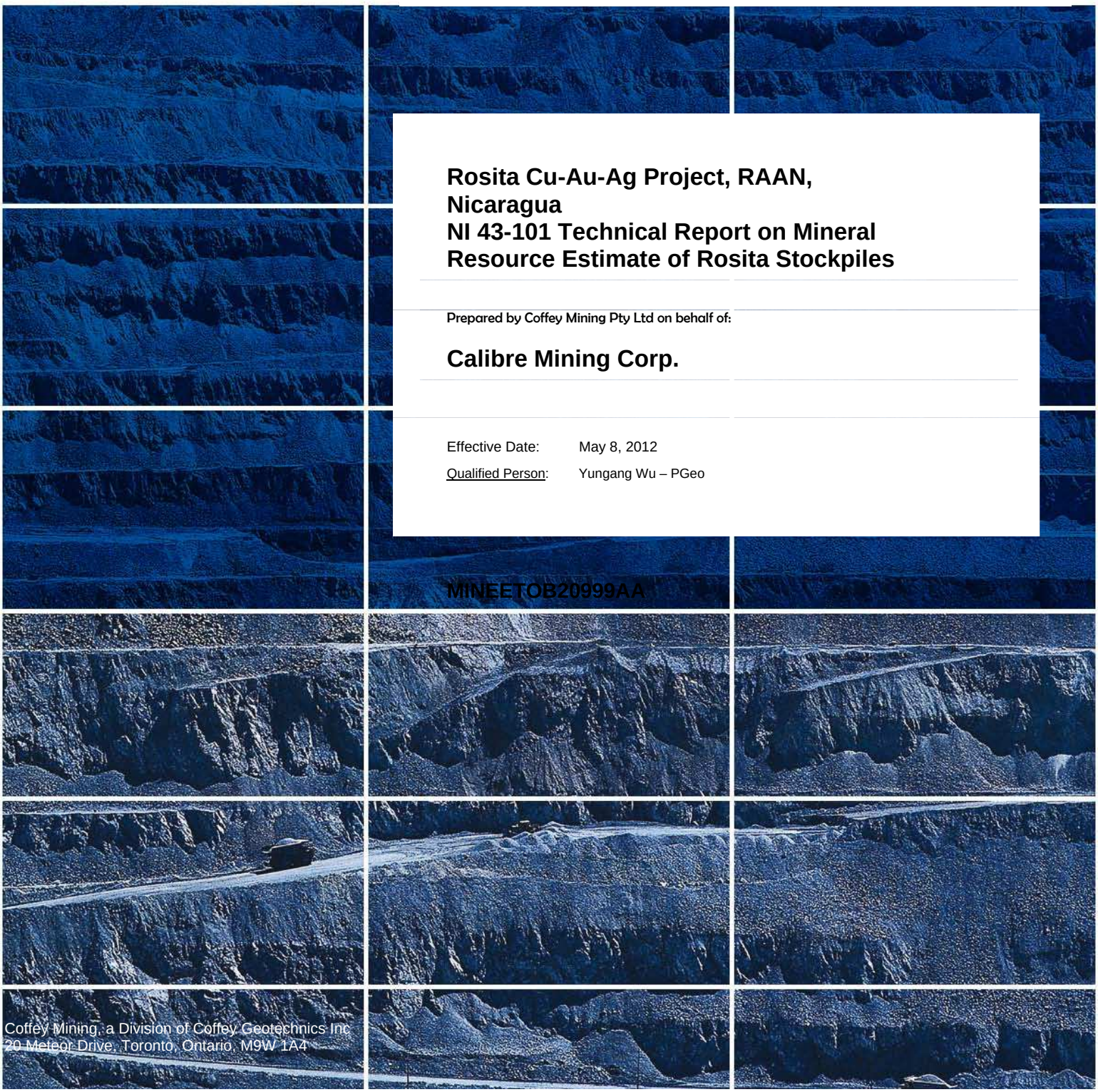


# Rosita Cu-Au-Ag Project, RAAN, Nicaragua
# NI 43-101 Technical Report on Mineral Resource Estimate of Rosita Stockpiles

Prepared by Coffey Mining Pty Ltd on behalf of:

## Calibre Mining Corp.

Effective Date: May 8, 2012

Qualified Person: Yungang Wu – PGeo

**MINEETOB20999AA**

Coffey Mining, a Division of Coffey Geotechnics Inc
20 Meteor Drive, Toronto, Ontario, M9W 1A4

**Author(s):** Yungang Wu Resource Geologist (MSc. PGeo)

**Date:** 6 July2012

**Project Number:** MINEETOB20544AA

**Version / Status:** v.01 / Draft

**Path & File Name:** C:\Users\norman_lock\Desktop\Rosita Mine Stockpile Report v1.1.signed.docx

**Print Date:**

**Copies:** Calibre Mining Corp. (2)
Coffey Mining – Etobicoke (1)

---

## Document Change Control

| Version | Description (section(s) amended) | Author(s) | Date |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

---

## Document Review and Sign Off



Primary Author
Yungang Wu



Supervising Principal
Norman Lock

**Date and Signature Page**

This report titled Rosita Cu-Au-Ag Project, RAAN, Nicaragua NI 43-101 Technical Report on Mineral Resource Estimate of Rosita Stockpiles with an effective date of May 8 2012 was prepared on behalf of Calibre Mining Corp. by Yungang Wu and signed:

Dated at Etobicoke, this 6th day of July, 2012


Yungang Wu, MSc. PGeo

Resource Geologist

## IMPORTANT NOTICE

This report was prepared as a National Instrument 43-101 Technical Report for Calibre Mining Corp. (Calibre) by Coffey Mining Pty Ltd. (Coffey Mining). The quality of information, conclusions, and estimates contained herein are consistent with the level of effort involved in Coffey Mining's services, based on i) information available at the time of preparation, ii) data supplied by outside sources, and iii) the assumptions, conditions, and qualifications set forth in this report. This report is intended for use by Calibre subject to terms and conditions of its contract with Coffey Mining. This contract permits Calibre to file this report as a Technical Report with Canadian Securities Regulatory Authorities pursuant to National Instrument 43-101, Standards of Disclosure for Mineral Projects. Except for the purposes legislated under provincial securities laws, any other use of this report by any third party is at that party's sole risk.

# Table of Contents

# List of Tables



# List of Figures

# List of Appendices

# 1 SUMMARY

## 1.1 Introduction

Coffey Mining Pty Limited was commissioned by Alder Resources Ltd. (the Optionee partner of Calibre Mining Corp.), to undertake a resource estimate in compliance with NI43-101 on the Rosita Copper-Gold-Silver Mine stockpiles in Nicaragua.

This report summarizes mineral resources of six historical mine stockpiles which are located within Calibre Mining Corp./Alder Resources' project area in the Rosita D Concession. The estimate and report complies with disclosure and reporting requirements set forth in the TSX Venture Exchange (TSXV) Corporate Finance Manual, National Instrument 43-101, Companion Policy 43-101CP, and Form 43-101F1.

## 1.2 Property description and ownership

The Rosita project is located in the Región Autónoma del Atlántico Norte (RAAN), Nicaragua, 275 air kilometres northeast of the national capital Managua. The project is held by CXB Nicaragua SA, a wholly owned subsidiary of Calibre Mining Corp, and registered as exploitation concession 821 with the Nicaragua authorities and comprises 3,356.9 hectares with expiry 9 June 2044. Calibre Mining has entered an option agreement with Alder Resources dated August 2011 whereby Alder Resources can earn a 65% interest in the Rosita D Concession.

## 1.3 Geology and mineralization

The Santa Rita pit within the Rosita D Concession is a Cu-Au-Ag skarn deposit that has been previously mined in the period 1959 to 1975. Some current artisanal mining activity continues today.

Historical mineral resource estimates of old mine stockpiles, tailings and in situ sulphides indicate several million tonnes of each type of mineralized material. These estimates have not been verified, and are not being treated as current or NI43-101 compliant mineral resources. They should not be relied upon at this time.

## 1.4 The status of exploration

Alder Resources (as operator of the Option) is currently undertaking an exploratory diamond drilling program on the property; this work is not the subject of this report.

Alder Resources (as operator of the Option) has undertaken a surface channel sampling and RC drilling program over the six surface stockpiles. The results of this sampling program form the basis for the Mineral Resource estimates reported here.

## 1.5 Mineral Resource estimates

The maiden NI43-101 compliant Mineral Resources estimate completed by Coffey Mining in May 2012 encompasses 7.95 Mt of Inferred Mineral Resources at an average grade of 0.62% Cu, 0.46g/t Au, and 9.2g/t Ag (overall CuEq grade is 1.01% Cu). This resource contains 108Mlb Cu, 118,500oz Au and 2.35Moz Ag.

**Table 1.5_1**

**Rosita Project**

**Mineral Resource Statement for Rosita Stockpiles at 0.15% CuEq Cut-off Grade**

**(Yungang Wu P.Geo. Effective Date May 8, 2012)**

| STOCKPILE | Resource Category | Tonnage (Mt) | Cu (%) | Au (g/t) | Ag (g/t) | CuEq (%) | Copper (Mlb) | Gold (oz) | Silver (oz) |
|---|---|---|---|---|---|---|---|---|---|
| **NORTH** | **Inferred** | 3.33 | 0.78 | 0.58 | 10.3 | 1.25 | 56.99 | 62,100 | 1,100,900 |
| **SOUTH** | **Inferred** | 2.20 | 0.33 | 0.49 | 5.1 | 0.69 | 16.16 | 34,700 | 360,000 |
| **NORTHEAST** | **Inferred** | 0.55 | 0.50 | 0.22 | 9.6 | 0.75 | 6.06 | 3,800 | 168,300 |
| **EAST** | **Inferred** | 1.88 | 0.71 | 0.30 | 12.0 | 1.03 | 29.33 | 17,900 | 725,100 |
| **TOTAL** | **Inferred** | 7.95 | 0.62 | 0.46 | 9.2 | 1.01 | 108.54 | 118,500 | 2,354,300 |

- The Mineral Resources have been estimated with a copper equivalent cut-off grade of 0.15% Cu.
- The Mineral Resources are reported using a long-term copper price of US$2.90/lb, a gold price of US$1,200/oz and a silver price of US$24/oz.
- The Qualified Person for the Mineral Resource estimate is Yungang Wu, P.Geo.
- Mineral Resources that are not mineral reserves do not have demonstrated economic viability.
- Rounding may result in apparent summation differences between tonnes, grade and contained metal content.
- Tonnage and grade measurements are in metric units. Contained gold ounces are reported as troy ounces, contained copper pounds as imperial pounds.

## 1.6 Conclusions and Recommendations

The project includes six mineralized stockpiles of the historic Rosita Mine which closed in 1975. These stockpiles contain a mixture of oxide and sulphide material from the in situ skarn deposit.

Channel and RC drilling samples have been collected and analysed with appropriate QA/QC to industry standards and have been accepted for resource estimation purposes. Survey and bulk density measurements show some deficiencies that will require attention in future work programs but have been accepted for this initial resource estimate which has a low level of confidence and are classified as Inferred Mineral Resources.

Recommendations to achieve an anticipated Indicated Mineral Resource include:

- Infill drilling on a 50m by 50m grid of at least 20 RC drill holes of 25m average depth on each of the North and East stockpiles. Channel sampling at surface is a fast and lower cost option but is not an alternative to depth information in the interior of the dumps.
- Centralized database.
- Additional bulk density and moisture content measurements.
- All surveying with a licensed surveyor.
- Maintain a minimum 5% of audit samples for QA/QC.
- Metallurgical testwork to develop a plan for treating the ore and estimating metals recovery.

# 2 INTRODUCTION

## 2.1 Scope of work

Coffey Mining Pty Limited (Coffey Mining) was commissioned by Alder Resources Ltd. (Alder) (the Optionee partner of Calibre Mining Corp. (Calibre)), to undertake a resource estimate in compliance with NI43-101 on the Rosita Copper-Gold-Silver Mine stockpiles in Nicaragua.

This report summarizes mineral resources of six historical mine stockpiles which are located within Calibre/Alder's project area in the Rosita D Concession. The estimate and report have been prepared in compliance with National Instrument 43-101, the Standards of Disclosure for Mineral Projects. Calibre is using the report in support of public disclosure of mineral resources.

## 2.2 Source of Information

The principal sources of information used to compile this report were supplied by Alder, which are detailed in the Reference section of this report.

## 2.3 Qualified Person

The qualified person as defined in NI 43-101 for this the report is Yungang Wu, P.Geo, resource geologist of Coffey Mining.

## 2.4 Site Visit

A site visit to the Rosita project was carried out by Mr. Wu of Coffey Mining in conjunction with Mr John Spurney, VP exploration of Alder on March 20 to 24, 2012. During the site visit, Mr. Wu reviewed the data collection procedures and sampling practice, discussed historical production, geology and mineralization with Alder staff, verified drillhole and channel locations and took grab samples. After the site visit, Mr. Wu visited the Inspectorate Exploration and Mining Service's preparation laboratory in Managua, where all Alder's samples have been prepared for submission to the Inspectorate America Corporation analytical laboratory in Vancouver.

## 2.5 Qualifications and Experience

Coffey Mining is an integrated consulting firm, which has been providing services and advice to the international minerals industry and financial institutions since 1987.

The author of this report is Mr. Yungang Wu, a professional geologist with 20 years of experience in mining, exploration and resource estimation in Canada and China. Mr. Wu is a member of the Association of Professional Geoscientists of Ontario (APGO), and has the appropriate relevant qualifications, experience and independence to be considered a Qualified Person as defined in the Canadian National Instrument 43-101.

## 2.6 Independence

Neither Coffey Mining, nor the author of this report has any material interest in Calibre Mining Corp. or related entities or interests. Their relationship with Calibre is solely one of professional association between client and independent consultant. This report is prepared in return for fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

## 2.7 Units of Measurements and Currency

Metric units are used throughout this report unless noted otherwise. Currency is U.S. dollars ("US$"). At the time of writing this report the currency exchange rate was 22.854 NIO per US$. Alder uses US$ for most of its official cost and budget numbers and as such Coffey Mining did not convert any currency figures during this study. Coffey Mining used a conversion factor of 31.1 grams per Troy ounce gold and 2205 lb per metric tonne.

## 2.8 Abbreviations

Abbreviations applied in this report arelisted in Table 2.8_1 below.

**Table 2.8_1**
**List of Abbreviations**

| | Description | | Description |
|---|---|---|---|
| 3D | three dimensional | m | metres |
| AAS | atomic absorption spectrometry | mm | millimetres |
| Ag | Silver | Mtpa | million tonnes per annum |
| Au | Gold | NPV | net present value |
| bcm | bank cubic metres | $NQ_2$ | Size of diamond drill rod/bit/core |
| CC | correlation coefficient | $^oC$ | degrees centigrade |
| CDN$ | Canadian dollars | OK | Ordinary Kriging |
| CRM | certified reference material or certified standard | oz | ounce |
| Cu | Copper | P80 -75µ | 80% passing 75 microns |
| CuEq | Copper equivalent | ppb | parts per billion |
| CV | coefficient of variation | ppm | parts per million |
| DDH | diamond drillhole | psi | pounds per square inch |
| DTM | digital terrain model | PVC | poly vinyl chloride |
| g | Gram | QC | quality control |
| $g/m^3$ | grams per cubic metre | QQ | quantile-quantile |
| g/t | grams per tonne | RC | Reversed circulation drillhole |
| HARD | Half the absolute relative difference | RL (Z) | reduced level |
| HDPE | High density poly ethylene | ROM | run of mine |
| $HQ_2$ | Size of diamond drill rod/bit/core | RQD | rock quality designation |
| Hr | Hours | SD | standard deviation |
| HRD | Half relative difference | SG | Specific gravity |
| I2D | Inversed distance power 2 | SMU | selective mining unit |
| ICP-AES | inductivity coupled plasma atomic emission spectroscopy | t | tonnes |
| ICP-MS | inductivity coupled plasma mass spectroscopy | $t/m^3$ | tonnes per cubic metre |
| ISO | International Standards Organisation | tpa | tonnes per annum |
| kg | Kilogram | US$ | United States of America dollars |
| kg/t | kilogram per tonne | w:o | waste to ore ratio |
| km | Kilometres | X | Easting |
| $km^2$ | square kilometres | Y | Northing |
| lb | Pound | | |

# 3 RELIANCE ON OTHER EXPERTS

All information regarding title and the legal status on the exploration concessions that constitute the Rosita Project, as described in Section 4 below, was provided by Alder, as Optionee to Calibre. The QP has not reviewed the mineral tenure, nor independently verified the legal status, ownership of the Project area, underlying property agreements or permits; and has fully relied upon, and disclaims responsibility for, information derived from the following reports and documents pertaining to mineral tenure, surface rights, royalties, environment and social issues:

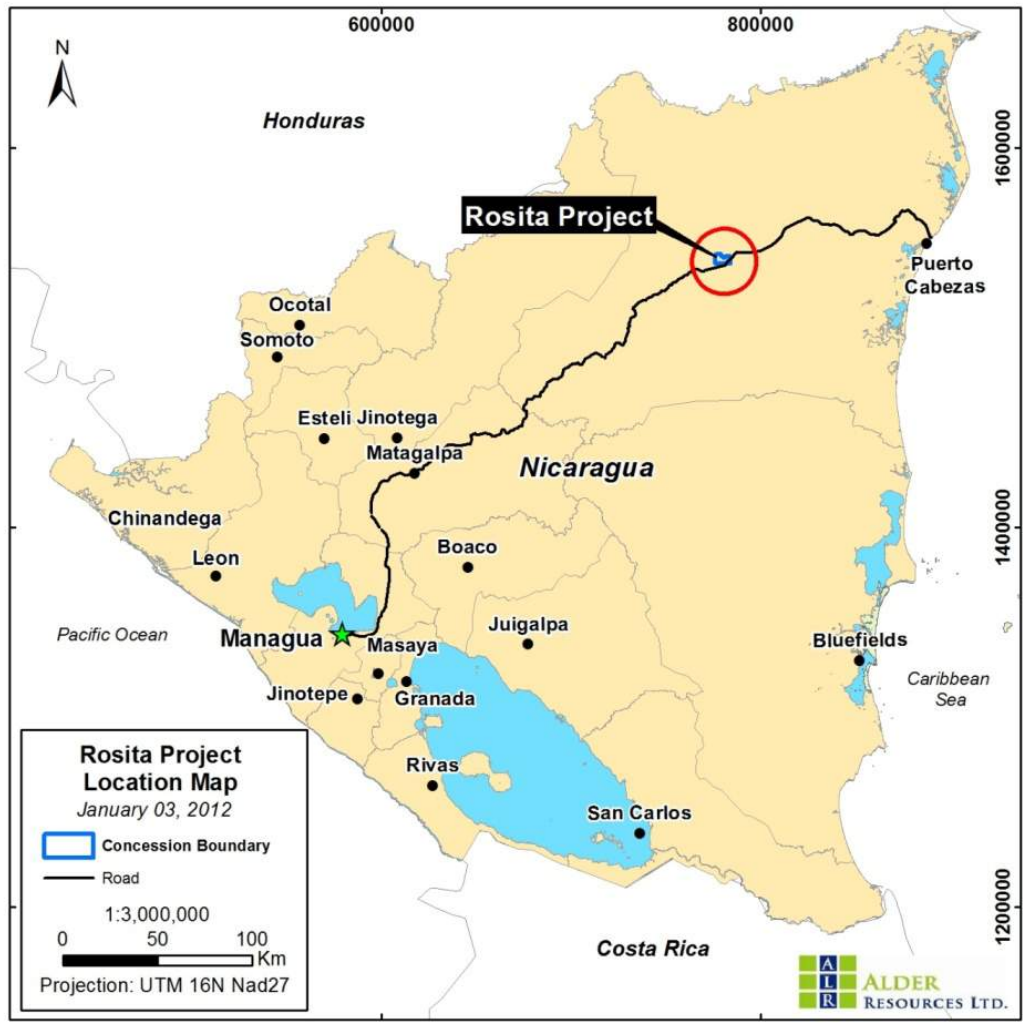
- "Mining Option Agreement" among Calibre Mining Corp, CXB Nicaragua Sociedad Anonima and Alder Resources Ltd., signed on August 19th, 2011.
- Mine Certificate, see Appendix A.

# 4 PROPERTY DESCRIPTION AND LOCATION

## 4.1 Project Location

The Rosita project, centrally situated in the Región Autónoma del Atlántico Norte (RAAN) autonomous region, Nicaragua, is located 275 air kilometres northeast of the capital city of Managua and 120 kilometres west of the port town of Puerto Cabezas (Figure 4.1_1). The facility at Puerto Cabezas is a shallow water port with capacity for large ships (500ft) and serviced by three shipping lines.

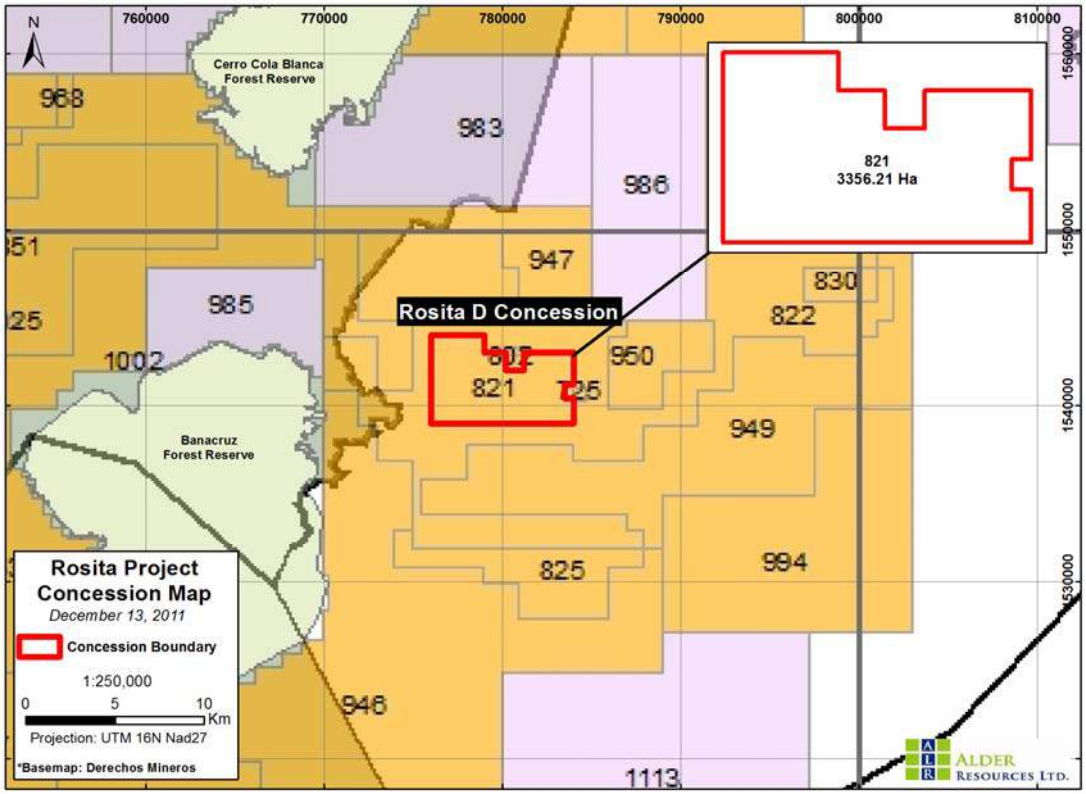
**Figure 4.1_1**
**Location of Rosita Project**



## 4.2 Project Ownership

The Rosita project is registered with the Ministerio de Fomento, Industria y Comercio ("MIFIC") as exploitation concession number 821, Accord number 55-DM-38-2007 comprising 3,356.9 hectares with an expiration date of June 9, 2044 (Figure 4.2_1).

**Figure 4.2_1**
**Rosita Project Concession Map**




The project is held by CXB Nicaragua, S. A., a wholly owned subsidiary of Calibre Mining Corp. Calibre entered into an option agreement with Alder in August 2011 whereby Alder can earn a 65% interest in the Rosita D Concession by incurring CDN$4.0 million in exploration and other expenditures on the Property of which CDN$500,000 must be incurred within the first year, and issuing to Calibre 1.0 million common shares of Alder over a 4 year period. Upon Alder earning a 65% in the Rosita D Concession, a joint venture will be formed with each party being responsible for its pro rata share of expenditures on the Property.

Calibre owns surface rights to several parcels of land in the vicinity of the old open pits at Rosita, however, most of the surface rights within the Rosita D Concession are privately held by third

parties. The parcels owned by CXB are not part of the option agreement between Alder and Calibre.

Exploitation concessions in Nicaragua are subject to annual payments of US$2.00/ha in years 1 and 2, US$4.00/ha in years 3 and 4 and US$8.00/ha thereafter. The Rosita D Concession currently carries an annual payment of US$26,855. Nicaraguan mining law under MIFIC allows artisanal mining on 1% of a concession.

## 4.3 Environment Liabilities

Owing to previous mining operations on the Property there has been considerable environmental disturbance in the Santa Rita pit area. It has been reported (Equity Exploration Consultants Ltd., 2009) that the Nicaraguan government is responsible for any environmental impact from mining and exploration activities prior to privatization in 1994. This information has not been confirmed by Coffey Mining.

An environmental permit is required from RAAN for any mechanized mineral exploration activity. The permit requires a report that includes an environmental baseline study together with exploration plan, time-line and cost estimate. This report must be submitted to the Secretaria de Rescursos Natural ("SERENA") in Puerto Cabezas. Two amendments to this study are allowed before a new permit is required. Alder's exploration activities as Optionee fall under a report submitted by Yamana in 2009. An amendment to this permit was submitted to SERENA and subsequently approved. Non-mechanized activity requires notification and approval by the local municipality.

# 5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

## 5.1 Accessibility

The towns of Rosita, Siuna and Bonanza, collectively form the “mining triangle” of northeast Nicaragua. The main access road to the area from Managua is via paved highway for 170km to Rio Blanco and then on a poorly maintained unpaved road over a distance of 165km to Rosita. A network of unpaved roads connects Siuna, Rosita and Bonanza. Access from the port of Puerto Cabezas on the Atlantic coast is via a poorly maintained unpaved road west for a distance of 120km.

Aside from the principal unpaved roads, the Rosita area is traversed by a series of dirt tracks accessible by 4-wheel drive vehicle and footpaths that connect outlying villages and farms. In general, outside a 2km corridor along the principal roads, access to the Property is considered moderate to difficult. The northernmost part of the Property is the least accessible.

Rosita is serviced by commercial airline La Costena with daily flights from and to Managua.

## 5.2 Climate

Northeast Nicaragua is typical lowland humid tropical climate with warm temperatures averaging 25-32°C. Annual rainfall is around 2,120mm, with a dry season from December to May and a rainy season from June to November. The transition between the two seasons varies slightly from year to year and across the Property. The rainy season is marked by generally clear mornings and daily cloudbursts in the afternoon, which are often quite heavy. Field work can be performed year round.

## 5.3 Physiography

Rosita is located along the break between the hilly interior highlands and the flat Atlantic Coastal Plain. The topography in the highlands is gentle to steep hills that range in elevation from 100 to 1,000 metres above sea level. The Atlantic plain is found in the Rosita area and is flat to gently undulating and poorly drained with an elevation range of 50 to 100 metres above sea level. The area is drained by the Bambana and Bana Cruz Rivers.

## 5.4 Local Resources and Infrastructure

The town of Rosita is serviced by a municipal water system via a local reservoir. Service is unreliable, and consequently, shallow wells provide much of the local domestic water supply. Water for industrial use and drilling is readily available and plentiful in Rosita but is less reliable in the dry season. Water for future mining operations will also be available from the old water-filled Santa Rita and R-13 pits.

Telephone service is provided by landlines through the national telephone company, Enitel. As well, cell phone coverage is good in Rosita and along the major transportation routes. Satellite communication services are provided by a number of smaller companies.

Aside from mining, the principal economic activities in the Rosita area are logging, small scale farming, livestock and service industries. Unskilled labour is plentiful and most jobs can be filled using local workers. Some skilled workers (e.g. operators) are available having developed their skill sets working at the various mines in Nicaragua.

# 6 HISTORY

## 6.1 Exploration History

The historical exploration activities over the Rosita D Concession are summarized in Table 6.1_1.

**Table 6.1_1**

**Rosita Project**

**Exploration History Summary**

| Year | Exploration Activities | Company |
|---|---|---|
| 1906-1912 | Exploration and Mining production | Eden Mining Company |
| 1916-1918 | Tunnel and drilling | Tonopah Nicaragua |
| 1950 | Tunnel sampling and diamond drilling | La Luz Mines Ltd. |
| 1955 | Diamond drilling | La Luz Mines Ltd. |
| 1963-1965 | Magnetic and radiometrics survey | Hunting Survey Corp |
| 1969 | Electromagnetic and magnetic survey | Geoterrex Ltd. |
| 1974-1979 | Exploration drilling | Rosario Resources Corp |
| 1981-1983 | Geophysical survey, soil sampling and diamond drilling | E.K. Lehman and Associates |
| 1996-1998 | RC drilling, Geophysical survey, soil sampling | Greenstone Resources Ltd. |
| 2008 | Trenching and rock sampling | Yamana Nicaragua S.A |
| 2009-2010 | Trenching, mapping, soil sampling and diamond drilling | Calibre Mining Corp |
| 2011-2012 | Channel sampling and RC sampling on stockpiles | Alder Resources(Optionee) |

## 6.2 Production History

Mining and milling at Rosita were reportedly commenced in 1906 and continued for 6 years. Originally gold was only recovered from oxidized material near surface. No production figures are available.

In 1954, La Luz Mines Ltd. acquired ownership from Tonopah Nicaragua Company and a 600 ton mill was constructed in 1959, designed to use the leach-precipitation-flotation process.

According to P.A. Bevan (1973), from March 1959 to September 1971, the mill had treated 3.8 million tons[1] of ore with a grade of 3% copper and yield of 175 million lbs of copper, 123,000 ozs of gold and 1.8 million ozs of silver. From 1959 to 1964, more than 650,000 tons of carbonate ore were treated by the mill. The ore minerals were mainly malachite with some azurite, chrysocolla, chalcanthite, tenorite, cuprite and native copper. The grade of was over 5% copper; material under 2% copper was stockpiled. Seventy per cent of the total copper in the heads was recovered.

In 1964, the mill circuit was changed to deal with the treatment of secondary sulphides, chiefly chalcocite, at an average of 900 tons per day. In 1967, primary sulphides started to appear in abundance and chalcopyrite was the chief mineral. Recoveries from ore produced in the east and west ends of the pit were roughly 80 per cent; recovery from the central zone was 50-60 per cent. In 1970, the production expanded to 2000 tons daily. The mine was closed in 1975 due to low copper price and civil unrest.

According to the previous NI43-101 technical report (Carter, 2012), the total historical production from 1959 to 1975 was 111,000 tonnes of copper, 160,000 ounces gold and 2,610,000 ounces silver from 5,373,587 tonnes of ore with average grades of 2.06% copper, 0.93 g/t gold and 15.08 g/t silver. Coffey Mining has not verified these records.

A few local artisanal miners are currently working on the North and South stockpiles (Figure 6.2_1). The work primarily consists of sieving and sluicing the stockpiles for gravity-recoverable gold. The material collected is either processed on-site using small scale mercury extraction, or shipped off-site to other known mills in the region. The Nicaraguan mining law states that 1% of mining concessions must be made available to local artisanal miners using traditional methods. The concession holder reserves the right to choose which 1% is made available and active miners must relocate at the company's request.

[1] The reference Bevan (1973) reported imperial tons and all tons in this section on Production History are also Imperial tons.

**Figure 6.2_1**

**Local small scale mining for gold at the South stockpile**

## 6.3 Historical Resource Inventory

The historical resource inventory is tabulated in Table 6.3_1, summarized from previous NI43-101 technical report.

**Table 6.3_1**
**Rosita Project**
**Historical Mineral Resource Inventory**

| | Tonnes (Mt) | Cu(%) | Au(g/t) |
|---|---|---|---|
| Santa Rita Stockpiles | 6.47 | 0.5 | 0.61 |
| Santa Rita Tailings | 5.44 | N/A | 0.93 |
| In Situ Sulphide | 9.92 | 1.26 | 0.59 |

There are six stockpiles around the Santa Rita Pit. Remaining in-situ resources at Rosita are located at three main areas: below the Santa Rita Pit, in the R13 zone and at Tigre Negro. Mine tailings also contain a metal resource.

The QP of this report has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves.

The historical estimate does not use any resource categories, either consistent with CIM Definition Standards (2010) or otherwise.

Calibre is not treating the historical estimate as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of NI43-101.

The historical estimate should not be relied upon.

The work required to upgrade the historical resource to a current NI 43-101 compliant resource is documented in the remainder of this report.

# 7 GEOLOGICAL SETTING AND MINERALIZATION

## 7.1 Regional Geology

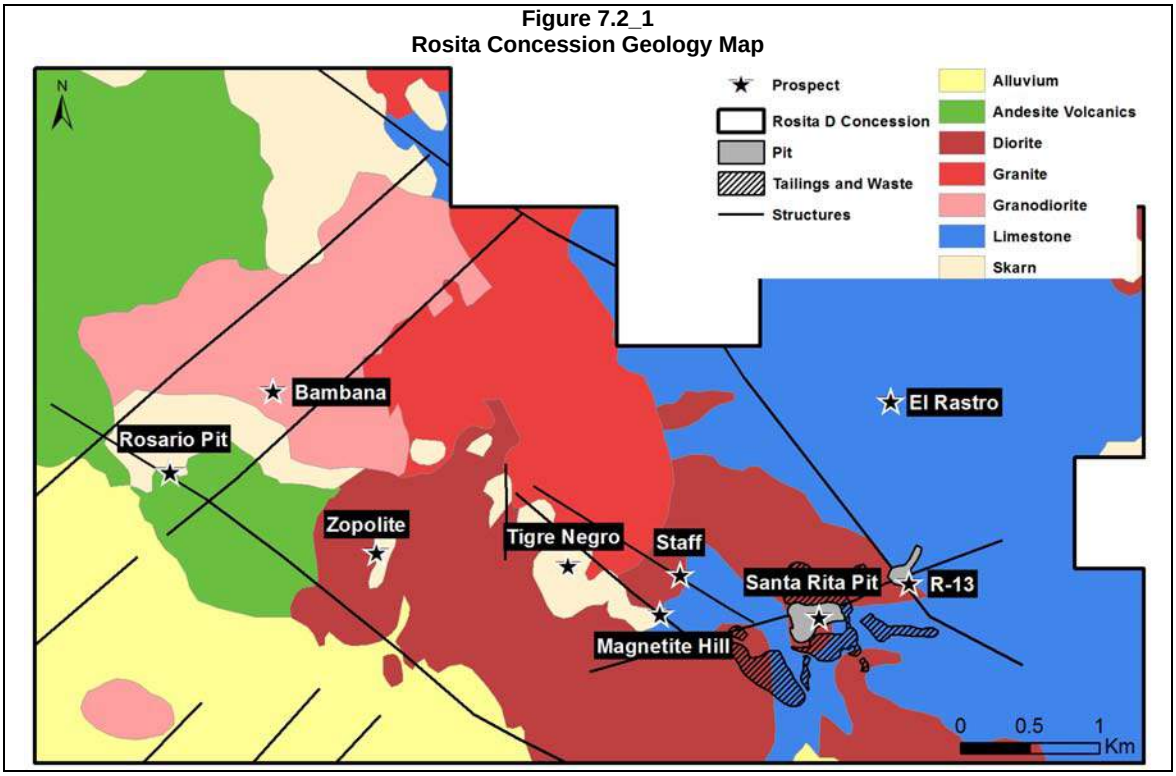
Northeast Nicaragua lies within the eastern extension of the North Interior Highlands. Basement rocks in the RAAN region consist of northeast trending interbedded sequences of limestone, (calcareous) mudstone, and greywacke of the Early Cretaceous Todos Santos Formation. The sedimentary rocks are locally interbedded with andesite tuffs and flows and transected by sub-volcanic andesite sills and dykes also of Cretaceous age. Near continuous volcanism from the late Cretaceous to mid-Tertiary resulted in the intrusion of numerous felsic to intermediate composition stocks, plugs and dykes with a dominant northeast orientation (along an anticlinal trace or suture zone). Porphyry style mineralization has been reported in some of these intrusions. The associated Matagalpa andesitic to basaltic volcanics and pyroclastics are widely distributed throughout the region and host most of the low-sulphidation style epithermal mineralization. The Cu-Au-Ag skarn deposits at the historic Rosita mine are spatially related to these intrusions where localized Todos Santos calcareous basement windows occur.

## 7.2 Local Geology

Rosita concession geology is presented in Figure 7.2_1. Remnants of Cretaceous calcareous and siliceous sediments and minor andesite volcanic flows and tuffs of the Todos Santos Formation underlie the Rosita area. These rocks are unconformably overlain by Tertiary volcanics composed chiefly of andesitic flows and tuffs. All of these units have been intruded by a series of intermediate to felsic, high level, stocks, plugs and dykes. In the Rosita-Bonanza area, the larger intrusives are granodiorite in composition and collectively form a regional northeast trend. The original Rosita deposit consisted of a central core of alaskite that intruded the sediments and volcanics. These units lie along the flanks of a larger diorite intrusive and nearby monzonite which occur along a northwest trend. These units are locally cut by younger, northwest trending feldspar porphyry and mafic dykes.

The geology of the Rosita mine, consists of a plug of alaskite that intruded the sedimentary and overlying volcanic rocks giving rise to garnet-epidote skarn, marble, and hornfels. A northeast-trending shear zone, which contains extensive brecciation and hydrothermal alteration, is believed to have been the major control during ore deposition. This structural trend parallels Cu-Au-Ag bearing epithermal veins that were emplaced during late stage hydrothermal activity. Post mineral northwest-trending feldspar porphyry and andesitic dykes are also present along the NW pit wall.

**Figure 7.2_1**
**Rosita Concession Geology Map**




## 7.3 Mineralization

### 7.3.1 Santa Rita pit

The Santa Rita pit is a skarn type Cu-Au-Ag deposit (Bevan, 1973). The marble, garnet and epidote skarn rocks have been formed by the metamorphism of interbedded Cretaceous sediments of calcareous and siliceous nature and andesitic volcanics. The metasomatism was brought about by Tertiary intrusions, mainly diorite and monzonites. The regional strike is approximately northeast.

The main mineralization lies on the southern flank of a small dioritic intrusion. In the mine the favourable garnet skarn horizon is about 152m thick, strikes easterly and dips 50 degrees to the southeast. It is underlain by altered diorite and overlain by chloritized andesites and calcareous tuffs. Intense lime, potash and siliceous metasomatism have altered the calcareous sediments to marble or to garnet-quartz-calcite-epidote-orthoclase-pyrite skarn. The interbedded volcanic and andesitic and dioritic dykes have been altered in many cases to epidote skarn and in others to siliceous skarn.

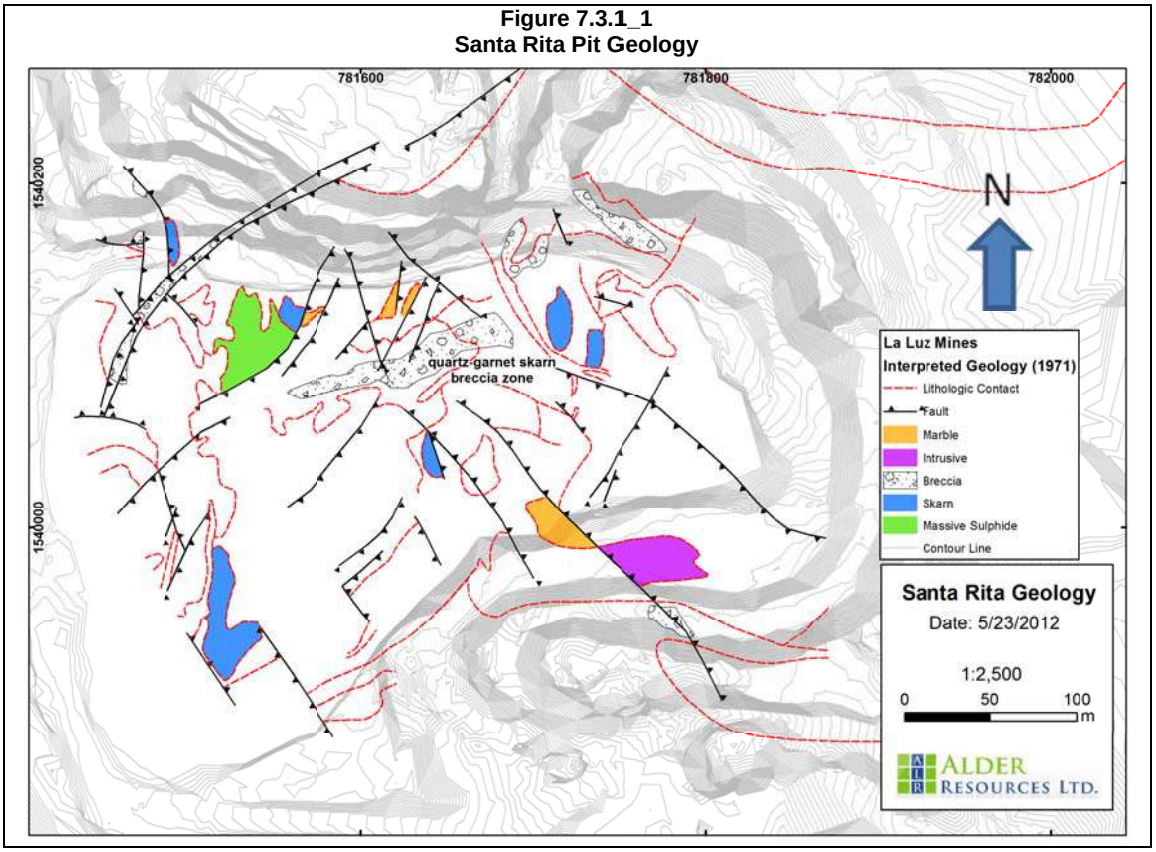
Garnet skarn is the host rock for the mineralization. Red, brown, yellow and green varieties of garnet are present. The mineralization zone occurs as lenses, pods and stringers of massive sulphides in well-fractured or brecciated skarn. There is commonly more chalcopyrite than pyrite. Massive pyrrhotite occurs in one zone on the north side of the pit near the footwall. Gold values are localized by a north-northwest-trending fault.

In the central part of the pit there is a quartz-garnet skarn breccia zone with finely disseminated pyrite and chalcopyrite. The garnet is chiefly red or red-brown. The zone itself might be a breccia pipe of the Cananea type (see Figure 7.3.1_1). In the east end of the mine the garnet skarn is mainly composed of the yellow variety, particularly adjacent to bands or masses of marble. The mineralization may be disseminated or massive chalcopyrite, often associated with chlorite, magnetite, pyrrhotite and pyrite. It may also occur as lenses or veins of quartz-chalcopyrite-pyrite.

The mineralization zones appear to have been localized in part by two major fault systems: (a) north-northwest-trending shears and quartz stringers and replacement zones with steep dips; and (b) northeast-trending shear zones, dipping at 50-70 degrees northwest, which offset the north-northwest faults. Stubby east-west breccia zones feather out from the northeast trending shears.

Capping the three primary sulphide zones were secondary enriched zones of chalcocite, dipping southwest, and oxidized zones composed principally of malachite. Other copper minerals noted include native copper, cuprite, azurite, chrysocolla, chalcanthite, covellite, tenorite and "grey coppers".

**Figure 7.3.1_1**
**Santa Rita Pit Geology**




### 7.3.2 R-13 Pit

The R-13 Zone is a northeastern extension of the Santa Rita mineralized zone. The deposit contains copper, silver and gold concentrations in a northwest trending shear zone hosted exclusively within an intensely fractured and propylitized quartz diorite. The main hypogene minerals found in the drill cuttings, in order of decreasing abundance, are reported as: quartz, pyrite, chalcopyrite and bornite. Pyrite in the R-13 deposit occurs as discrete grains in quartz-pyrite veinlets and in fracture zones containing massive chalcopyrite and quartz. Chalcopyrite is not as widespread as pyrite and is concentrated along the main northwest shear zone. Argentite is identified as the main silver mineral in the R-13 deposit. Gold in the fracture zones is closely associated with copper and silver. Drilling has shown that this relationship is confined to intervals of silicic alteration within a propylitically altered quartz diorite. This spatial association suggests that the gold was deposited during a late stage or completely separate hydrothermal event in the Rosita Fault.

## 7.4 Alteration

The principal alteration consists of calc-silicate, potassic and siliceous metasomatism of the sedimentary and volcanic units as well as the diorite intrusives. The sedimentary rocks were altered to marble and calc-silicate skarn, and the andesites and diorite to epidote and siliceous skarn. The main mineralized skarn horizon is underlain by altered diorite and overlain by propylitized andesite.

# 8 DEPOSIT TYPES

The main types of deposit on the Rosita property are Cu-Au-Ag skarn at Santa Rita, R-13 and Tigre Negro, Fe-Cu-Au skarn at Magnetite Hill and Cu-Au-Ag porphyry at Bambana. The skarn deposits are characterized by calc-silicate metasomatism, retrograde alteration and silicification. The porphyry copper mineralization at Bambana is characterized by propylitic, silicic and potassic alteration.

Skarn deposits form through the physical and chemical reaction between igneous rocks intruded into calcareous sedimentary rocks. They occur adjacent to (exo-skarn) or within (endo-skarn) an intrusive body. Emplacement of the intrusive is controlled largely by transfer structures in the back arc basin as well as splays along arc parallel structures in the magmatic arc environment. Alteration zonation is controlled by the temperature gradient and is overprinted by metasomatic and retrograde alteration. Mineralization is commonly vertically zoned from chalcopyrite-magnetite to chalcopyrite-bornite-gold-pyrite to pyrite-chalcopyrite. The copper-gold-silver deposit at the Santa Rita pit is examples of skarn mineralization.

The targets of this resource study are six historical low grade stockpiles, of which five are around the Santa Rita pit and one near R-13 pit, as shown in Figure 8_1. Each of the stockpiles was named based on the direction to the Santa Rita Pit. Calibre believes the North, Northeast, East, South and Southwest stockpiles were originally derived from Santa Rita pit and R-13 stockpile was from R-13 pit.

Based on P.A. Bevan reporting, during the production from Santa Rita mine, material containing less than 2% copper was stockpiled. All the stockpiles are mixtures of oxide and sulphide materials and from clay to boulder size (Figure 8_2). The ore minerals are mainly malachite, chalcocite and chalcopyrite with some azurite, chrysocolla, chalcanthite, tenorite, cuprite, native copper and native gold.

**Figure 8_1**
**Rosita Stockpile Location**

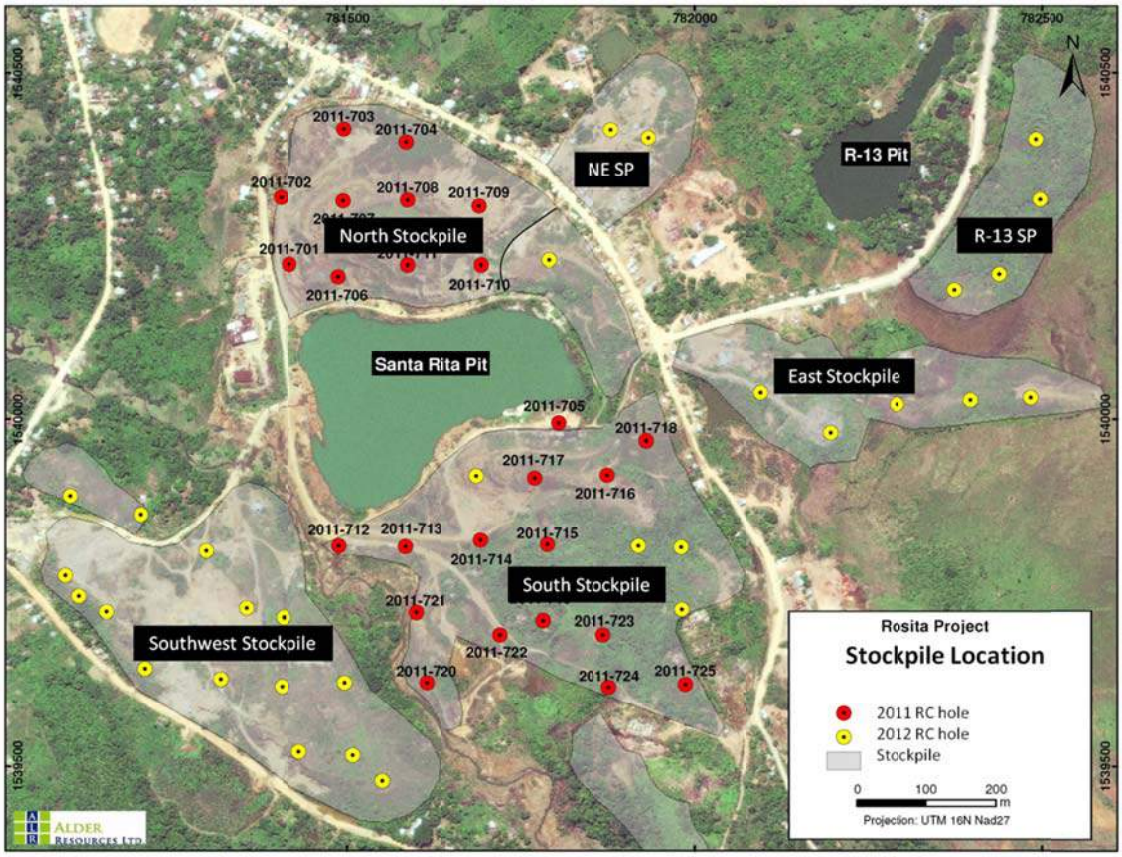



**Figure 8_2**
**North Stockpile**

# 9 EXPLORATION

Alder, as Optionee, is currently undertaking a diamond drilling program which budgeted 8,000m in total with 1 rig on site to discover new deposits on the property, along with surface trenching and IP geophysics survey.

Alder, as Optionee, completed a program of vertical channel sampling around the fringes of four stockpiles in October and November 2011. A total of 236 samples from 17 channels and were collected; channel locations are provided in Figure 9_1.

**Figure 9_1**
**Channel Sample Location**


## 9.1 Channel Sampling Method

Prior to taking the channel sample, the surface was cleaned to remove the transported material on the stockpiles. The interval of each sample was marked on the ground with paint, based on a one meter vertical length. A channel of approximate 10cm depth and 10cm width was excavated for sampling. The sample length on the ground varied with

slope angle but all samples had equal vertical length of 1m as indicated in Figure 9.1_1. Samples were continuously collected along the stockpile slope from top to bottom (see Figure 9.1_2). Each sample of approximately 5 kg was weighed, bagged, labeled, sealed and sent for analysis. Sampling was briefly logged to record the material type.

**Figure 9.1_1**
**Channel sample Method**

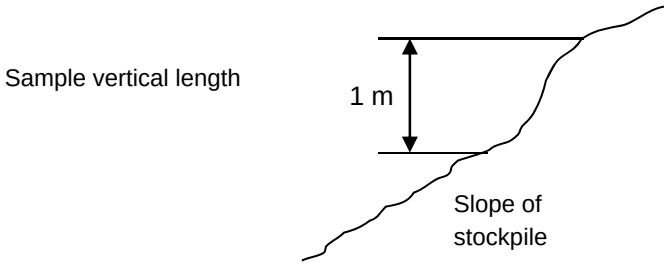


**Figure 9.1_2**
**Example of Channel Sampling**

## 9.2 Survey

The survey coordinates system using on the project is UTM (NAD27, zone 16N, Central America).

Jairo Camilo Perez Pastrana, a legal surveyor of Nicaragua with identification of 321-020871-0001E was commissioned by Alder, as Optionee, to perform the stockpile topographic survey and most of the RCdrillhole collar survey. The survey was carried out with total station Sokkia Model 650 RX.

Channel sample locations were surveyed by the Alder field crew with a handhold GPS, and were not surveyed by Jairo Camilo Perez Pastrana. Therefore, the channels could not be properly projected on the topography surface during the course of this resource modeling. The author of

this report adjusted the coordinates of the channel samples to match the topography surface which was created based on the legal survey data.

In the opinion of the QP, the method of channel sampling meets the project purpose, however, the survey by handhold GPS was not industry standard practice. The main difference between the handhold GPS and total station survey was in elevation reading (Z), the differences of X and Y reading were in an acceptable range. The QP believes that the adjusted coordinates of channel samples are relatively reliable to perform inferred resource estimation; however, it is suggested that Alder (the Optionee) should hire a legal surveyor to survey all sample locations in current and future programs.

## 9.3 Density Measurement

### 9.3.1 Mini Bulk Density Sampling

A total of 64 measurements for wet density have been undertaken at 32 localities on five stockpiles. Near-vertical channel samples were collected over the stockpiles into a 20 litre plastic bucket, using a geologist's rock hammer and shovel. Care was taken to ensure that possible voids in the bucket were filled with stockpile material. All samples were compressed into the sampling bucket, to try and replicate the compacted nature of the stockpile material. Excess material at the top of the bucket was scraped off to form a level upper surface, representative of the known sample volume. The bucket was weighed on-site using a hanging "watch type" spring balance. Its weight in kilograms (minus the tare weight of the bucket), sample location and characteristics were recorded into a field notebook. Two samples were collected at each locality within approximately 5 meters of one another, to test for local density variability.

This sampling technique is fast, allowing many measurements to be obtained over the stockpiles. Shortcomings of this method are that large boulders found occasionally in the stockpiles could not be included in the sample, and it is also likely that the sample material in the bucket is slightly less compacted than the "in-situ" stockpile material. Both factors will tend to produce a bulk density measurement slightly lower than the "in-situ" density for the stockpiles. Table 9.3.1_1 summarizes the results.

**Table 9.3.1_1**
**Rosita Project**
**Mini Bulk Density of Stockpiles**

| Stockpile ID | # of Mini Bulk Samples | Average Wet Density (g/cm3) |
|---|---|---|
| North Stockpile | 30 | 1.97 |
| South Stockpile | 14 | 2.04 |
| Northeast Stockpile | 10 | 1.96 |
| R-13 Stockpile | 8 | 1.79 |
| Southwest Stockpile | 2 | 2.13 |
| East Stockpile | | |
| Overall Average | | 1.97 |

### 9.3.2 Bulk Density Sampling

As recommended by Coffey Mining during the site visit, Alder, as Optionee, has completed a total of 8 dimensional excavation bulk samples over three stockpiles as of May 8, 2012. The samples were excavated in dimension of 1m x 1m x 0.25 - 0.30m. The weights for the material excavated ranged from 1,123 lbs (509.5 kg) to 1,491 lbs (676.5 kg). Bulk density results are listed in Table 9.3.2_1. Four samples measured in North stockpile are showing consistent value of 2.03 - 2.32g/cm³ with averaged wet density of 2.15g/cm³. There is considerable variability in the Southwest stockpile, with range from 1.80 to 2.97 g/cm³, for an average of 2.53 g/cm³. The Mini bulk density above also illustrated the Southwest stockpile has the highest density. The field observation noticed that there are more large sized fresh rock boulders in Southwest stockpile than the other ones, which may explain the higher density on Southwest stockpile.

**Table 9.3.2_1**
**Rosita Project**
**Bulk Density of Stockpiles**

| Location | Density (g/cm$^{3)}$ |
|---|---|
| South Stockpile | 1.98 |
| North Stockpile | 2.06 |
| North Stockpile | 2.03 |
| North Stockpile | 2.32 |
| North Stockpile | 2.18 |
| SW Stockpile | 2.82 |
| SW Stockpile | 1.80 |
| SW Stockpile | 2.97 |

### 9.3.3 Moisture

Table 9.3.3_1 shows the measured moisture content of the stockpile material. The moisture samples were collected in eight 20-litre buckets and sent to Inspectorate's laboratory for dry processing. Samples were oven dried at 60°C in Inspectorate's laboratory; and the weights were determined before and after the material dried. The average water content for the 8 samples is 9.37%.

**Table 9.3.3_1**
**Rosita Project**
**Moisture content of the Stockpiles**

| Location | Moisture (%) |
|---|---|
| South Stockpile | 7.6 |
| South Stockpile | 4.8 |
| Southwest Stockpile | 6.8 |
| Southwest Stockpile | 18.33 |
| North Stockpile | 9.82 |
| Northeast Stockpile | 8.31 |
| R-13 Stockpile | 10.37 |
| East Stockpile | 9.47 |

### 9.3.4 Comment on the density measurement

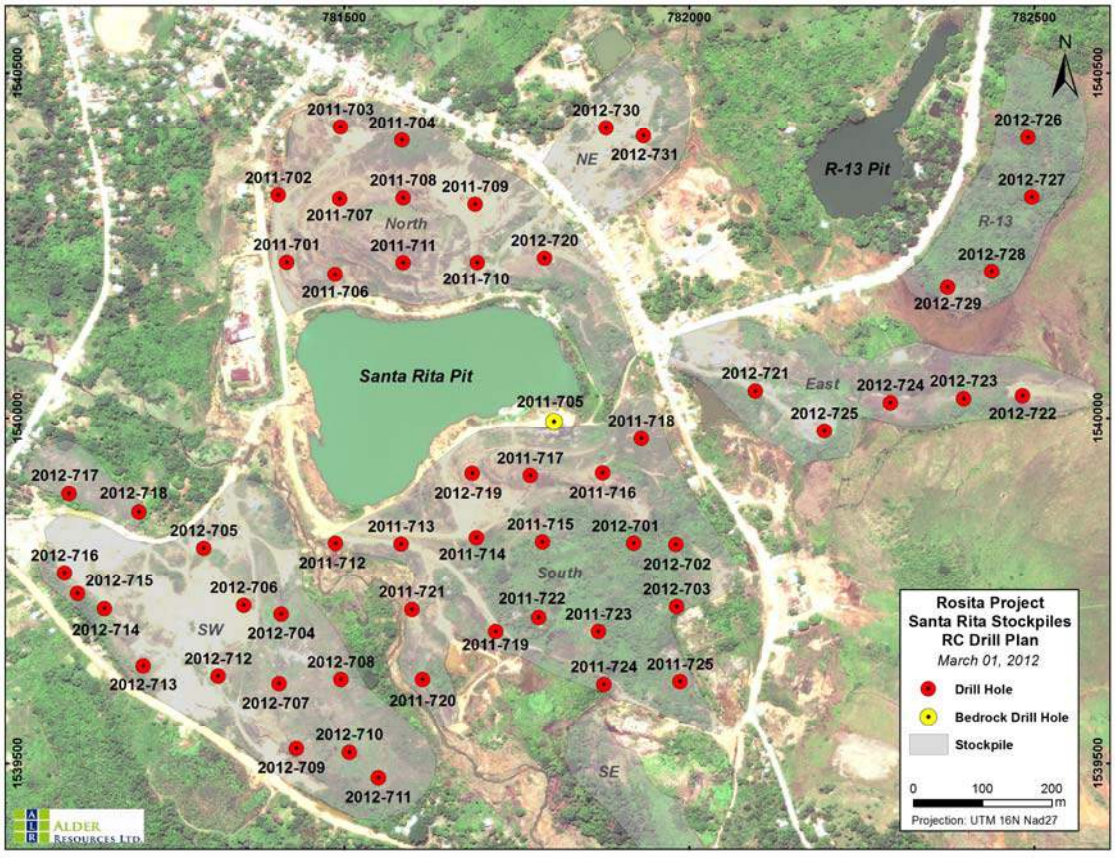
The bulk density measurements were not sufficient to cover all stockpiles, only 8 bulk density samples over 3 of 6 stockpiles have been completed as of May 8, 2012. Mini bulk samples tend to undervalue the density of stockpiles due to compaction and large sized material bias. There are no density samples taken from the East stockpile at all. To satisfy further resource estimations, Coffey Mining recommends that Alder, as Optionee, continue the bulk density sampling over all stockpiles in multiple locations, along with moisture testing. It is understood that an additional 10 samples have been excavated since the site visit in April.

# 10 DRILLING

Alder, as Optionee, initiated a reverse circulation drilling program in November 2011 and completed in February 2012. The purpose of the RC drilling program was to delineate the grade and size of the stockpiles. A total of 55 RC drillholes totalling 1574.77m were drilled on the stockpiles, of which 24 drillholes drilled in 2011 and 31drillholes in 2012. Drillhole locations are shown in Figure 10_1.

**Figure 10_1**

**RC drillholes Distribution on the Stockpiles**




## 10.1 Drill Method

The drillhole grid was planned at 100m spacing for each stockpile; the actual spacing range was 35 - 169m. To assist in mapping and interpreting in situ mineralization, all the drillholes were drilled into bedrock at 1.52 - 18.24m; 76% of drillholes penetrated 3 - 6m into bedrock. More than

99% of sample lengths were 1.52m, ranging 0.67 - 1.58m. Drillhole depth ranged from 6.1 - 54.9m and 59% of drillholes were10 - 30m deep.

A button bit, down-hole pneumatic hammer and 5 inch tricone reverse circulation (RC) drill was employed to perform the drilling. The cuttings were collected into a 50lb bucket through a cyclone as pictured in Figure 10.1_1. Each bucket was cleaned before filling with sample. Drill rods were cleaned between each sample using a blower. Each sample was weighed and large volume samples were split on-site with a splitter (see Figure 10.1_1). Each sample was packed in a plastic sample bag with sample number labeled and sealed using zip tie. Samples were packed in sacks and shipped to the laboratory in Managua by truck.

Once the drillhole was finished, a concrete slab was constructed at the collar position with drillhole ID marked on it.

**Figure 10.1_1**
**RC Sampling (cyclone at left and splitter at right)**

As seen in Figure 10.1_1, the dust was not recovered, hence, some fines were lost during the drilling. QP confirmed with Alder (the Optionee) staff that drillholes were cleaned by blowing between each sample.

## 10.2 Recovery

Drill cuttings from each sample interval of 1.52m (5 feet) with 5 inch diameter were weighed in the range 0 - 224lb, while the theoretical mass at density 2.06g/cm$^3$ is 88lb. The average recovery was 68lb or 77%. Eight percent of samples weighed over 88lb, possibly due to caving as some

areas of the stockpiles may not have compacted well. There was no recovery from 6% of intervals.

## 10.3 Logging

The contacts between bedrock and stockpiles were defined.

## 10.4 Survey

Collars of 52 RC drillholes drilled on the stockpiles were surveyed by Jairo Camilo Perez Pastrana using total station survey, along with the topography of the stockpiles. Elevation of drillhole 2011-704 was below the surveyed topography by about 11m. It was modified by the QP to match the topography during this resource estimation.

The collar of drillholes 2012-29, 2012-30 and 2012-31 were surveyed by Alder (the Optionee) staff with a handhold GPS, and have not been surveyed by the legal surveyor.

In the opinion of the QP, the drilling program generally meets the industry standard and results are acceptable to support the resource estimate.

# 11 SAMPLE PREPARATION, ANALYSES AND SECURITY

## 11.1 Sample Preparation

All stockpile samples were submitted to Inspectorate America Corporation for preparation in Managua, Nicaragua and analysed in Vancouver, Canada. The QP of this report visited the preparation laboratory of Inspectorate in Managua, which is an ISO9001 certified lab. The Certificate is attached in Appendix B.

The sample is prepared by the following steps:

- Once sample is received from the client, the laboratory sets up a project for the sample through the laboratory information system "Sapphire".
- Weigh the sample wet with sample bag and record the mass in the system.
- The sample is placed in clean metal trays with sample ID tracked by recording the tray numbers. Then the sample is dried in an oven for 12 hour at 60°C.
- The sample is crushed to +80% passing through 1.7mm square mesh sieve.
- The crushed sample is repeatedly split several times (depending on the sample size) until sample mass reaches 250 - 270g. The sample and residue are bagged separately and labelled with sample ID. The residue is stored in the laboratory for 90 days and dispatched depending on the client's instruction.
- The 250g sample is pulverized to +85% passing -200 mesh.
- The sample is split into two 125g pulps and bagged separately with the sample ID labelled. One bag of pulp is sent to Inspectorate Vancouver laboratory for assay and another pulp is stored in the preparation laboratory for 90 days.

The crushers, splitters, pulverisers, sieves and workstation are cleaned by blowing air and with a silica wash after each sample. The laboratory has standard operating procedures displayed at each workstation. Quality control is undertaken in the laboratory by checking the size distribution regularly.

The QP is satisfied the sample preparation has followed an industry standard practice, the quality control and sample assurance are reasonably well performed.

## 11.2 Sample Analysis

The samples prepared in the Managua laboratory were shipped to Inspectorate's analytical laboratory in Vancouver for analysis. In its Vancouver laboratory, each sample was analysed for copper and silver using aqua regia digestion and a 30 element ICP (inductively coupled plasma-

atomic emission spectrometry) method, soluble copper using dilute sulfuric acid digestion with AA (atomic absorption) finish and gold using fire assay with AA finish.

## 11.3 Quality Assurance and Quality Control

Alder, as Optionee, and Inspectorate laboratory both exercised the QA/QC program on all samples by inserting certified standards, blanks and duplicates into the sample stream.

### 11.3.1 Channel Samples QA/QC

Alder (the Optionee) QA/QC

The quality control for the channels samples was achieved with the insertion of blanks and certified standard. The standard for the channel samples was Certificate No. 176 from Instituto de Tecnología August Kekule in Monlelvade, Brazil. The expected standard concentrations are referred to Table 11.3.2_1. The blanks were purchased from Managua by Alder (the Optionee), and are recent volcanic rocks that do not have any associated mineralization. The insertion was systematically every 30 samples and one sample at the end of the last batch control.

*Blanks*

One sample result for a blank was 9.82g/t Au and 0.06% Cu. Inspectorate laboratory carried out an investigation of the anomalous results and stated that it was due to mineralization in the tuff. All other blanks also show some degree of background value, however all were below 0.012% for Cu and 0.007g/t for Au.

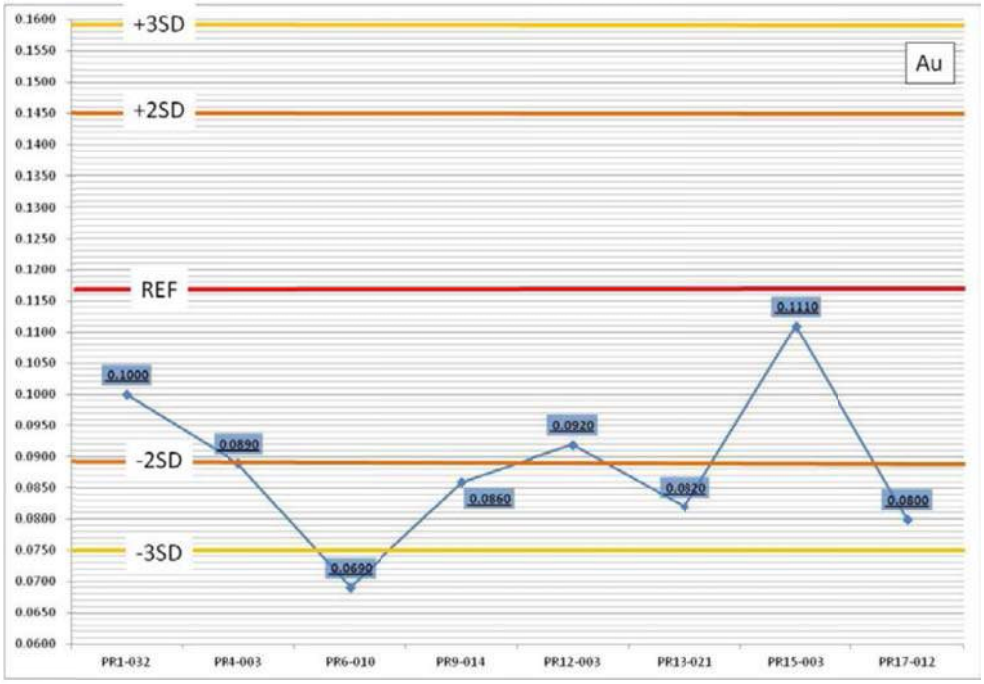
It is strongly recommended to investigate possible sources of contamination, or change the BLANK for the project, such as using limestone which is not within zones of influence of mineralization, because this tuff blank utilized appears to have anomalous values of gold and copper, which does not help the project quality control.

*Standards*

Standard results are presented in Figure 11.3.1_1. The assay had slightly negative bias for both Au and Cu, which is probably due to differences in methodology of analysis. Inspectorate tests Au with Fire Assay 1AT, AAS, while the certified analysis was: Fire Assay Method / Atomic Absorption Method Spectrometry & Fire Assay / Method gravimetric.

It is important to monitor this behaviour in time, if this trend continues it will be necessary to discuss a new procedure for laboratory analysis, because the gold values may be underestimated.

**Figure 11.3.1_1**
**Standard for Channel Samples**



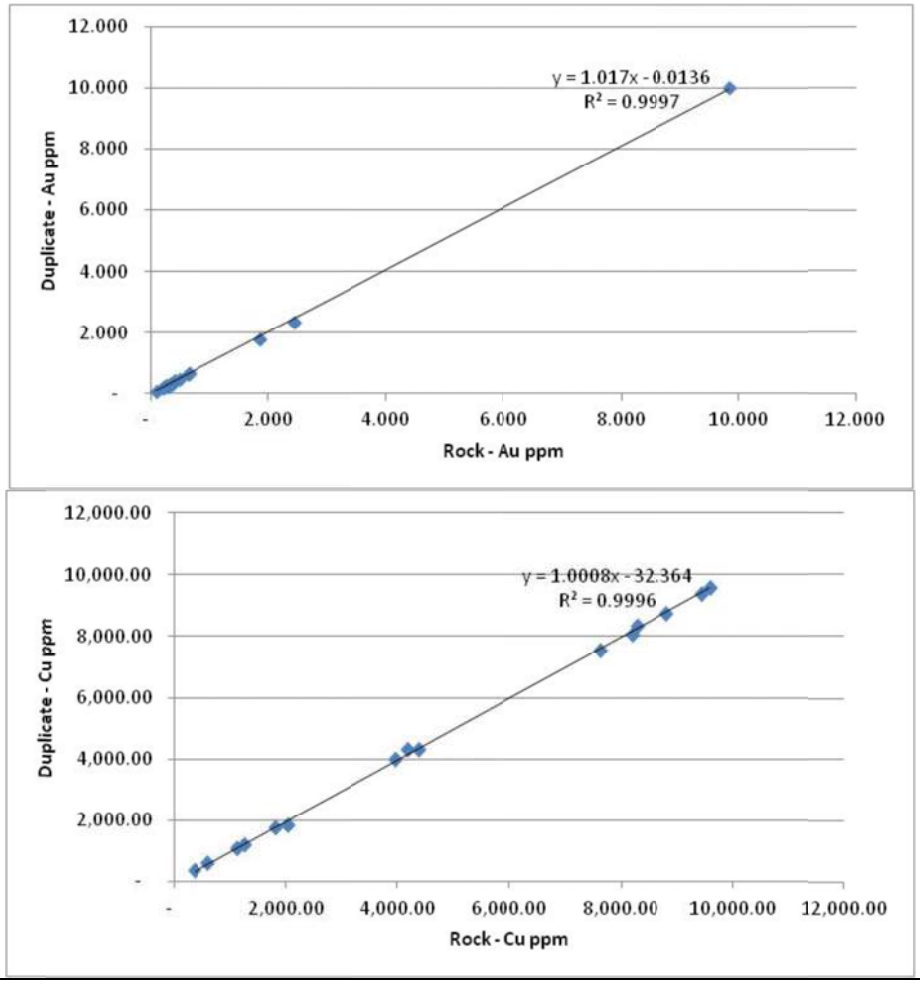

Laboratory QA/QC

In addition to the Alder's (the Optionee) quality control, there was the internal QA/QC procedure of the contract laboratory - Inspectorate - in a systematic way that inserts the duplicate samples and inclusion of laboratory blanks and standards.

*Duplicates*

The laboratory duplicates were inserted every 18 samples and performed excellent results as shown in Figure 11.3.1_2.

**Figure 11.3.1_2**
**Laboratory Duplicates for Channel Samples**




*Blanks*

The laboratory blanks resulted in Cu and Au all below the detection limits of 1ppm and 0.005g/t respectively.

*Standards*

The contracted laboratory has a policy of inclusion of the standards. Table 11.3.1_1 presents the values of the standard as EXPECTED and RESULTS values for Au and Cu, and the difference between them. Au results were within tolerance. The laboratory controls proved the Cu assay results of higher grade samples (>2353ppm) are consistently more accurate than the lower grade ones (27ppm).

**Table 11.3.1_1**

**Rosita Project**

**Laboratory Standard Results**

| EXPECTED | | | Au Au-1AT-AA | | RESULTS | | | Au Au-1AT-AA | VAR |
|---|---|---|---|---|---|---|---|---|---|
| Sample Description | Sample Type | seq | ppm 0.005 | | Sample Description | Sample Type | seq | ppm 0.005 | |
| STD-OxG84 | EXP | 1 | 0.922 | | STD-OxG84 | RES | 1 | 0.847 | 0.075 |
| STD-OxG84 | EXP | 3 | 0.922 | | STD-OxG84 | RES | 3 | 0.838 | 0.084 |
| STD-OxG84 | EXP | 4 | 0.922 | | STD-OxG84 | RES | 4 | 0.975 | -0.053 |
| STD-OxG84 | EXP | 5 | 0.922 | | STD-OxG84 | RES | 5 | 0.894 | 0.028 |
| STD-OxG84 | EXP | 7 | 0.922 | | STD-OxG84 | RES | 7 | 1.014 | -0.092 |
| STD-Oxi81 | EXP | 6 | 1.807 | | STD-Oxi81 | RES | 6 | 1.797 | 0.01 |
| STD-OxJ80 | EXP | 8 | 2.331 | | STD-OxJ80 | RES | 8 | 2.461 | -0.13 |
| STD-OxJ80 | EXP | 2 | 2.331 | | STD-OxJ80 | RES | 2 | 2.436 | -0.105 |

| EXPECTED | | | Cu 30-AR-TR | | RESULTS | | | Cu 30-AR-TR | VAR |
|---|---|---|---|---|---|---|---|---|---|
| Sample Description | TYPE | SEQ | ppm 1 | | Sample Description | TYPE | SEQ | ppm 1 | |
| STD-CDN-ME-12 | EXP | 1 | 4,280.00 | | STD-CDN-ME-12 | RES | 1 | 4,408.00 | -128.00 |
| STD-CDN-ME-12 | EXP | 6 | 4,280.00 | | STD-CDN-ME-12 | RES | 6 | 4,707.00 | -427.00 |
| STD-CDN-ME-12 | EXP | 9 | 4,280.00 | | STD-CDN-ME-12 | RES | 9 | 4,239.00 | 41.00 |
| STD-OREAS92-2A | EXP | 7 | 2,352.00 | | STD-OREAS92-2A | RES | 7 | 2,467.00 | -115.00 |
| STD-OREAS92-2A | EXP | 12 | 2,352.00 | | STD-OREAS92-2A | RES | 12 | 2,349.00 | 3.00 |
| STD-CDN-ME-6 | EXP | 11 | 6,130.00 | | STD-CDN-ME-6 | RES | 11 | 6,134.00 | - 4.00 |
| STD-CDN-ME-6 | EXP | 14 | 6,130.00 | | STD-CDN-ME-6 | RES | 14 | 5,992.00 | 138.00 |
| STD-DS-1 | EXP | 2 | 27.00 | | STD-DS-1 | RES | 2 | 28.00 | - 1.00 |
| STD-DS-1 | EXP | 3 | 27.00 | | STD-DS-1 | RES | 3 | 28.00 | - 1.00 |
| STD-DS-1 | EXP | 4 | 27.00 | | STD-DS-1 | RES | 4 | 27.00 | - |
| STD-DS-1 | EXP | 5 | 27.00 | | STD-DS-1 | RES | 5 | 29.00 | - 2.00 |
| STD-DS-1 | EXP | 10 | 27.00 | | STD-DS-1 | RES | 10 | 25.00 | 2.00 |
| STD-DS-1 | EXP | 13 | 27.00 | | STD-DS-1 | RES | 13 | 27.00 | - |
| STD-DS-1 | EXP | 15 | 27.00 | | STD-DS-1 | RES | 15 | 27.00 | - |
| STD-DS-1 | EXP | 8 | 27.00 | | STD-DS-1 | RES | 8 | 26.00 | 1.00 |

### 11.3.2 RC Sample QA/QC

Alder (the Optionee) Standards

Alder's (the Optionee) certified standards were inserted sequentially every 30 (8 standards for 236 samples) channel samples and every 37 (24 out of 899) RC samples. The standards for RC drilling samples were CU157 and CU159 supplied by WCM Mineral, British Columbia, Canada. Standard contents are listed in Table 11.3.2_1.

**Table 11.3.2_1**
**Rosita Project**
**Standards Used by Alder (the Optionee)**

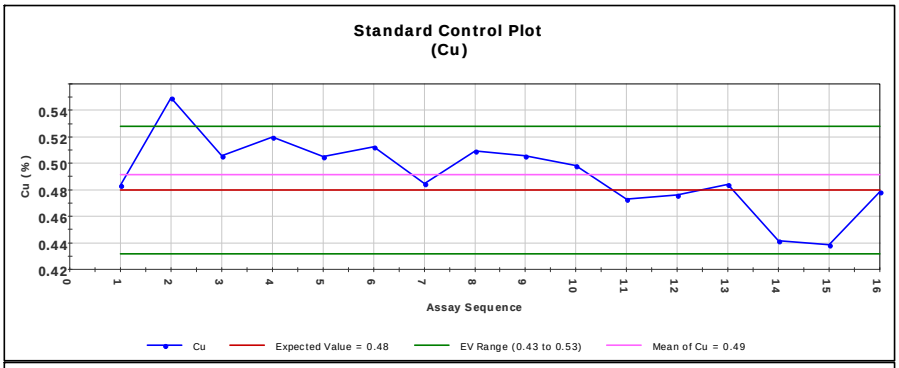
| Standard | Au (g/t) | Cu (%) | Ag(g/t) | Mo (%) | Comment |
|---|---|---|---|---|---|
| CU157 | 0.84 | 0.48% | 15 | 0.057% | Used for RC samples |
| CU159 | 2.14 | 0.51% | 49 | 0.104% | |
| 0176 | 0.117 | 0.629% | 1.0478 | | Used for channel samples |

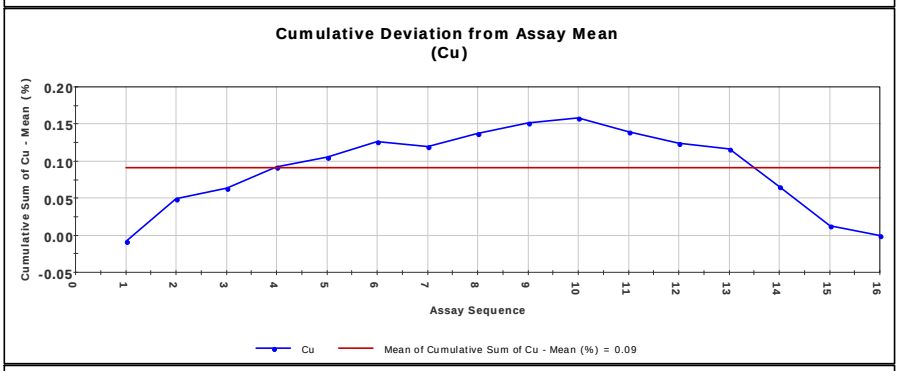
As shown in Figures 11.3.2_1, 2, 3&4, standards CU157 and CU159 for RC samples exhibit an acceptable performance with 94 - 100% of results within tolerance and a low bias of less than 4%.

**Figure 11.3.2_1**
**Standard CU157 for Cu**

# Standard CU157 (Cu)

| | | | | |
|---|---|---|---|---|
| Standard: | CU157 | | No of Analyses: | 16 |
| Element: | Cu | | Minimum: | 0.44 |
| Units: | % | | Maximum: | 0.55 |
| Detection Limit: | | | Mean: | 0.49 |
| Expected Value (EV): | 0.48 | | Std Deviation: | 0.03 |
| E.V. Range: | 0.43 to 0.53 | | % in Tolerance | 93.75 % |
| | | | % Bias | 2.45 % |
| | | | % RSD | 5.51 % |



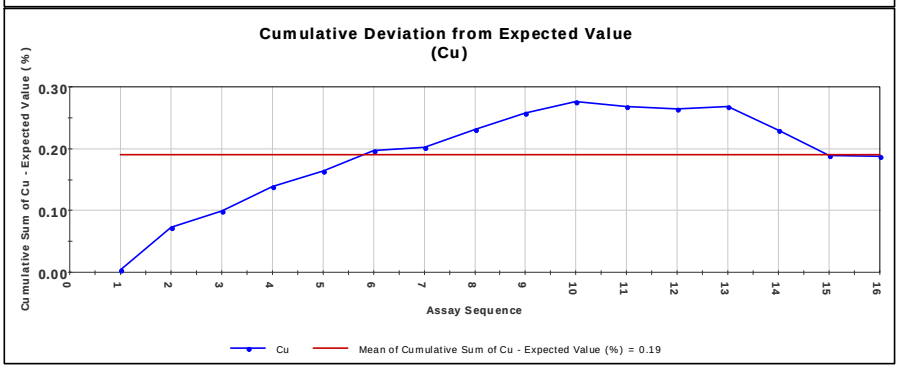
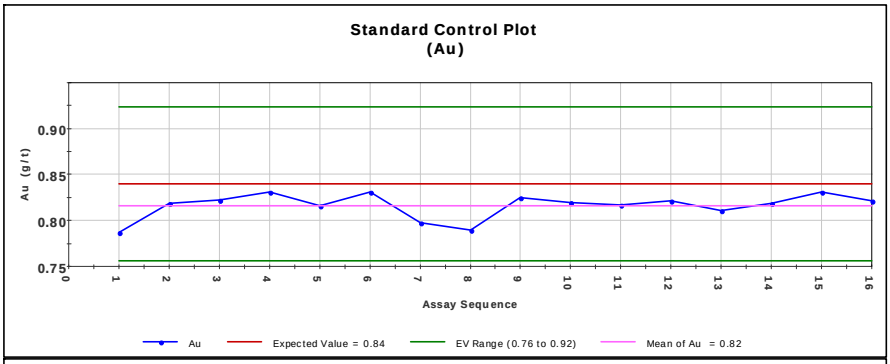
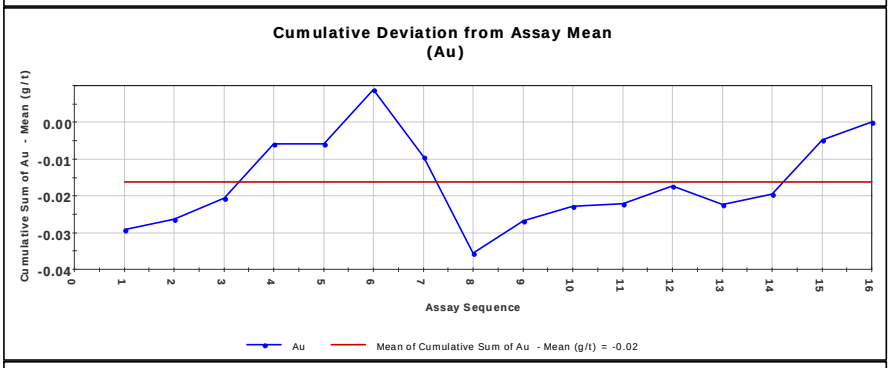



**Figure 11.3.2_2**
**Standard CU157 for Au**

# Standard CU157
# (Au)

| | | | | |
|---|---|---|---|---|
| Standard: | CU157 | | No of Analyses: | 16 |
| Element: | Au | | Minimum: | 0.79 |
| Units: | g/t | | Maximum: | 0.83 |
| Detection Limit: | | | Mean: | 0.82 |
| Expected Value (EV): | 0.84 | | Std Deviation: | 0.01 |
| E.V. Range: | 0.76 to 0.92 | | % in Tolerance | 100.00 % |
| | | | % Bias | -2.83 % |
| | | | % RSD | 1.60 % |



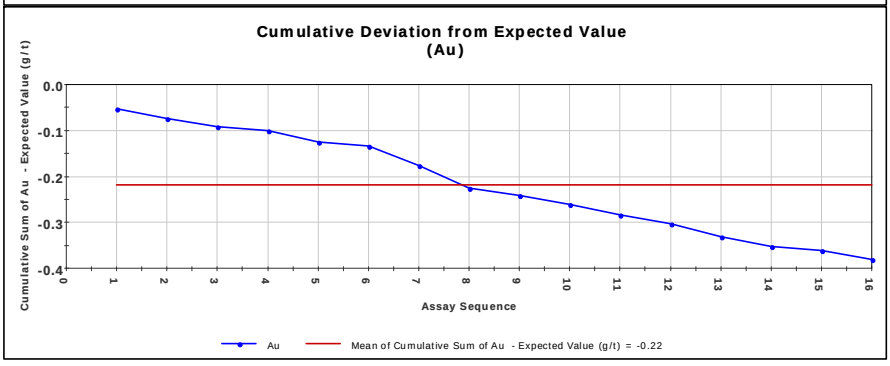
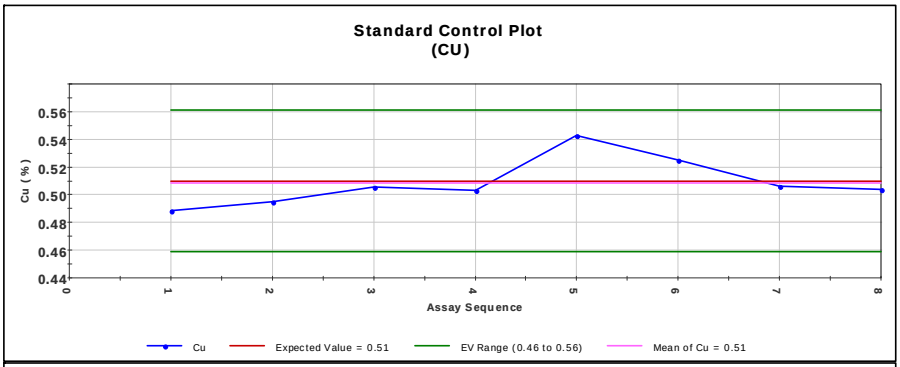
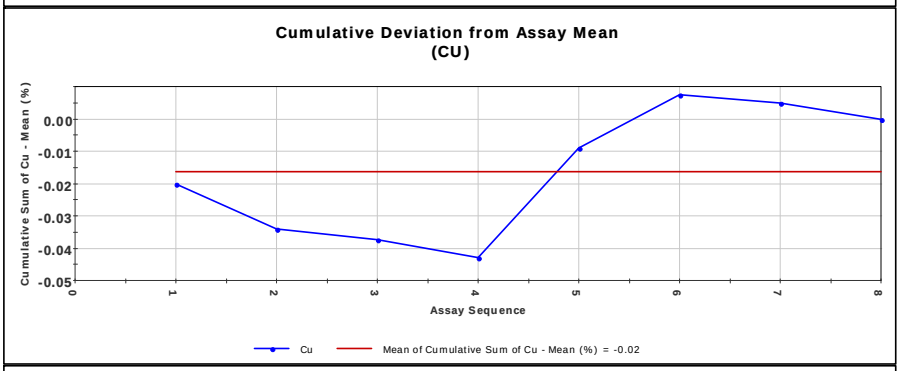



**Figure 11.3.2_3**
**Standard CU159 for Cu**

# Standard CU159 (CU)

| | | | | |
|---|---|---|---|---|
| Standard: | CU159 | | No of Analyses: | 8 |
| Element: | Cu | | Minimum: | 0.49 |
| Units: | % | | Maximum: | 0.54 |
| Detection Limit: | - | | Mean: | 0.51 |
| Expected Value (EV): | 0.51 | | Std Deviation: | 0.02 |
| E.V. Range: | 0.46 to 0.56 | | % in Tolerance | 100.00 % |
| | | | % Bias | -0.24 % |
| | | | % RSD | 3.17 % |



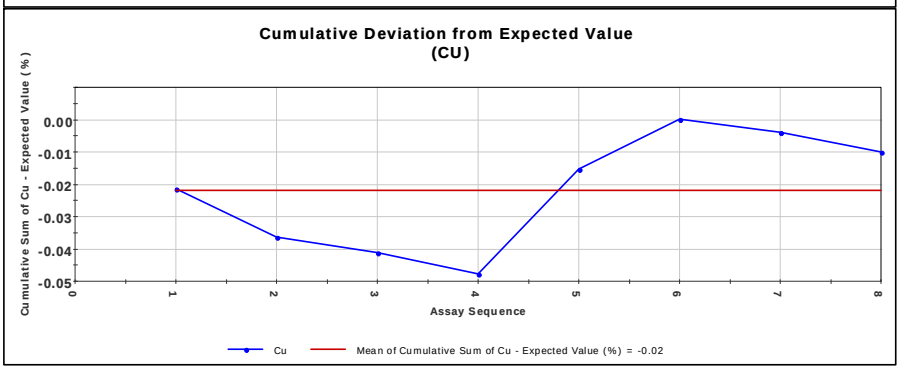
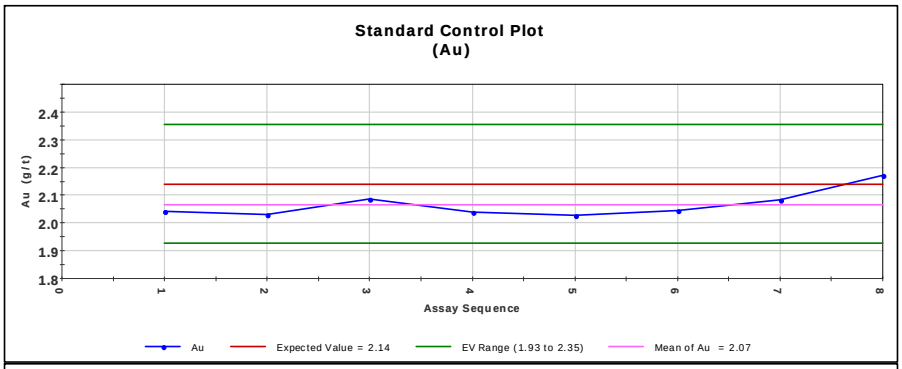
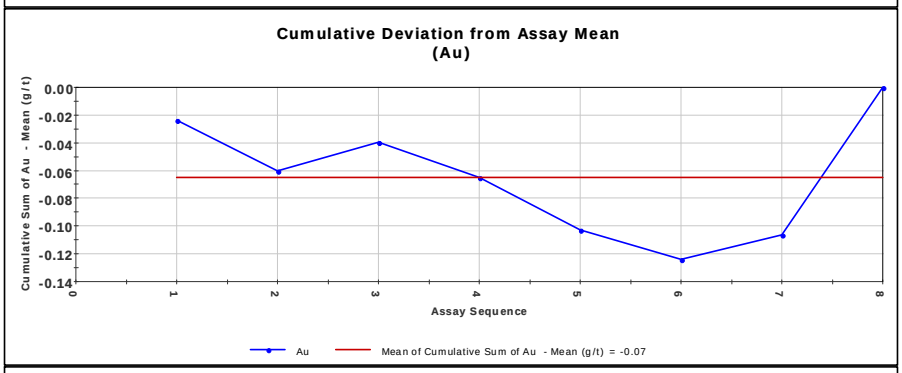



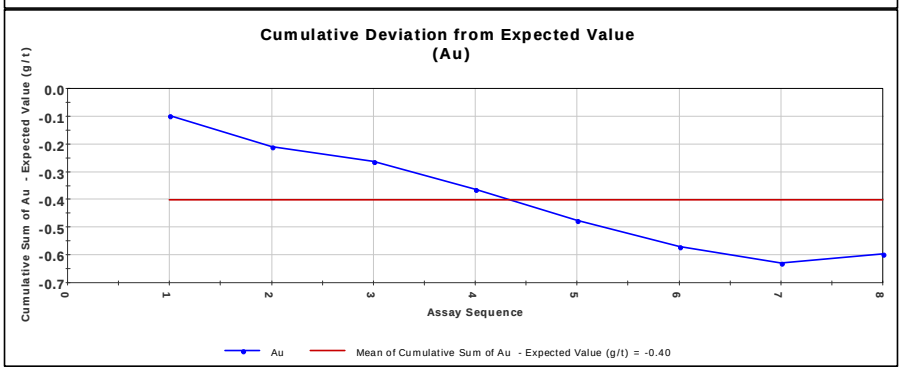
**Figure 11.3.2_4**
**Standard CU159 for Au**

# Standard CU159
# (Au)

| | | | | |
|---|---|---|---|---|
| Standard: | CU159 | | No of Analyses: | 8 |
| Element: | Au | | Minimum: | 2.03 |
| Units: | g/t | | Maximum: | 2.17 |
| Detection Limit: | - | | Mean: | 2.07 |
| Expected Value (EV): | 2.14 | | Std Deviation: | 0.05 |
| E.V. Range: | 1.93 to 2.35 | | % in Tolerance | 100.00 % |
| | | | % Bias | -3.48 % |
| | | | % RSD | 2.20 % |



Inspectorate laboratory standard

In addition to Alder's (the Optionee) QA/QC program the laboratory has established an internal system that includes insertion of standards every 30 samples. As indicated in Table 11.3.2_2, the assay results of higher grade samples are more accurate than the lower grade ones. The difference between expected grade (>2352) and actual result of the standards is between -5.45 and 5.37%, within the tolerance range and acceptable. The standards with expected grade of 27ppm resulted in a bias of -26% to -19%, which is outside the tolerance. Since the copper grade of samples used for this resource estimation is between 0.01% - 4.21%, the QP is of the opinion the copper assay results are acceptable.

**Table 11.3.2_2**
**Rosita Project**
**Laboratory standards for Cu**

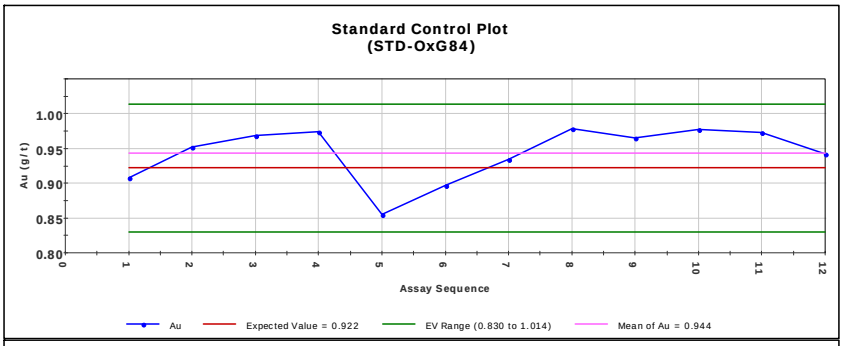
| Standard | Cu (ppm) | Cu Difference (%) |
|---|---|---|
| STD-CDN-ME-12 expected | 4195 | |
| STD-CDN-ME-12 result | 4186 | -0.21 |
| STD-CDN-ME-6 expected | 6130 | |
| STD-CDN-ME-6 result | 6063 | -1.09 |
| STD-CDN-ME-6 result | 6459 | 5.37 |
| STD-CDN-ME-6 result | 5796 | -5.45 |
| STD-CDN-ME-6 result | 5890 | -3.92 |
| STD-CDN-ME-6 result | 6268 | 2.25 |
| STD-CDN-ME-6 result | 6133 | 0.05 |
| STD-CDN-ME-6 result | 5960 | -2.77 |
| STD-CDN-ME-6 result | 6137 | 0.11 |
| STD-CDN-ME-6 result | 5998 | -2.15 |
| STD-OREAS92-2A expected | 2352 | |
| STD-OREAS92-2A result | 2312 | -1.70 |
| STD-OREAS92-2A result | 2308 | -1.87 |
| STD-OREAS92-2A result | 2259 | -3.95 |
| STD-OREAS92-2A result | 2269 | -3.53 |
| STD-OREAS92-2A result | 2286 | -2.81 |
| STD-CDN-ME-16 expected | 6710 | |
| STD-CDN-ME-16 result | 6967 | 3.83 |
| STD-CDN-ME-16 result | 6689 | -0.31 |
| STD-DS-1 expected | 27 | |
| STD-DS-1 result | 21 | -22.22 |
| STD-DS-1 result | 20 | -25.93 |
| STD-DS-1 result | 20 | -25.93 |
| STD-DS-1 result | 22 | -18.52 |

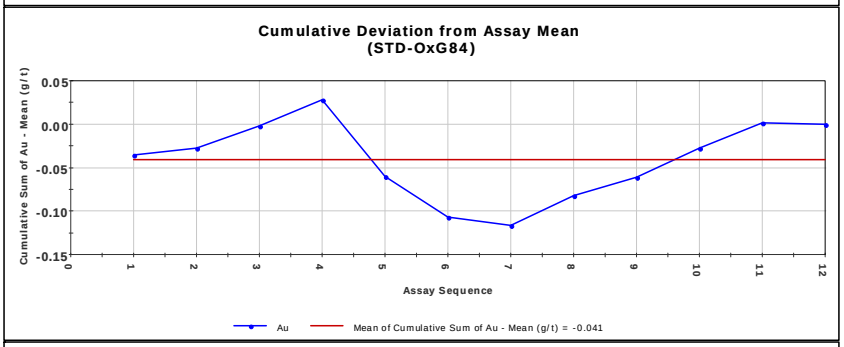
Gold standards of Inspectorate's laboratory are displayed in Figures 11.3.2_5, 6 &7. All results are within the tolerance and showing low positive bias of 2 - 4%, which illustrates the analysis performance satisfied the industry requirement.

**Figure 11.3.2_5**
**Inspectorate Standard STD-OxG84 for Au**

## Inspectorate Lab Standard (STD-OxG84)

| | | | | |
|---|---|---|---|---|
| Standard: | 0.922 | | No of Analyses: | 12 |
| Element: | Au | | Minimum: | 0.855 |
| Units: | g/t | | Maximum: | 0.978 |
| Detection Limit: | 0.005 | | Mean: | 0.944 |
| Expected Value (EV): | 0.922 | | Std Deviation: | 0.037 |
| E.V. Range: | 0.830 to 1.014 | | % in Tolerance | 100.000 % |
| | | | % Bias | 2.350 % |
| | | | % RSD | 3.947 % |



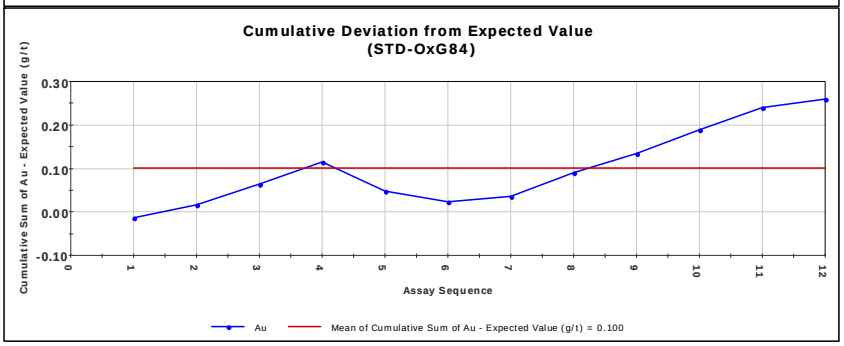
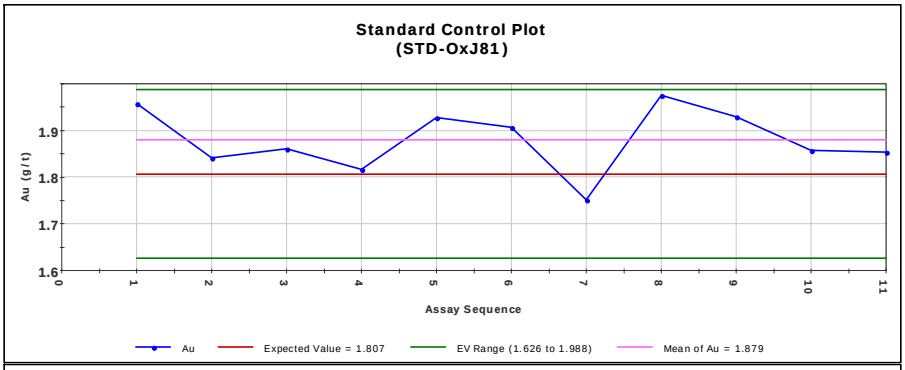
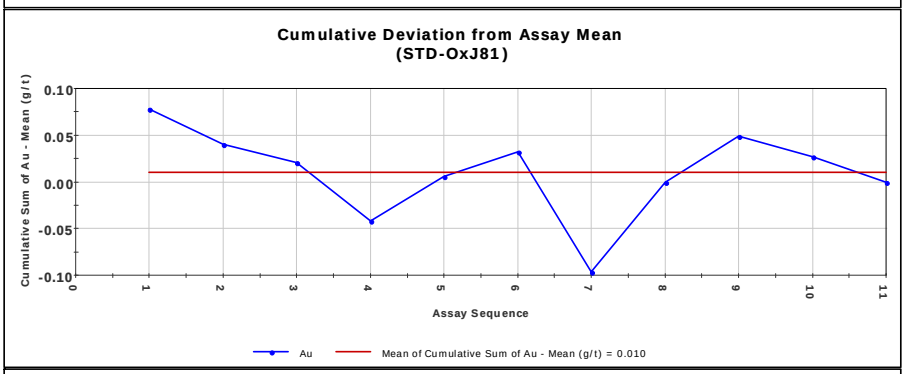



**Figure 11.3.2_6**
**Inspectorate Standard STD-OxJ81 for Au**

## Inspectorate Lab Standard (STD-OxJ81)

| | | | | |
|---|---|---|---|---|
| Standard: | 1.807 | | No of Analyses: | 11 |
| Element: | Au | | Minimum: | 1.751 |
| Units: | g/t | | Maximum: | 1.975 |
| Detection Limit: | 0.005 | | Mean: | 1.879 |
| Expected Value (EV): | 1.807 | | Std Deviation: | 0.063 |
| E.V. Range: | 1.626 to 1.988 | | % in Tolerance | 100.000 % |
| | | | % Bias | 4.010 % |
| | | | % RSD | 3.363 % |



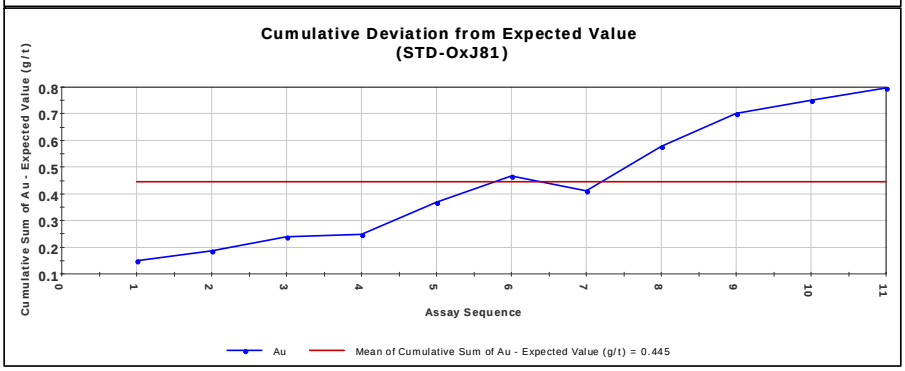
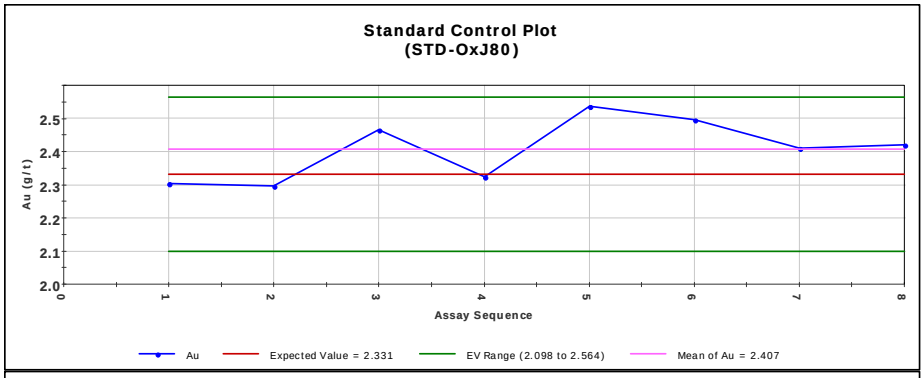
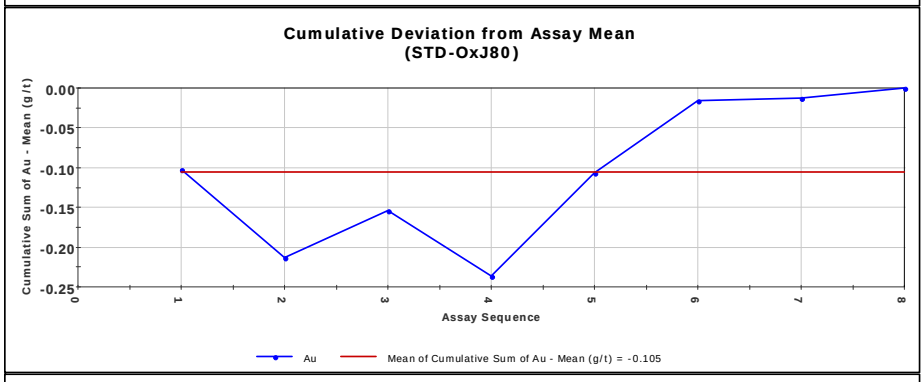



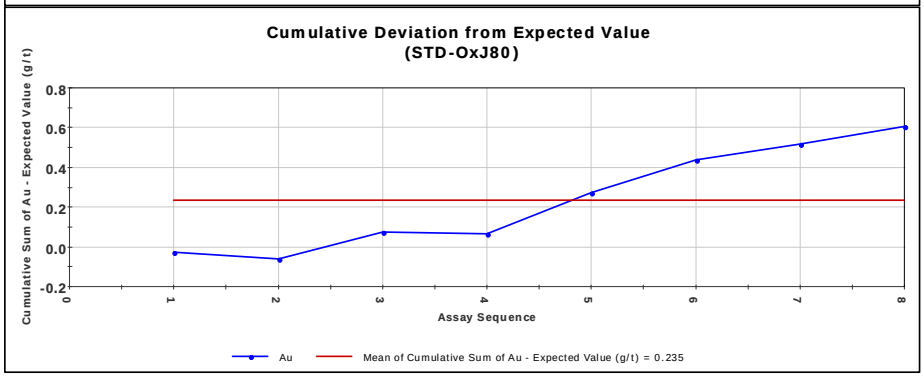
**Figure 11.3.2_7**
**Inspectorate Standard STD-OxJ81 for Au**

## Inspectorate Lab Standard (STD-OxJ80)

| | | | | |
|---|---|---|---|---|
| Standard: | 2.331 | | No of Analyses: | 8 |
| Element: | Au | | Minimum: | 2.296 |
| Units: | g/t | | Maximum: | 2.537 |
| Detection Limit: | 0.005 | | Mean: | 2.407 |
| Expected Value (EV): | 2.331 | | Std Deviation: | 0.085 |
| E.V. Range: | 2.098 to 2.564 | | % in Tolerance | 100.000 % |
| | | | % Bias | 3.244 % |
| | | | % RSD | 3.552 % |



The overall number of standards employed by Alder, as Optionee, and Inspectorate achieved the recommended industry minimum of 5%.

Duplicates

Duplicate sample data contains information from field duplicate samples, split samples collected after pulverisation and pulp re-assays. Alder, as Optionee, submitted 24 duplicates excluding drilling drillhole 2011-705 and 2012-732 which were drilled into bedrock; and Inspectorate laboratory selected 55 duplicates for Cu and Ag, 45 for Au, which made up 8.8% of duplicates over 899 RC samples analysed.

Summary statistics and charts for copper and gold duplicate analyses are shown in Figures 11.3.2_8 & 9. The duplicates exhibit excellent precision with 90% of Au and 94% of Cu duplicates within a 10% Rank HARD limit. The means for copper are similar with 739ppm versus 754ppm, and 0.48g/t versus 0.54g/t for gold.

**Figure 11.3.2_8**
**Cu Duplicates Statistics and Charts**

# RC Sample Duplicates (Cu)

| | Cu | Cu Dup | Units | | | Result |
|---|---|---|---|---|---|---|
| No. Pairs: | 79 | 79 | | | Pearson CC: | 0.99 |
| Minimum: | 1.23 | 1.25 | ppm | | Spearman CC: | 1.00 |
| Maximum: | 10,000.00 | 10,000.00 | ppm | | Mean HARD: | 2.61 |
| Mean: | 1,759.28 | 1,782.80 | ppm | | Median HARD: | 1.00 |
| Median | 739.00 | 754.00 | ppm | | | |
| Std. Deviation: | 2,248.92 | 2,305.31 | ppm | | Mean HRD: | -0.23 |
| Coefficient of Variation: | 1.28 | 1.29 | | | Median HRD | 0.00 |

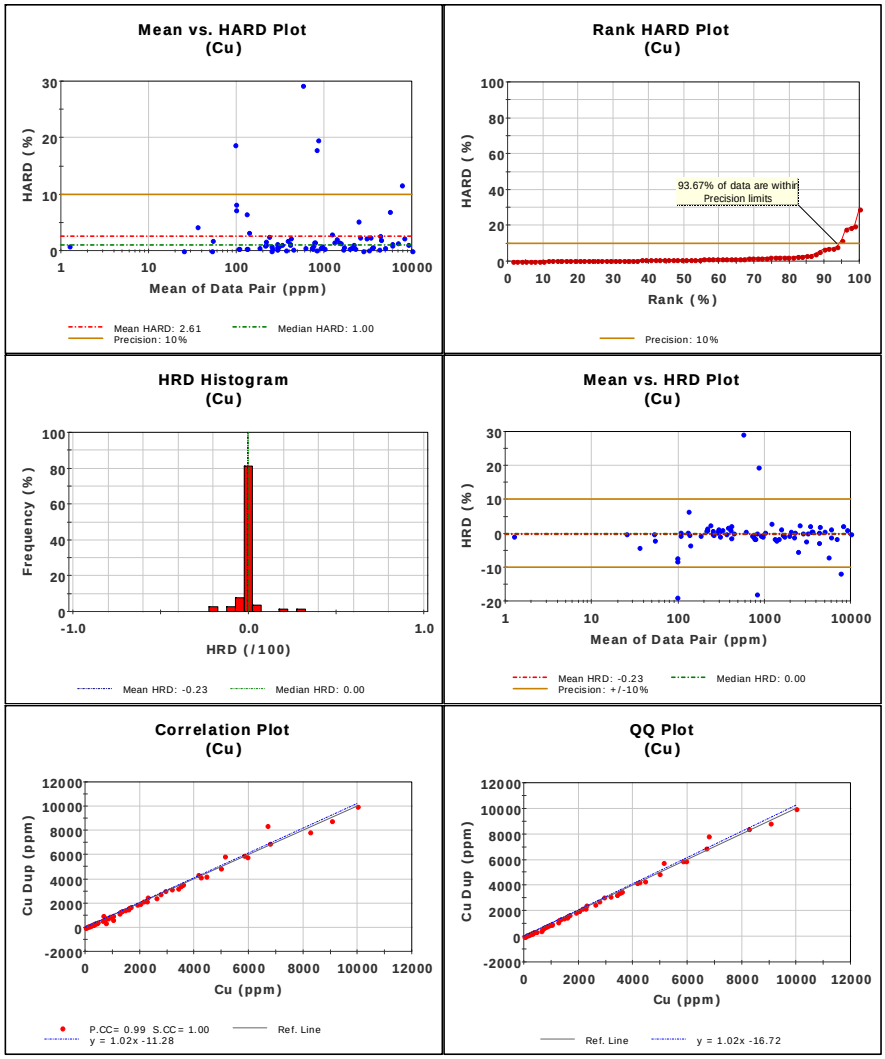
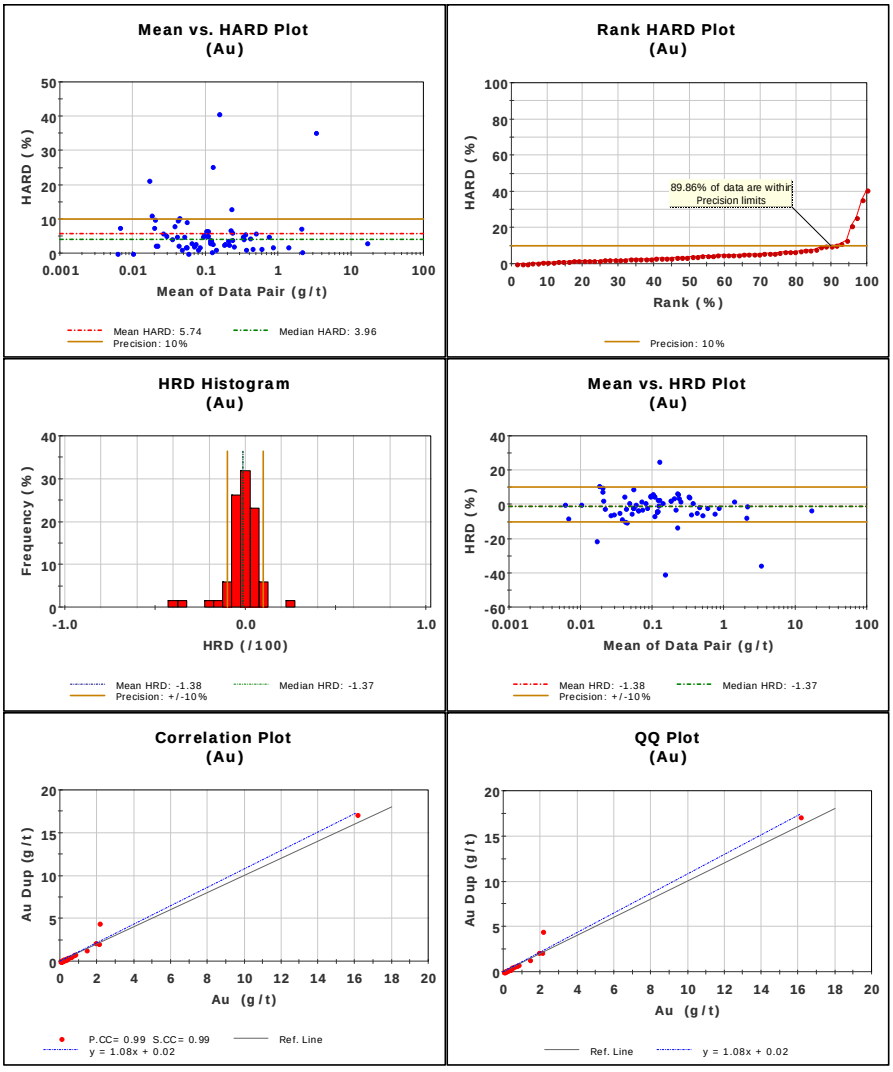


**Figure 11.3.2_9**
**Au Duplicates Statistics and Charts**

# RC Sample Duplicates (Au)

| | Au | Au Dup | Units | | | Result |
|---|---|---|---|---|---|---|
| No. Pairs: | 69 | 69 | | | Pearson CC: | 0.99 |
| Minimum: | 0.01 | 0.01 | g/t | | Spearman CC: | 0.99 |
| Maximum: | 16.12 | 17.15 | g/t | | Mean HARD: | 5.74 |
| Mean: | 0.48 | 0.54 | g/t | | Median HARD: | 3.96 |
| Median | 0.11 | 0.10 | g/t | | | |
| Std. Deviation: | 1.95 | 2.11 | g/t | | Mean HRD: | -1.38 |
| Coefficient of Variation: | 4.05 | 3.94 | | | Median HRD | -1.37 |



Blanks

*Laboratory Blanks*

A total of 72 blanks were inserted by Inspectorate Laboratory for Cu and Ag, and 33 blanks for Au. 90% of blanks contained Cu below the detection limit of 1ppm with a high of 7ppm. 97% of blanks had Ag below the detection limit 0.1g/t with the high grade of 0.2g/t. 58% of blanks resulted in Au below the detection limit of 0.005g/t with a high of 0.009g/t.

*Alder (the Optionee) Blanks*

Blanks used by Alder (the Optionee) consisted of a lithic tuff purchased from Managua. A total of 32 blanks were inserted for auditing, and results are tabulated in Table 11.3.2_3.

**Table 11.3.2_3**
**Rosita Project**
**Alder (the Optionee) Blank Statistics**

| Element | # of Samples | Minimum % | Maximum % | Mean % | Std Deviation |
|---|---|---|---|---|---|
| Cu | 32 | 0.0086 | 0.0142 | 0.0109 | 0.0014 |
| Au | 32 | <0.005 | 0.011 | 0.0079 | 0.0018 |

## 11.4 Comments on Sample Preparation, Analyses and Security

Sample preparation, analyses, and security were generally performed in accordance with exploration best practices and industry standards. Security measures implemented to ensure the integrity of the samples are considered by Coffey Mining to be adequate relative to the low technical risk of the project.

The QA/QC procedures adopted for the project are reasonable and it is the opinion of Coffey Mining that the QA/QC protocols meets industry standards and the resulting analyses are appropriate for use in resource estimation studies.

# 12 DATA VERIFICATION

## 12.1 Independent Sampling

A total of 7 samples were collected by Mr. Wu of Coffey Mining during his site visit, of which 5 samples were from 5 different stockpiles and 2 samples from tailings. Sample locations are shown in Figure 12.1_1, and results are presented in Table 12.1_1. Two samples from the North and South stockpiles were taken from the walls of mining pits dug by local miners.

**Figure 12.1_1**

**Location of Independent Samples**

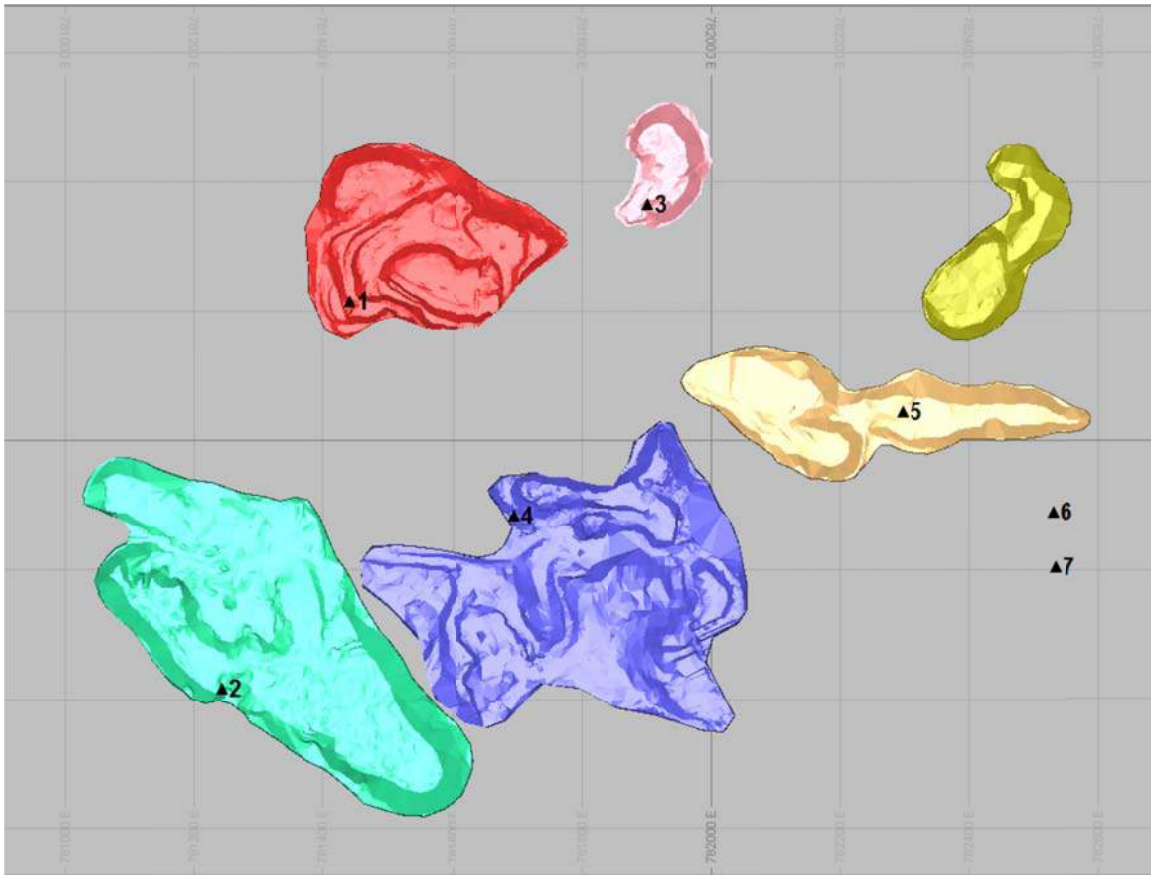


**Table 12.1_1**

**Rosita Project**

**Grab Sample and Results**

| Sample ID | Location | Cu (%) | Au (g/t) | Ag (g/t) |
|---|---|---|---|---|
| 1 | North Stockpile | 0.74 | 1.86 | 12.2 |
| 2 | Southwest Stockpile | 0.17 | 0.11 | 4.7 |
| 3 | Northeast Stockpile | 0.22 | 0.12 | 10.6 |
| 4 | South Stockpile | 0.42 | 0.27 | 5.0 |
| 5 | East Stockpile | 0.50 | 0.40 | 4.5 |
| 6 | Tailing | 0.05 | 0.19 | 14.0 |
| 7 | Tailing | 0.02 | 0.24 | 15.4 |

Once the independent samples were collected and sealed, they were trucked to the Inspectorate laboratory in Managua. Chain of custody was maintained during shipment to the laboratories. All samples were registered and weighed while Mr. Wu was watching in the laboratory.

The independent samples gave similar results to the channel and RC samples and confirmed the mineralization of the stockpiles.

## 12.2 Verification of Data

Coffey Mining has conducted a variety of data validation routines to verify the robustness of the resource database. These activities have included:

- Handheld GPS to check the coordinates of channels and RC drillhole collars in the field and compare with the supplied database. Differences were reasonable considering the accuracy of the handheld GPS.
- Comparison of original laboratory return certificates to the Alder (the Optionee) database. 52% of RC sample assay results were verified and no error was found in the database.
- Projected channel and RC drillhole on surveyed topography. Because channel samples were surveyed with a handheld GPS by Alder (the Optionee) staff, while the topography was surveyed by a contractor with total station GPS, most of the channel sample did not project on the topography surface. Therefore, the coordinates of the channel samples have been modified by Coffey Mining to support this resource estimation. It is recommended that Alder, as Optionee, should consistently conduct the survey using the same system to avoid these problems happening again in future.
- Elevation of RC drillhole 2011-704 was adjusted since the drillhole was 11m below the topographic surface.

- Few typing errors in the Alder (the Optionee) database were found against the original field loggings.

The verification checks highlight the assay database was considered appropriate for the use in the following resource estimation.

It is recommended that Alder, as Optionee, should centralize all data and information of the project in the database as soon as possible. The data received by Coffey Mining for this study were provided by different staff and contracted survey data were not stored in the database on the date of the QP site visit.

# 13 MINERAL PROCESSING AND METALLURGICAL TESTING

There has been no mineral processing or metallurgical testing done on the stockpiles. According to historical documents, the Rosita mine used the leach-precipitation-flotation method to process material with copper grades over 2% for recovering copper and gold. The metal recovery was 50 - 80%.

It is recommended that Alder, as Optionee, should undertake mineral processing or metallurgical testing on the stockpile material in the near future to advance the project toward possible production.

# 14 MINERAL RESOURCE ESTIMATES

In April 2012, the first resource estimate for six Rosita stockpiles was conducted. The Qualified Person responsible for the stockpile resource estimate was Mr. Yungang Wu, who is a Resource Geologist with the consultancy Coffey Mining Pty Ltd. The Qualified Persons' certificate for Mr Wu is included in this report. The details of the resource estimation are summarized in the following section.

## 14.1 Resource database

This mineral resource database comprises 55 RC drillholes and 17 channel samples from six historical mine stockpiles. The database and topographic survey data were provided by Alder (the Optionee) and the database cut-off date for the resource estimation purposes was April 23, 2012. A total of 1,232 assay results were employed for the resource estimation.

Coffey Mining imported the collar, survey and assay data into Datamine Studio 3, a commercial mining software program. The database validation has been executed by checking missing intervals, overlapping intervals and channel and drillhole collar against surface topography.

## 14.2 Key Assumptions of Estimation

A total of 40 RC samples at 1.52m interval were not collected due to poor recovery, of which 31 were located in the stockpiles. The grades of the missing samples were assigned using the average grade of the nearest 2 samples. The comparison of grades before and after assigning the missing interval is exhibited in Table 14.2_1 & 2.

**Table 14.2_1**

**Rosita Project**

**RC Samples Excluding Missing Intervals**

| FIELD | NSAMPLES | MINIMUM | MAXIMUM | MEAN | VARIANCE | STANDDEV | SKEWNESS |
|---|---|---|---|---|---|---|---|
| Au (g/t) | 528 | 0.01 | 16.12 | 0.36 | 0.66 | 0.81 | 14.22 |
| Ag (g/t) | 528 | 0.00 | 71.40 | 6.18 | 67.51 | 8.22 | 3.46 |
| Cu (%) | 528 | 0.01 | 4.07 | 0.40 | 0.27 | 0.52 | 3.66 |
| CuEq (%) | 528 | 0.02 | 10.61 | 0.69 | 0.68 | 0.83 | 4.87 |
| Cu_per_O | 22 | 0.01 | 4.07 | 0.30 | 0.76 | 0.87 | 3.75 |
| Cu_per_S | 329 | 0.00 | 1.15 | 0.13 | 0.03 | 0.16 | 2.53 |

**Table 14.2_2**

**Rosita Project**

**RC Samples including Assigned Grade for Missing Intervals**

| FIELD | NSAMPLES | MINIMUM | MAXIMUM | MEAN | VARIANCE | STANDDEV | SKEWNESS |
|---|---|---|---|---|---|---|---|
| Au (g/t) | 562 | 0.01 | 16.12 | 0.35 | 0.63 | 0.79 | 14.60 |
| Ag (g/t) | 562 | 0.00 | 71.40 | 6.06 | 64.99 | 8.06 | 3.49 |
| Cu (%) | 562 | 0.01 | 4.07 | 0.39 | 0.26 | 0.51 | 3.74 |
| CuEq (%) | 562 | 0.02 | 10.61 | 0.67 | 0.65 | 0.81 | 4.97 |
| Cu_per_O | 22 | 0.01 | 4.07 | 0.30 | 0.76 | 0.87 | 3.75 |
| Cu_per_S | 333 | 0.00 | 1.15 | 0.13 | 0.03 | 0.16 | 2.54 |

It is indicated that the mean of Cu, Au and Ag all decreased by 2.5% for Cu, 2.8% for Au and 1.9% for Ag after assigning a value for missing samples. However, the changes are minor and acceptable for estimation purposes.

The channel sample locations have been modified where necessary to match with the topography; this was caused by using different survey systems. The elevation of RC drillhole 2011-704 has been adjusted 11m up to match the topography.

## 14.3 Geological Model

Coffey Mining created a topographic surface using survey data and stockpile wireframes for each stockpile. There are no survey data available for the stockpile bases (the original landscape); the stockpile bases were therefore defined only by drillholes which intersected bedrock according to the geological logging.

A small stockpile between North and South stockpile was not modeled since only one RC drillhole was drilled on it.

## 14.4 Composites

Over 99% of RC sample lengths are 1.52m and channel sample interval varies from 0.53 to 3.24m. In order to normalize the weight of influence of each sample, Coffey Mining regularized the assay intervals by compositing the drillhole and channel data into 1.52m lengths using wireframe boundaries. The composites had no influence on R-13 and Northeast stockpile as all samples were collected at 1.52m intervals.

## 14.5 Top Cut

A statistical analysis was carried out on composite data for each stockpile to determine appropriate top cuts for resource estimation. The approach taken included:

- Review of the 3D grade distribution;
- Review of the histogram and probability plots with significant breaks in populations used to identify possible outliers;
- Ranking of the individual composites and investigating the effect of the higher grades upon the standard deviation and the mean of the data population.

As shown in Table 14.5_1, the top cuts resulted in a decrease of the naïve mean. Sensitivity analysis indicated that the effect of the top cut was not significant to the overall estimates, but produced better grade estimates for the project.

**Table 14.5_1**
**Rosita Project**
**Summary of Capping**

| | North Stockpile | | East Stockpile | | Northeast Stockpile | | | |
|---|---|---|---|---|---|---|---|---|
| | Au (g/t) before Cut | Au (g/t) after Cut | Ag (g/t) before Cut | Ag (g/t) after Cut | Cu (%) before Cut | Cu (%) after Cut | Ag (g/t) before Cut | Ag (g/t) after Cut |
| Count | 193 | 193 | 108 | 108 | 21 | 21 | 21 | 21 |
| Minimum | 0.03 | 0.03 | 0.7 | 0.7 | 0.11 | 0.11 | 2.3 | 2.3 |
| Maximum | 13.1 | 3.53 | 70.6 | 44 | 4 | 1.37 | 49.1 | 30.8 |
| Mean | 0.59 | 0.54 | 10.2 | 9.69 | 0.64 | 0.48 | 11 | 9.15 |
| Variance | 1.19 | 0.41 | 108 | 76.04 | 0.66 | 0.1 | 110 | 37.69 |
| Std. Dev | 1.09 | 0.64 | 10.4 | 8.72 | 0.81 | 0.32 | 10.5 | 6.14 |
| Coeff.Var. | 1.85 | 1.19 | 1.02 | 0.9 | 1.3 | 0.66 | 0.95 | 0.67 |

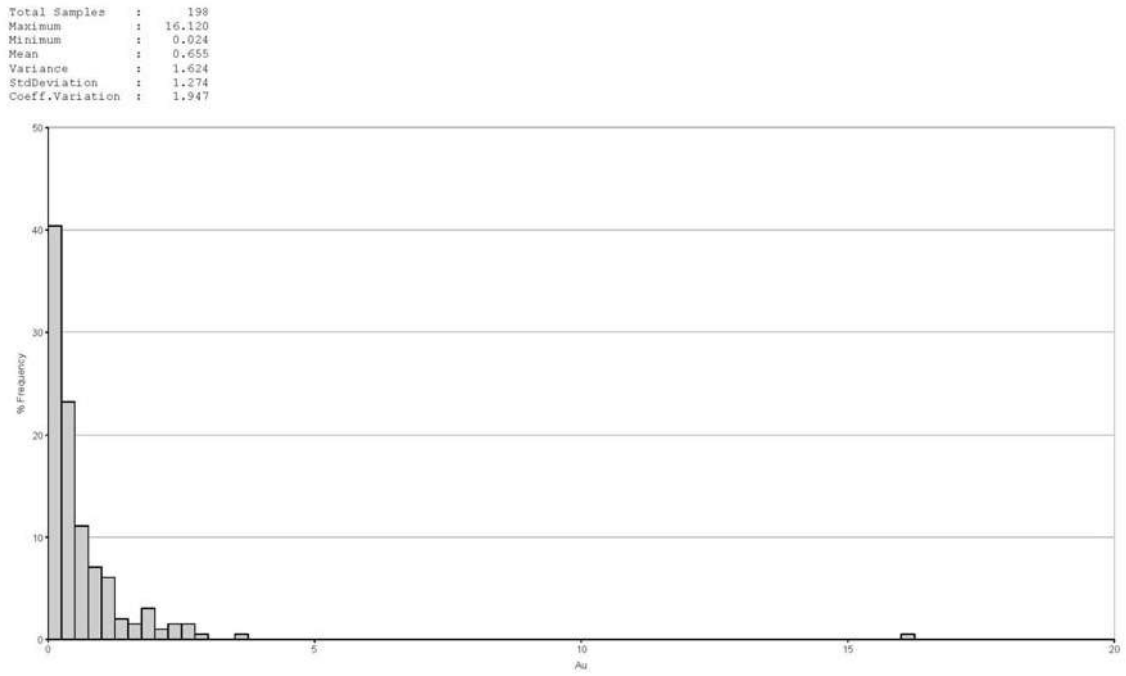
The outlier grades have been substituted by the average of the drillhole in which the samples were taken. Table 14.5_2 presents the capped grades.

**Table 14.5_2**
**Rosita Project**
**Summary of Capped Grades**

| Stockpile | Element | Grade Before Capping | Capped Grade |
|---|---|---|---|
| North | Au | 16.12g/t | 3.27g/t |
| East | Ag | 71.4g/t | 18.8g/t |
| Northeast | Cu | 4.07% | 0.73% |
| | Ag | 49.9g/t | 11.6g/t |

Au grade of sample 330005 from North stockpile was 16.12g/t and after compositing was 13.1g/t. The Au grade mean of the stockpile before capping was 0.66g/t. The Au grade has been substituted with the drillhole average Au grade of 3.27g/t. The Statistics of North stockpile are presented in Figure 14.5_1.

**Figure 14.5_1**
**Rosita Project**
**Histogram for Au of North Stockpile**



Cu and Ag grade of sample 331027 from the Northeast stockpile was 4.07% and 49.9g/t respectively. The Cu grade mean of the stockpile before capping was 0.64% and Ag mean was 10.97g/t. The Cu and Ag grades have been capped with the drillhole average Cu grade of 0.73% and Ag 11.6g/t. The Statistics of Northeast stockpile are presented in Figure 14.5_2 and 3.

**Figure 14.5_2**

**Histogram for Cu of Northeast Stockpile**

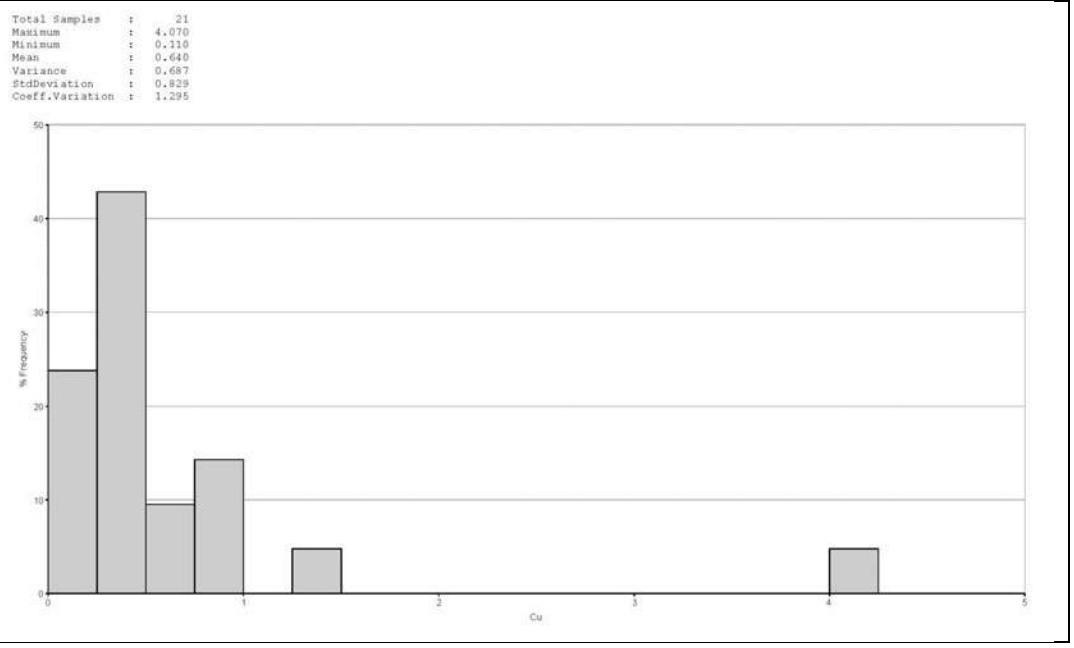
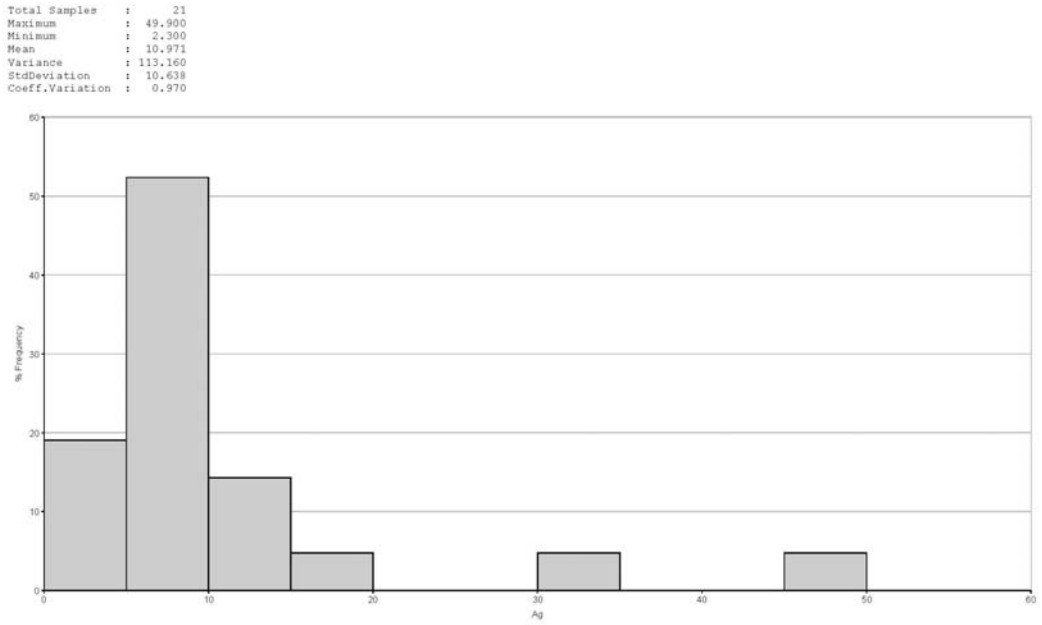


**Figure 14.5_3**

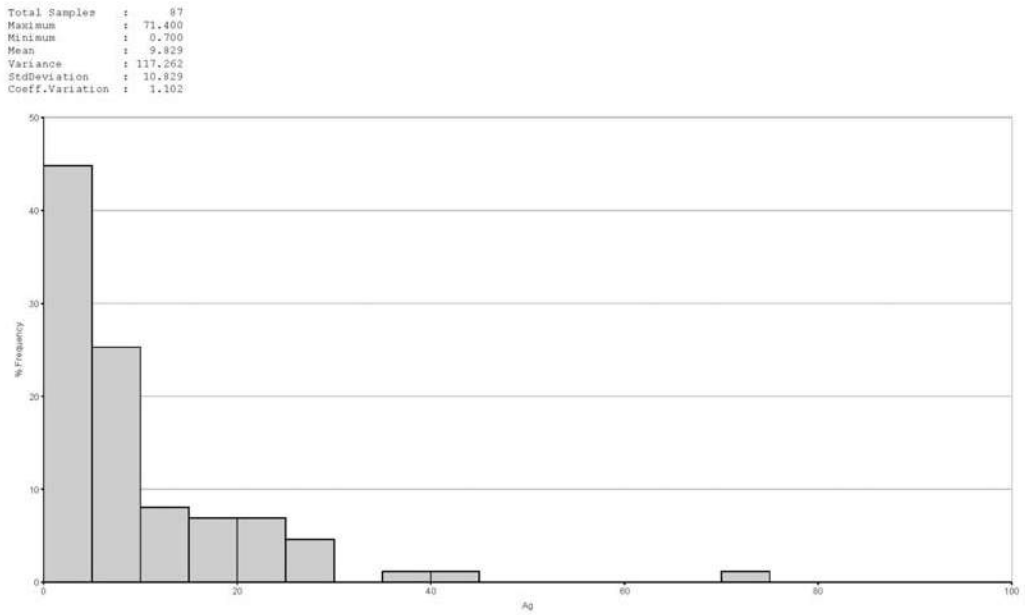
**Histogram for Ag of Northeast Stockpile**




Ag grade of sample 330939 from the East stockpile was 71.4g/t, while the mean of the stockpile before capping was 9.8g/t. The Ag grade has been substituted with the drillhole average Ag 18.8g/t. The Statistics of East stockpile are presented in Figure 14.5_4.

**Figure 14.5_4**

**Histogram for Ag of East Stockpile**




## 14.6 Density

Table 14.6_1 shows the density used for the resource estimation.

**Table 14.6_1**

**Rosita Project**

**Bulk Density Applied for Resource Estimate**

| Stockpile | Dry Bulk Density |
|---|---|
| North Stockpile | 1.94 |
| South Stockpile | 1.86 |
| Northeast Stockpile | 2.08 |
| R-13 Stockpile | 1.85 |
| Southwest Stockpile | 2.21 |
| East Stockpile | 2.06 |

Dry densities of North, South and Southwest stockpile were calculated using the average wet bulk density and moisture content. Dry densities of Northeast and R-13 stockpile were defined using

wet mini bulk density and moisture content. Considering that the mini bulk sample results likely undervalued the densities, a factor of overall average bulk density/mini bulk density was applied to the estimation of the density for where there are no bulk density measurements. Density of the East stockpile was estimated using the average of all density values as there was no density sample measurement done on this stockpile.

## 14.7 Block Model Construction

Block models were created using Datamine Studio 3 mining software with a parent cell size of 100m (Easting) by 100m (Northing) by 5m (RL) which was sub-blocked down to 2.5m (Easting) by 2.5m (Northing) by 0.625m (RL). No rotation was applied to the block model.

## 14.8 Grade Estimation

Resource estimates were completed using a block modelling method. The grades have been interpolated using an Inverse Distance powered by 2 (ID2) estimation techniques.

ID2 belongs to a distance-weighted interpolation class of methods, similar to Kriging, where the grade of a block is interpolated from several composites within a defined distance range of that block. ID2 uses the inverse of the distance between a composite and the block as the weighting factor.

For comparison and cross checking purposes, a Nearest Neighbour ("NN") technique was utilized. In the NN method, the grade of a block is estimated by assigning only the grade of the nearest composite to the block. The results of the interpolation approximated the average grade of the all the composites used for the estimate.

Considering the data density and the nature of stockpile, Coffey Mining believes ID2 interpolation is appropriate for this study.

Average density of each stockpile detailed in section 14.6 was applied to the resource estimate.

The grade interpolation process included:

- Search volume shape was ellipsoidal and the axis lengths were 100m(X), 100m(Y) and 10m(Z).
- Grade estimation was completed in two passes.
- A minimum of 4 and a maximum of 16 composites were required for estimation in the first pass and a minimum of 1 and a maximum of 16 composites for the second passes.

## 14.9 Block Model Validation

Detailed visual inspection of block grade has been conducted. The visual inspection of block grade versus composited data in section and plan view showed a good reproduction of the data by the model.

A comparison between the ID2 and NN estimates has been completed to check for global bias in the copper, gold and silver grade estimates. Differences were within acceptable levels and generally the grade estimated with ID2 is higher than that using Nearest Neighbour method.

## 14.10 Marginal Cut-off Grade Calculation

Coffey Mining defined a marginal cut-off of 0.15% copper equivalent; and the parameters informing the marginal cut-off calculation are presented in Table 14.10_1. The selected parameters were integrated from several similar published projects.

**Table 14.10_1**
**Rosita Project**
**Cut-off Grade Calculation Parameters**

| Parameters | Value |
|---|---|
| Mine (US$/t) | 1.25 |
| Processing Cost US$/t | 5.5 |
| Recovery (%) | 85 |
| Cu Price (US$/lb) | 2.9 |
| Selling Cost (US$/lb) | 0.53 |
| Cut-off CuEq (%) | 0.15 |

The commodity price was selected using the 3 year trailing average; this showed a copper price of US$2.90/lb, gold price of US$1,200/oz and silver price of US$24/oz.

The formula of copper equivalent calculation is:

Cu Eq (%) = Cu (%)+ Au (g/t) x Au factor+ Ag (g/t) x Ag factor

Where:

- Au factor (%Cu per g/t Au) is 0.6033, recovered dollar value from 1g/t in-situ Au converted to % in-situ Cu.

- Ag factor (%Cu per g/t Ag) is 0.012, recovered dollar value from 1g/t in-situ Ag converted to % in-situ Cu.

## 14.11 Resource Classification

The resource estimate for the Rosita low grade stockpiles has been categorised under the 2010 CIM Definition Standards for Mineral Resources and Mineral Reserves. Inferred Resources have been identified based on the confidence level of the key criteria listed in Table 14.11_1, which were considered during resource classification, accompanied with detailed consideration of the NI43-101 categorisation guidelines. This latter requires that the assumptions for "economic extraction" are stated; in this case the parameters for the cut-off grade calculation presented in Section 14.10 are the assumptions for economic viability.

**Table 14.11_1**
**Rosita Project**
**Confidence Level of Key Categorisation Criteria**

| Item | Discussion | Confidence Level |
|---|---|---|
| Channel Sampling | sampling method was acceptable | Moderate to High |
| Channel Survey | Channel samples did not match topography | Low |
| Topography Survey | Surveyed by certified surveyor with total station | High |
| Stockpile Base | Defined by wide spacing RC drillholes | low |
| Geological Logging | Very brief notes, bedrock contact recognized | Low-moderate |
| RC sampling | Sampling was undertaken in diligent manner | Moderate to High |
| RC collar Survey | Surveyed by certified surveyor with total station | High |
| Quality of Assay | QA/QC was performed within industry acceptable standards | High |
| Density Measurement | Mini bulk sampling undervalue the density; bulk density not sufficient, more samples to be taken | Low |
| Database | Under construction | Moderate |
| Auditing | Coffey Mining has validated the data and reviewed procedures | High |
| Data Density And Distribution | Nominal 100m by 100m | low |
| Estimation and Modeling Techniques | Estimates based on detailed statistics and geostatistical analysis | High |

## 14.12 Mineral Resource Statement

Mineral Resources for the stockpiles were classified under the 2010 CIM Definition Standards for Mineral Resources and Mineral Reserves by application of a cut-off grade that incorporated processing and recovery parameters as presented in Table 14.10_1.

Mineral Resources are tabulated in Table 14.12_1. The Qualified Person for the Mineral Resource estimate is Yungang Wu, P.Geo. Mineral Resources are reported at a long-term copper price of US$2.90/lb, a gold price of US$1,200/oz and a silver price of US$24/oz, and have an effective date of April 23, 2012.

**Table 14.12_1**

**Rosita Project**

**Mineral Resource Statement for Rosita Stockpiles at 0.15% CuEq Cut-off Grade**

**(Yungang Wu P.Geo,. Effective Date April 23, 2012)**

| STOCKPILE | Resource Category | Tonnage (Mt) | Cu (%) | Au (g/t) | Ag (g/t) | CuEq (%) | Copper (Mlb) | Gold (oz) | Silver (oz) |
|---|---|---|---|---|---|---|---|---|---|
| **NORTH** | **Inferred** | 3.33 | 0.78 | 0.58 | 10.3 | 1.25 | 56.99 | 62,100 | 1,100,900 |
| **SOUTH** | **Inferred** | 2.20 | 0.33 | 0.49 | 5.1 | 0.69 | 16.16 | 34,700 | 360,000 |
| **NORTHEAST** | **Inferred** | 0.55 | 0.50 | 0.22 | 9.6 | 0.75 | 6.06 | 3,800 | 168,300 |
| **EAST** | **Inferred** | 1.88 | 0.71 | 0.30 | 12.0 | 1.03 | 29.33 | 17,900 | 725,100 |
| **TOTAL** | **Inferred** | 7.95 | 0.62 | 0.46 | 9.2 | 1.01 | 108.54 | 118,500 | 2,354,300 |

Notes:

1. Mineral Resources base case is reported at a 0.15% copper equivalent cut-off grade; this cut-off incorporates consideration of mining and processing cost, recoveries, commodity price and selling cost.

2. Mineral Resources are reported undiluted.

3. Mineral Resources are reported using a long-term copper price of US$2.90/lb, a gold price of US$1,200/oz and a silver price of US$24/oz.

4. Mineral Resources that are not mineral reserves do not have demonstrated economic viability.

5. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

6. Tonnage and grade measurements are in metric units. Contained gold and silver ounces are reported as troy ounces, contained copper pounds as imperial pounds.

Due to resource block discontinuity and average low grade, considering the mining dilution, Coffey Mining didn't classify R-13 and Southwest stockpile even as inferred resources.

The sensitivity of the mineral resource to an increase in copper equivalent cut-off is shown in Table 14.12_2.

**Table 14.12_2**

**Rosita Project**

**Mineral Resource Statement for Rosita Stockpiles Showing Sensitivity to Various CuEq Cut-offs, with Base Case Highlighted**

| STOCKPILE | CUT-OFF CuEq (%) | TONNAGE (Mt) | Cu (%) | Au (g/t) | Ag (g/t) | CuEq (%) | Contained Metal | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Cu (Mlb) | Au (oz) | Ag (oz) |
| SOUTH STOCKPILE | **0.15** | **2,196,465** | **0.33** | **0.49** | **5.10** | **0.69** | **16.16** | **34,700** | **360,000** |
| | 0.2 | 1,993,769 | 0.36 | 0.52 | 5.52 | 0.74 | 15.90 | 33,500 | 353,800 |
| | 0.25 | 1,803,806 | 0.39 | 0.56 | 5.97 | 0.80 | 15.54 | 32,300 | 346,500 |
| | 0.3 | 1,695,064 | 0.41 | 0.58 | 6.25 | 0.83 | 15.21 | 31,600 | 340,600 |
| | 0.35 | 1,588,780 | 0.42 | 0.60 | 6.52 | 0.86 | 14.82 | 30,800 | 333,200 |
| | 0.4 | 1,411,287 | 0.45 | 0.65 | 7.02 | 0.93 | 14.02 | 29,500 | 318,600 |
| | 0.45 | 1,304,566 | 0.47 | 0.68 | 7.37 | 0.97 | 13.46 | 28,600 | 309,100 |
| | 0.5 | 1,210,721 | 0.48 | 0.71 | 7.70 | 1.01 | 12.91 | 27,800 | 299,600 |
| NORTH STOCKPILE | **0.15** | **3,328,098** | **0.78** | **0.58** | **10.29** | **1.25** | **56.99** | **62,100** | **1,100,900** |
| | 0.2 | 3,328,098 | 0.78 | 0.58 | 10.29 | 1.25 | 56.99 | 62,100 | 1,100,900 |
| | 0.25 | 3,313,843 | 0.78 | 0.58 | 10.32 | 1.25 | 56.94 | 62,100 | 1,099,700 |
| | 0.3 | 3,298,255 | 0.78 | 0.59 | 10.36 | 1.26 | 56.88 | 62,000 | 1,098,400 |
| | 0.35 | 3,275,031 | 0.79 | 0.59 | 10.41 | 1.27 | 56.75 | 62,000 | 1,096,600 |
| | 0.4 | 3,246,286 | 0.79 | 0.59 | 10.48 | 1.27 | 56.60 | 61,800 | 1,093,700 |
| | 0.45 | 3,210,491 | 0.80 | 0.60 | 10.54 | 1.28 | 56.37 | 61,700 | 1,088,200 |
| | 0.5 | 3,164,785 | 0.80 | 0.60 | 10.64 | 1.29 | 56.06 | 61,400 | 1,082,400 |
| NORTHEAST STOCKPILE | **0.15** | **546,214** | **0.50** | **0.22** | **9.58** | **0.75** | **6.06** | **3,800** | **168,300** |
| | 0.2 | 546,214 | 0.50 | 0.22 | 9.58 | 0.75 | 6.06 | 3,800 | 168,300 |
| | 0.25 | 546,214 | 0.50 | 0.22 | 9.58 | 0.75 | 6.06 | 3,800 | 168,300 |
| | 0.3 | 546,214 | 0.50 | 0.22 | 9.58 | 0.75 | 6.06 | 3,800 | 168,300 |
| | 0.35 | 534,502 | 0.51 | 0.22 | 9.67 | 0.76 | 6.00 | 3,800 | 166,100 |
| | 0.4 | 515,964 | 0.52 | 0.23 | 9.80 | 0.77 | 5.90 | 3,800 | 162,600 |
| | 0.45 | 498,471 | 0.53 | 0.23 | 9.93 | 0.79 | 5.79 | 3,700 | 159,100 |
| | 0.5 | 476,981 | 0.54 | 0.24 | 10.07 | 0.80 | 5.64 | 3,600 | 154,500 |
| EAST STOCKPILE | **0.15** | **1,881,657** | **0.71** | **0.30** | **11.98** | **1.03** | **29.33** | **17,900** | **725,100** |
| | 0.2 | 1,881,530 | 0.71 | 0.30 | 11.99 | 1.03 | 29.33 | 17,900 | 725,100 |
| | 0.25 | 1,881,527 | 0.71 | 0.30 | 11.99 | 1.03 | 29.33 | 17,900 | 725,100 |
| | 0.3 | 1,881,527 | 0.71 | 0.30 | 11.99 | 1.03 | 29.33 | 17,900 | 725,100 |
| | 0.35 | 1,862,550 | 0.71 | 0.30 | 12.06 | 1.04 | 29.24 | 17,800 | 722,100 |
| | 0.4 | 1,817,139 | 0.72 | 0.30 | 12.27 | 1.05 | 29.02 | 17,500 | 716,700 |
| | 0.45 | 1,732,511 | 0.75 | 0.30 | 12.66 | 1.08 | 28.56 | 17,000 | 705,100 |
| | 0.5 | 1,658,879 | 0.77 | 0.31 | 13.00 | 1.11 | 28.10 | 16,400 | 693,300 |

All stockpile grades show good continuity with 0.15% CuEq cut-off. With increasing cut-off, the average grade of the stockpiles will be higher; however, the increasing cut-off will break down the resource continuity and/or raise the mining dilution.

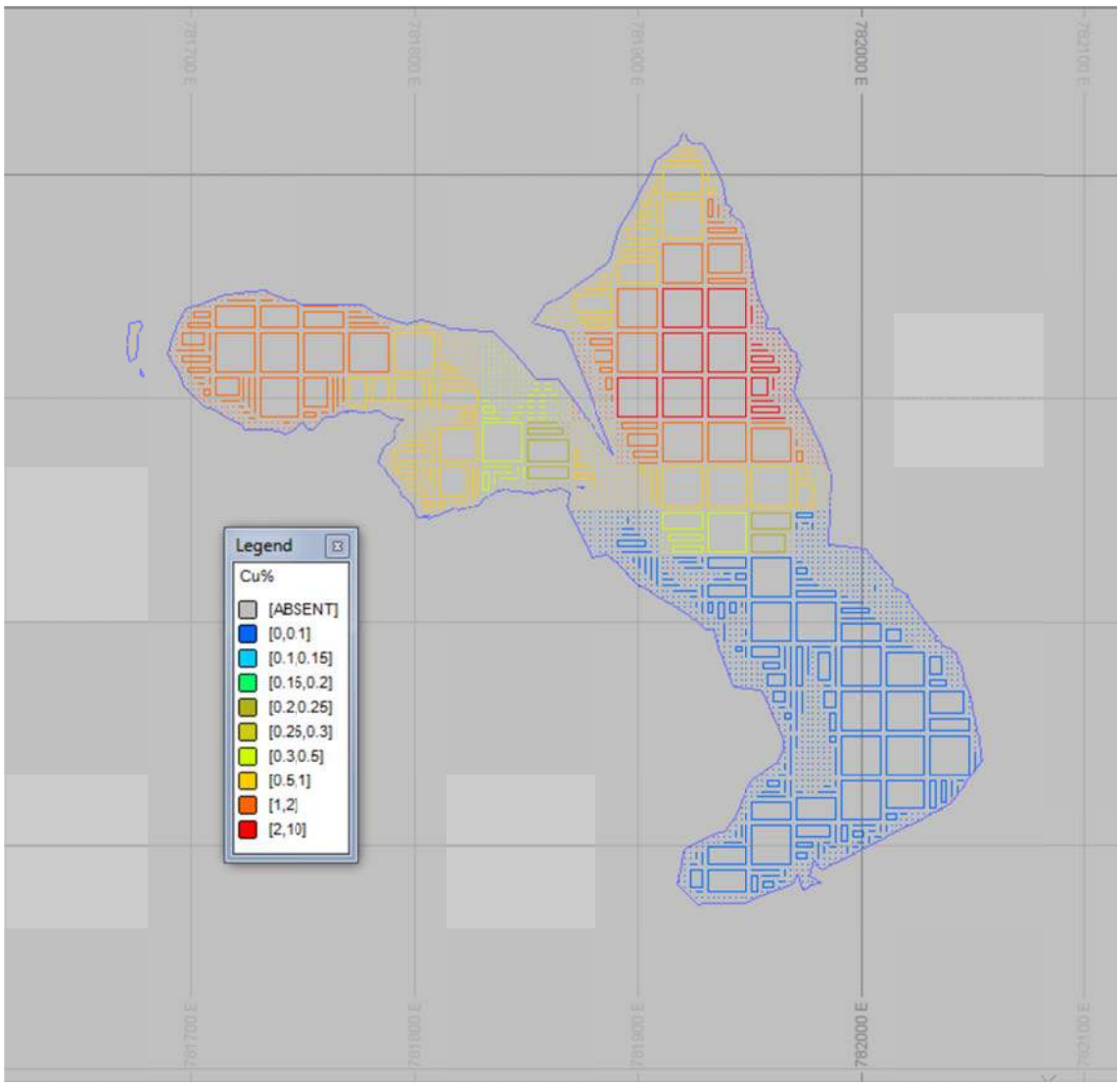
Table 14.12_3 indicates the inferred resources ratio over volume of each stockpile which consists of mineralized material and waste. North, Northeast and East stockpile are entirely classified as inferred resources with grade decreasing at depth. South stockpile comprises only 56% of Inferred Resource located at the northern part of the stockpile as presented in Figure 14.12_1.

**Table 14.12_3**
**Rosita Project**
**Inferred Resource Ratio**

| Stockpile | Resource Tonnage | Stockpile Tonnage | Ratio |
|---|---|---|---|
| **NORTH** | 3,328,098 | 3,327,979 | 1.00 |
| **SOUTH** | 2,196,465 | 3,928,565 | 0.56 |
| **NORTHEAST** | 546,214 | 546,077 | 1.00 |
| **EAST** | 1,881,657 | 1,881,709 | 1.00 |

**Figure 14.12_1**

**Grade distribution at 78m level of South Stockpile**




## 14.13 Factors That May Affect the Mineral Resource Estimate

Areas of uncertainty that may materially influence the Mineral Resource estimates include:

- Long-term commodity price assumptions
- Long-term exchange rate assumptions
- Operating and capital assumptions used

- Metal recovery assumptions used

## 14.14 Comments on Section 14

The QP is of the opinion that the Mineral Resources for the stockpiles have been performed to industry best practices, and conform with the requirements of CIM Definition Standards (2010).

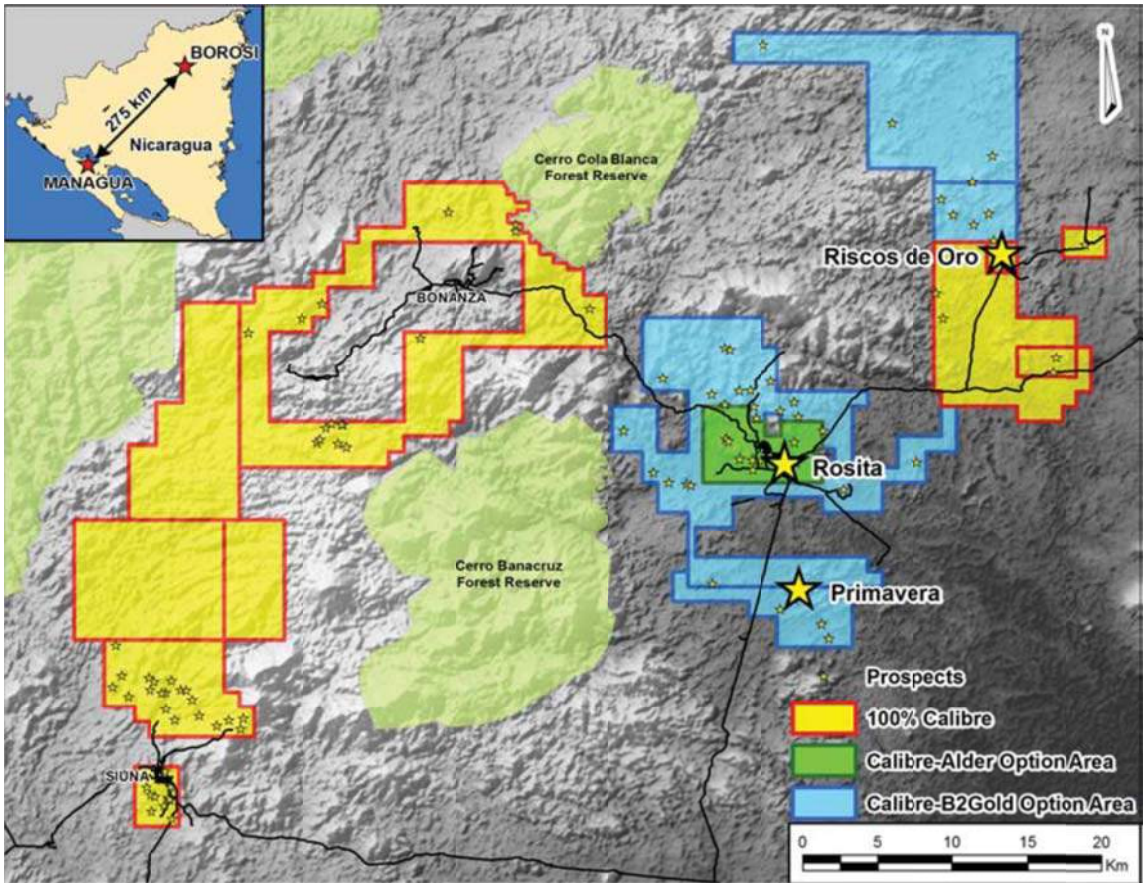
# 15 ADJACENT PROPERTIES

Calibre Mining (2012) has a NI 43-101 compliant inferred resource totalling 835,450 ounces of gold and 4,288,070 ounces of silver on the 100% owned Cerro Aeropuerto and La Luna Prospects within the Borosi concessions. The adjacent project location is presented in Figure 15_1.

Calibre Mining Corp, in conjunction with B2Gold, newly discovered Primavera gold-copper project which is 7.5km south to Santa Rita pit. On Jan 20, 2012, B2Gold Corp. and Calibre Mining announced initial drill results from Primavera where gold and copper mineralization was discovered.

**Figure 15_1**

**Adjacent Properties (sourced from http://www.calibremining.com)**



# 16 OTHER RELEVANT DATA AND INFORMATION

This section is not relevant to this Report.

# 17 INTERPRETATION AND CONCLUSIONS

The QP, as author of this Report, has reviewed the data for the Project and is of the opinion that:

- Mining Option Agreement between Calibre Mining Corp. and Alder and Mining Certificate provided by Alder to Coffey Mining indicates that the mining tenure held by Calibre Mining Corp. in the Rosita Project area is valid, and sufficient to support declaration of Mineral Resources.
- The project includes six mineralized stockpiles of the historical Rosita Mine which was closed in 1975 due to low copper prices and civil unrest.
- The stockpiles consist of a mixture of oxide and sulphide material from Santa Rita pit and R-13 pit, which are skarn type deposits.
- Channel and RC Sampling methods were applied; these techniques fulfill industry standard practice and are acceptable for Mineral Resource estimation purposes.
- Sample preparation, assay and security fulfill industry standard practice. Alder, as Optionee, should change the internal blank-tuff to other material which contains no mineralization. The tuff is proven locally mineralized.
- Topography and most of RC drillhole collars were surveyed by a certified surveyor. The outcome was reliable. Channels and 3 RC drillhole collars surveyed by Alder (the Optionee) using handhold GPS; therefore the channel location did not match to topography well. Channel locations were modified by Coffey Mining for the resource estimation which is considered acceptable for inferred resources.
- Density measurements are not sufficient. Use of the bucket measurement technique seems to underestimate the density due to the compaction and large sized material bias.
- The overall exploration program on the stockpiles was performed appropriately and was acceptable for the resource estimation.
- Geological model using surveyed topography data and drillhole data has been performed to industry best practices.
- Mineral Resources, which were estimated using channel and RC drill data, have been performed to industry best practices, and conform to the requirements of CIM Definition Standards (2010).
- Due to average low grade and resource block discontinuity, considering mining dilution, Coffey Mining did not classify R-13 and Southwest even as inferred resources.

# 18 RECOMMENDATIONS

Alder, as Optionee, is considering advancing the stockpile resource to indicated category; hence, Coffey Mining recommends the next program should aim at:

- Infill drilling in grid 50m by 50m on North and East stockpile to improve the resource to indicated category. At least 20 RC drillholes at average 25m deep, 10 for each stockpile, should be planned. Surface channel sampling is a fast and lower cost option.
- Centralizing the database.
- Continuing bulk density measurements over all stockpiles in multiple locations, accompanied with moisture testwork.
- Using licensed surveyor to survey all data points.
- Auditing samples for assay QA/QC, maintaining a minimum 5%. Selecting new blank material other than the tuff, which is likely to be locally mineralized.
- Mineral processing and metallurgical testwork is recommended in order to understand the material true value.

A simple cost estimate has been proposed by Calibre and is approved by Coffey Mining (Table 18_1).

**Table 18_1**
**Rosita Project**
**Cost Estimate**

| Task | Number | Rate | Item Cost |
|---|---|---|---|
| Infill Drilling | 20 drill holes @ 25m deep | 500m @ $100/m | $50,000 |
| Centralizing Database | | | $25,000 |
| Bulk Density Measurements | | | $10,000 |
| Surveying | | | $25,000 |
| QA/QC | | | $20,000 |
| Metallurgical Testwork | | 20 smpls @$1000 | $20,000 |
| | | | **$150,000** |

# 19 REFERENCES

Arengi, J. T. et al, 2003, Technical Report on the Hemco Concession, Northeast Nicaragua for RNC Gold Inc.; unpublished consultants report, 158 pp.

Bengochea, A., 1963, Northeast mining district (Nicaragua), Part II, General geology and mineral deposits; Publicaciones Geologicas de ICAITI.

Bevan, P. A., 1973, Rosita Mine – a brief history and geologic description; Canadian Institute of Mining and Metallurgy, Bull.

Calibre Mining Corp., 2011, Preliminary Report on the Copper Potential of the Rosita D Concession; Company Report, 54pp.

Calibre Mining Corp., 2012, Fact Sheet,http://www.calibremining.com

Carter, G.S, 2012, Technical Report on the Copper-Gold-Silver Porphyry/Skarn Project at the Rosita D Concession, prepared for Alder Resources, Report for NI 43-101.

CIM. 2010. CIM DEFINITION STANDARDS - For Mineral Resources and Mineral Reserves Prepared by the CIM Standing Committee on Reserve Definitions Adopted by CIM Council on November 27, 2010

QAQC Report-channel sample-rosita, NIC, CERTIFICATES #11-36-09552-01V22 / 09554-01V14 - INSPECTORATE

# Appendix A

**The Mine Certificate**

Gobierno de Reconciliación y Unidad Nacional

El Pueblo, Presidente!

2011: UNIDAD POR EL BIEN COMÚN

**CERTIFICACIÓN**

**LA SUSCRITA DIRECTORA DE LA DIRECCIÓN DE ADMINISTRACIÓN Y CONTROL DE CONCESIONES DE LA DIRECCIÓN GENERAL DE MINAS DEL MINISTERIO DE ENERGÍA Y MINAS, CERTIFICA:**

Que en el Tomo II, Folio No. 156, Asiento No. 420 del Libro de Registro de Derechos Mineros del Registro Central de Concesiones Mineras que lleva esta Dirección, se encuentra debidamente inscrita la Concesión Minera otorgada mediante el Acuerdo Ministerial de Cesión de Derechos No. 55-DM-38-2007 de fecha veinticuatro de agosto del año dos mil siete, sobre el lote denominado **ROSITA D. La empresa titular de la concesión se denomina CXB NICARAGUA, SOCIEDAD ANONIMA (CXB, S.A.).**

La Concesión fue originalmente otorgada a la empresa HEMCO DE NICARAGUA, SOCIEDAD ANONIMA mediante Acuerdo Ministerial No. 018-RN-MC/94 de fecha diez de junio del año mil novecientos noventa y cuatro y posteriormente cedida a la empresa DESARROLLO MINERO DE NICARAGUA, SOCIEDAD ANÓNIMA (DESMINIC) por Acuerdo Ministerial No. 634-RN-MC/2006 de fecha veinticinco de octubre del año dos mil seis, cediéndose mediante el Acuerdo Ministerial No. 55-DM-38-2007 a la empresa YAMANA NICARAGUA S.A., la cual ha cambiado de razón social pasando a llamarse CXB NICARAGUA, SOCIEDAD ANONIMA (CXB, S.A.).

La concesión minera denominada **ROSITA D** está libre de gravamen y tiene una vigencia de 50 años contados a partir de la fecha de certificación del Acuerdo Ministerial No. 018-RN-MC/1994 y se encuentra amparada por las disposiciones contenidas en el mismo.

Se extiende la presente Certificación a solicitud del Señor Favio Batres P. en la ciudad de Managua a los veintiún días del mes de septiembre del año dos mil once.

MINISTERIO DE ENERGIA Y MINAS * REGISTRO DE DERECHOS CONCESIONES MINERAS * DIRECCION GENERAL DE MINAS *

**MARITZA CASTILLO CASTILLO**
Directora de Administración y Control de Concesiones Mineras
Dirección General de Minas
Ministerio de Energía y Minas

PODER CIUDADANO
Nicaragua Gana con Vos!

Seguimos Cambiando Nicaragua!
CRISTIANA, SOCIALISTA, SOLIDARIA!

Ministerio de Energía y Minas
Del portón del Hospital Bautista 1c. abajo, 125 vrs. al lago,
Apdo.CJ-159 Teléfono: (505) 2280-9500 Fax: 2251-0240
http://www.mem.gob.ni

# Appendix B

**The LaboratoryCertificate**

# ABS Quality Evaluations

## Certificate Of Conformance

This is to certify that the Quality Management System of:

**Inspectorate America Corporation**

**Houston - O&P Headquarters**
**12000 Aerospace Avenue, Suite 200**
**Houston, TX 77034**
**U.S.A.**

**(WITH ADDITIONAL FACILITIES LISTED ON ATTACHED ANNEX)**

has been assessed by ABS Quality Evaluations, Inc. and found to be in conformance with the requirements set forth by:

**ISO 9001:2008**

The Quality Management System is applicable to:

**OIL, PETROLEUM, CHEMICALS, METALS, MINERALS AND COMMERCIAL INSPECTION, TESTING AND VERIFICATION SERVICES**

| | |
|---|---|
| Certificate No: | 30406 |
| Certification Date: | 20 May 1993 |
| Effective Date: | 25 April 2011 |
| Expiration Date: | 15 April 2014 |
| Issue Date: | 19 May 2011 |

Validity of this certificate is [illegible] except, written notification [illegible]

# Appendix C

**Certificate of Qualified Person**

**CERTIFICATE OF YUNGANG WU**

I, Yungang Wu, P.Geo., as the author of this report entitled "NI 43-101 Technical Report on Mineral Resource Estimate of Rosita Stockpiles" prepared for Calibre Mining Corp. and with effective date May 8, 2012, do hereby certify that:

1. I was, at the effective date of this report, a resource geologist with Coffey Mining of 20 Meteor Drive, Toronto, Ontario, M9W 1A4, Canada.

2. I am a graduate of Jilin University, China in 1992 with a Master Degree. I have practised my profession continuously since graduation.

3. I am registered as a Professional Geologist in the Province of Ontario (Reg. #1681). I have worked as a geologist for a total of 20 years since my graduation. My relevant experience for the purpose of the Technical Report is:

   -Resource estimation on precious and base metal resource estimation in China

   -Mineral exploration on precious metal, diamond and base metal in Canada and China

4. I have read the definition of "qualified person" set out in National Instrument 43 101 (NI43-101) and certify that by reason of my education, affiliation with a professional association (as defined in NI43-101) and past relevant work experience, I fulfil the requirements to be a "Qualified Person" for the purposes of NI43-101.

5. I visited the Rosita Stockpile project in RAAN, Nicaragua on March 20-24, 2012.

6. I am responsible for preparation of all sections of the Technical Report.

7. I am independent of the Issuer applying the test set out in Section 1.5 of National Instrument 43-101.

8. I have had no prior involvement with the property that is the subject of the Technical Report.

9. I have read National Instrument 43-101F1, and the Technical Report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1.

10. To the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Dated 6th day of July 2012


Yungang Wu, P.Geo