

To Stabro Kasaneva
From Paula Larrondo
Tel +56 2 9577045
Fax +56 2 9577404
Date August 2, 2010

File no MEMO-2181-03
Cc Rene Burgos – AMEC
Emmanuel – Henry - AMEC

Subject: Minera Guanaco Resource Statement Updated

NOTICE

This report was prepared exclusively for Guanaco Compañía Minera by AMEC International Chile S.A. (AMEC). The quality of information, conclusions and estimates contained herein is consistent with the level of effort involved in AMEC's services and based on: i) information available at the time of preparation, ii) data supplied by outside sources, and iii) the assumptions, conditions and qualifications set forth in this report. This report is intended to be used by Guanaco Compañía Minera only, subject to the terms and conditions of its contract with AMEC. Any other use of, or reliance on, this report by any third party is at that party's sole risk.

AMEC estimated the Mineral Resource tonnage and grade for the five deposits and the leach pads. Mineral Resources are reported in compliance with the Canadian National Instrument NI 43-101 and the Australian JORC Code. They are reported separately for open pit, underground and leach pads (Table 1 to Table 3).

AMEC determined reasonable prospects of economic extraction by applying preliminary economic filters which are different for the open pit and underground mining methods. For the open pits, Mineral Resources are reported within a Lerchs-Grossman (LG) optimized pit shell using Whittle® software with parameters as stated in Table 4.

For the underground mines, Mineral Resources are reported within a 1 g/t Au grade-shell designed by GCM for the Cachinalito Central, Cachinalito West and Dumbo West deposits. For Defensa and Perseverancia, where GCM had modelled a 0.5 g/t Au grade-shell, AMEC modelled another grade-shell at 1 g/t Au included within the 0.5 g/t grade-shell with a minimum stope width of 2 m and a minimum stope height of 10 m. All resources are reported below using the latest updated topography.

Only the mineralization within the grade-shells is reported.

The reporting cut-off grade for open pit Mineral Resources is 0.4 g/t Au, consistent with the long term price and cost assumptions included in Table 4. Similarly, the underground Mineral Resources are reported with a cut-off grade of 1.0 g/t Au.

The price assumptions are not consistent between the underground and the open-pit mine. A higher long term gold price for underground was agreed after the open pit mine planning had been carried out. Consequently, the open pit Mineral Resources could be increased by bringing the open pit price to the same level as the underground price and re-running the Lerchs-Grossman optimization.

No cut-off grade was used for leach pad resources as this material cannot be treated selectively and all the leach pad material is a priori economic. This pad material will have lower costs than mined material and its average grade is above the expected operational cut-off of 0.4 g/t Au.

Mineral Resources are reported using a specific gravity of 2.5 g/cc³. It should be noted that there is an inconsistency in the Mineral Reserves which were estimated and reported using a default specific gravity of 2.4 g/cc³. This discrepancy is due to the fact that density values were re-analyzed after the mine plan had been completed. AMEC was able to update the Mineral Resources but not the mine plan and the Mineral Reserves by the time of completion of this report.

Table 1: Statement for Open Pit Resources for Minera Guanaco (0.4 g/t Au cut-off)

Category	Deposit	Ore Type	Tonnage	Au	Ag	Cu	Au Metal	Ag Metal	Cu Metal
			(kt)	(g/t)	(g/t)	(%)	(oz)	(oz)	(t)
Measured	Defensa	Oxide	233	1.36	14.18	0.03	10,187	106,464	61
		Sulphide	111	2.27	20.49	0.30	8,085	72,988	336
	Perseverancia	Oxide	245	1.71	14.10	0.05	13,471	111,090	115
		Sulphide	67	1.87	12.59	0.06	4,051	27,309	38
	Total	Oxide	479	1.54	14.14	0.04	23,658	217,554	176
		Sulphide	178	2.12	17.50	0.21	12,136	100,297	373
Indicated	Defensa	Oxide	246	1.26	12.15	0.04	9,964	96,027	93
		Sulphide	71	1.64	19.05	0.43	3,736	43,491	303
	Perseverancia	Oxide	315	1.35	11.31	0.05	13,718	114,629	148
		Sulphide	134	1.92	10.63	0.14	8,275	45,734	181
	Total	Oxide	561	1.31	11.68	0.04	23,681	210,655	242
		Sulphide	205	1.82	13.55	0.24	12,011	89,224	484
Measured + Indicated	Defensa	Oxide	479	1.31	13.14	0.03	20,151	202,491	154
		Sulphide	182	2.02	19.93	0.35	11,821	116,478	639
	Perseverancia	Oxide	560	1.51	12.53	0.05	27,188	225,719	263
		Sulphide	201	1.90	11.28	0.11	12,326	73,042	218
	Total	Oxide	1,040	1.42	12.81	0.04	47,339	428,209	417
		Sulphide	383	1.96	15.39	0.22	24,147	189,521	857
Inferred	Defensa	Oxide	2	1.42	14.29	0.03	111	1,118	1
		Sulphide	0	0	0	0	0	0	0
	Perseverancia	Oxide	13	1.67	9.52	0.09	699	3,979	12
		Sulphide	0	0	0	0	0	0	0
	Total	Oxide	15	1.63	10.27	0.08	810	5,097	12
		Sulphide	0	0	0	0	0	0	0

Table 2: Statement for Underground Resources for Minera Guanaco (1 g/t Au Cut-Off)

Category	Deposit	Tonnage	Au	Ag	Cu	Au Metal	Ag Metal	Cu Metal
		(kt)	(g/t)	(g/t)	(%)	(oz)	(oz)	(t)
Measured	Cachinalito Central	515	5.25	3.40	-	86,923	56,234	-
	Cachinalito Oeste	288	3.14	3.18	-	29,052	29,395	-
	Dumbo Oeste	149	3.10	10.16	0.78	14,872	48,733	1,168
	Defensa	78	2.06	20.91	0.45	5,188	52,602	351
	Perseverancia	234	1.92	17.68	0.18	14,470	133,115	422
	Total	1,264	3.70	7.88	-	150,506	320,078	1,940
Indicated	Cachinalito Central	728	4.28	3.75	-	100,166	87,832	-
	Cachinalito Oeste	524	2.84	3.47	-	47,904	58,460	-
	Dumbo Oeste	540	2.78	10.38	0.99	48,215	180,268	5,348
	Defensa	418	2.35	18.79	0.39	31,588	252,638	1,623
	Perseverancia	596	1.71	20.54	0.30	32,646	393,209	1,757
	Total	2,806	2.89	10.78	-	260,519	972,407	8,728
Measured + Indicated	Cachinalito Central	1,243	4.68	3.61	-	187,089	144,066	-
	Cachinalito Oeste	812	2.95	3.36	-	76,957	87,855	-
	Dumbo Oeste	689	2.85	10.33	0.95	63,087	229,001	6,517
	Defensa	497	2.30	19.12	0.40	36,776	305,240	1,973
	Perseverancia	830	1.77	19.73	0.26	47,116	526,324	2,178
	Total	4,070	3.14	9.88	-	411,025	1,292,485	10,668
Inferred	Cachinalito Central	328	3.52	4.30	-	37,091	45,369	-
	Cachinalito Oeste	115	2.59	3.93	-	9,631	14,599	-
	Dumbo Oeste	1,010	2.24	15.08	1.07	72,822	489,432	10,785
	Defensa	74	1.92	16.60	0.49	4,570	39,466	360
	Perseverancia	166	1.62	11.14	0.10	8,608	59,363	159
	Total	1,693	2.44	11.91	-	132,722	648,229	11,304

Table 3: Statement for Leach Pad Resources for Minera Guanaco (All Material Reported since All Material is Above the 0.4 g/t Cut-Off)

Category	Deposit	Tonnage	Au	Ag	Cu	Au Metal	Ag Metal	Cu Metal
		(kt)	(g/t)	(g/t)	(%)	(oz)	(oz)	(t)
Measured	Phase 1	3,898	0.51	2.77	0.03	64,159	346,733	1,013
	Phase 2	4,437	0.57	2.56	0.04	81,590	365,441	1,597
	Total	8,334	0.54	2.66	0.03	145,748	712,175	2,611
Inferred	Phase 1	939	0.51	2.77	0.03	15,458	83,540	244
	Phase 2	1,838	0.57	2.56	0.04	33,803	151,406	662
	Total	2,777	0.55	2.63	0.03	49,261	234,946	906

Table 4: Economic Parameters for Resource Reporting

Parameter	Open Pit	Underground
Slope Angle	40°	NA
Minimum Stope Width	NA	2 m
Metallurgical Au Recovery	60%	93%
Metallurgical Ag Recovery	40%	NA
Mining Cost	2.0 US\$/t	14.6 US\$/t
Processing Cost	6.5 US\$/t	15.0 US\$/t
Gold Marketing Cost	3.0 US\$/oz	10 US\$/oz
Gold Price	890 US\$/oz	1,000 US\$/oz
Silver Price	12.65 US\$/oz	NA
Copper Price	2.07 US\$/lb	NA