Silver Creek Molybdenum Deposit, Pioneer Mining District, Dolores County, Colorado

Technical Report on a Mineral Property Pursuant to National Instrument 43-101 of the Canadian Securities Administrators

Prepared for:

bolero
BOLERO RESOURCES CORP.

Vancouver, British Columbia

Prepared by:

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EXECUTIVE SUMMARY (Item 3)

Associated Geosciences Ltd. (AGL) was retained by Bolero Resources Corp. (Bolero Resources or the "Company") to assist with the due diligence review of the acquisition of both surface and mineral rights (patented claims) to lands covering the discovery area of the Silver Creek molybdenum deposit near Rico, Colorado. The Company elected to proceed with the acquisition which is the subject of this technical report, compliant with National Instrument 43-101 of the Canadian Securities Administrators.

The project area is located near the town of Rico in Dolores County, Colorado approximately 20 miles southwest of Telluride. The area is officially known as the Pioneer Mining District and is a historic producer of silver, lead, zinc, copper, gold and pyrite (1879-1970) from veins and carbonate and other replacement deposits. In 1936 control of the Pioneer District was consolidated under the control of the Rico Argentine Mining Company (RAMCO). Production continued through 1970 and RAMCO was acquired by the Crystal Oil Company in 1974. In 1977, the site was visited by Jim Garmoe, Chief Geologist of The Anaconda Company. Anaconda concluded a lease/purchase option in June of 1978 with the intention of expanding the resource base of the copper replacement deposit discovered by RAMCO on NB Hill. Anaconda also believed that a deeply buried, undiscovered porphyry was the likely source of the copper mineralization.

The 1979 exploration program conducted by Anaconda was not successful in delineating additional carbonate or other replacement deposits but drill hole C-25 intersected quartz veins with weak molybdenite and tungsten and fluorine gradients suggesting proximity to a molybdenum porphyry stock. The property was explored from surface and underground from the Blaine tunnel through 1983 with 63,000 feet of drilling completed.

Anaconda reported a historic inferred resource based on four drill holes of 44 million short tons (39.9 t) at a molybdenum grade 0.31% within a 0.20% molybdenum cut-off. (Please note the cautionary language in Section 8.0).

The historic resource estimate is considered to be relevant due to the substantial exploration expenditures incurred in the discovery of the Silver Creek Deposit. Considerable time and cost will be required to complete the exploration necessary for an updated resource estimate.

Since 1984, the patented claims held by Anaconda have been purchased by local land owners. The largest proportion of the claims is held by common partners in various companies controlled by Rico Renaissance, LLC. (Rico).

Bolero Resources has options to purchase lands held by these companies. It should be noted that these lands do not cover all of the surface and mineral rights associated with the Silver Creek Deposit and additional lands will have to be purchased and staked. This

process is underway with a number of claims being staked on the northwest side of the property, north of the town of Rico. Certain lands targeted for acquisition have not been disclosed in this report in order to maintain a competitive advantage.

Bolero Resources has acquired a significant land position in an under explored area of a historic mining district and has been fortunate to identify a substantial archive of historic exploration data.

Preliminary metallurgical testwork is very positive with open-end recoveries of 47.5-79.9% molybdenum with a final cleaner concentrate ranging from 50.0-57.2% molybdenum.

There are minor potential environmental liabilities which can be mitigated.

There is potential to expand the resource base at Silver Creek significantly. As well, there is additional molybdenum exploration potential on CHC Hill-Telescope Mountain.

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1 INTRODUCTION (Item 4)

Associated Geosciences Ltd. (AGL) was retained by Bolero Resources Corp. (Bolero Resources or the "Company") to assist with the due diligence review of the acquisition of both surface and mineral rights (patented claims) to lands covering the discovery area of the Silver Creek molybdenum deposit near Rico, Colorado. As a result of the due diligence process the Company elected to proceed with the acquisition which is the subject of this technical report, compliant with National Instrument 43-101 of the Canadian Securities Administrators.

The project area is located near the town of Rico in Dolores County, Colorado approximately 20 miles southwest of Telluride and is officially known as the Pioneer Mining District. Figure 1.1 (at the rear of this report) is a compilation of the USGS 1:24,000 scale quadrangle maps covering the project area. The district is a historic producer of silver, lead zinc, copper gold and pyrite (1879-1971) from veins and replacement deposits. In 1936 control of the Pioneer District was consolidated under the control of the Rico Argentine Mining Company (RAMCO). Production continued through 1970 and RAMCO was acquired by the Crystal Oil Company in 1974. In 1977, the site was visited by Jim Garmoe, Chief Geologist of The Anaconda Company. Anaconda concluded a lease/purchase option in June of 1978 with the intention of expanding the resource base of the copper replacement deposit discovered by RAMCO on Nigger Baby Hill (now known as NB Hill). Anaconda also believed that a deeply buried, undiscovered porphyry was the likely source of the copper mineralization.

The 1979 exploration program conducted by Anaconda was not successful in delineating additional resources within the replacement deposits but drill hole C-25 intersected quartz veins with weak molybdenite and tungsten and fluorine geochemical gradients suggesting proximity to a molybdenum-bearing porphyry stock. The property was explored from surface and underground from the Blaine tunnel through 1983 with 63,000 feet of drilling completed. Anaconda reported a historic inferred resource based on four drill holes of 44 million short tons (39.9 t) at a molybdenum grade 0.31% within a 0.20% molybdenum cut-off.

Research on the project, including metallurgical test work continued through 1983 with a final report on the property completed in May of 1984. This report recommended an additional ±16,600 feet of drilling from underground in four additional holes. This program was not completed.

Anaconda had been acquired by the Atlantic Richfield Company (ARCO) in 1977 and despite a surge in molybdenum prices from 1973-1982 (<US$2/lb-US$9/lb) made the decision to substantially curtail mineral exploration activities with the 1983 collapse in commodity prices. The property was placed for sale and records show that it was offered to several companies (Phelps-Dodge, Utah, Duvall, Chevron). All declined to participate with the exception of Chevron who suggested a joint-venture to explore for more shallow

molybdenum targets (possibly the CHC Hill-Telescope Mountain area). This was apparently never completed.

Since 1984, the patented claims held by Anaconda have been purchased by local land owners. The largest proportions of the claims are held by common partners (represented by Mr. Stan Foster) in various companies controlled by Rico Renaissance, LLC. (Rico).

Bolero Resources has exercised an option to purchase lands held by these companies. It should be noted that these lands do not cover all of the surface and mineral rights associated with the Silver Creek Deposit and additional lands will have to be purchased and staked. Bolero Resources has staked additional land in the CHC Hill-Telescope Mountain area north and east of the town of Rico and has acquired claims staked by Outlook Resources.

1.1 Sources of Data

Meetings were held with the following individuals:

- Mr. Glen Laing-AGL Offices in Calgary, August 2nd, 2007.
- Mr. Mark Levin, P.E., Manager, Mining & Environmental Services LLC
- Mr. Scott Myers, Senior Project Manager, EnviroGroup Limited
- Mr. Timothy M. Scanlon, EnviroGroup Limited
- Mr. Stan Foster, Rico Group
- Mr. Chris Maschino, Manager, Locus Dynamics
- Mr. Roger Steininger, Ph.D., Consulting Geologist

All of these individuals were quite helpful and, in general, responded to all requests for information. Mr.Mark Levin of Mining & Environmental Services LLC. indicated that he was managing the due diligence process of behalf of Bolero Resources and was AGL's primary contact during the site visit.

Remarkably, a considerable body of technical data has been preserved going back to records of underground drilling by RAMCO. The technical data was stored in a horse barn and has now been stored in a house owned by Mr. Stan Foster. Notably, the data associated with the resource estimate was not included in the data room. The Anaconda archives should be checked for any data relating to the Silver Creek Deposit.

A large number of Anaconda documents and plans (both working and final) were available for review. The body of work is substantive and appears to be of a very high technical standard. AGL has relied on these archives extensively in the preparation of this report. Specific documents used are referenced in Section 13 - Selected Bibliography.

1.2 Reliance on Other Experts (Item 5)

Numerous authors have contributed to this technical report including consultants to Bolero Resources as well as staff from Associated Geosciences Ltd. The report was prepared under the direction of Keith McCandlish, P.Geol., P.Geo., Vice President & General Manager of Associated Geosciences Ltd. who is the independent "Qualified Person" responsible for the technical content of this report.

Mr. Roger Steininger, Ph.D. a noted expert on porphyry molybdenum deposits in Colorado has been retained by Bolero Resources to act as Project Geologist and develop an exploration program. He has also contributed to an assessment of the resource potential and commented on the historic mineral resource estimate prepared by Anaconda.

EnviroGroup Limited was retained by Mining & Environmental Services LLC. to assess any potential liability resulting from environmental issues, particularly, with regard to drainage, from the Argentine, Blaine and St. Louis tunnels as well as the conditions around the mill tailings site and the former site of the sulphuric acid plant. They have provided a preliminary report on the issues which has been summarized in the Environment Section under Other Relevant Data and Information

Chris Maschino of Locus Dynamics was also retained by Mining & Environmental Services LLC. to assist with title searches and documentation.

1.3 Units

All measurements in this report conform to imperial units in use in the United States and commonly used in the exploration industry at the time. Metric equivalents have been stated in brackets behind the original data (where appropriate). Currencies are expressed in United States Dollars (US$) unless otherwise stated.

1.4 Disclaimer

The reliance on data contained in technical reports prepared by Anaconda staff has been substantially verified by examination of the source data including drill core logs, assay certificates, sample records, *etc*. The data has been found to be quantitatively reliable and adequate for the stage of exploration in which it was collected.

This report contains a historic mineral resource estimate which has been reported in terms of the usage defined in the *CIM Definition Standards on Mineral Resources and Mineral Reserves*, which usage, is mandated in NI 43-101

1.5 Site Visit

Keith M^{c}Candlish, P.Geol., Vice President & General Manager and Susan O'Donnell, Geol. I.T., Project Geologist from Associated Geosciences Ltd. visited the Rico site and the data room in Dolores from August 06, 2007 to August 10, 2007.

A helicopter from New Air in Durango was chartered on August 8th, 2007 to look at alteration patterns, structural control and to examine environmental drainage issues in and around the property and the town of Rico.

1.6 Effective Date

The effective date of this report is October 31, 2007.

2 PROPERTY DESCRIPTION AND LOCATION (Item 6)

The Silver Creek Deposit is located to east of the town site of Rico in Dolores County, southwestern Colorado. Figure 2.1 is a general location map of southwest Colorado.

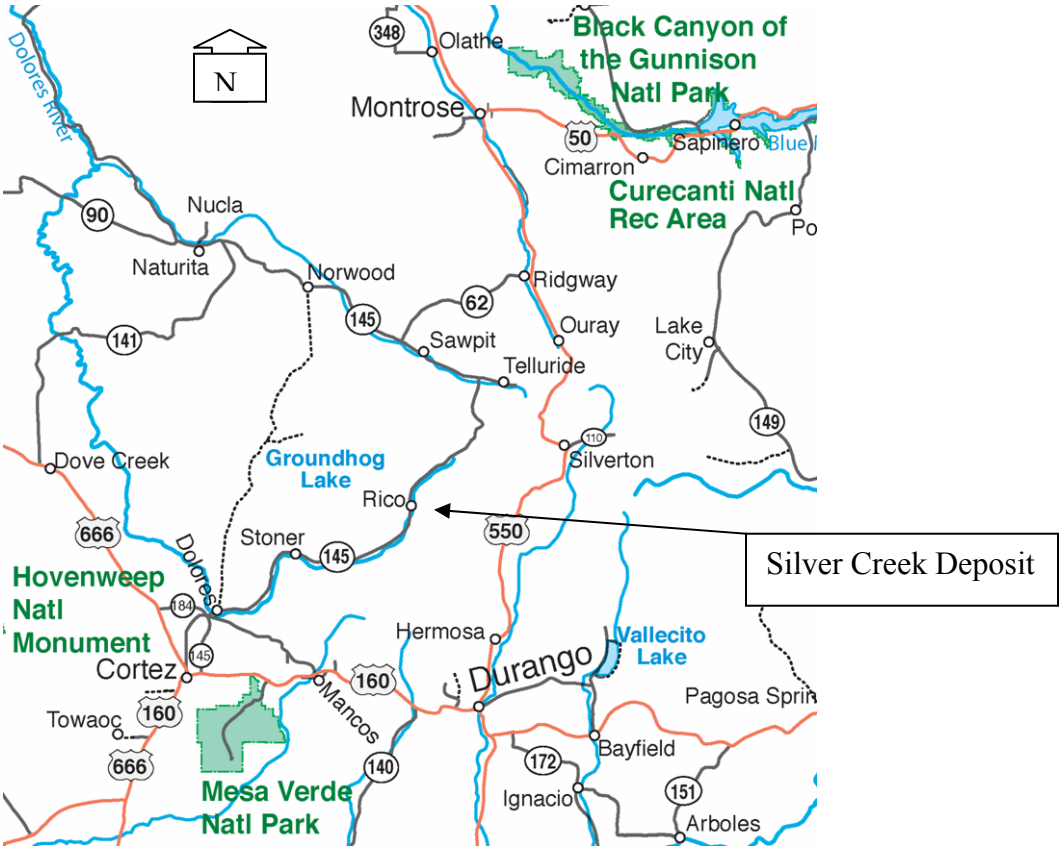

Figure 2.1: Location map of the Silver Creek Deposit
(Approximate Scale 1 inch = 25 miles)

2.1 Mineral Land Tenure

Bolero Resources has negotiated and exercised an option to acquire certain private surface and mineral rights (including patented claims) through the purchase of shares held by common partners in various corporate entities as follows:

- Rico Properties, LLC.
- Rico Renaissance, LLC.
- Rico High Altitude Investments, LLC.
- Rico Land and Cattle, LLC

- Rico Mountain Life, LLC

The agent for these companies is a minority partner, Mr. Stan Foster. The Option Agreement granted Bolero Resources an exclusive 42 day due diligence period for a non-refundable cash payment of US$100,000. A further non-refundable cash payment of US$500,000 as a down payment on the total purchase price of US$10,000,000 is due when Bolero is satisfied that it can receive free and clear title on closing. A final payment of the balance, US$9,400,000, is due on closing.

A detailed schedule of these and other relevant properties follows in Appendix A. Figure 2.2 (at the rear of the report) is a map showing the position of patented and unpatented mineral claims covering the Silver Creek Deposit and CHC Hill-Telescope Mountain target.

It became clear to AGL during the course of our site visit that the optioned lands do not cover all of the surface and mineral rights associated with the Silver Creek Deposit and additional private lands will have to be purchased and new claims staked.

Mark Levin acting as an agent for Outlook Resources, Inc. of Idaho Springs, Colorado has staked and filed the following 18 claims:

- Ran 13, Ran 14, Ran 25-Ran 29, Ran 78, Protection No.1-Protection No.4, RAMCO 9, RAMCO 15, RAMCO 16, U.S. No.2, Shorty, and, I Got It.

AGL understands that these claims have been transferred to Bolero Resources.

A Robert M. Parker acting as agent for Rico Resources, LLC. of Thornton, Colorado has staked 22 claims on September 29th 2007-September 30th 2007 (recorded with the BLM on December 18th, 2006, as follows:

- Rico 121-Rico 129, Rico 130, Rico 132-Rico 135, and, Rico 148-Rico 155.

AGL has been unable to ascertain who this party is or why these claims have been staked. Mr. Levin has indicated that these are nuisance claims which have been incorrectly filed with the Bureau of Land Management and should be considered deficient as they are not tied to a surveyed point. This has been confirmed by the County Assessor. It has been suggested that these claims be re-staked (or overstaked) correctly which would then supersede the existing claims. In the State of Colorado a claimant who becomes aware of a deficiency in the location of a mining claim may relocate the claim provided it does not interfere with the existing rights of others. It would be appropriate to enter into negotiations to secure rights to the Rico 133 and Rico 132 claims.

Chris Maschino advised AGL that certain properties owned by Rico Mountain Life, LLC. may have title issues. The Honduras property may have a fractional ownership by another party and the South Park property does not appear to be owned by this group.

Certain additional private land holdings have been targeted for acquisition. There specifics have not been disclosed in order for Bolero Resources to retain a competitive advantage.

Bolero Resources has staked a number of unpatented lode claims (CHC 1-42 and MVH 1-22) to fill in open land over the CHC Hill-Telescope Mountain exploration target to the north of the town of Rico.

2.2 Colorado Mining Law

AGL is familiar with mining law in many jurisdictions, both internationally and domestic (North America). This following section is provided for general reference only and should not be construed as legal advice. The reader is referred to the various statutes referenced in the text.

The Bolero Resources mineral land tenure is comprised of both Federal lode mining claims and patented land. All of the land tenure is located within the San Juan National Forest.

The process for filing unpatented mining claims on Federal land is governed by the Federal Land Policy and Management Act and enforced through the State Office of the Bureau of Land Management (BLM). Other statutes apply such as Title 30, Mineral Lands and Mining, Chapter 2, Mineral lands and Regulations in General. Land open for staking includes almost all western public lands administered by the BLM or U.S. Forest Service. Four types of mining claims are recognized:

- Lode Mining Claims; located upon deposits of minerals encased or surrounded by hard rock such as veins, fissures, lodes or disseminated porphyry type deposits. A single lode claim cannot exceed 1,500 feet along the strike length of the deposit, nor more than 300 feet on either side of the deposit.

- Placer Mining Claims; are located on unconsolidated deposits such as gravel. The claim must conform to subdivisions of the Public land Survey system and may only have irregular boundaries to exclude non-placer ground. The maximum size of a claim is 20 acres but associations of locators may join together to combine claims up to 160 acres in size.

- Millsite Claims; may be up to 5 acres in size and can be located on non-mineral bearing land for the purpose of erecting a mill or smelter.

- Tunnel Claim; this is now rarely used and was intended to protect the exploration rights of an adit or tunnel being driven to explore for blind deposits.

All claims applied for on behalf of, or acquired by Bolero Resources are lode mining claims.

Mining claims are initiated by posting a conspicuous notice on each claim which includes the identity of the locater (name and contact address), date of location or discovery, description of the claim boundaries and dimensions. Colorado State Law mandates boundary markers at each claim corner as well as additional boundary monuments at the side centre points of each claim. New mining claims must be filed at the State Office of the Bureau of Land Management with a filing fee of US$170 (comprised of a US$30 claim location fee, a US$15 service charge and the first year's claim maintenance or rental fee of US$125).

"Discovery work" such as a shaft or pit is an archaic "diligence" requirement for doing physical work on claim at the time of location. It has been abolished in most states although it is still required in Colorado. A survey map of the claims tied to a local monument may be submitted in *lieu* of "discovery work" in Colorado.

A claim rental fee of US$125/claim is payable in advance by August 31st of each year. This fee waives the requirement for annual assessment work allowing the holder to effectively maintain the claims in perpetuity.

Although an unpatented claim may be held in perpetuity, until the validity of the claim has been adjudicated by the federal Government in a patent proceeding, title to the claim and mineral resource may be contested. A patent proceeding allows the claim locator undisputed rights to the mineral commodity.

In order to qualify for a patent each mining claim must meet the following requirements:

- Each claim must contain a physically exposed discovery of a valuable mineral commodity (may include an adit or drill hole) and must have at least US$500 in patent improvements.

- Each claim must be officially surveyed.

- A Mineral Patent Application must be filed with the local BLM office and if filed in good order is then published for sixty days in a local newspaper.

- Within 60 days adverse parties may file opposition to the patent in a local court.

The process of obtaining a patent, once routine, has now become very rigorous and is, in generally being administratively opposed by the BLM. It is important to note that much of the land being purchased by Bolero Resources is patented and the mineral rights can not be challenged.

Overlapping or conflicting claims are in general subject to the rule that the earliest filed claim prevails in a conflict. Lode mining clams permit "extralateral rights" whereby a miner may follow a dipping vein outside of the surface area of his claim on to an adjacent claim. Extralateral rights do not apply along strike.

Prior to December 30th of each year the claims must be registered with the County Recorder with an affidavit of payment of the annual claim maintenance or rental fee.

Since 1974 the United States Forest Service has adopted comprehensive regulations (Title 36, Code of Federal Regulations: Regulations for Surface Use Under U.S, Mining Laws in National Forests) to control surface use and disturbance caused by exploration and prospecting activity on mining claims (unpatented claim or millsite) on public lands. These regulations do not apply to private lands. The BLM has adopted very similar regulations for surface operations on land under its control.

This regulation requires that a "notice of intention to operate" be filed with the local forest service through the District Ranger outlining the proposed activities, location of work and other details. As well, a permit must be obtained to use or improve existing roads or to construct new roads. If significant surface or environmental disturbance is anticipated a more detailed "plan of operations" may be requested.

The "plan of operations" requires adherence to certain requirements for environmental protection with an overarching philosophy of minimizing (where feasible) adverse environmental impacts on National Forest surface resources. These requirements are as follows:

- Compliance with all applicable Federal and State air quality guidelines including the requirements of the Clean Air Act.

- Compliance with all applicable Federal and State water quality guidelines including the regulations issued under the Federal Water Pollution Control Act.

- Compliance with all applicable Federal and State standards for the disposal and treatment of solid wastes. All trash and garbage must be removed and any tailings or substances produced as a result of operations must be treated or disposed in a manner which minimizes environmental damage.

- Scenic values must be maintained to the extent that it is practical including vegetative screening of operations.

- Fisheries and wildlife habitat shall be maintained and protected by all practical measures.

- Roads must be constructed and maintained with adequate drainage to minimize soil erosion. Roads no longer required for operations shall be all culverts and bridges removed and be re-contoured with appropriate cross-drainage.

- Reclamation shall commence at the earliest practical time during operations or within one year of the conclusion of operations unless otherwise approved. This includes erosion and landslide control, control of water run-off, removal or isolation of toxic materials, re-contouring and revegetation of disturbed areas, and, rehabilitation of fisheries and wildlife habitat.

Bonds in the form of a cash payment to the Federal Depositary or other negotiable security may be required and is usually an amount reflecting the cost of rehabilitation of the site

It should be noted that access to private land (patented claims), even if surrounded by public land, is guaranteed.

AGL has not investigated if there are any County or local requirements or ordinances which would impact exploration operations.

It should be noted that a proposed new Federal Mining Act has passed the House Committee stage and will be forwarded for a full vote in Congress. The proposed Act includes a 4% royalty on existing mining projects and an 8% royalty on new projects and would eliminate the process for patenting federal land.

2.3 Accessibility, Climate, Local Resources, Infrastructure and Physiography (Item 7)

The property is located due east of the town of Rico in Dolores County, southwestern Colorado. Rico is an old mining town which has suffered greatly in the last fifteen years. It has been undergoing a resurgence due to its' proximity to Telluride with its' very high land values. Access is *via* County Road 145 which runs from Cortez northeast through Dolores to Rico and on towards Telluride. Commercial flights are available into the Cortez Municipal Airport. Alternatively, you can fly into Montrose and drive southeast on State Road 50 to Ridgeway and southwest on County Road 62 joining County Road 145 northwest of Telluride. Rico is about 20 miles southwest of Telluride and 25 miles northeast of Dolores. Driving time from Montrose is currently about three hours due to poor highway conditions west of Telluride.

The climate in the area is cool temperate with annual temperature averages of 30º F (-1º C) from December through March peaking in July at 75º F (23º C). Temperatures can get as low as 0º F (-18º C) in December and January. There are two distinct rainy seasons, a small one in April and early May followed by a heavier period of rain from July through October. The rainy seasons are controlled by upslope conditions during pacific cyclonic storms. The average annual snowfall exceeds 328 inches (835 cm).

There are very limited services available in the town of Rico which has a year-round population of less than 200 (rising to 500 in summer) but excellent accommodation is available in the town of Dolores. Commercial helicopter services are available from Durango with jet fuel available at Telluride airport. Vehicles may rented at Montrose or Cortez airports. The nearest town with extensive services is Cortez followed by Durango and Montrose.

Rico is served by the two-lane, fully paved, County Road 145. Driving conditions can be very poor in the winter. The area is served by numerous off highway vehicle trails providing a network of access trails. The topography is rugged and will require helicopter access in certain areas.

The town of Rico is at an elevation of 8,800 feet with the surrounding peaks such as Dolores Mountain reaching up to 12,112 feet and Telescope Mountain reaching 12,200. The Dolores River flows through the town from north to south. To the north towards Telluride the peaks reach in excess of 14,000 feet. To the south elevations decline as you enter the Montezuma Valley with Dolores at an elevation of <7,000 feet. Figure 2.3 is a viewing looking east up Silver Creek. Despite the elevation all but the highest peaks (>10,000 feet) are tree covered.

The topography does not appear as rugged as it actually is in the photograph due to the high base altitude.

Figure 2.3: View Looking East Up Silver Creek

Electrical power to the town of Rico is provided by a distribution co-operative, The San Miguel Power Association, Inc. The distribution network runs 25 kV lines with capacity to provide up to 2 MW of power. The distribution network co-operative purchases power from Tri-State Generation and Transmission Association which is owned by the member co-operatives of the Touchstone Energy Co-operative. Generation capacity is provided through coal, natural gas and oil fired plants in New Mexico and Colorado.

If power is required for accessing the Blaine tunnel less than 1 mile of additional distribution line should be required. Permitting time for this could be considerable for and a better option may be portable diesel power generation.

3 HISTORY (Item 8)

The Silver Creek Deposit is located within southwestern Colorado's Rico or Pioneer Mining District. Historically, production of silver, lead, zinc, copper, gold, and pyrite was derived from the district with the majority of production concentrated in veins and replacement deposits. The town of Rico was founded as a result of the early mining discoveries in the Pioneer Mining District.

Reports of prospecting in the district date back to 1861, however the first discovery was not credited until 1869. Prospecting continued to operate on a small scale until 1879, when the discovery of rich silver ore on NB Hill and rich bonanza-type Ag-Au ore on Newman Hill sparked a mining boom and the establishment of the town of Rico. Several small, short-lived smelters and mills were built throughout the 1880's.

The district's peak silver-gold production period lasted from 1887-1896. This peak was initiated by the discovery of a rich Ag-Au deposit on Newman Hill, called the Enterprise "blanket" deposit, discovered accidentally while exploring for lode veins. This deposit was comprised of small Ag-Pb-Zn mantos developed in a lensy Pennsylvanian age gypsum bed and proved to be suitable for high-grade ore production, which lead to increased exploitation and encouraged development throughout the mining camp. By 1890, a stop on the Rio Grande Southern Railroad was established in Rico.

A drop in silver prices by 1900, coupled with the depletion of high-grade materials lead to a gradual reduction in exploration activities near the turn of the century. The Rico district continued to produce Pb-Zn (± minor Cu, Ag, and Au) from pyrite replacement bodies developed in several thin carbonate horizons in the Hermosa Formation and Pb-Zn from carbonate replacement deposits in the Mississippian Leadville Limestone until 1970, with peak production occurring throughout both World War I and World War II from both CHC Hill, NB Hill and Newman Hill.

The St. Louis Smelting and International Smelting companies arrived in the district in the mid-1920's and actively explored until the early 1930's. The former targeted Mountain Springs, Silver Swan, and the Argentine areas, while the latter explored the fringes of Newman Hill and subsequently drilled to the Devonian limestone. International constructed the first flotation mill in the district in 1926.

The Rico Argentine Mining Company (RAMCO), originally formed in 1911, was revitalized in 1936 when the J.A. Hogle interests of Salt Lake City acquired it. From this point forth, RAMCO began acquiring and consolidating all the major mining properties in the district, and eventually became the principal producer (and at times the only one) in the Pioneer Mining District until production ceased in 1971.

Commencing around 1936, considerable exploration was done by RAMCO, principally in the Argentine area. A 100 ton/day flotation mill was constructed in 1939. In the

1940's, the company acquired additional properties in the district including large holdings of the St. Louis and International Smelting companies.

In 1955 RAMCO constructed a 160 ton/day acid plant. The product, sulphuric acid, was sold to nearby uranium mills. Originally the pyrite required for the plant was obtained from the flotation mill tailings, although eventually these sources were depleted and the pyrite had to be mined underground principally from the Mountain Springs area. The acid plant operated until 1965.

Production within the Pioneer Mining District for the period between 1879 and 1970 is listed in Table 3.1. The average calculated grade of ore associated with this production is listed in Table 3.2. The figures being reported are estimates derived from U.S. Geological Survey Professional Papers, annual Mineral Resource volumes, as well as Rico Argentine Mining Company documents.

Table 3.1: Historic production in the Pioneer Mining District

Production Period	Tons	Gold (Oz)	Silver (Oz)	Copper (lb)	Lead (lb)	Zinc (lb)
1879-1903	No data	83,174	10,145,173	828,062	24,618,647	1,248,680
1904-1923	124,140	12,549	1,533,754	5,415,819	12,503,497	9,537,636
1924-1938	222,216	5,027	1,229,168	1,899,458	36,426,450	36,281,800
1939-1970	846,423	2,593	2,857,444	3,800,169	99,127,402	135,263,224
Totals		**103,343**	**15,765,539**	**11,943,508**	**172,675,996**	**182,331,340**

Table 3.2: Average Calculated Grade for Historic Production of Ore in the Pioneer Mining District

Production Period	Tons	Gold (Oz/ton)	Silver (Oz/ton)	Copper (%)	Lead (%)	Zinc (%)
1879-1903	Insufficient data					
1904-1923	124,140	0.101	12.35	2.10	5.04	3.84
1924-1938	222,216	0.023	5.53	0.43	8.20	8.20
1939-1969	846,423	0.003	3.37	0.22	5.85	7.99

In addition to the production listed above, RAMCO produced 316,119 tons of 100% sulphuric acid from the Pioneer Mining District between 1956 and 1965.

RAMCO was acquired by Crystal Oil Company during July 1974. The properties were then optioned to Anaconda in 1978, and were explored for porphyry and replacement deposits through early 1983. Anaconda's efforts culminated in the discovery of the Silver Creek molybdenum deposit.

Drilling activity occurred throughout the Rico area during various periods in the past prior to Anaconda's recognition of the potential for a molybdenum porphyry deposit in the district. Of particular significance was the drilling between 1970 and 1976 to define the NB Hill zone copper-silver-gold replacement deposit, since it was this target

Anaconda was attempting to expand when they discovered the Silver Creek molybdenum deposit.

Upon optioning properties in the Pioneer Mining District, Anaconda began to evaluate the historic exploration data. They concentrated on a recent discovery by Crystal Oil, the NB Hill zone copper-silver-gold replacement deposit. Additionally, Anaconda's team conducted reconnaissance mapping and outcrop sampling, which led them to believe that there might be a molybdenum porphyry target in the area. Anaconda applied the Henderson molybdenum porphyry model to the structurally complex, sediment-dominated host environment in order to help determine exploration targets.

Anaconda began its first drilling program in 1979. One of their first targets, drill hole C-25, was located near RAMCO hole C-22 which had shown increasing downward gradients in fluorine and tungsten and therefore provided evidence for a molybdenum porphyry system at depth. Drill hole C-25 intersected quartz veins with weak molybdenum and tungsten and fluorine gradients suggesting proximity to a molybdenum porphyry stock.

The 1979 exploration program failed to expand the NB Hill deposit, however, drill hole C-25 sparked exploration for the Silver Creek molybdenum deposit. Additional details about the Silver Creek exploration programs are provided under the exploration section. Anaconda purchased the property in August 1980 on the basis of the results from C-25.

4 GEOLOGICAL SETTING (Item 9)

The following section is summarized from a 1984 internal Anaconda report prepared by Donald Cameron as well as other internal reports referenced in the Selected Bibliography. Figure 4.1 (at the rear of the report) is a geological map of the Rico area prepared by Anaconda geologists in 1979. Figures 4.2-4.5 (at the rear of the report) are a series of typical cross sections across deposit. These cross-sections are located on Figure 5.2.

The Silver Creek Deposit is a result of the formation of a zone of weakness and doming in the vicinity of Silver Creek caused by repeated movement along the Last Chance Fault, intrusion of a young rhyolite stock at depth evidenced by intermineral alaskite porphyry outcrops and intersections in drill holes, the generation of a long-lived hydrothermal system, and, subsequent mineralization along pre-existing faults, bedding contacts and disconformity surfaces.

Peripheral to the Silver Creek Deposit are the lode (oxidized Ag, Pb, Zn and Mn veins) and replacement bodies (pyrite rich Ag, Pb, Zn mantos in gypsum) on the west side of Dolores Mountain on Newman Hill and the Pb-Zn (±Ag, Au, and Cu) carbonate replacement bodies underlying CHC Hill-Telescope Mountain and NB Hill. Exploration of these domains by Anaconda led to the discovery of the Silver Creek Deposit.

4.1 Stratigraphy

The stratigraphy in the Silver Creek Deposit and surrounding area is very complex. Figure 4.6 is a simplified stratigraphic column for the Rico District. Proterozoic greenstones are unconformably overlain by orthoquartzites of the Uncomphagre Formation. These are in turn are unconformably overlain by the Mississippian age Leadville (karsted and channeled limestones) and Larsen Formations and the Pennsylvanian age sediments (siltstones and sandstones) of the Hermosa Group.

The oldest rocks in the area are only exposed in a horst block north of the town of Rico and are comprised of grey-green chloritic greenstone with pods of porphyritic metadiorite. Minor hornblende is present in the greenstone with coarse phenocrysts of hornblende in the metadiorite. Magnetite is a common accessory mineral in both units.

The Uncomphagre Formation is pale reddish-grey, well indurated and comprised of detrital quartz in a sericite matrix. Disseminated pyrite and hematite is common. This formation is immediately overlain by the Leadville (and possibly Ouray) Formation. The contact is marked by a quartzite rubble and angular unconformity between the foliation in the quartzite and the Leadville bedding.

The Leadville Formation is poorly exposed in outcrop in the Rico area but has been intersected in numerous drill holes. The formation is sub-divided into a lower, thinly

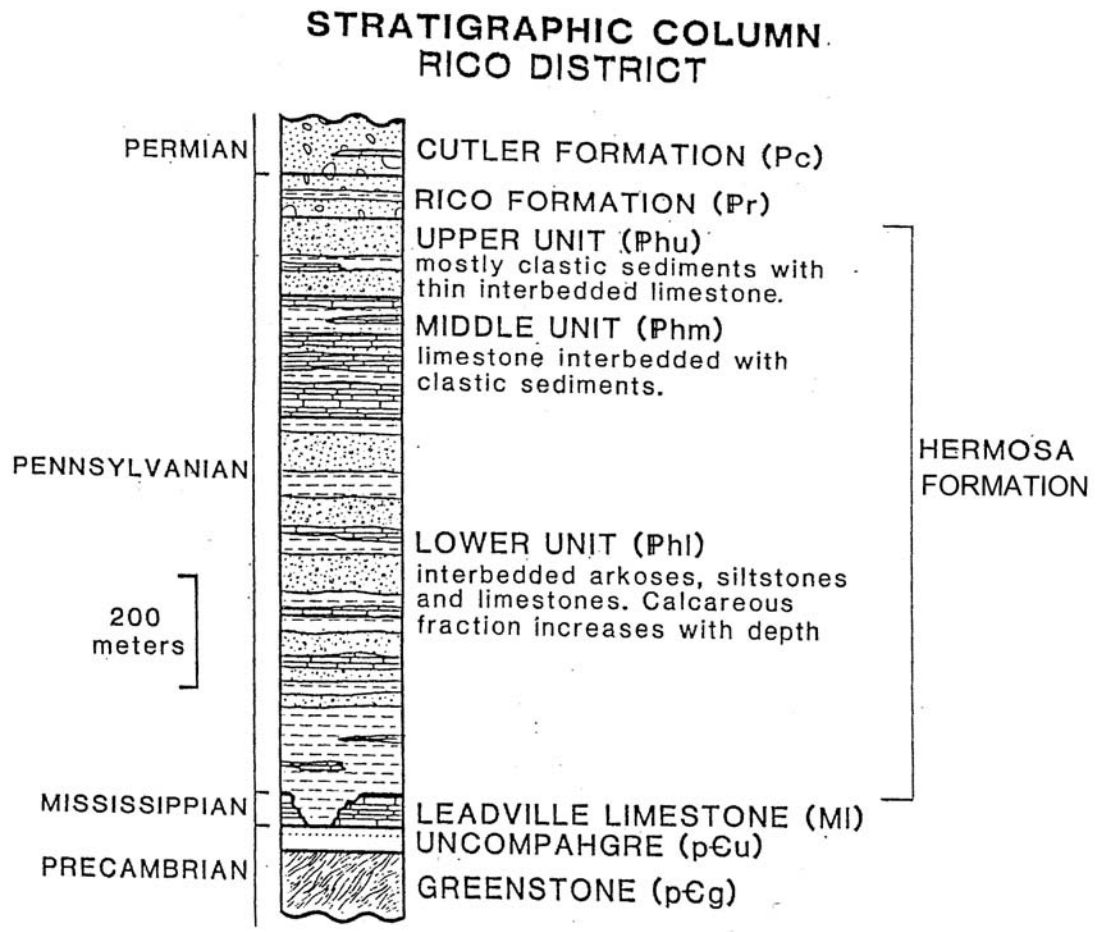

Figure 4.6: Stratigraphic Column for the Rico District

bedded, sandy carbonate and an upper, pale reddish-grey, re-crystallized dolomitic unit. The basal portion has been interpreted by some workers as a thin selvage of the Ouray Formation. The Leadville Formation is characterized by the development of a solution breccia varying from a few feet to in excess of ten feet along its' upper contact surface. The solution breccia has rounded, calcareous clasts in a silty matrix and commonly contains talc. The solution breccia may be related to pre-Hermosa karst development and may represent permeability channels for localizing replacement mineralization.

Quartzites of the Pennsylvanian Larsen Formation are exposed in Silver Creek and overlie the Leadville Formation. The quartzite is white to dark reddish-grey, brecciated

with a sericitic matrix and contains chert and quartz pebbles. The unit reaches a maximum thickness of 70-80 feet. At the base of the Hermosa Formation (and overlying the Leadville and Larsen Formations) is a thinly bedded, calcareous siltstone with hematite. This has been correlated with the Molas Formation but may be a basal unit of the Hermosa Formation.

The sedimentary Hermosa Formation is up to 2,800 feet thick in the Rico area (comprised of sandstone, arkosic sandstone, siltstone, shale with minor intercalated limestones, chert and dolomite). The Hermosa Formation is known as the Hermosa Group to the west in Utah where it can be more readily subdivided into a number of formations. On a district scale the lower Hermosa can be subdivided by the recognition of a consistently identifiable set of limestone beds. The lower Hermosa Formation consists of thinly bedded siltstones, arkosic sandstones, shales and limestones. The middle section contains, locally developed (lensy) gypsum beds up to 30 feet thick which hosted the Enterprise Blanket replacement mineralization on Newman Hill.

The middle Hermosa Formation is highly variable in thickness (300-600 feet) and contains 10-15 fossiliferous limestone beds which hosted most of the replacement bodies.

The upper Hermosa Formation is approximately 800 feet thick and is composed of conglomerates, siltstone, arkosic sandstone and thin limestone horizons. This marks the transition to a more dominant continental style of sedimentation. The overlying Rico Formation is a thin (250-350 feet) assemblage of thickly bedded arkosic sandstones and conglomerates. This is in turn overlain by the thick (2,000-3,000 feet) Cutler Formation of reddish, cross-bedded arkosic sandstones.

4.2 Geological History

Based on cross-section and stratigraphic studies, Anaconda geologists developed a preliminary geological history of the Silver Creek Deposit.

Precambrian greenstones forming the base of the section were subject to a period of erosion followed by deposition of the quartzites of the Uncomphagre Formation. Regionally, a series of east-west trending faults became active creating a series of horsts and grabens. At this time the first movement on the Last Chance Fault occurred with movement down to the south preserving Uncomphagre Formation on the south side of the fault. Erosion of the horsts exposed the greenstones followed by deposition of the Cambrian Ignacio Formation regionally, although it was either not deposited or not preserved in the Rico area.

The area remained high through the Late Devonian when subsidence resulted in a marine environment when the Gilman Member of the carbonate Leadville Formation was deposited. Some workers have interpreted the Gilman Member as a thin selvage of Ouray Formation. Leadville deposition comprised of mud-cracked dolomitic mudstones, crinoid

beds and high-energy grainstones continued through early Mississippian time. The area was uplifted and eroded with karst features forming in the Leadville Formation. The first movement on the "X" Fault occurred uplifting the area to the west. The Molas Formation contains carbonate and quartzite cobbles resulting from erosion of the Leadville and Uncomphagre formations.

This was followed by the deposition of carbonate and grey-black shales with occasional sandstone beds. Thin gypsum units with interbedded dark shales, arkosic sandstones, dolomites of the middle Hermosa Formation (regionally, these units have been correlated with Pinkerton Trail and Paradox Formations. The evaporite units are only present on the west side of the "X" Fault implying continued uplift of the eastern side.

Cyclical carbonate deposition resumed in a period of limited fault movement implied by similar stratigraphic thicknesses of upper Hermosa Formation strata. Subsequently uplift of Uncompaghre Formation to the east resulted in its' erosion and the deposition of the Rico and Cutler Formations.

4.3 Structural Geology

The Rico uplift controls bedding attitudes in the district. The elongate crest of the dome is in Silver Creek with an east-west axis, 3-5 miles in length. Drag folding occurs adjacent to major faults with major disruptions in the attitude of the Hermosa Group next to the Last Chance Fault.

Three major faults occur in the Silver Creek Domain which include the Last Chance, "X", and Princeton Faults each with a significant amount of pre-mineralization throw. The Blackhawk Fault appears to be an important local control but has little offset.

The Last Chance Fault is a multi-strand horsetail zone striking east-west along Silver Creek. The fault is sub-vertical to overturned at depth. The Princeton Fault has a large normal offset (possibly in excess of 2,500 feet) but very limited surface expression. CHC Hill-Telescope Mountain would appear to be in the footwall of this fault with the Argentine Mine in the hanging wall. The "X" Fault is a strong surface lineament with little apparent offset. The Blackhawk Fault has a prominent surface expression with little offset but acts as a major control on lead/zinc/silver mineralization. The fault manifests as quartz-carbonate veining.

Numerous other faults are present in the area.

Newman Hill is located on the southern flank of the Rico uplift and the sedimentary strata, generally, strikes northwesterly and dips to the southwest. Evidence from underground workings suggests an average strike of N70ºW dipping at 5º-19º SW. Faults exposed in the underground workings are reported to be steeply dipping (sub-vertical) with small displacements.

Three structural domains are recognized in the Silver Creek area each with its' own distinct stratigraphic assemblage. The Newman Hill domain occurs south of the Last Chance Fault and consists of structurally coherent assemblage of 1,200 feet of Hermosa Formation sediments overlying the Uncomphagre Formation quartzites. This area has been explored for vein type silver deposits. A solution breccia unit (possibly with a tectonic component) in the middle of the lower Hermosa Formation acted as the principal control on mineralization in this domain with massive sulfides infilling and replacing the unconsolidated breccia over the apex of underlying northeast trending veins. The breccia may have originated from the dissolution of a thin gypsum horizon. This unit is approximately 600 feet below the top of the Lower Hermosa and is referred to as the Enterprise "contact" or "blanket" horizon. The breccia unit is from 1 to 20 feet thick and is characterized by shale fragments along with limestone, sandstone and latite porphyry clasts.

The NB Hill (or NBH) domain is bounded to the south by the Last Chance Fault and to the east by the "X" Fault. The stratigraphy consists of the Leadville and Larsen Formations overlain by 1,200 feet of the Hermosa Formation. The contact between the Leadville and Larsen Formations has been extensively explored for copper in carbonate replacement bodies.

The Silver Creek Domain is bounded on the south by the Last Chance Fault and on the west by the "X" Fault as above. The Uncomphagre Formation is much thinner and the Hermosa Formation much thicker due to differential movement on the Last Chance Fault.

Unconformities and, possibly, disconformities between the Precambrian greenstones and the Uncomphagre Formation and between the Uncomphagre Formation and the Hermosa Formation were believed to act as important contacts in localizing the mineralization.

4.4 Intrusive Rocks

Three known intrusive suites are recognized in the Rico area ranging from Cretaceous to Pliocene in age. The Rico monzonite on the western edge of the district has been dated at 78 Ma and is a large composite stock comprised of three or more discrete masses separated by (roof pendants?) sediments. The monzonite is variable in composition containing >50% andesine, 20-30% orthoclase and 15-20% mafics dominated by hornblende. A younger (58 Ma) hornblende latite porphyry occurs as small dikes and sills throughout the area and has particularly intruded the lower Hermosa Formation. The largest exposure of this intrusive outcrops in Allyn Gulch on Newman Hill where it is informally known as the "New Year's Sill". It consists of plagioclase as white phenocrysts and subordinate hornblende.

Younger alaskite (rhyolite) porphyry dikes outcrop along the trace of the Last Chance and Blackhawk faults and were intersected in drill holes SC-81-1 and SC-81-5. The rock

is pale grey and fine grained and exposed on the flanks of Telescope Mountain north of Silver Creek and east of the Argentine Mine on Silver Creek.

Perhaps significantly younger is a small stock and related dikes to the west on Calico Peak and Horse Creek.

4.5 Alteration and Zoning

Two phases of rock mass alteration have been noted with a main stage of zoned propylitic, phyllic and potassic zones occurring in feldspathic rocks with an assumed proximity to the source stock. A weak late stage overprint has affected calcareous rocks with the formation of tremolite-magnetite, anhydrite and pervasive diopside-skarn zones (exoskarns) in assumed proximity to the source stock. Anaconda geologists have hypothesized a single mineralizing event due to the weak overprinting (although other evidence strongly suggests multiple mineralizing events). The source stock was interpreted to be less than 500 feet to the southeast of drill hole SC-81-5. Alteration assemblages vary considerably with lithologies.

Argillic alteration (bleaching) is widespread, particularly on CHC Hill and affects coarse arkosic sandstones. Pyrite and chlorite are particularly common in the Leadville Formation and middle Hermosa Formation. Locally, near the town of Rico, iron-oxide (rather than pyrite) in the form of specular hematite and magnetite dominates in the Leadville Formation on CHC Hill.

Propylitic alteration (alteration-generation of epidote, chlorite and carbonates typically replacing plagioclase and hornblende-biotite) is reported to extend up to 8,000 feet from the centre of Silver Creek and appears to be controlled by structures such as the Last Chance Fault. This occurs as a widespread overprint throughout the district.

Phyllic (sericitic) alteration with pervasive disseminated chlorite in coarse clastics with sericite and pyrite occurs along the margins of cross-cutting quartz/pyrite veins. The phyllic alteration dominates in the Uncomphagre Formation.

A well developed potassic (recrystallization of K-feldspar with or without biotite and sericite) alteration is associated directly with molybdenum mineralization.

Locally, in association with the hornblende latite porphyry, small garnet-rich skarns have been noted with pyrite and erratic concentrations of magnetite-specular hematite-chalcopyrite.

On Newman Hill wall rock alteration varies from bleaching (weak argillic alteration) to the generation of epidote (propylitic alteration) and finally coarse re-crystallization of limestone with the development of massive epidote-rhodochrosite-pyrite lenses.

4.6 Mineralization (Item 11)

Anaconda geologists have interpreted the >0.20% molybdenum mineralized zone as a complex wedge type structure elongated against the depth projection of the Last Chance Fault with horizontal dimensions of 2,000 x 2,500 feet and a thickness in excess of 500 feet. The intrusion was initially thought to be a composite stock with a single mineralizing event although the associated carbonate replacement deposits on NB Hill and CHC Hill-Telescope Mountain and lead/zinc/silver veins on Newman Hill may suggest multiple mineralizing events. The presence of intermineral dikes and breccias also suggests multiple mineralizing events which may result in a higher grade deposit. The source rhyolite intrusion has not been intersected to date.

Molybdenum is present as relatively fine-grained molybdenite (MoS_2) in a quartz matrix. Vein paragenesis is complex with isolated molybdenite-quartz veins below 2,000 feet (610 m) increasing in density and thickness until a dense stockwork is present below 4,500 feet (1,372 m). Quartz is the dominant gangue mineral with minor sericite, chlorite and montmorillonite. Pyrite is the dominant sulfide (1%-11%) with molybdenite present in minor amounts (0.16%-0.85%). The molybdenite grain size ranges from 25µ x 2µ to 90µ x 70µ averaging 60µ x 10µ.

Two types of silver-gold mineralization occur on Newman Hill on the western slope of Dolores Mountain, lode veins and replacement bodies in a solution breccia unit (the "Contact" horizon) in the middle of the lower Hermosa Formation.

Historically, 12 veins have been exploited (the Swansea, Enterprise, Songbird, Hiawatha, Eureka, Jumbo No. 2 and Jumbo No. 3). The veins trend northeasterly averaging 6-7 inches in width with strike lengths in excess of 4,000 feet. The veins are banded and the mineralization is comprised of pyrite, chalcopyrite, sphalerite and galena interbanded with silver-rich sulfides and sulfosalts such as argentite, pearceite, proustite, polybasite, stephanite, tetrahedrite, tennantite and native (minor) silver and gold with a gangue of quartz, rhodochrosite and rhodonite. Representative grades reported in the literature are; 45-75 ounces per ton Ag, 0.3-0.5 ounces per ton Au, 2-3% Pb and 5-7% Zn with minor Cu.

The "blanket" deposits were small with stope sizes suggesting an average ore body dimension of 165 feet by 35 feet averaging 1,000 tons.

Anaconda was initially interested in the low-grade bulk tonnage potential of the Newman Hill area as well as the potential for larger high-grade replacement bodies but was not successful in identifying a resource base that satisfied their target size criteria at the time and shifted their emphasis to the molybdenum porphyry target.

CHC Hill-Telescope Mountain has been drilled at moderate depth for carbonate replacement deposits. The presence of felsic dikes and breccias with a co-incident

molybdenum/tungsten/fluorine anomaly suggests the possibility of porphyry source at depth. AGL believes that this is the target that interested Chevron.

An interesting high-grade gold occurrence on the west bank of the Dolores River was mined (Jones Mine) from pyritic bedding shears.

4.7 Deposit Type (Item 10)

Anaconda initially used a comparison between the geology and alteration of the well understood Carr Fork Deposit at Bingham, Utah and the drill hole intercepts in the Silver Creek Deposit as an analogue to guide further exploration at Rico and to develop an understanding of the potential resource base.

The host rocks are of similar age in both deposits consisting of quartzite, calcareous quartzite and siltstone, limestones of Pennsylvanian age and quartz monazite at Bingham and siltstone, arkose, calcareous siltstone, quartzite, greenstone and Mississippian-Pennsylvanian age limestones at Silver Creek. The source intrusion has not been intercepted to date at Rico.

The alteration patterns in the Rico area are not well understood as there has been little study of the unaltered sediments at Silver Creek. At Carr Fork orbicular alteration textures are developed up to 3,000 feet away from the source intrusion. Similar textures were observed in drill holes C-25 and C-30. Biotite alteration occurring as halos in veins is restricted to distances of <1,500 feet at Bingham and were noted in the core logs from drill hole C-30. The iron and magnesium required to form secondary biotite was likely sourced from the quartz monzonite itself through the destruction of hornblende and augite. At Rico the most likely source would be the volumetrically significant Precambrian age greenstone.

Both Rico and Carr Fork have extensive peripheral replacement and lode deposits zoned outwards from Mo to Pb, Zn, Ag and Cu although the Cu is of much less significance at Rico. Limestone is the major host for these deposits at both locations with the exception of Newman Hill. The peripheral mineralization and copper content is of much greater economic significance at Carr Fork

The Silver Creek molybdenum mineralization is most likely a Climax-type of molybdenum deposit. They are quite different from a classical molybdenum porphyry occurrence. They are relatively high-grade (0.3%-0.5% Mo) with a maximum size of 500 million tons and occur in tensional rift environments with the intrusion of high-silica porphyritic-granitic (alkalic) igneous plutons with high fluorine: chlorine ratios and a low copper content. They may be restricted to extensional environments such as the Basin and Range Province and are not know from South America. The best examples are Climax, Urad-Henderson and Mount Emmons (recently optioned by Kobex resources Ltd.) in Colorado; Questa in New Mexico and Pine Grove in Utah.

In operation since 1976, the Henderson Mine has produced 160 million tons of ore and 770 million ponds of molybdenum. Remaining proven and probable reserves are 148,100,000 tons at a grade of 0.21% Mo.

The Climax Mine has remaining proven and probable reserves of 156,400,000 tons at 0.19% Mo. This deposit may have been considerably larger prior to glacial erosion. Freeport McMoran has published plans to re-open the Climax Mine in 2009.

5 EXPLORATION (Item 12)

Anaconda explored the Silver Creek area and surrounding prospects on a fairly intensive basis from 1978-1983. In total, 63,000 ft (19,202.5 m) of drilling was reported. Additional exploration activity such as surface mapping for structural control and alteration and geochemical sampling was conducted intermittently.

5.1 Geological Mapping

Anaconda conducted a mapping program throughout the Rico area in 1979. The completed geological map of Silver Creek is Figure 4.1 (at the rear of the report Poor outcrop control along the traces of the Last Chance and Nellie Bly faults makes inferring their actual position problematic. There is poor control in areas of alluvial and colluvial cover.

More detailed geological mapping of the areas surrounding the Blaine workings became available in 1981-1982.

5.2 Geophysics

In 1979 Aerodat conducted a airborne (helicopter) total field magnetic survey with north-south flight lines on a nominal 250 m spacing. Figure 5.1 (at the rear of the report) presents the aeromagnetic data. No ground geophysical programs have been conducted.

5.3 Underground Mapping

Rehabilitation of the Blaine mine was started in September 1981, to facilitate underground drilling on a year round basis and to reach areas not readily accessible from surface. The rehabilitation of underground workings, including the construction of various drill stations was performed by J.S. Redpath Construction Company. Rehabilitation was also intended to permit mapping and sampling of areas previously inaccessible.

Surface mapping and sampling of the Blaine area was completed in 1981. All data, along with the drill hole data and underground data, was entered into a computer database. Anaconda obtained computer plots of the geochemical sections and drill hole histograms, which have been preserved. The actual computer database has not yet been located.

5.4 Trace Element Geochemistry

The purpose of the trace element geochemistry program was two-fold:

- Characterize the trace element signature of the Silver Creek zone; and,

- Make recommendations for future down hole geochemical sampling.

Two types of samples were studied, chip samples from the Blaine and Argentine Mines and drill hole pulps. The Blaine samples comprise a map-controlled horizontal section whereas the drill holes comprise loosely controlled vertical sections. Histograms were drawn to compare the geochemical analyses and assays from the Silver Creek drill holes.

5.5 Drilling (Item 13)

Anaconda continued drilling RAMCO's C-series holes during 1980. Drill hole C-30 reportedly intercepted a 740 ft (226 m) zone of mineralization that assayed 0.106% Mo, and constituted the discovery of the Silver Creek Molybdenum Deposit. Drill hole C-30 was stopped temporarily on May 21, 1980 when it started to drift towards C-25, and was re-entered December 17, 1980 when deflection-drilling equipment became available. During this down time, drill holes C-31, 32, and 33 were finished, but apparently have little bearing on the Silver Creek Deposit. Figure 5.2 (at rear of the report) is a drill hole plan.

During 1981, Anaconda selected drill targets from the Silver Creek area to further delineate the mineralization intercepted by C-30. Drill targets were also selected in the Newman Hill area. Three drill holes were completed on Newman Hill, NH-1, NH-2, and NH-3. Silver Creek drill holes that were completed in 1981 are listed in Table 5.1. A comparison of the drilling statistics in these two areas is provided in Table 5.2.

Five drill holes were started in the Silver Creek area during 1981; two of these were completed by the end of 1981. Three of the holes SC-81-1, 2, and 3, were collared by reverse circulation drilling, and were intended to be drilled rapidly to a depth of ~1,000-2,000 ft (300-600 m) to be followed by coring. These three holes were cased with 4 1/2" (11.5 cm) pipe, which proved to be too large for efficient NQ size drilling. Subsequent holes were diamond drilled from the collar.

Drill hole SC-81-1 was located roughly 400 ft (122 m) south of C-30 and drilled to 5,445 ft (1,659.6 m). The hole penetrated even better mineralization than that in C-30. Drill hole SC-81-2 was collared approximately 1,450 ft (440 m) south of C-30 to determine if mineralization extended to the south along the Blackhawk fault. Mechanical and drilling problems prevented the hole from being completed within the 1981 season. Drill hole SC-81-3 was cased and left open for future delineation drilling. The additional holes were placed to explore for molybdenum mineralization along the trend of the Blackhawk fault.

Table 5.1: Anaconda's 1981 Drilling

Drill Hole	Elevation (ft)	Co-ordinates Note 1		Started	Completed	Total Depth (ft)
		Easting	Northing			
C-30	9,415	17,566	12,303	05/21/80	06/16/80	1,174
				12/17/80	04/27/81	4,820
SC-81-1	9,554	17,609	11,931	05/14/81	12/08/81	5,445
SC-81-3	9,605	17,099	11,443	05/21/81	05/26/81	795

Note 1: Co-ordinates are related to Anaconda's drilling grid which may in fact be the original RAMCO grid.

Table 5.2: 1981 Drilling Statistics

	Silver Creek	Newman Hill	Entire Rico District
Reverse Circulation (ft)	2,680	1,420	4,100
Core (ft)	13,331	4,152	17,483
Totals	**16,011**	**5,572**	**21,583**

A variety of work was done on the Silver Creek molybdenum property during 1982-1983, in addition to drilling and trace element geochemistry programs. Underground geology, mineralization, alteration, and veining mapping of the Blaine tunnel in plan at 1" = 50' was undertaken between June-August 1982. The MINEVAL database was cleaned up, drill hole surveys were recalculated, and all the early Silver Creek holes were re-logged using graphic methods. In addition, cross sections and a contour database were constructed.

Six drill holes were completed at Rico during 1982-1983, the results of which are summarized in Table 5.3. Drill holes with reported significant +0.2% Mo intervals are highlighted with boldface type.

Table 5.3: 1982-1983 Anaconda Drilling

Drill Hole	Elevation (ft)	Co-ordinates Note 1		Date Started	Date Completed	Total Depth (ft)
		Easting	Northing			
SC-81-2	10,214.70	17,636	10,864	05/24/81	07/06/82	3,154
SC-81-4	9,426.40	17,255	12,488	08/25/81	04/15/82	4,365
SC-81-5	9,349	17,940	11,661	12/08/81	17/03/82	5,132
SC-81-6	9,348	17,797	11,053	01/06/82	07/13/82	4,558
SC-81-7	9,349	17,940	11,661	07/17/82	11/17/82	4,556
SC-82-7a	9,349	17,940	11,661	11/20/82	02/07/83	5,114

Note 1: Co-ordinates are related to Anaconda's drilling grid which may in fact be the original RAMCO grid.

6 SAMPLING

Very little data was preserved in the Anaconda archives relating to sampling or analytical procedures. Sample submission forms, assay certificates and a chemical database are preserved.

6.1 Sampling Method and Approach (Item 14)

The majority of the holes that intersected the Silver Creek molybdenum mineralization were started as rotary holes, cased and completed with diamond tails. References are made to the collection, preservation and logging of the rotary cuttings as chip samples. No records of these have been identified to data.

Core samples were preserved in a core library which has been reported to have been destroyed by vandals.

6.2 Sample Preparation, Analyses and Security (Item 15)

There are limited records of what sample preparation was conducted by Anaconda field staff. Rotary chip samples were visually logged and 5 foot or 10 foot composites prepared. Diamond drill core was visually logged and rock quality designation (RQD) estimated. Where significant mineralization was observed the core was photographed. The core was sampled in 10 foot intervals every 40 feet in non-mineralized material and as continuous 10 foot samples in mineralized material. No reference is made to sampling breaks along lithological boundaries, however, special samples of dike material or replacement beds appear to have been sampled separately. The 10 foot core samples were sawn or split in half. Half of the core was preserved. All samples were crushed to ¼" and pulverized to 80 mesh on site. The pulverized material (⅓) was shipped to Skyline or Bondar-Clegg Laboratories. Field duplicates (⅔) were retained. No field duplicates have been identified.

It is clear from the assay certificates that Anaconda practiced a significant quality assurance/quality control program (QA/QC), although specific documentation was not found in the data archives. Field duplicates were submitted and laboratory duplicates and blanks noted on the assay certificates. Check samples were routinely sent to other laboratories. There are references to this data being statistically analyzed but, again, no specific documentation was found.

Samples were analyzed for Mo, W, F, Cu, Pb, Zn, Ag and Au. No information is available in regard to the specific assay methodology used.

The principal analytical laboratory used appears to be Skyline Labs, Inc. of Wheat Ridge, Colorado. Bondar Clegg Laboratories in Lakewood, Colorado conducted the check assay

program. There are references to samples from the C series holes being sent to CMS Chemical & Mineralogical Services in Salt lake City, Utah.

Metallurgical samples were sent to Metallurgical Laboratories, Inc, in San Francisco, California and to Anaconda internal laboratories in Denver, Colorado.

6.3 Data Verification (Item 16)

Internal Anaconda reports discussing the 1981 drilling express concern about the analytical data under reporting molybdenum grades due to the soft nature of molybdenite and possible mineral losses in drilling and handling. In order to test for sampling error a 45 foot composite core sample from a high-grade zone was analyzed and compared with the 10 foot individual analyses. No statistically significant difference was found. Various sample sizes were compared (5 feet of whole core *versus* 10 feet of split core) and again, no statistically significant difference in the molybdenum assays was found. Where the core was washed out the sludge was collected and sent for analysis.

As there are no samples preserved, AGL was unable to complete any verification of the analytical data. AGL was, however, able to trace sample intervals from the core logs, through sample descriptions, to sample submission forms and subsequently to laboratory assay certificates and back to the lithological profiles of the various drill holes. Considerable time was spent examining the data from the core holes to ensure that the analytical data used in the resource estimate was accurate.

A review of the data used in the historic resource estimate identified a small number of check assays in drill hole SC-1 which are reported in Table 6.1:

Table 6.1: Check Assay Data from Drill Hole SC-1

Drill hole	Sample #	From (ft)	To (ft)	Mo %	Check Assays (ppm)
SC-1	2725	4225	4230	0.237	2200
SC-1	2726	4230	4240	0.150	1500
SC-1	2727	4240	4250	0.101	960
SC-1	2728	4250	4260	0.149	1450
SC-1	2729	4260	4270	0.102	960
SC-1	2730	4270	4280	0.202	1900
SC-1	2731A	4280	4290	0.197	1800
SC-1	2731B	4280	4290	0.107	1100
SC-1	2732	4290	4300	0.134	1250
SC-1	2733	4300	4310	0.159	1500
SC-1	2734	4310	4320	0.240	2300
SC-1	2735	4320	4330	0.207	2000
SC-1	2737	4340	4350	0.105	980

The Mo assays reported in ppm were entered into the assay data base on December 14, 1981 while the Mo assays reported in % were added on December 29, 1981. AGL notes that the results reported in ppm are very slightly lower than reported in % suggesting analytical bias in one of the sets of data. No further information is available.

7 ADJACENT PROPERTIES (Item 17)

The land being acquired by Bolero Resources occurs within a historic mining district which was last explored by Anaconda in 1983 and abandoned due to the collapse of commodity prices. The district has been dormant since then and there are no active exploration programs in the area. Historically, the area has seen extensive small-scale mining which effectively ended in 1970.

8 MINERAL RESOURCES AND MINERAL RESERVES (Item 19)

8.1 Mineral Resources

The property was explored from surface and underground from the Blaine tunnel from 1978 through 1983 with 63,000 feet of drilling completed.

In 1979 drill hole C-25 intersected quartz veins with traces of molybdenite mineralization and tungsten and fluorine gradients suggesting proximity to a molybdenum porphyry stock. Two diamond drill holes were completed in 1981 (C-30 and SC81-1) and considered by Anaconda to be the Silver Creek Deposit discovery holes. A further six drill holes were completed in 1982-1983 (SC-81-2, SC-81-4, SC-81-5, SC-81-6, SC-81-7, and SC-82-7a) In September to November, 1982 the MINEVAL database was cleaned up and the down hole gyroscopic surveys re-calculated.

In May of 1984 The Anaconda Company, the last group to explore the property, reported a historic inferred resource based on four drill holes of 44 million short tons (39.9 tonnes) at a molybdenum grade of 0.31% Mo, or 0.527% MoS_2, within a 0.20% molybdenum cut-off, containing 273 million pounds of molybdenum.

> *All resource estimates quoted herein are based on data and reports obtained and prepared by previous operators. This historic resource estimate is considered to be relevant, and is believed to be reliable based on the amount and quality of historic work completed. The Company has not completed the work necessary to independently verify the classification of the mineral resource estimates. The Company is not treating the mineral resource estimates as National Instrument 43-101 defined resources verified by a qualified person. The historical estimates should not be relied upon. The properties will require considerable further evaluation which the Company's management and consultants intend to carry out in due course.*

The historic resource estimate is considered to be relevant due to the substantial exploration expenditures incurred in the discovery of the Silver Creek Deposit. Considerable time and cost will be required to complete the exploration necessary for an updated resource estimate.

Anaconda used a classical polygonal method (constraining the projections of the mineralized zone with the use of a radius of influence) in developing a resource estimate for the property. AGL and Roger Steininger have reviewed the polygonal methodology and the isopach of mineralization and finds the methodology reasonable based on the limited number of drill intersections. The position of a 0.10% molybdenum mineralization shell has been inferred from very little data and its correct location requires further exploration. Anaconda geologists used a tonnage factor of 10 ft^3/ton (3.2

t/m^3) in converting volumes to mass. This seems to be a very high relative density for the rock type and there is no supporting evidence for it. A tonnage factor of 12.5 ft^3/ton (2.6 t/m^3) would be more reasonable and would reduce the tons in resource estimate by about 20%. Figure 8.1 illustrates the polygons used in the resources estimate at a 0.1% Mo cut-off at the depth of the mineralized body. The mineralized body was inferred to average 500 feet in thickness. The RAMCO grid is not on the plan as this is a projection from depth. The drill hole locations can be compared with Figure 5.2.

This appears to be the final resource report published by The Anaconda Company. Appendix B contains the assay data from the drill holes used in the resource estimate.

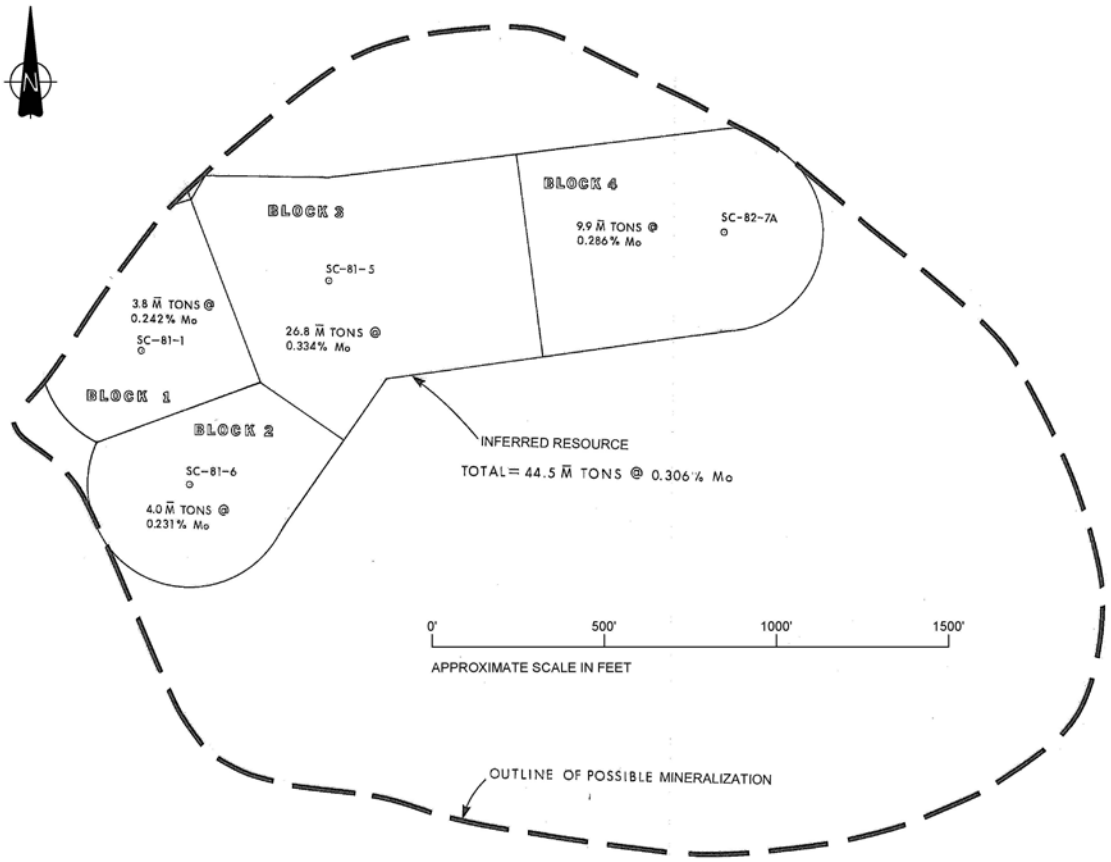

Figure 8.1: Resource Polygons at the Depth of the Mineralized Body

The potential size of the Silver Creek deposit is a challenging estimate. Anaconda constructed a series of isopach maps using 0.1% and 0.2% Mo cut-offs centered around a suspected source intrusive to the southeast of the molybdenum-bearing drill holes. Given that few drill holes have intersected the deposit this is a reasonable approach. Additionally, the geology suggests that there were multiple mineralizing events that could have produced more then one molybdenum shell. Figure 8.2 is the isopach map of the mineralized zone at 0.1% Mo cut-off. The RAMCO grid is not on the plan as this is a projection from depth. The drill hole locations can be compared with Figure 5.2.

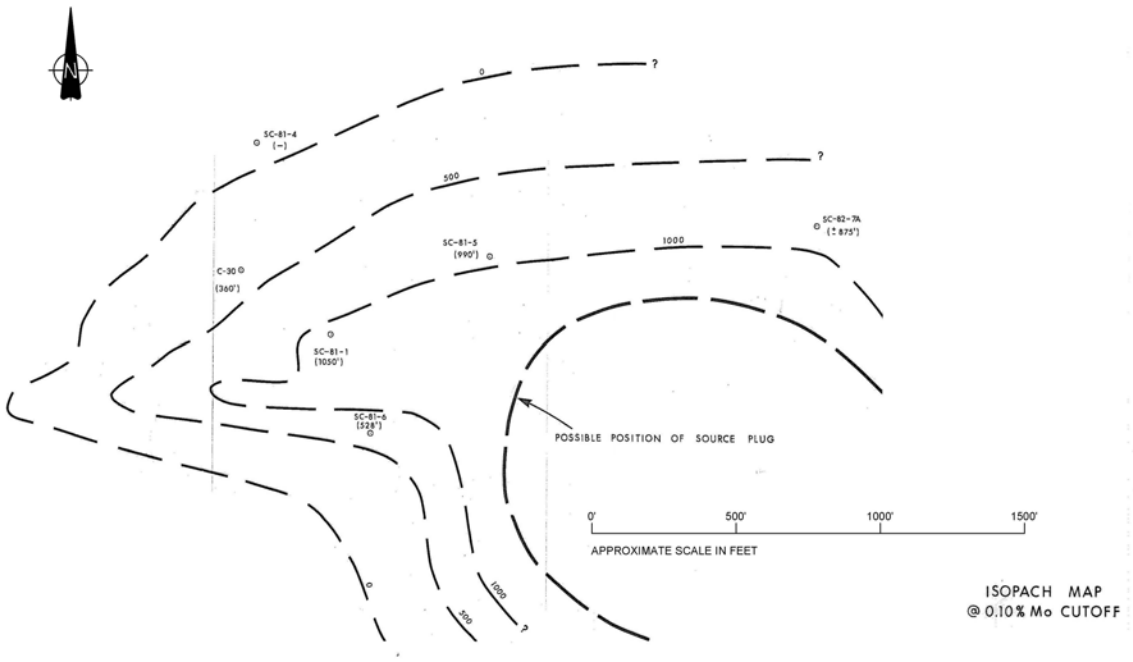

Figure 8.2: Isopach of the Mineralized Zone at 0.1% Mo Cut-off

Anaconda estimated the potential size of the mineral deposit to be up to 198 million tons (179.6 t) @ >0.30% Mo (>0.51% MoS_2) at a cut-off of 0.20% Mo. This could represent up to 1.2 billion pounds of contained molybdenum. This estimate of target potential was based on the inferred mineralization halo >0.20% Mo, structural controls projected from surface and observed in core, fluorine/tungsten geochemical signatures and an isopach of Mo mineralization compared with typical Climax style deposits in Colorado. Anaconda geologists were of the opinion that less than 20% of the potential Silver Creek resource has been drilled.

> *The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.*

8.2 Mineral Reserves

No mineral reserves have been identified on the property.

An internal preliminary assessment of the Silver Creek Deposit prepared by Anaconda in 1982 using block caving as mining method returned a negative NPV at a discount rate of 15% of US$632 million based on pre-production capital of US$1.52 billion (plus a 25% contingency of US$0.35 billion), The assessment was based on pre-production capital of US$1.52 billion (plus a 25% contingency of US$0.35 billion), total cash operating cash costs of US$28.83/ton or US$5.80/lb Mo and a mining rate of 30,000 short tons per day. Anaconda's long-term price forecast for molybdenum is not explicitly stated, however, in 1983-1984 it would have most likely been on the order of ±US$6.00/lb. This study used a conceptual resource base of 200-250 million short tons at an *in situ* grade of 0.35% molybdenum, mining recovery of 85%, metallurgical recovery of 83.5% (overall recovery of 71%) giving a mine life of 16-21 years.

The pre-production period of 14 years and ramp-up to 30,000 short tons per day of four years seems excessive.

9 MINERAL PROCESSING AND METALLURGICAL TESTING (Item 18)

The information in this section is summarized from Anaconda internal correspondence dated 1982 and a 1983 internal report on flotation concentration.

Anaconda conducted a preliminary metallurgical test program on three sections of drill core from the 1982 drilling program as well as three bulk samples representing the dominant lithologies. The purpose of the study was quantify the mineralogical characteristics of the molybdenum, assess the amenability of the mineralized material to concentration through flotation and to predict concentrate grade and recoveries.

Drill core intervals from SC-1, SC-5 and SC-6 were composited into 50 foot (15.2 m) intervals. Table 9.1. gives the composite head grade analyses of the drill core.

Table 9.1: Composite Head Grade Analyses of Drill Cores

Drill Hole	Composite Interval (feet)	Head Grade Analyses		
		Mo (%)	Cu (%)	Fe (%)
SC-1	4,750-5,400	0.150	0.02	2.91
SC-5	4,400-5,250	0.224	0.01	2.97
SC-6	4,850-5,350	0.183	0.01	3.65

Three bulk samples of individual lithologies representing quartzite, siltstone and greenstone were also composited from drill core. Table 9.2 gives the composite head grade analyses of the bulk samples.

Table 9.2: Composite Head Grade Analyses of Bulk Samples

Sample	Head Grade Analyses		
	Mo (%)	Cu (%)	Fe (%)
Quartzite	0.20	0.12	0.80
Siltstone	0.23	0.11	3.24
Greenstone	0.32	0.08	3.63

Bond work indices of 10.9 kWh/dst, 11.7 kWh/dst and 8.8 kWh/dst at 100 mesh size fraction were measured for quartzite, siltstone and greenstone, respectively.

Flotation test work was completed on all three bulk samples to determine the optimal primary grind. The samples were milled over various pre-determined times to provide a range of primary grind sizes and subjected to a staged rougher flotation with concentrate samples collected after 2, 5 and 11 minutes. Fuel oil at a concentration of 0.04 lb/ton was added at the milling stage to promote molybdenite collections. The samples were diluted to 30 % solids prior to rougher flotation at a pH of 11.5 (lime addition) with the addition of Aerofroth 76™. The molybdenum recovery was similar for the quartzite (primary grind of 40 % by weight plus 200 mesh) and greenstone (primary grind of 20 % by weight plus 200 mesh) reaching 96 % and 97 %, respectively after 11 minutes. The siltstone reached a maximum recovery after 11 minutes of 97 % after a primary grind of

25 % by weight plus 200 mesh. A composite sample achieved an optimum recovery of 96% at a primary grind of 35 % by weight plus 200 mesh with an average molybdenite concentration ratio over 50 and a rougher concentrate grade of 16 %.

Each drill core was also subject to rougher flotation tests at 30 % solids with the staged addition of 0.05 lb/ton fuel oil and the addition of lime to depress pyrite and traces of galena. Table 9.3 compiles the average rougher concentrate parameters.

Table 9.3: Average Rougher Concentrates from Drill Core

Drill Hole	Composite Interval (feet)	Grind Weight % plus 200 mesh	Rougher Concentrate Parameters (%)			
			Weight	Mo	Mo Recovery	Mo Calculated Head Grade
SC-1	4,750-5,150	15.4	1.9	9.6	92.3	0.171
SC-5	4,400-5,150	15.4	2.9	9.7	95.5	0.264
SC-6	4,850-5,350	11.5	2.5	6.4	95.1	0.169

Excellent recoveries are achieved at a relatively fine grind. SC-1 yielded an average recovery of 92 % after 11 minutes with a primary grind of 40 % by weight plus 200 mesh. SC-5 and SC-6 were similar with 95 % recovery after 11 minutes with a primary grind of 15 % by weight plus 200 mesh. On average a primary grind of 20 % by weight plus 200 mesh yielded a rougher concentrate containing 8.6 % Mo after 11 minutes for a molybdenum recovery of 95%.

A further sequence of open-end cleaner flotation tests was also completed. As stated the primary grind ranged from 15%-40% by weight plus 200 mesh (varying by hardness) with a rougher flotation of 11 minutes. The rougher concentrate was put through two re-grind stages and five cleaner flotation stages.

In the first re-grind the rougher concentrate was milled for 10 minutes and screened at 400 mesh with the oversize re-milled for 10 minutes. This resulted in a product size range of 65%-75% by weight plus 400 mesh. Three cleaner flotation stages of 8, 6 and 6 minutes were applied with the third stage cleaner concentrate being subjected to a 10 minute re-grind resulting in 90% by weight plus 400 mesh. The pH is maintained at 11.4 through the addition of lime to depress pyrite and galena. In addition 2 lb/ton-5 lb/ton of sodium hydrosulfide was used to depress copper and zinc sulfides.

The resulting final cleaner concentrate ranged from 50.0%-57.2% molybdenum with open-end recoveries of 47.5%-79.9% molybdenum. In a closed cycle the cleaner tails would be recycled to the previous flotation stage. Anaconda metallurgists indicate that they can typically achieve final molybdenum recoveries averaging 90.5% with a concentrate grade around 50%.

With a requirement for fine-grinding it does not appear that Anaconda addressed the possible issue of slimes due to the montmorillonite content. Negligible amounts of base metal sulfides reported to the concentrate.

AGL is of the opinion that the preliminary metallurgical test work was positive and that the mineralized material should produce a reasonable concentrate.

10 OTHER RELEVANT DATA AND INFORMATION (Item 20)

10.1 Environmental Issues

EnviroGroup Limited has been retained to assess the potential environmental liabilities associated with the remnants of the RAMCO facilities. This is the subject of a separate report. AGL has reviewed a preliminary field report and the draft environmental due diligence assessment.

It should be noted that the Argentine mill site and tailings facility, the site of the former acid plant and drainage from the St. Louis Tunnel (United Carbonate Mine) are identified and listed as contaminated sites under The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980. While the area has been inspected by Superfund environmental consultants and various infractions noted, AGL understands that this area is not considered to be an active Superfund site. AtlanticRichfield (the parent corporation of Anaconda) has apparently accepted some liability for the environmental clean-up and is preparing to re-grade and re-vegetate the former tailings site.

AGL recommends that the former mill be demolished. It should be noted that the mill electrical substation has been damaged by the theft of copper wire and at least two transformers have been drained of their cooling oil. These transformers are of an age that they likely contained PCB contaminated oil and the soil in the area around the substation should be tested.

Minor acidic drainage was noted from the Blaine and Argentine tunnels. It is understood that the drainage from the Argentine tunnel is relatively new suggesting a change in underground conditions that may require remediation. Some acidic drainage was noted from the site of the old acid plant but an aerial reconnaissance showed no evidence that the seepage was extending beyond the adjacent wetlands towards Silver Creek or the Dolores River.

The area is frequented by locals as a favoured area for rifle practice and signage should be installed to warn of the potential hazards in the area.

While we are not environmental experts we have seen former mine sites in much worse condition than this and believe that the minimal site damage can be remediated. Contact should be made with ARCO and with the appropriate Superfund office to establish, precisely, the obligations and expectations of all parties regarding environmental remediation of the area. Superfund inspection reports of the various sites form part of the data archive.

The Argentine Tunnel was entered and inspected by Mark Levin, Susan O'Donnell and Scott Myers on August 8th, 2007 to establish a possible cause for the newly developed

portal drainage. Subsequently, the Blain Tunnel was inspected by Mark Levin, Stan Foster and Susan O'Donnell. The remaining individuals remained outside to effect a rescue if required. This tunnel was rehabilitated and used for underground drill stations by Anaconda. The exploration program proposed by Anaconda in 1984 involved wedging off some of the original underground holes. Working from underground would minimize surface disturbance and access issues, reduce drilling depths and perhaps put the project less in the public eye.

The tunnels appear to be in poorer condition than anticipated and a full evaluation of the feasibility and cost of rehabilitation should be conducted. The costs of rehabilitation must be carefully weighed against the costs of surface exploration. Roof conditions in the tunnel appear to be deteriorating with numerous broken props and failing support. Rehabilitation costs are likely to be in the order of magnitude of US$2-5 million.

The Argentine and Blaine tunnels must be secured against public ingress due to the possibility of injury as there are open shafts in proximity to the entry. A number of other adits are present in the area which should be secured.

The old cable tramway lines to the United Carbonate mine should be removed as they represent a flight hazard and helicopter support will be required for exploration in the area.

The EnviroGroup report identified a number of land parcels being acquired, or in the immediate area, which appear to be affecting water quality within the region and represent the greatest environmental risk associated with the project. Table 10.1 describes the specific claims, property owner and environmental risk.

Table 10.1: Land Parcels with Identified Environmental Risk

Claim/Parcel	Owner	Environmental Issue
Homestake/Cora Lode	Rico Properties, LLC.	18 wastewater treatment ponds discharging to Dolores River
Santa Cruz Lode		Adit discharging to Dolores River
CVG Lode	Rico Mountain Life, LLC.	Adit discharging to Dolores River
Argentine	W. Webster Estate	Adit discharging to Silver Creek
James G. Blaine (Blaine Tunnel)		Adit discharging to Silver Creek
Aqueduct/Eby/Missouri/Royal Tiger		Seeps discharging to Silver Creek
Ethelena Lode	Rico High Altitude Investments, LLC.	Adit discharging

All of these sites are potentially out of compliance with the Clean Water Act and could face potential enforcement action.

11 INTERPRETATION AND CONCLUSIONS (Item 21)

11.1 Exploration Potential

Silver Creek contains many geological features that indicate that the molybdenum deposit is a Climax-type system and is significantly larger with a similar grade, or better, than what has been outlined by Anaconda's drilling. There are intermineral dikes and breccias that suggest multiple mineralizing events that typically result in better grade deposits. The source intrusive(s), has not been defined by drilling. Commonly, the highest grade molybdenite occurs in close association with the intrusive contacts. The molybdenum grades encountered by the Anaconda drill holes are some of the highest of any of the large Colorado molybdenum systems.

In the opinion of AGL there is a reasonable expectation that further exploration will identify additional resources and that the suggested target resource size may be achieved. There is a potential to generate a "district play" incorporating other targets identified by Anaconda Geologists.

The Silver Creek molybdenum deposit is the primary target, although there is a secondary essentially untested target on the land controlled by Bolero Resources. CHC Hill-Telescope Mountain contains several felsic dikes and breccias that suggest a favorable molybdenum source intrusive at depth. There are numerous references in the Anaconda literature to a molybdenum target in the area of CHC Hill-Telescope Mountain. The important aspects are-

- Several quartz eye porphyry dikes containing anomalous values of molybdenum, tungsten, and fluorine.
- Anomalous molybdenum, tungsten, and fluorine values in a soil sampling grid over the area.
- Two drill holes (BB-1 and 2) drilled from the St. Louis mine encountered increasing alteration with depth. Below 7,500 feet elevation there are numerous quartz-pyrite and pyrite veinlets, some containing scheelite and fluorite, and salvages of molybdenite.
- BB-2 encountered a steeply dipping rhyolite porphyry dike between 7,800 and 7,950 feet.

These features are consistent with the upper levels of a Climax-type system and similar to what was encountered above the nearby Silver Creek molybdenum deposit. Therefore, the CHC Hill-Telescope Mountain area is considered a viable molybdenum target separate from the Silver Creek system. Bolero Resources has staked a number of claims

(CHC and MVH series claims) over this exploration target to complete the land acquisition package.

Since all of the above is based on Anaconda's literature it is important to validate these conclusions with a field visit to assess geology and determine how the target might be best tested. One or two, holes at least 3,000 feet deep would be sufficient to determine if significant molybdenum mineralization is present. A better understanding of the land status is required, as it appears that additional land acquisition may be required before drilling can commence.

The near-term work plan would be to conduct a limited field visit to examine geology, identify likely drill sites, address land status, and to determine permitting requirements. The next step would be to develop a detailed budget for the initial drilling program and start permitting.

Internal reports refer to the regional molybdenum exploration potential in the area. The information relating to these targets should be obtained and assessed.

AGL is of the opinion that Bolero Resources has acquired a substantial land position in an under explored area which has been dormant since 1983. The identification and preservation of a historic data base provides a solid foundation for exploration

11.2 Geothermal Energy Potential

At least four active hot springs were note along the east side of the Dolores River including one which had been capped as it tended to act as a geyser during periods of heavy rain when meteoric water percolated downwards. Anaconda geologists noted a very high geothermal gradient in the drill holes. The potential for geothermal energy should be assessed.

11.3 Risks

Due to its proximity to the resort of Telluride, the Rico area is becoming gentrified and AGL expects that there may be opposition to exploration and mine development in the area. Permitting for surface disturbance for exploration within the San Juan National Forest may take considerable time. Underground exploration from the Blaine decline could mitigate this, but the tunnel will require considerable rehabilitation.

The purchase or acquisition of additional patented lands may be required for development of the Silver Creek deposit.

12 RECOMMENDATIONS (Item 22)

- Additional private land should be purchased to complete the control of the Silver Creek molybdenum resource.
- On-going staking of additional lode claims should be completed.
- The responsibility for potential environmental liabilities on the property need to be clearly determined and the obligations of a new owner defined.
- A librarian and/or geological technician should be retained to properly archive the excellent database.
- Attempts should be made to locate the supporting data for the Anaconda mineral resource estimate and to secure a copy of the MINEVAL database.
- Permitting requirements and timeframes should be investigated.
- The condition of the Blaine tunnel should be examined and the feasibility and cost of rehabilitation determined.
- As an absolute priority the access to the Blaine and Rico and associated services tunnels must be secured to prevent accidental ingress.
- Potential sources of water should be identified even for exploration.
- Anaconda data for other exploration targets should be obtained and the areas considered for acquisition in order to create a "district" play.

12.1 Work Program

The following is an initial budget proposal for drilling to confirm the Anaconda drill hole intercepts and to start the determination of the ultimate size and grade of the Silver Creek molybdenum deposit. Also included are funds to start an initial test of the CHC Hill-Telescope Mountain molybdenum target. This budget will be refined as more of the property data becomes available, permitting requirements are better understood, and bids from drilling contactor are received. All cost estimates are in U.S. dollars (US$) and are ±30 %.

There are two possible options for drilling, from surface or continuing the Anaconda approach by drilling from underground in the Blaine Tunnel. If the Blaine mine is used for a drilling platform it would probably cost in excess of US $2 million to rehabilitate the decline with additional costs required to support the drilling effort.

It may be preferable to drill from the surface although permitting may take time and it may increase public scrutiny of the drilling operations. Both options should be considered as the Blaine Tunnel will have to be entered to secure access and assess underground conditions. Drilling from the surface will extend holes a few hundred feet but will save substantially in total costs. It appears that initial drilling can be from existing roads with limited reconstruction and new road development, most of which will be on private property keeping permitting requirements to a minimum. It must be remembered that the site lies within the San Juan National Forest and there may be significant scrutiny of the project. The overall plan is to drill a rotary surface hole to about 2,000 feet and case the hole for a diamond core hole tail. Several directional diamond core tails would be drilled from the surface hole to define the molybdenum deposit. During the first year probably one diamond core tail would be drilled into the Anaconda resource for conformation and 2-4 diamond core tails would be drilled to develop a better understanding of the geometry, size, and grade of the entire deposit. Ultimately, as many as 9 new rotary holes might be needed with 2-4 diamond core tails out of each to define the Silver Creek molybdenum deposit.

All of the rotary chips and diamond core would be logged and stored for future reference. Mineralized intervals would be sawed with half retained and the second half sent for analyses in 10 foot intervals.

The CHC Hill-Telescope Mountain anomaly would be assessed and if a viable target is defined one hole would be drilled as an initial test during the first year.

A preliminary budget is proposed in Table 12.1 following:

Table 12.1: Proposed Budget-Year 1

	Item	Cost (US$)
Field Logistics	Office/Core Facility/Data Storage/Communication	100,000
	Database Development	75,000
Personnel	Project Manager/Senior Geologist & Expenses	200,000
	Geological Technologist/Office Support	75,000
	Drilling Supervisor (Geology)	75,000
	External Consultants (Drilling/Analytical/Permitting)	200,000
Environmental	Blaine Tunnel/Argentine Shaft-Assessment and Securing	300,000
	Argentine Mill Demolition	300,000
	Miscellaneous Environmental	100,000
Drilling	2 Reverse Circulation Cased Holes	200,000
	4 Directional Diamond Core Tails	3,000,000
	Site Preparation and Support	100,000
	Direct Permitting Costs	50,000
CHC Hill-Telescope Mountain Exploration	Initial Field & Data Evaluation	25,000
	1 3,000 foot diamond core hole	250,000
	Site Preparation	10,000
	Permitting	10,000
	Total	**5,070,000**

Should the exploration program prove to be successful then a preliminary assessment or scoping level study would be completed. This budget is estimated in Table 12.2.

Table 12.2: Contingent Budget

	Item	Cost (US$)
Geology	Resource Model/Estimate	150,000
Engineering	Preliminary Assessment (Scoping Study)	2,500,000
Environmental	Environmental Impact Assessment (Phase 1)	1,000,000
CHC Hill-Telescope Mountain Exploration	Phase 2	1,000,000
	Total	**4,650,000**

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14 GLOSSARY

Alaskite:	A rhyolite porphyry with few mafic (dark) components. Composed of oligoclase, microcline (feldspars) and quartz.
Alteration:	Changes in the chemical or mineralogical composition of a rock due to circulating hydrothermal fluids.
Ag:	Chemical symbol for silver.
Argentite:	A silver sulfide ore mineral of the composition: Ag_2S.
As:	Chemical symbol for arsenic.
Au:	Chemical symbol for gold.
Augite:	A mafic (dark) mineral which is an essential constituent of basic igneous rocks. A member of the pyroxene group.
Cu:	Chemical symbol for copper.
Chalcopyrite:	An ore mineral of copper of the composition: $CuFeS_2$.
Chlorite:	A clay mineral associated with low-grade metamorphic rocks. Usually greenish in colour they resemble mica.
F:	Chemical symbol for fluorine.
Fe:	Chemical symbol for iron.
Galena:	An ore mineral of lead of the composition: PbS.
Gangue:	Refers to waste material comprised of non-economic minerals in a vein.
Graben:	A fault bounded down-dropped block on a regional scale.
Greenstone:	A field term for any dark green, altered or metamorphosed basic igneous rock.
Gypsum:	A hydrated calcium sulfate mineral that may deposit in sedimentary evaporite deposits.

Hornblende:	A mafic (dark) mineral which is an essential constituent of basic igneous rocks. A member of the amphibole group.
Horst:	A fault bounded up-lifted block on a regional scale.
Intermineral:	Pertaining to a period between phases of mineral transport and deposition.
kWh/dst:	A measure of the Bond work index (kilowatt-hour per dry short ton. A measure of the electrical consumption required to grind a dry short ton of material.
Latite Porphyry:	A porphyritic extrusive igneous rock with equal amounts of plagioclase and potassium feldspars and little quartz.
Metadiorite:	A metamorphosed igneous intrusive rock.
Mississippian:	A period of time corresponding to 345-320 million years (Ma) ago.
Mo:	Chemical symbol for molybdenum.
Molybdenite:	A molybdenum sulfide mineral of the composition; MoS_2.
Montmorillonite:	A clay mineral.
Paragenesis:	A characteristic association of minerals.
Pb:	Chemical symbol for lead.
Pearceite:	A silver sulfosalt ore mineral with the composition: $Ag_{16}As_2S_{11}$.
Pennsylvanian:	A period of time corresponding to 320-280 million years (Ma) ago.
Phenocryst:	A large, visible crystal occurring in an igneous rock in a fine grained matrix.
Plagioclase:	A sodium rich feldspar.
Polybasite:	A silver sulfosalt ore mineral with the composition: $Ag_{16}Sb_2S_{11}$.
Ppm:	Parts per million.
Proustite:	A silver sulfosalt ore mineral with the composition: Ag_3AsS_2.

Pyrite:	An iron sulfide mineral normally considered as waste or gangue but historically used as a source of sulphuric acid with the composition FeS_2.
Quartz:	A waste or gangue silicate mineral forming the principal component of the veins with the composition; SiO_2.
Rhodochrosite:	A manganese carbonate mineral which may be an indicator of alteration of the composition: $MnCO_3$.
Rhodonite:	A manganese iron magnesium silicate mineral which may be an indicator of alteration of the composition: (Mn, Fe, Mg)SiO_3.
S:	Chemical symbol for sulphur.
Sb:	Chemical Symbol for antimony.
Scheelite:	An ore mineral of tungsten (W) of the composition: $CaWO_4$.
Sericite:	A white, fine-grained mica which is an indicator of alteration.
Sphalerite:	An ore mineral of zinc of the composition: ZnS_2.
Stephanite:	A silver sulfosalt ore mineral with the composition: Ag_5SbS_4.
Tennantite:	An ore mineral of copper of the composition: $Cu_{12}As_4S_{13}$.
Tetrahedrite:	An ore mineral of copper of the composition: $Cu_{12}Sb_4S_{13}$.
W:	Chemical symbol for tungsten.
Zn:	Chemical symbol for zinc.

15 CERTIFICATE OF QUALIFICATIONS

I, Keith M^{c}Candlish, P.Geol., P.Geo.:

1. Am currently employed by: Associated Geosciences Ltd. (AGL)
   Suite 415, 708-11th Avenue S.W.
   Calgary, Alberta, CANADA, T2R 0E4

   in the capacity of: Vice President & General Manager

2. Am a Professional Geologist (P.Geol.) registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA-Member No.: M45717) and a Professional Geoscientist (P.Geo.) licensed with the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC-Member No.: 31222)

   A summary of my relevant experience follows:

   Over twenty-five years of consulting geological and engineering experience in minerals, oil sands/heavy oil, precious stones, coal and industrial minerals. In 1988 I joined Associated Mining Consultants Ltd. In 2006 I was transferred to Associated Geosciences Ltd. where I am now Vice President & General Manager focusing on corporate finance, due diligence and technical audits.

   Have been actively involved on due diligence evaluations of mining projects covering a range of mineral commodities and has had extensive experience in exploration property valuations, analysis of project economics, exploration logistics, assaying and project management. Detailed evaluations have been conducted on a number of copper and polymetallic related mining operations and exploration projects, internationally, including:

   - Tyler Resources Inc. Bahuerachi copper porphyry project in Chihuahua State, Mexico
   - Sunshine Mining's Pirquitas silver/tin/zinc proposed development, Argentina
   - Navan Resources Chelopech copper-gold and Almagrera copper-zinc underground mines in Bulgaria and Spain, respectively
   - Avocet Resources Zervashan gold operations and copper-gold exploration areas, Tajikistan
   - Copper Fox Metals Inc. Schaft Creek copper porphyry project in northwestern British Columbia
   - Carmen Copper Corporation copper porphyry project on Cebu in the Philippines.

- Mercator Minerals Mineral Park copper porphyry project at Kingman, Arizona

I have specific experience in the exploration for, and mining of calc-alkaline copper-gold porphyries.

3. I have read the definition of "Qualified Person" set out in National Instrument 43-101 and certify that by reason of my education, affiliation with a Professional Association and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.

4. Visited the Silver Creek Deposit in Rico, Colorado from August 6th-10th, 2007

5. Have been involved in all aspects of the preparation of this report.

6. Am not aware of any material fact or material change with respect to the subject matter of this technical report which is not reflected in the report, which the omission to disclose would make the technical report misleading.

7. Am independent of the issuers applying all of the tests in Section 1.5 of National Instrument 43-101.

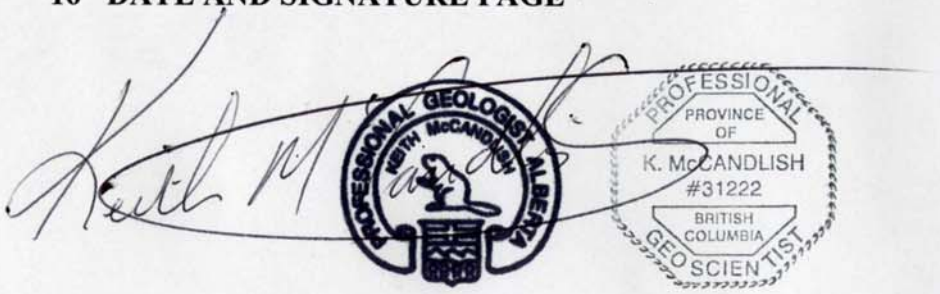
8. Have read National Instrument 43-101 and Form 43-101F1, and the technical report has been prepared in compliance with this instrument and Form 43-101F1.

9. 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 website accessible by the public of the technical report.

Dated this 31st day of October, 2007 at Calgary, Alberta, Canada

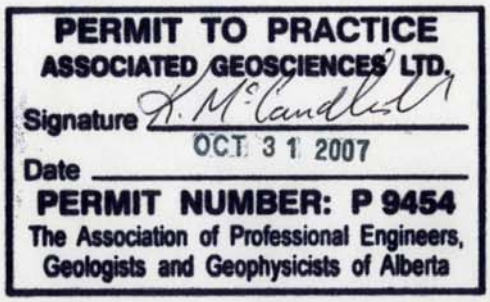
Keith McCandlish, P.Geol., P.Geo.

16 DATE AND SIGNATURE PAGE (Item 24)



Keith McCandlish, P.Geol.
Vice President & General Manager

For himself, and on behalf of, Associated Geosciences Ltd.



APPENDIX A

Schedule of Properties

SCHEDULE OF PROPERTIES

The properties held or controlled by Bolero Resources or targeted for acquisition, and detailed below are believed to be substantially as follows:

1. RICO PROPERTIES, LLC.: The following properties are owned by Rico Properties LLC.

Property Names	Mineral Survey No.	Lots or Claims
PLATTED LOTS (Town of Rico)		
Lot 25-26, Block 24		2
MINING CLAIMS		
Homestake and Little Cora	410	1
Catskill	7062	1
Santa Cruz	6132	1

2. RICO RENAISSANCE, LLC.: The following properties are owned by Rico Renaissance, LLC.

Property Names	Mineral Survey No.	Lots or Claims
PLATTED LOTS (Town of Rico)		
Lot 1-40, Block 10		40
Lot 21-40, Block 38		20

3. RICO HIGH ALTITUDE INVESTMENTS, LLC.: The following properties are owned by Rico High Altitude Investments, LLC.

Property Names	Mineral Survey No.	Lots or Claims
ACREAGE (Town of Rico)		
Atlantic Cable Subdivision Tract 2		1
Roys Tract (River Lodge Site)		1
Max Boehmer Tract		1
Graveyard Tract		1
MINING CLAIMS (Town of Rico)		
Atlantic Cable	8072	1
Chestnut	435	1
Elliott	1536A	1
Franklin	564	1
Golden Fleece	2261	1
Group MS	11583B	1
Hillside/Hillside 2	7994	1
Home	8031	1
Lucy	1456	1
WL Stephans	7017	1
MINING CLAIMS (Outlying)		
ABG Lode	6726	1
Aetna	1956	1
Alta	6191	1
Aspen	6512	1
Avalanche	1682	1
Big Blue	7365	1

Black George	2485	1
Black Chief	1649	1
Black Night	8135	1
Buckeye and Mac	7894	1
Buehler	20738	1
Burchard & Little Maggie	8070	2
Catalpa	918	1
Clan Campbell	1897	1
CHC	1040	1
Cobbler	5247	1
Confidence	6895	1
Cornucopia	11667	1
Crebec	6130	1
Cross	940	1
CSHH	6286	1
D&BB	8539	1
Denver	7601	1
Dudess	7049	1
Durango	1441	1
Ella D	5659	1
Enterprise	5916	1
Ethelena	6136	1
Evening Star	7565	1
Excelsior	1451B	1
Excelsior #2	8141	1
Falcon	2151	1
Florence	1452A	1

Florence	1452B	1
General Logan	2476	1
Goliath/Little Ceasar/Xray	19665	1
Grand View	383	1
Hal/Pointer/Highland Chief/Little George/Little Lulu/Shehocton	8017	6
IMP	6796	1
Ingersoll	413	1
Iron Cap	1428	1
Last Chance	8622	1
Last Chance	20388	1
Little Bernard	6409	1
Little Johnnie/Bald Eagle	10122	2
Lone Tree	12303	1
Matchless	6739	1
Melvina	620	1
Merrimac	926	1
Monarch	20387	1
New Discovery	1461A	1
New Discovery MS	1461B	1
Pewter Dollar	8098	1
Premier	5132	1
Phoenix	362	1
Pittsburg	941	1
Pluto	6985	1
Princeton	2258	1
Redeerner	12304	1

Robber State	1464	1
Roger Tichborne	7784	1
Royal Turk	8020	1
Selenide	7459	1
Silver Age	5831	1
Silver Glance 4	7976	1
Silver Glance MS	6201	1
Skeptical 1	1900	1
Slide Top/Little Jack Horner/ Timberline/ Tom Thumb	20740	4
SMG	7986	1
Snow Flake	5909	1
Stanley 3	6095	1
Star	6199	1
Stephanite	7980	1
Stoney Point	1489	1
Sun Up	5910	1
Swansea	434	1
Thompson	6394	1
Trails End	20568	1
Uncle Ned	915	1
Undine	1090	1
Wabash	617	1
Weimer	6513	1
Zula	1457	1

4. RICO LAND AND CATTLE, LLC.: The following properties are owned by Rico Land and Cattle, LLC.

Property Names	Mineral Survey No.	Lots or Claims
PLATTED LOTS (Town of Rico)		
Lot 23-26, Block 12		4
Lot 3 & 4 and W 80 Ft. Lots 5-20, Block 28		18

5. RICO MOUNTAIN LIFE, LLC.: The following properties are owned by Rico Mountain Life, LLC

Property Names	Mineral Survey No.	Lots or Claims
PLATTED LOTS (Town of Rico)		
Lot 3-6, Block 30		4
Pt. Lots 2-4 Block 11		3
MINING CLAIMS (Town of Rico)		
Tract B Adjoining Block A		
Little Ada Tract South		
MINING CLAIMS		
Apex	11583A	1
Columbia MS	356B	1
Pt of Eighty-eight	7348	1
Evening Call	8029	1
Isabelle	2039	1
New Year	1038	1
Smuggler	5912	1
Sam Patch	8031	1
Telegraph	780	1

Yanky Boy	6969	1
Barnum	7365	1
Bed Rock	8030	1
Bell	5911	1
Brittle Silver	7458	1
Big Strike/ Independent	7601	2
Black Cloud	8098	1
Bourbon Exchequer	5132	1
Bullion	7599	1
Cashier/ Worlds Fair	15233	2
Caledonia	10122	1
Castleton/CHR/Slide	20740	3
Cerebus	19665	1
Confidence	1447	1
Connecting Link	7310	1
Contact	6585	1
Contention #2	7565	1
CVG	6725	1
Dayton	2540	1
Dayton #2	11636	1
Devide	20568	1
Dude	7049	1
Elliot	1536B	1
ERG	7013	1
Eureka	6285	1
Eureka	1880	1
Excelsior/Excelsior	1451A/1451B	2

Excelsior	8141	1
Fraction	11814	1
General OO Howard	2478	1
General Sheridan	2479	1
General Sherman	2477	1
Gertie	781	1
Gipsy	2499	1
Half Loaf/Little George/Lowland Chief/ Nancy Hanks, GLP	8017	5
Golden Age	5956	1
Hardscrabble	8070	1
Harvey	914	1
HPC	7584	1
Hiawatha	6393	1
Honduras	7843	1
Hope	939	1
Iron Rod	8140	1
Kearney	5133	1
Kitchen	5917	1
Laura	5913	1
Leap Year	6105	1
Lelia Davis	1256	1
Little Carrie	6960	1
Lookout	1683	1
Lota	6154	1
Lottie	8223	1
Maid of Australia	1587	1

Major	384	1
Mammoth	20500	1
Marquita	1450	1
Mary	6205	1
McIntire	12302	1
Milan	1449	1
Millie	7988	1
Mountain Boy	20387	1
Mountain Monarch	1454	1
NA Cowdrey	6317	1
Newman	436A	1
Night Watch	5976	1
Nora Lilley	1010	1
Ontario	5923	1
Pay Master	997	1
Pelican	363	1
Peru	1455	1
Pigeon	665	1
Richmond	6338	1
Santa Clara	664	1
Silver Cache	1655	1
Snow Flake	6216	1
Songbird	6392	1
South Park	1563	1
Stanley 1	6095	1
Stanley 2	6095	1
Star Route	5970	1

Sawtooth Ute/ Aetna	6796	2
Silver Belt	8020	1
Sliver Glance 2	6201	1
Syndicate	2185A	1
Tip Top	1248	1
Triangle	20739	1
Triangle	20347	1
Vestal	6252	1
Yellow Jacket	364	1
Zona K	8228	1
Last Chance	6512	1

6. Excluded Properties: The following properties are scheduled for donation to the town of Rico as part of the River Corridor Park. This is provided for information only.

Property Names	**Mineral Survey No.**	**Lots or Claims**
R.G.S.Y. Tract		
R.G.S. Tract N and Tract A		1
Winkfield Tract East		1
AE Arms Tract North		1
FG Day Tract		1
AE Arms Tract South		1
RGS ROW South		1
RGS Tract S		1
Tremble Tract		1

Portions (200 feet on west side of the Delores River) of additional properties will be subdivided and donated to the Town of Rico by Rico Renaissance. A limited number of

the above referenced properties are owned in part by Rico Renaissance and the companies identified above.

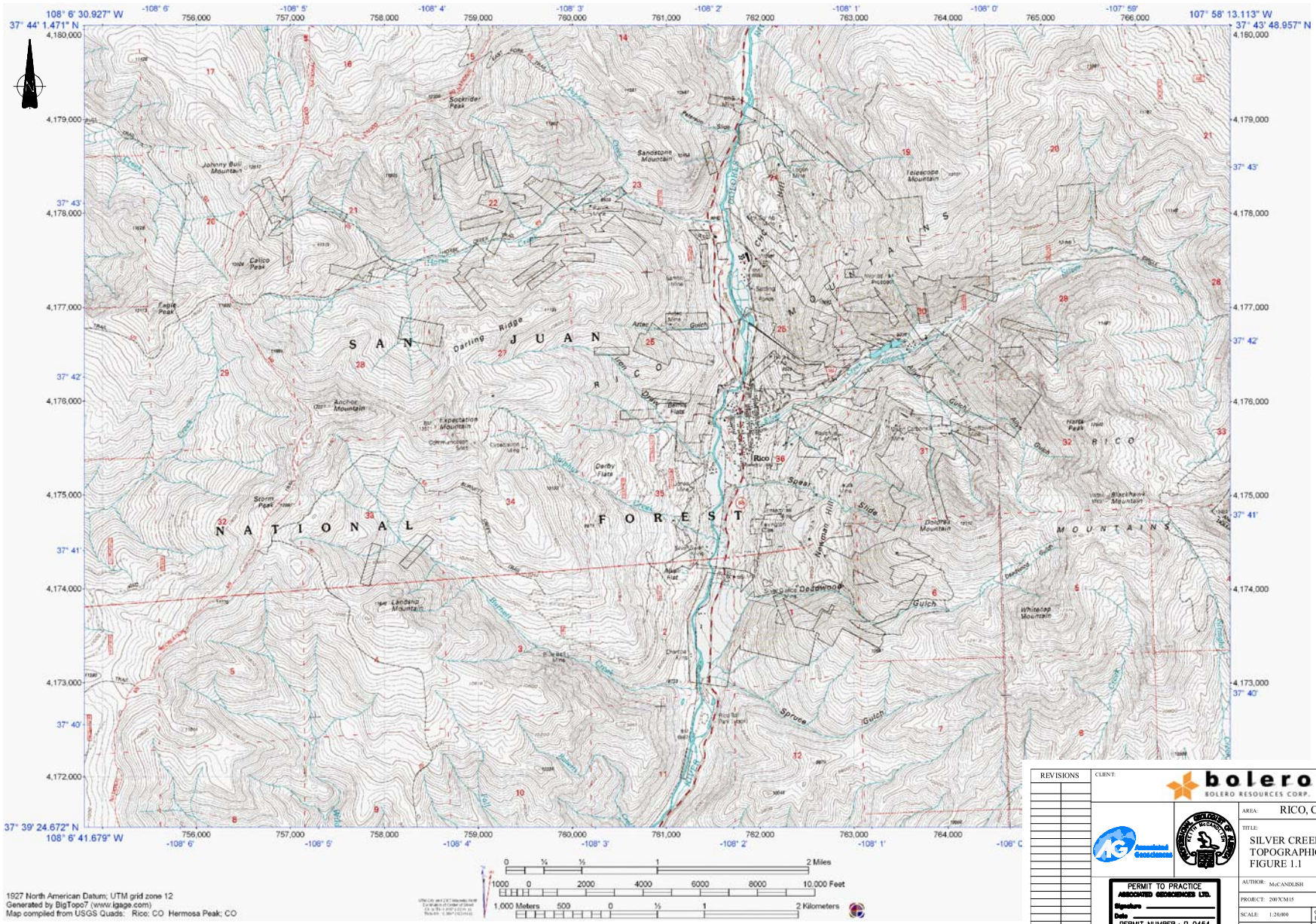
APPENDIX B

Resource Estimate Assay Data

Drill hole	Sample #	From (ft)	To (ft)	Mo %	Check Assays (ppm)
SC-1	2710	4080	4090	0.076	
SC-1	2711	4090	4100	0.156	
SC-1	2712	4100	4110	0.157	
SC-1	2713	4110	4120	0.150	
SC-1	2714	4120	4130	0.326	
SC-1	2715	4130	4140	0.311	
SC-1	2716	4140	4150	0.140	
SC-1	2717	4150	4160	0.137	
SC-1	2718	4160	4170	0.197	
SC-1	2719	4170	4180	0.133	
SC-1	2720	4180	4190	0.152	
SC-1	2721	4190	4200	0.216	
SC-1	2722	4200	4210	0.161	
SC-1	2723	4210	4220	0.205	
SC-1	2725	4225	4230	0.237	2200
SC-1	2726	4230	4240	0.150	1500
SC-1	2727	4240	4250	0.101	960
SC-1	2728	4250	4260	0.149	1450
SC-1	2729	4260	4270	0.102	960
SC-1	2730	4270	4280	0.202	1900
SC-1	2731A	4280	4290	0.197	1800
SC-1	2731B	4280	4290	0.107	1100
SC-1	2732	4290	4300	0.134	1250
SC-1	2733	4300	4310	0.159	1500
SC-1	2734	4310	4320	0.240	2300
SC-1	2735	4320	4330	0.207	2000
SC-1	2737	4340	4350	0.105	980
SC-1	2738	4350	4360	0.151	
SC-1	2739	4360	4370	0.212	
SC-1	2740	4370	4380	0.205	
SC-1	2741	4380	4384	0.124	
SC-1	2742	4384	4390	0.214	
SC-1	2743	4390	4400	0.335	
SC-1	2744	4400	4410	0.269	
SC-1	2745	4410	4420	0.272	
SC-1	2746	4420	4430	0.268	
SC-1	2748	4440	4450	0.470	
SC-1	2749	4450	4460	0.299	
SC-1	2750	4460	4470	0.138	
SC-1	2751	4470	4480	0.152	
SC-1	2752	4480	4490	0.241	
SC-1	2753	4490	4535	0.284	
SC-1	2754	4544	4550	0.265	
SC-1	2755	4550	4560	0.189	
SC-1	2757	4560	4570	0.269	
SC-1	2758	4490	4501	0.183	
SC-1	2759	4501	4512	0.401	
SC-1	2760	4512	4523	0.224	
SC-1	2761	4523	4535	0.347	
SC-1	2762	4535	4544	0.176	
SC-1	2763	4570	4580	0.210	
SC-1	2764	4580	4590	0.270	
SC-1	2765	4596	4606	0.257	
SC-1	2766	4606	4615	0.214	
SC-1	2767	4624	4630	0.243	
SC-1	2768	4630	4640	0.173	
SC-1	2769	4640	4650	0.127	
SC-1	2770	4650	4660	0.120	
SC-1	2771	4660	4670	0.217	
SC-1	2772	4670	4680	0.148	
SC-1	2773	4680	4690	0.209	
SC-1	2774	4690	4700	0.210	
SC-1	2775	4700	4710	0.062	
SC-1	2776	4710	4720	0.190	
SC-1	2777	4720	4730	0.082	
SC-1	2778	4730	4740	0.143	
SC-1	2779	4740	4750	0.193	
SC-1	2780	4750	4760	0.114	
SC-1	2781	4760	4770	0.125	
SC-1	2782	4770	4780	0.210	
SC-1	2783	4780	4790	0.241	
SC-1	2784	4790	4800	0.113	
SC-1	2785	4800	4810	0.152	
SC-1	2786	4810	4820	0.085	
SC-1	2787	4588	4596	0.349	
SC-1	2788	4615	4624	0.236	
SC-1	2789	4820	4830	0.103	
SC-1	2790	4830	4840	0.120	
SC-1	2791	4840	4850	0.098	
SC-1	2792	4850	4855	0.068	
SC-5	9759	3800	3810	0.097	
SC-5	9760	3830	3840	0.027	
SC-5	9761	3857	3867	0.045	
SC-5	9762	3890	3900	0.089	
SC-5	9763	3913	3923	0.161	
SC-5	9764	3950	3959	0.079	
SC-5	9765	3983	3993	0.099	
SC-5	9766	4010	4020	0.132	
SC-5	9767	4040	4050	0.063	
SC-5	9768	4059	4069	0.084	
SC-5	9769	4080	4089	0.136	
SC-5	9770	4089	4097	0.270	
SC-5	9771	4111	4120	0.063	
SC-5	9772	4120	4140	0.172	
SC-5	9773	4155	4165	0.237	
SC-5	9774	4165	4175	0.213	
SC-5	9775	4175	4185	0.469	
SC-5	9776	4185	4195	0.210	
SC-5	9777	4195	4205	0.193	
SC-5	9778	4205	4215	0.208	
SC-5	9779	4215	4225	0.149	
SC-5	9780	4225	4235	0.492	
SC-5	9781	4235	4236.5	0.342	
SC-5	9782	4236.5	4240	0.203	
SC-5	9783	4240	4250	0.371	
SC-5	9784	4250	4260	0.289	
SC-5	9785	4260	4270	0.351	
SC-5	9786	4270	4280	0.279	
SC-5	9787	4280	4290	0.313	
SC-5	9788	4290	4300	0.253	
SC-5	9789	4300	4310	0.458	
SC-5	9790	4310	4320	0.450	
SC-5	9791	4320	4330	0.311	
SC-5	9792	4330	4332	0.715	
SC-5	9793	4332	4334	0.232	
SC-5	9794	4334	4340	0.474	
SC-5	9795	4340	4350	0.531	
SC-5	9796	4350	4360	0.407	
SC-5	9797	4360	4371.5	0.467	
SC-5	9798	4371.5	4380	0.424	
SC-5	9799	4380	4390	0.624	
SC-5	9800	4390	4400	0.464	
SC-5	9801	4400	4410	0.642	
SC-5	9802	4410	4420	0.767	
SC-5	9803	4420	4430	0.538	
SC-5	9804	4430	4440	0.296	
SC-5	9805	4440	4450	0.319	
SC-5	9806	4450	4460	0.797	
SC-5	9807	4460	4470	0.243	
SC-5	9808	4470	4480	0.348	
SC-5	9809	4480	4490	0.410	
SC-5	9810	4490	4500	.286	
SC-5	9811	4500	4510	.421	
SC-5	9812	4510	4520	.400	
SC-5	9813	4520	4530	.147	
SC-5	9814	4530	4540	.388	
SC-5	9815	4540	4550	.467	
SC-5	9816	4550	4560	.344	
SC-5	9817	4560	4570	.237	
SC-5	9818	4570	4580	.388	
SC-5	9819	4580	4590	.599	
SC-5	9820	4590	4600	0.536	
SC-5	9821	4600	4603	0.333	
SC-5	9822	4603	4610	0.243	
SC-5	9823	4610	4620	0.290	
SC-5	9824	4620	4630	0.155	
SC-5	9825	4630	4638	0.228	
SC-5	9826	4638	4641	0.064	
SC-5	9827	4641	4650	0.200	
SC-5	9828	4650	4660	0.147	
SC-5	9829	4660	4670	0.161	

Drill hole	Sample #	From (ft)	To (ft)	Mo %	Check Assays (ppm)
SC-5	9830	4670	4677	0.315	
SC-5	9831	4677	4687	0.065	
SC-5	9832	4687	4690	0.220	
SC-5	9833	4690	4698	0.389	
SC-5	9834	4698	4706	0.119	
SC-5	9835	4706	4710	0.290	
SC-5	9836	4710	4721	0.129	
SC-5	9837	4721	4731	0.302	
SC-5	9838	4731	4738	0.192	
SC-5	9839	4738	4740	0.164	
SC-5	9840	4740	4742	0.093	
SC-5	9841	4742	4747	0.237	
SC-5	9842	4747	4748	0.056	
SC-5	9843	4748	4759	0.221	
SC-5	9844	4759	4772	0.153	
SC-5	9845	4772	4780	0.271	
SC-5	9846	4780	4790	0.290	
SC-5	9847	4790	4800	0.143	
SC-5	9848	4800	4810	0.159	
SC-5	9849	4810	4820	0.900	
SC-5	9850	4820	4824	0.195	
SC-5	9851	4824	4825	0.027	
SC-5	9852	4825	4828.5	0.068	
SC-5	9853	4828.5	4830	0.060	
SC-5	9854	4830	4836	0.367	
SC-5	9855	4836	4840	0.047	
SC-5	9856	4840	4847	0.219	
SC-5	9857	4847	4857	0.150	
SC-5	9858	4857	4860	0.087	
SC-5	9859	4860	4870	0.140	
SC-5	9860	4870	4880	0.199	
SC-5	9861	4880	4890	0.254	
SC-5	9862	4890	4900	0.101	
SC-6	9184	3986.5	3994	**0.155**	
SC-6	9185	4001.5	4014	**0.042**	
SC-6	9186	4014	4027	**0.064**	
SC-6	9187	4030	4040	**0.110**	
SC-6	9188	4050	4060	**0.190**	
SC-6	9189	4070	4080	**0.268**	
SC-6	9190	4090	4100	**0.462**	
SC-6	9191A	4100	4110	**0.396**	**Note 1**
SC-6	9191B	4100	4110	**0.388**	
SC-6	9192	4110	4116	**0.150**	
SC-6	9193	4116	4130	**0.237**	
SC-6	9194	4130	4140	**0.287**	
SC-6	9195	4140	4150	**0.300**	
SC-6	9196	4150	4160	**0.110**	
SC-6	9197	4160	4170	**0.190**	
SC-6	9198	4170	4185	0.171	
SC-6	9199	4185	4195	0.168	
SC-6	9200	4195	4205	0.166	
SC-6	9201	4205	4215	0.074	
SC-6	9202	4215	4225	0.193	
SC-6	9203	4225	4235	0.069	
SC-6	9204	4235	4245	0.191	
SC-6	9205	4245	4255	0.141	
SC-6	9206	4255	4265	0.207	
SC-6	9208	4275	4285	0.170	
SC-6	9209	4285	4295	0.163	
SC-6	9210	4295	4301	0.148	
SC-6	9211	4306	4310	0.258	
SC-6	9212	4310	4316	0.170	
SC-6	9213	4316	4328	0.125	
SC-6	9214	4328	4340	0.136	
SC-6	9215	4340	4351	0.174	
SC-6	9216	4351	4361	0.263	
SC-6	9217	4361	4375	0.192	
SC-6	9218	4375	4385	0.203	
SC-6	9219	4385	4392	0.212	
SC-6	9220	4392	4399	0.445	
SC-6	9221	4399	4408	0.093	
SC-6	9222	4408	4419	0.217	
SC-6	9223	4419	4429.5	0.143	
SC-6	9224	4429.5	4439	0.066	
SC-6	9225	4439	4447	0.426	
SC-6	9226	4447	4452	0.134	
SC-6	9227	4452	4462	0.282	
SC-6	9228	4462	4472	0.155	
SC-6	9229	4472	4482	0.112	
SC-7a	6131	4235	4241	0.199	
SC-7a	6132	4241	4248.5	0.048	
SC-7a	6133	4248.5	4254	0.148	
SC-7a	6134	4254	4260	0.027	
SC-7a	6135	4260	4267	0.09	
SC-7a	6136	4294	4295	0.056	
SC-7a	6137	4295	4305	0.256	
SC-7a	6138	4305	4315	0.447	
SC-7a	6139	4316	4322	0.11	
SC-7a	6140	4323	4332	0.093	
SC-7a	6141	4332	4342	0.189	
SC-7a	6142	4342	4352	0.107	
SC-7a	6143	4352	4358	0.11	
SC-7a	6144	4358	4363.5	0.13	
SC-7a	6145	4400	4410	0.168	
SC-7a	6146	4450	4454	0.069	
SC-7a	6147	4470	4480	0.067	
SC-7a	6148	4520	4530	0.155	
SC-7a	6149	4550	4560	0.088	
SC-7a	6150	4586	4596	0.223	
SC-7a	6151	4596	4602	0.255	
SC-7a	6152	4602	4607	0.227	
SC-7a	6153	4607	4610	0.139	
SC-7a	6154	4610.5	4615	0.206	
SC-7a	6155	4615	4619	0.069	
SC-7a	6156	4619	4627.5	0.086	
SC-7a	6157	4627.5	4633	0.08	
SC-7a	6158	4633	4640	0.126	
SC-7a	6159	4640	4643.5	0.238	
SC-7a	6160	4643.5	4646	0.111	
SC-7a	6161	4646	4648	0.304	
SC-7a	6162	4648	4653.5	0.022	
SC-7a	6163	4653.5	4658	0.038	
SC-7a	6164	4658	4664	0.071	
SC-7a	6165	4664	4671	0.114	
SC-7a	6166	4681	4691	0.191	
SC-7a	6167	4671	4701	0.087	
SC-7a	6168	4701	4704	0.234	
SC-7a	6169	4704	4711.5	0.334	
SC-7a	6170	4711.5	4714.5	0.512	
SC-7a	6171	4714.5	4725	0.259	
SC-7a	6172	4725	4735	0.476	
SC-7a	6173	4745	4755	0.356	
SC-7a	6174	4755	4765	0.348	
SC-7a	6175	4765	4775	0.285	
SC-7a	6176	4775	4785	0.289	
SC-7a	6177	4785	4795	0.296	
SC-7a	6178	4795	4805	0.308	
SC-7a	6179	4805	4807	0.359	
SC-7a	6180	4807	4817	0.175	
SC-7a	6181	4817	4822	0.376	
SC-7a	6182	4832	4842	0.379	
SC-7a	6183	4842	4851	0.322	
SC-7a	6184	4851	4859	0.292	
SC-7a	6185	4869	4879	0.33	
SC-7a	6186	4822	4829	0.243	
SC-7a	6187	4859	4862.5	0.297	
SC-7a	6188	4865	4869	0.308	
SC-7a	6189	4879	4889	0.314	
SC-7a	6190	4889	4895	0.221	
SC-7a	6191	4735	4742	0.262	
SC-7a	6192	4897	4907	0.331	
SC-7a	6193	4907	4917	0.262	
SC-7a	6194	4917	4419	0.16	
SC-7a	6195	4919	4927	0.064	
SC-7a	6196	4927	4931.5	0.301	
SC-7a	6197	4934	4936	0.172	
SC-7a	6198	4936	4946	0.21	
SC-7a	6199	4956	4966	0.198	
SC-7a	6200	4976	4986	0.137	

Note 1: Assays in Bold Reported in ppm Mo and converted to % Mo



1927 North American Datum; UTM grid zone 12
Generated by BigTopo7 (www.igage.com)
Map compiled from USGS Quads: Rico; CO Hermosa Peak; CO

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Advanced Geoscience

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Date
PERMIT NUMBER : P 9454
The Association of Professional Engineers, Geologists and Geophysicists of Alberta

AREA: RICO, COLORADO

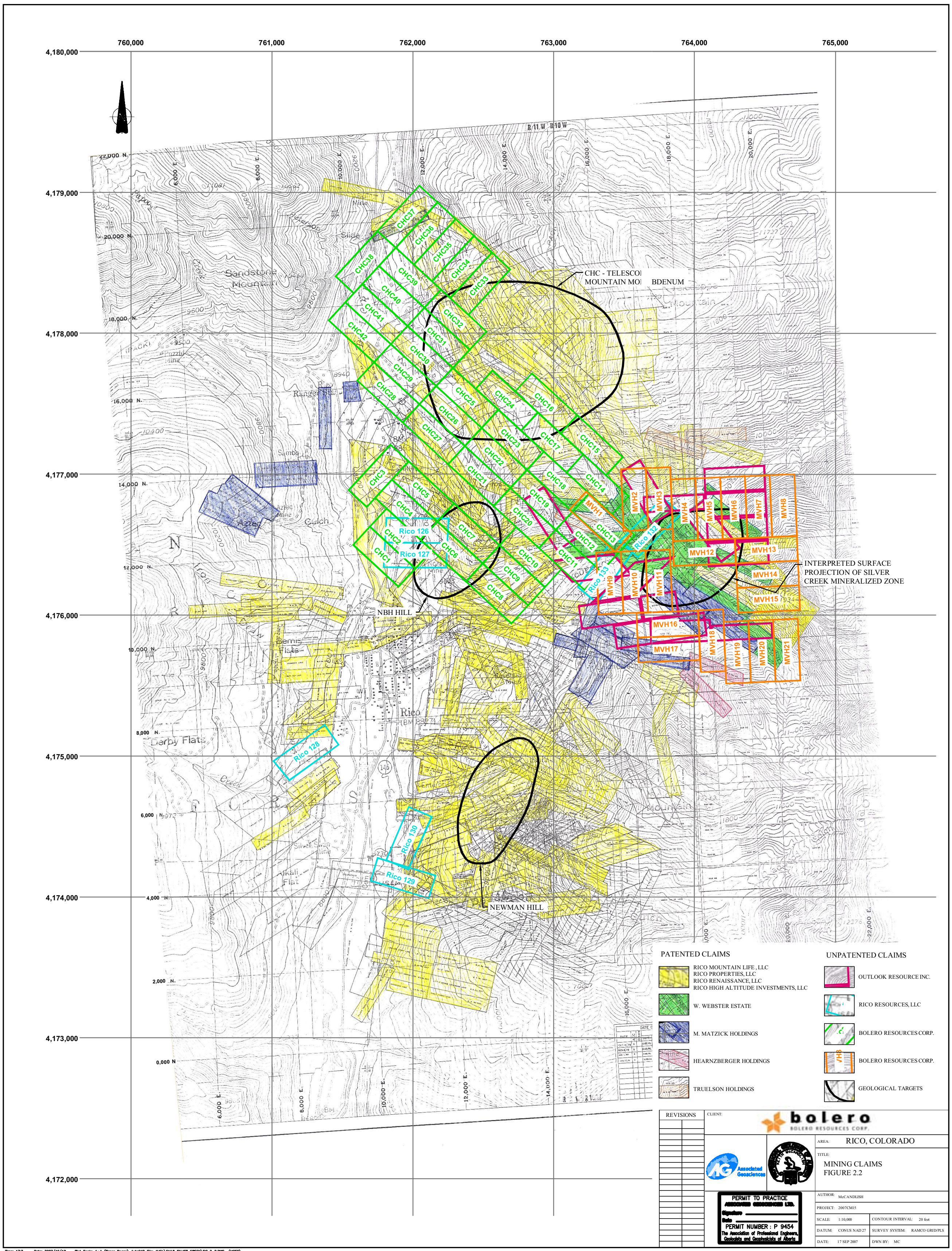
TITLE:
SILVER CREEK
TOPOGRAPHIC MAP
FIGURE 1.1

AUTHOR: McCANDLISH

PROJECT: 200XM15

SCALE: 1:20,000	CONTOUR INTERVAL:
DATUM: CONUS NAD 27	SURVEY SYSTEM: RAMCO GRID
DATE: 17 SEP 2007	DWN BY: MC

Time: 16:38 Date: 2007/10/12 Plot Scale: 1=1 (Paper Space) AutoCAD File: ANCL\CM15 SILVER CREEK\FIG 1_1.DWG (MCEC)
Xrefs: AG-Colour-Logo-2006


760,000
761,000
762,000
763,000
764,000
765,000
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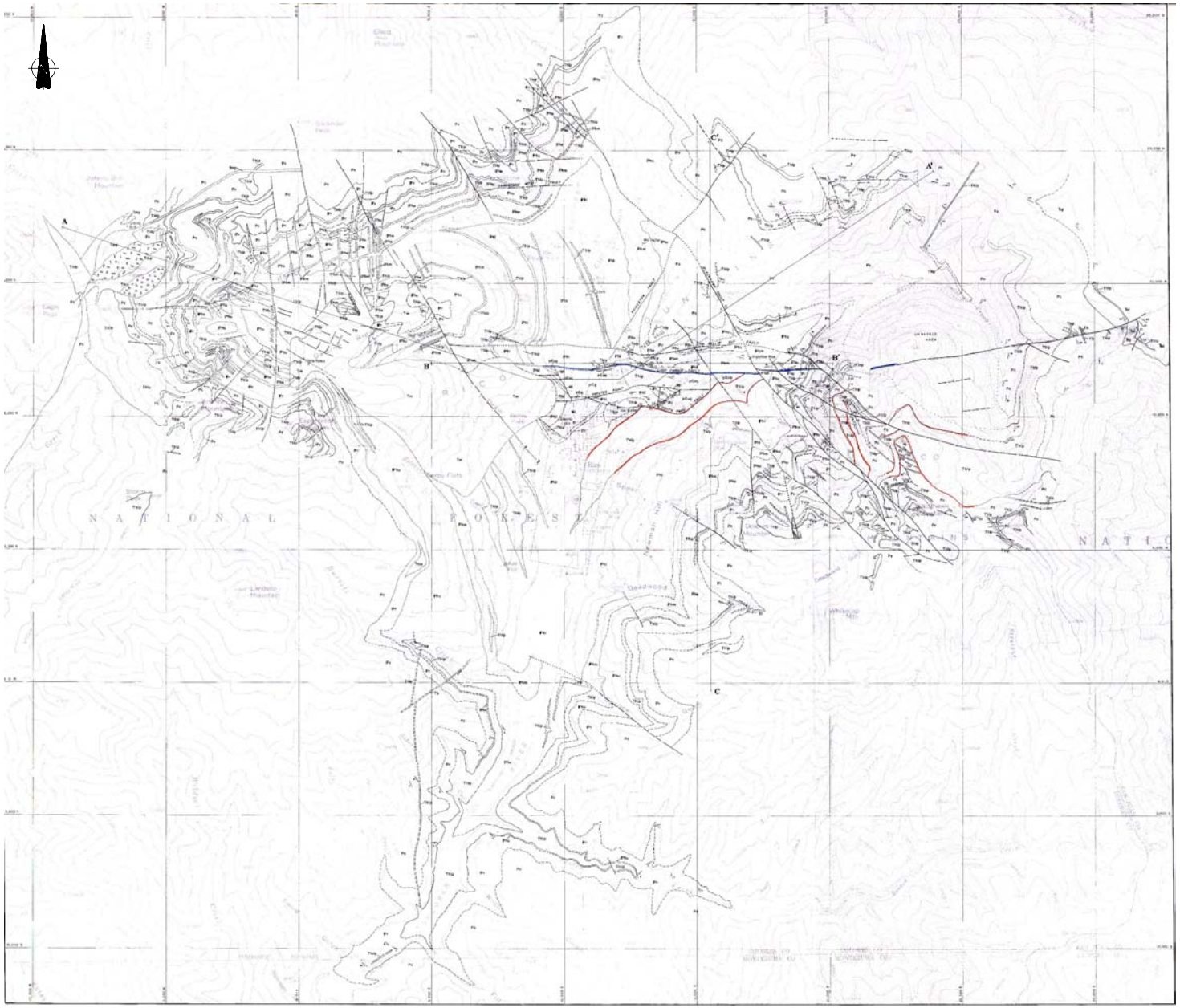
4,179,000
4,178,000
4,177,000
4,176,000
4,175,000
4,174,000
4,173,000
4,172,000
CHC - TELESCOPE MOUNTAIN MOLYBDENUM
INTERPRETED SURFACE PROJECTION OF SILVER CREEK MINERALIZED ZONE
NBH HILL
NEWMAN HILL
Sandstone Mountain
Derby Flats
Rico
Rico 126
Rico 127
Rico 128
Rico 129
Rico 130
PATENTED CLAIMS
RICO MOUNTAIN LIFE, LLC
RICO PROPERTIES, LLC
RICO RENAISSANCE, LLC
RICO HIGH ALTITUDE INVESTMENTS, LLC
W. WEBSTER ESTATE
M. MATZICK HOLDINGS
HEARNZBERGER HOLDINGS
TRUELSON HOLDINGS
UNPATENTED CLAIMS
OUTLOOK RESOURCE INC.
RICO RESOURCES, LLC
BOLERO RESOURCES CORP.
BOLERO RESOURCES CORP.
GEOLOGICAL TARGETS
REVISIONS
CLIENT:
bolero
BOLERO RESOURCES CORP.
AREA: RICO, COLORADO
TITLE: MINING CLAIMS
FIGURE 2.2
Associated Geosciences
PERMIT TO PRACTICE
PERMIT NUMBER : P 9454
The Association of Professional Engineers, Geologists and Geophysicists of Alberta
AUTHOR: McCANDLISH
PROJECT: 2007CM15
SCALE: 1:10,000
CONTOUR INTERVAL: 20 feet
DATUM: CONUS NAD 27
SURVEY SYSTEM: RAMCO GRID/PLS
DATE: 17 SEP 2007
DWN BY: MC



EXPLANATION

Tb — Unmetamorphosed basic dikes

Tmp — Colico Peak Porphyry: [illegible]

Trp — Rhyolite porphyry – [illegible]

Tm — Rico Monzonite: [illegible]

Thlp — Hornblende latite porphyry sills and dikes – [illegible]

Td — Dolores Formation: [illegible]

UNCONFORMITY

Pc — Cutler Formation: [illegible]

Pr — Rico Formation: [illegible]

Phu — Upper Hermosa – [illegible]

Phm — Middle Hermosa – [illegible]

Phl — Lower Hermosa – [illegible]

Pl — Lorsen Quartzite: [illegible]

Ml — Leadville-Ouray Limestone: [illegible]

pCuq — Uncompahgre Quartzite: [illegible]

pCg — Greenstone: [illegible]

[illegible]

GEOLOGY OF

RICO DISTRICT

DOLORES COUNTY, COLORADO

SCALE

[illegible]

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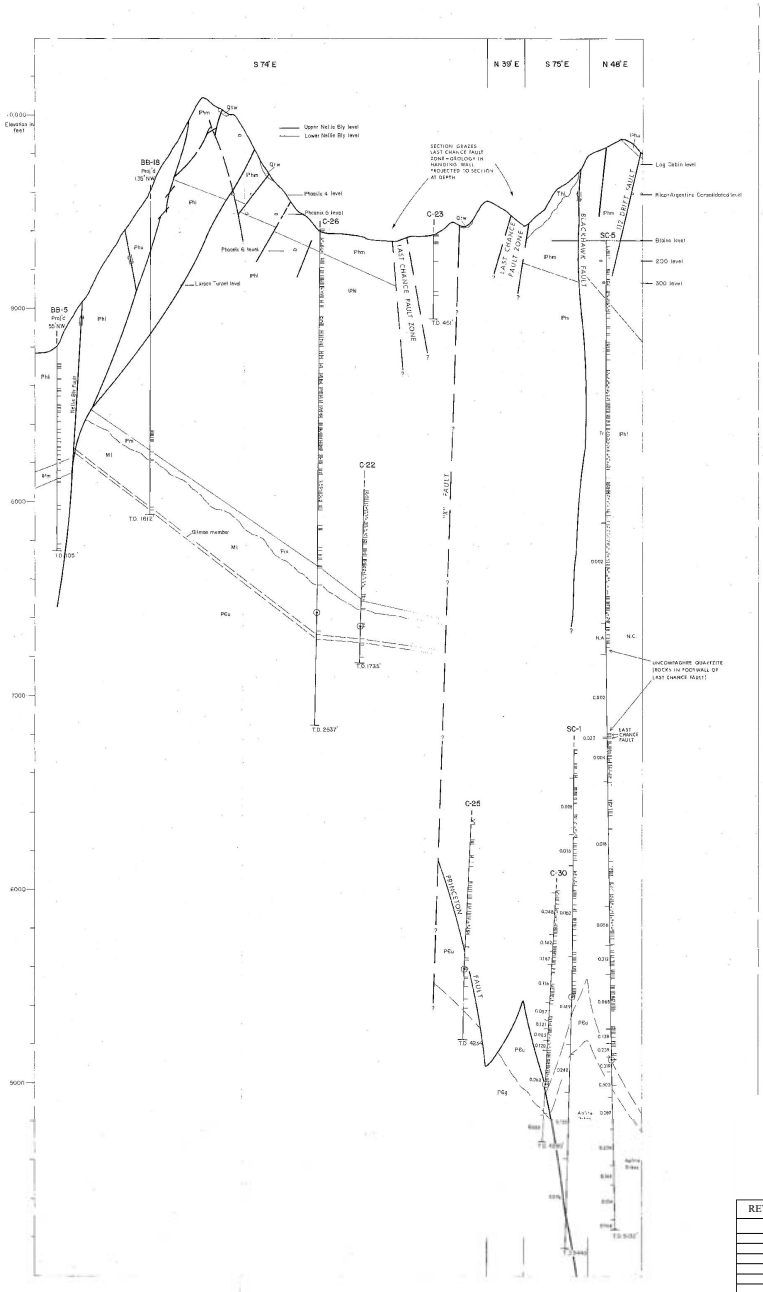
PERMIT TO PRACTICE
[illegible]
Signature
Date
PERMIT NUMBER : P 9454
The Association of Professional Engineers, Geologists and Geophysicists of Alberta

AREA:	RICO, COLORADO	
TITLE:	RICO DISTRICT SURFICIAL GEOLOGY FIGURE 4.1	
AUTHOR:	McCANDLISH	
PROJECT:	2107CM15	
SCALE:	1:20,000	CONTOUR INTERVAL:
DATUM:	CONUS NAD 27	SURVEY SYSTEM: RAMCO GRID
DATE:	11 OCT 2007	DWN BY: MC

Time: 13:32 Date: 2007/10/11 Plot Scale: 1=1 (Paper Space) AutoCAD File: AMCL\CM15 SILVER CREEK\FIG 4_1.DWG (MCEC)
Xrefs: AC-Colour-Logo-2006

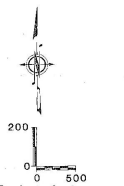


EXPLANATION

- Qtw — Quaternary talus wash
- Thl — Tertiary Hornblende latite porphyry

Pennsylvanian Hermosa Formation

- Phu — upper member
- Phm — middle member
- Phl — lower member
- Pm — Pennsylvanian Molas Formation
- Ml — Mississippian Leadville Limestone
- pCu — Precambrian Uncompahgre
- pCg — Precambrian Greenstone



Scale in feet
Range of section ± 200feet
VERTICAL EXAGGERATION IS 2X

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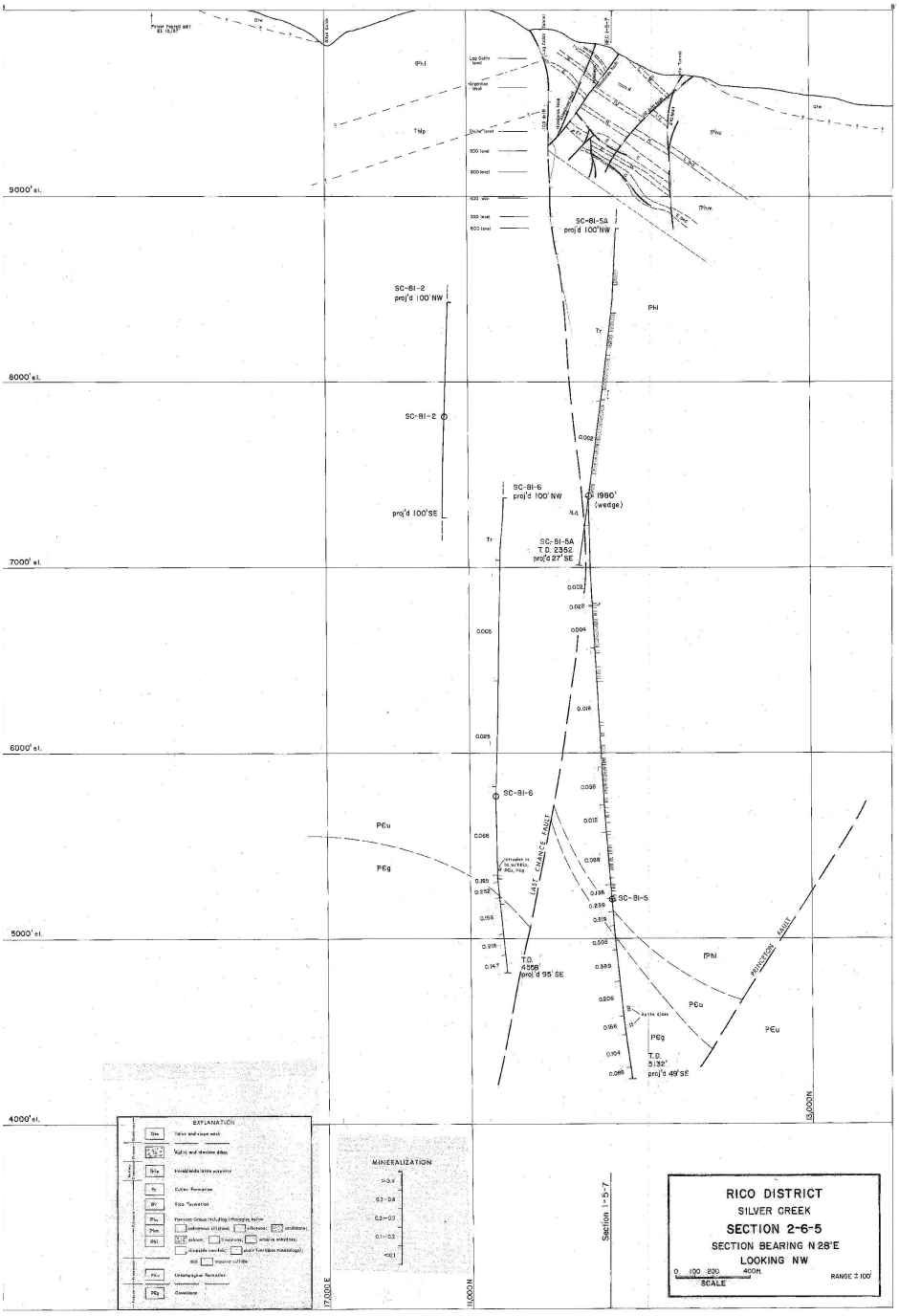
AREA: RICO, COLORADO

TITLE: COMPOSITE SECTION THROUGH SILVER CREEK ZONE
FIGURE 4.2

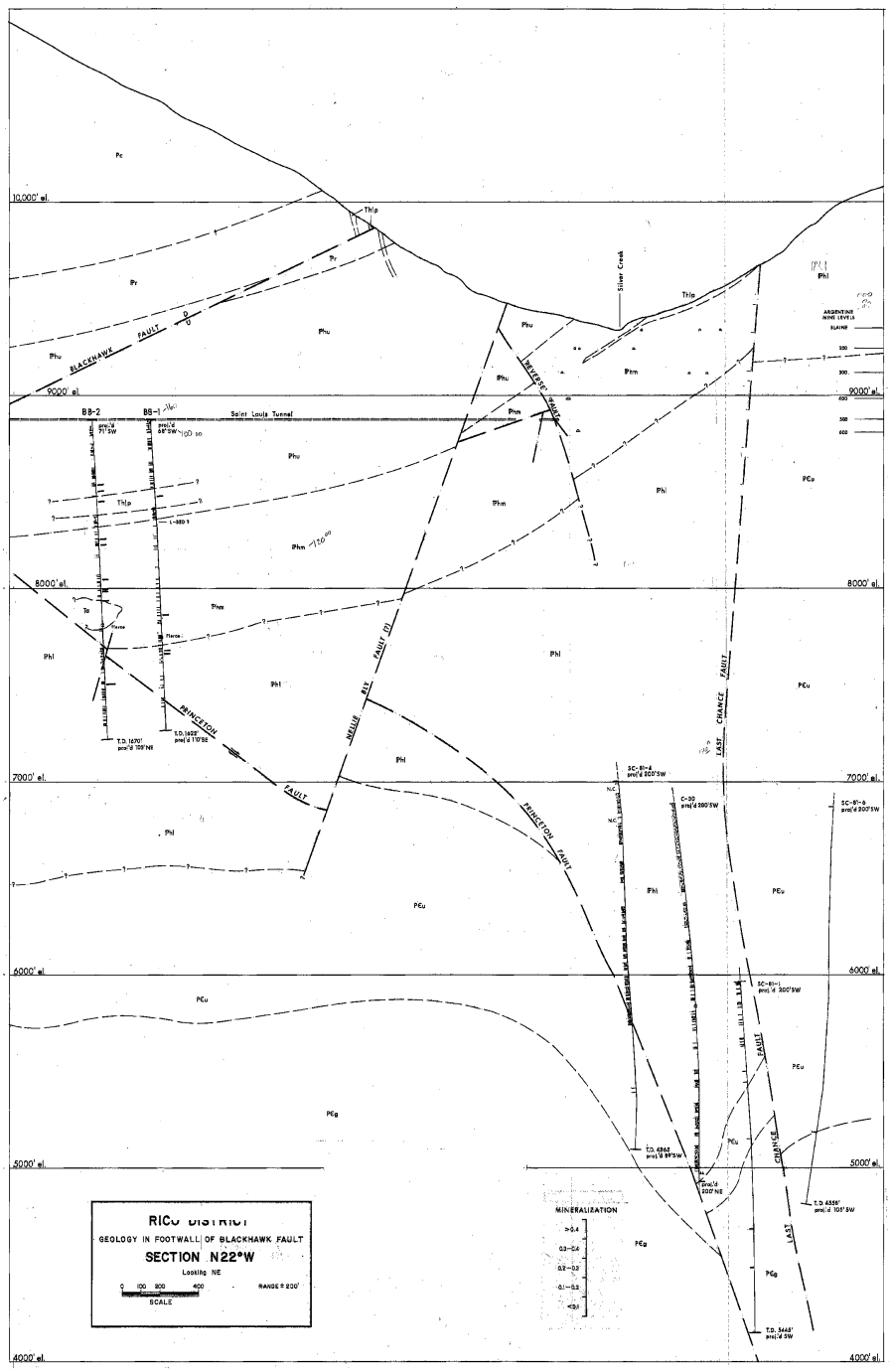
AUTHOR: McCANDLISH
PROJECT: 2007CM15
SCALE: 1:4,000
CONTOUR INTERVAL:
DATUM: CONUS NAD 27
SURVEY SYSTEM: RAMCO GRID
DATE: 3 OCT 2007
DWN BY: MC

Time: 16:36 Date: 2007/10/12 Plot Scale: 1=1 (Paper Space) AutoCAD File: AMCL\CM15 SILVER CREEK\FIG 4_2.DWG (MCCC)
Xref's: AG-Colour-Logo-2006



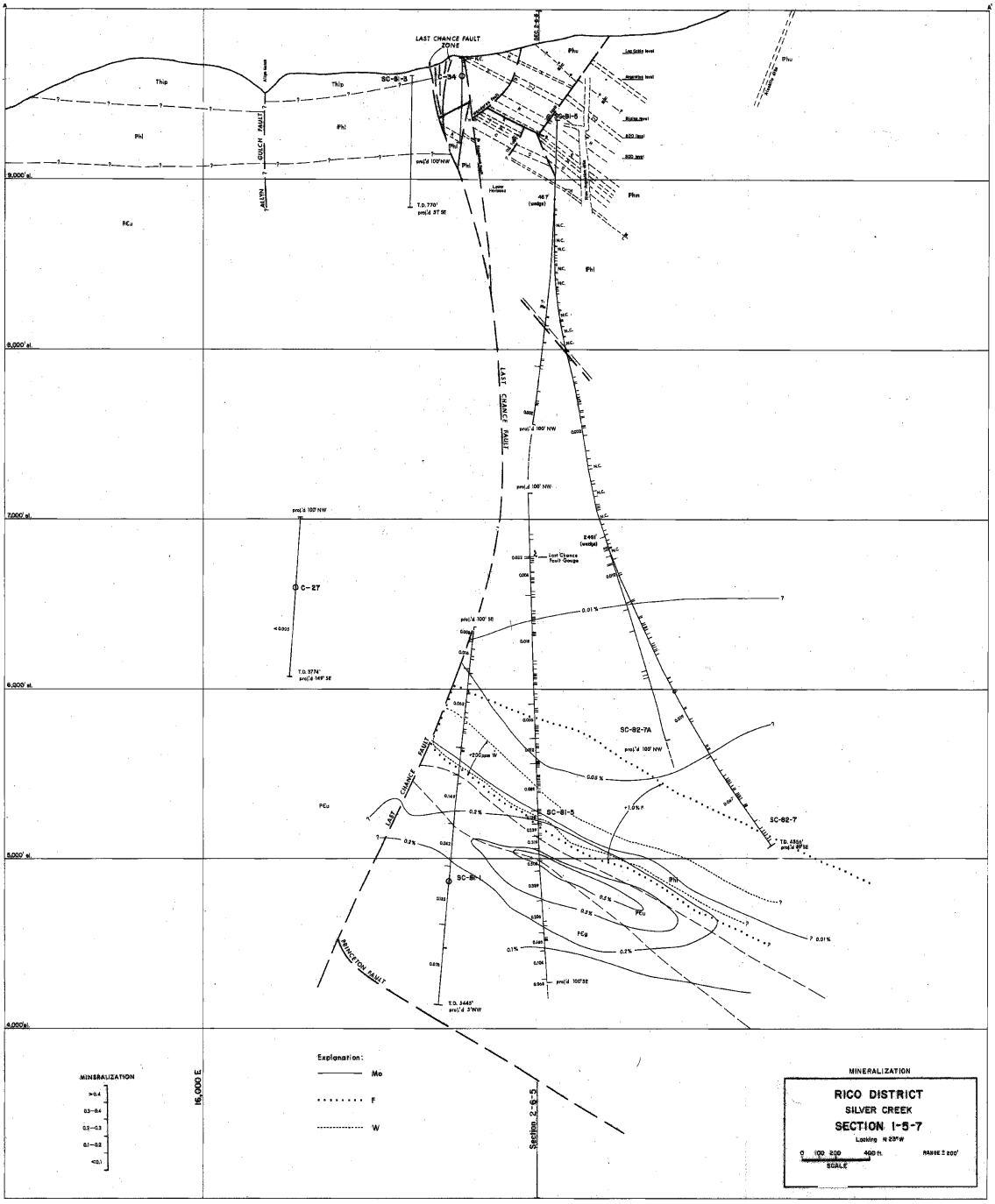
REVISIONS	CLIENT: bolero — BOLERO RESOURCES CORP.	
		AREA: RICO, COLORADO
	Associated Geosciences	TITLE: SILVER CREEK SECTION 2-6-5 FIGURE 4.3
	PERMIT TO PRACTICE ASSOCIATED GEOSCIENCES LTD. Signature Date PERMIT NUMBER : P 9454 The Association of Professional Engineers, Geologists and Geophysicists of Alberta	AUTHOR: McCANDLISH
		PROJECT: 2007CM15
		SCALE: 1:4,000 / CONTOUR INTERVAL:
		DATUM: CONUS NAD 27 / SURVEY SYSTEM: RAMCO GRID
		DATE: 3 OCT 2007 / DWN BY: MC

Time: 17:22 Date: 2007/10/5 Plot Scale: 1=1 (Paper Space) AutoCAD File: AMCL\CM15 SILVER CREEK\FIG 4_5.DWG (MCCC)
Xref's: AG-Colour-Logo-2006



REVISIONS	CLIENT: bolero — BOLERO RESOURCES CORP.	
		AREA: RICO, COLORADO
		TITLE: SILVER CREEK SECTION N22°W FIGURE 4.4
	PERMIT TO PRACTICE ASSOCIATED GEOSCIENCES LTD. Signature Date PERMIT NUMBER : P 9454 The Association of Professional Engineers, Geologists and Geophysicists of Alberta	AUTHOR: McCANDLISH
		PROJECT: 2007CM15
		SCALE: 1:4,000 / CONTOUR INTERVAL:
		DATUM: CONUS NAD 27 / SURVEY SYSTEM: RAMCO GRID
		DATE: 3 OCT 2007 / DWN BY: MC

Time: 17:20 Date: 2007/10/3 Plot Scale: 1=1 (Paper Space) AutoCAD File: M:\CL\CM15 SILVER CREEK\FIG 4_4.DWG (MCCC)
Xref's: AG-Colour-Logo-2006



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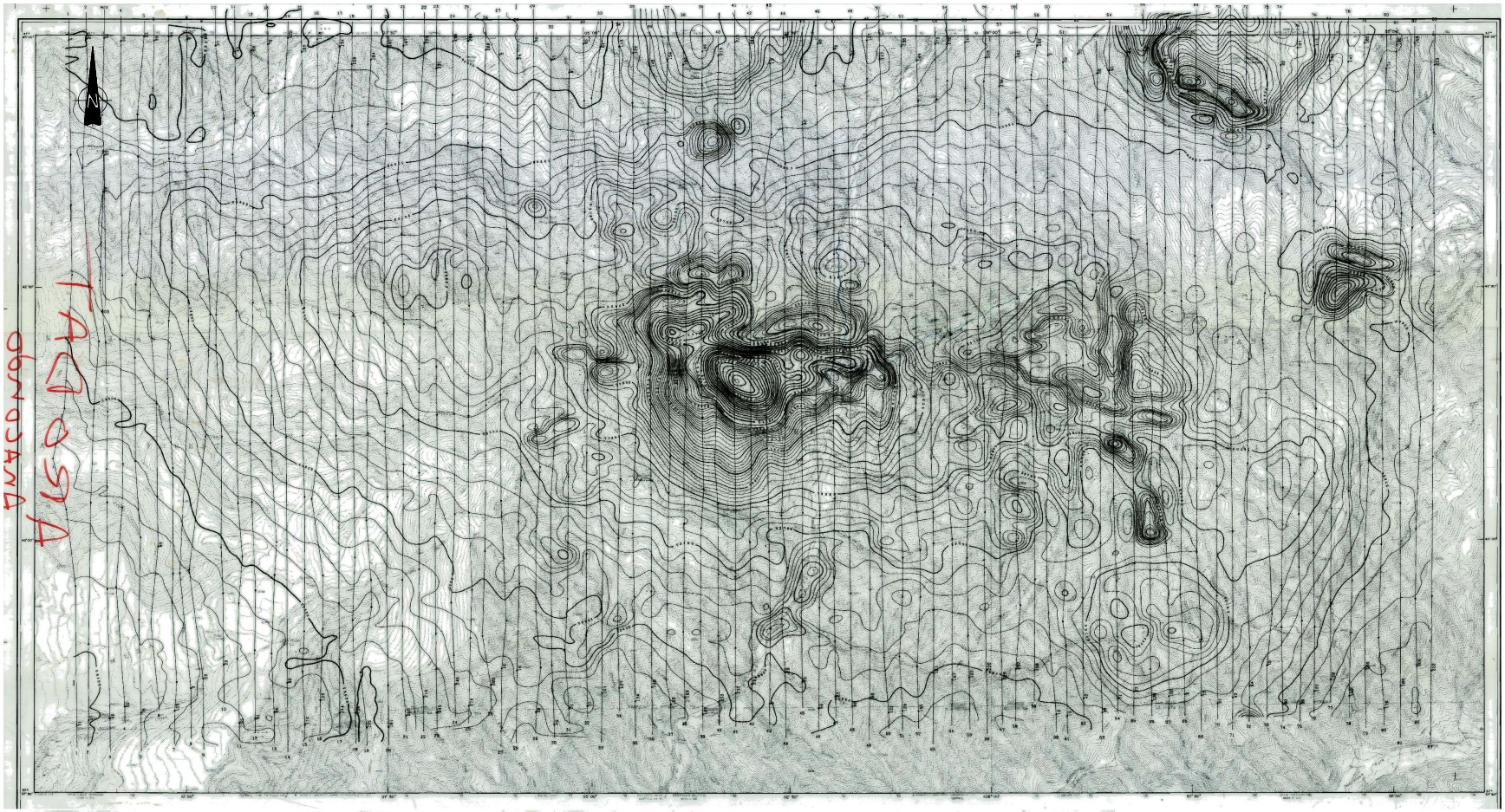
	Associated Geosciences	AREA: RICO, COLORADO
	PERMIT TO PRACTICE ASSOCIATED GEOSCIENCES LTD. Signature Date PERMIT NUMBER : P 9454 The Association of Professional Engineers, Geologists and Geophysicists of Alberta	TITLE: SILVER CREEK SECTION 1-5-7 FIGURE 4.5
		AUTHOR: McCANDLISH
		PROJECT: 2007CM15
		SCALE: 1:4,000 — CONTOUR INTERVAL:
		DATUM: CONUS NAD 27 — SURVEY SYSTEM: RAMCO GRID
		DATE: 5 OCT 2007 — DWN BY: MC

Time: 7:53 Date: 2007/10/5 Plot Scale: 1=1 (Paper Space) AutoCAD File: M:\CL\CM15 SILVER CREEK\FIG 4_5.DWG (MCCC)
Xref's: AG-Colour-Logo-2006



AERODAT

LEGEND

INDEX MAP

TOTAL FIELD MAGNETIC MAP

RICO MOUNTAINS AREA

COLORADO

1 KILOMETER

JUNE 1973

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Aeroland Geoscience

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AREA: RICO, COLORADO

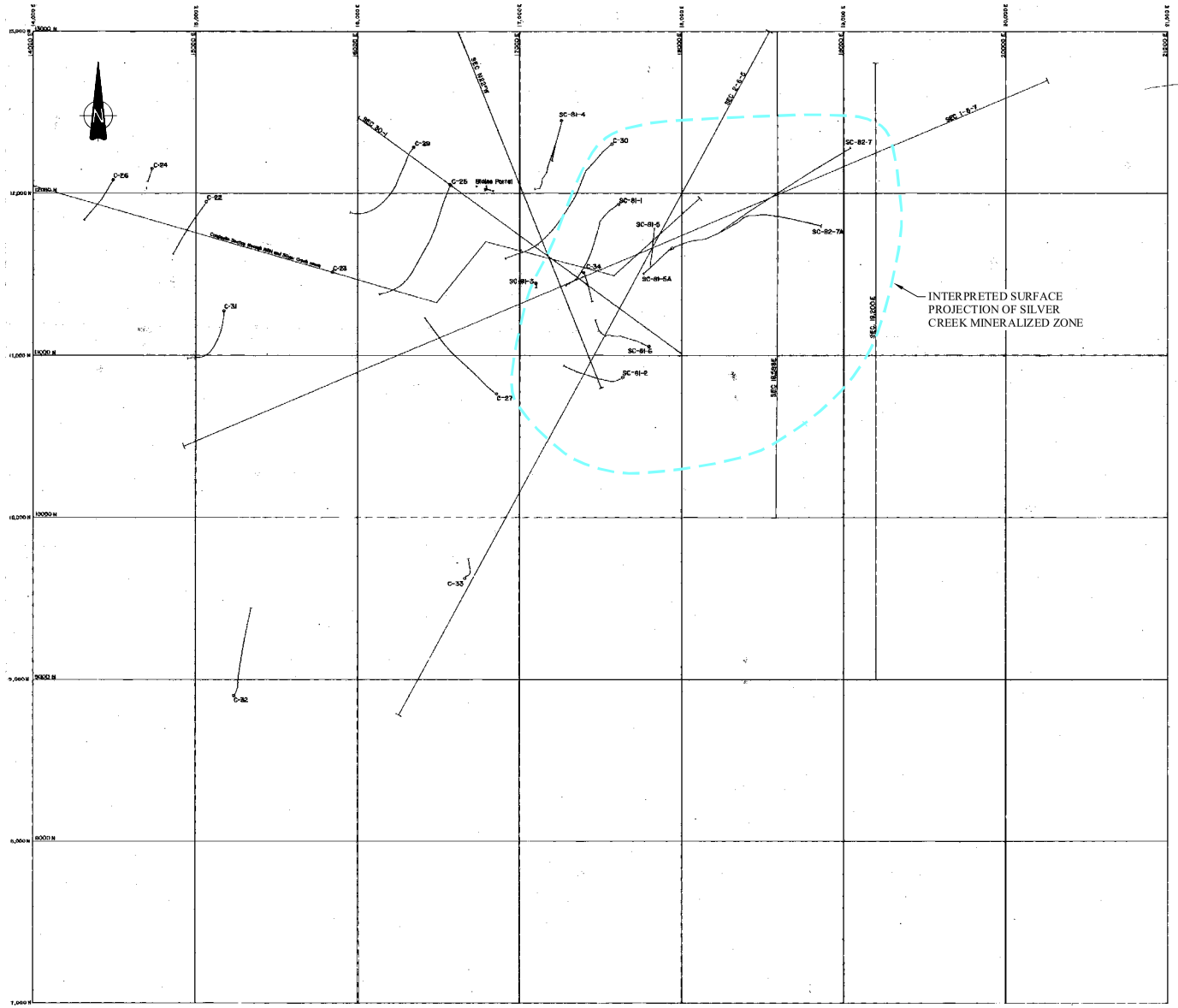
TITLE: AEROMAGNETIC MAP
FIGURE 5.1

AUTHOR: McCANDLISH

PROJECT: 200XM15

SCALE: 1:40,000	CONTOUR INTERVAL:
DATUM: CONUS NAD 27	SURVEY SYSTEM: RAMCO GRID
DATE: 9 OCT 2007	DWN BY: MC

Times: 12:22 Date: 2007/10/9 Plot Scale 1=1 (Paper Space) AutoCAD File: ANCL\CM15 SILVER CREEK\FIG 5_1.DWG (MCEC)
Xrefs: AG-Colour-Logo-2006



EXPLANATION

GEOLOGY

SEDIMENTARY ROCKS

- Qa — QUATERNARY & RECENT DEPOSITS
- Pc — CUTLER FORMATION
- Pr — RICO FORMATION
- Ph — HERMOSA FORMATION
- IPH
- PCu — UNCOMPAGHRE FORMATION

INTRUSIVE ROCKS

- Te — ALASKITE DIKES
- THp — HORNBLENDE LATITE PORPHYRY

CONTACT

FAULT

0 100 200 400 600
SCALE IN FEET

REVISIONS

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AREA: RICO, COLORADO

TITLE:
DRILL HOLE PLAN
SILVER CREEK DEPOSIT
FIGURE 5.2

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AUTHOR: McCANDLISH
PROJECT: 200XM15
SCALE: 1:4,000 | CONTOUR INTERVAL:
DATUM: CONUS NAD 27 | SURVEY SYSTEM: RAMCO GRID
DATE: 17 SEP 2007 | DWN BY: MC

Time: 13:8 Date: 2007/10/12 Plot Scale: 1=1 (Paper Space) AutoCAD File: ANCL\CM15 SILVER CREEK\FIG 5_2.DWG (MCEC)
Xrefs: AG-Colour-Logo-2006