



A legacy mining exploration company with the advanced **MALPICA** copper-gold-(silver-molybdenum) exploration project in Sinaloa State, 30 km east of Mazatlan, Mexico.

A Scoping Study and fully compliant 43 -101 Preliminary Assessment was compiled by Stephen Godden, FIMMM., C. Eng. of S. Godden & Associates Limited in the UK and resource calculation by Gary Giroux, MASc., P.Eng. (refer to Company news release dated December 3, 2009).

***A low risk, low capital expenditure Project with robust economics and good blue sky potential; majority of capital expenditures deferred until years 3 and 4 which limits risk exposure to currency and metal price fluctuations.***

**ESTIMATED MINERAL RESOURCES at 0.25% Cu Grade Cut-off:**

CLASSIFICATION	MILLIONS of TONNES	AVERAGE GRADES Cu (%)	Au (g/t)	MILLIONS of lbs Cu	oz Au
Total Indicated	9.7	0.589	0.491	125.5	150,000
Total Inferred	39.6	0.477	0.409	416.5	520,000

RESOURCES, DILUTED, at 0.25% Cu Grade Cut-off	COPPER	GOLD Credits
Estimated in-pit Mineral Resource [37.3 M tonnes]	405.6 M lbs.	416,000 oz
Estimated net recoverable metal	358.0 M lbs.	385,900 oz.
Average Annual Production	31.5 M lbs.	33,900 oz.
Assumptions: Base Case metal prices	\$ 2.50 per lb.	\$ 825 per oz.
Life of mine		11.4 years
Average strip ratio		1.78

**ECONOMIC RESULTS USING BASE CASE METAL PRICES**

Cumulative gross copper revenues	\$ 2.50 per lb.	358.0 M lbs.	\$ 895 M
Cumulative gross gold credits	\$ 825 per oz.	385,900 oz	\$ 318 M
			\$ 1,213 M
Royalties			\$ 35 M
Cumulative operating costs			\$ 855 M
Cumulative operating profit			\$ 323 M
Life of mine capital costs			\$ 122 M
Net cashflow earnings before income tax, depreciation and amortization ["EBITDA"]			\$ 201 M
EBITDA NPV at 5% discount			\$ 117 M
Internal Rate of Return ("IRR")			37%
EBITDA payback period of pre-production costs from heap leaching revenues			1.5 years

EBITDA payback period including deferred capital for floatation plant start in year 3 & 4	4.9 years
Overall average margin of recovered copper	\$ 0.56/lb
Overall average operating cost of recovered copper	\$ 1.79/lb

**INFRASTRUCTURE** – traversed by a paved highway and a major power supply line; 13 kms east of a main rail line; 30 km east of deep water port of Mazatlan; supportive work force in the adjacent towns of Villa Union and Concordia; extensive industrial services available in Mazatlan.

**RISKS - FINANCIAL COMMITMENTS** – balance of payments to vendor Grupo Mexico to acquire 100% equity:

DUE DATE	PAYMENT AMOUNT
January 24, 2010	\$ 1 M
July 24, 2010	\$ 1 M
January 25, 2011	\$ 7.6 M
	<b>\$ 9.6 M</b>

**CAPITAL COSTS FOR LIFE OF MINE:**

CAPITAL COST	ELEMENTS	ESTIMATED COSTS
Pre-Production	Permits, EIS & community, moving adjacent road and power line, heap leach plant, tailings storage facility, project design	\$ 30 M
Mill	Flotation plant, tailings storage lifts, mine closure	\$ 77 M
Sustaining Capital	Heap Leach Plant and Flotation Plant	\$ 4 M
Contingency	10%	\$ 11 M
		<b>\$ 122 M</b>

**HIGHLIGHTS OF THE PROJECT:**

- Open pit, heap leach operation for first **3.5 years**; transitioning to a conventional flotation mill thereafter;
- Internal Rate of Return of **37%** at Base Case \$2.50 Cu and \$825 Au;
- Payback period of pre-production costs from early heap leaching production revenues of **1.5 years**; and **4.9 years payback** that includes deferred capital for flotation plant start up in years 3 and 4.

**BLUE SKY POTENTIAL:**

- Ore zones remain partially open at depth and on strike;
- Scoping Study sensitivities indicate that the cut-off could be reduced to 0.2% Cu;
- Pit slopes are conservatively designed;
- The Company is convinced that the gold values are under reported as a consequence of non 43-101 compliant data not being included in the resource calculation (ie., early Asarco drilling and Cambior trenches);
- Mining costs are predicated on a contractor operated, new and leased mine fleet.
- Preproduction period could be reduced from 24 months to 12 months;
- **At a copper price of US\$3 per pound and a gold price of US\$990 per Troy ounce the undiscounted, EDBITDA NPV of the Project increases to \$410 million and the EBITDA IRR increases to 66%.**