

*EXPLORATION, DIAMOND DRILLING
AND BULK SAMPLING
REPORT*

SAN SIMÓN PROJECT

DEPARTMENT OF BENI, PROVINCE OF ITENEZ
BOLIVIA

Latitude 13° 37' S Longitude 62° 05' W
UTM 598,000E, 8,495,000N (WGS 1984, South Zone 20)

FOR

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EXECUTIVE SUMMARY

Eaglecrest Explorations Ltd. is a Vancouver based mineral exploration and development company listed on the Toronto Venture Exchange (EEL-TSX.VENTURE) and on the Frankfurt Stock exchange in Germany (EAT.FSE FRANKFURT).

The San Simón property is situated in north-eastern Bolivia where Eaglecrest Explorations Ltd. holds 38 concessions covering 296.75 km² on the Serranía San Simón through the Company's wholly own Bolivian subsidiary, Eaglecrest Exploration Bolivia S.A.. The concessions cover mesothermal lode type gold mineralization related to thrust faulting in a Proterozoic sedimentary sequence. The property is accessible by 2 hour chartered flights to an airstrip adjacent to the camp and by 767 km of mainly all-season, paved, gravel and dirt roads from Santa Cruz de camp on Serranía San Simón.

Gold mineralization was discovered on the San Simón area in the 18th century, but most intensively exploited in the last 20 years by artesanal miners (small scale mining cooperatives). The Company acquired the property in 1995 and conducted exploration from 1995 to 2002 on the San Simón zone and limited work on the Doña Amelia zone. The current program (2003 to present) is concentrated on the 40 km² Doña Amelia zone. This zone covers a major east-west striking and south dipping thrust fault structure (hereinafter referred to as the TMT). This structure hosts a pinching and swelling gold-bearing quartz vein up to 15.9 m wide (hereinafter referred to as the main quartz vein or MQV) which has been traced for a distance of 4.2 km along strike. The various segments of this structure, from east to west, are named San Pedro, Trinidad/Mina Vieja (or Trinidad), Las Rosas, Manantial and Manganese. Diamond drilling conducted by the Company has been focused primarily on the Trinidad segment (including San Pedro area) where 41,223.6 m has been completed in 147 holes. since 1996. A significant amount of diamond drilling has also been completed on the Las Rosas (20 holes for 3,880.5 m) and Manganese (42 holes for 9,622.8 m) segments.

Gold mineralization generally appears to be erratic and inhomogeneous distributed and locally can be nuggety (appearing as nuggets or coarser gold grains). This is seen in poor reproducibility of adjacent samples with gold grade variations in the order of 20% or more. Gold grades of up to 486 g/t have been reported from the initial sampling of artisanal miners workings along the strike of the TMT and MQV. Initial exploration by the Company in the San Simón zone approximately 7 km to the east of the Doña Amelia zone and the inherent sampling problem of the MQV lead to the conclusion in 2004 that bulk sampling is required to best estimate the average in-situ gold grade of the MQV. Therefore an underground development and bulk sampling exploration program complemented by installation of a gravity-flotation circuit plant was designed for the Trinidad and Manganese segments of the MQV. Limited metallurgical tests suggest that milling and flotation of the MQV material would produce a high grade gold flotation concentration with more than 90% recovery from material of a nominal grade of 5 g/t gold.

A nominal 150 tpd crushing – grinding - flotation plant was constructed in the Manganese area, some 15 km from the TD-1 portal in the Trinidad area. The plant equipment, in part imported from Canada and in part fabricated in Bolivia, was commissioned in August 2005.

To aid in timely receipt of analytical results used fire assay (FA) equipment was purchased in Canada, and installed in a gated site adjacent to the Company's camp. The laboratory was commissioned in July 2005, and is independently operated by Analab S.R.L. of Perú.

The underground development and bulk sampling program was initiated in August 2005 with the collaring of the first of two declines on an outcrop of MQV west of the Trinidad pit. The second decline is planned for the Manganeso area following completion of the first decline. The TD-1 decline has been developed oblique to the strike and dip of the MQV. Drifts were driven to the east and west along strike and raises and declines to intersect diamond drill holes, to provide a bulk sample for comparison purposes. Two higher gold grade shoots (L463 and L484 shoots) have been encountered and partly delineated.

To the end December 2006 a total of 744.7 m of advance had been completed and 12 of the 13 diamond drill holes intersected successfully bulk sampled. The development is almost entirely along strike and dip of the MQV with local dilution by footwall and/or hanging wall sediments

A large number of clearly sub-economic bulk samples were processed through the milling circuit (grinding and flotation) since having incurred the expense to: extract, transport, and crush these samples, the incremental cost to mill them is believed to be recovered by the sale of high grade (typically > 2,000 g/t Au) flotation concentrate.

In the absence of a financial analysis to define the economic ore grade, bulk sample data on all bulk samples grading >4 g/t Au has been reviewed. The data indicates that although individual sample grades are not consistently consistent, globally, there is a very good overall agreement between the two sample types, i.e "rock" and milling circuit samples. Note that intermittent removal of the ball mill liners has consistently determined that a small percentage (about 5 %) of the circuit feed gold becomes locked in the liners. It is impossible to redistribute this material to individual bulk samples, but it can be concluded that the calculated processing plant sample grades are probably underreported by about 5 %.

A total of 12,029 T of development material, has been extracted, of which 10,037.2 T (or 83%) have been milled in the bulk sampling plant, producing 4,942.5 kg of high gold grade flotation concentrate containing 539.85 oz of gold. The flotation concentrate is sold to Mel-Mex Peñoles S.A. de CV, a division Peñoles of Mexico since June of 2006.

Exploration through surface sampling, examination of the small scale artisanal miners workings, diamond drilling and underground development with bulk sampling has identified several dilation zones/shoots with elevated gold grades.

Of the 12 drill holes intersections bulk-sampled in the TD-1 workings, bulk sample grades in 4 instances were lower (7 to 51% lower) and in 8 instances were much higher (55 to 743% higher – average 176% higher) suggesting that drill hole assays generally understate the probable in-situ gold grades. However, additional data is needed for comparison of diamond drill and bulk sampling assay results to get a statistically reliable comparison. Results to date shows that bulk sampling is required to determine the in-situ average gold grade of the mineralization in the MQV.

The underground development to date has shown that the MQV pinches and swells more than surface mapping and initial diamond drilling suggested. The present drill hole spacing of 100 m does not adequately document this variation. Closer spaced, infill drilling should principally be directed toward the higher gold grade L463 shoot and the other dilation zones. This drilling will also supply additional diamond drill intersections for bulk sampling.

It is recommended that underground development continue by extending the present L463-E drift to the east to define the full east-west length of the L463 shoot. Raises should be developed every 7 to 10 m along the drift to intersect holes from the infill drilling and obtain a statistically reliable set of comparison drill hole and bulk sample grades. The additional bulk samples will assist in estimating an average in-situ gold grade for the L463 shoot and provide grade comparison data that might be applied to drill hole intersections in other sectors of the Doña Amelia zone.

As well as the remaining 8,000 m of diamond drilling of the current Phase IV drill program an additional 14,000 m is proposed.

It is also proposed that the 250 m remaining of the present underground exploration development program be extended to approximately 950 m to more completely evaluate the 463 shoot.

It is estimated that the underground exploration development will produce approximately 16,000 T of material for crushing and milling in the bulk sampling plant. To process this material during 2007 the individual headings should be milled as one lot on 24 hours basis with cleaning of the milling circuit by barren quartz vein material to reduce or eliminate carry over "contamination" from ball mill and flotation circuit between lots. To allow a timely progress of the underground exploration development mapping and sampling should be restricted to the ribs following completion of individual headings.

It is estimated that the diamond drilling and underground development and bulk sampling will take about 11 months starting in early January 2007 and terminate in December of 2007 at a cost of approximately CDN\$8.7 million.

This report summarizes the exploration of the Doña Amelia zone conducted from July 2003 to January 31, 2007 and is current as of this date.

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