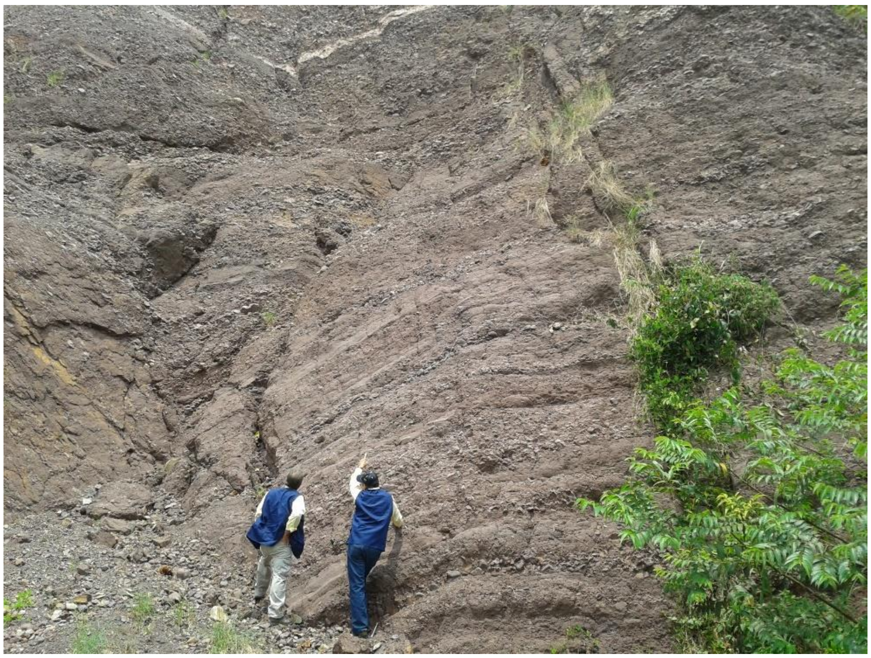
Technical Report on the Rionegro Project, Santander, Colombia.



For Alicanto Mining Corp.

204-133 Richmond Street West, Toronto, ON, M5H2L3, Canada

By Ricardo A. Valls, P. Geo., M. Sc.
Fenix Geoconsult Ltd.

June 26, 2014

Table of Contents

List of Figures

List of Tables

1.0 Summary

Alicanto Mining Corp., through its fully owned Colombian subsidiary Alicanto Colombia S.A.S., has applied for two licenses in the Rionegro area (PCL-11051 and PCL-11341), Northwest of Bucaramanga, encompassing placer alluvial and paleoplacers of the main river (Lebrija) and the host rocks from a large Horst/Graben structure. The two licenses add to 187.7 km^2. The Company also purchased a 7.66 km^2 concession contract (JG3-16392) within the limits of these applications. An initial budget of US$384,000 is proposed to explore and develop these licenses. On May 7, 2014, Alicanto Mining Corp. entered into an agreement with Affinity Gold Corp. ("Affinity") for the acquisition by Affinity of a 49% interest in the Rionegro Project subject to an investment by Affinity of US$250,000, with the possibility to acquire an additional 26% at a price to be negotiated and incorporating a free carried interest for the remaining 25% for Alicanto.

1.1 Introduction

P. Geo. Ricardo Valls (the “QP”) from Fenix Geoconsult Ltd. was retained by Mr. Raziel Zisman Executive Chairman of Alicanto Mining Corp. (the “Client”), to prepare a Technical Report on the Rionegro Project located in the Department of Santander, Colombia.

The QP visited the project several times since the last week of February 2014 and is very familiar with the geology of Colombia and has previous experience in similar environments.

1.2 Reliance on Other Experts

This technical report represents the professional opinion of Ricardo A. Valls, P. Geo. from Fenix Geoconsult Ltd. The purpose of this report is to provide a summary of the ore potential of the Rionegro Project, in Santander, Colombia. This report complies with the standards required by NI 43-101 and Form 43-101F. The opinions expressed herein are based on data and information supplied by, or gathered from, the Client and reflects the opinion of the QP.

This document has a preliminary character and is subject to inherent limitations in light of the scope of work, the methodology, and procedures used. This document is meant to be read as a whole and portions thereof should not be read or relied upon unless in the context of the whole.

The QP has reviewed the mineral tenure and has independently verified the legal status, ownership of the Project area and the underlying property agreements. The QP has fully relied upon, and disclaims responsibility for, information provided by Sr. Geologist Dr. Jorge Cruz Martín, President of Geoconsultora Fénix S.A.S. who visited the area several times before while negotiating the acquisition of the property as well as from Freddy Vladimir Jones Navas, Mining and Environmental Comptroller from Geoconsultora Fénix S.A.S. that reviewed all the land status of the project, and was able to verify them on the web site of the Agencia Nacional de Minería, and is satisfied with regard to the project status and legal title to the project. The QP believes that he has a reasonable basis for such reliance.

Finally, the reader should notice the signature date of this report, which is the cut-off date for the information that is included in the present technical report.

1.4 Project Description and Location

The present report covers the applications of the Client in the Rionegro Project. The applied licenses cover an area of 187.7 km^2 located some 30 km Northwest by road from the city of Bucaramanga, in Santander, Colombia. The Company also purchased a 7.66 km^2 concession contract (JG3-16392) within the limits of these applications.

1.5. Accessibility, Climate, Vegetation, Local Resources, Infrastructure, and Physiography

1.5.1 Accessibility and Physiography

The Rionegro Project is located 32 kilometres northwest from the city of Bucaramanga. There are several access to the property by a paved road and then the last few kilometres by the ancient tracks of a railroad that used to serve the city of Bucaramanga and was discontinued. It takes around 2½ hours to get to the site from the city of Bucaramanga and with the exception of some wooden bridges, it does not require a 4x4 vehicle.

The Rionegro Project is located on a plateau in the Cordillera Oriental of the Colombian Andes. Westbound of it, the Rio de Oro Canyon is located at an altitude of 600 meters a.s.l. Eastbound, the Andean Range rises up in high peaks, reaching almost 3,700m a.s.l. in the place locally known as "Páramo de Berlin". The city is located at 7°08′N 73°08′W.

The Rionegro is a Horst/Graben system with relative steep walls on both sides of the river basin, but significantly more so on the Eastern wall.

1.5.2 Climate and Vegetation

Under the Köppen climate classification[1], Rionegro features as a tropical monsoon climate, though it’s a noticeably cooler version of the climate. It falls just short of a tropical rainforest climate as its driest month, January, averages just under 60 mm (2 in) of rainfall. Altitude affects not only temperature, but also vegetation. In fact, altitude is one of the most important influences on vegetation patterns in Colombia. The area can be worked all year around.

1.5.3 Infrastructure and Local Resources

contract (JG3-16392). Besides regional work completed by geologist from Ingeominas, there are no previous geological studies completed in the area.

1.7 Geological Setting and Mineralization

1.7.1 Regional Geology

The project area is located in the lower transition zone between the western flank of the Eastern Cordillera and the Middle Magdalena Valley. In the area outcrop Paleozoic to Cretaceous carbonate rocks and Quaternary unconsolidated materials and sedim1 0 0 1 522l(m)18(a)14(t)6

The QP recommends an exploration program to start on a selected 1 km^2 area within the concession JG3-16392. The program includes a production phase and will require around six months and US$384,000.

The QP recommends to study the area using a combination of GPR, geochemistry, and pitting. In order to get the best results from the GPR and the geochemistry, six pits will be dug in an area of 1 km^2 that was selected based on the information provided by the locals about having found here the largest gold nuggets in the area of the license. The pits will have an area of 1 x 2 m and will be dug until the basal conglomerate, which is estimated to be no deeper than 10 m in this area. Pits along each profile will be separated 400 m. Profiles will be separated also at 400 m. There will be a displacement along the direction of each profile of 200 m.

It may be possible to use a retro-excavator to open the first 2-3 metres of each pit. The rest of the pits will be done manually by two teams of three workers each. It is also estimated that each team can complete each pit in four (4) days.

Inside each pit, we will define the most probable exploitation horizons (clay, sand, and conglomerates). Detailed logging of each pit will be done by a geologist. From each horizon a 30 litre bulk sample will be taken and processed in accordance with the flowchart described in the main text. At this stage, the objective is to define the granulometry of each horizon, the total amount of gold by INAA, to get an idea of recoverable gold by panning, and to calibrate both the GPR and the soil sampling. Two other samples will be taken for a Falcon and a separating table to do the corresponding test when we get these equipment.

Once the calibration of both methods is achieved, we will cover the whole test area of the license with GPR and soil sampling at a grid of 50 x 200m, with details of 25x100m if needed. The objective is to define an area for exploitation. The targets will be tested using drilling (Sonic, auger drilling, etc.) in a grid of 50 x 200m.

One of the main objectives of the exploration stage is to prepare a mining plan and to define the most efficient exploitation technique to be used at this deposit. It is estimated that the exploitation could start in less than three months after the start of the current exploration program. It is strongly recommended to consider starting with smaller unit until we get more experience in exploiting these placers.

1.10 Drilling

No drilling has been conducted at the area.

1.11 Sample Preparation, Analyses, and Security

The QP has recommended a full QA&QC program for the project that includes the use of blanks every 33 samples, duplicates every 20 samples, and certified standards every 50 samples (or a minimum of 1 per batch).

All the staff of the Company has been trained in accordance with CIM Exploration Best Practices Guidelines.

1.12 Data Verification

Since this is an area of active exploitation of gold placers both by locals and artisanal miners, and also because there are no resource estimations to be reported at this time, the QP considers that there is sufficient proof of mineralization in the area. Apart from some HMC panned on the Lebrija River that confirmed the presence of gold, the QP believes that there is no need of further data verification.

1.13 Mineral Resources Estimates

Based on the production parameters of the target that is being exploited presently downstream from the target to be explored by the Client, for a volume of 1000x1000x10 metres and grades varying from 0.3 to 1.5 g/m^3, the QP estimates a potential mineralized zone of approximately 106,000 to 530,000 ounces. These estimates are of order of magnitude and they do not meet the criteria of a Mineral Resource.

1.14 Adjacent Properties

There are several licences for Coal in the area, most of them about to expire. Some 4 km downstream of the concession contract (JG3-16392) and inside the license application PCL-11051 of the Client, there is a mining operation conducted by a Colombian company (Mineral La Luisa S.A.S) on the paleoplacers from an independent mining license (IH8-11141) belonging to Luis Eduardo Valdivieso Barco. There are no other adjacent properties in the vicinity of the Rionegro target.

Minera La Luisa S.A.S. has just recently completed the first front of operations and has open four (4) new fronts to continue their operations The QP feels that mentioning the existence of these deposits is relevant to this report because it gives the reader an indication of the extrapolated potential of the Rionegro Project. However, the reader must be clear that the existence of such mineralization in nearby locations is not necessarily indicative of the mineralization of the Rionegro Project.

1.15 Interpretation and Conclusions

The Rionegro Project represents a Horst/Graben PZ-K structure covered by Quaternary sediments and intruded by a felsic intrusive of possible Tertiary age. The host rocks present a geological similarity to the Witwatersrand type of deposits. Besides this type, there are active placers and paleoplacers that can be exploited for precious metals, as well as other products.

The lineament analysis show a circular structure, which was shown to be associated with a felsic intrusive that could have been the key for the remobilization and concentration of gold associated with zones of hydrothermal and metasomatic alterations, controlled by the sub-parallel faults.

There is the possibility of starting production on some of the current placers and self-finance the exploration of the paleoplacers and the conglomeratic rocks.

1.16 Recommendations

Once the contract for the licenses along the river have been signed, the QP recommends a

HMC[2] survey of the Lebrija River within the limits of such license, as well as some of its tributaries. The objective is to find the best areas for an industrial operation of up to 200 t/h to obtain not only the precious metals, but also magnetite and other products that could be commercialized.

Depending on financing, a GPR program should be completed to identify paleoplacers in the banks of the Lebrija River. The GPR will identify potential banks that will be then tested by pitting and geochemistry.

Finally, the source of the precious metals will be explored in the conglomerates and other host rocks using a combination of lineament analysis, satellite interpretation, mapping, geophysics, and geochemistry (FG *csa*™).

1.17 Proposed Budget

In order to study both targets in this project, a budget of US$383,634 has been estimated (See details on Table 6 and Fig. 24). The propose exploration program will be to define the best place to commence exploitation on the paleoplacers and to define drilling targets in the hard rock to prove the Witwatersrand model.

[2] HMC- Heavy mineral concentrate.

2.0 Introduction

P. Geo. Ricardo Valls (the "QP") from Fenix Geoconsult Ltd. was retained by Mr. Raziel Zisman Executive Chairman of Alicanto Mining Corp. (the "Client"), to prepare a Technical Report on the Rionegro Project located in the Department of Santander, Colombia.

The QP visited the project several times since the last week of February 2014 and is very familiar with the geology of Colombia and has previous experience in similar environments.

The QP used data and information from existing public sources and other information presented by local workers in the area.

All coordinates in this report correspond to the Colombian Gauss coordinate system with the datum located at the Bogota Observatory (geodesic datum Bogota 1975).

The QP has adhered to the metric system and all costs are expressed in US dollars at a conversion rate of 1963 Colombian pesos and 1.03 Canadian dollars.

3.0 Reliance on Other Experts

This technical report represents the professional opinion of Ricardo A. Valls, P. Geo. from Fenix Geoconsult Ltd. The purpose of this report is to provide a summary of the ore potential of the Rionegro Project, in Santander, Colombia. This report complies with the standards required by NI 43-101 and Form 43-101F. The opinions expressed herein are based on data and information supplied by, or gathered from, the Client and reflects the opinion of the QP.

This document has a preliminary character and is subject to inherent limitations in light of the scope of work, the methodology, and procedures used. This document is meant to be read as a whole and portions thereof should not be read or relied upon unless in the context of the whole.

The QP has reviewed the mineral tenure and has independently verified the legal status, ownership of the Project area and the underlying property agreements. The QP has fully relied upon, and disclaims responsibility for, information provided by Sr. Geologist Dr. Jorge Cruz Martín, President of Geoconsultora Fénix S.A.S. who visited the area several times before while negotiating the acquisition of the property as well as from Freddy Vladimir Jones Navas, Mining and Environmental Comptroller from Geoconsultora Fénix S.A.S. that reviewed all the land status of the project, and was able to verify them on the web site of the Agencia Nacional de Minería, and is satisfied with regard to the project status and legal title to the project. The QP believes that he has a reasonable basis for such reliance.

Finally, the reader should notice the signature date of this report, which is the cut-off date for the information that is included in the present technical report.

4.0 Project Description and Location

The present report covers the applications of the Client in the Rionegro area as shown in Figure 1. The applied area covers an area of 187.7 km^2 located some 30 km Northwest by road from the city of Bucaramanga, in Santander, Colombia. The Company also purchased a 7.66 km^2 concession contract (JG3-16392) within the limits of these applications.

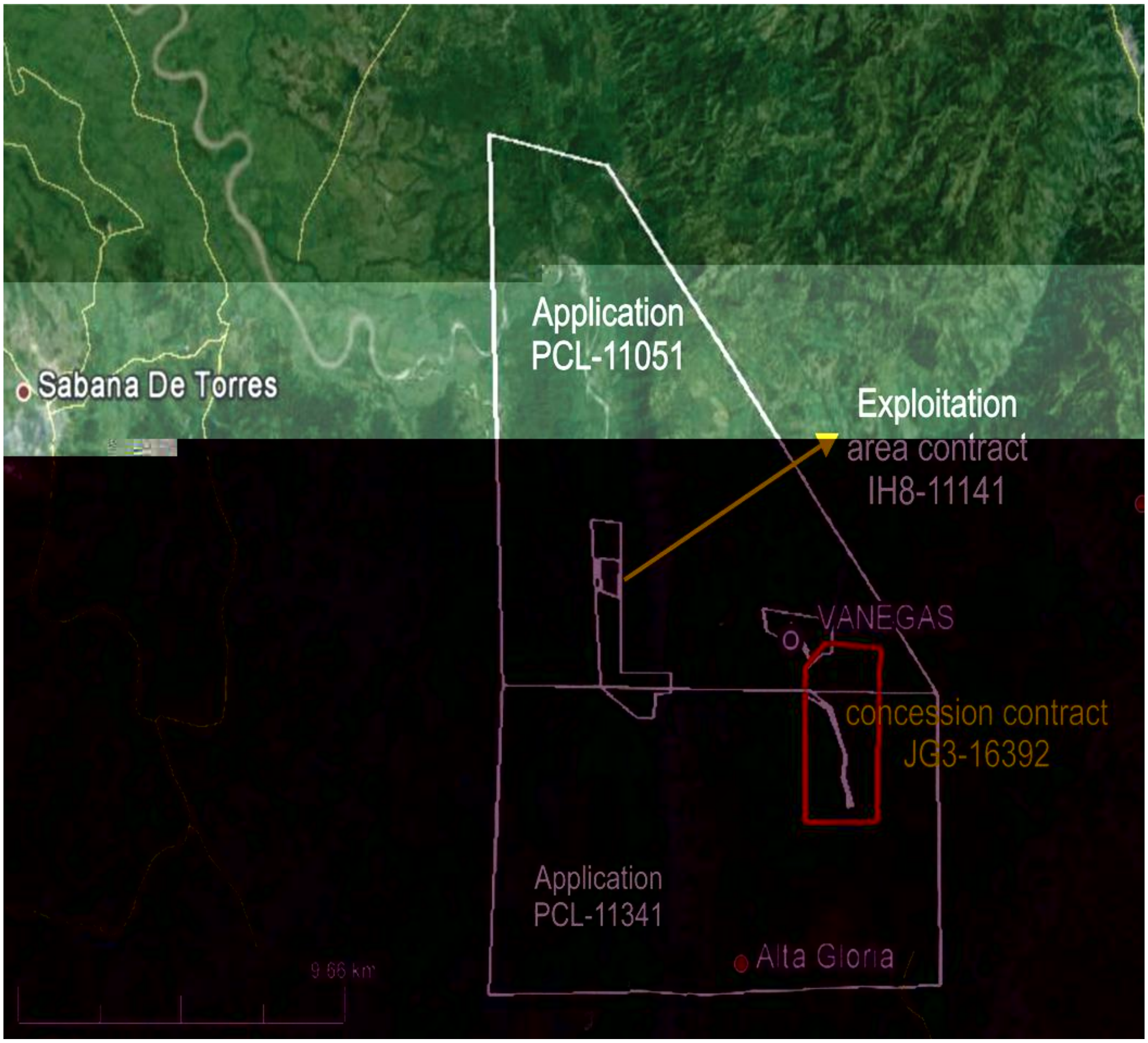


Figure 1. Current applications in the area of Rionegro.

The Rionegro Project is composed of two applications. Coordinates of these applications are shown in Table 1. This application will be reduced to exclude some existing licenses within the area, as shown in Figure 1. Table 2 shows the outer coordinates of the concession contract JG3-16392. This concession covers an area of 7.66 km^2.

Table 1. Coordinates of the application licenses in the Rionegro Project.

Point	UTM E	UTM N
1	1315749	1077655
2	1315161	1080971
3	1302970	1090672
4	1303049	1077955
5	1303049	1077955
6	1302970	1090672
7	1296021	1090712
8	1295747	1077615

Table 2. Coordinates of the concession license in the Rionegro Project.

Point	UTM E	UTM N
1	1087000	1300000
2	1088963	1300000
3	1088963	1300725
4	1089000	1300725
5	1089000	1304000
6	1087450	1304000
7	1087000	1303476
8	1087000	1303089
9	1087729	1302671
10	1088151	1301589
11	1088082	1301137
12	1088351	1300456
13	1088185	1300414
14	1088177	1300727
15	1088031	1301131
16	1088119	1301611
17	1087626	1302692
18	1087000	1302951

4.1 Mineral Licenses in Colombian Law

Mineral rights in Colombia are reserved to the federal government and governed by the Colombian Mining Code. The Colombian Mining Code has been changed and amended on several occasions. The oldest version relevant to the LGC-15011 Project is Decree 2685 of 1988 (the "Previous Mining Code"), which has been replaced and superseded in its entirety by Law 685 of 2001, as amended by Law 1382 of 2010 (the "Modified Mining Code"). The mining law is administered by the Ministry of Mines and Energy. By means of Decree 4134 of 2011, Ingeominas, the former mining entity, was liquidated and divided into two entities: the *Agencia Nacional de Minería* (National Mining Agency), which grants mining concessions and performs follow-up and control duties on granted mining titles, and the *Servicio Geológico Colombiano* (Colombian Geological Survey), which is in charge of performing studies to identify the availability of natural resources in the Colombian subsoil.

Exploitation Licenses, as governed by Decree 2655 of 1988, are legal permits to exploit minerals in a map-staked area. These Licenses were granted for a term of ten years, and as provided in Article 46 of Decree 2655, it is possible for the title holder to opt for one of two Options at the end of the ten-year period: (i) an extension of the License for another ten years, after which there is no legal possibility to extend the exploitation period, or (ii) conversion into a Concession Agreement, covering a map-staked area and in good standing for a period of up to thirty years, with additional extensions possible. Both Exploitation Licenses and Concession Agreements are drawn using the UTM co-ordinate system.

In Colombia, mineral Concession Agreements consist of three phases, namely, the exploration, construction, and exploitation phases, and are governed by Law 685 of 2001 as modified by Law 1382 of 2010. Under the Modified Mining Code, the exploration phase is for a three-year period, which can be extended for up to four additional two-year periods for a maximum of eleven years. During the exploration phase, annual surface payments, Cánon Superficiario, are payable to the Colombian government on the basis of one minimum daily salary per hectare. The current Canon rate is COP18.856 per hectare (approximately US$10.6/ha). The surface payment is calculated as one minimum daily wage per contracted hectare per year for the first five years of the exploration phase. During years six and seven of the exploration phase, the payment increases to 1.25 minimum daily wages per contracted hectare per year, and in years eight to eleven it increases to 1.5 minimum daily wages per contracted hectare per year. Upon completion of the exploration phase of a Concession, the construction phase is for a period of three years and may be extended for a period of one year, after which it enters its exploitation phase, in which Cánon fees are no longer payable but are replaced by a production royalty payable to the Colombian government.

Regulation of Exploitation Licenses, on the contrary, is not divided into three phases but consists of a single ten-year period in which exploitation can take place, and in which production royalties are payable to the Colombian government on the basis of grams extracted. No canon fees are payable for Exploitation Licenses. Under Decree 2685 of 1988, Exploration Licenses were granted as a previous stage to the granting of an Exploitation License; under those, the title holder was entitled to explore the area for the purpose of determining the existence of mineral reserves, for a term of one to five years, depending on the area to be explored. Exploitation Licenses were granted for small scale mining not exceeding 250,000 m^3 of extraction per year per License.

4.2 Permitting

Under an exploration License, early stages of exploration including geological mapping and stream or soil geochemistry do not require permits, as long as the surface of the License is not disturbed. Exploration activity involving soil disturbance, including trenching and road and drill pad construction requires an environmental management plan. Drilling requires a take water permit and a water discharge permit. The Client is in possession of all permits required for surface exploration and will submit environmental management plans for the proposed work.

4.3 Environmental Liabilities

The Client's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of the date of this Technical Report, the Client is in compliance with all environmental regulations and is working on the required environmental report.

The QP is not aware of any other environmental liabilities on the Project.

4.4 Traditional Mining Activities

Sporadic artisanal mining take place along the main river by local "varequeros" especially after a strong rain. Since they just wash down the sediments and mechanically collect the gold in the pan without using hazardous substances like cyanide or mercury, this does not represent liability to the Client and serves as an indirect exploration tool. However, the QP recommends that this situation will be evaluated once the properties are obtained, since any violation of mining and environmental laws by traditional miners will be a liability for the Client so it is recommended to file a request for the suspension of exploitation activities on the project by such traditional miners

4.5 Other Risks Associated With the Rionegro Project

The QP is not aware of any other significant factors and risks that may affect access, title, or the right or ability to perform exploration work on the Rionegro Project.

5.0 Accessibility, Climate, Vegetation, Local Resources, Infrastructure, and Physiography

5.1 Accessibility and Physiography

The Rionegro Project is located 32 kilometres from the city of Bucaramanga to the Northwest. There are several access to the property by a paved road and then the last few kilometres by the ancient tracks of a railroad that used to serve the city of Bucaramanga and was discontinued. It takes around 2½ hours to get to the site from the city of Bucaramanga and with the exception of some wooden bridges, it does not require a 4x4 vehicle.

Figure 2. Wooden bridges at some sections of the road to the target.

Table 3 and Figure 3 show the different Access to the property.

Table 3. Different access to the Rionegro Project

Trace	Distance, km	Type of access	Name of the road
	Ruta 1		
Bucaramanga to Brisas	12	Paved road	66
Brisas to Conchal	12	Dirt road	Old railroad
Conchal to Salamaga	3	Dirt road	Old railroad
	Ruta 2		
Bucaramanga to El Cero	8	Paved road	I - 45
El Cero to Bocas	2	Paved road	Detour to Bocas
Bocas to Salamaga	22	Dirt road	Old railroad
	Ruta 3		
Bucaramanga to La Fortuna		Paved road	66
La Fortuna to Sabana de Torres		Paved road	45
Sabana de Torres to Provincias		Partially Paved road	
Provincias to Salamaga		Dirt road	Old railroad

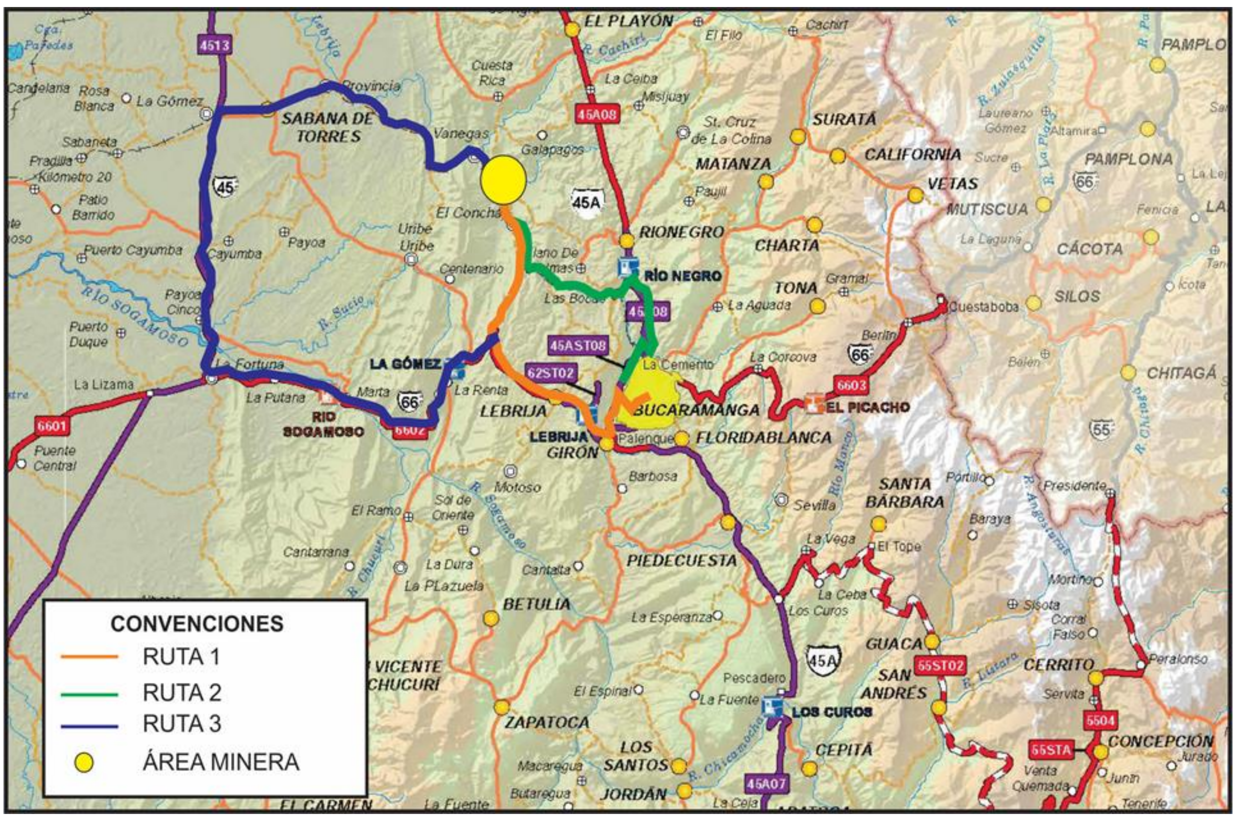


Figure 3. Different access to the Rionegro Project (Source PTO Rionegro by Dr. Jorge Cruz Martin, 2014).

The Rionegro Project is located on a plateau in the Cordillera Oriental of the Colombian Andes. Westbound of it, the Rio de Oro Canyon is located at an altitude of 600 meters a.s.l. Eastbound, the Andean Range rises up in high peaks, reaching almost 3,700m a.s.l. in the place locally known as "Páramo de Berlin". The city is located at 7°08′N 73°08′W.

The Rionegro is a Horst/Graben system with relative steep walls on both sides of the river basin (Fig. 4).

Figure 4. Dr. Cruz Martin showing the Horst/Graben relief at Rionegro Project.

5.2 Climate and Vegetation

Under the Köppen climate classification[3], the Rionegro Project features a tropical monsoon climate, though it’s a noticeably cooler version of the climate. It falls just short of a tropical rainforest climate as its driest month, January, averages just under 60 mm (2 in) of rainfall.

Altitude affects not only temperature, but also vegetation. In fact, altitude is one of the most important influences on vegetation patterns in Colombia. The mountainous parts of the country can be divided into several vegetation zones according to altitude, although the altitude limits of each zone may vary somewhat depending on the latitude.

The "tierra caliente" (hot land), below 3,300 ft. (1,006 m), is the zone of tropical crops such as bananas. The tierra templada (temperate land), extending from an altitude of 3,300 to 6,600 ft. (1,006 to 2,012 m), is the zone of coffee and maize. Wheat and potatoes dominate in the "tierra fría" (cold land), at altitudes from 6,600 to 10,500 ft. (2,012 to 3,200 m). In the "zona forestada" (forested zone), which is located between 10,500 and 12,800 ft. (3,200 and 3,901 m), many of the trees have been cut for firewood. Treeless pastures dominate the páramos, or alpine grasslands, at altitudes of 12,800 to 15,100 ft. (3,901 to 4,602 m).

[3] http://en.wikipedia.org/wiki/K%C3%B6ppen_climate_classification

Above 15,100 ft. (4,602 m), where temperatures are below freezing, is the "tierra helada", a zone of permanent snow and ice.

Vegetation also responds to rainfall patterns. A scrub woodland of scattered trees and bushes dominates the semiarid northeast. To the south, savannah (tropical grassland) vegetation covers the Colombian portion of the llanos. The rainy areas in the southeast are blanketed by tropical rainforest. In the mountains, the spotty patterns of precipitation in alpine areas complicate vegetation patterns. The rainy side of a mountain may be lush and green, while the other side, in the rain shadow, may be parched.

5.3 Infrastructure and Local Resources

The existing infrastructure forms the base of a successful exploitation program. Roads, water, and industrial electricity are readably available.

Within the limits of the project's licenses, there are areas for potential tailing storage, waste disposal, heap leach pad areas and potential processing plant sites. Experienced mining personnel will need to be brought in, although local workers and varequeros are available in the area.

6.0 History

The area has been previously explored for coal. There is a current semi-artisanal mining operation in the Lebrija River, some 4 km downstream of the Client's current concession contract (JG3-16392). Besides regional work completed by geologist from Ingeominas, there are no previous geological studies completed in the area.

7.0 Geological Setting and Mineralization

7.1 Regional Geology

The project area is located in the lower transition zone between the western flank of the Eastern Cordillera and the Middle Magdalena Valley. In the area outcrop Paleozoic to Cretaceous carbonate rocks and Quaternary unconsolidated materials and sedimentary rock units. The largest regional structure in the area is the Santa Marta-Bucaramanga fault located west of the Project, but there are several other faults of lesser size, like Solferino, Rio Cáchira, Costs Rica, Lebrija, as well as other folded structures like the Vanegas syncline/anticline.

According to Ward et al, (1973) the area where the Rionegro Project is located corresponds to the structural depression Vanegas; "This area of Norwest and Northeast oriented Pre-Cretaceous and Cretaceous formations is bounded on the east by the Solferino Fault and to the west by the Lebrija fault. The depression seems to be the result of movement on the Solferino Fault and the uprising in the north (Horst/Graben), where the Bocas Formation is intruded by an elongate rhyolite body gently to the SW or NW that has probably been the responsible factor for lifting the rocks of the study area.

Figure 5 shows a section of the regional geology corresponding to the Santander Department.

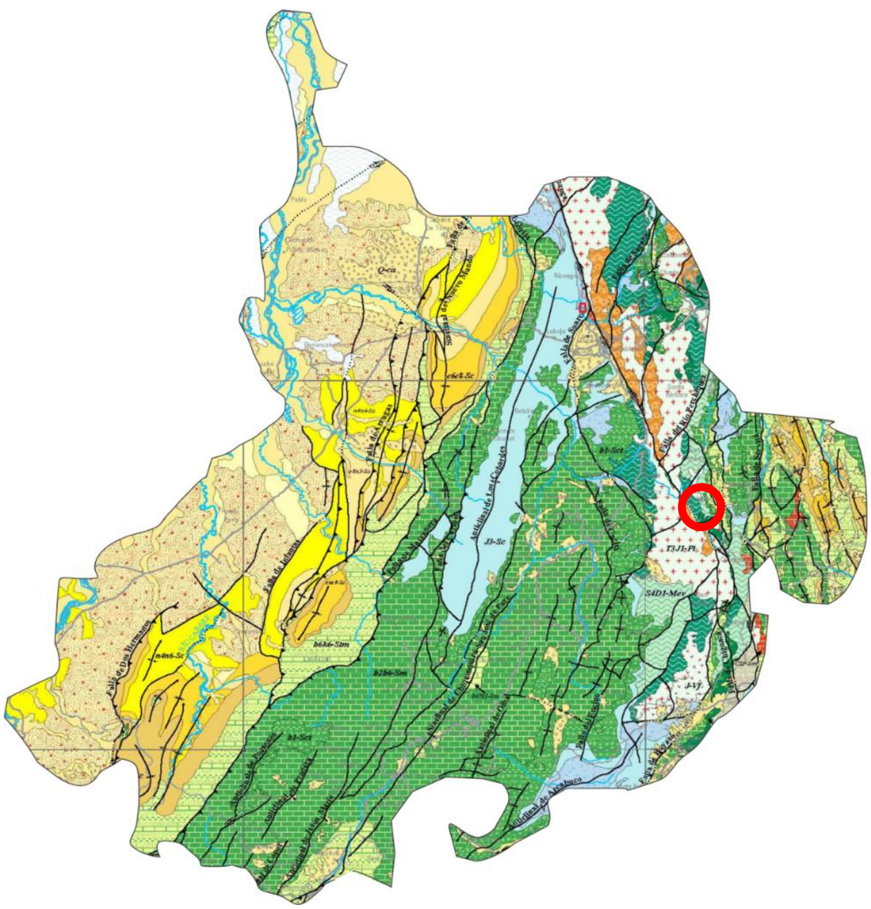


Figure 5. Regional geology of the Santander Department.

7.2 Local Geology

Currently there is no sufficient knowledge about the local geology to create a map at any scale. From the visit to the field, the QP noticed three lithological groups (not including the alluvial sediments)

On the surface we have a mostly *oxidized coarse* sandstone that at times have indications of hydrothermal alteration (argilitization and chloritization) (Fig. 6).

Figure 6. Sandstones.

Below this unit, sometimes we can see outcrops of coal or *carbon-rich* shales (Fig 7).

Figure 7. *Carbon-rich* shales.

The basis of the profile consist of *carbonate-rich* conglomerates sometimes oxidized (Fig. 8).

Figure 8. Conglomerates.

Figure 9 shows a typical profile of the alluvial sediments at the bed of the river.

Figure 9. Alluvial profile at Rionegro.

7.3 Structural Geology

The area is represented by a Horst/Graben structure that can be seen on Google Earth (Fig. 10

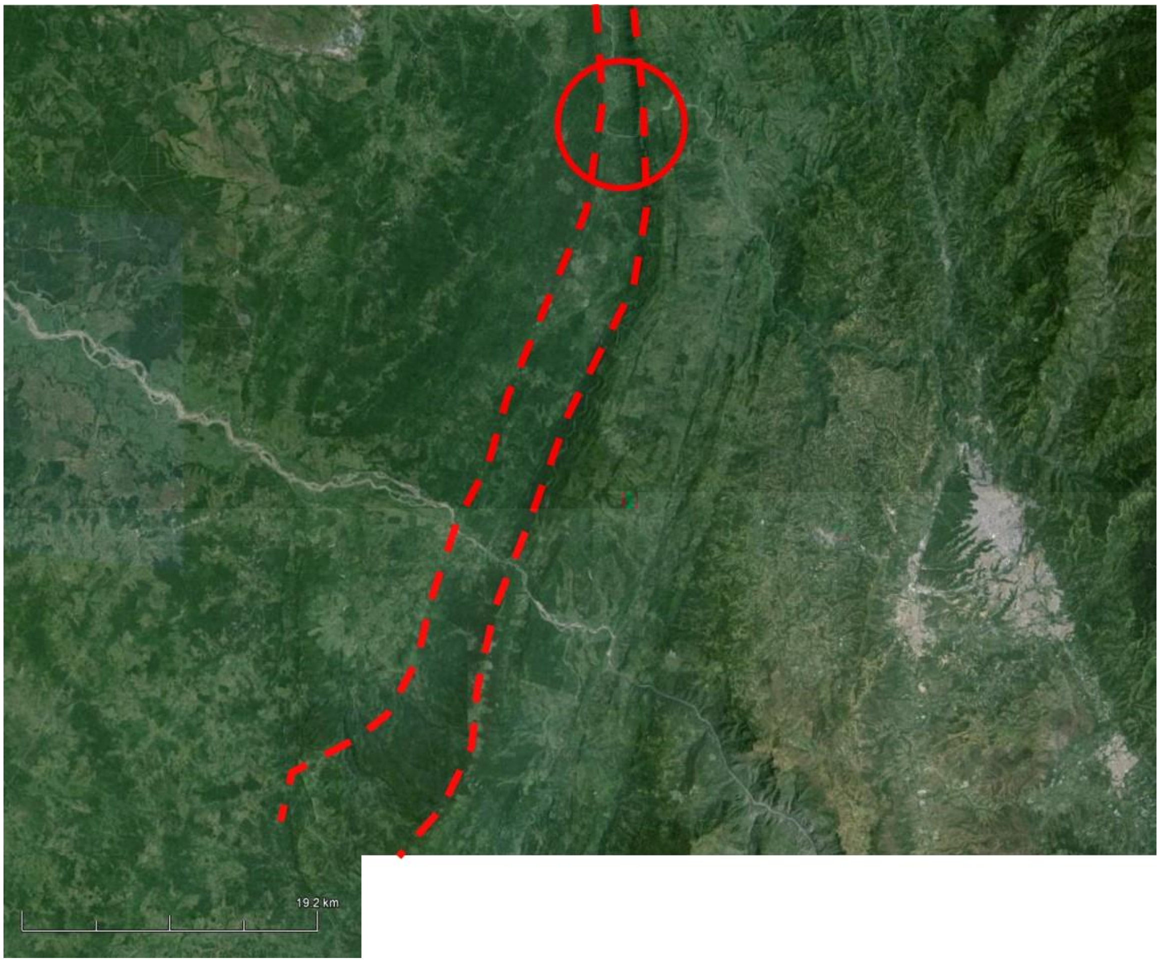


Figure 10. Location of the Horst/Graben structure at the Rionegro Project.

The QP completed a lineament study of the area (Fig. 11) that shows a circular structure that is related to a Tertiary intrusive that displaced the Eastern side of the Horst to the North creating a series of sub-parallel fractures. Some of these fractures are leaking acid water (pH 4.5-5) with abundant iron staining, which indicates the presence of sulphides (Fig. 12). These will be the first exploration targets in the area.

) .

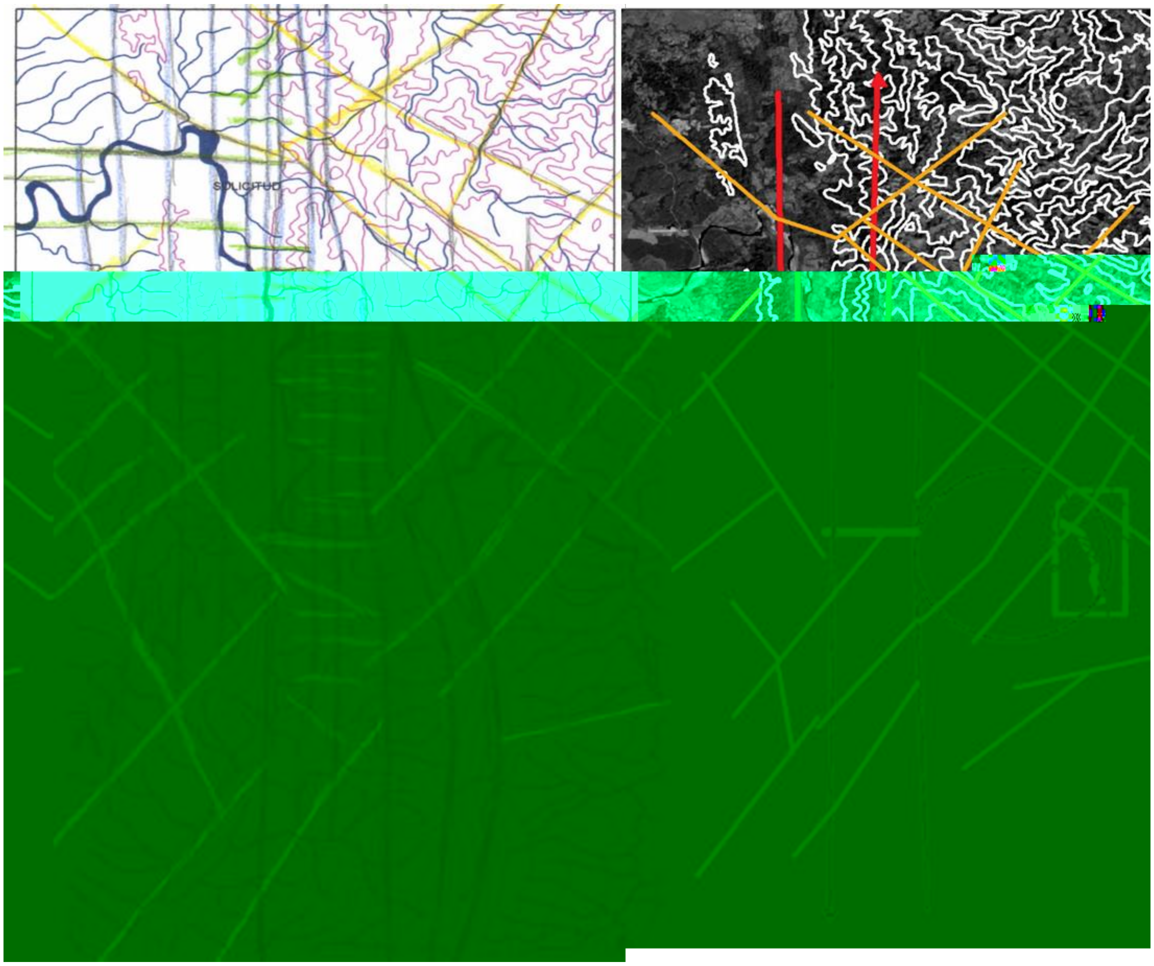


Figure 11. Lineament analysis of the Rionegro Project.

Figure 12. Iron rich acid waters leaking from fractures in the conglomerates at the Rionegro Project.

7.4 Mineralization

Gold mineralization at the Rionegro Project is currently found in placers and paleoplacers (Fig 13), but the QP believes that other sources are the hydrothermally altered PZ conglomerates within the Horst/Graben structure.

Figure 13. Gold grains in a heavy mineral concentrate from the Lebrija River.

8.0 Deposit Types

According to what we know from the property, apart from current and paleoplacers associated to the conglomerates and the Witwatersrand type of disseminated gold in PZ conglomerates, the QP believes that there may also be quartz vein type mineralization due to metasomatic remobilization of some gold from the PZ Conglomerates. Most of the information presented here is quoted from the Ministry of Energy, Mines and Petroleum Resources of British Columbia, Deposit Types/Mineral Deposit Profiles,

The presence of pyrite, coal, and other indicators, seems to support the QP idea of the Rionegro conglomerates to be similar to the Witwatersrand type from South Africa.

8.1 Paleoplacers ad Witwatersrand type

Synonyms: Paleoplacer deposits; paleochannel deposits; fluvial and alluvial placers.

Commodities (By-products): Mainly Au and PGE {also Cu, Ag, garnet, cassiterite, rutile, diamond and other gems: corundum (rubies, sapphires), tourmaline, topaz, beryl (emeralds), spinel; zircon, kyanite, staurolite, chromite, magnetite, ilmenite, barite, cinnabar}. Most of the minerals listed in brackets are recovered as by-products.

Examples: Williams Creek (Au, Canada), Bullion (Au, Canada), Lightning Creek (Au, Canada), Otter Creek (Au, Canada), Spruce Creek (Au, Canada); Chaudière Valley (Au, Québec, Canada), Livingstone Creek (Au, Yukon, Canada), Valdez Creek (Au, Alaska, USA), Ballarat (Au, Victoria, Australia), Bodaibo River (Au, Lena Basin, Russia), Gibsonville (Sn, New South Wales, Australia), Ringarooma (Sn , Tasmania, Australia), Witwatersrand (Au, South Africa)..

GEOLOGICAL CHARACTERISTICS

Capsule Description: Detrital gold, platinum group elements and other heavy minerals occurring in buried valleys (typically with at least several metres of overlying barren material, usually till, clay or volcanic rocks), mainly as channel-lag and gravel-bar deposits.

Tectonic Settings: Coarse-grained, paleochannel placer Au deposits occur mainly in Cenozoic and Mesozoic accretionary orogenic belts and volcanic arcs, commonly along major faults that may also control paleo drainage patterns. PGE-bearing deposits commonly associated with accreted and obducted oceanic terrenes. Fine-grained paleoplacers also may occur in stable tectonic settings (shield or platformal environments) where reworking of clastic material has proceeded for long periods of time.

Depositional environment/Geological Setting: Mainly incised paleochannels in mountainous areas including: high-gradient (generally >0.05, less commonly >0.1), narrow bedrock-floored valleys (paleogulches); high-level, abandoned tributary valleys with intermediate gradients (typically 0.01 to 0.1); large, buried trunk valleys (on the order of 100 m deep, a few hundred metres wide and >1 km long) with low channel gradients (generally <0.02 in mountainous reaches and <0.001 in plateau areas); channels buried in modern alluvial valleys with gradients similar to the modern streams. The first two settings are dominated by high-energy, low-sinuosity, single-channel, coarse-grained autochthonous placer deposits, whereas the latter two are characterized by autochthonous and allochthonous placers deposited in wandering gravel-bed river, braided stream and alluvial fan environments. In most paleochannels, coarse-grained placer concentrations occur mainly along channel floors or along other erosional surfaces such as at the base of cut-and-fill sequences; in meandering stream environments finer grained placers also occur along point bar margins and in other areas of slack water.

Age of Mineralization: Mostly Tertiary and Pleistocene. Older paleoplacers (excepting the Proterozoic Witwatersrand placers) are rare, due to poor long-term preservation of deposits in high-relief, subaerial environments.

Host/Associated Rock Types: Coarse (pebble to boulder), rounded gravels (or conglomerate- Figure 14), commonly with sandy interbeds or lenses. Gravels usually imbricated, clast supported, open work or with a sandy matrix, and typically with abundant resistant rock types (quartzite, vein quartz, chert, basalt, granite) and minor, less resistant, lithologies (shale, siltstone, schist, etc.). Au placers are commonly associated with rock types hosting epithermal or mesothermal vein deposits. Paleoplacers can be buried under a variety of materials, including lacustrine silts and clays, fluvial sands and gravels, marine sediments and basalt flows.

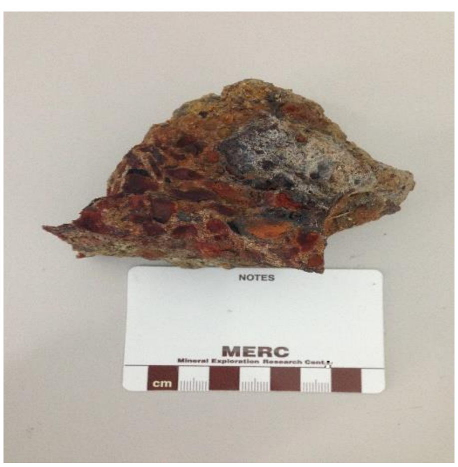


Figure 14. Typical carbonate conglomerate from Rionegro Project.

Deposit Forms: Highly variable and laterally discontinuous; paystreaks typically thin (< 2 m), lens shaped and tapering in the direction of paleoflow; usually interbedded with barren sequences.

Texture/Structure: Typically well rounded, flattened flakes or plates of low sphericity; coarse, more spherical nuggets common in high-gradient channels; fine (flour) gold common in distal stream reaches; evidence of primary crystal structure very rare.

Ore Mineralogy (principal and subordinate): Au nuggets (Fig 15), flakes and grains and PGE minerals, (Cu, Ag, and various industrial minerals and gemstones).

Figure 15. Mineral concentrate obtained after panning a sample from the Lebrija River composed mostly of magnetic and heavy minerals including several gold colors.

Gangue Mineralogy: Quartz, pyrite and other sulphides and in many deposits sub economic concentrations of various heavy minerals, especially magnetite and ilmenite.

Alteration Mineralogy: Fe and Mn oxide precipitates common. Clay alteration of unstable clast and matrix in some deposits.

Ore Controls: Dominant controls on the geographic distribution of ore include the location of paleo drainage channels9(y)89.9

Associated Deposits Types: Paleochannel placer deposits are associated with alluvial fan and fan-delta paleoplacer deposits in some areas. Autochthonous fluvial and alluvial placers commonly derive from hydrothermal vein deposits.

Comments: Alluvial fan and fan delta paleoplacer sequences comprise a distinct subtype of buried placer deposits. They occur in relatively unconfined depositional settings compared to paleochannel placer deposits and typically are dominated by massive or graded, poorly sorted gravels and sands, locally with interbedded diamicton. They are generally lower grade and larger volume than fluvial deposits but they contain relatively uniform placer concentrations. Paleofan deposits are mainly local in origin as indicated by high clast angularity and local derivation. Placer minerals occur in both poorly sorted debris-flow sediments and interstratified fluvial gravels and sands. Concentrations are commonly highest at sites of subsequent fluvial degradation.

EXPLORATION GUIDES

Geochemical Signature: Anomalous concentrations of Au, Ag, Hg, As, Cu, Fe and Mn in stream sediments. Gold fineness (relative Ag content) and trace element geochemistry (Hg, Cu) can be used as a signature to identify lode sources.

Geophysical Signature: Shallow seismic refraction and reflection techniques are useful for delineating paleochannel geometry and depth to bedrock. GPR is recommended to determine the presence of paleochannels. Electromagnetic, induced polarization, resistivity and magnetometer surveys are locally useful. Geophysical logging of drill holes with apparent conductivity, naturally occurring gamma radiation and magnetic susceptibility tools can supplement stratigraphic data.

Other Exploration Guides: Exploration should focus on sites of natural overburden removal, such as along water channels, and areas underlain by Tertiary fluvial deposits. Buried placers are commonly preserved below lake sediments, on the lee-side of bedrock highs where erosion was minimal and along narrow valleys oriented transversely to the regional direction of the erosional vector. Air photo interpretation and satellite imagery data can aid exploration for buried valley placers. Concentrations of magnetite, hematite, pyrite, ilmenite, chromite, garnet, zircon, rutile and other heavy minerals can be used to indicate placer potential.

ECONOMIC FACTORS

Typical Grade and Tonnage: Placer concentrations in fluvial deposits are highly variable both within and between individual deposits. In paleochannel gold placers, grades of 0.5 to 5 g/m3 Au are typical, although grades as high as 75 g/m3 Au are reported. The values, however, do not include overburden dilution factors which can reduce grades tenfold or more. Deposit sizes are also highly variable, ranging from 1000 t to 10 Mt.

Economic Limitations: The main economic limitation to locating, evaluating and mining paleochannel placer deposits is the thick overburden which results in high stripping ratios. Over-consolidation of tills and other makes overburden stripping difficult and is a major limitation inhibiting exploitation of these buried deposits.

Importance: Placer gold deposits account for more than two-thirds of the world's gold reserves. Buried- channel placers have been under developed in many countries because of difficulties in locating deposits and high overburden to ore stripping ratios.

8.2 Vein Type

Synonyms: Mother Lode veins, greenstone gold, Archean lode gold, mesothermal gold-quartz veins, shear-hosted lode gold, low-sulphide gold-quartz veins, lode gold.

Commodities: Au (Ag, Cu, Sb).

Geologic characteristics

Description*:* Gold-bearing quartz veins and veinlets with minor sulphides crosscut a wide variety of host rocks and are localized along major regional faults and related splays. The wall rock is typically altered to silica, pyrite and muscovite within a broader carbonate alteration halo.

Tectonic settings:

Phanerozoic: Contained in moderate to gently dipping fault/suture zones related to continental margin collisional tectonism. Suture zones are major crustal breaks which are characterized by dismembered ophiolitic remnants between diverse assemblages of island arcs, subduction complexes and continental-margin clastic wedges.

Archean: Major trans crustal structural breaks within stable cratonic terrenes. They may represent remnant terrene collisional boundaries.

Depositional environment (geological setting)*:* Veins form within fault and joint systems produced by regional compression or transpression (terrene collision), including major listric reverse faults, second and third-order splays. Gold is deposited at crustal levels within and near the brittle-ductile transition zone at depths of 6-12 km, pressures between 1 to 3 kilo bars and temperatures from 200° to 400°C. Deposits may have a vertical extent of up to 2 km, and lack pronounced zoning.

Age of mineralization*:* Mineralization is post-peak metamorphism (i.e. late syncollisional) with gold-quartz veins particularly abundant in the Late Archean and Mesozoic.

Host and associated rock types*:* Lithologically highly varied, usually of greenschist metamorphic grade, ranging from virtually undeformed to totally schistose.

Deposit morphology*:* Tabular fissure veins in more competent host lithologies, veinlets and stringers forming stockworks in less competent lithologies. Typically occur as a system of en echelon veins on all scales. Lower grade bulk-tonnage styles of mineralization may develop in areas marginal to veins with gold associated with disseminated sulphides. May also be related to broad areas of fracturing with gold and sulphides associated with quartz veinlet networks.

Texture/Structure: Veins usually have sharp contacts with wall rocks and exhibit a variety of textures, including massive, ribboned or banded and stockworks with anastamosing gashes and dilations. Textures may be modified or destroyed by subsequent deformation.

Ore mineralogy (Principal and *subordinate*): Native gold, pyrite, arsenopyrite, galena, sphalerite, chalcopyrite, pyrrhotite, tellurides, scheelite, bismuth, cosalite, tetrahedrite, stibnite, molybdenite, gersdorffite (NiAsS), bismuthimite (Bi_2S_2), tetradymite (Bi_2Te_2S).

Gangue mineralogy (Principal and *subordinate*): Quartz, carbonates (ferrodolomite, ankerite ferromagnesite, calcite, siderite), albite, mariposite (fuchsite), sericite, muscovite, chlorite, tourmaline, graphite.

Alteration mineralogy: Silicification, pyritization and potassium metasomatism generally occur adjacent to veins (usually within a metre) within broader zones of carbonate alteration, with or without ferro dolomite veinlets, extending up to tens of metres from the veins (Fig. 16). Type of carbonate alteration reflects the ferromagnesian content of the primary host lithology; ultramafics rocks - talc, Fe-magnesite; mafic volcanic rocks - ankerite, chlorite; sediments - graphite and pyrite; felsic to intermediate intrusions - sericite, albite, calcite, siderite, and pyrite. Quartz-carbonate altered rock (listwanite) and pyrite are often the most prominent alteration minerals in the wall rock. Fuchsite, sericite, tourmaline and scheelite are common where veins are associated with felsic to intermediate intrusions.

Figure 16. Characteristic hydrothermal halos of alteration identified within the limits of the Rionegro Project.

Weathering: Distinctive orange-brown limonite due to the oxidation of Fe-Mg carbonates cut by white veins and veinlets of quartz and ferro dolomite. Distinctive green Cr-mica may also be present. In the overburden we can find abundant quartz floats.

Ore controls: Gold-quartz veins are found within zones of intense and pervasive carbonate alteration along second order or later faults marginal to trans crustal breaks. They are commonly closely associated with, late syncollisional, structurally controlled intermediate to felsic magmatism. Gold veins are more commonly economic where hosted by relatively large, competent units, such as intrusions or blocks of obducted oceanic crust. Veins are usually at a high angle to the primary collisional fault zone.

Genetic model: Gold quartz veins form in lithologically heterogeneous, deep trans crustal fault zones that develop in response to terrene collision. These faults act as conduits for CO2-H2O-rich (5-30 mol% CO_2), low salinity (<3 wt% NaCl) aqueous fluids, with high Au, Ag, As, (±Sb, Te, W, Mo) and low Cu, Pb, Zn metal contents. These fluids are believed to be tectonically or seismically driven by a cycle of pressure build-up that is released by failure and pressure reduction followed by sealing and repetition of the process (Sibson et al., 1988). Gold is deposited at crustal levels within and near the brittle- ductile transition zone with deposition caused by sulphidation (the loss of H2S due to pyrite deposition) primarily as a result of fluid wall rock reactions; other significant factors may involve phase separation and fluid pressure reduction. The origin of the mineralizing fluids remains controversial, with metamorphic, magmatic and mantle sources being suggested as possible candidates. Within an environment of tectonic crustal thickening in response to terrene collision, metamorphic devolitization or partial melting (anatexis) of either the lower crust or subducted slab may generate such fluids.

Associated deposit types: Gold placers, sulphide manto Au, silica veins, and iron formation Au in the Archean.

Comments: These deposits may be difficult to evaluate due to "nugget effect", hence the adage, "Drill for structure, drift for grade".

Exploration Guides

Geochemical signature*:* Elevated values of Au, Ag, As, Sb, K, Li, Bi, W, Te and B ± (Cd, Cu, Pb, Zn and Hg) in rock and soil, Au in stream sediments.

Geophysical signature*:* Faults indicated by linear magnetic anomalies. Areas of alteration indicated by negative magnetic anomalies due to destruction of magnetite as a result of carbonate alteration.

Other exploration guides*:* Placer gold or elevated gold in stream sediment samples is an excellent regional and project-scale guide to gold-quartz veins within carbonate alteration zones, gold is typically only in areas containing quartz, with or without sulphides. Largest concentrations of free gold are commonly at, or near, the intersection of quartz veins with serpentinized and carbonate-altered ultramafic rocks.

Economic Factors

Typical grade and tonnage: Individual deposits average 30 000 t with grades of 16 g/t Au and 2.5 g/t Ag (Berger, 1986) and may be as large as 40 Mt.

Economic limitations: These veins are usually less than 2m wide and therefore, only amenable to underground mining.

Importance: These deposits are a major source of the world's gold. They are the most prolific gold source after the ores of the Witwatersrand basin.8.3

8.3 Modern Placers

Synonyms: Holocene placer deposits; terrace placers; fluvial, alluvial, colluvial, eolian (rare) and glacial (rare) placers.

Commodities (By-products): Au, PGEs and Sn, {locally Cu, garnet, ilmenite, cassiterite, rutile, diamond and other gems - corundum (rubies, sapphires), tourmaline, topaz, beryl (emeralds), spinel - zircon, kyanite, staurolite, chromite, magnetite, wolframite, sphene, barite, cinnabar}. Most of the minerals listed in brackets are recovered in some deposits as the principal product.

Examples: Fraser River (Au, Canada), Quesnel River (Au, Canada), Tulameen district (PGEs, Canada); North Saskatchewan River (Au, Alberta, Canada), Vermillion River (Au, Ontario, Canada), Rivière Gilbert (Au, Québec, Canada), Klondike (Au, Yukon, Canada), Rio Tapajos (Au, Brazil), Westland and Nelson (Au, New Zealand), Yana-Kolyma belt (Au, Russia), Sierra Nevada (Au, California, USA), Goodnews Bay (PGE, Alaska, USA), Emerald Creek (Garnet, Idaho, USA), Rio Huanuni and Ocuri (Sn, Bolivia), Sundaland belt (Sn, Thailand).

GEOLOGICAL CHARACTERISTICS

Capsule Description: Detrital gold, platinum group elements and other heavy minerals occurring at or near the surface, usually in Holocene fluvial or beach deposits. Other depositional environments, in general order of decreasing importance, include: alluvial fan, colluvial, and glaciofluvial, glacial and deltaic placers.

Tectonic Settings: Fine-grained, allochthonous placers occur mainly in stable tectonic settings (shield or platformal environments and intermountain plateaus) where reworking of clastic material has proceeded for long periods of time. Coarse, autochthonous placer deposits occur mainly in Cenozoic and Mesozoic accretionary orogenic belts and volcanic arcs, commonly along major faults.

Depositional Environment/Geological Setting: Surficial fluvial placer concentrations occur mainly in large, high-order, stream channels (allochthonous deposits) and along bedrock in high-energy, steep-gradient, low-sinuosity, single-channel streams (autochthonous deposits). Concentrations occur along erosional surfaces at the base of channel sequences. Alluvial fan, fan-delta and delta deposits are distinct from fluvial placers as they occur in relatively unconfined depositional settings and typically are dominated by massive or graded sands and gravels, locally with interbedded diamicton. Colluvial placers generally develop from residual deposits associated with primary lode sources by sorting associated with downslope migration of heavy minerals. Glaciofluvial and glacial placers are mainly restricted to areas where ice or meltwater has eroded pre-existing placer deposits. Cassiterite, ilmenite, zircon and rutile are lighter heavy minerals which are distributed in a broader variety of depositional settings.

Age of Mineralization: Generally Tertiary or younger in unglaciated regions.

Host/Associated Rock Types: Well sorted, fine to coarse-grained sands; well rounded, imbricated and clast-supported gravels.

Deposit Form: In fluvial environments highly variable and laterally discontinuous; paystreaks typically thin (< 2 m), lens shaped and tapering in the direction of paleoflow; usually interbedded with barren sequences.

Texture/Structure: Grain size decreases with distance from the source area. Gold typically fine grained (< 0.5 mm diameter) and well rounded; coarser grains and nuggets rare, except in steep fluvial channel settings where gold occurs as flattened flakes. Placer minerals associated with colluvial placer deposits are generally coarser grained and more angular.

Ore Mineralogy (principal and subordinate): Au, PGE and cassiterite (Cu, Ag and various industrial minerals and gemstones).

Gangue Mineralogy: Quartz, pyrite and other sulphides and in many deposits sub economic concentrations of various heavy minerals such as magnetite and ilmenite.

Alteration Mineralogy: Fe and Mn oxide precipitates common; Ag-depleted rims of Au grains increase in thickness with age.

Ore Controls: In fluvial settings, placer concentrations occur at channel irregularities, in bedrock depressions and below natural riffles created by fractures, joints, cleavage, faults, and foliation or bedding planes that dip steeply and are oriented perpendicular or oblique to stream flow. Coarse- grained placer concentrations occur as lag concentrations where there is a high likelihood of sediment reworking or flow separation such as at the base of channel scours, around gravel bars, boulders or other bedrock irregularities, at channel confluences, in the lee of islands and downstream of sharp meanders. Basal gravels over bedrock typically contain the highest placer concentrations. Fine-grained placer concentrations occur where channel gradients abruptly decrease or stream velocities lessen, such as at sites of channel divergence and along point bar margins. Gold in alluvial fan placers is found in debris- flow sediments and in interstratified gravel, sand and silt. Colluvial placers are best developed on steeper slopes, generally over a weathered surface and near primary lode sources. Economic gold concentrations in fluvial deposits occur mainly along erosional unconformities within otherwise aggradational sequences and typically derive their gold from older placer deposits.

Genetic Model: Fluvial placers accumulate mainly along erosional unconformities overlying bedrock or resistant sediments such as basal tills or glaciolacustrine clays. Basal gravels over bedrock typically contain the highest placer concentrations. Overlying bedded gravel sequences generally contain less placer minerals and reflect bar sedimentation during aggradational phases. Frequently the generation of more economically attractive placer deposits involves multiple cycles of erosion and deposition.

Associated Deposit Types: Fluvial placers commonly derive from hydrothermal vein deposits and less commonly from porphyry and skarn deposits. Allochthonous fluvial placers are far traveled and typically remote from source deposits.

EXPLORATION GUIDES

Geochemical Signature: Anomalous concentrations of Au, Ag, Hg, As, Cu, Fe, Mn, Ti or Cr in stream sediments. Au fineness (relative Ag content) and trace element geochemistry (Hg, Cu) of Au particles can be used to relate placer and lode sources.

Geophysical Signature: Ground penetrating radar especially useful for delineating the geometry, structure and thickness of deposits with low clay contents, especially fluvial terrace placers. Shallow seismic, electromagnetic, induced polarization, resistivity and magnetometer surveys are locally useful. Geophysical logging of drill holes with apparent conductivity, naturally occurring gamma radiation and magnetic susceptibility tools can supplement stratigraphic data.

Other Exploration Guides: Panning and other methods of gravity sorting are used to identify concentrations of gold, magnetite, hematite, pyrite, ilmenite, chromite, garnet, zircon, rutile and other heavy minerals. Many placer gold paystreaks overlie clay beds or dense tills and in some camps these 'false bottom' paystreaks are important.

ECONOMIC FACTORS

Typical Grade and Tonnage: Deposits are typically high tonnage (0.1 to 100 Mt) but low grade (0.05-0.25 g/t Au, 50-200 g/t Sn). Placer concentrations are highly variable both within and between individual deposits.

Economic Limitations: The main economic limitations to mining surficial placer deposits are typically low grades and most deposits occur below the water table. Environmental considerations are also an important limiting factor as these deposits often occur near, or within modern stream courses.

Importance: Placer gold deposits account for more than two-thirds of the world's gold reserves. Shallow alluvial placers also account for a large part of world tin (mainly from SE Asia and Brazil) and diamond (Africa) production.

9.0 Exploration

With the exception of regional works conducted by geologist from Ingeominas, no exploration work have been completed in the area.

The QP recommends the following exploration program to start on a selected 1 km^2 area within the concession contract JG3-16392.

9.1 Definition of the area

Figure 17 shows the location of the test area in the license under study. The pits are at the centre of an area of 1 km^2 that was selected based on the information provided by the locals about having found here the largest gold nuggets in the area of the license. The area corresponds to a well-developed paleoplacer and is located within a very interesting tectonic zone with the intersection of several faults within a circular structure.

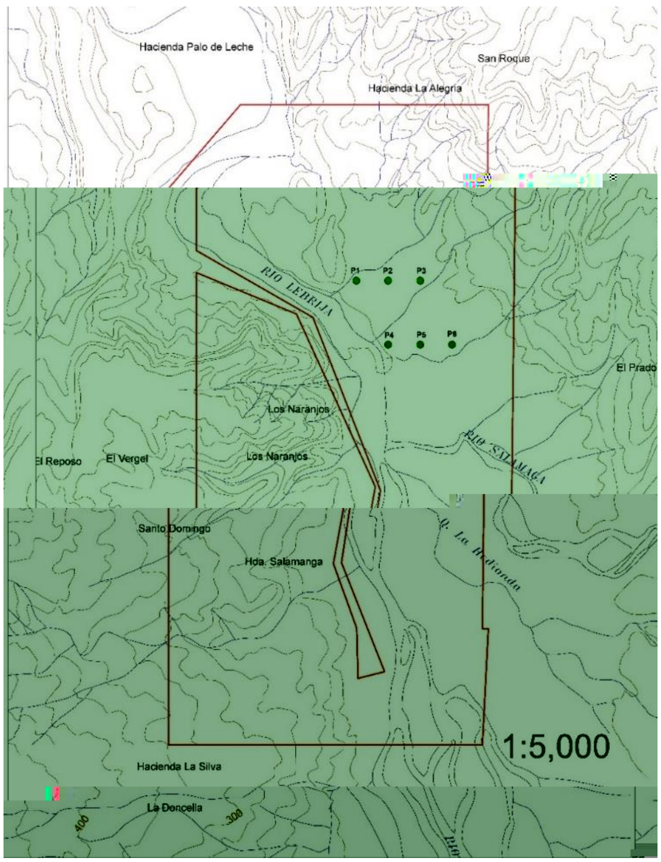


Figure 17. Location of the pits at the test target.

The work proposed here will help us evaluate the gold potential of this area in the shortest time and with the minimum amount of investment.

9.2 Stage I: Calibration of the methods

The QP recommends to study the area using a combination of GPR, geochemistry, and pitting. In order to get the best results from the GPR and the geochemistry, six pits will be dug in the area, as shown in Figure 19. The pits will have an area of 1 x 2 m and will be dug until the basal conglomerate, which is estimated to be no deeper than 10 m in this area. Pits along each profile will be separated 400 m. Profiles will be separated also at 400 m. There will be a displacement along the direction of each profile of 200 m.

It may be possible to use a retro-excavator to open the first 2-3 metres of each pit. The cost of this is estimated in 8,000,000 COP for a five days (40h) contract. The rest of the pits will be done manually by two teams of three workers each.

It is estimated that each team can complete each pit in four (4) days. The cost for each pit is estimated at 5,000,000 COP.

Inside each pit, we will define the most probable exploitation horizons (clay, sand, and conglomerates). Detailed logging of each pit will be done by a geologist. From each horizon a 30 litre bulk sample will be taken and processed in accordance with the flowchart presented in Figure 20.

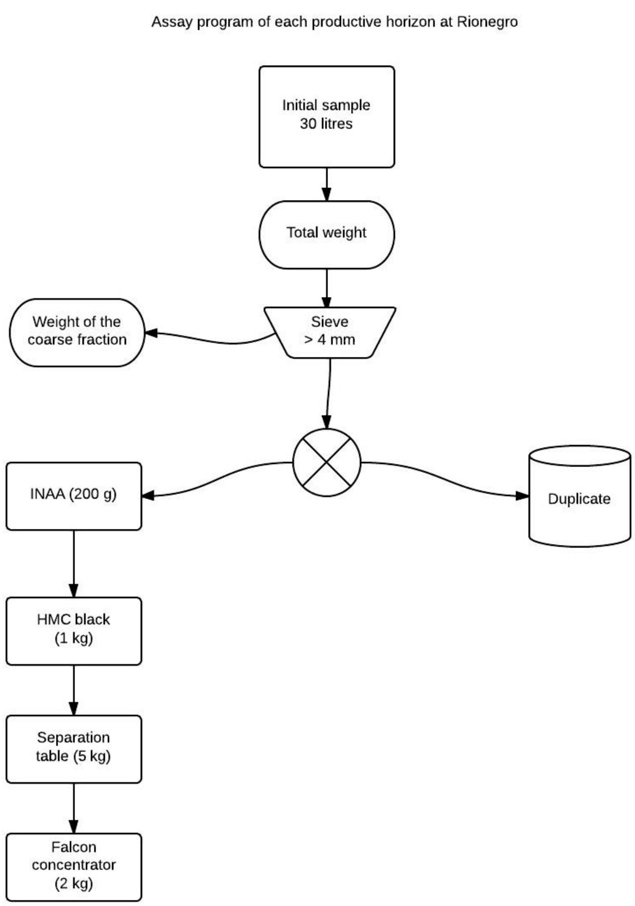


Figure 18. Flowchart of the study of each horizon on each pit.

At this stage, the objective is to define the granulometry of each horizon, the total amount of gold by INAA, to get an idea of recoverable gold by panning, and to calibrate both the GPR and the soil sampling. Two other samples will be taken for a Falcon and a separating table to do the corresponding test when we get these equipment.

9.3 Stage II: Exploration

Once the calibration of both methods is achieved, we will cover the whole test area of the license with GPR and soil sampling at a grid of 50 x 200m, with details of 25x100m if needed. The objective is to define an area for exploitation. The targets will be tested using drilling (Sonic, Auger drilling, etc.) in a grid of 50 x 200m (Figure 21).

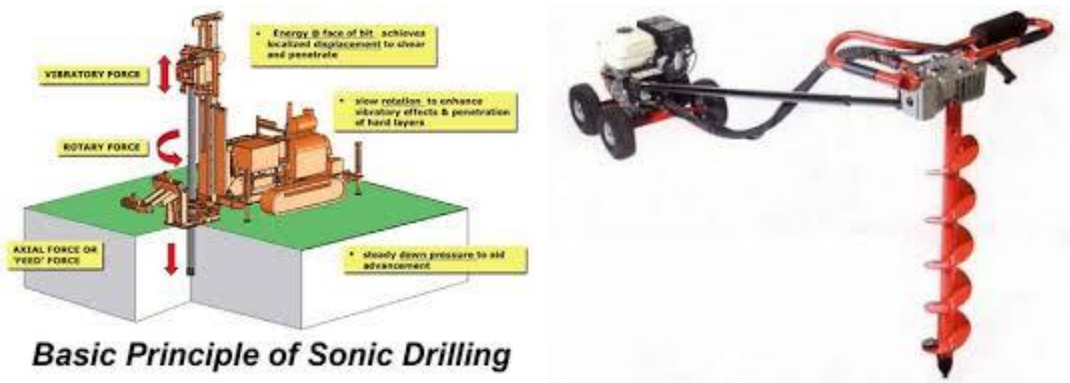


Figure 19. Sonic drilling (left) and Little Beaver auger drilling (right) are some of the options for drilling at Rionegro target.

The main objectives of the exploration stage are to prepare a mining plan and to define the most efficient exploitation technique to be used at this deposit.

9.4 Stage III: Exploitation

It is estimated that the exploitation could start in less than three months after the start of the current exploration program. It is strongly recommended to consider starting with smaller unit until we get more experience in exploiting these placers.

10.0 Drilling

No drilling has been conducted at the area.

11.0 Sample Preparation, Analyses, and Security

The description of the proposed sampling method was described on page 39, Fig. 18. The use of manual augers is currently being tested by the staff of the Company.

The QP has recommended a full QA&QC program for the project that includes the use of blanks every 33 samples, duplicates every 20 samples, and certified standards every 50 samples (or a minimum of 1 per batch).

All the staff of the Company has been trained in accordance with CIM Exploration Best Practices Guidelines.

12.0 Data Verification

Since this is an area of active exploitation of gold placers both by locals and artisanal miners (Fig. 20), and also because there are no resource estimations to be reported at this time, the QP considers that there is sufficient proof of mineralization in the area. Apart from some HMC panned on the Lebrija River that confirmed the presence of gold (Fig. 21), the QP believes that there is no need of further data verification.

Figure 20. A Colombian crew is currently exploiting some of the paleoplacers some 4 km downstream from the Rionegro Project.

Figure 21. HMC of sediments from the Lebrija River within the Rionegro Project showing gold colors.

13.0 Mineral Processing and Metallurgical Testing

This section is not applicable at this time.

14.0 Mineral Resource estimates

Based on the production parameters of the target that is being exploited presently downstream from the target to be explored by the Client, for a volume of 1000x1000x10 metres and grades varying from 0.3 to 1.5 g/m^3, the QP estimates a potential mineralized zone of approximately 106,000 to 530,000 ounces.

Table 4 shows different variations of these estimates for different thickness of the sediments and different grades.

Table 4. Order of magnitude estimation of a mineralized area at the Rionegro Project.

Width	Lenght	Depth	Grade	Grams	Ounces
1000	1000	10	0.3	3,000,000.00	105,822.00
1000	1000	10	1.5	15,000,000.00	529,110.00
1000	1000	7	0.3	2,100,000.00	74,075.40
1000	1000	7	1.5	10,500,000.00	370,377.00

Although these values are reasonable extrapolated from current site exploitation in a license 4 km downstream of the Clients' target, the reader must remember that these estimates are of order of magnitude and they do not meet the criteria of a Mineral Resource.

15.0 Mineral Reserve Estimates

This section is not applicable at this time.

16.0 Mining Methods

This section is not applicable at this time.

17.0 Recovery Methods

This section is not applicable at this time.

18.0 Project Infrastructure

This section is not applicable at this time.

19.0 Market Studies and Contracts

This section is not applicable at this time.

20.0 Environmental Studies, permitting, and Social or Community Impact

This section is not applicable at this time, but the Company is conducting an Environmental Study of the Rionegro Project. Table 5 summarizes the potential environmental and social issues.

Table 5. Preliminary Indication of Significance of Environmental and Social Aspects.

Factor	Aspect	Preliminary Assesment of Significance		
		Low	Medium	High
Sustainability	Sustainability	X		
	Local Communities	X		
Social Factors	Public Health and safety	X		
	Culture and Heritage	X		
	Terrestrial Flora and Vegetation	X		
	Terrestrial Fauna	X		
	Biodiversity	X		
Biophysical Factors	Conservation Values	X		
	Landform and Soil Erosion		X	
	Surface Water Quality	X		
	Groundwater Quality	X		
	Air- Greenhouse Gas Emissions	X		
	Air- Dust	X		
	Air- Other emissions	X		
	Noise and vibration		X	
Polution Prevention Factors	Light	X		
	Liquid and Solid waste Disposal	X		
	Geotechnical		X	
	Surface water Quality	X		
	Ground Water quality	X		

21.0 Capital and Operating Costs

This section is not applicable at this time.

22.0 Economic Analysis

This section is not applicable at this time.

23.0 Adjacent Properties

There are several licences for Coal in the area, most of them about to expire. Some 4 km downstream of the concession contract (JG3-16392) and inside the license application PCL-11051 of the Client, there is a mining operation conducted by a Colombian company (Fig. 22) on the paleoplacers from an independent mining license (IH8-11141) belonging to Luis Eduardo Valdivieso Barco (See Fig. 1). There are no other adjacent properties in the vicinity of the Rionegro target.

Figure 22. A Colombian company (Minera La Luisa S.A.S.) is currently exploiting a paleoplacer in the Lebrija River, 4 km downstream of the Client's concession contract (JG3-16392).

Minera La Luisa S.A.S. has just recently completed the first front of operations and has open four (4) new fronts to continue their operations The QP feels that mentioning the existence of these deposits is relevant to this report because it gives the reader an indication of the extrapolated potential of the Rionegro Project. However, the reader must be clear that the existence of such mineralization in nearby locations is not necessarily indicative of the mineralization of the Rionegro Project.

24.0 Other Relevant Data and Information

This section is not applicable at this time.

25.0 Interpretation and Conclusions

The Rionegro Project represents a Horst/Graben PZ-K structure covered by Quaternary sediments and intruded by a felsic intrusive of possible Tertiary age. The host rocks present a geological similarity to the Witwatersrand type of deposits. Besides this type, there are active placers and paleoplacers that can be exploited for precious metals, as well as other products.

The lineament analysis show a circular structure, which was shown to be associated with a felsic intrusive that could have been the key for the remobilization and concentration of gold associated with zones of hydrothermal and metasomatic alterations, controlled by the sub-parallel faults.

There is the possibility of starting production on some of the current placers and self-finance the exploration of the paleoplacers and the conglomeratic rocks.

26.0 Recommendations

Once the contract for the licenses along the river have been signed, the QP recommends a HMC[4] survey of the Lebrija River within the limits of such license, as well as some of its tributaries. The objective is to find the best areas for an industrial operation of up to 200 t/h to obtain not only the precious metals, but also magnetite and other products that could be commercialized.

Depending on financing, a GPR program should be completed to identify paleoplacers in the banks of the Lebrija River. The GPR will identify potential banks (Fig. 23) that will be then tested by pitting and geochemistry.

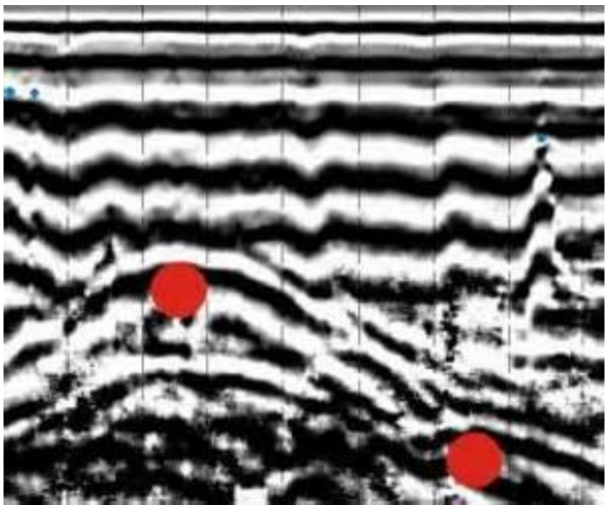


Figure 23. An example of a GPR image.

Finally, the source of the precious metals will be explored in the conglomerates and other host rocks using a combination of lineament analysis, satellite interpretation, mapping, geophysics, and geochemistry (FG *csa*™).

26.1 Proposed Budget

In order to study both targets in this project, a budget of US$383,634 has been estimated (See details on Table 6 and Fig. 24). The propose exploration program will be to define the best place to commence exploitation on the paleoplacers and to define drilling targets in the hard rock to prove the Witwatersrand model.

[4] HMC- Heavy mineral concentrate survey.

Table 6. Proposed budget for the Rionegro Project.

Description	Cost, US$	Unit	Total	Sub-total
Sedimentary gold deposit				
Exploration & PTO				
Sr. Geologist	3,000	1	3,000	
Technician	2,000	1	2,000	
Workers	2,667	3	8,001	
Topographic Lifting of the area	2,780	1	2,780	
Truck	2,380	1	2,380	
Gas Oil	700		700	
Food (3 meals and water)	1,700		1,700	
Rent	700		700	
GPR	300	10	3,000	
Tools	1,700		1,700	
INAA	25	72	1,800	
Design and Print Report	80		80	
Incidental (5%)	902		902	
Admin Expenses (Includes Banking and Financial)	3,670		3,670	32,413
Environmental License				
Anthropologist	27,000	1	27,000	
Water Studies	15,000	1	15,000	
Environmental Engineer	6,400	1	6,400	
Biologist	3,400	1	3,400	
Sr. Geologist	5,400	1	5,400	
Technician	4,200	1	4,200	
Labourers	2,667	3	8,001	
Truck	4,760	1	4,760	
Gas	1,400		1,400	
Food (3 meals and water)	3,400		3,400	
Rent	1,400		1,400	
Design and Print Report	150		150	
Unexpected (3%)	2,251		2,251	
Admin Expenses (Includes Banking and Financial)	7,240		7,240	
Document Review by CDMB	2,000		2,000	
6% of the Total of Proposed Investment for CDMB (est)	15,000		15,000	
Expedited Process (Gestión de Exito)	7,000		7,000	114,002
Pre-exploitation expenses				
High Production Power Sluice Combination	3,325	1	3,325	
Shaker Table with Magnetic Separator	2,895	1	2,895	

Description	Cost, US$	Unit	Total	Sub-total
Hard rock exploration program				
Compilation of existing data	25,000	1	25,000	
Lineament analysis	75,000	1	75,000	
Satellite interpretation	20,000	1	20,000	
Regional geochemistry	10,000	1	10,000	
Detailed geochemistry	20,000	1	20,000	
Ground geophysics	50,000	1	50,000	
Incidentals (5%)	10,000	1	10,000	
General administration costs	3,500	6	21,000	231,000
				383,634

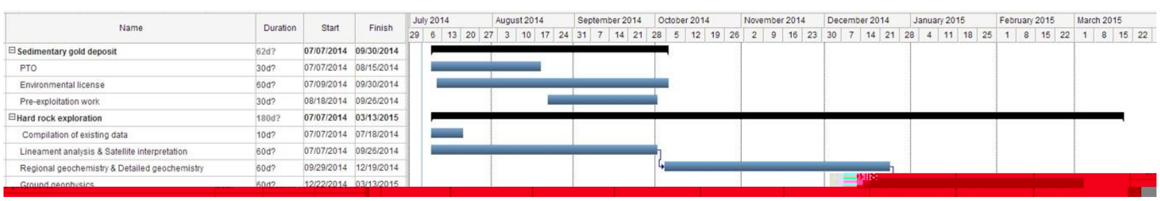


Figure 24. Schedule of the exploration program.

27.0 References

IGAC (Instituto Geográfico Agustín Codazzi), 1992. Atlas de Colombia.

Berger, B.R. (1985). Geologic-Geochemical Features of Hot-spring Precious Metal Deposits: U.S. Geological Survey, Bulletin 1646, pages 47-53.

Cordani, U.G., Sato, K., Teixeira, W., Tassinari, C.C.G. & Basei, M.A.S. (2000). Crustal evolution of the South American Platform. 31er Congreso Geológico Internacional, Río de Janeiro-Brasil. 19-40.

Cordani, U.G., Brito-Neves, B.B. & D'Agrella-Filho, M.S. (2003). From Rodinia to Gondwana: A review of the available evidence from South America. Gondwana Res., 6 (2), 275-283.

Cordani, U.G., Cardona, A. Jiménez, D.M., Liu, D. & Nutman, A.P. (2005). Geochronology of the Proterozoic basement inliers in the Colombian Andes: Tectonic history of remmants of a fragmented Grenville belt. En: Vaughan, A.P.M., Leat, P.T. & Pankurst, R.J. (eds). (2005). Terrane Processes at the margins of Gondwana. Geological Soc., London Special Pub., 246, 329-346.

Cruz Martín, Jorge, Ph. D. (2014). PTO Contrato de Concesión Minera JG3-16392. Internal Report for Alicanto Mining Corp., 78 pp.

Etayo-Serna, F., Renzoni, G. & Barrero, D. (1976). Contornos sucesivos del mar Cretáceo en Colombia. Memorias I Congreso Colombiano de Geología. 217-252.

GEOTEC (1993). Facies distribution and tectonic setting through the Phanerozoic of Colombia. No publ. Bogotá. 1-186.

INGEOMINAS. (2004). Mapa de anomalía gravimétrica Bouger total, V 2.0, escala 1:2'000.000, Bogotá. No publ.

INGEOMINAS. (2005a). Atlas geológico de Colombia. Bogotá.

INGEOMINAS. (2005b). Atlas geoquímico de Colombia – mapeo de ultra baja densidad (UBD). Informe interno. Bogotá; 1-132.

INGEOMINAS-USGS. (1986). Mapa de terrenos geológicos de Colombia. Publicaciones Geológicas Especiales del Ingeominas 14 (I), 1-235.

Krammer, A. & Mojica, J. (1996). Una comparación de la tectçonica de basamento de las Cordilleras Central y Oriental. Geología Colombiana, (20), 93-106.

Roberts, R.G. (1987): Ore Deposit Models #11. Archean Lode Gold Deposits; Geoscience Canada, Volume 14, Number 1, pages 37-52.

Toussaint, J.F. (1993). Evolución geológica de Colombia, Precámbrico y Paleozoico. Universidad Nacional de Colombia. 1-57.

Toussaint, J.F. (1995a). Evolución geológica de Colombia durante el Triásico y el Jurásico. Universidad Nacional de Colombia. 58-76.

Toussaint, J.F. (1995b). Hipótesis sobre el marco geodinámico de Colombia durante el Mesozoico Temprano. Geología Colombiana, (20), 150-155.

Toussaint, J.F. (1996). Evolución geológica de Colombia durante el Cretácico. Universidad Nacional de Colombia. 77-139.

Toussaint, J.F. (1999). Evolución geológica de Colombia durante el Cenozoico. Universidad Nacional de Colombia. 140-227.

Toussaint, J.F. & Restrepo, J.J. (1976). Modelos orogénicos de tectónica de placas de los Andes Colombianos. Medellín. Boletín de Ciencias de la Tierra, (1), 1-47.

Toussaint, J.F. & Restrepo, J. J. (1980 – 1981). Migración del Magmatismo del Noroccidente Colombiano. II Congreso Colombiano de Geología. Bogotá, 1978. En: Boletín de Ciencias de la Tierra. (5 -6), 147-162.

USGS-INGEOMINAS. (1986). Evaluación de los recursos minerales no combustibles de Colombia. Publicaciones Geológicas Especiales del Ingeominas. 14 (II), 1-55.

Ward *et al* (1973). Geología del Cuadrángulo H-12, Bucaramanga y H-13, Pamplona, Departamento de Santander y Norte de Santander. Ingeominas. Boletín Geológico, 21 (1-3) : 1-32. Bogotá.

Date and Signature Page

To Accompany the Report titled
Technical Report on the Rionegro Project
June 26th, 2014

I, Ricardo A. Valls, P. Geo, do hereby certify that:

1. I am currently employed as a consultant by:

    Fenix Geoconsult Ltd.
    133 Richmond Street West
    Suite 204, Toronto, Ontario
    M5H 2L3, Canada

2. I am a Professional Geologist in the Provinces of Quebec and Ontario, member of the Ordre des Géologues du Québec under the category of Geologist (416), as well as a member of the Association of Professional Geoscientists of Ontario (0160), the Geological Association of Canada (A6129), the Mineralogical Association of Canada, the Association of Exploration Geochemistry, the International Association of Applied Geochemistry, the Prospectors and Developers Association of Canada, the Canadian Institute of Mining, Metallurgy, and Petroleum, the Prospectors and Developers Association of Canada, the Society of Economic Geologists, and the Asociación de Ingenieros de Minas, Metalurgistas y Geólogos de México.

3. I graduated in 1983 from the Moscow Institute of Mineral Prospecting in Moscow, Russia, as a Mining Engineer and Geologist, and in the same year I obtained the degree of M.Sc. in Economic Geology from the same Institute, and I have practiced my profession continuously for 31 years.

4. I am presently a Consulting Geologist and have been so since September, 1983. My relevant experience for the purpose of the Technical Report includes various projects world-wide (Canada, United States, Africa, Russia, Argentina, Haiti, Dominican Republic, Cuba, and Central America.) that included regional reconnaissance to local mapping, diamond drilling, RC and other drilling programs, geochemical sampling and other exploration techniques pertaining to the study of base and precious metals and other magmatic, hydrothermal, and placers ore deposits.

5. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past work experience, I fulfill the requirements to be a "qualified person" (QP) for the purpose of this report.

6. I have visited the area described in this report several times since February 2014 to review and collect necessary information to complete this report.

7. I am responsible for the preparation of the technical report titled "Technical Report on the Rionegro Project, Santander, Colombia and dated on June 26th, 2014 (the "Technical Report") relating to the studied area.

8. I have not had prior involvement with the licenses that are the subject of this Technical Report.

9. In the disclosure of information relating to permitting, legal, title and related issues I have relied, and believe that I have a reasonable basis to rely, on information collected from the web site of the ANM, with respect to the status of the licenses.

10. I am not aware of any material fact or material change with respect to the subject matter of this technical report which is not reflected in the report, the omission to disclose which would have made this technical report misleading.

Dated this 26 Day of June, 2014.

(s) Ricardo A. Valls

Name of Qualified Person

PROFESSIONAL GEOSCIENTIST
RICARDO A. VALLS ALVAREZ
PRACTISING MEMBER
0160
ONTARIO

Technical Report on the Rionegro Project, Santander, Colombia.

For Alicanto Mining Corp.
204-133 Richmond Street West, Toronto, ON, M5H2L3, Canada

By Ricardo A. Valls, P. Geo., M. Sc.
Fenix Geoconsult Ltd.

June 26, 2014