## THE PUCACORRAL PROPERTY NI 43-101 TECHNICAL REPORT (PROVINCE OF HUAROCHIRI, DEPARTAMENT OF LIMA, PERU)

- Prepared for -

BCGold Corp. Suite 520 – 800 West Pender Street Vancouver, British Columbia V6C 2V6 - Canada



- Prepared by -

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#### **CERTIFICATE OF AUTHOR**

I, Victor Jaramillo, P. Geo., do hereby certify that:

I am a President of: Discover Geological Consultants Inc. Suite 501 - 1111 Haro Street Vancouver, BC V6E 1E3 Canada

I graduated with a Bachelor of Science Degree in Geology from Washington and Lee University (U.S.A.) in 1981. In addition, I obtained a Master of Science Applied Degree in Mineral Exploration in 1983 from McGill University (Canada).

I am a professional geoscientist, registered with the Association of Professional Engineers and Geoscientists of British Columbia (License No. 19131).

I am a Fellow of the Geological Association of Canada (GAC) and a Fellow of the Society of Economic Geologists (SEG).

I have worked as a geologist for a total of 35 years since my graduation from university. 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 purpose of NI 43-101.

I am responsible for the preparation of the technical report titled The Pucacorral Property Technical Report and dated November 30, 2016 (the "Technical Report") relating to the Pucacorral Property. The author most recently worked at the Property from October 15, 2016 to November 17, 2016.

I have had no prior involvement with the property that is the subject of the Technical Report.

I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.

I am independent of the issuer applying all of the tests III section 1.4 of National Instrument 43-101.

I have read National Instrument 43-101 and Form 43-101 F1, and the Technical Report has been

prepared in compliance with that instrument and form.

I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 30<sup>th</sup> day of November, 2016

Victor Jaramillo

*Signed "Victor Jaramillo"* Victor Jaramillo, P.Geo.

## **1.0 SUMMARY**

## **2.0 INTRODUCTION**

## **2.1 TERMS OF REFERENCE**

## 2.2 SCOPE, SOURCES OF INFORMATION AND DISCLAIMER

In preparing this report, the author has relied in part on geological reports and maps, miscellaneous technical papers, published government reports and historical documents listed in the "Selected References" section at the conclusion of this report, public information and the writer's experience.

This report is based on information known to the writer as of October 1, 2016. All measurement units used in this report are metric, and currency is expressed in US dollars unless stated otherwise. Additionally, the author met several times with Mr., Adam , Vice President Exploration for BC Gold, at their Vancouver office, during which time background information such as reports and maps concerning the property was made available.

The results and opinions expressed in this report are conditional upon the aforementioned geological and legal information being current, accurate, and complete as of the date of this report, and that no information has been withheld which would affect the conclusions made herein.

### **3.0 RELIANCE ON OTHER EXPERTS**

The author has not completed an independent title search of the concessions. The author has relied on the representations and warranties made by BCGold Corp. who regularly review the status of the mining concessions and claims and certify that the concessions and claims are in good standings with the Peruvian auditors each year end.

## 4.0 PROPERTY DESCRIPTION AND LOCATION

The Property is located in the central Andes of Peru (Figure  $\mathbb{R}$ ) in the District of San Mateo, Province of Huarochiri, Department of Lima, within the Matucana 24-k map (1:100,000 scale) of the Peruvian National Topographic System (NTS).



FIGURE 1: Pucacorral Project Location Map



Cima de Oro is the registered owner of a 100% interest in the following mineral concessions which comprise the **Pucacorral Property**:

NAME	CODE N"	N" ELECTRONIC N" ENTRY	TITLEHOLDER	AREA (Has)	VALIDITY FEES US dollars		PENALTY FEES US dollars	
					2015	2016	2015	2016
Fundido	010075414	-	Cimo de Oro S.A.C	983.87	3.000.00	2,951.62	0.00	0.00
Silver MG	010277913	13109032	Cima de Oro S.A.C.	219.64	658.91	658.91	0.00	0.00

**XYX:** List of Mineral Concessions Owned by Cima de Oro Tres

Cima de Oro also has an option agreement (the "Tres Agreement") to acquire 100% of the issued and outstanding shares of SMRL Cerro de Oro Tres ("Tres"), a private Peruvian company that in turn holds 9 additional mineral concessions.

Tres is the registered owner of a 100% interest in the following nine mineral concessions:

NAME	CODE Nº	ELECTRONIC	TITLEHOLDER	AREA (Has)	VALIDITY FEE 2015 US\$	PENALTY FEE 2015 US\$	CONTRACTS
Bucaran-ERGR Uno	010090105	12117231	S.M.R.L. Cerro de Oro Tres	29.99	89.96	179.93	Option and Mining Assignment Contract (By minute dated 31,10,15)
El Bucaron - ERGR	010068804	11704390	S.M.R.L. Cerro de Oro Tres	35.99	107.96	215.91	Option and Mining Assignment Contract (By minute dated 31.10.15)
Silver MC4	010326710	13111235	S.M.R.L. Cerro de Oro Tres	539.00	1.617.01	0.00	Option and Mining Assignment Contract (By minute dated 31.10.15)
Silver HRY	010346110	13120592	S.M.R.L. Cerro de Oro Tres	400.00	1,200.00	0.00	Option and Mining Assignment Contract (By minute dated 31,10,15)
Silver MC5	010322610	13113194	S.M.R.L. Cerro de Oro Tres	17.81	53.44	0.00	Option and Mining Assignment Contract (By minute dated 31,10,15)
Silver FY	010209810	13108912	S.M.R.L. Cerro de Oro Tres	37.10	111.31	0.00	Option and Mining Assignment Contract (By minute dated 31,10,15)
Esperanza GOLDFY IV	010437710	13112272	S.M.R.L. Cerro de Oro Tres	9.64	28.91	0.00	Option and Mining Assignment Contract (By minute dated 31,10,15)
ASILVER FY	010139511	13115996	S.M.R.L. Cerro de Oro Tres	2.99	8.98	0.00	Option and Mining Assignment Contract (By minute dated 31.10.15)
Esperanza GOLDFY	010437310	13113192	S.M.R.L. Cerro de Oro Tres	19.99	59.98	0.00	Option and Mining Assignment Contract (By minute dated 31.10.15)

## Table TT: List of Mineral Concessions Owned by Cerro de Oro Tres

\*Validity fees or 'Pago de Vigencia', is the fee, or tax, that is collected annually from holders of mineral concessions. It is currently US\$3 per hectare. The penalty fees are an added tax imposed on mineral concession owners that have not achieved a minimum annual commercial production or invested in exploration. The law states that the tax will be that the minimum annual production should be equivalent to one (1) Tributary Tax Unit (UIT) which is currently S/ 3,950.00 (Soles) per year per hectare for metallic substances. If production has not been achieved after the ten- year anniversary the owner of the mining concession must instead pay, starting on the first semester of the eleventh year, a penalty payment equal to the 10% of the required

minimum annual production. If the owner of the mining concession continues to be in default after the fifteenth-year anniversary the mining concession may expire.

Both validity and penalty fees are due June 30th of the calendar year. Fees payable may be up to 12 months in arrears, but failure to pay after that period of time results in forfeiture of title and loss of the concession.

All Concessions listed in Tables XYX and TT are in good standing. All validity fees and any penalties have been paid.

Ownership details of the above mentioned claims were supplied by BCGold Corp. and have not been independently verified by the author.

In order to maintain and exercise its option Cima de Oro must make firm and optional payments over a five-year term (but may be exercised in full at any time in that period) commencing upon registration of the option agreement with the Ministry of Mines:

	Obligation	Amount	Interest Earned	Status
		(US dollars)	in Tres (%)	
Ten days from registration	Firm	40,000	16.6	Pending
6 months from registration	Optional	60,000	23.26	-
12 months from registration	Optional	50,000		-
18 months from registration	Optional	50,000	29.92	-
24 months from registration	Optional	75,000		-
30 months from registration	Optional	75,000	39.92	-
36 months from registration	Optional	90,000		-
42 months from registration	Optional		51.92	-
60 months from registration	Optional	970,000	100.00	-
Total		\$ 1,500,000	100%	

### **X**: Acquisition of Cerro de Oro Tres - Schedule of Payments

For the purpose of the acquisition of Cima de Oro, the agreement allows BCGold to acquire all of the issued and outstanding shares of Cima in exchange for shares of BCGold and cash payments. Upon closing BCGold will acquire all of the issued and outstanding shares of Cima through the issuance of 8,000,000 shares of BCGold and a payment of \$32,000 to the vendors. This ia a firm commitment, however the acquisition of Tres is optional, thus BCGold is to reserve up to an additional 8,000,000 shares (the "Tres Agreement Shares") of BCGold, to be issued on a pro rata basis coincident with the schedule of payments as laid out in Table x above.

It has been agreed that BCGold may, in its sole discretion, elect to cease making payments under the Tres Agreement in which case BCGold shall not be required to issue any of the Tres Agreement Shares then remaining unissued.

**Royalties:** There are no royalties registered against any of the concession owned by Cima de Oro or Tres. Peru has a sliding scale gross over-riding royalty on mining. Calculation of the amount payable is made monthly and is based on the gross value of the concentrate sold (or its

equivalent) using international metal prices as the base for establishing the value of metal. The sliding scale is:

- 1. First stage: up to US\$60 million annual revenue; 1.0 percent of gross value;
- 2. Second stage: in excess of US\$60 million up to US\$120 million annual value; 2.0 percent of gross value; and
- 3. Third stage: in excess of US\$120 million annual value; 3.0 percent of gross value.

**Environment:** To the best of the writer's knowledge here are no known environmental liabilities within the property limits. Historic tunnels, adits, roads and rock dumps have been previously located and should be re- stated and included in Cima de Oro's EIA. This will help limit the current owner's liability.

**Mining Law:** The General Mining Law of Peru is administered by the Ministry of Energy and Mines (Ministerio de Energia y Minas). The law was changed in the mid-1990s to encourage the development of the country's considerable mineral resources. Details of the law were consolidated in a 'Single Revised Text of the General Mining Law' of 1992 (government document D.S. No. 014-92-EM, 19926). It defines and regulates different categories of mining activities, ranging from sampling and prospecting to development, mining and processing.

**Mineral Title Process:** Ownership of mineral claims is controlled by mining concessions that are established using UTM co-ordinates to define the corners of an area of interest, measured in hectares. New mining concessions have to be of at least 100 hectaresa in size (1 km2), and must be oriented in a north-south or east-west direction. Concessions that pre-date 1992 are based on the 'punto de partida' system and can be of any orientation. To be enforceable, any and all transactions and contracts pertaining to mining concessions must be entered into a public deed and registered at the National Institute of Mining Concessions (Instituto Nacional de Concesiones y Catastro Minero, or "INACC"). The owner of a concession registered at INACC is the legal owner of that concession.

The holder of a Peruvian mining concession is entitled to all the protection afforded to 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 that is distinct and independent from the ownership of land on which it is located, even when both a mining concession and the land on which it is based 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.

Mining titles are irrevocable and perpetual, as long as the required annual maintenance fees (derecho vigencia) are up to date and fully paid to the Ministry, by 30 June of each year following granting of a concession. The fees are paid in advance. The annual fee for metallic mineral concessions is US\$3 per hectare for each concession that is either actually acquired or pending (petitorio).

Surface Rights & Permitting: The Peruvian government requires any property developer to either purchase the surface rights or make an appropriate agreement with the surface rights

owner, for access to a property. In the case of mining concession holders, their concession rights do not confer ownership of the land - the owner of a mining concession must instead deal with the registered land owner to obtain the right of access to fulfill the production obligations inherent in the concession grant.

No work can proceed on a mineral concession without a community agreement. Any type of exploration involving ground disturbance, apart from mapping, taking samples at surface and geophysical surveys require a permit. Acquiring a permit is a process requiring preparation, site visits by specialists and community agreements. This task is usually out-sourced to consultants and specialists that are able to recognize local needs, are aware of the details of government regulations and are familiar with the mining industry and the requirement to do exploration. A background summary of the permitting process includes:

- 1. There are two types of exploration permits in Peru. The first type (Category 1) is for drill programs that involve less than 20 drill pads and less than 10 hectares of ground disturbance. That includes road building. This permit requires a DIA (Declaración de Impacto Ambiental). A drill pad may be used for multiple drill holes as long as this detailed in the declaration.
- 2. DIAs, if they comply with all requirements, may be granted after 20 working days unless the initial review finds causes for concern.
- 3. Programs over 20 drill pads or with more than 10 hectares of disturbance need to file for an EIA-sd or Semi-detailed Environmental Impact Assessment (Category II). There is a review process that includes requests for comments from the Water Authority, local governments, community and Ministry of Culture.
- 4. All reports are filed electronically, and all communication from the Ministry is now posted online.
- 5. Once the DIA and EIA-sd are granted the Company will need an Autorización de Inicio de Actividades. This second permit must include the following: a legal agreement with the registered owner of the land in the case of communities it needs to have two thirds approval from a general assembly; a CIRA (Archeological certificate) granted by the regional cultural authority certifying that the work area is free of archeological or cultural items of significance, and a water permit from the regional water board. Once all these permits are in place, an Autorización de Inicio de Actividades is granted.
- 6. The Ministry will ask the Ministry of Culture for comments. This means that additional community outreach programs may be needed, particularly if in a region where quechua is spoken. Quechua is the language spoken by many indigenous people of the Andean region. Quechua is not commonly spoken in the region of the Property. Archeological monitoring during ground disturbance is also a requirement.
- 7. Planning requires drill pads to be specified with 50-metre accuracy. Drill sites can be modified using ITS applications, so long as the modified pads are within the work area (or polygon) specified in the original permit.

At present Cima de Oro has an agreement with the town of Parac for access and is working on an agreement with the community of San Antonio. At the Pucacorral Property the surface rights belong to two communities: Comunidad Campesina de San Antonio and the town of San Mateo, District of San Mateo. Both are located within the Province of Huarochiri, Department of Lima.

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

#### 5.1 Access, Local Resources and Infrastructure



#### 5.2 Physiography and Climate

## 6.0 HISTORY

## 7.0 GEOLOGICAL SETTING AND MINERALIZATION

## 7.1 REGIONAL GEOLOGY

## **REGIONAL STRUCTURAL SETTING**

Figure 6: Regional Geology

## 7.2 PROPERTY GEOLOGY

## Alteration

Within the Copaquire Property hydrothermal alteration is observed in the Cerro Moly, Sulfato and Marta areas. The alteration observed in Cerro Moly and Marta is mainly k-spar alteration, whereas in Sulfato South and North the alteration is mostly phyllic, argillic and minor propylitic. These are typical alteration types found in calc-alkalic porphyry copper-moly systems in the Andean region.

#### Figure 8: Generalized Property geology map

#### TABLE 5: Property Geology Map Legend

## 7.3 MINERALIZATION

**PLATE 6: chalcopyrite in breccia matrix** 

Figure 10: Schematic Geological Model Cross Section

#### **PLATE 13: Chalcopyrite on fracture surface**

## 8.0 DEPOSIT TYPES

The Pucacorral deposit has similar features to Andean-style porphyry copper deposits. This type of mineralization system covers tens of square kilometres of large masses of altered rocks, sulphide-bearing veinlets and disseminated mineralization, quartz veins, and stockworks. Alteration zones are commonly coincident with shallow intrusives and/or dike swarms and hydrothermal or intrusive breccias.

Intrusives, hydrothermal breccias and zones of intensely developed fracturing are often coincident and commonly contain the highest metal grades. Weathering commonly modifies the distribution of mineralization. The oxidation of pyrite commonly generates acidic meteoric water which leaches the copper minerals.

The copper rich solution re-deposits the copper as secondary minerals such as chalcocite and covellite immediately below the water table in a supergene and blanket shaped enrichment zone. The phenomenon produces a copper-poor leached cap lying above a relatively thin higher-grade zone of supergene enrichment. The latter overlies a thicker zone of lower-grade primary (hypogene) mineralization at depth.

## 9.0 EXPLORATION

Historic Exploration:

### **Recent Exploration:**

### **10.0 DRILLING**

There has been no previous drilling at the Bucaran Property.

### **11.0 SAMPLE PREPARATION, ANALYSIS AND SECURITY**

The sampling program was carried out under the supervision of Victor Jaramillo, P. Geo., and Project Manager for BCGold Corp.

All work was conducted following the procedures and standards outlined under NI 43-101. All sample batches sent to the lab included standards, blanks and duplicate samples.

The author believes that the sampling methods employed are of good quality and are representative.

ALS-CHEMEX is a Canadian-Australian based laboratory with an excellent international reputation. Their quality system complies with ISO 9001:2000 and ISO 17025:1999.

ALS CHEMEX sample preparation procedures are as follows:

## Flow Chart - Sample Preparation Package - PREP- 31B Standard Sample Preparation: Dry, Crush, Split and Pulverize



#### ME- ICP61 Trace Level Methods Using Conventional ICP- AES Analysis

Sample Decomposition:

HNO, -HCIO, -HF-HCI digestion, HCI Leach (GEO-4ACID)

Analytical Method:

Inductively Coupled Plasma - Atomic Emission Spectroscopy (ICP - AES)

A prepared sample (0.25 g) is digested with perchloric, nitric, hydrofluoric and hydrochloric acids. The residue is topped up with dilute hydrochloric acid and the resulting solution is analyzed by inductively coupled plasma-atomic emission spectrometry. Results are corrected for spectral interelement interferences.

NOTE: Four acid digestions are able to dissolve most minerals; however, although the term "neartotal" is used, depending on the sample matrix, not all elements are quantitatively extracted.

Element	Symbol	Units	Lower Limit	Upper Limit	Default Overlimit Method
Silver	Ag	ppm	0.5	100	Ag-OG62
Aluminum	AI	%	0.01	50	
Arsenic	As	ppm	5	10000	
Barium	Ba	ppm	10	10000	
Beryllium	Be	ppm	0.5	1000	
Bismuth	Bi	ppm	2	10000	
Calcium	Ca	%	0.01	50	
Cadmium	Cd	ppm	0.5	500	
Cobalt	Co	ppm	1	10000	Co-OG62
Chromium	Cr	ppm	1	10000	
Copper	Cu	ppm	1	10000	Cu-OG62
Iron	Fe	%	0.01	50	
Gallium	Ga	ppm	10	10000	

Element	Symbol	Units	Lower Limit	Upper Limit	Default Overlimit Method
Potassium	K	%	0.01	10	
Lanthanum	La	ppm	10	10000	
Magnesium	Mg	%	0.01	50	
Manganese	Mn	ppm	5	100000	
Molybdenum	Mo	ppm	1	10000	Mo-OG62
Sodium	Na	%	0.01	10	
Nickel	Ni	ppm	1	10000	Ni-OG62
Phosphorus	Р	ppm	10	10000	
Lead	Pb	ppm	2	10000	Pb-OG62
Sulphur	S	%	0.01	10	
Antimony	Sb	ppm	5	10000	

## **12.0 DATA VERIFICATION**

Sample data collected by BCGold Corp is considered to be accurate and reliable, based on the author's knowledge of the exploration work conducted at Pucacorral.

Quality control procedures and methodology were implemented by BCGold Corp. This work included the insertion of duplicates, blanks and standards during sample submittal to ALS CHEMEX Labs in Lima, Peru.

Duplicate, standard and blank samples were inserted into batches of approximately 20 samples. All these sample batches were delivered directly to the office of ALS CHEMEX in Lima by V. Jaramillo, P.Geo.

An electronic data file was generated for merging into the database. No irregularities in the data were noted. Original assay certificates are available on site and in the Vancouver BCGold office. Each electronic file includes ALS Chemex internal check results. The assay data is merged electronically into a database by matching sample numbers from the assay certificates with those entered into the database.

**Recommended Values (RV)** are the average values that are provided in each CDN Resource Lab Standard certificate, that was established by assaying at multiple labs. The following tables and figures show lab results and the statistics:

Copper											
Standard ID	Count	R.V. (ppm)	AV (ppm)	S.D.(ppm)	Outliers	AV (without outl.)	BIAS (%)				
CDN-CM-4	6	5080	5095	136	0	-	0.3				
CDN-CGS-12	17	2650	2575	107	1	2593	-2				
CDN-CM-2	9	10130	9871	246	0	-	-3				

Moly										
Standard ID	Count	R.V. (ppm)	AV (ppm)	S.D.(ppm)	Outliers	AV (without outl.)	BIAS (%)			
CDN-CM-4	6	320	306	8	1	308	-4			
CDN-CM-2	9	290	282	10	0	-	-3			
CDN-MoS-1	11	650	656	30	0	-	1			

Table 10: Statistical Summary of Standards used for copper during 2010

Table 11: Statistical Summary of Standards used for moly during 2010



Figure 22: Copper variogram for standard CDN-CM-4



Figure 23: Moly variogram for standard CDN-CM-4



Figure 24: Copper variogram for standard CDN-CGS-12



Figure 25: Copper variogram for standard CDN-CM-2

Considering the following % BIAS ranges:

Good or Acceptable: -5 to 5%

**Questionable:** -5 to -10% or 5 to 10%

Unacceptable: below -10% or over 10%

It can be concluded (Tables 10 and 11), that all the values lie within the "good or acceptable" range. As such, the sample results do reflect a good level of precision.

To control any possible contamination, two blank type samples were inserted, a coarse quartz blank and a standard blank CDN-BL-6 prepared by CDN Resource Laboratories of Vancouver.

Table 12 below gives the basic statistics for these blank samples.

	Coars	e Blank	CDN-BL-6		
	Cu ppm	Mo ppm	Cu ppm	Mo ppm	
Count	51	51	11	11	
Minimum	10	0.56	48	4	
Maximum	127	6.03	58	6	
Mean	27	2	53	5	
Standard Deviation	19	1	3	1	

Table 12: Statistical summary for coarse blank and CDN-BL-6



Figure 28: Cu-Mo variogram for coarse blanks (2010)



Based on the above results (Table 12, Figures 28 and 29) it can be concluded that sample contamination was not present or was minimal, this due to the very low levels of Cu and Mo, as

	Cu ppm			Мо ррт		
	Original	Duplicate	Difference	Original	Duplicate	Difference
Count	52	52	52	52	52	52
Max	13350	13750	82	1295	1010	149
Min	54	38	-54	2	1	-97
Mean	1969	1961	8	196	171	26
Standard						
Deviation	2492	2576	701	246	208	153
BIAS (%)			0,4			14

none of the samples assayed above 130 ppm Cu and 7 ppm Mo. The table below provides statistical results for duplicate samples.

Table 13: Statistical summary of duplicate samples taken during 2010



Figure 30: Copper variogram of duplicate samples (2010)



Figure 31: Moly variogram of duplicate samples (2010)

Duplicate sample results (Table 13, Figures 30 and 31) show good correlation for copper as the trend line is very similar to x=y, and the % BIAS is only 0.4%. For moly the situation is different as the % BIAS is 14%. This could be due to the mineral distribution which in the case of moly appears to be different than that of copper.

## **13.0 MINERAL PROCESSING AND METALLURGICAL TESTING**

## 14.0 MINERAL RESOURCE ESTIMATES

### **Topography**

The base topography used for the present study was obtained from Minera IPBX Limitada. In September 2007, Eagle Mapping was contracted to produce a detailed topographic map based on new aerial photographs.

## **15.0 ADJACENT PROPERTIES**

There are no adjacent properties to , only staked ground by others.

## **16.0 OTHER RELEVANT DATA AND INFORMATION**

#### Permits & Environmental Liabilities

**Peruvian Regulations** 

## **17.0 INTERPRETATION AND CONCLUSIONS**

## **18.0 RECOMMENDATIONS**

## **19.0 REFERENCES**

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