# Doña Amelia Area, San Simón Iténez Province, Bolivia

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# Executive Summary

The San Simón gold project is situated in the Department of Beni in northeastern Bolivia approximately 25 kilometres (km) west of the Brazilian border at 13° 37' S latitude and 62° 05' W longitude. Eaglecrest Explorations Ltd., of Vancouver, Canada, controls 16 mineral concessions in the San Simon area through its Bolivian subsidiary Eaglecrest Exploration Bolivia S. A. (EEBol). The concessions cover 120.5 $km^2$ and are held by EEBol through six long-term contracts with the Bolivian concession owners.

The project is about 450 km north of the city of Santa Cruz de la Sierra which is the main supply and service centre for eastern Bolivia. The site is remote and access is most easily obtained via charter flights from Santa Cruz. Flight time to the property in a single engine aircraft is about 2 hours. A 1,300 metre (m) long airstrip located near Eaglecrest's camp is suitable for small and medium sized aircraft. There is no power available in the region except through the use of diesel generators. The informal miners' village of San Simon is located in the project area. In the last 20 years its population has fluctuated from a low of about 80 persons to as many as 1,500 or 2,000, and currently is about 500. The next nearest settlements are located about 30 km to the east, on the Bolivian side of the Itenéz River, which forms the border with Brazil.

The San Simón area is underlain by Proterozoic rocks that are part of the Amazonian craton of South America. The Serranía San Simón, or San Simon Range, is an incised plateau of weakly metamorphosed rocks, primarily subgreywacke, litharenite, and quartzite, elevated about 300 m above the Middle Tertiary laterite in the surrounding lowlands. The Serrania is largely bounded by thrust faults.

Gold was discovered near San Simón in the 17th century by Jesuit monks, who conducted mining operations in the area called "Mina Vieja" from about 1688 to 1767. On account of the remote location and difficult access, the district was mostly dormant until the mid to late 1970's. Informal mining was then largely confined to the Mina Vieja area, and other parts of the Trinidad-Manganeso trend, until the Paititi discovery in the 1990's. Paititi is located about eight km east of San Simón , and the discovery there, along with then-current high gold prices, stimulated the influx of informal or artisanal miners and the growth of the local population (mostly in the village of San Simón but also dispersed among small mining camps). The population decreased as the easily recovered gold at Paititi was exhausted and the gold price declined in the late 1990's and early 2000's. The local population has increased since 2007 with the rising gold price, and most of the recent informal mining has been in the areas near Paititi.

In June, 2010, Eaglecrest Explorations Ltd. retained SRK Canada Inc. (SRK) to prepare a National Instrument 43-101 (NI43-101) technical report and resource estimate for the Doña Amelia portion of the San Simón Property.

The Doña Amelia (or "Amelia") area covers the Trinidad-Manganeso Thrust zone ("TMT") which trends nearly East-West and has been traced for a distance of at least four km.

Various quartz veins are present in the thrust zone and the largest one, known as the MQV, has been traced discontinuously along most of the TMT.

Gold mineralization within the TMT is structurally controlled and occurs in and along quartz veins and in fractures and shear zones. The mineralization can best be described as mesothermal or orogenic. Gold is the only metal present in concentrations of economic interest and is largely associated with hematite and/or specularite. Oxidation is deep and sulphide minerals, predominantly arsenopyrite and pyrite, are rare.

Eaglecrest first became involved in the San Simón district in late 1994 and financed intermittent exploration work in the Amelia and Paititi areas until 2002. This work was mostly conducted by contractors and administered by Excalibur Holdings. In 2003, Eaglecrest's Bolivian subsidiary began operating directly. In total, 327 holes totalling 78,585 m have been drilled in the TMT. Until 2007, much of the drilling was done on a spacing of 100 m. In 2007, drilling focused in the Trinidad area, with infill and step-out holes at a nominal spacing of 25 m. The increased data density enabled in-house modeling by Eaglecrest in 2008 and the preparation, by SRK, of the resource estimate presented in this report.

SRK carried out a site visit from July 13 to July 16, spending two and half days examining drill core, reviewing sampling intervals, locating drill collars and reviewing the local surface geology. SRK was fully assisted by Eaglecrest during the site visit and no restrictions were imposed during the time spent at site.

SRK reviewed the drill core sampling protocols during the site visit and determined that the drill core sampling was adequate and appropriate for this type of deposit. The core sampling protocols are in keeping with standard industry practices. SRK also validated the digital assay database supplied by Eaglecrest and concluded that it was sufficiently free of errors to support estimation of mineral resources.

Mineral resources for the Amelia area were estimated and classified by Dr. Gilles Arseneau (P. Geo.), Principal Consultant, Geology at SRK in Vancouver using three-dimensional block modelling software.

SRK estimated that the capped mineral resources in the Doña Amelia area at a 3 gram per tonne (g/t) cut-off are 262,300 tonnes grading 5.15 g/t gold (Au) classified as Indicated Mineral Resources, and 251,800 tonnes grading 5.46 classified as Inferred Mineral Resources (Table 1).

Mineral resources were estimated using block modelling method with values interpolated into 6 m along strike, 6 m along the dip and 2 m in thickness. Grade values were estimated for gold only as no other metal occurs within the Doña Amelia area in economic concentration.

Grades were estimated in blocks using ordinary kriging (OK) algorithm. The grade interpolation was carried out in multiple passes using a search ellipsoid generally parallel to the long axis of the MQV.

Grades were composited to one metre lengths for grade estimation and composites were capped to a maximum of 40 g/t gold.

Blocks were classified as Indicated Mineral resources if at least three drill holes were found within the first interpolation pass. Blocks interpolated during Pass 2 and 3 were classified as Inferred Mineral Resources.

**Table 1: Mineral resource statement*, Doña Amelia area, San Simón Property, SRK Consulting (Canada) Inc., November 8, 2010**

| Classification | Cut-off Au (g/t) | Tonnage* Tonnes | Au Cap g/t |
|---|---|---|---|
| Indicated | >16 g/t | 300 | 16.77 |
| Indicated | >10 g/t | 11,700 | 12.11 |
| Indicated | >5 g/t | 103,100 | 7.20 |
| Indicated | >4 g/t | 159,100 | 6.23 |
| **Indicated** | **>3 g/t** | **262.300** | **5.15** |
| | | | |
| Inferred | >16 g/t | 2,700 | 20.99 |
| Inferred | >10 g/t | 14,000 | 13.77 |
| Inferred | >5 g/t | 105,000 | 7.77 |
| Inferred | >4 g/t | 159,000 | 6.65 |
| **Inferred** | **>3 g/t** | **251,800** | **5.46** |

*Mineral resources are not mineral reserves and do not have demonstrated economic viability. All numbers have been rounded to reflect the relative accuracy of the estimates.

SRK considers the exploration potential of the TMT to remain favourable, as most of it has only been tested at nominal 100 m drill spacing. Future exploration should concentrate in areas where the strike or dip of the structures change abruptly as such changes may represent dilation zones favourable for gold deposition.

SRK recommends that Eaglecrest continue to explore the TMT with additional drilling. More specifically, SRK recommends 2,175 m of drilling in eleven drill holes to evaluate poorly tested areas of the MQV in the Amelia area and to validate the 1996 drilling. SRK estimates the cost of the drilling program to be in the order of $424,450 (or US$467,000 with a 10% contingency).