verify that the mineral tenure in this report is in good standing.

4 PROPERTY DESCRIPTION AND LOCATION

4.1 MINERAL TENURE

The mineral tenure at the Property is held entirely in government approved claim titles. The Property consists of fourteen mining claims with an area of approximately 210 hectares. The details regarding the ownership status of the mining claims are outlined in Table 4.1, including the names of the registered title holders, all of which are either wholly or majority owned by LCY.

Table 4.1 LCY Property Claims

CONCESSION NAME	SIZE HECTARES	REGISTERED TITLE HOLDER
Maria Eugenia	24.00	S.M.R.L. RITA MARGOT DE CAJAMARCA
Maria Eugenia 1	40.00	S.M.R.L. RITA MARGOT DE CAJAMARCA
Rita Margot	8.00	S.M.R.L. RITA MARGOT DE CAJAMARCA
Maria Eugenia No. 2	12.00	S.M.R.L. MARIA EUGENIA 2 MINA VOLARE DE CAJAMARCA
Mina Verdecita	29.99	CORPORACION MINERA SINCHAO S.A.C.
El Clavel	30.00	CORPORACION MINERA SINCHAO S.A.C.
Mina Volare	23.99	CORPORACION MINERA SINCHAO S.A.C.
Napoleon	10.00	CORPORACION MINERA SINCHAO S.A.C.
Demasia Inquisicion	3.23	CORPORACION MINERA SINCHAO S.A.C.
Sinchao No. 1	1.00	CORPORACION MINERA SINCHAO S.A.C.
Sinchao No. 2	17.99	CORPORACION MINERA SINCHAO S.A.C.
Sinchao No. 3	2.00	CORPORACION MINERA SINCHAO S.A.C.
Valle Sinchao No. 3	2.00	CORPORACION MINERA SINCHAO S.A.C.

Southern Legacy controls 62.5% of the capital stock of SMRL Rita Margot de Cajamarca, the registered title holder of three of the above-listed mining claims. Through its option to purchase 62.5% of SMRL Rita Margot de Cajamarca and its 100% ownership of Corporacion Minera Sinchao S.A.C., Southern Legacy controls 81.25% of the capital stock of SMRL Maria Eugenia 2 Mina Volare, the registered title holder of one of the above listed mining claims. In addition, the mining claim held by SMRL Maria Eugenia 2 Mina Volare, Maria Eugenia No. 2, overlaps the Mina Volare claim which is owned 100% by Southern Legacy. Southern Legacy holds 100% ownership of the remaining ten mining claims through its wholly-owned subsidiary, Corporacion Minera Sinchao S.A.C., the registered title holder.

Southern Legacy's option to acquire 62.5% of the capital stock of SMRL Rita Margot de Cajamarca is subject to a net smelter return royalty of 1.375%. Of this total, 1% NSR was granted to one of the vendors subject to a $4.5 million buy-out option, and 0.1875% NSR was granted to each of two other vendors.

4.1.1 LEGAL FRAMEWORK REGARDING MINING CLAIMS AND MINING ACTIVITIES

LCY is entitled to explore for exploitable minerals based on the General Mining Law of Peru. The General Mining Law of Peru defines and regulates different categories of mining activities, ranging from sampling and prospecting to development, exploitation, and processing (D.S. No. 014-92-EM, 19926).

Mining concessions are granted using UTM coordinates to define areas generally ranging from 100 ha to 1,000 ha in size. Mining titles are irrevocable and perpetual, as long as the title holder maintains payment of the “Derecho Vigencia” fees up to date to the Ministry of Energy and Mines (Ministerio de Energia y Minas). A holder must pay a “vigencia” (annual maintenance fee) of US$3/ha (for metallic mineral concessions) for each concession actually acquired, or for a pending application (petitorio), at the time of acquisition and then by 30 June of each subsequent year to maintain the concession. The concession holder must sustain a minimum level of annual commercial production of greater than US$100/ha in gross sales before the end of the sixth year of the grant of the concession; or, if the concession has not been put into production within that period (by the first semester of the seventh year), the annual rental increases to US$9/ha (US$3 for vigencia plus a US$6 penalty) until the minimum production level is met. If by the start of the twelfth year the minimum production level has still not been achieved then the annual rental increases to US$23/ha thereafter (US$3 for vigencia plus a US$20 penalty). The concession holder can be exonerated from paying the penalty if he can demonstrate that during the previous year he has “invested” an equivalent of no less than ten times the penalty for the total concession. This investment must be documented along with the copy of the “declaración jurada de impuesto a la renta” (annual tax statement) and the payment of the annual “Derecho Vigencia” fees. The concession will terminate if the annual rental is not paid for three years in total or for two consecutive years. The term of a concession is indefinite provided it is properly maintained by payment of rental fees.

The holder of a mining concession is entitled to all the protection available to all holders of private property rights under the Peruvian Constitution, the Civil Code, and other applicable laws. A Peruvian mining concession is a property-related right; distinct and independent from the ownership of land on which it is located, even when both belong to the same person. The rights granted by a mining concession are defensible against third parties, are transferable and chargeable, and, in general, may be the subject of any transaction or contract.

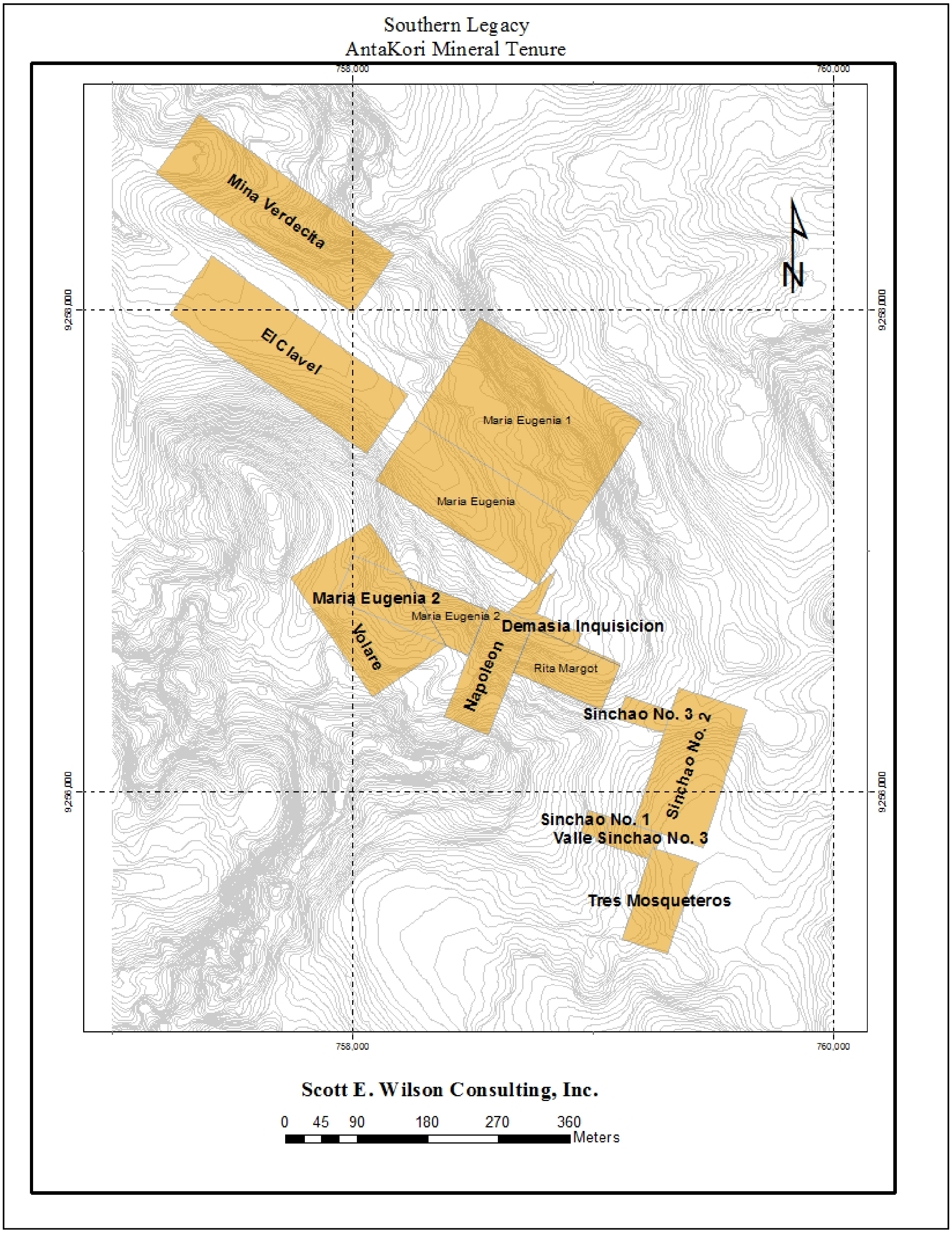
To be enforceable, any and all transactions and contracts pertaining to a mining concession must be entered into a public deed and registered with the Public Mining Registry (Registro Publico de Mineria). Conversely, the holder of a mining concession must develop and operate his/her concession in a progressive manner, in compliance with applicable safety and environmental regulations and with all necessary steps to avoid third-party damages. The concession holder must permit access to those mining authorities responsible for assessing that the concession holder is meeting all obligations.

4.2 LOCATION

The Property covers the upper portion of the Sinchao Valley and partially covers the ridge at the head of the valley as well as a portion of the open plain immediately to the south. The upper Sinchao Valley has a flat appearance but becomes more rugged at a lower elevation to the north. The slopes of the valley are moderately steep and the eastern slope locally has 5 to 20 meter cliffs. The Property straddles the South American continental divide (Figures 4.1 and 4.2).

Figure 4.1 Location of the AntaKori Property

Figure 4.2 LCY Mineral Tenure



4.3 SOUTHERN LEGACY MINERALS INC., REVERSE TAKEOVER

On March 28, 2012 Sinchao Metals Corp. ("Sinchao Metals") (TSX-V: SMZ) and LCY reported that Sinchao Metals and Southern Legacy signed a definitive agreement setting forth the structure of the proposed business combination of the two entities to form a diversified mineral exploration company with base and precious metals properties in Peru, Chile and Colombia. The business merger was completed on June 29, 2012.

4.3.1 TRANSACTION DETAILS

The two companies combined their businesses through the merger of Southern Legacy with Sinchao Idaho, Inc., an Idaho corporation and wholly-owned subsidiary of Sinchao Metals. In connection with the merger the shareholders of Southern Legacy received 0.8352 of a common share of Sinchao Metals for each one common share of Southern Legacy.

Southern Legacy shareholders hold 70% of the pre-financing shares, and Sinchao Metals shareholders hold the remaining 30%. In addition, outstanding options and warrants of Southern Legacy were exchanged for options and warrants of Sinchao Metals, adjusted to give effect to the Exchange Ratio. Southern Legacy is an arm's length party to both Sinchao Metals and Andean American Gold Corp., Sinchao Metals' largest shareholder.

In connection with the completion of the Transaction, Sinchao Metals completed a consolidation of its common shares based on a 6:1 consolidation ratio. Upon completion of the Transaction, all outstanding Sinchao Metals options and warrants were adjusted to reflect the consolidation. The foregoing consolidation ratio calculation was designed to ensure that Sinchao Metals was provided with a valuation of approximately C$15 million as part of the Transaction.

As part of the Transaction, Sinchao Metals completed an offering of approximately C$7.1 million of subscription receipts at a price of C$1.00 per subscription receipt. Each subscription receipt entitled the holder to receive, without the payment of any additional consideration or further action on the part of the holder thereof, one unit upon closing of the Transaction. Each Unit is comprised of one post-consolidation common share of Sinchao Metals and one-half of one post-consolidation warrant (each whole warrant being referred to herein as a "Warrant") of Sinchao Metals. Each Warrant entitles the holder thereof to acquire, for 24 months following the date of issuance, one common share of Sinchao Metals at an exercise price of C$1.30 per share, subject to adjustment.

4.4 ENVIRONMENTAL

The General Mining Law of Peru is the main body of law with regard to environmental regulation of exploration and mining activities. The General Mining Law is administered by the Ministry of Energy and Mines (MEM). A detailed description of Peru's environmental regulations is found on the MEM website (http://www.minem.gob.pe). Generally, the MEM requires exploration and mining companies to prepare an Environmental Evaluation (DIA), an Environmental Impact Assessment (EIA), a Program for Environmental Management and Adjustment (PAMA), and a Closure Plan. Mining companies are also subject to annual environmental audits of operations.

According to Peruvian regulations environmental requirements for mineral exploration programs are divided into categories I and II. Category I includes drilling of less than 20 drill platforms within a 10 ha area. An application must be submitted and a fee of approximately US$50 must be paid. Category II pertains to mining exploration programs with more than 20 drill holes, exploration areas greater than 10 ha, or construction of more than 50 m of tunnels.

Submission and acceptance of a DIA (Evaluación Ambiental) is required for approval of Category I activities. The MEM has a period of 45 days to review and approve, respond with questions, or disapprove the EA; the EA is considered approved if the MEM does not respond within that period.

A mining company that has completed its exploration stage must submit an EIA (Estudio de Impacto Ambiental) when applying for a new mining or processing concession, or to increase the size of its existing processing operations by more than 50%; or to execute any other mining project. The EIA must include plans for expenditures on an environmental program representing no less than 1% of annual sales. The company must organize hearings and workshops to present the data and coordinate the dates and locations with the MEM.

The PAMA (Programa de Adecuación y Manejo Ambiental) must set forth the company's plan for compliance with the Peruvian environmental laws and regulations, including the planned mining works, investments, effluent controls and monitoring systems, control of protected areas and site restoration. Once a PAMA has been submitted, the MEM has four months in which to review and approve, or disapprove the PAMA. If the MEM or an "interested party" can show just cause, the PAMA may be modified during the first year. The PAMA however is only applicable to mining operations that were in production prior to 01 May 1993.

A mining company must also prepare and submit a Closure Plan (Plan de Cierre) for each component of its operation. The Closure Plan must outline what measures will be taken to protect the environment over the short, medium and long term from solids, liquids and gases generated by the mining operation.

The General Mining Law of Peru has in place a system of sanctions or financial penalties that can be levied against a mining company which is not in compliance with the environmental regulations.

There is evidence of artisanal mining on the property including small pits that are filled with water though it is unclear if LCY is responsible for this environmental liability.

LCY plans on obtaining exploration and drilling permits for the property though at the writing of this report none had been obtained. The author is unaware of any other factors that may affect access, title or the right or ability to perform work on the property.

5 ACCESS, CLIMATE, INFRASTRUCTURE AND PHYSIOGRAPHY

The AntaKori Property is located approximately 60 km north of the city of Cajamarca in the district of Hualgayoc in northern Peru. The elevation of the property varies from 3725 to 4000 metres above sea level. Access to the property from Cajamarca is limited to paved segments to a loose surface road, a trip that takes approximately 2 hours. Regularly scheduled commercial flights depart Lima for Cajamarca daily. The infrastructure in Cajamarca is adequate and is steadily improving.

The vegetation throughout the valley consists of a variety of grasses with rare low shrubs growing near water. There are no trees within the property boundaries. There is no operating season as the climate is such that operations can be executed year-round. The local climate is characterized by two well-defined seasons. The dry season, from May to November, has average temperatures of 10 degrees Celsius during the day and is commonly below freezing at night. The rainy season, from December to April, has average daytime temperatures of 15 degrees Celsius and the night-time ranges from 3 to 5 degrees Celsius.

The property is still in the stages of requiring additional drilling to identify the extents of mineralization. There is good access to develop drill roads; there is access to ample water and power. The property is within 5 kilometers of two active mines and 35 kilometers north of the Yanacoha mine, one of the largest mines in Peru. There are major power lines near the project. There are several communities near the project that are familiar with mining so there is access to a workforce. The project lies within a large flat valley making this an ideal location for a mine with its associated overburden disposal areas and processing facilities.

6 HISTORY

In 1920 geologists of Northern Peru Mining and Smelting Corporation studied the Tantahuatay and Sinchao areas and suggested the possible existence of copper porphyry deposits in the area (Castro, 1996). Previous small scale mining exists near the mining concessions, mainly within the massive sulphide replacement type lenses in the southern portion of the property. The Inquisicion, Cleopatra, and Tres Mosqueteros massive sulphide zones have all seen previous production. Small scale underground mining also took place within the Volare concession.

According to Castro (1996), copper mining at the Cleopatra zone started in 1953 and continued intermittently until 1960. The mine resumed operations in 1962 and continued until 1974 when a drop in the price of copper caused the mine to close. From 1953 to 1974 the total production amounted to 132,169 tonnes at an average grade of 3.24 % copper and 82 g/t silver. At its peak production in 1973, the mine operated at a rate of 60 tonnes per day. The Inquisicion pit area, also called Mina Incognita, was also partially mined during the same time as Cleopatra. The Tres Mosqueteros area was mostly mined before 1950 (Boggio, 1985).

Two northeast dipping structures in the centre of the Volare concession were mined by underground methods between 1969 and 1975. The Volare mine saw only limited production and the second of 2 veins contained mineralization grading 3.57% copper and 0.5 ounces per tonne silver (El Misti Gold Limited, 1998). Small scale mining was also performed at Mina Verdecita (Figure 2) during the mid 1970's.

Castro (1996) summarized recent exploration within the Sinchao Valley to: Kennecott who first worked on the property in 1960; followed by Cerro de Pasco who conducted regional exploration in 1963 and is reported to have drilled 2 diamond drill holes in the vicinity of the Volare concession. Ministerio de Fomento y Obras Publicas performed a large-scale regional soil sampling program over Cerro Tantahuatay (including the southwestern portion of Sinchao) in 1967 followed by Mincosa who performed a regional program and possibly a little mining. Kennecott drilled 2 vertical 100 metre holes south of the Inquisicion pit in 1970. Granges, who performed the last reported exploration in the Sinchao valley in 1987, concentrated their work on the partially mined massive sulphide bodies.

On February 7, 2011, Sinchao Metals announced that it had conducted a review of its properties earlier in 2011 and determined that title to the claims of four of the properties containing resources were not held by Sinchao Metals. These properties named Rita Margot, Maria Eugenia, Maria Eugenia 1 and Maria Eugenia 2, were reported to contain approximately 40% of the inferred resource previously disclosed by Sinchao Metals. After a period where negotiations were held to recover the properties, on April 20, 2011, Sinchao Metals declared that it did not expect to be able to recover the properties and wrote down the project by $11,465,806 to management's best estimate of its fair value as a result.

6.1 HISTORICAL EXPLORATION PROGRAMS

In July 1996, Sinchao Metals personnel collected a total of 354 rock and soil samples along a 50m by 50m grid of approximately 2,500 m^2 within the Sinchao group of concessions. Bondar Clegg Laboratories in Vancouver performed geochemical analysis for Au and 32 element ICP. This work was accompanied by geological mapping and ground geophysical work, which consisted of 22.1 km of IP and resistivity and 23.3 km of magnetometer surveys (Jaramillo, 1998). The results of the soil sampling survey were used to target future drilling campaigns.

In 1998 Geomecanica S.A. prepared a topographic base map from existing air photos. The map was reproduced at both 1:5,000 and 1:2,500.

It is important to understand the general geophysical concepts as related to the field work done in 1996 at the Sinchao Property.

During 1996 a geophysical survey was done. It consisted on a ground magnetic and IP/resistivity survey. In the central and northern portion of the property a well-defined 1,300 meter by 900 meter elliptical magnetic anomaly with strong coincidental IP anomalies were detected. Within the mag anomaly lies a copper-gold-zinc (silver) skarn with strong epidote, chlorite, and magnetite alteration. The primary sulphides within the skarn are pyrite and chalcopyrite with lesser bornite. Skarn mineralization has been intersected in four diamond drill holes (SDH –03, 05, 06, and 07). The mineralization is open to both the north and east and potentially could extend 250 metres to the south. The vertical thickness of the skarn body as seen in drill hole SDH-06 is approximately 500 metres. The skarn target has a very large geological potential.

The mineralized breccia zone is associated with the Sinchao Fault and was a new target defined during the 1998 drilling program. It lies between the epithermal zone to the west and the skarn to the east. The zone trends northwest through the center of the property and forms a corridor that is coincident with a low resistivity geophysical anomaly.

In August 2006 3D Induced Polarization and Ground Magnetic surveys were completed. This work extended the chargeability features associated with the Breccia Zone to the northwest, and has identified a distinct magnetic anomaly that appears to be related to the high-grade skarn mineralization.

Also, during this time a detailed mapping and sampling program were completed over the property. Sixty-four samples of massive sphalerite, galena and pyrite within the skarn mineralization returned average values of 14.27% Zinc, 2.40% Lead, 1.87 g/t Gold, 85.04 g/t Silver and 1.40% Copper. There is excellent potential for high-grade lead-zinc skarn mineralization on the Sinchao Property.

During 2007 a trenching program collected 100 samples from 11 trenches and 76 soil samples. Hand trenches were excavated near the eastern end of the Skarn Zone, in the vicinity of Hole SDH-26, where at least four structures similar to the one intersected in Hole SDH-26 were identified.

The trench samples returned average values of 0.61 g/t gold, 28.8 g/t silver, 0.38% copper, 0.57% lead and 0.52% zinc, with ranges of 0.10 to 14.48 g/t gold, 0.50 to 354.0 g/t silver, 0.008% to 2.23% copper, 0.0124% to 17.80% lead and 0.0055% to 2.37% zinc. The trench samples were from oxidized sulphides collected at surface, beneath a soil cover approximately 50cm deep. Samples were collected using a hammer and rock chisel, over widths of 1 or 2 metres.

The soil samples were collected as part of an orientation survey and returned average values of 0.15 g/t gold, 7.71 g/t silver, 0.24% copper, 0.11% lead and 0.21% zinc, with only a few isolated, anomalous copper, lead and zinc values.

During the 2007 and 2008 diamond drill exploration programs for a total of 9,502.11 metres were drilled in 38 drill holes.

6.2 HISTORICAL DRILLING PROGRAMS - 2008 AND PRIOR YEARS

In March and April of 1997, Sinchao Metals drilled 15 reverse circulation holes, totalling 2,098 metres with significant intercepts listed in Table 6.1. Samples were taken at two metre intervals for a total of 1,047 samples. The samples were analyzed for gold, silver, copper, lead and zinc by Bondar Clegg in Vancouver.

Drill holes SRC 1-6, 8, and 9 were drilled in the Inquisicion massive sulphide bodies and drill holes SRC-10, 11, and 12A targeted the western margin of the large magnetic anomaly and intersected skarn-style mineralization - initially interpreted as a porphyry. Drill hole SRC-7 was drilled into the base of the Napoleon concession and SRC-12 was lost at a depth of 30 metres.

The 1998 Sinchao drilling program, conducted by Sinchao Metals, was designed to explore the previously identified mineralization intersected by reverse circulation drill holes SRC-07, 10, 11, and 12A as well as to test previously undrilled geological and geophysical targets within the Sinchao Valley. The manto-style massive sulphide bodies that were drilled in 1997 were not a focus of the 1998 drill program.

The 1998 Sinchao drill program consisted of 7 reverse circulation drill holes totalling 1,174.5 metres and 10 diamond drill holes totalling 5,176.25 metres (Tables 6.2 and 6.3) for a combined total of 6,350.75 metres of drilling. The program involved a total of 5 drills. The reverse circulation drill operated by Andes Drilling was on the property between April 24th and May 18th. The holes were drilled using a Foremost Prospector 750 buggy-mounted drill rig equipped with a Sullair 900 cubic foot x 350 p.s.i. compressor. The proposed RC program consisted of 200 to 300 metre deep holes, but unfortunately, only one was completed to depth.

Four diamond drill rigs were employed during the length of the second portion of the program. A Maxidrill operated by Bradley Brothers drilled 4 holes between May 16th and August 3rd and Major Drilling provided 2 Boyles 56's which drilled 3 and 2 holes from May 24th to July 28th and May 22nd and July 21st respectively. The fourth drill, a dual-capacity drill with both reverse circulation and diamond capabilities, was operated by Andes Drilling and drilled 1 core hole between May 16th and June 10th. As with the reverse circulation drill the dual capacity drill was also a Foremost Prospector 750 buggy-mounted rig.

The drills collected HQ diameter drill core for all the holes and to increase the quality of the sample used the HQ3 split-tube sampling system for holes SDH-01, 05, 07, 08, 09, and 10. When needed, the drillers reduced to NQ; this typically happened at a depth between 370 and 470 metres but SDH-06 was drilled to a depth of 650 metres using HQ.

In 2007 and 2008 Sinchao drill programs were designed to test the limits of the Breccia Zone and to test for High grade Zn and Skarn. These programs drilled 38 diamond drill holes totalling 9,502.11. A total of 5,886 core samples were taken. The down-hole deviations of the diamond drill holes were measured by acid tests. The deviations of the abandoned drill holes (SDH-01, 04, and 09), SDH-02, and the reverse circulation drill holes were not measured.

Geomecanica S.A. (a Peruvian surveying company) was hired to conduct the on-site surveying. This included the surveying of the drill platforms and new access roads. After the drill holes were finished the drill collar locations were re-surveyed.

Table 6.1 1997 Reverse Circulation Drill Hole Data

Drill hole	Hole	Sample numbers			Az.	Dip	Collar	Easting	Northing
number	depth (m)	From	To	Total			elevation (m)		
SRC-1	120.00	12000	12059	60	225	-60	3,812.60	758,926	9,256,770
SRC-2	219.00	12121	12230	110	225	-60	3,816.30	758,958	9,256,747
SRC-3	120.00	12061	12120	60	225	-70	3,806.70	758,889	9,256,734
SRC-4	120.00	12231	12290	60	225	-60	3,809.00	758,856	9,256,705
SRC-5	100.00	12291	12340	50	225	-60	3,810.50	758,862	9,256,638
SRC-6	110.00	12341	12395	55	225	-60	3,812.50	758,912	9,256,682
SRC-7	126.00	12396	12458	63	225	-60	3,807.90	758,608	9,256,742
SRC-8	110.00	12459	12513	55	45	-70	3,811.50	758,911	9,256,685
SRC-9	48.00	12514	12537	24	45	-60	3,809.10	758,858	9,256,705
SRC-10	170.00	12538	12622	85	0	-60	3,751.70	758,353	9,257,277
SRC-11	300.00	12623	12772	150	180	-60	3,751.70	758,353	9,257,275
SRC-12	30.00	12773	12787	15	180	-60	3,759.00	758,259	9,257,303
SRC-12A	195.00	12788	12885	98	180	-60	3,759.00	758,259	9,257,301

SRC-13	**150.00**	**12886**	**12960**	**75**	**45**	**-50**	**3,885.24**	**759,110**	**9,256,180**
SRC-14	**180.00**	**12961**	**13050**	**90**	**45**	**-50**	**3,893.49**	**759,051**	**9,256,140**
		Total	**Samples =**	**1050**					

Total RC Drilling = 2,098.00 meters

Table 6.2 1998 Reverse Circulation Drill Hole Information
(Assay data not included due to very low recoveries)

Drill hole	Hole	Sample numbers			Az.	Dip	Collar	Easting	Northing
number	depth (m)	From	To	Total			elevation (m)		
SRC-15	200.00	46001	46100	100	135	-60	3889.00	758,251	9,256,668
SRC-16	91.00	46101	46146	46	135	-60	3899.20	758,112	9,256,662
SRC-17	216.00	46147	46254	108	135	-60	3898.18	758,043	9,256,742
SRC-18	122.00	46255	46315	61	135	-60	3880.69	758,326	9,256,742
SRC-19	200.50	46316	46416	101	125	-60	3867.11	758,183	9,256,878
SRC-20	143.00	46417	46488	72	135	-60	3814.88	758,608	9,256,742
SRC-21	202.00	46489	46589	101	225	-60	3814.88	758,608	9,256,742
		Total	**Samples =**	**589**					

Total RC Drilling = 1,174.50 meters

Table 6.3 1998 Diamond Drill Hole Information

Drill hole	Hole	Sample numbers			Az.	Dip	Collar	Easting	Northing
number	depth (m)	From	To	Total			elevation (m)		
SDH-01	125.05	48001	48073	73	45	-86.5	3757.64	758,310	9,257,310
SDH-02	629.70	46757	47126	370	135	-60	3898.18	758,043	9,256,742
SDH-03	492.00	50001	50287	287	45	-75	3763.32	758,424	9,257,141
SDH-04	25.30	52001	52012	12	45	-70	3758.31	758,205	9,257,380
SDH-05	498.70	48074	48371	298	180	-60	3758.69	758,340	9,257,271
SDH-06	816.50	52015	52503	489	45	-65	3755.69	758,234	9,257,362
SDH-07	926.30	50288	50584	297	225	-60	3763.00	758,521	9,257,068
SDH-08	823.10	52504	52987	484	228	-60	3789.00	758,810	9,256,866
SDH-09	158.60	48372	48463	92	180	-60	3758.69	758,332	9,257,275
SDH-10	681.00	48464	48879	416	225	-60	3754.50	758,392	9,257,186
		Total	**Samples =**	**2,818**					

Total Diamond Drilling = 5,176.25 meters

The 2007 and 2008 Sinchao drill programs were designed to further test the continuity and limits of the Breccia Zone, and to test the High Grade Zinc in the Skarn Zone. The manto-style massive sulphide bodies that were drilled in 1997 were not a focus of the 2007 and 2008 drill programs.

The 2007 and 2008 Sinchao drill programs comprised 38 diamond drill holes totalling 9,502.11 metres (Table 11.4). A total of 5,886 core samples were taken.

Table 6.4 2007 and 2008 Diamond Drill Hole Data

2007 and 2008 Diamond Drill Hole Data									
Drill hole	Hole	Sample numbers			Az.	Dip	Collar	Easting	Northing
	depth (m)	From	To	Total			elevation (m)		
DDH-26	188.10	253	334	112	212	-40	3903.93	759378.26	9256640.31
DDH-25	159.55	1501	1560	60	212	-55	3903.93	759378.26	9256640.31
DDH-22	343.00	1601	10079	217	337	-40	3852.36	759171.73	9256749.95
DDH-24	143.60	10080	1805	67	0	-37	3917.46	759476.07	9256436.43
DDH-23	241.70	10191	10344	154	0	-55	3917.46	759476.07	9256436.43
DDH-21	271.10	10119	10355	236	180	-40	3852.00	759172.00	9256750.00
DDH-11	400.00	10356	10719	364	225	-45	3775.80	758405.75	9257172.42
DDH-12	190.05	10531	10645	115	225	-55	3783.91	758511.32	9257065.26
DDH-15	130.80	10834	10913	78	225	-75	3771.16	758306.28	9257303.80
DDH-12A	306.75	10720	10995	276	225	-40	3784.02	758511.28	9257065.20
DDH-15A	27.10	not sampled			225	-50	3780.09	758271.48	9257274.25
DDH-17	56.65	not sampled			225	-60	3824.00	758386.00	9256951.00
DDH-19	25.30	not sampled			225	-55	3836.73	758285.08	9257046.88
DDH-19A	141.25	1806	1898	93	225	-55	3816.00	758293.00	9257059.00
DDH-17A	80.45	1892	1982	91	225	-70	3824.00	758386.00	9256952.00
DDH-32	45.60	1953	A-000559	25	225	70	3860.00	758281.00	9256850.00
DDH-31	381.50	A-000350	A-000477	220	225	-70	3895.34	758183.57	9256725.91
DDH-33	392.65	A-000177	A-000613	218	225	-75	3888.51	758109.43	9256848.05
DDH-34	501.05	A-000458	2061	353	225	-75	3939.05	758030.02	9256595.68
DDH-35	500.40	A-000842	2810	365	225	-75	3872.70	758207.16	9256939.58
DDH-36	184.60	2163	2427	145	225	-75	3871.85	758272.52	9256858.96
DDH-36A	134.83	not sampled			225	-75	3868.00	758276.00	9256870.00
DDH-37	408.15	2451	3396	277	225	-75	3913.73	757996.81	9256754.48
DDH-38	82.93	2649	2866	64	225	-75	3815.00	758188.00	9257188.00
DDH-38A	47.50	not sampled			225	-75	3823.74	758181.32	9257184.82
DDH-39	94.60	2973	3447	54	225	-60	3824.00	758401.00	9256948.00
DDH-40	450.40	3073	3645	282	225	-85	3786.09	758486.21	9257062.52
DDH-41	388.90	3112	3822	235	45	-55	3780.30	758397.89	9257148.66
DDH-42	450.70	3736	4033	260	45	-60	3786.09	758486.21	9257062.52
DDH-43	273.35	4034	4890	145	225	-75	3903.76	758053.50	9257049.77
DDH-44	450.00	4061	4827	289	225	-70	3829.14	758603.32	9256741.13
DDH-45	374.65	4130	5566	206	225	-75	3916.36	757946.21	9256946.47
DDH-46	36.70	not sampled			45	-55	3815.11	758532.00	9256881.98
DDH-46A	384.70	4226	4934	215	225	-70	3878.43	758425.04	9256775.00
DDH-47	416.70	4915	5264	245	45	-60	3829.14	758603.32	9256741.13
DDH-48	306.70	5287	5552	160	45	-80	3878.43	758425.04	9256775.03
DDH-49	68.80	5383	5452	36	225	-75	3916.09	757861.92	9256862.08
DDH-50	421.30	5502	5827	229	225	-80	3871.85	758272.52	9256858.96
		Total Samples		5886					

6.3 SAMPLE ANALYSIS FORM THE 1998 DRILLING CAMPAIGN

During the 1998 drill program core samples were collected and were all sent to Bondar Clegg's preparation lab in Lima and the pulps were then forwarded to Vancouver where they were analyzed for gold by fire assay and for silver, copper, lead, zinc and 30 other trace elements by ICP. Samples that contained greater than 1000 ppm copper, lead, or zinc were to be re-submitted for assaying.

Initially, the samples were prepared using Bondar Clegg's 'standard sample preparation' but that was later changed to the 'blaster 2 sample preparation' in which the entire sample is crushed to –150 mesh and the heavy particles are separated (the coarse fraction) from the entire sample and assayed separately. The partial assays for the coarse and fine fractions are then combined to produce the final assay value. The samples from holes SDH-02, 03, 05 and 07 were re-assayed using the blaster method after having previously used the standard preparation, whereas samples from holes SDH-08, 09, and 10 were prepared using only the blaster method. The reason for having all the samples prepared using the blaster method was to check for the possible presence of coarse gold following the intersection of one high grade intersection in SDH-02 at 408 metres.

A total of 2,371 core samples were collected and all were sent to Bondar Clegg's preparation lab in Lima and the pulps were then forwarded to Vancouver where they were analyzed for gold by fire assay and for silver, copper, lead, zinc and 30 other trace elements by ICP. Samples that contained greater than 1000 ppm copper, lead, or zinc were to be re-submitted for assaying. Select samples were analyzed for indium and germanium.

The 'blaster preparation' method for the samples should not be used in future programs. The process does not give a consistently higher assay for the mineralization as there does not appear to be coarse gold at the Sinchao Property and it is too expensive for a large scale program in which all of the material is sampled.

The specific gravity of the diamond drill core was measured in the field. The measurements were done for holes SDH 01, 04, 06, and 07. For holes SDH-01, 04 and 06 measurements were taken every 4 metres whereas for drill hole SDH-07 they were taken every 2 metres. To calculate the specific gravity, an approximately 10 cm length of split core was taken from the core box and weighed on an electric balance. This piece of core was then placed in a graduated cylinder, containing a pre-measured amount of water, and the volume of the core was measured. The specific gravity of the sample was calculated by dividing the original weight by the volume.

Sample Preparation Procedure - CRU-31

Method: Crushing

The entire sample is passed through a primary crusher to yield a crushed product of which greater than 70% is less than approximately 2mm. A split (split size is determined by the final preparation method and analysis requested) is then taken using a stainless steel riffle splitter.

The crushing code indicates the weight of the original sample.

Code	Rush Code	Parameter	Sample Weight (lb)	Sample Weight (kg)
226	295	0-3 kg Crush and Split	0 - 6	0 - 3
294	272	4-7 kg Crush and Split	7 - 15	4 - 7
276	293	8-12 kg Crush and Split	16 - 25	8 - 12
273	271	13-18 kg Crush and Split	26 - 40	13 -18
270		19-26 kg Crush and Split	41 - 60	19 - 26
278		27-36 kg Crush and Split	61 -79	27 - 36

Sample Preparation Procedure - Splitting

Method: Splitting

The entire sample is transferred to a tray and then repeatedly passed through a stainless steel riffle splitter until the required split size has been obtained. Sample reject is returned to its original package or, if necessary, to a more suitable container.

Code	Parameter
234	0-7 kg Sample Splitting
260	8-26 kg Sample Splitting

6.4 SAMPLE PREPARATION PROCEDURE – PUL-31

Method: Grinding

A crushed sample split (200-300 grams) is ground using a ring mill pulverizer with a Chrome steel ring set. The specification for this procedure is that greater than 85% of the ground material passes through a 75 micron (Tyler 200 mesh) screen. Grinding with chrome steel may impart trace amounts of iron and chromium into a sample.

6.5 BLASTER 2 - SAMPLE PREPARATION PROCEDURE

The entire sample is crushed to –150 mesh and the heavy particles are separated (the coarse fraction) from the entire sample and assayed separately. The partial assays for the coarse and fine fractions are then combined to produce the final assay value.

Bondar Clegg Analytical Procedures used:

Precious Metal Analysis by Fire Assay and AAS

A 30 gram sample weight is mixed with fluxing agents including lead oxide, and fused at high temperature. The lead oxide is reduced to lead, which collects the precious metal. The precious metal is separated from the lead via cupellation. The precious metal content is determined by AAS.

Precious Metal Analysis by Screen Fire Assay

Selected samples were analyzed by screen fire assay to determine presence of coarse gold. A 1,000 g sample was used for screen fire assay analysis.

32 Elements by Aqua Regia and ICP-AES

Sample pulps were treated by hot aqua regia acid digestion. Dissolved elements (34 elements) were analyzed by ICP-AES.

6.6 CIMM LABS PROCEDURES

Core, underground and surface samples were routinely submitted to CIMM Labs in Lima, Peru. The lab has an internal QA/QC program.

6.6.1 CIMM SAMPLE PREPARATION

Once the sample is dried, the entire sample is introduced into a jaw crusher and reduced to minus one quarter inch, then it is mechanically split to obtain a representative sample, and then pulverized to at least 95% minus 150 mesh. The laboratory will then use quartz between each sample and an air hose to prevent contamination. The laboratory has implemented a quality assurance program through preparation of duplicates and pulp duplicates.

6.6.1.1 CIMM ASSAY PROCEDURES:

6.6.1.1.1 AU WITH AA FINISH

A 30 gram sample is mixed with flux and litharge (PbO) with Ag added as a collector. The sample with the flux is then put on a crucible; it is then placed in an assay furnace and left for a predetermined time, to melt. The crucibles are then removed from the assay furnace and the molten slag (lighter material) is carefully poured from the crucible into a mould, leaving a lead button at the base of the mould. The lead button is then placed in a preheated cupel which absorbs the lead leaving only a tiny metal bead of Ag (doré bead) which contains Au.

The Ag dore bead is dissolved in acid and the gold content is determined by AAS.

6.6.1.1.2 CU-PB-ZN ASSAYS

Aqua Regia Digestion – This leach uses a combination of concentrated hydrochloric and nitric acids to leach sulphides, some oxides and some silicates. Final determination of the element concentration is done by AAS.

7 GEOLOGICAL SETTING AND MINERALIZATION

7.1 REGIONAL GEOLOGY

As a result of the long history of mining in the area, the stratigraphy of the Hualgayoc area is well documented. The AntaKori Property lies near the boundary of two geological terrains - Cretaceous aged sediments and Tertiary aged volcanics and intrusives.

The oldest rocks exposed in the Hualgayoc area are Cretaceous (Albian) quartzites, siltstones, and dark shales of the up to 800 m thick Goyllarisquizga Group (McFarlane and Petersen, 1990) and outcrop approximately 8 km east of the AntaKori Property. These quartzites are overlain by the approximately 30 m thick Inca Formation (McFarlane and Petersen, 1990). The sandstones, siltstones, and shales of the Inca Formation grade upwards into the Chulec Formation, which is dominated by grey fossiliferous limestones and marls with interbeds of shale and calcareous shale (McFarlane and Petersen, 1990).

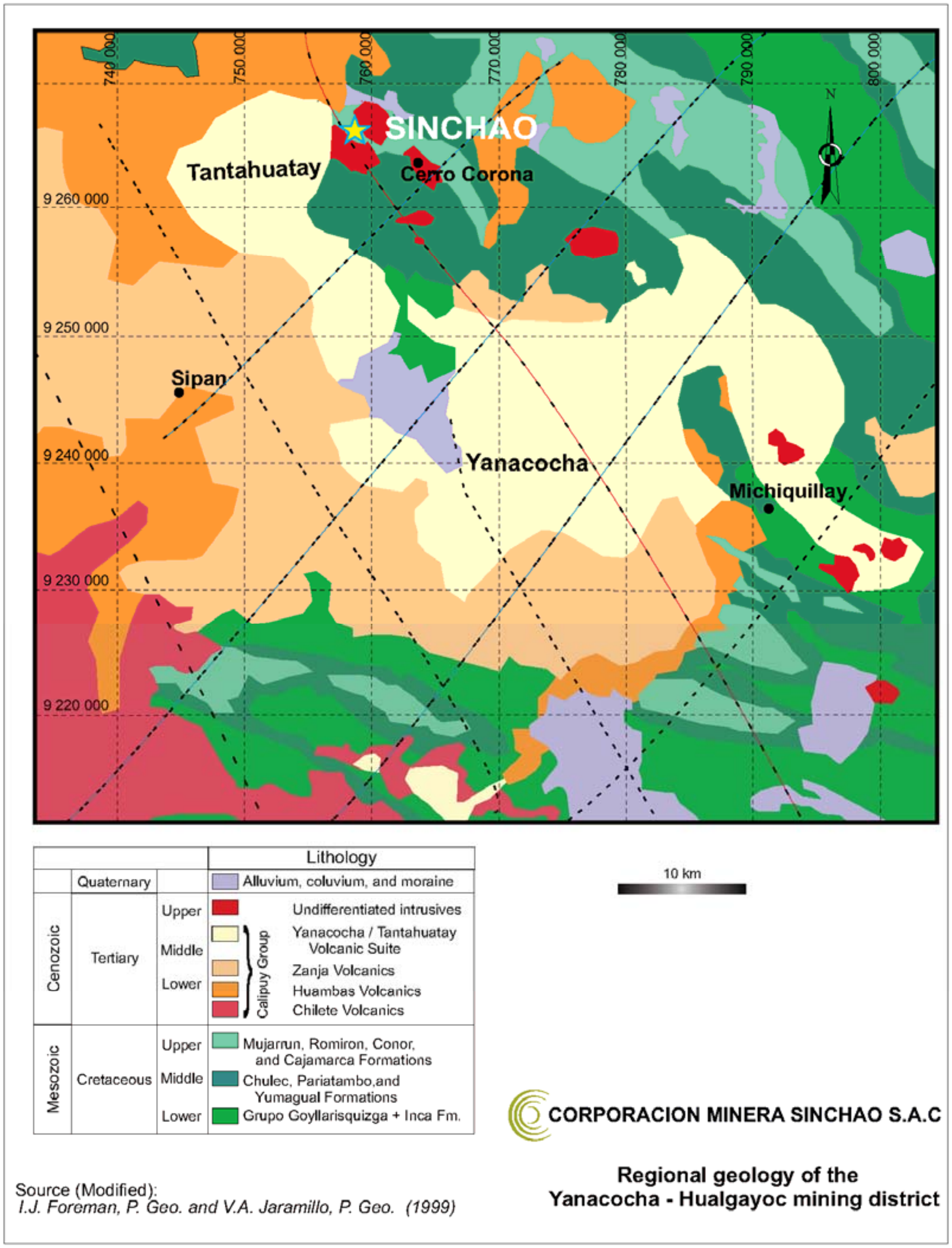
The Chulec Formation is, in turn, succeeded by the Pariatambo, Yumagual, and Mugarrún Formations, which together form over a vertical kilometre of limestones.

During the Paleocene Incaic Orogeny, the sediments were folded into open, upright folds followed by a period of erosion (McFarlane and Petersen, 1990). In the Miocene, 1,000 to 3,000 metres regional felsic subaerial plateau volcanics of the Calipuy Group were deposited (McFarlane and Petersen, 1990). Tertiary aged stocks and batholiths, which, in general, line-up along a northwest-southeast trend then intruded the region. The emplacement of the intrusions was possibly controlled by regionally important major lineaments and cross structures such as the Hualgayoc Fault.

Mineralization in the Hualgayoc district is concentrated within a dilatant zone along a major northwest trending structure with approximate dimensions of 25km by 15km (Figure 7.1). Porphyry stocks, dacite domes and an andesitic caldera are located at the intersection of the deep seated, pre-rotation/dilation northwest and northeast structures and shallower syn-rotation/dilation north south structures (Noone, 1997). Epithermal vein mineralization throughout the area shows a strong preference for the east-southeast structures with the strongest vein mineralization being near the intersection of the northwest and north-northeast trending deeper structures (Noone, 1997). It thus appears that magma and magmatic fluids have been tapped into by the deep-seated northwest structures and focused at the higher levels by the north-northeast trending structures, with the largest volumes of mineralization being deposited within dilatant east-southeast structures near the intersection of the north-northeast structures (Noone, 1997). In general, the stratiform manto mineral deposits in the area are restricted to the uppermost part of the Goyllarisquizga Group, the Inca Formation, and the basal beds of the Chulec Formation (McFarlane and Petersen, 1990).

Cretaceous rocks are showing low grade regional metamorphism represented by the transformation of the fine sedimentary rocks to Quartzite and from calcareous rocks to a Chlorite-epidote-quartz rock. This event produced low Cu-Au grade mineralization characterized by chalcopyrite-pyrite association deposited especially at the new chlorite-epidote-quartz rocks and lesser at the quartzites (new geologic model interpretation at the AntaKori deposit). Volcanic rocks from the Lower and Medium Tertiary are not affected by metamorphism.

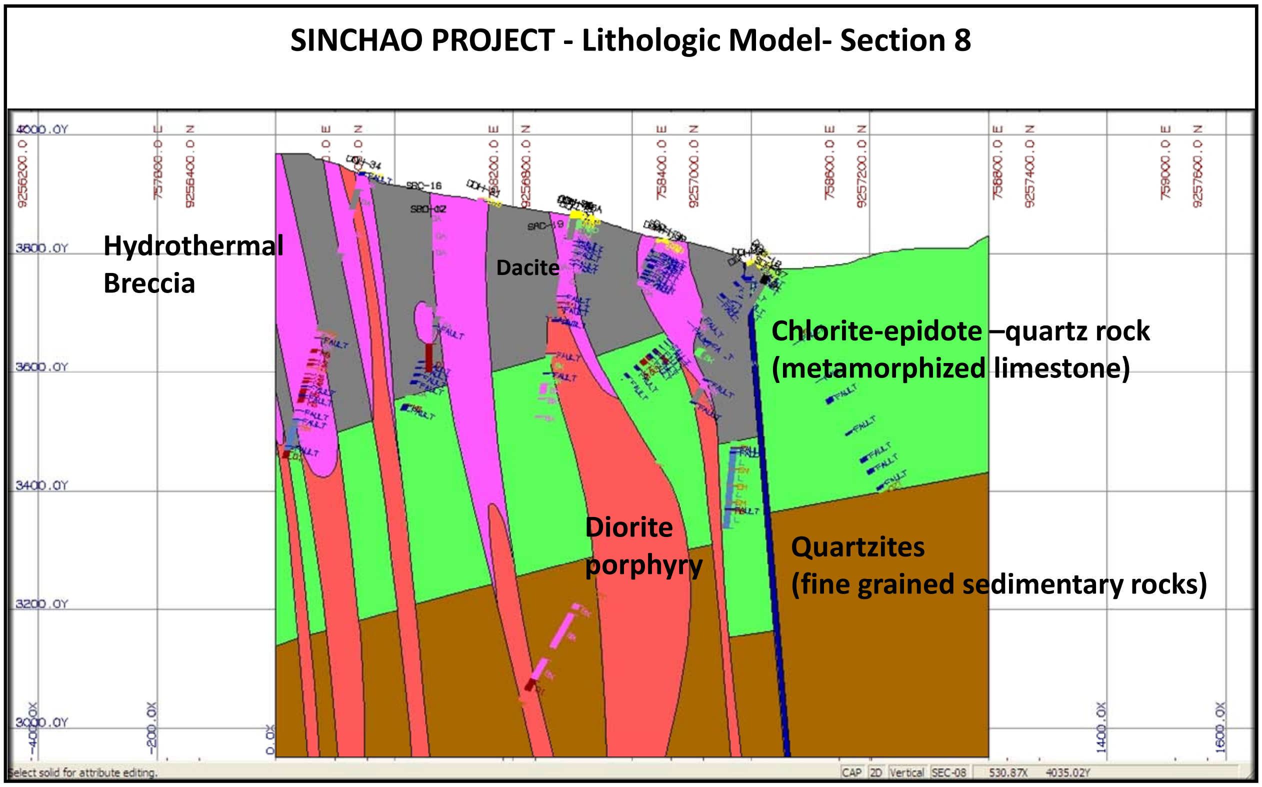
Figure 7.1 Regional Geology of the Hualgayoc District (from Andean American Mining Corp.)



7.2 PROPERTY GEOLOGY

The interpreted geology at the AntaKori Property is similar to the summarized Hualgayoc area geology. The property is underlain by a thick pile of metamorphosed fine grained sedimentary rocks (quartzite) and shallow marine, fossiliferrous limestones that are interbedded with minor calcareous silt and sandstones, which are locally covered by dacitic volcanics with weak argillic alteration (Figure 7.2).

Figure 7.2 Interpreted Geology at the AntaKori Property (Flores 2012)



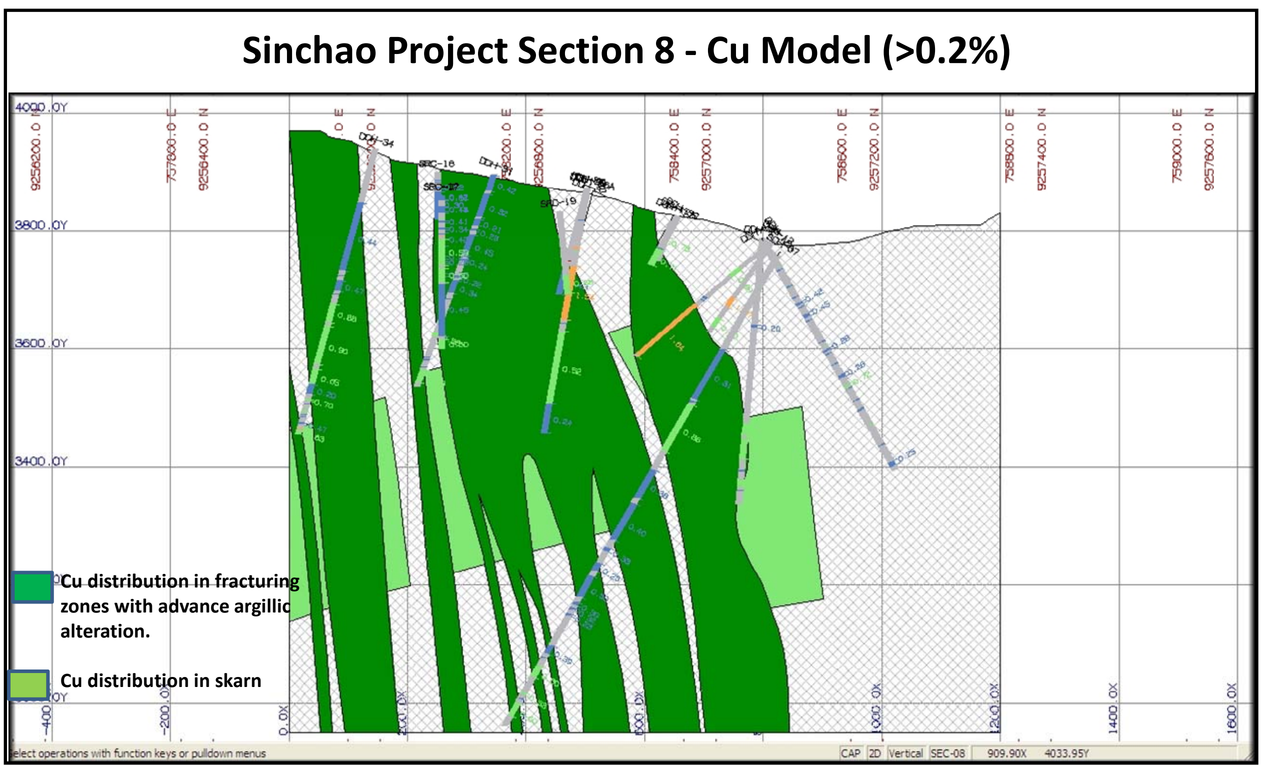
A medium to coarse grained stock of dioritic composition was then emplaced and followed by medium grained diorite to quartz diorite porphyries, emplaced using the parallel fracturing system related to the Sinchao fault system (Hualgayoc regional system). Medium grained biotite feldspar quartz dacitic domes and associated rhyolitic/dacitic volcanics were then the next phase of igneous activity during the Upper Tertiary and are recognized at the Tantahuatay area. These intrude as well as overly all the earlier rock units. The final phase of igneous activity consists of dioritic dykes, which intrude the dacitic domes and cut the epithermal mineralization.

In general, the surface geology of the property can be divided into three elongate sections. To the west, the rocks are consistently dacitic and belong to the Tantahuatay Volcanic Suite with interbedded layers of sediment. Glacial moraine and colluvium cover the middle on the property. The eastern third is dominated by the San Miguel diorite. Drilling has indicated that in the center of the property (Maria Eugenia and Maria Eugenia 1 concessions) volcanic rocks immediately underlie Quaternary sediments. These volcanic rocks have an Eocene age (Lower Tertiary), are outcropping in the western slope of the Sinchao valley. These appear to lie unconformably over metamorphosed calcareous sediments which are with more than 300 meters in thickness. Metamorphosed sediments, more than 200 meters thick, conformably underlie the metamorphosed limestones that are dominating the southern section of the property.

Metamorphic calcareous rocks and quartzites are mineralized with low grade Cu and Au mineralization, having higher grades the calcareous rocks than the silicified sediments. Mineralization here is represented by chalcopyrite-pyrite with some veinlets and dissemination of enargite-pyrite coming from the later mineralization event associated to the advanced argillic alteration.

There is a strong NW trending fracturing system associated to the Hualgayoc Fault System, which is controlling the emplacement of a number of world class Cu-Au mineral deposits such as AntaKori, Tantahuatay, Cerro Corona, Conga and Michiquillay, all of them located between the NE-SW Cutervo Structural Flexion in the north and the Cajamarca Flexion in the south. At the AntaKori Property, this fracturing system is represented by at least 5 thick parallel faults to the main AntaKori Fault (more an unknown number of parallel faults located to the west, inside the Tantahuatay project), especially recognized by drilling at the west side of the AntaKori Fault (Figure 7.3). These faults have more than 100 m thick and were used to control the circulation of hydrothermal fluids and the intrusion of dioritic porphyritic dyke-type intrusions. This last activity seems to be produced during the Upper Eocene (Lower to Medium Tertiary) and is affecting also to the Lower Tertiary dacitic volcanics shown in the previous figure.

Figure 7.3 Cu-Distribution (Flores 2012)



Earlier to the pervasive advance argillic alteration seems to be developed a hydrothermal brecciation through the fracturing systems forming hydrothermal breccias with silicification and local Cu-Au mineralization represented by a chalcopyrite-pyrite-quartz association. Later stronger advance argillic alteration destroyed most of the hydrothermal breccias, leaving nice local lenses-type bodies as relicts of different types of hydrothermal breccias, such those described on the 2008 report. These hydrothermal breccias seem to be connected in depth with dioritic porphyry-type dykes with low grade mineralization of chalcopyrite-pyrite.

Best mineralized event occurred associated to hydrothermal fluids, which produced a very strong invasion of the rock with a mineral association of advanced argillic alteration and a strong mineralization of pyrite-enargite-clays (with Cu-Au-Ag-As-Sb-Zn) in a poorly consolidated rock (It is common to find veins with massive mineralization of pyrite and/or enargite, which were described at the 2008 report as "massive sulfide"). Therefore, recovery in this rock is normally low, being necessary to use the best drilling system (and field control) to get the best representative material. This type of mineralization is almost totally distributed in the fracturing zones, showing a distribution with strong projection and open extensions along strike and in depth.

7.2.1 LITHOLOGY

As described above, lithology at the AntaKori deposit is represented by a stratigraphy with a basal sequence of metamorphosed sedimentary rocks overlie unconformably by younger dacitic volcanic rocks.

This stratigraphy is cut by a regional fracturing system which is controlling the emplacement of hydrothermal breccias-dioritic porphyry dykes. Later circulation of hydrothermal fluids produces an intense and pervasive advance argillic alteration generating a very soft and fragmented rock with clays-quartz-enargite-pyrite mineral association.

7.3 MINERALIZATION

Cu, Au and Ag represent the possible mineralization at the Project. Metals were deposited in 3 events during the evolution of the system, characterized as follows:

- An early regional metamorphism of the basal cretaceous rocks, depositing low grade mineralization of Cu-(Au) related to chalcopyrite-pyrite-quartz mineral association.
- An early hydrothermal event with hydrothermal breccia development and with local Cu-(Au-Ag) mineralization associated to chalcopyrite-pyrite-quartz. Hydrothermal breccias are only locally mineralized indicating there is more than one type of breccia, which must be identified during next drilling programs.
- Main mineralization in Cu-Au grades and in size is associated to advance argillic alteration and resulting argillized rock. Mineralization is represented by strong dissemination and veins/veinlets of pyrite and/or enargite-(sphalerite-tenantite-galena) with high contents of Cu-Au-Ag-Zn-As-(Sb). Chalcopyrite is occasionally found and it is probably relicts of older episodes of mineralization.

Future logging of old and new drill holes must be oriented to define details about lithology, structures, alteration and mineralization to have a good understanding of the deposit.

8 DEPOSIT TYPES

The nature and styles of mineralization at the AntaKori Property have yet to be fully drill tested and hence the relationships and a possible connection between the distinct styles of mineralization are not completely clear.

A key factor in the interpretation of the differing styles of mineralization at the AntaKori Property is the relative age relationships between them. At this time, the author believes that the high sulphidation mineralization and metamorphic mineralization are not coeval and formed through different processes. In summary, it is proposed that the metamorphic mineralization is related to the regional metamorphism of the older than Lower Tertiary rocks, probably also related with the Upper Cretaceous San Miguel diorite intrusion. High sulphidation advance argillic alteration mineralization is similar to the Tantahuatay deposit, which is apparently related to the Tantahuatay intrusive.

The proposed evolution of the mineralization at AntaKori is summarized as follows. The fine sediments and then limestones were deposited in a quiescent deep water environment during the early Cretaceous (approx. 110 Ma). These limestones were then intruded by the San Miguel diorite helping in metamorphosing a large portion of the fine grained and the calcareous sediments. Chalcopyrite and Pyrite with some Au were deposited as product of this process, generating disseminated and discontinuous low grade Cu-Au mineralization. After the metamorphism was done, volcanics were deposited as a blanket over the area. These volcanic rocks may be related to the Tantahuatay Volcanic Suite. The Tantahuatay volcanic rocks overly the Tantahuatay intrusion, which was intruded into the area between 10.5 and 7.2 million years ago. Finally, regional faulting with parallel fracturing zones to the AntaKori Fault is used for the deposition of Cu-Au-Ag mineralization (Pyrite-Enargite-traces of Chalcopyrite) associated to hydrothermal breccias and to advance argillic alteration, both probably related to a deep seated porphyry system not yet recognized. The strong fracturing associated to the Gualgayoc (AntaKori) Fault System presents the ground preparation for mineral deposition associated to advance argillic alteration in large superficial extensions with a deep source.

Figure 8.1 is an idealized cross section of a shallow sub-volcanic intrusion and the associated hydrothermal system showing the relationship between high sulphidation and porphyry type mineralization, according Sillitoe, 2010. This model is proposed for the advance argillic mineralization within the AntaKori-Tantahuatay concessions and explains how this high sulphidation mineralization may relate to the mineralization intersected in the AntaKori Fault Zone and the associated breccias. The centre of the system is assumed to be the copper-gold mineralization related to a possibly porphyry ‘at depth’ which provided the engine for the mineralizing system.

Figure 8.1 An Idealized Section Through a Cu-Au epithermal System (R. Sillitoe, 2010)

10 RICHARD H. SILLITOE

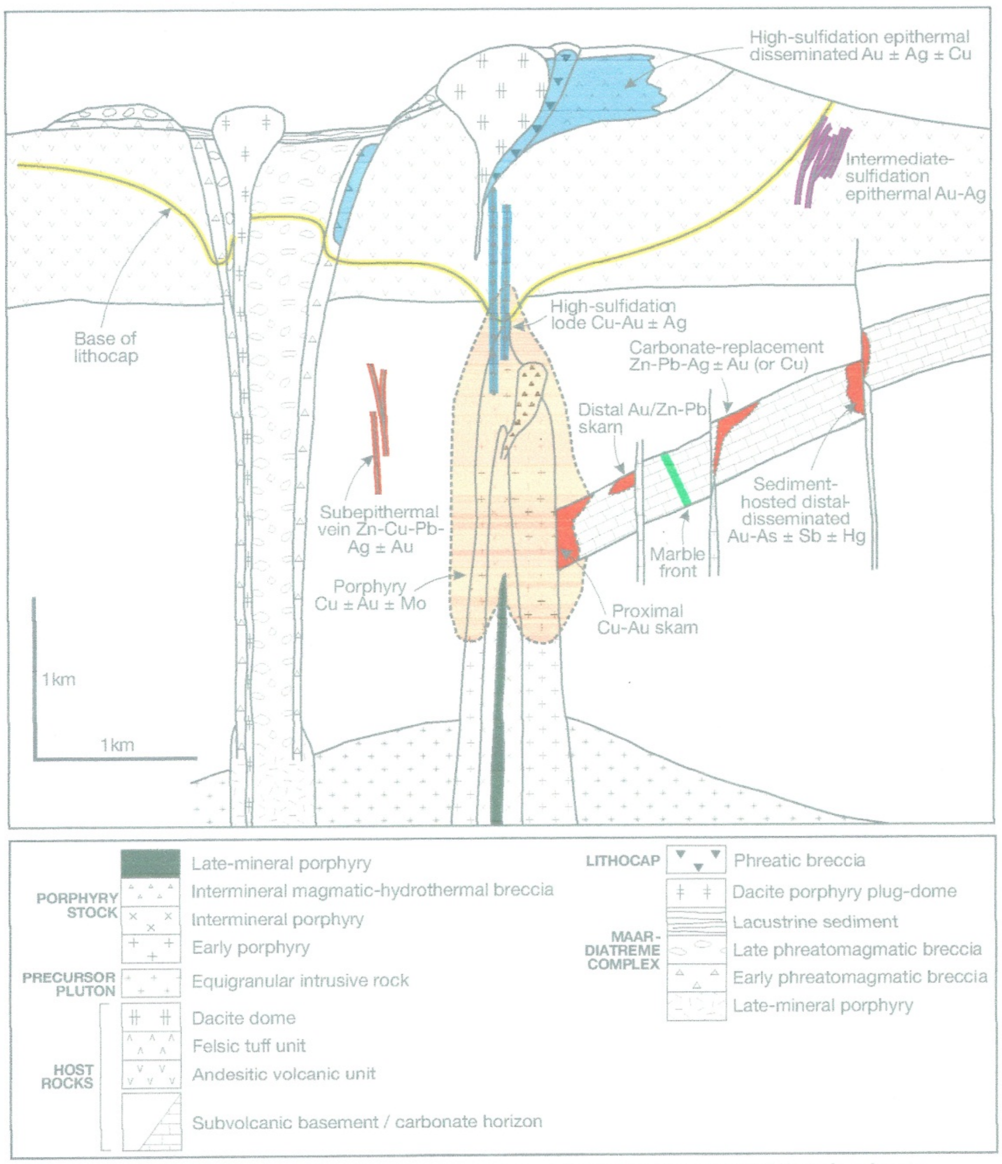


FIG. 6. Anatomy of a telescoped porphyry Cu system showing spatial interrelationships of a centrally located porphyry Cu ± Au ± Mo deposit in a multiphase porphyry stock and its immediate host rocks; peripheral proximal and distal skarn, carbonate-replacement (chimney-manto), and sediment-hosted (distal-disseminated) deposits in a carbonate unit and subepithermal veins in noncarbonate rocks; and overlying high- and intermediate-sulfidation epithermal deposits in and alongside the lithocap environment. The legend explains the temporal sequence of rock types, with the porphyry stock predating maar-diatreme emplacement, which in turn overlaps lithocap development and phreatic brecciation. Only uncommonly do individual systems contain several of the deposit types illustrated, as discussed in the text (see Table 3). Notwithstanding the assertion that cartoons of this sort (including Fig. 10) add little to the understanding of porphyry Cu genesis (Seedorff and Einaudi, 2004), they embody the relationships observed in the field and, hence, aid the explorationist. Modified from Sillitoe (1995b, 1999b, 2000).

9 EXPLORATION

LCY has completed no exploration work on the property since the completion of the RTO transaction with SMZ. Descriptions of prior exploration work on the property are included in Section 6 (History).

10 DRILLING

LCY has completed no drilling on the property since the completion of the RTO transaction with SMZ. Previous drilling programs are described in Section 6 (History).

11 SAMPLE PREPARATION, ANALYSIS AND SECURITY

Sample preparation, Analysis and Security has not been carried out on behalf of LCY. The author has been unable to verify documentation of sample preparation procedures for drilling programs subsequent to 1998. Sample analysis was described in detail for the 1998 drilling program and can be found in Section 6 (History). The author has not been able to verify the procedures used for sample preparation and sample security that would comply with NI 43-101 F1.

12 DATA VERIFICATION

The author verified the data used upon in this report by visiting the property and confirming the geology and mineralization, and reviewing the database and QA-QC.

Jaramillo 2008 reported:

No quality assurance procedures were in place during the drilling of reverse circulation drill holes SRC-15 through 21, a carry-over from the 1997 drill program. Sample recoveries for holes SRC-15 to 21 were measured after they were drilled. The dry reject was weighed in the city of Cajamarca and was then combined with the weight of the wet sample, which had already been sent to the lab, to give the total weight of the sample recovered. The weight of the ideal sample was calculated by multiplying the volume of two metres of the drill hole by the specific gravity (The specific gravity used was provided by management and not calculated in the field). To calculate the actual recovery the weight of the recovered sample was then divided by the weight of the ideal sample and then multiplied by 100.

The sample recoveries throughout this portion of the RC drill program were poor, generally below 45%. This was primarily due to the type of hammer that was used. A traditional hammer with the intake above the head was employed rather than a centre return or face-sampling hammer. In addition, the drilling was hampered by two additional factors. The first was the unusually high water content of the ground due to the high rainfall as a result of a particularly bad El Niño - a problem not encountered during the 1997 drill program.

During the 2007 and 2008 diamond drill programs, quality control and data verification procedures were implemented by AntaKori Metals. This included care in taking representative samples, insertion of duplicate, standard and blank samples into batches of 17 samples. All these samples were sent to CIMM Labs in Lima for preparation and analytical work. A total of 315 standards, 305 duplicates and 310 blanks were submitted.

During the 2007 and the 2008 drill programs a total of six standards were included in sample batches. The standards were acquired from CDN Resource Laboratories in Vancouver, Canada. Six standards were used:

Table 12.1 Standards Used in the 2007 and 2008 Drill Programs

Standard	Au g/t	Ag g/t	Cu %	Pb %	Zn %
CDN-HLLC	0.83 ± 0.12	65.1 ± 6.7	1.49 ± 0.06	0.29 ± 0.03	3.01 ± 0.17
CDN-HLHZ	1.31 ± 0.16	101.2 ± 10.8	0.76 ± 0.03	0.815 ± 0.60	7.66 ± 0.36
CDN-SE-2	0.242 ± 0.018	354 ± 21	0.049 ± 0.003	0.957 ± 0.044	1.34 ± 0.11
CDN-CGS-9	0.34 ± 0.034		0.473 ± 0.025		
CDN-GS-5	0.525 ± 0.042				
CDN-HZ-2					7.2 ± 0.35

Figure 12.1 Gold in Standard CDN-CGS-9

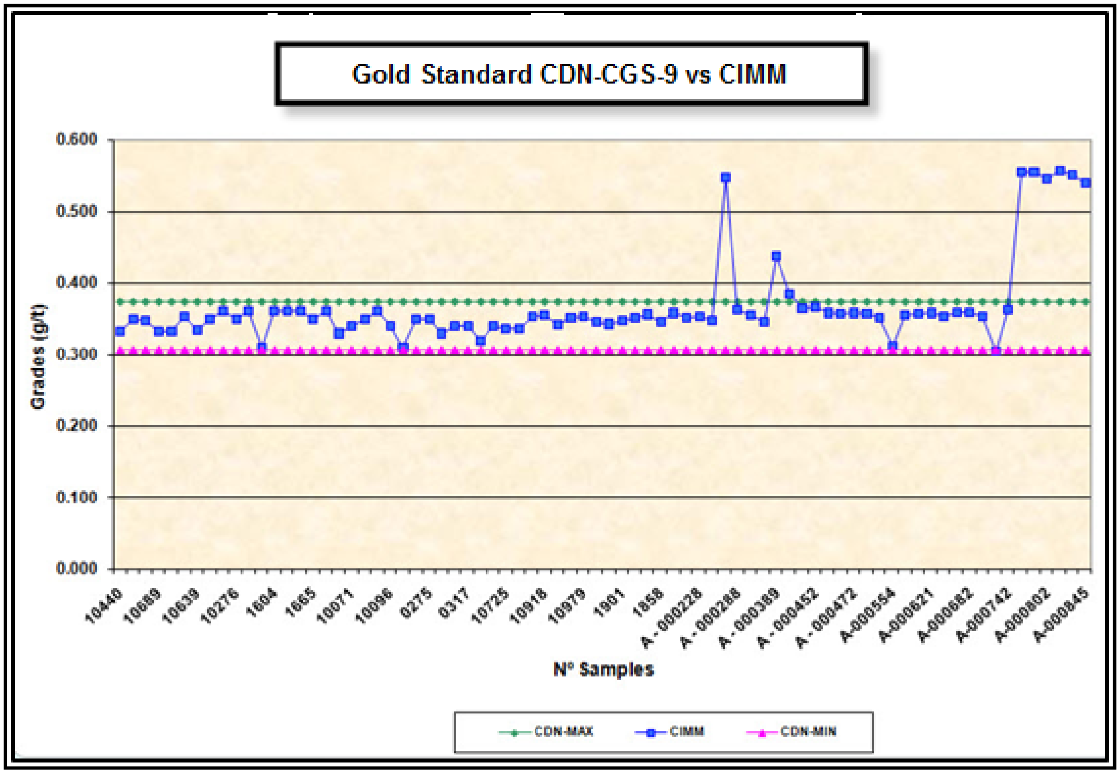


Figure 12.2 Copper in Standard CDN-CGS-9

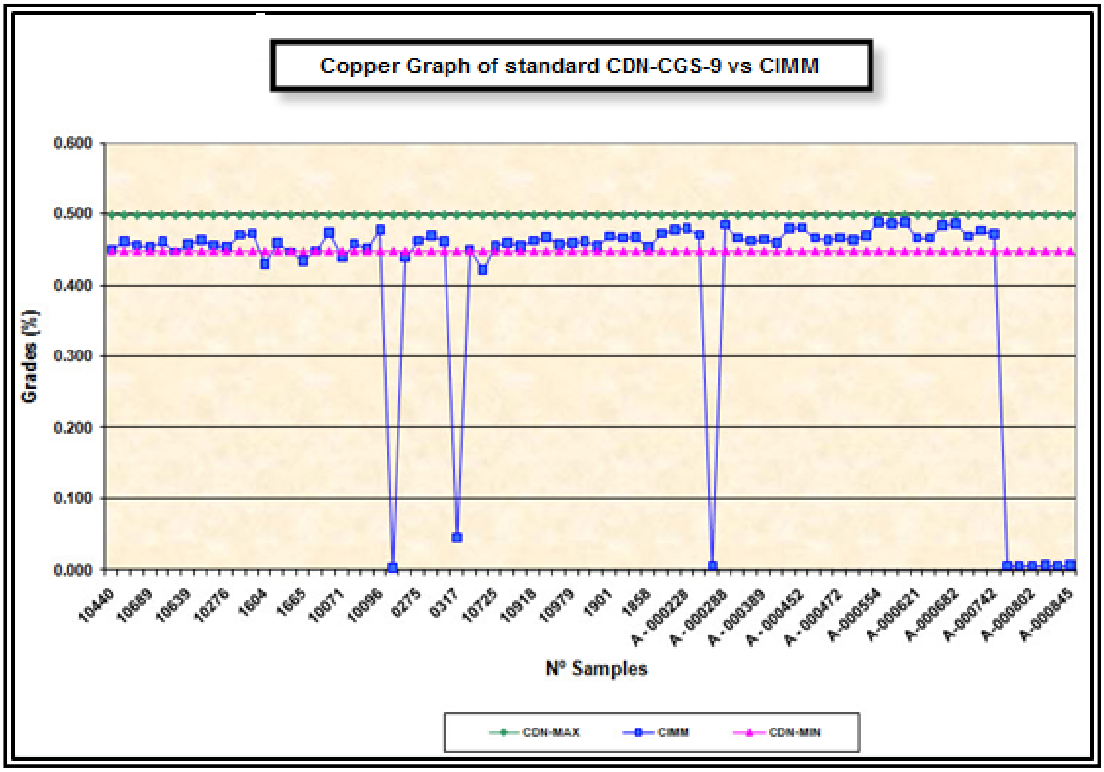


Figure 12.3 Gold in Standard CDN-GS-5

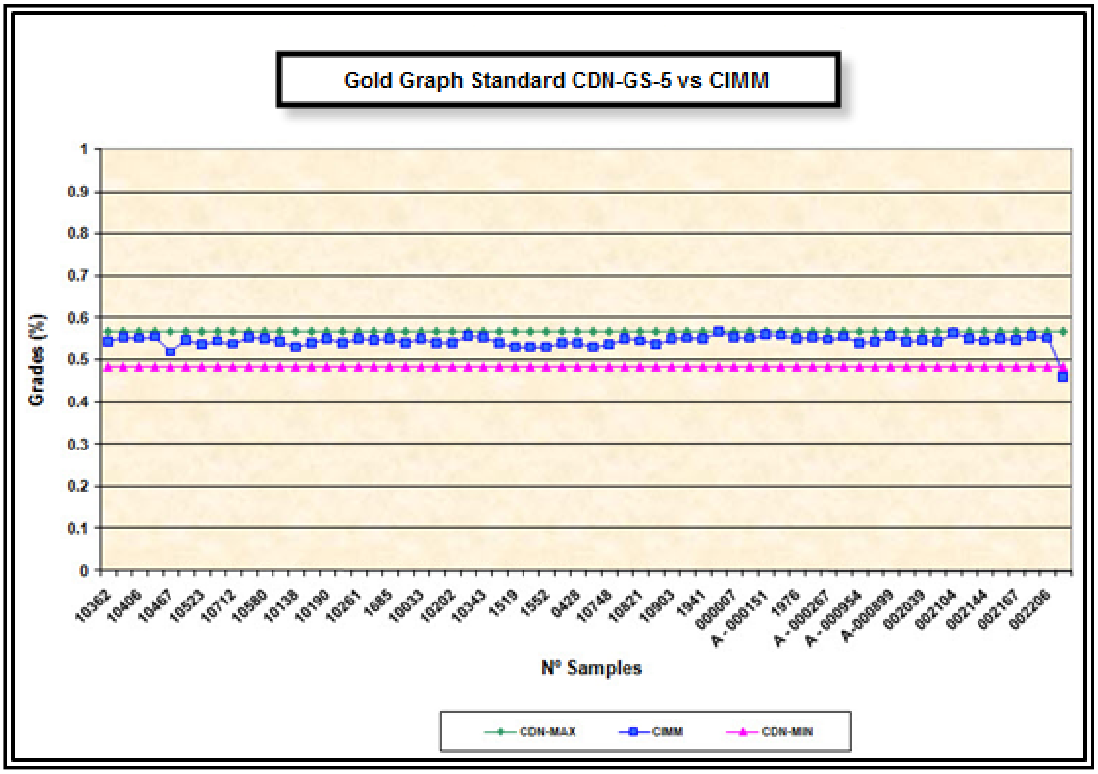


Figure 12.4 Silver in Standard CDN-SE-2

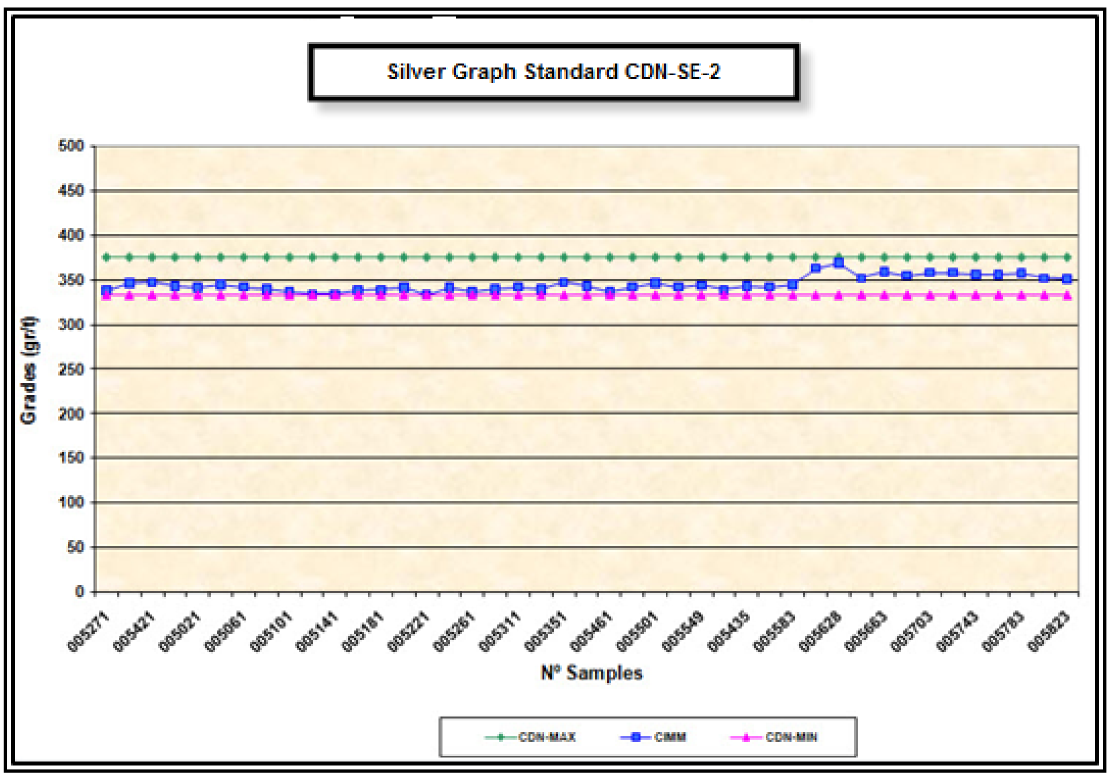


Figure 12.5 Zinc in Standard CDN-HZ-2

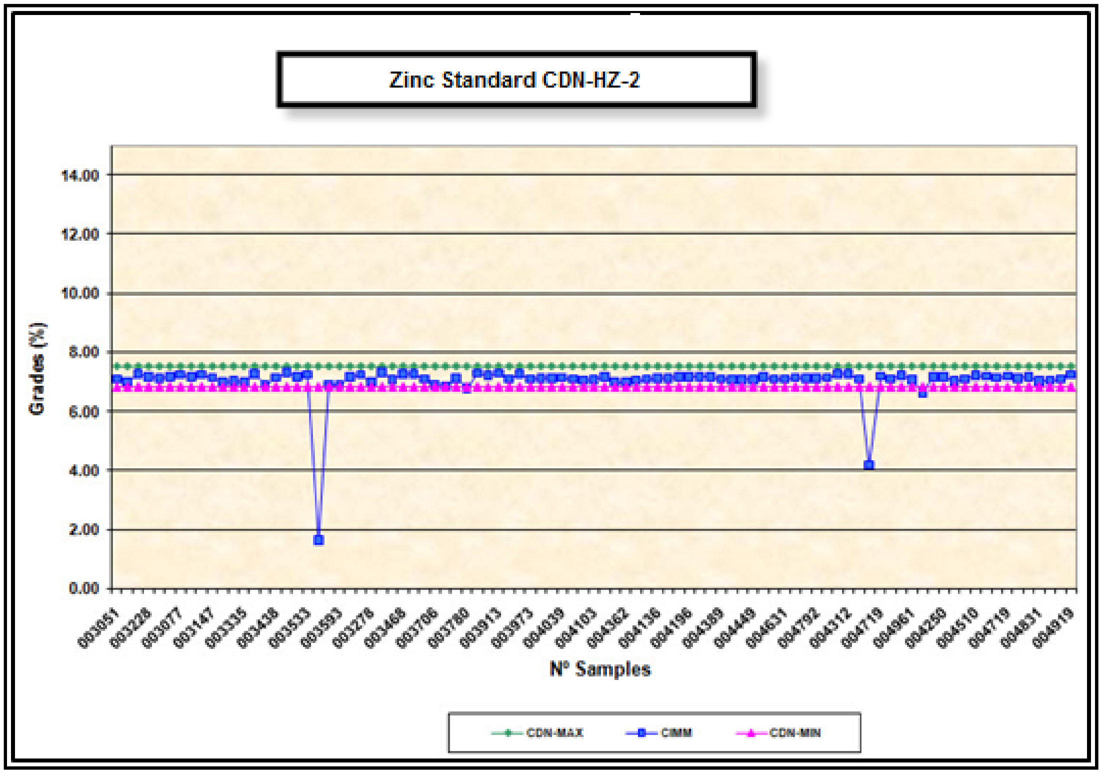


Figure 12.6 Gold in Duplicate Samples

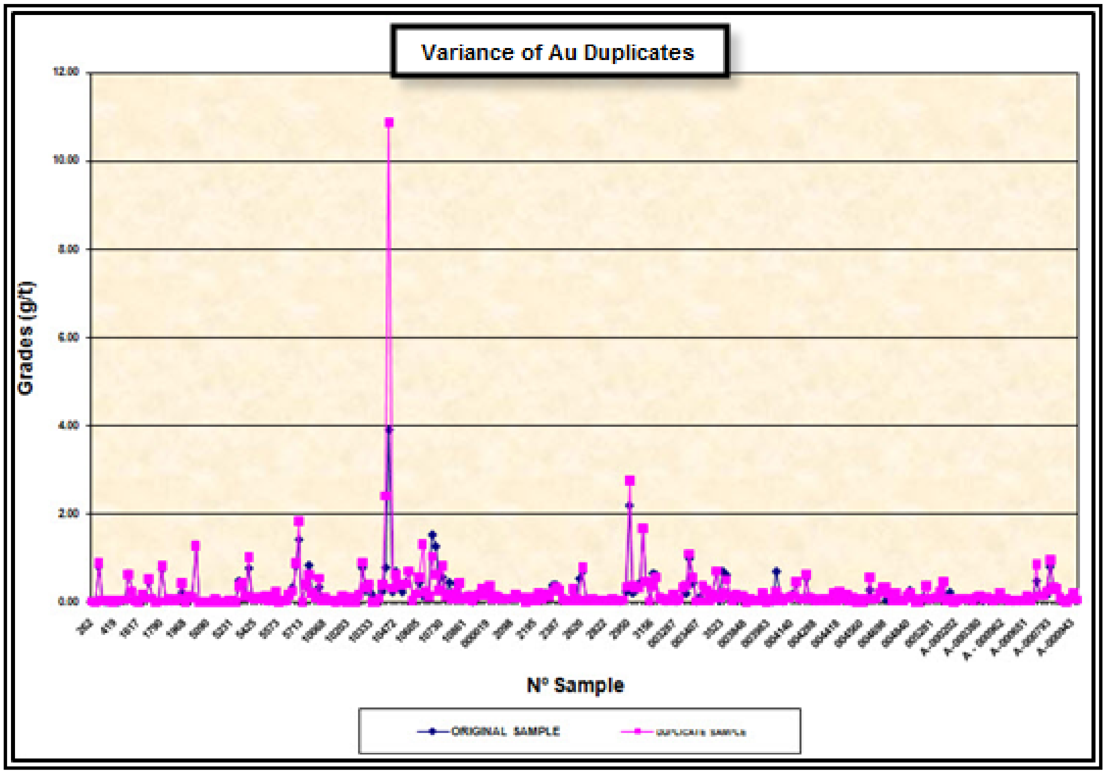


Figure 12.7 Silver in Duplicate Samples

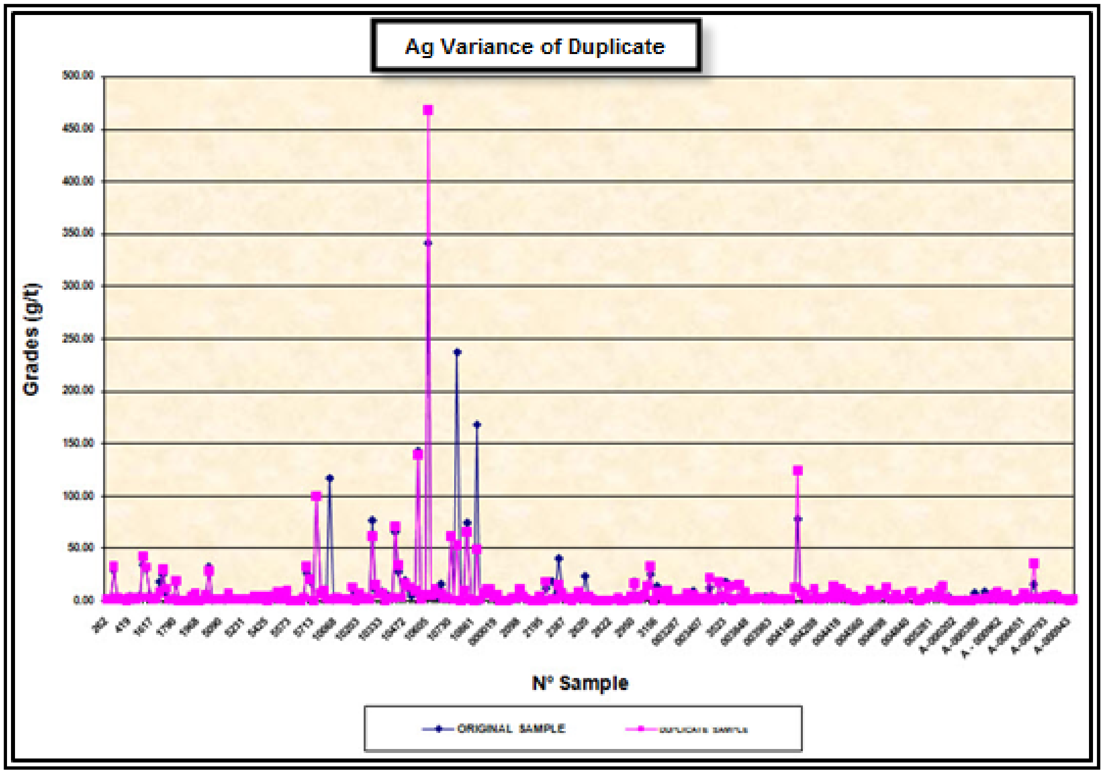


Figure 12.8 Copper in Duplicate Samples

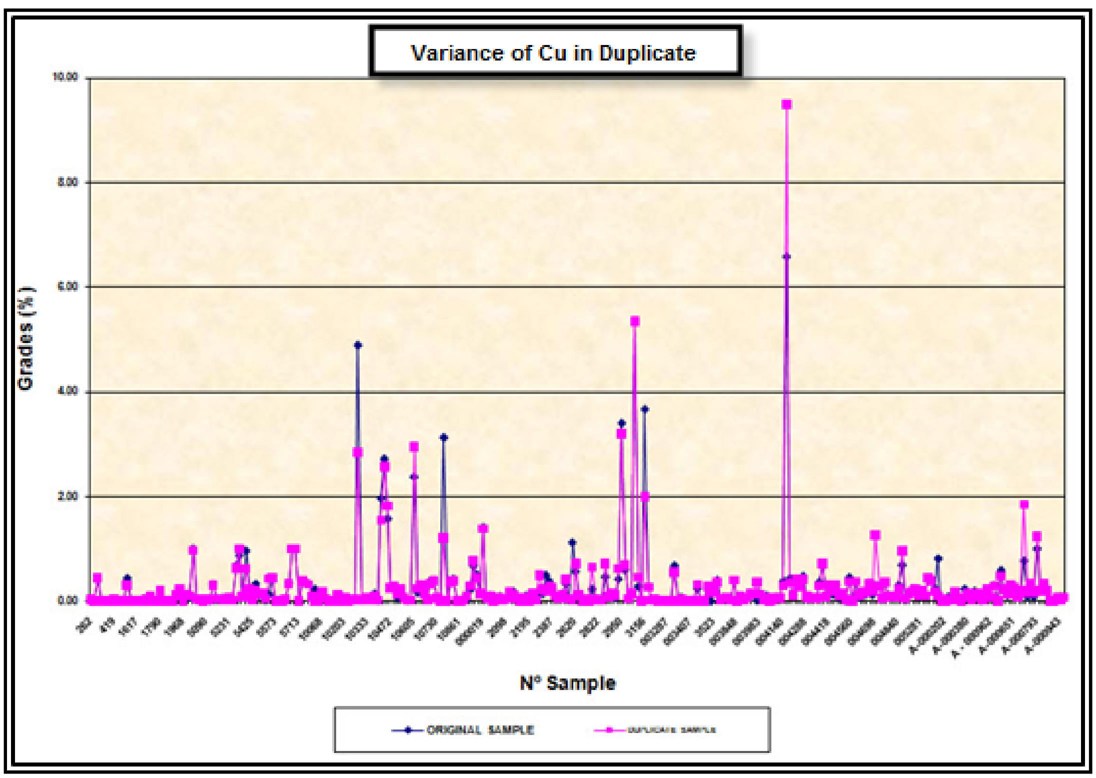


Figure 12.9 Gold in Blank Samples

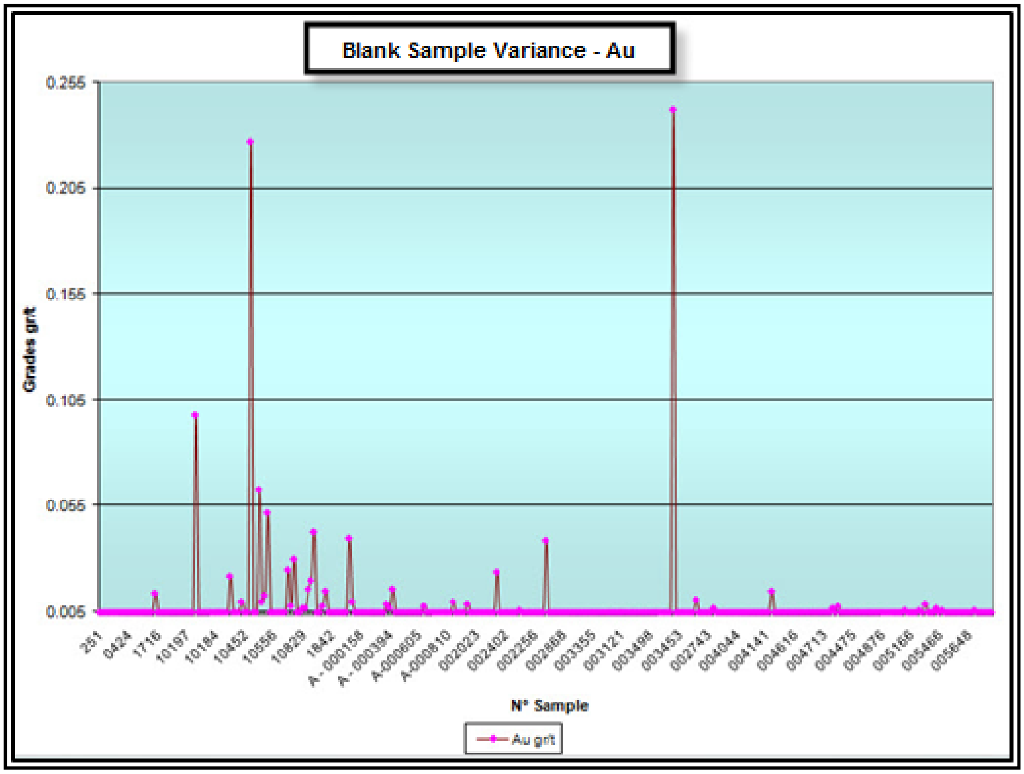


Figure 12.10 Silver in Blank Samples

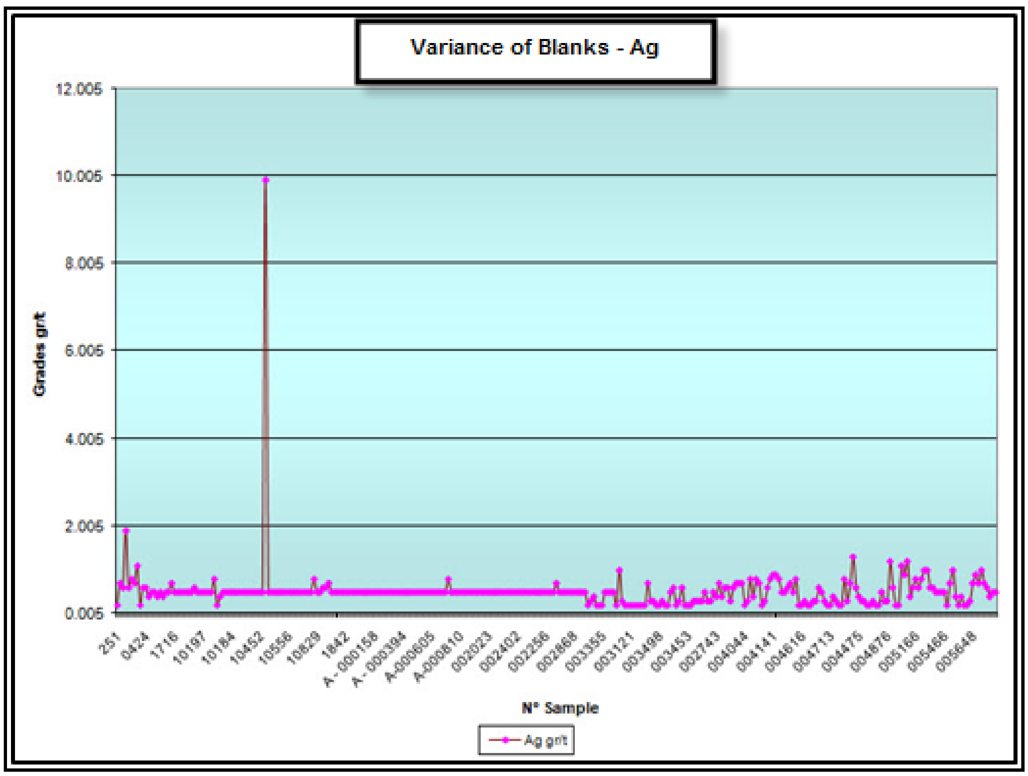
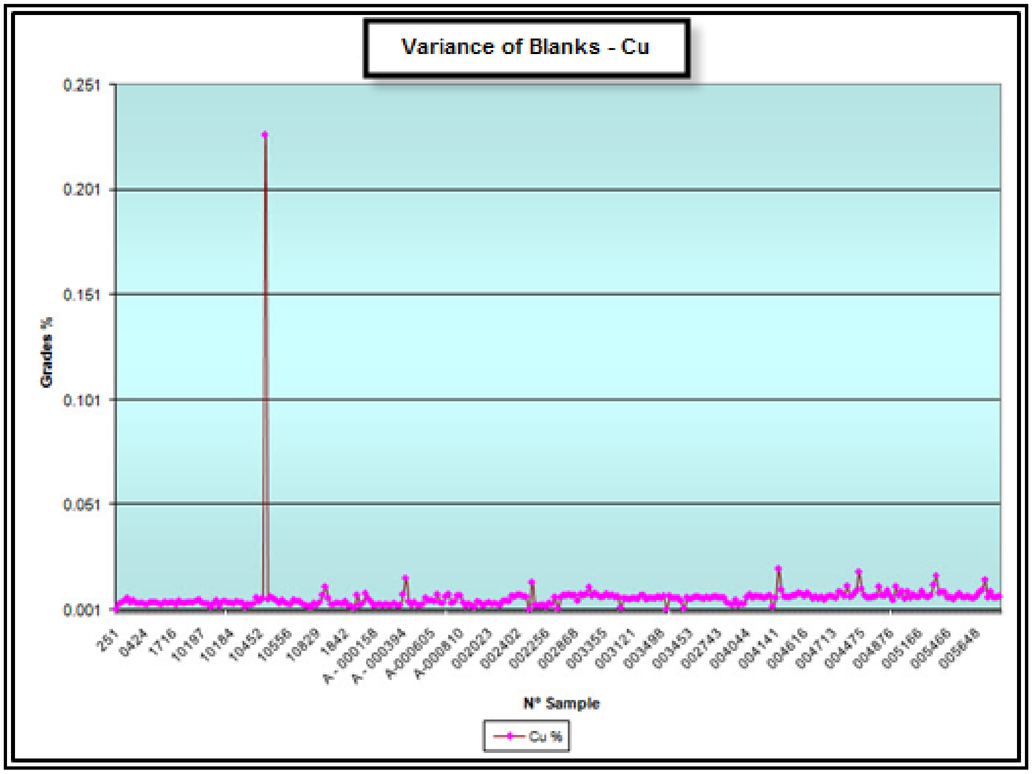


Figure 12.11 Copper in Blank Samples



The standard sample for gold, copper, silver and zinc (Figures 12.1 to 12.5) generally lie within acceptable industry levels. The duplicate sample for gold, silver and copper (Figures 12.6 to 12.8) have a few peaks for the copper, but are acceptable. The blank sample for gold, silver and copper (Figures 12.9 to 12.11), lie within acceptable limits.

Ground conditions at AntaKori vary from moderate to poor. In general, the ground is very fractured which causes problems with the water return for the drills. The recoveries through fractured sections are generally poor with rare intervals of no recovery. Recoveries through the mineralized sections of the deposit in all drill programs have been good, averaging over 90%.

13 MINERAL PROCESSING AND METALLURGICAL TESTING

No metallurgical tests exist for the LCY Mineral Tenure.

14 MINERAL RESOURCE ESTIMATES

The Mineral Resource statement presented herein represents the mineral resource evaluation prepared for the AntaKori Project in accordance with the Canadian Securities Administrators' National Instrument 43-101 by SEWC. Grades were estimated using inverse distance and ordinary kriging in a Vulcan block model using SMZ's drill hole database and geologic interpretations.

This section describes the resource estimation methodology and summarizes the key assumptions considered by SEWC. In the opinion of SEWC, the resource evaluation reported herein is a reasonable representation of the global gold, copper and silver mineral resources found in the Project at the current level of sampling. The mineral resources have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines and are reported in accordance with the Canadian Securities Administrators' National Instrument 43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserve.

The AntaKori Mineral Resources are not materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, political or other relevant issues. The estimates of Mineral Resources may be materially affected if mining, metallurgical, or infrastructure factors change from those currently anticipated at AntaKori.

Vulcan Software Version 8.1 was used to construct the geological solids, prepare assay data for geostatistical analysis, construct the block models, estimate metal grades and tabulate mineral resources.

14.1.1 RESOURCE ESTIMATION PROCEDURES

The modeling for the Project was undertaken using Vulcan and Software. All exploration sampling has been used in the geological modeling process.

The drillhole data were desurveyed, transformed and validated in the Vulcan software, which was then used for the Mineral Resource modeling. The statistics have been completed using a combination of Vulcan, Microsoft Excel and Sage 2001. Geostatistics have been completed in Vulcan and Sage 2001 and grade interpolation has been completed using Vulcan. Compilation of the final model was undertaken Vulcan.

Vulcan software in common with other mining software systems relies on a block modeling approach to represent deposit as a series of 3-D blocks to which grade attributes, and virtually any other attributes can be assigned. The software provides numerous means by which attributes can be assigned, and optimization routines are provided that allow block splitting, such that complex deposit outline details are not lost or smoothed out by regular size blocks.

14.1.2 DATABASE FOR GEOLOGIC MODEL

The drillhole data for the Property is maintained in Excel spreadsheets. The drillhole database has been converted to a Vulcan Isis database. The database contains 70 unique drillholes that contain the gold assays used in this resource estimation analysis. Most of the 70 holes are angle holes. Angle holes are intended to cross vertical mineralized structures and identify potential mineable mineralization

Figure 14.1 Plan View of AntaKori Drilling

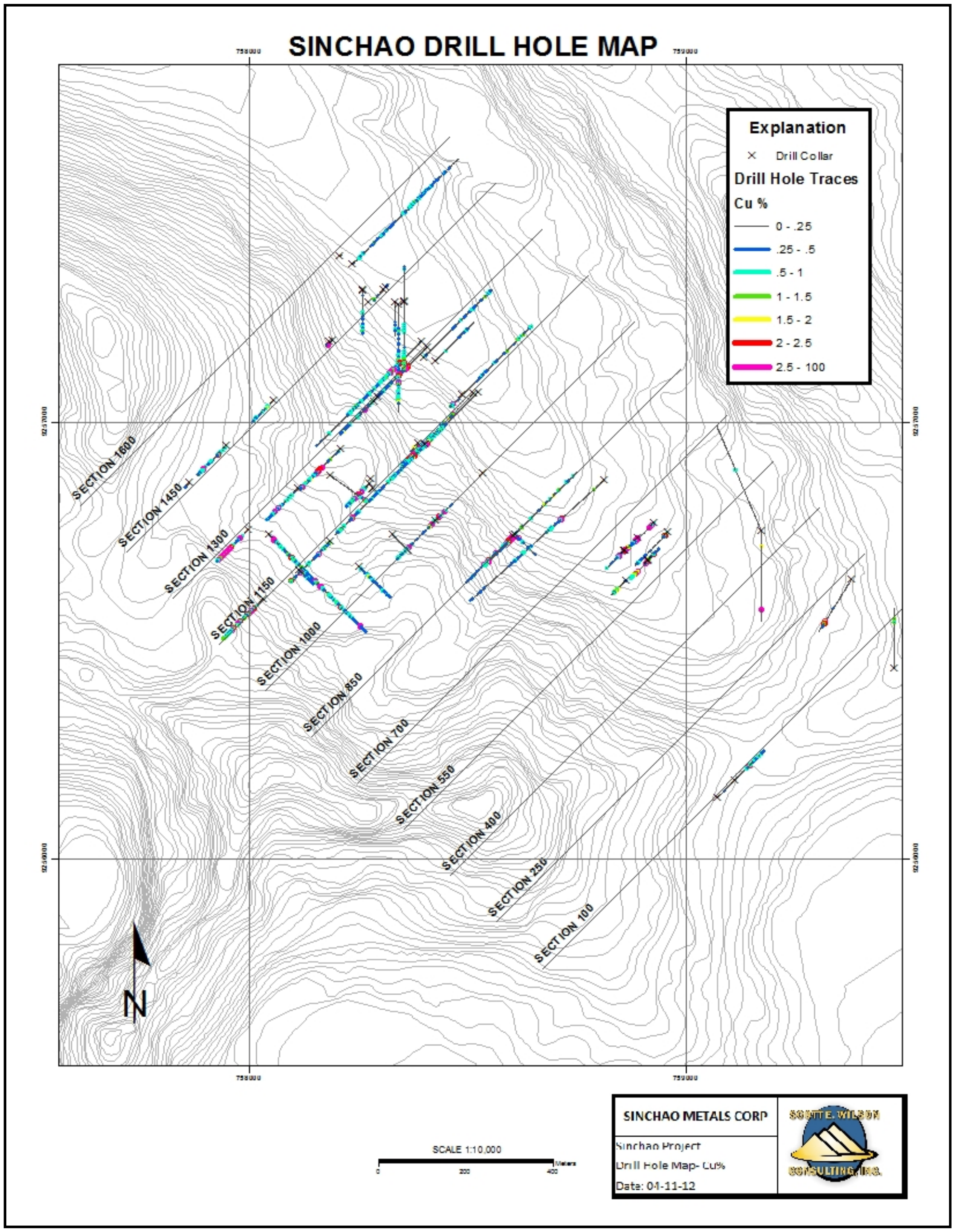
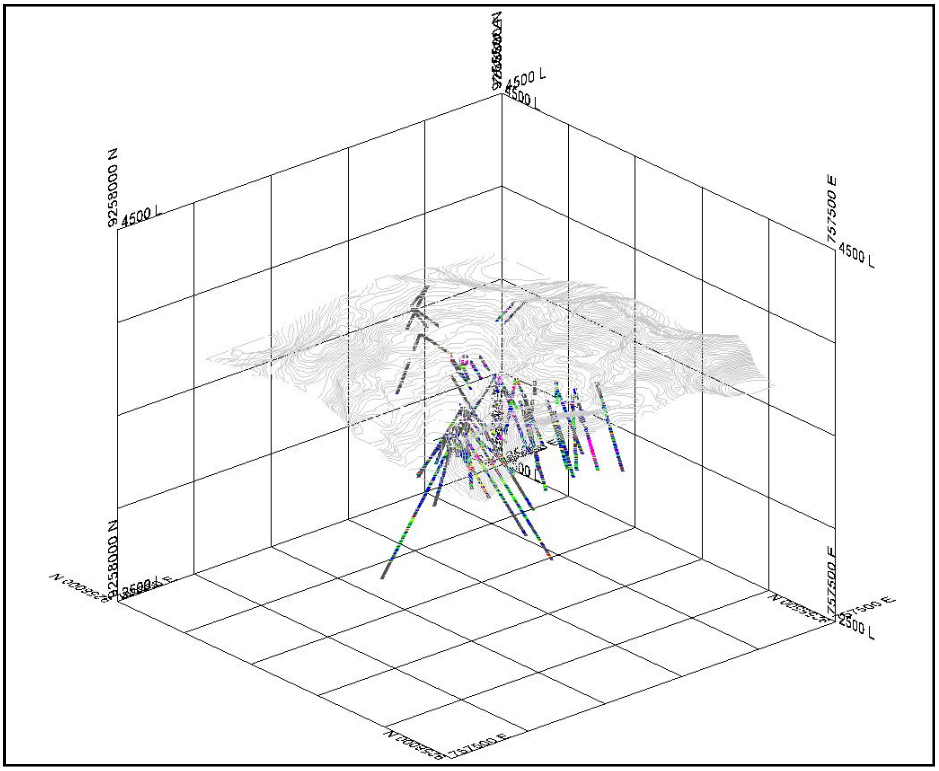


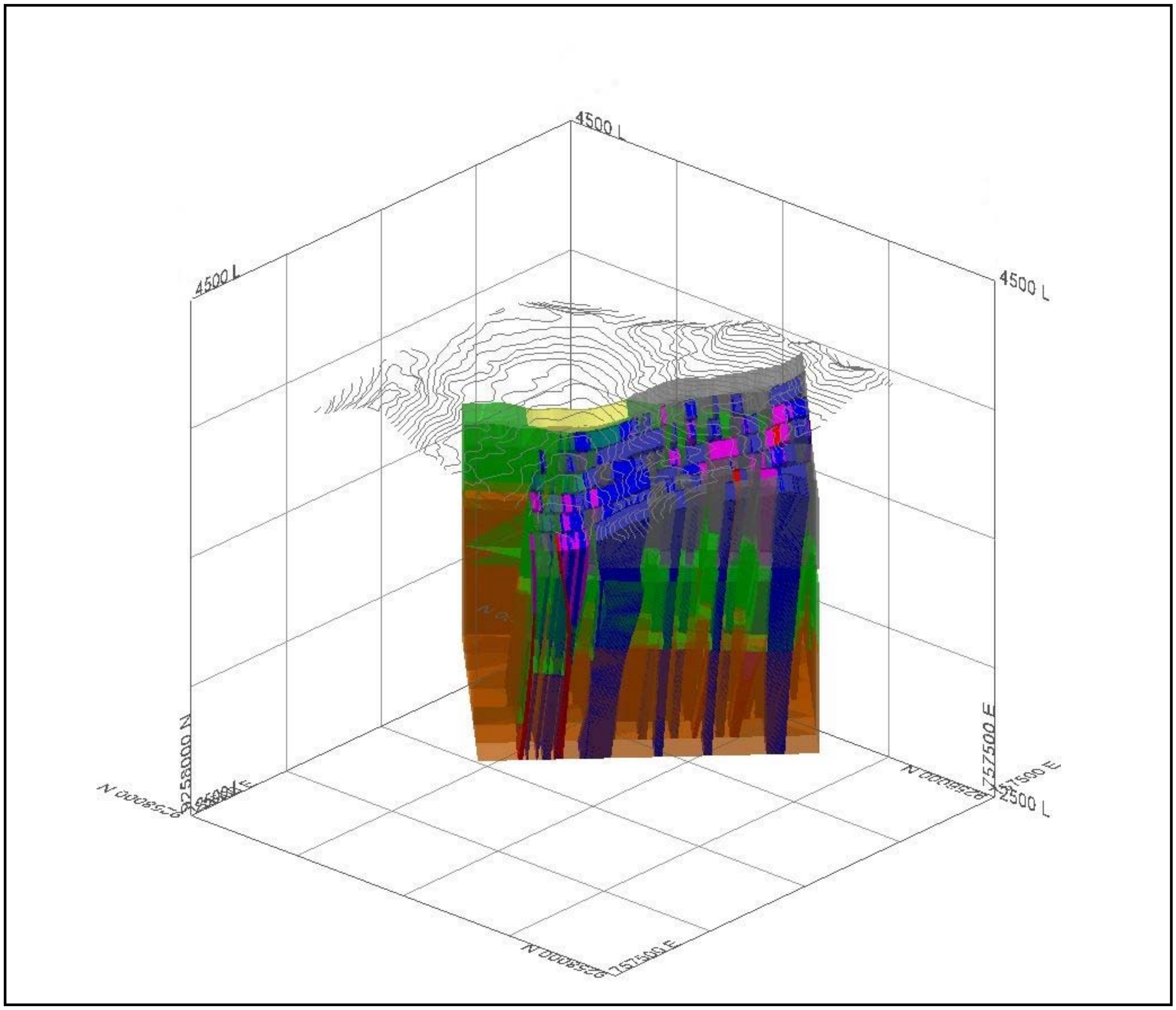
Figure 14.2 Isometric View of AntaKori Drilling



14.1.3 GEOLOGIC BOUNDARIES

For the Project deposit, geologic shapes were created for the volcanics, skarn and porphyry and then converted to Vulcan triangulations. These Vulcan triangulations were used to constrain grade estimations appropriately within each geologic boundary (Figure 14.3) illustrates a typical cross section through the AntaKori deposit.

Figure 14.3 Triangulations of AntaKori Geologic Boundaries



14.1.4 DRILLHOLE COMPOSITING AND CAPPING

14.1.5 COMPOSITE STATISTICS

Drillhole assays for the Project were composited using 3 meter down the hole composite lengths. The start of the composite is the collar of the drill hole. Intervals with missing assays were ignored and a new composite was generated at that point. Codes were assigned based on the location of the composite centroid relative to geologic triangulations. The resulting database resulted in 5,898 individual composites totaling 17,622.5 meters. Composites less than 1.5 meters in length were not used for grade estimation purposes.

14.1.6 CAPPING

Gold was capped to 3.7 g/t for Au. Ag, Cu, Pb, Zn and Mo were not capped.

14.1.7 BLOCK MODEL

The resource model for was constructed with Vulcan software using a block model. All of the required information about the deposit is stored in each individual block. This includes estimated characteristics of gold and other metals and statistical characteristics such as number of samples used in an estimate, distances to the nearest sample, number of drill holes used, etc., are stored in each individual block. Geologic triangulations were also used to identify the rock type of each block, as well as sub-blocks geologic boundaries. Geologic codes stored in the block model were also used to assign the density within specific geologic boundaries. Table 14.1 outlines the framework of the AntaKori block model.

Table 14.1 AntaKori Block Model Framework

	East	North	Elevation
Minimum Mine Coordinates	758,670	9,255,720	2500
Number of Blocks	122	160	160
Parent Block Size in Meters	10	10	10

14.1.8 GRADE ESTIMATION PARAMETERS

Inverse distance grade estimation methodology was used to estimate gold grades for AntaKori. Variography was utilized to determined proper search ellipsoid orientation and search distances. Table 14.2 below outlines the grade estimation parameters used for AntaKori. Variogram Parameters are listed in Table 14.3. The variogram search distances and anisotropic orientations were used as the basis for the search regions in the inverse distance estimation runs.

Mineralization was interpolated using three distinct passes to properly model the mineralogical distribution at the Project. The current thought is that the porphyry dikes are distinct from the skarn and dacite rock units in this part of the Project. The bulk of the mineralization is contained in the skarn and dikes. There are abundant mineralized intercepts within the dacite unit therefore the dacite was modeled in a third pass.

Table 14.2 Estimation Parameters

Estimation Passes	Min Samples	Max Samples	Min Holes	Bearing	Plunge	Dip	Estimation Type	Samples Limits per Octant
Pass 1 – Quartzite/Skarn	6	24	1	-78	80	39	Inverse Distance 7th Power	3
Pass 2 - Dacite	3	6	1	315	60	90	Inverse Distance 7th Power	Not Used
Pass 3 – Porphyry Dikes	6	24	1	-78	80	39	Inverse Distance 7th Power	3

Table 14.3 Best Fit Variogram - Skarn and Dacite

Nugget	Sill	Bearing	Plunge	Dip	Bearing Range	Plunge Range	Dip Range
0.416	0.363	-78	80	39	323.4 m	157.9 m	86 m

Variograms were determined with Sage2000 software.

14.1.9 DENSITY

A density based on lithologic units was applied to the block model. There were 4,111 core samples tested for density measurements. Where no rock units were interpreted the average density calculation of 2.68 was applied to the model.

Table 14.4 Density by Lithologic Code

Lithologic Identifier	Density
Breccia	2.7
Dacite	2.59
Porphry Dikes	2.68
Quartzite	2.80
Skarn	2.63
Unassigned rock types	2.68

14.1.9.1 INFERRED MINERAL RESOURCE

An ‘Inferred Mineral Resource’ is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. (CIM 2010)

The geology model for AntaKori is understood. However, the large volume of mineralization has been estimated on a relatively low number of drilling intercepts. Due limited sampling density and limited QA/QC on holes SRC-015 – SRC-021, SEWC has recommended that there are no Measured or Indicated Resources for the deposit.

The resources in Table 14.5 are reported at a Copper equivalent cutoff grade of 0.20% for potentially open pit mineable mineralization. Mineral resources that may be mineable by underground methods are reported at a copper equivalent cutoff grade of 0.50%. The resources are based on 17,622.5 meters of drilling in 70 drillholes. The potential open pit resource was defined by a Lerchs-Grossmann algorithm and the underground resource was defined as material bellow the bottom of the open pit and contiguous in plan view. Mineral resources are constrained horizontally and vertically to only the LCY mineral tenure. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The costs used to derive the open pit resources are listed in Table 14.6. Table 14.7 shows the model contained mineralization grade/tonne chart for the deposit. This sensitivity is to show that the continuity of the mineralization holds together at various cutoff grades.

Table 14.5 Inferred Mineral Resources at AntaKori

Resource Type	Cut-off CuEq %	Tonnes (000s)	Cu %	Cu Pounds (000s)	Au g/t	Au Ounces (000s)	Ag g/t	Ag Ounces (000s)	Mo ppm	Mo Pounds (000s)	Pb %	Pb Pounds (000s)	Zn ppm	Zn Pounds (000s)
Open Pit	**0.20**	**125,388**	**0.28**	**774,012**	**0.25**	**1,008**	**6.60**	**26,606**	**6.93**	**1,916**	**0.05**	**138,216**	**0.22**	**608,152**
Underground	**0.50**	**169,376**	**0.63**	**2,352,481**	**0.44**	**2,396**	**12.79**	**69,647**	**13.48**	**5,034**	**0.08**	**298,728**	**0.26**	**970,865**

Table 14.6 Inputs to the Definition of the Mineral Resource

Metal Sent to Processing	Processing Cost	Processing Recovery
Au Selling Cost / Oz	$1500	90%
Ag Selling Cost / Oz	$25	90%
Cu Selling Cost / Lb	$3.50	90%
Mo Selling Cost / Lb	$16	90%
Pb Selling Cost / Lb	$0.95	90%
Zn Selling Cost / Lb	$0.95	90%
Processing Cost per tonne for Mineralized Material		$12.00
Mining Cost per Tonne of Overburden		$1.50

Copper Equivalent Value is calculated by the following equation:

$$0.48 + \left(0.36 * \frac{48.23}{77.16}\right) + \left(10.16 * \frac{0.96}{77.16}\right) + \left(0.011 * \frac{352.73}{77.16}\right) + \left(0.07 * \frac{18.74}{77.16}\right) + \left(0.24 * \frac{18.74}{77.16}\right)$$

Table 14.7 Model Contained Mineralization

Cut-off CuEq %	Tonnes (000s)	Cu %	Cu Pounds (000s)	Au g/t	Au Ounces (000s)	Ag g/t	Ag Ounces (000s)	Mo %	Mo Pounds (000s)	Pb %	Pb Pounds (000s)	Zn ppm	Zn Pounds (000s)
0.20	519,541	0.27	4,429	0.35	126,335	7.56	3,989,155	9.25	10,598	0.05	572,695	0.19	2,172,276
0.25	475,274	0.28	4,242	0.38	122,094	7.99	3,942,738	9.73	10,202	0.05	523,899	0.20	2,090,200
0.30	424,432	0.30	4,061	0.40	116,558	8.54	3,777,883	10.35	9,686	0.06	539,093	0.21	1,983,093
0.35	363,019	0.33	3,795	0.44	108,768	9.32	3,529,265	10.93	8,748	0.06	480,191	0.23	1,838,113
0.40	308,364	0.36	3,571	0.49	100,515	10.14	3,301,604	11.22	7,630	0.07	459,200	0.24	1,663,665
0.45	266,858	0.39	3,348	0.53	93,758	10.93	3,110,172	11.63	6,842	0.07	397,515	0.26	1,512,133
0.50	222,859	0.43	3,084	0.58	86,223	12.03	2,871,284	12.19	5,990	0.08	381,265	0.28	1,359,967
0.55	189,413	0.47	2,852	0.64	79,494	13.05	2,676,459	12.65	5,282	0.09	356,314	0.29	1,215,277
0.60	167,073	0.50	2,677	0.69	74,612	13.89	2,530,309	12.98	4,782	0.09	314,512	0.30	1,107,773
0.65	148,767	0.53	2,529	0.73	70,338	14.71	2,406,633	13.09	4,293	0.09	287,803	0.31	1,024,873
0.70	133,845	0.55	2,372	0.78	66,565	15.47	2,304,230	13.21	3,899	0.10	282,157	0.31	926,784
0.75	118,195	0.58	2,218	0.83	62,485	16.44	2,161,936	13.43	3,500	0.10	255,155	0.32	826,128
0.80	105,540	0.61	2,083	0.89	58,817	17.33	2,071,183	13.57	3,158	0.10	228,034	0.33	758,362
0.85	94,798	0.64	1,958	0.94	55,227	18.12	1,965,421	13.81	2,886	0.11	221,860	0.33	683,213
0.90	86,059	0.66	1,839	1.00	52,246	18.88	1,901,281	13.95	2,648	0.11	205,268	0.33	617,232
0.95	78,580	0.69	1,731	1.05	49,756	19.69	1,826,394	14.21	2,462	0.11	187,733	0.33	573,829
1.00	72,981	0.70	1,639	1.10	47,652	20.31	1,770,548	14.32	2,305	0.12	190,626	0.33	533,054

14.1.10 BLOCK MODEL VALIDATION

Statistical and visual checks were performed by SEWC of the estimated block model to ensure there were no discrepancies in the grade estimation routines and to ensure the geometry of mineralization meets the configuration that the geologists expected.

15 ADJACENT PROPERTIES

There are no properties, adjacent to the Property, with published NI43-101 Technical Reports.

The Tantahuatay project borders the Project to the northwest. Tantahuatay is owned (40%) by Buenaventura, a Peruvian mining company that also trades on the New York Stock Exchange. According to the US SEC Form 6-K filed by Buenaventura at www.sec.gov Tantahuatay production in 4Q11 was 29,895 ounces of gold. In 2011, gold production was 46,164 ounces. The current estimate of resources for Tantahuatay found on the Buenaventura website is not NI43-101 compliant, nor is it current.

The author has been unable to verify the information regarding Tantahuatay and any information available on Tantahuatay may not be indicative of the mineralization on the AntaKori Property.

16 OTHER RELEVANT DATA AND INFORMATION

The mineralization at AntaKori includes elements that may be considered deleterious to certain processing methods. In many cases these are referred to as "penalty" elements. Other geological theories suggest that the mineralization can be targeted based on these elements. We are reporting the elements As, Mo and Sb here in Table 16.1 at the same cut-off grades as those shown in Table 14.6.

Table 16.1 Arsenic and Antimony Grades

Cut-off CuEq %	Tonnes (000s)	As ppm	Sb ppm
0.20	519,541	422.32	62.02
0.25	475,274	450.33	65.68
0.30	424,432	490.46	70.57
0.35	363,019	543.59	76.27
0.40	308,364	609.19	82.5
0.45	266,858	669.03	88.72
0.50	222,859	750.33	97.52
0.55	189,413	835.54	106.6
0.60	167,073	902.25	113.51
0.65	148,767	976.56	121.29
0.70	133,845	1044.35	128.6
0.75	118,195	1127.98	138.07
0.80	105,540	1213.38	147.29
0.85	94,798	1300.91	155.69
0.90	86,059	1389.99	164.97
0.95	78,580	1474.26	172.96
1.00	72,981	1551.74	180.41

17 INTERPRETATIONS AND CONCLUSIONS

SEWC reviewed pertinent data from the Project regarding exploration data and grade estimation. SEWC determined that there are resources at the Project in accordance with Canadian National Instrument 43-101, as set forth in the CIM Standards on Resources and Reserves, Definitions and Guidelines (2010). Due to limited QA/QC on a portion of the drilling, as well as the large volume of mineralization estimated with relatively few samples and drilling, SEWC recommends that the entire resource can only be considered as Inferred Mineral Resources.

SEWC met its objectives and completed its review of the project in preparation for this Technical Report.

18 RECOMMENDATIONS

A significant area of mineralization has been identified on the AntaKori Property. Drill plans should be designed to: (a) improve confidence in the location of gold, copper and silver of the inferred resource, and (b) expand and conjoin the extent of the overall known resource. The author has made no recommendations for successive phases.

SEWC recommends that a drilling program of 20,000 meters should be implemented to update and expand the mineralization potential at the AntaKori Project. The cost of this project is estimated to be US$5,200,000. It is recommended that LCY implement a QA-QC program for all future drilling, sampling and assaying at the Property.

Table 18.1 Recommended Drilling Program

Item	US$ (000)
Diamond drilling 20,000 m, including geology and assays.	5,000,000
Access and permits.	100,000
General and administration.	100,000
Total	5,200,000

19 REFERENCES

1. Goulay,Vela,Medina,Mayta,Cacerces Internal report to Sinchao Metals, May 2008
2. Jaramillo, Internal Technical Report on Sinchao, October 2008
3. Rodrigo claim validation report, May 2011
4. Internal memorandum to Scott Wilson from: Flores, R. geology and cross section interpretations, January 2012
5. Wilson, S. 2012, NI 43-101 Technical Report. Sinchao Metals Corp., Yanacocha-Hualgayoc Mining District, Department of Cajamarca, Peru, Dated April 15, 2012.