Exploration Technical Report

Chépica Au – Ag - Cu Project, Region VII, Chile

Report Prepared by

SRK Consulting (Chile) S.A.
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November , 2011

Exploration Technical Report

Chépica Au – Ag - Cu Project

Region VII, Chile

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Table of Contents

List of Tables

List of Figures

1 Summary

Introduction

Polar Star Mining Corporation (Polar Star) in May, 2011 contracted SRK Consulting (Chile) S.A. to update a CIM NI 43-101 technical report of its Chépica Au-Cu exploration property, located in Chile's Region VII.

The Chépica property, consisting of 5 exploitation concessions totaling 1,390 hectares, is located in the Chilean coastal range, approximately 270 kilometres south of Santiago.

Polar Star Mining Corp. is a public company listed and trading on the Toronto Stock Exchange (TSX).

History

This area is known to have been prospected for gold and copper as far back as the late 1800's, however no production was recorded from the Chépica project area itself. The following historical information was provided by Minera Polar Star staff.

Regional exploration by Noranda and others in the early to mid 1990's including geological mapping, stream and soil geochemistry, defined several open ended zones associated with N-NW trending silicified structures on the Chépica Mine property. From early 2001 to late 2003, the current owners with the aid of Chile's state-owned mining company Empresa Nacional de Minería ("ENAMI") geologists and engineers conducted surface trenching, about 500 lineal metres of drifting and crosscutting and raising on the Chépica I and II veins. From this work, 12 run of mine bulk samples of about 300 tonnes each from the Chépica I vein and 8 similar samples from the Chépica II vein were shipped to plants north of the area for processing. Head grades from the Chépica I vein samples ranged from 1.4-2.4% copper, 0.3-12.2 g/t gold, and 7.8-28 g/t silver, with a weighted average of 1.6% copper, 3.0 g/t gold and 16g/t silver. Head grades from the Chépica II vein samples ranged from 2.2-3.2% copper and 2.5-3.4 g/t gold, with a weighted average of 2.5% copper and 3.0 g/t gold. None of the samples from Chépica II vein were analysed for silver.

In 2005, MCK Mining Corp. conducted a limited exploration on the Chépica property that included some drilling. The number of holes drilled and their results are not known, but it was reported that approximately US$ 356,000 was spent on the programme. Unconfirmed reports said that the recoveries of the diamond drilling were very poor, on the order of 50%.

Polar Star acquired rights to the property in April, 2008.

Geology and Mineralization

The Chépica properties lie within the Chilean Coastal Range which is geologically comprised of Mesozoic age volcanic arc rocks accreted on to the South American Craton. The western margin of the Coastal Range is mostly Triassic to early Cretaceous in age and not known to be well mineralised. The eastern margin of the Coastal Range is an assemblage of Late Cretaceous age rocks and these contain a host of mineral occurrences, most associated with sub-volcanic porphyry bodies.

The Late Cretaceous lithologies consist mainly of continental margin andesitic volcanics and volcaniclastic sediments including some limestones belonging to the Lo Valle Formation. These formations are intruded by various batholithic bodies composed of felsic granite to granodiorite and younger sub-volcanic intrusive.

Several gold deposits, either currently being mined or previously mined, exist in this belt. The majority are vein systems or pipes related to high level plutonic bodies. El Chivato, Alhué (Florida) and Las Palmas are examples. Also known are deposits associated with porphyry intrusives. These closely resemble Andacollo where gold mineralization is strongest in radial fractures in acid volcanics marginal to a porphyry copper deposit.

Of various deposits occurring in the Talca area, the more promising occur in roof pendants of Late Cretaceous andesitic volcanics and volcanoclastic sediments associated with granitic stocks. In this environment, vein systems developed under epithermal to high level mesothermal conditions. Gold mineralization generally occurs in banded or fine grained quartz and or quartz-sulphide veins, breccias and stockworks. Some stocks contain evidence of zoned porphyry style copper-molybdenum mineralization.

The Chépica properties cover a sequence of NE-SW trending gently SE dipping Cretaceous andesitic volcanics and volcaniclastics which regionally are part of a similarly trending roof pendant within Cretaceous granodiorite. The volcanic rocks are poorly exposed on the Chépica claims but were they do crop out and as seen in drilling are mainly feldspar porphyritic flows with intermixed agglomerates, flow top breccias and course lapilli tuffs. In general they are chloritised and within 10-20 metres of the vein systems contain 2- 3% disseminated pyrite. Surface oxidation of these pyritic zones leads to quite extensive but shallow leaching and limonite-jarosite staining. The granodiorite stock is not present on the property but were exposed several kilometres to the NW it is generally a fresh pale gray equigranular intrusive.

Two sets of NW-NNW and E-W to WNW trending anastomosing and bifurcating tensional faults cross-cut the volcanic package and are locally the focus of auriferous epithermal to upper mesothermal quartz-sulphide veins and clay-sericite-quartz alteration. Six such vein-alteration systems have been identified at surface to date. All contain variable contents of gold-silver and or gold-silver-copper mineralization, however, only sections of the Chépica II vein has been drill tested to date.

The main characteristics of mineralization and alteration on the property can best be described from the diamond drill core and the underground workings on the Chépica I and II vein systems. This work demonstrates that both these vein systems have lateral and vertical continuity and contain at least 3 on-echelon veins with widths typically ranging from 1.5 meters to over 12 meters, however, two or more veins may merge to form composite veins with greater widths.

In both systems the individual veins have similar characteristics i.e. they are dominantly simple and colloform banded chalcedonic quartz veins, locally amethystine and multi-episodic often showing internal brecciation and rotation during resurgence of the fluid pulses. Wall rock between these veins is either brecciated, silicified and sericitised or permiated by a stockwork of smaller quartz veins and stringers. The footwalls to both systems tend to be sharp and often fault controlled, while their hanging walls are typically a silicified quartz stockwork ranging from a few meters to 15 metres wide. Internal faults are common to both systems but they tend to be sealed by silicification.

Sulphide mineralization is common but in variable amounts from 1 – 15% and consists predominantly of both disseminated pyrite as clots, chalcopyrite plus minor galena, sphalerite and tetrahedrite. All species occur as irregular layers parallel to quartz banding, and or as disseminations and coarse patches filling prior open spaces within and between the quartz events. Within 25m of the surface the sulphides have been variably leached and oxidised to a mix of limonite - jarosite, hematite and goethite.

Exploration and Drilling

The area around the Chépica property is known to have been explored for gold and copper since at least the 1800's, however, the area has only recently come to light as a potential district containing several veins similar to those at Chépica I and II.

Polar Star collected a total of 17 channel samples underground at the Chépica I vein system.

A total of 23 channel samples were taken underground in the old Chépica II workings.

The 2008 database contains 66 drill holes; these correspond to 6,785.8 metres of diamond core drilling. This database comprises forty underground channel samples totaling 179.2 metres.

The 2010 database contains 34 drill holes, which correspond to 5,216.15 metres of diamond core drilling.

The Chépica I Vein was modeled and estimated from 67 drill holes (corresponding to 8,076.45 metres, and 17 channel samples (corresponding to 77.3 metres. Fifty of these drill holes are from the 2008 database (corresponding to 5,299.3 metres) while 17 are from the 2010 database (corresponding to 2,777.15 metres.

A total of 1,486.5m in 16 diamond holes were drilled by Polar Star at Chépica II. A resource estimate was not done on the Chépica II veins. This will await instructions by Polar Star.

Mineral Resource Estimation

Ordinary Kriging was used to interpolate Au, Ag and Cu grades for the vein. Only composites inside the vein were used to estimate vein blocks. Block size is 2.5 X 2.5 X 5 m.

Mineral resources for the Chépica project are presented in the following table at a cut-off of 1.0 ppm Au.

Mineral Resource Statement* for the Chépica Project, Chile, SRK Consulting (Chile) S.A., November, 2011

Resources	Tonnage (KTon)	Au (ppm)	Ag (ppm)	Cu (%)
Measured	198.2	3.43	12.06	0.75
Indicated	85	2.33	11.61	0.72
Demonstrated	**283**	**3.1**	**11.92**	**0.74**
Inferred	30	1.92	14.9	0.66

* reported at a cut-off of 1.0 ppm gold

The following tables show the sensitivity of the categorised mineral resources to the cut-off grade.

Measured Gold Mineral Resources by Cut-Off Grade

Au ppm cut off	MEASURED			
	TONNAGE	Au	Ag	Cu
	T x 1000	ppm	ppm	%
10	7.3	12.25	10.78	0.50
9	9.3	11.64	10.98	0.47
8	11.7	11.00	11.23	0.46
7	13.8	10.46	11.36	0.44
6	19.8	9.24	10.95	0.42
5	32.6	7.75	11.25	0.47
4	53.8	6.46	11.43	0.56
3	90.2	5.24	11.90	0.68
2	135.4	4.32	12.20	0.73
1.3	178.3	3.68	12.20	0.74
1	198.2	3.43	12.06	0.75
08	205.3	3.34	11.91	0.74
06	208.3	3.30	11.86	0.74
04	209.0	3.29	11.84	0.74
02	209.2	3.29	11.84	0.74
0	209.2	3.29	11.84	0.74

Indicated Gold Mineral Resources by Cut-Off Grade

Au ppm cut off	INDICATED			
	TONNAGE	Au	Ag	Cu
	T x 1000	ppm	ppm	%
10	1.7	14.30	14.89	0.70
9	1.9	13.86	14.80	0.71
8	2.5	12.52	14.65	0.71
7	2.8	11.99	14.34	0.71
6	3.0	11.69	14.05	0.69
5	3.6	10.48	13.55	0.66
4	5.3	8.56	14.33	0.71
3	18.3	5.01	17.27	0.88
2	28.1	4.13	15.85	0.80
1.3	60.0	2.80	12.91	0.73
1	84.9	2.33	11.61	0.72
08	93.9	2.19	11.40	0.72
06	104.8	2.04	12.00	0.73
04	105.5	2.03	12.03	0.73
02	107.1	2.01	12.07	0.73
0	107.1	2.01	12.07	0.73

Demonstrated (Measured + Indicated) Gold Mineral Resources by Cut-Off Grade

Au ppm cut off	Demonstrated			
	TONNAGE	Au	Ag	Cu
	T x 1000	ppm	ppm	%
10	9.0	12.63	11.56	0.54
9	11.2	12.01	11.61	0.51
8	14.2	11.27	11.83	0.50
7	16.6	10.72	11.86	0.48
6	22.7	9.56	11.36	0.45
5	36.3	8.02	11.48	0.49
4	59.1	6.65	11.69	0.57
3	108.5	5.20	12.80	0.71
2	163.5	4.29	12.82	0.75
1.3	238.3	3.46	12.37	0.74
1	283.0	3.10	11.92	0.74
08	299.3	2.98	11.75	0.73
06	313.2	2.88	11.91	0.74
04	314.6	2.87	11.91	0.74
02	316.3	2.86	11.92	0.74
0	316.3	2.86	11.92	0.74

Inferred Gold Mineral Resources by Cut-Off Grade

Au ppm cut off	INFERRED			
	TONNAGE	Au	Ag	Cu
	T x 1000	ppm	ppm	%
10	0.0	0.00	0.00	0.00
9	0.0	0.00	0.00	0.00
8	0.0	0.00	0.00	0.00
7	0.0	0.00	0.00	0.00
6	0.0	0.00	0.00	0.00
5	0.6	5.91	15.02	0.30
4	0.9	5.50	15.55	0.36
3	1.9	4.31	18.69	0.47
2	14.2	2.59	18.64	0.59
1.3	21.4	2.24	17.21	0.63
1	30.1	1.92	14.90	0.66
0.8	32.7	1.83	14.31	0.66
0.6	32.8	1.83	14.28	0.65
0.4	32.8	1.83	14.28	0.65
0.2	32.8	1.83	14.28	0.65
0	32.8	1.83	14.28	0.65

The above mineral resources are global resources. There are limited workings in the Chépica 1 vein and they have not been completely surveyed and thus an accurate volume measurement cannot be made at this time. However, the tonnes represented by the workings is relatively small and should be on the order of about 1,500 tonnes. Because they are developed in the upper part of the deposit, in the oxidized zone, the grades would most likely be higher in this zone, however. The minimum width of the vein in the model is 1.5m, thus it is quite constrained and should represent fairly closely the possible mineable resources at Chépica 1. A dilution factor of approximately 10 – 15% should be applied to the above global resources to reflect what may be considered possible mineable resources at this time.

Interpretation and Conclusions

This independent technical report is focused on the Chépica I vein system. Given the results from Polar Star's exploration programme to date, SRK is of the opinion that further work on the Chépica I vein system and on the other multiple veins within Polar Star's rather large concession block, is warranted. The Chépica project offers excellent exploration opportunities to expand the current size of the gold-copper deposit. The fact that this is a relatively new exploration district with many veins identified on the surface, lends encouragement that Polar Star could significantly add to their resource base and possibly operate from a single larger plant in the future.

Recommendations

This independent technical report is focused on the Chépica I vein system. Given the results from Polar Star's exploration programme to date, SRK is of the opinion that further work on the Chépica I vein system and on the other multiple veins within Polar Star's rather large concession block, is warranted. The Chépica project offers excellent exploration opportunities to expand the current size of the gold-copper deposit. The fact that this is a relatively new exploration district with many veins identified on the surface, lends encouragement that Polar Star could significantly add to their resource base and possibly operate from a single larger plant in the future.

While no significant drill hole deviation seems to have occurred with 2008 drilling programme, based on only four surveyed holes, SRK recommends that for deeper drilling in future campaigns, all holes greater than 150m in length be surveyed for drill hole deviation. Most of the 2010 holes were surveyed and also showed no significant deviation.

SRK considers the current specific gravity database sufficient to support this preliminary mineral resource estimate. For future stages of work, it is recommended that representative samples be added to increase the confidence in the data for each geologic unit.

SRK recommends for all future drilling campaigns that Polar Star continue the practice of inserting blanks, duplicates and standards in the sample lots sent to the laboratory.

During October, 2008, SRK made a technical visit to the plant installations at the Chépica Project site with the purpose of reviewing the physical set up of the plant, its design and capacity (120 t/day of sulphide ore) and see if it presents any fatal flaw. This analysis is retained here in the present report, however, SRK considers this old information to be out of date and should only serve as a reference. A new study will have to be undertaken for processing ores at Chépica once the project reaches that stage. Thus, recommendations given in the October 2008 report are no longer considered current for use in this report.

2 Introduction

Beginning in July, 2008, SRK Consulting (Chile) S.A. (“SRK”) was contracted by Polar Star Mining Corporation (“Polar Star”, or “Client”) to review the QA/QC procedures for drilling and sampling, construct an initial mineral resource model for the copper mineralization on the Chépica property and prepare an independent technical report for the Chépica project. The last previous report done by SRK on the Chépica project was in May 2009, entitled, “Mineral Resource Estimation Chépica Cu-Au Project, Region VII, Chile”. The main purpose of this current technical report is to summarize the review completed by SRK and characterize the current state of the Chépica project, namely re-estimate the mineral resources after the latest drilling, in order to justify the work exploration program recommended for this property.

Polar Star, a TSX listed company, acquired an original purchase option on the Chépica property on April 23, 2008, which was later re-negotiated and a new option to purchase agreement signed in October 2009.

The Chépica property, consisting of 5 exploitation concessions totaling 1,390 hectares, is located in the Chilean coastal range, approximately 270 kilometres south of Santiago (See Figure 2-1). The site is reached by travelling south on the Panamerican Highway (Ruta 5) to kilometre marker 257 entering the city of Talca. From there, one travels west approximately 20 kilometres on a paved road through the town of Pencahue. Entrance to the property is by a short dirt road. The approximate coordinates of the site are: 240,631E; 6,081,465N, elevation 120 masl.

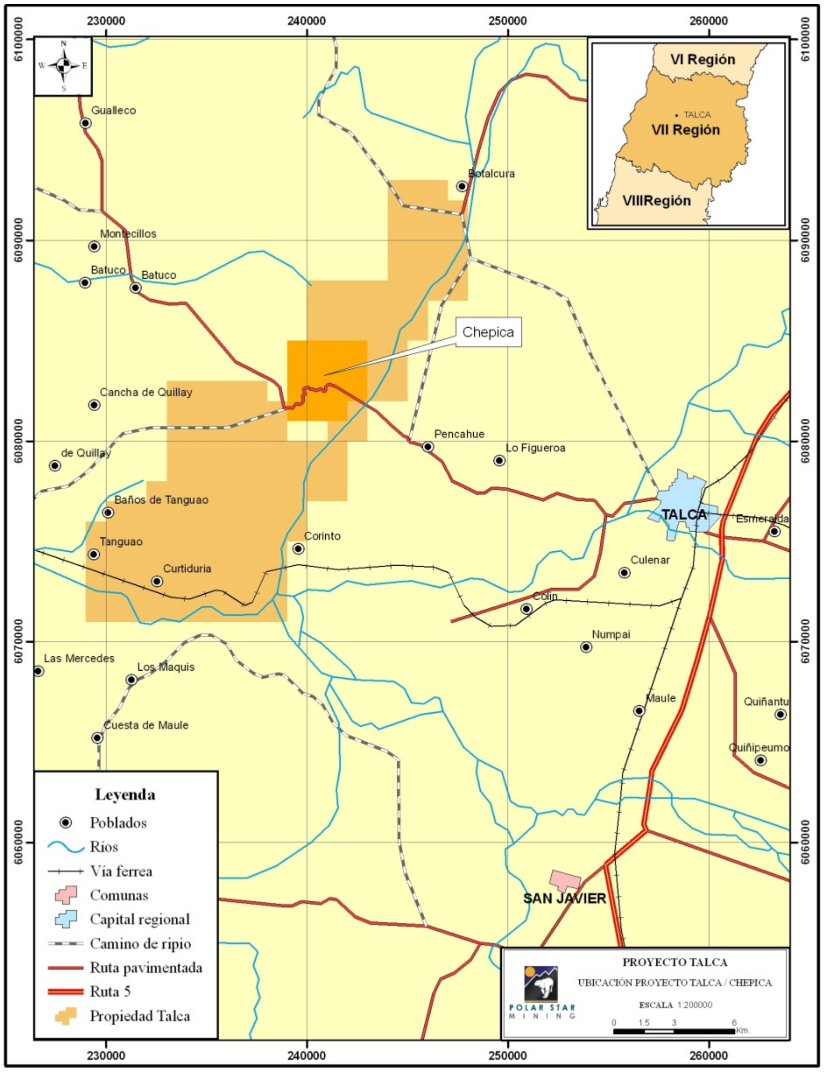


Figure 2-1: Location of the Chépica Project

2.1 Scope of Work

The scope of work, as defined by Polar Star in April 2011, includes a review of the QA/QC procedures for drilling, sampling and analyses, the review of the updated geological model provided by Polar Star, an estimation and classification of the mineral resources at the Chépica I vein system and the preparation of an independent technical report on the property.

This work involves an assessment of the following on this project:

- Topography, landscape, access;
- Regional and local geology;
- History of exploration work in the area;
- Review of exploration work completed on the project;
- QA/QC procedures of drilling and sampling and the analytical laboratory;
- Resource estimation and classification;
- Exploration potential and recommendations for additional work.

This technical report was prepared following the guidelines of the Canadian Securities Administrators National Instrument 43-101 and Form 43-101F1, and in conformity with generally accepted CIM "Exploration Best Practices" guidelines.

2.2 Work Program

The work program involved several visits to the Chépica beginning in July 2008 by two SRK Chile geologists, and also a mining and a process engineer, to make a preliminary investigation of drilling and sampling procedures, understand the geology and mineralisation style, examine the condition of the existing underground workings as well as a visit to the process plant that was being installed on the property.

2.3 Basis of the Technical Report

This report is based on information collected by SRK during the site visits and on additional information provided by Polar Star Mining Corp.

SRK conducted certain verifications of exploration data from archived files provided by the Client. The information contained herein is based on information believed to be reliable.

This technical report is based on the following sources of information:

- Discussions with Polar Star personnel;
- Personal inspection of the Chépica project and surrounding areas;
- Geological investigations of outcropping bedrock on the project area;
- A brief geological investigation of the underground workings on the Chépica I and Chépica II veins;
- Inspection and review of drill core from the Chépica Project;
- Review of historical exploration work conducted on the property;
- Additional information obtained from public domain sources.

2.4 Qualification of SRK

The SRK Group comprises over 1,000 professionals, offering expertise in a wide range of resource engineering disciplines. The SRK Group's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This permits SRK to provide its clients with conflict-free and objective recommendations on crucial judgment issues. SRK has a demonstrated track record in undertaking independent assessments of Mineral Resources and Mineral Reserves, project evaluations and audits, technical reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. The SRK Group has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs.

This technical report was compiled by Mr. George Even, MAIG (#3616), MAusIMM (Geology, #228861).

2.5 Site Visit

Several site visits to the Chépica property were made beginning in July 2008, namely by two SRK Chile geologists, Mr. George Even, and SRK Principal Resource Geologist, Mr. Ernesto Jaramillo, who were accompanied by Mr. Terence Walker of Polar Star, as well as visits by an SRK Mining Engineer and Metallurgical Engineer. These visits had as their purpose to make a preliminary investigation of drilling and sampling procedures, understand the geology and mineralisation style, and examine the condition of the existing underground workings as well as a visit to the process plant that was being installed on the property.

2.6 Acknowledgements

SRK would like to acknowledge the support and collaboration provided by Polar Star personnel for the preparation of this report, and in particular, Mr. Terence Walker for his assistance during the field visits and also during meetings held in the Santiago, Chile SRK office.

3 Reliance on Other Experts and Disclaimer

SRK's opinion contained herein and effective November 11, 2011, is based on information provided to SRK by Polar Star throughout the course of SRK's investigations, which in turn reflect various technical and economic conditions at the time of writing. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently actual results may be significantly more or less favorable.

SRK is not an insider, associate or an affiliate of Polar Star Mining and neither SRK nor any affiliate has acted as advisor to Polar Star or its affiliates in connection with this project. The results of the technical review by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

SRK has not researched ownership information such as property title and mineral rights and has relied on information provided by Polar Star as to the actual status of the mineral titles. SRK reviewed the option agreement opinion provided by Polar Star.

The Chépica project is a small scale underground mining project with exploration potential. Minimal surface disturbances have occurred within the project area arising primarily from two small existing adits, a plant site and tailings pond under construction and surface exploration activities such as drilling and prospecting.

Sociedad Contractual Minera del Maule, the current owner of the plant, mineral and surface property titles, has the following permits:

- Res. Exenta 110 of 01/07/2003 from COREMA Región Maule: DIA favourable ruling for the process plant.
- Res. 559 of 03/03/2004 from SERNAGEOMIN: Approval for the construction of the Tailings Pond
- Res. Exenta N°323 of 18/03/2005 from the DGA: Approval for the construction of the Tailings Pond and setting of the bond guarantee amount.

Potential environmental liabilities associated with the Chépica project were excluded from the work program. As such, no verification was conducted by SRK and no opinion is expressed regarding the environmental aspect of this exploration project.

The Chépica project is an mid-stage exploration project with exploration potential. Polar Star is continuing with exploration activities at the site.

SRK was informed by Polar Star that there are no known litigations potentially affecting the Chépica exploration project.

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Chile) S.A., by Polar Star Mining Corp., as well as on information collected by SRK during the site visits. The opinions in this report are provided in response to a specific request from Polar Star to do so. SRK has exercised all due care in reviewing the supplied information. Opinions presented in this report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

4 Property Description and Location

4.1 Introduction

The Chépica property, consisting of 5 exploitation claims totaling approximately 1,390 hectares, is located in the Chilean coastal range about 270 kilometres south of Santiago in Chile's Maule Region VII (see Figure 2-1).

On April 23, 2008, Minera Polar Mining Chile Limitada (wholly owned subsidiary), on behalf of Polar Star Mining Corp., Toronto, Canada, signed an option to purchase the Chépica property from Messrs Giancarlo Bordoni Magni, Giancarlo Bordoni Acuña and Jesús Chavarrí del Campo. Subsequently this agreement lapsed in June 2009 and a new option to purchase agreement was negotiated and signed in October 2009.

4.1.1 Land Tenure

The property consists of five exploration totaling approximately 1,390 hectares (Figure 4-1 and Table 4-1). The exploration and exploitation concessions are all part of the purchase option agreement between Minera Polar Star and the owners mentioned above.

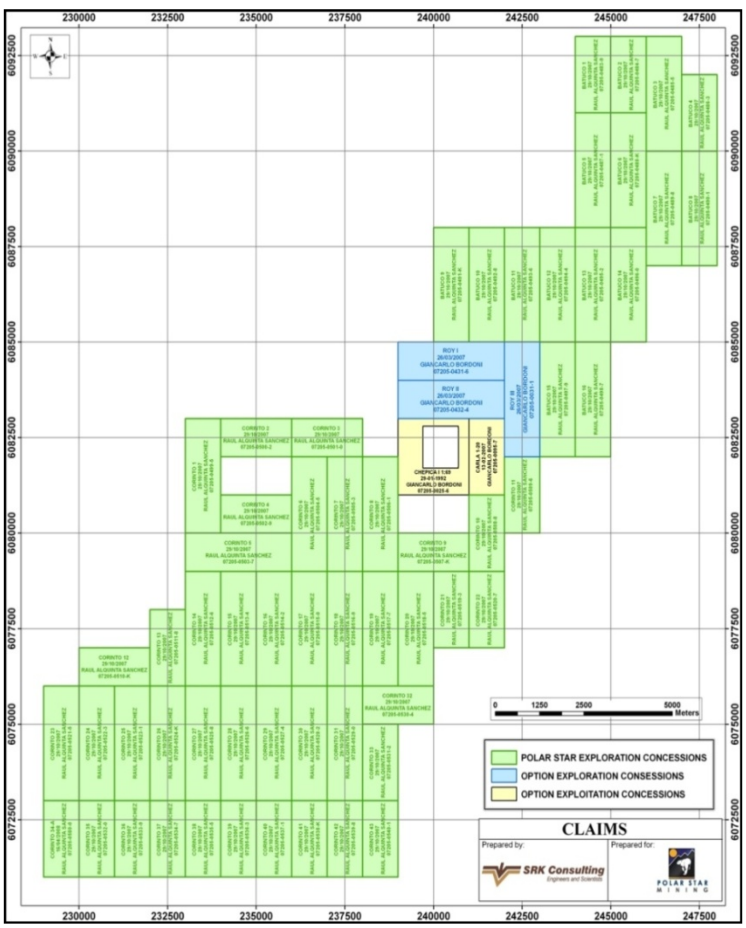


Figure 4-1: Chépica Tenement Map

Table 4-1: Chépica Tenement Description

NAME	REGISTRY	FEES 2011-2012	HECTARES	STATUS
CHEPICA I 1/69	07205-0025-6	$ 1,096,026	290	EXPLOTATION CONCESSION
CARLA 1 AL 20	07205-0095-7	$ 755,880	200	EXPLOTATION CONCESSION
ROY I 1 AL 60	07205-0106-6	$ 1,133,820	300	MENSURA IN PROCESS
ROY II 1 AL 60	07205-0107-4	$ 1,133,820	300	MENSURA IN PROCESS
ROY III 1 AL 60	07205-0108-2	$ 1,133,820	300	MENSURA IN PROCESS
TOTAL		**$ 5,253,366**	**1390**	

Note that there is another property included in the option to purchase agreement named Arno 1-10, covering 50 ha. However, this property is not part of the Chépica project area and was not studied by SRK, so it is not considered here in the above table.

SRK did not completed an independent review of the Chépica property claim title documents as these are mostly legal in nature. However, based on a detailed review by Polar Star's Chilean lawyers Carey y CIA of Santiago, all the claims appear to have been processed correctly and are currently up to date with their annual fees.

4.2 Underlying Ownership

On April 23, 2008, Minera Polar Mining Chile Limitada (wholly owned subsidiary), on behalf of Polar Star Mining Corp., Toronto, Canada, signed an option to purchase 85% of the Chepica property, mine and mill, from the Sociedad Legal Minera (SLM) Chépica Primera de Pencahue and SLM Arno de Los Muermos, owned by Messrs Giancarlo Bordoni Magni, Giancarlo Bordoni Acuña and Jesús Chavarrí del Campo. This agreement basically consisted of the following terms:

- June 20, 2008 – Option to Purchase Agreement (OPA) signed giving Polar Star exclusive right to purchase 85% of both SLM's for 2,550,000,000 Chilean pesos. On signing Polar Star paid 150,000,000 Chilean pesos for 5% interest leaving a balance of 80% to purchase at its sole discretion any time prior to June 20, 2009. On the same date agreements were signed to convert both SLM's to SCM's (Sociedad Contractual Minera).

- August 11, 2008 – Polar Star purchased a further 5% for 150,000,000 Chilean pesos leaving a balance of 75% on the original OPA. Also at this time Polar Star negotiated and signed a modification to the OPA giving Polar Star the option to purchase the balance (15%) of the two SCM's (not covered by the first agreement) for a total of 600,000,000 Chilean pesos on or before June 20, 2009. This modification was finalized February 10, 2009.

- September 26, 2008 – Polar purchased a further 5% for 150,000,000 pesos leaving a balance of 85% on the modified OPA.

On June 20, 2009, this original agreement lapsed with Polar Star owning 15% of the two original SCM's. On October 9, 2009, Minera Polar Mining Chile Limitada, a wholly owned Chilean subsidiary of Polar Star negotiated and signed a new option to purchase with Messrs. Giancarlo Bordoni Magni, Giancarlo Bordoni Acuña and Jesús Chavarrí del Campo whereby Polar Star has the option to purchase their cumulative 85% interest in SCM del Maule, the current holding company for the Chépica property, mine and mill for staged payments totalling US$7,000,000 by December 30, 2016. SCM del Maule also owns the surface rights to the area covering the current mining area. This totals 48.637 ha. These are also included in the October 2009 option to purchase agreement.

4.3 Mineral Rights in Chile

In accordance with Chilean mining legislation, there are two types of mining concessions in Chile; exploration concessions and exploitation concessions. The principal characteristics of each are the following:

Exploration Concessions – the titleholder of an exploration concession has the right to carry out all types of mining exploration activities within the area of the concession. Exploration concessions can overlap or be granted over the same area of land however, the rights granted by an exploration concession can only be exercised by the titleholder with the earliest dated exploration concession over a particular area.

For each exploration concession the titleholder must pay an annual fee of approximately US$1 per hectare to the Chilean Treasury and exploration concessions have durations of two years. At the end of this period, they may (i) be renewed as an exploration concession for two further years in which case at least 50% of the surface area must be renounced, or (ii) be converted, totally or partially, into exploitation concessions.

A titleholder with the earliest dated exploration concession has a preferential right to an exploitation concession in the area covered by the exploration concession, over any third parties with a later dated exploration concession for that area or without an exploration concession at all and must oppose any applications made by third parties for exploitation concessions within the area for the exploration concession to remain valid.

Exploitation Concessions – The titleholder of an exploitation concession is granted the right to explore and exploit the minerals located within the area of the concession and to take ownership of the minerals that are extracted. Exploitation concessions cannot overlap or be granted over the same area of land.

Exploitation Concessions are of indefinite duration and an annual fee is payable to the Chilean Treasury in relation to each exploitation concession of approximately US$5 per hectare.

Where a titleholder of an exploration concession has applied to convert the exploration concession into an exploitation concession, the application for the exploitation concession and the exploitation concession itself is back dated to the date of the exploration concession.

A titleholder to an exploitation concession must apply to annul or cancel any exploitation concessions which overlap with the area covered by its exploitation concession within a certain time period in order for the exploitation concession to remain valid.

5 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Chépica property, totalling,1,390 hectares, is located in the Maule Region VII, in the Chilean coastal range, approximately 270 kilometres south of Santiago. The site is reached by travelling south on the Panamerican Highway (Ruta 5) to kilometre marker 257 entering the city of Talca. From there, one travels west approximately 20 kilometres on a paved road through the town of Pencahue. Entrance to the property is by a short dirt road. The approximate coordinates of the site are: 240,631E; 6,081,465N.

The area lies within the Continental Mediterranean climate zone, with a dry season of four months. Average annual rainfall is 749mm and the annual average temperature averages 13°C.

The city of Talca, approximately 20 km to the east, has a population of about 200,000 with all important infrastructure at hand. The University of Talca and the Catholic University of Talca are also located there.

During the field visit, a water well was seen on the property and there also exists the possibility of re-circulating water from the tailings pond that has a liner.

Currently, the operation has a 4 kv line and transformers that are serving the mine. Containers are being used as offices and more permanent offices are being constructed.

The project is located in the coastal range which in this area consists of hills of low relief at an elevation of approximately 120 masl.

6 History

This area is known to have been prospected for gold and copper as far back as the late 1800's, however no production was recorded from the Chépica project area itself. The following historical information was provided by Minera Polar Star staff.

Regional exploration by Noranda and others in the early to mid 1990's including geological mapping, stream and soil geochemistry, defined several open ended zones associated with N-NW trending silicified structures on the Chépica Mine property. From early 2001 to late 2003, the current owners with the aid of Chile's state-owned mining company Empresa Nacional de Minería ("ENAMI") geologists and engineers conducted surface trenching, about 500 lineal metres of drifting and crosscutting and raising on the Chépica I and II veins. From this work, 12 run of mine bulk samples of about 300 tonnes each from the Chépica I vein and 8 similar samples from the Chépica II vein were shipped to plants north of the area for processing. Head grades from the Chépica I vein samples ranged from 1.4-2.4% copper, 0.3-12.2 g/t gold, and 7.8-28 g/t silver, with a weighted average of 1.6% copper, 3.0 g/t gold and 16g/t silver. Head grades from the Chépica II vein samples ranged from 2.2-3.2% copper and 2.5-3.4 g/t gold, with a weighted average of 2.5% copper and 3.0 g/t gold. None of the samples from Chépica II vein were analysed for silver.

In 2005, MCK Mining Corp. conducted a limited exploration on the Chépica property that included some drilling. The number of holes drilled and their results are not known, but it was reported that approximately US$ 356,000 was spent on the programme. Unconfirmed reports said that the recoveries of the diamond drilling were very poor, on the order of 50%.

7 Geological Setting, Mineralization and Modeling

7.1 Regional Geology

The Chépica properties lie within the Chilean Coastal Range which is geologically comprised of Mesozoic age volcanic arc rocks accreted on to the South American Craton. The western margin of the Coastal Range is mostly Triassic to early Cretaceous in age and not known to be well mineralised. The eastern margin of the Coastal Range is an assemblage of Late Cretaceous age rocks and these contain a host of mineral occurrences, most associated with sub-volcanic porphyry bodies.

The Late Cretaceous lithologies consist mainly of continental margin andesitic volcanics and volcaniclastic sediments including some limestones belonging to the Lo Valle Formation. These formations are intruded by various batholithic bodies composed of felsic granite to granodiorite and younger sub-volcanic intrusive (Figure 7-1).

Several gold deposits, either currently being mined or previously mined, exist in this belt. The majority are vein systems or pipes related to high level plutonic bodies. El Chivato, Alhué (Florida) and Las Palmas are examples. Also known are deposits associated with porphyry intrusives. These closely resemble Andacollo where gold mineralization is strongest in radial fractures in acid volcanics marginal to a porphyry copper deposit.

Of various deposits occurring in the Talca area, the more promising occur in roof pendants of Late Cretaceous andesitic volcanics and volcanoclastic sediments associated with granitic stocks. In this environment, vein systems developed under epithermal to high level mesothermal conditions. Gold mineralization generally occurs in banded or fine grained quartz and or quartz-sulphide veins, breccias and stockworks. Some stocks contain evidence of zoned porphyry style copper-molybdenum mineralization.

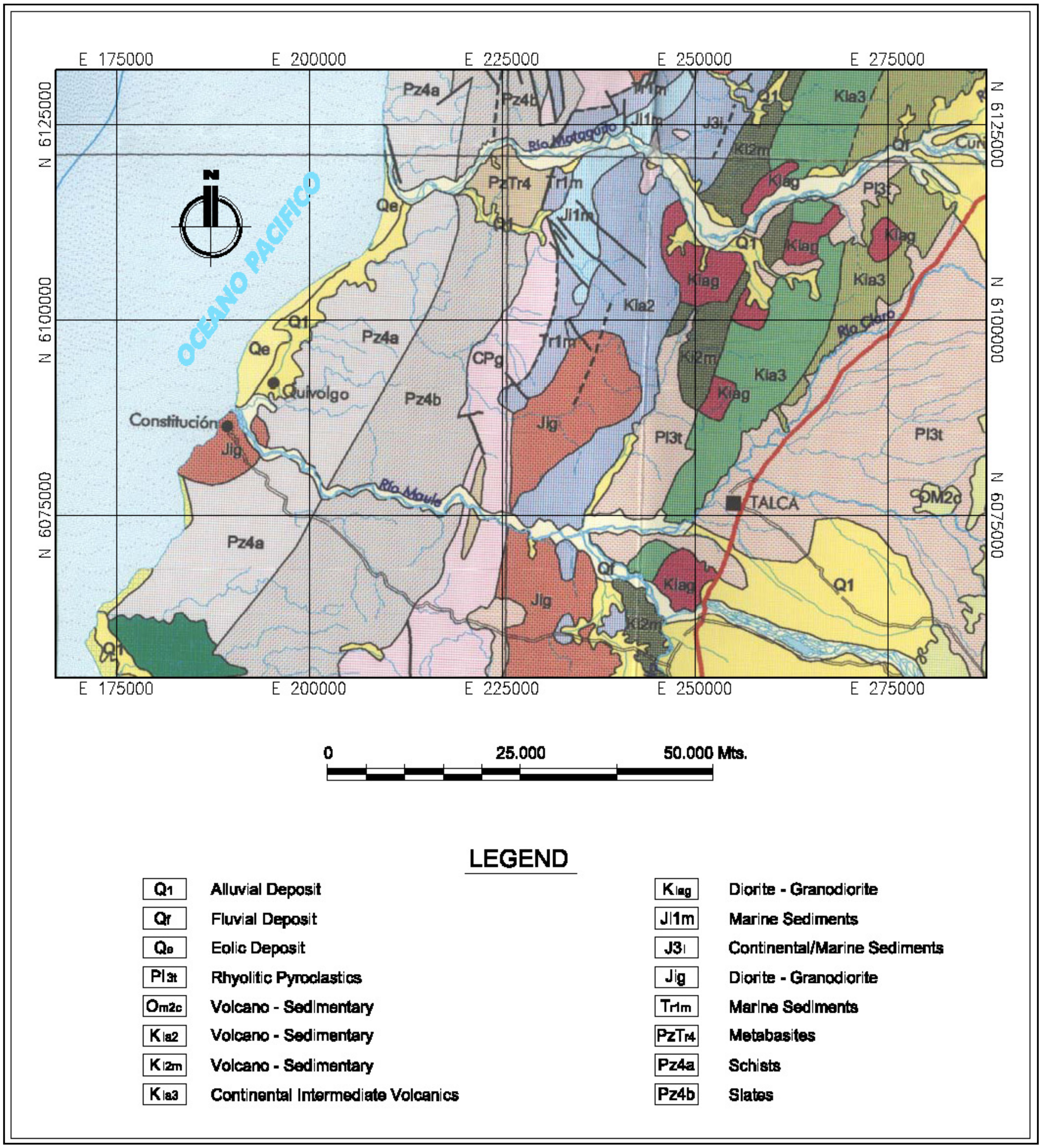


Figure 7-1: Regional Geology of the Chépica area

7.2 Property Geology

The Chépica properties cover a sequence of NE-SW trending gently SE dipping Cretaceous andesitic volcanics and volcaniclastics which regionally are part of a similarly trending roof pendant within Cretaceous granodiorite. The volcanic rocks are poorly exposed on the Chépica claims but were they do crop out and as seen in drilling are mainly feldspar porphyritic flows with intermixed agglomerates, flow top breccias and course lapilli tuffs. In general they are chloritised and within 10-20 metres of the vein systems contain 2- 3% disseminated pyrite. Surface oxidation of these pyritic zones leads to quite extensive but shallow leaching and limonite-jarosite staining. The granodiorite stock is not present on the property but were exposed several kilometres to the NW it is generally a fresh pale gray equigranular intrusive.

Two sets of NW-NNW and E-W to WNW trending anastomosing and bifurcating tensional faults cross-cut the volcanic package and are locally the focus of auriferous epithermal to upper mesothermal quartz-sulphide veins and clay-sericite-quartz alteration. Six such vein-alteration systems have been identified at surface to date. All contain variable contents of gold-silver and or gold-silver-copper mineralization, however, only sections of the Chepica II vein has been drill tested to date.

Figure 7-2 below shows the surface expression of other veins to the southwest of the Chépica I vein (vein farthest to the northeast). These other veins should be drill tested in future exploration campaigns. Figures 7-3 and 7-4 illustrate the internal anastomosing and bifurcating structure of the Chépica I and II veins which is also typical of the other known vein systems on the property.

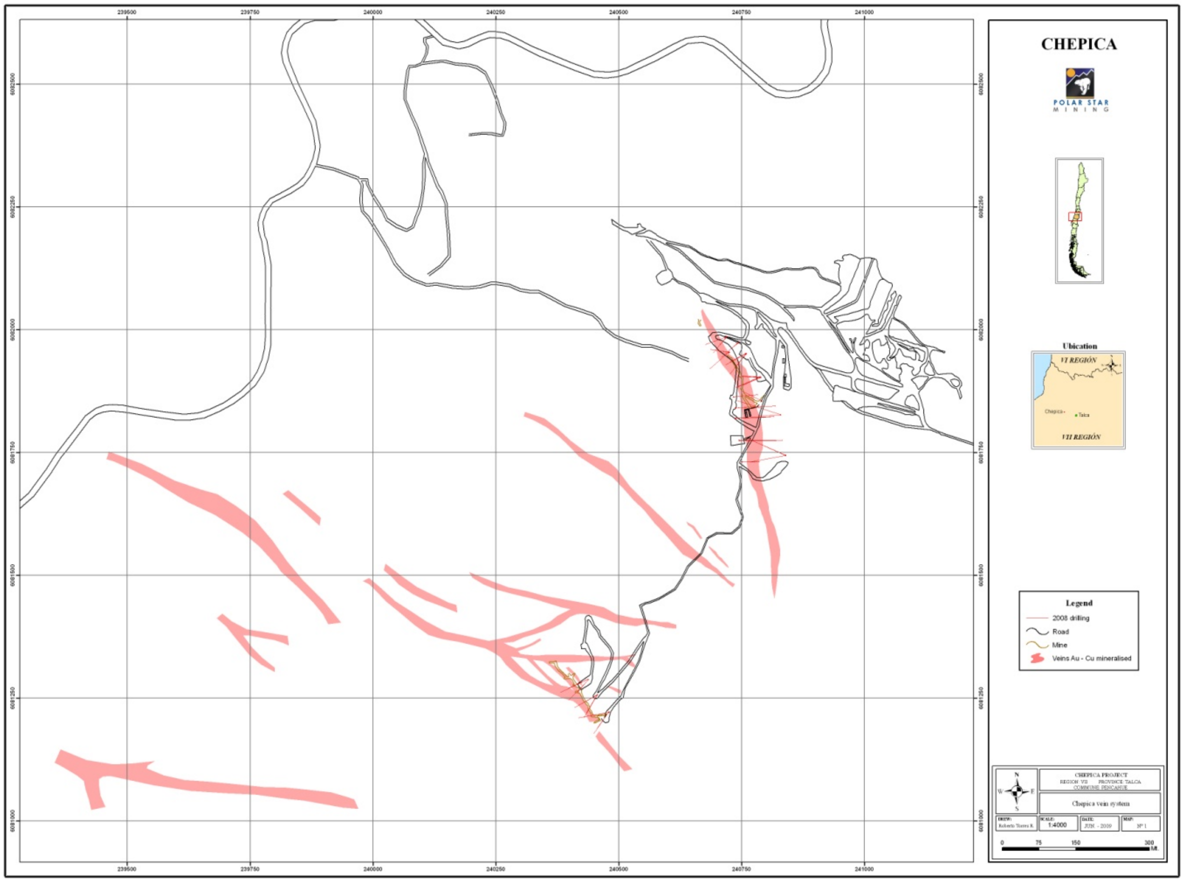


Figure 7-2: Surface expression of other veins near Chépica I

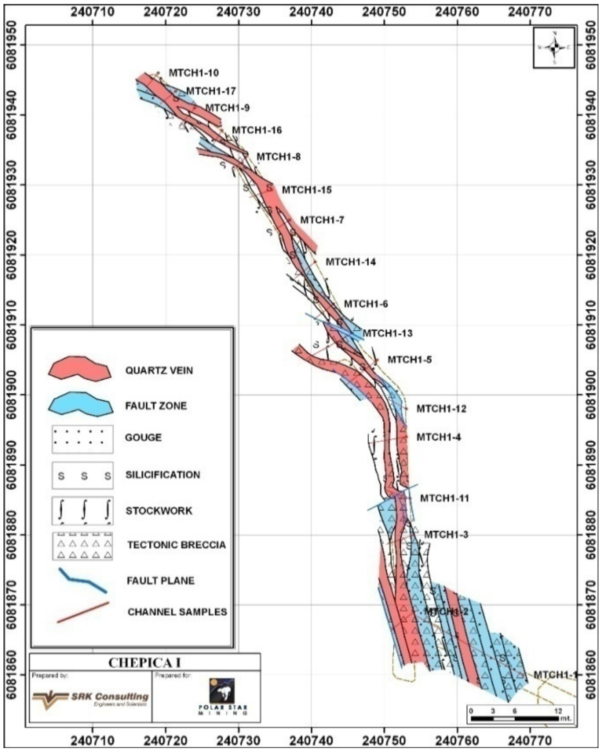


Figure 7-3: Chépica I Geology (after Polar Star)

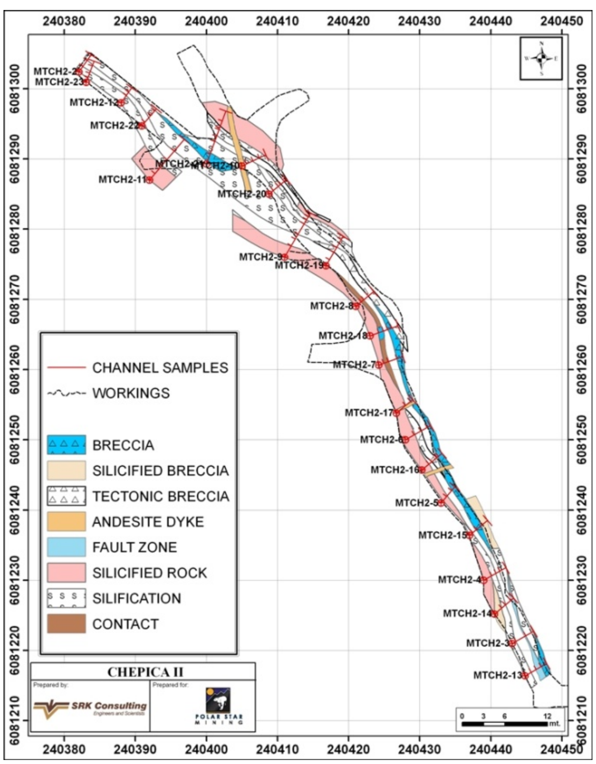


Figure 7-4: Chépica II Geology (after Polar Star)

7.3 Mineralization

7.3.1 Mineralization and Alteration

The main characteristics of mineralization and alteration on the property can best be described from the diamond drill core and the underground workings on the Chépica I and II vein systems. This work demonstrates that both these vein systems have lateral and vertical continuity and contain at least 3 on-echelon veins with widths typically ranging from 1.5 meters to over 12 meters, however, two or more veins may merge to form composite veins with greater widths.

In both systems the individual veins have similar characteristics i.e. they are dominantly simple and colloform banded chalcedonic quartz veins, locally amethystine and multi-episodic often showing internal brecciation and rotation during resurgence of the fluid pulses. Wall rock between these veins is either brecciated, silicified and sericitised or permiated by a stockwork of smaller quartz veins and stringers. The footwalls to both systems tend to be sharp and often fault controlled, while their hanging walls are typically a silicified quartz stockwork ranging from a few meters to 15 metres wide. Internal faults are common to both systems but they tend to be sealed by silicification.

Sulphide mineralization is common but in variable amounts from 1 – 15% and consists predominantly of both disseminated pyrite as clots, chalcopyrite plus minor galena, sphalerite and tetrahedrite. All species occur as irregular layers parallel to quartz banding, and or as disseminations and coarse patches filling prior open spaces within and between the quartz events. Within 25m of the surface the sulphides have been variably leached and oxidised to a mix of limonite - jarosite, hematite and goethite.

Figures 7-5 and 7-6, below, show the distribution of gold and copper from the channel samples taken underground at the Chépica I vein system.

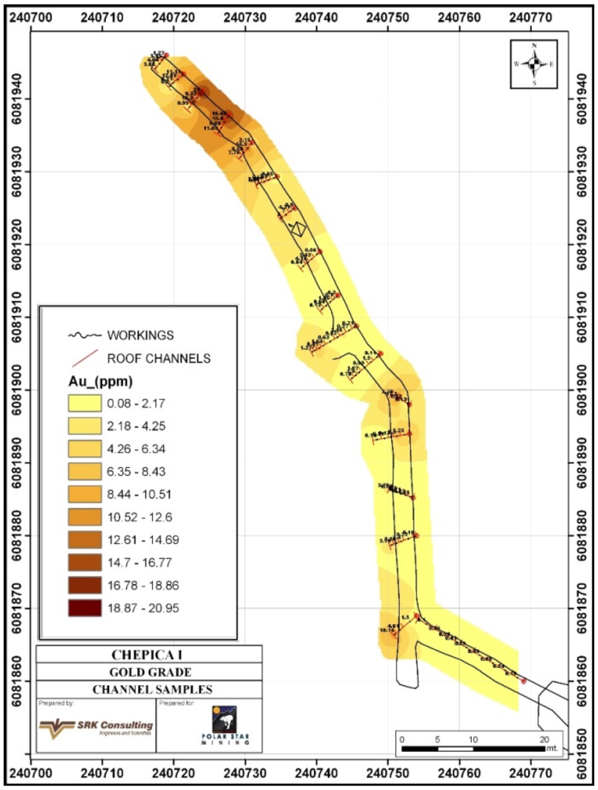


Figure 7-5: Chépica I Gold Grades from Channel Samples

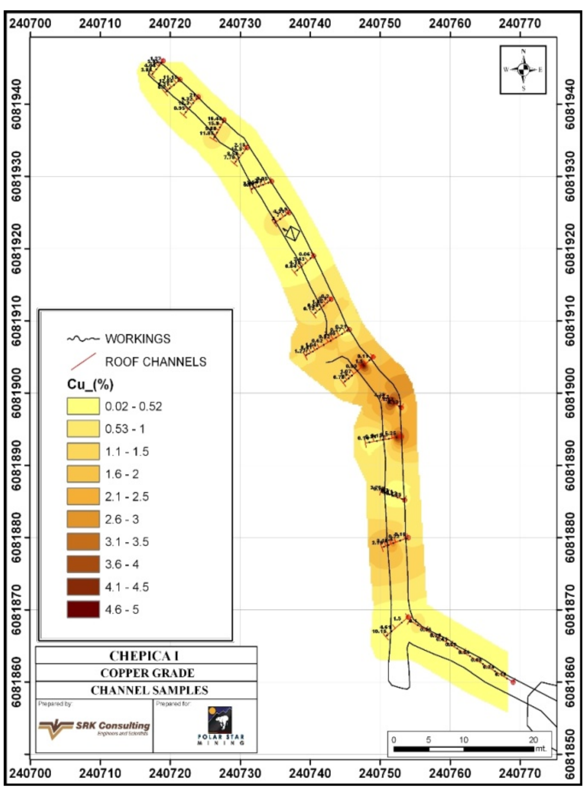


Figure 7-6: Chépica I Copper Grades from Channel Samples

Preliminary thin section work by Polar Star on 7 samples suggests that gold occurs as fine free grains associated mainly with hematite, pyrite and to a lesser extent as fine grains in quartz.

Hole #	Sample#	Sample Interval (m)		Drill Log Description	Au g/t	Ag g/t	Cu%
		From	To				
CH08-02	30522	28	29	Colloform banded/brecciated opal. Qtz, py/cpy patches and vnlts	8.09	65	0.19
CH08-04	30591	34	35	Colloform banded opaline qtz, py/cpy patches tr galina	14.15	38	0.92
CH08-17	30840	56	57	Colloform banded/brecciated opal. Qtz, py/cpy patches and vnlts	25.5	56	4.72
CH08-22	31493	47	48	Colloform banded/brecciated opal. Qtz, py/cpy patches and vnlts	4.75	3	0.60
CH08-25	31762	60	61	Colloform banded opaline qtz, py/cpy patches tr galina	5.42	40	3.12
CH08-26	31855	86	87	Mass colloform banded opaline qtz, py/cpy patches + vnlts	47.00	25	0.89
CH08-35	32280	184	185	Stockwork, milky Qtz vlts, py/cpy patches	0.04	21	1.98

7.3.2 Geochemical Testing

Underground Sampling

A geochemical channel sampling programme was carried out by Polar Star underground at the Chépica I and Chépica II veins. The details are shown in Figures 7-5 and 7-6.

8 Deposit Type

The Chépica vein systems developed under epithermal to high level mesothermal conditions. Gold mineralization generally occurs in banded or fine grained quartz and or quartz-sulphide veins, breccias and stockworks.

The genesis of the model is still being developed as work advances.

9 Polar Star Exploration

The area around the Chépica property is known to have been explored for gold and copper since at least the 1800's, however, the area has only recently come to light as a potential district containing several veins similar to those at Chépica I and II.

9.1 Underground Channel Sampling

Polar Star collected a total of 17 channel samples underground at the Chépica I vein system.

A total of 23 channel samples were taken underground in the old Chépica II workings.

Table 9-1: Chépica I Channel Samples

CHANNEL	LOCATION X	LOCATION Y	LOCATION Z	LENGTH (m)
MTCH1-1	240769.00	6081860.00	125.80	17.10
MTCH1-10	240719.00	6081946.00	125.30	2.60
MTCH1-11	240753.50	6081885.20	125.00	3.60
MTCH1-12	240753.00	6081898.00	125.00	2.90
MTCH1-13	240745.60	6081908.80	125.00	7.30
MTCH1-14	240740.50	6081919.00	125.00	3.60
MTCH1-15	240734.50	6081929.30	125.00	3.20
MTCH1-16	240727.70	6081937.80	125.00	3.10
MTCH1-17	240721.40	6081943.40	125.00	2.80
MTCH1-2	240754.00	6081869.00	125.40	4.20
MTCH1-3	240754.00	6081880.00	125.40	4.00
MTCH1-4	240753.00	6081894.00	124.40	5.20
MTCH1-5	240749.00	6081905.00	124.40	5.60
MTCH1-6	240743.00	6081913.00	124.40	3.30
MTCH1-7	240737.00	6081925.00	125.20	2.60
MTCH1-8	240731.00	6081934.00	124.90	2.90
MTCH1-9	240724.00	6081941.00	125.30	3.30

Table 9-2: Chépica II Channel Samples

CHANNEL	LOCATION X	LOCATION Y	LOCATION Z	LENGTH (m)
MTCH2-1	240444.00	6081196.00	125.00	13.10
MTCH2-10	240405.00	6081289.00	125.00	3.70
MTCH2-11	240392.00	6081287.00	125.00	7.60
MTCH2-12	240388.00	6081298.00	125.00	2.60
MTCH2-13	240444.80	6081216.40	125.00	3.50
MTCH2-14	240440.50	6081225.20	125.00	3.50
MTCH2-15	240437.00	6081236.40	125.00	3.30
MTCH2-16	240430.30	6081245.70	125.00	3.70
MTCH2-17	240426.70	6081253.80	125.00	3.00
MTCH2-18	240423.00	6081264.80	125.00	4.20
MTCH2-19	240416.80	6081274.80	125.00	4.80
MTCH2-2	240382.08	6081302.38	125.00	3.00
MTCH2-20	240408.80	6081285.00	125.00	3.20
MTCH2-21	240400.00	6081289.30	125.00	8.00
MTCH2-22	240390.90	6081294.70	125.00	3.20
MTCH2-23	240383.10	6081300.90	125.00	3.20
MTCH2-3	240443.00	6081221.00	125.00	3.50
MTCH2-4	240439.00	6081230.00	125.00	3.60
MTCH2-5	240433.00	6081241.00	125.00	3.00
MTCH2-6	240428.00	6081250.00	125.00	4.00
MTCH2-7	240424.24	6081260.64	125.00	3.60
MTCH2-8	240421.00	6081269.00	125.00	3.30
MTCH2-9	240411.00	6081276.00	125.00	7.30

Procedures used by Polar Star for the channel sampling programme are considered to be acceptable to adequately represent the mineralised zones being tested underground at Chépica I and Chépica II.

9.2 Ground Geophysical Work

During the month of December 2009, Quantec Geoscience Chile Limitada conducted, on behalf of Minera Polar, a 6.9 line kilometer transient electromagnetic (TEM) survey over the Chepica #1 and #2 vein systems. The TEM surveys were conducted in a fixed-loop profile mode. Two large transmit loops were utilized. Data was collected at 20 metre intervals with the lines spaced 125 metres apart. Five east-west lines were surveyed from Transmit Loop 1 and four north-south lines were surveyed from Transmit Loop 2 using a transmitted frequency of 25 Hz.

The TEM survey from Loop 1 identified a well-defined but relatively weak (early time) conductor coincident with the Chépica #1 footwall vein at depths ranging from 35 – 60 metres depths and sub-vertical east dip.

The TEM survey from Loop 2 identified two weak poorly defined conductors. The northern most conductor is in part coincident with the Chépica #2 vein system.

9.3 Polar Star Proposed 2012 Exploration Budget

At this time Polar Star has not formulated an exploration plan or budget for 2012

10 Polar Star Drilling - 2008 and 2010

10.1 Polar Star 2008 and 2010 Drill Sampling

Sampling Procedure Diamond Drilling

For the diamond drill core, Major's personnel extracted the core from the core tube, placed it in metal core boxes and marked the respective hole numbers, depths and core recovery under the supervision of Polar Star personnel. These boxes were sealed and transported to camp by Major's personnel. The Polar Star contract drill site geologist geologically logged and marked the core for sampling. These sections were sawn in half using a diamond saw and one half bagged and tagged for analysis.

Sample Handling and Analysis

The half core samples from the mineralized and or altered intervals from each hole were sealed in groups of ten in larger bags and trucked by Pullman Cargo to the ALS-Chemex laboratory in Coquimbo. All samples were analysed for copper, silver and gold. Copper and silver were analyzed by A.A. following hot acid digestion. The gold analyses were by the fire assay-A.A. technique on 30 gram sub-samples. Samples containing copper greater than 10,000 ppm were re-assayed using gravimetric assay techniques.

10.2 Diamond Drilling

10.2.1 Chépica I Drilling

The 2008 database contains 66 drill holes; these correspond to 6,785.8 metres of diamond core drilling. This database comprises forty underground channel samples totaling 179.2 metres.

The 2010 database contains 34 drill holes, which correspond to 5,216.15 metres of diamond core drilling.

The Chépica I Vein was modeled and estimated from 67 drill holes (corresponding to 8,076.45 metres, Table 10-1) and 17 channel samples (corresponding to 77.3 metres, Table 9-1). Fifty of these drill holes are from the 2008 database (corresponding to 5,299.3 metres) while 17 are from the 2010 database (corresponding to 2,777.15 metres; Table 10-2).

Table 10-1: Drill holes from Chépica I 2008

HOLE-ID	LOCATION X	LOCATION Y	LOCATION Z	LENGTH
CH08-01	240722.875	6081954	142.55	76.15
CH08-02	240723.938	6081955	142.54	64.55
CH08-03	240723.047	6081954.5	142.37	59.45
CH08-04	240724.453	6081954	142.46	73.5
CH08-05	240757.484	6081950	132.98	79.8
CH08-06	240758.453	6081951	133	80.95
CH08-07	240758.734	6081951	132.95	100.1
CH08-08	240791.375	6081855	124.29	71.5
CH08-09	240785.813	6081903	126.39	63.6
CH08-10	240786.688	6081903	126.41	85
CH08-11	240791.375	6081855	124.29	90
CH08-12	240757.328	6081951	133.2	69.7
CH08-13	240787.781	6081904	126.43	99.45
CH08-14	240785.438	6081903.5	127.16	73.15
CH08-15	240758.266	6081952	134.08	106.4
CH08-16	240786.266	6081904	127.16	35.4
CH08-16A	240787.188	6081903	127.16	89.4
CH08-17	240758.641	6081951.5	134	127.1
CH08-18	240787.516	6081903	127.33	121
CH08-19	240758.953	6081952	133.93	157.4
CH08-20	240789	6081903	127.33	150
CH08-21	240737.875	6081841	135.25	76.4
CH08-22	240733.281	6081863.5	137.93	90
CH08-23	240732.656	6081863.5	138.13	143.3
CH08-24	240737.938	6081820.5	131.71	120.7
CH08-25	240737.156	6081840.5	135.47	147.3
CH08-26	240736.844	6081820	131.69	169
CH08-27	240736.594	6081841	135.51	181.2
CH08-28	240735.406	6081820	131.82	188.7
CH08-29	240737.875	6081841	135.26	125
CH08-32	240744.844	6081774.5	123.87	116.3
CH08-35	240744.438	6081775	123.87	207.7
CH08-38	240750.219	6081731.5	116.58	84.3
CH08-41	240749.438	6081731.5	117.14	102.9
CH08-50	240739.313	6081971	134.88	82.4
CH08-51	240739.828	6081971.5	134.95	96
CH08-52	240742.047	6081973.5	135.03	120
CH08-53	240743.813	6081974.5	134.82	142.1
CH08-54	240716.844	6081983	136.07	76.8
CH08-55	240719.313	6081985.5	136.06	75.9
CH08-56	240719.656	6081986.5	136	112.2
CH08-57	240718.391	6081985.5	136.17	69.6
CH08-58	240719.719	6081986	135.98	75.7
CH08-59	240720.125	6081986.5	136.07	11.7
CH08-60	240839.172	6081744	99.55	102.2
CH08-61	240838.203	6081745	99.6	117.4
CH08-62	240839.281	6081744.5	99.48	150
CH08-63	240828.734	6081826.5	114.11	130.1
CH08-64	240828.453	6081827	114.11	160

Table 10-2: Drill holes from the Chépica I 2010

HOLE-ID	LOCATION X	LOCATION Y	LOCATION Z	LENGTH
CH10-66	240834.703	6081951.5	110.38	180.5
CH10-67	240835.297	6081952	110.32	204.7
CH10-68	240831.984	6081825.5	114.1	200.2
CH10-69	240839.422	6081893.5	111.27	99.3
CH10-70	240840.766	6081894	111.27	133
CH10-71	240840.219	6081893	111.28	200
CH10-72	240813.047	6082017.5	110.77	154.9
CH10-73	240813.859	6082018	110.66	163
CH10-74	240734.172	6082044	115.46	98.6
CH10-75	240734.938	6082044.5	115.25	130.3
CH10-91	240842.516	6081742.5	99.62	130.85
CH10-92	240842.953	6081742.5	99.6	156.8
CH10-93	240814.547	6082016.5	110.68	216.05
CH10-94	240814.969	6082017	110.6	198.6
CH10-95	240845.797	6081743	99.45	168.6
CH10-96	240845.609	6081742.5	99.48	161.15
CH10-99	240840.391	6081894	111.27	180.6

10.2.2 Chepica II Drilling

A total of 1,486.5m in 16 diamond holes were drilled by Polar Star at Chépica II. A resource estimate was not done on the Chépica II veins. This will await instructions by Polar Star.

Table 10-3: Chépica II Drill Holes

HOLE-ID	LOCATION X	LOCATION Y	LOCATION Z	LENGTH (m)
CH08-30	240437.59	6081288.09	163.08	91.00
CH08-31	240437.90	6081288.47	163.08	115.10
CH08-33	240437.18	6081288.76	163.08	127.10
CH08-34	240437.51	6081288.77	163.83	158.60
CH08-36	240423.80	6081282.24	164.85	65.00
CH08-37	240427.96	6081276.47	163.48	60.00
CH08-39	240454.92	6081255.90	149.90	80.00
CH08-40	240455.98	6081257.72	149.82	95.00
CH08-42	240455.77	6081256.69	149.90	90.00
CH08-43	240456.47	6081257.07	149.85	105.00
CH08-44	240478.77	6081221.25	128.00	87.50
CH08-45	240454.84	6081256.17	149.75	71.60
CH08-46	240479.78	6081221.08	128.04	87.90
CH08-47	240479.54	6081222.44	128.13	75.50
CH08-48	240479.75	6081222.75	128.01	80.10
CH08-49	240479.96	6081223.04	128.57	97.10

10.2.3 Surveying

The locations of borehole collars were surveyed by a land surveyor relative to the UTM SAM 1956 Datum.

Only four boreholes were surveyed down the hole for deviation, but the results confirm that no significant deviation has occurred in these relatively short diamond drill holes. This was also confirmed with the 2010 drilling where most of the holes were surveyed.

11 Sample Preparation, Analyses and Security

11.1 Sample Preparation

The ALS-Chemex laboratory in Coquimbo, Chile was used for sample preparation and geochemical analyses.

The procedures used by ALS-Chemex appear to meet industry standards for cleanliness, orderliness, use of appropriate equipment, appropriate maintenance and laboratory analytical procedures.

11.2 Laboratory Geochemical Analyses and Data

SRK visited the ALS-Chemex laboratory and the analytical procedures used for geochemical testing were also inspected. Observed comparisons of tests done at various other ALS-Chemex laboratories in the world were noted as well as comparisons of the ALS Coquimbo laboratory with other non-ALS-Chemex labs. According to the results shown SRK during this visit, the ALS-Chemex Coquimbo lab appears to meet industry standards for both internal and external duplicates and check assays.

Besides duplicate analyses performed by ALS-Chemex at their own lab, Polar Star resubmitted selected pulps to the ALS lab and sent other pulp duplicates to the ACME laboratory, in Santiago, Chile.

The objective of this analysis is to compare the sample duplicates of Total Copper (in percent), and gold and silver (in ppm) for the Chépica project analysed at the ALS Chemex laboratory and with checks done at the ACME laboratory. Refer to Section 10 of this report for details.

11.3 Sample Security

While still on site, all drill core samples bagged and sealed. The bagged samples are kept at the campsite, where there is always at least one person on hand, while awaiting transport to the laboratory. The core boxes and duplicate cuttings samples are kept secured and sealed at the project site. All samples ready to be transported to the ALS-Chemex Coquimbo laboratory, are sealed in sacks, marked, registered and the shipped by Pullman Cargo trucks to the laboratory to be prepared and analysed.

11.4 Specific Gravity Data

In 2008, specific gravity data were acquired from 42 HQ diameter core samples selected from 27 boreholes. Specific gravity was determined using a volumetric method (water displacement) by Polar Star personnel. Nine oxide zone samples were selected and 33 sulphide samples were selected.

The average specific gravity value for the oxidized zone is 2.280 g/cc^3 and the average specific gravity value for the primary sulphide zone is 2.736 g/cc^3. Table 9.1 shows the samples used in the specific gravity calculations.

Table 11-1: Polar Star Specific Gravity Data from Drill Core

Section	Nº DDH	Nº Sample	Interval	Lithology	Ore Type	Mineralogy	Grade			Weight (gm)		Specific Gravity
							Au	Ag	Cu	Air	Water	
1	CH08-03	30536	3,05 - 3,15	Vein	Oxidized	Qz Bco - Lim -	0,384	16	0,01	346,0	196,3	2,311
1	CH08-03	30557	24,14 - 24,24	Vein	Primary	Qz - Py - Cpy - Hem - (Cc)	0,534	8	0,72	368,7	233,2	2,721
1	CH08-04	30566	3,30 - 3,40	Vein	Oxidized	Qz - Lim -	0,135	10	0,02	362,7	208,6	2,354
1	CH08-04	30591	34,29 - 34,39	Vein	Primary	Qz Bdo - Py - Cpy - (Hem - Cc)	**14,15**	38	0,92	473,8	302,8	2,771
2	CH08-01	30460	8,92 - 9,02	Vein	Oxidized	Qz Bco - Lim -	0,049	4	0,02	391,4	234,6	2,496
2	CH08-01	30478	31,49 - 31,59	Rx Volc	Primary	And - Py -	2,99	13	0,04	423,2	267,2	2,713
2	CH08-02	30503	2,35 - 2,45	Vein	Oxidized	Qz Bco - Lim -	0,447	8	0,02	370,1	215,5	2,394
2	CH08-02	30522	29,75 - 29,85	Vein	Primary	Qz Bco - Py - py -	**8,09**	**65**	0,19	443,7	299,8	3,083
3	CH08-12	30912	38,75 - 38,85	Vein - Rx	Primary	Qz Bco - And - Py - (Cpy < Cv) -	**19,1**	**211**	0,10	393,3	235,8	2,497
3	CH08-12	30915	43,40 - 43,50	Vein	Primary	Qz Bdo - Cl - Py - Cpy - Hem -	**8,11**	7	0,72	383,2	245,3	2,779
3	CH08-15	30950	39,40 - 39,50	Vein	Primary	Qz Bco - Py - Cl - Cpy - Hem -	2,8	**80**	0,43	456,5	308,8	3,091
3	CH08-17	30840	56,55 -56,65	Vein	Primary	Qz Bdo - Cl - Cpy - Py - Hem -	**25,5**	**56**	**4,72**	462,8	309,2	3,013
3	CH08-17	30864	80,30 - 80,40	Vein	Primary	Qz Bdo - Cl - Cpy - Py - Hem -	2,79	18	**2,02**	423,9	273,5	2,818
4	CH08-05	30638	39,55 - 39,65	Vein	Primary	Qz Bco - Sil - Py - (Cpy)	0,297	6	0,49	403,0	255,4	2,730
4	CH08-06	30687	54,60 - 54,70	Vein	Primary	Qz Bco - Py - (Hem)	2,03	5	0,36	389,8	260,2	3,008
5	CH08-09	31032	47,29 - 47,39	Vein	Primary	Qz Bdo - Py - Cpy - Cl - Hem -	1,0	4	0,56	438,0	294,6	3,054
5	CH08-10	31062	19,50 - 19,60	Vein	Oxidized	Qz Bco ▲ - Lim -	0,853	1	0,02	342,6	193,7	2,301
5	CH08-13	31157	17,50 - 17,60	Vein	Oxidized	Qz Bco ▲ - Lim - (Hem)	1,205	4	0,02	313,8	175,3	2,266
5	~~CH08-13~~	~~31168~~	~~28,90 - 29,00~~	~~Vein~~	~~Lix - Prim~~	~~Qz Bco ▲ - Lim - Py~~	1,47	**30**	0,04	347,7	200,2	2,357
6	CH08-16	31269	12,05 -12,15	Vein	Oxidized	Qz Bco ▲ - Boxw - Lim	1,17	4	0,04	276,7	139,8	2,021
6	CH08-18	31354	24 -24,10	Vein	Oxidized	Qz Bco - Arc - Lim -	0,166	18	0,44	287,0	145,1	2,023
6	CH08-20	31617	56,25 -56,35	Stockw	Primary	Qz Bco - Am - Cl - Cpy - Py - Hem	0,105	12	0,62	421,5	278,7	2,952
7	CH08-08	30799	59,00 -59,08	Vein - Rx	Primary	Qz Bco - Py - Cl - Cpy - (Hem)	0,546	8	0,27	357,7	229,6	2,792
7	CH08-11	31134	68,17 -68,25	Vein	Primary	Qz Bco - Py - Cl - Cpy	1,965	17	0,35	334,7	223,3	3,004
8	CH08-22	31493	47,65 -47,75	Vein	Primary	Qz Bco - Cl - Py - Spc - Cpy	4,75	3	0,6	366,3	232,0	2,727
8	CH08-23	31565	114,30 -144,40	Vein	Primary	Qz Bco ▲- Cl - Hem - Py - Cpy	0,11	11	0,99	453,8	293,2	2,826
9	CH 08-21	31672	38,15 - 38,25	Vein	Primary	Qz Bdo - Cl - Py - Hem - Cpy	0,936	7	1,05	351,7	226,4	2,807
9	CH08-25	31762	60,05 - 60,15	Vein	Primary	Qz Bdo - Cpy - Hem (Arc)	5,42	**40**	**3,12**	483,6	329,1	3,130
9	CH08-25	31793	99,5 - 99,6	Vein	Primary	Qz Bdo - Am - (Cl - Cpy - Hem)	0,265	3	0,58	387,8	242,1	2,662
9	CH08-25	31814	120,68 - 120,78	Vein - Rx	Primary	Qz Bdo - And - Cl - Py - Cpy - (Hem)	1,70	4	0,47	380,9	238,9	2,682
9	CH08-29	31974	34,25 - 34,35	Vein	Primary	Qz Bco - Py - Cl - Cpy (Hem)	0,91	15	**1,77**	363,0	234,7	2,829
9	CH08-29	32006	92,45 - 92,55	Vein	Primary	Qz Bdo - Py - Cpy - (Hem)	0,163	10	0,8	378,3	245,8	2,855
10	CH08-24	31735	44,4 - 44,5	Vein	Primary	Qz Bco - Py (Cpy - Am)	0,424	6	0,16	393,6	245,3	2,654
10	CH08-26	31843	74,75 - 74,85	Vein	Primary	Qz Bdo - Cl - Py - (Hem)	2,82	18	0,77	400,6	262,5	2,901
10	CH08-26	31855	86,27 - 86,37	Vein	Primary	Qz Bco - Py - Arc - Cpy	**47,0**	25	0,89	380,7	242,3	2,751
10	CH08-26	31878	111,54 - 111,64	Vein - Rx	Primary	And - Qz Bdo - Cl - Cpy - Py (Hem)	5,22	15	0,59	418,7	265,7	2,737
10	CH08-26	31906	143,90 - 144,0	Vein	Primary	Qz Bco - Cl - Hem - Py - Cpy	0,829	8	0,56	391,3	245,0	2,675
11	CH08-35	32199	98,90 - 99,0	Vein	Primary	Qz Bdo - Cl - Py (Cpy < Hem)	1,01	3	0,43	414,5	264,7	2,767
11	CH08-35	32245	144,65 - 144,75	Vein	Primary	Qz Bco - Cpy - (Hem < Cl)	0,25	18	**2,55**	390,1	248,8	2,761
11	CH08-35	32280	184,0 - 184,09	Vein - Rx	Primary	Qz Bco - And - Py - Cpy - Gal	0,80	21	**1,98**	397,8	271,1	3,140
12	CH08-38	32343	49,45 - 49,54	Vein - Falla	Primary	Qz Bco - Salbanda - ▲ - Py - (Lim)	0,538	7	0,20	328,0	201,1	2,585
12	CH08-41	32445	87,50 - 87,60	Rx - Vein	Primary	And - Qz Bco - Cpy - (Hem)	0,03	1	0,27	398,7	258,4	2,842
												2,711

Oxidized Zone Average	**2,280**	Standard Deviation Pop. = 0,151
Primary Zone Average	**2,736**	Standard Deviation Pop. = 0,159

12 Data Verification

Polar Star submitted a total of 357 samples (266 duplicates of pulps, 48 standards and 43 blanks) to ALS and to ACME laboratories in Coquimbo and Santiago, Chile respectively. The following figures summarise the results.

12.1 ALS Laboratory Internal Check

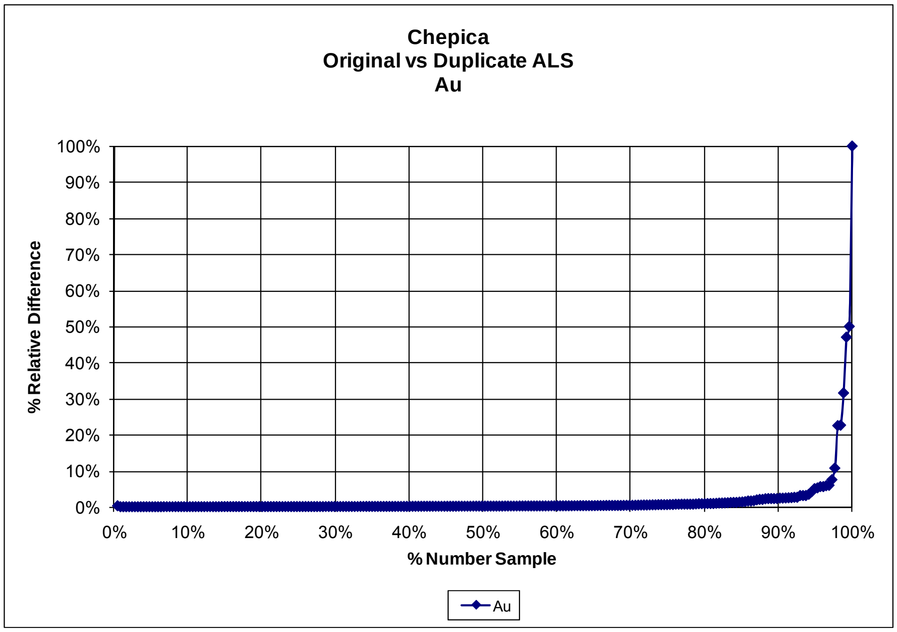


Figure 12-1: ALS Original Gold sample vs. Duplicate

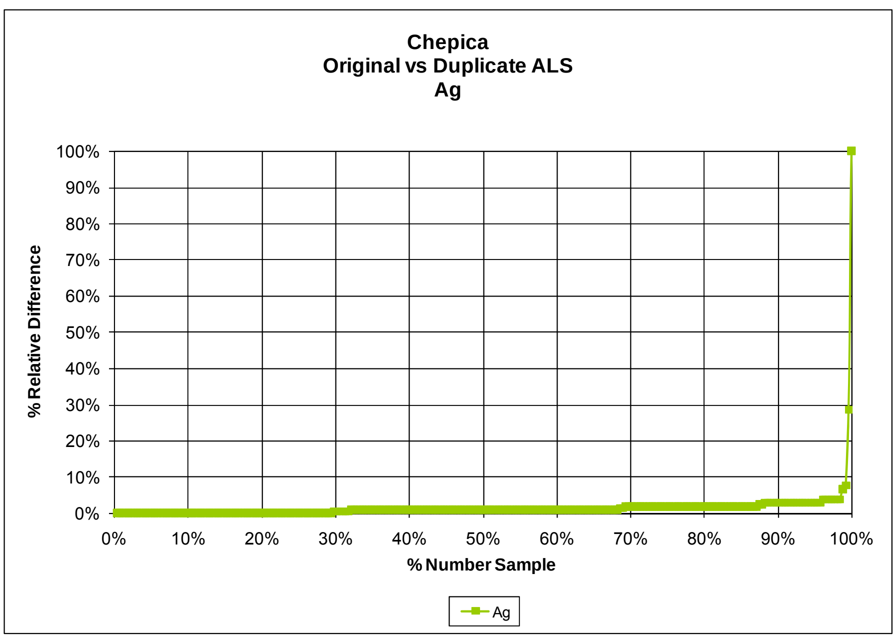


Figure 12-2: ALS Original Silver sample vs. Duplicate

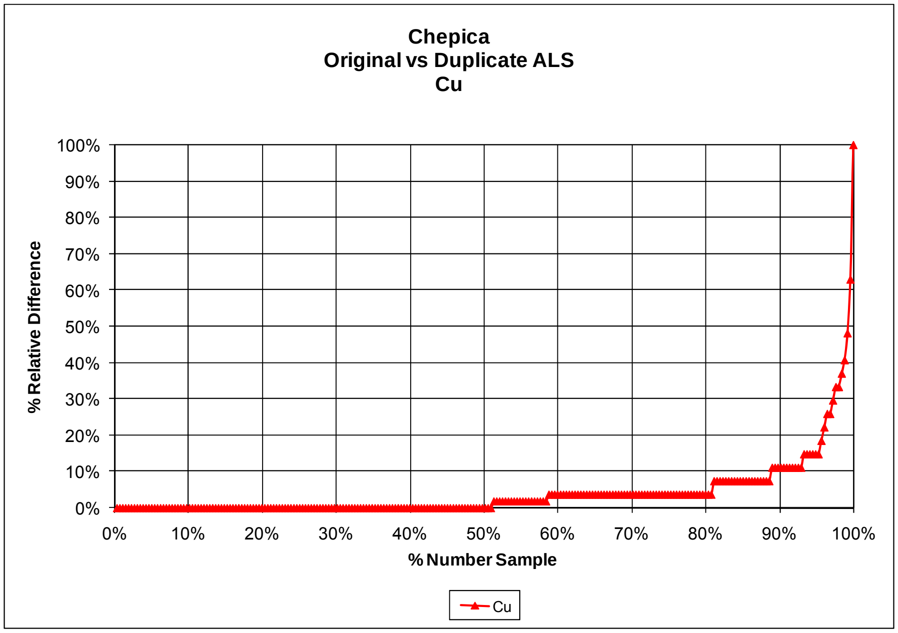


Figure 12-3: ALS Original Copper sample vs. Duplicate

In general the results are good with at least 95% of the sample pairs showing less than 5% relative difference, except for the case of copper, where 90% of the sample pairs have less than 11% relative difference.

12.2 ALS vs. ACME Check

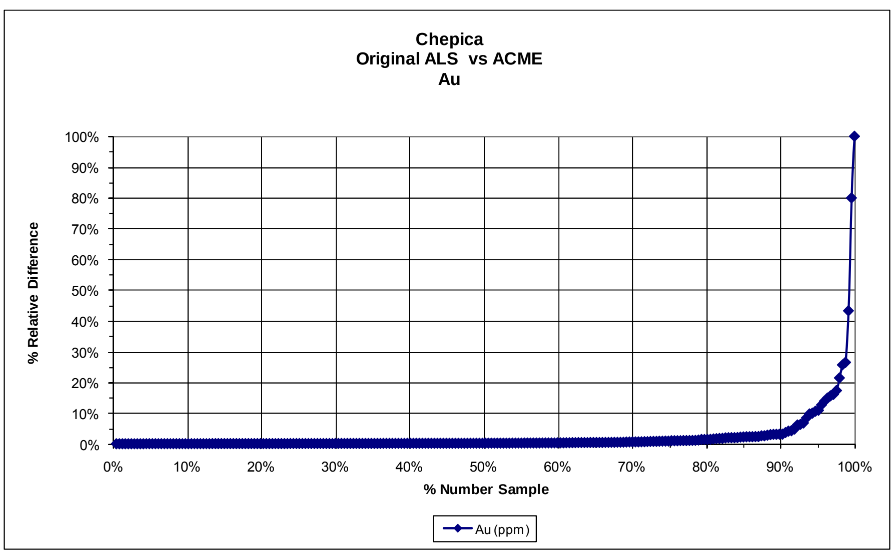


Figure 12-4: ALS vs. ACME Gold samples check

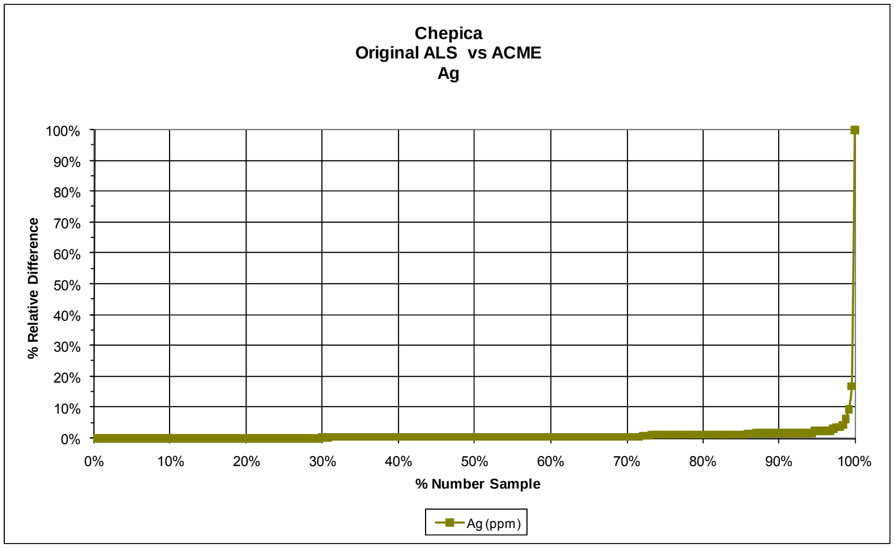


Figure 12-5: ALS vs. ACME Silver samples check

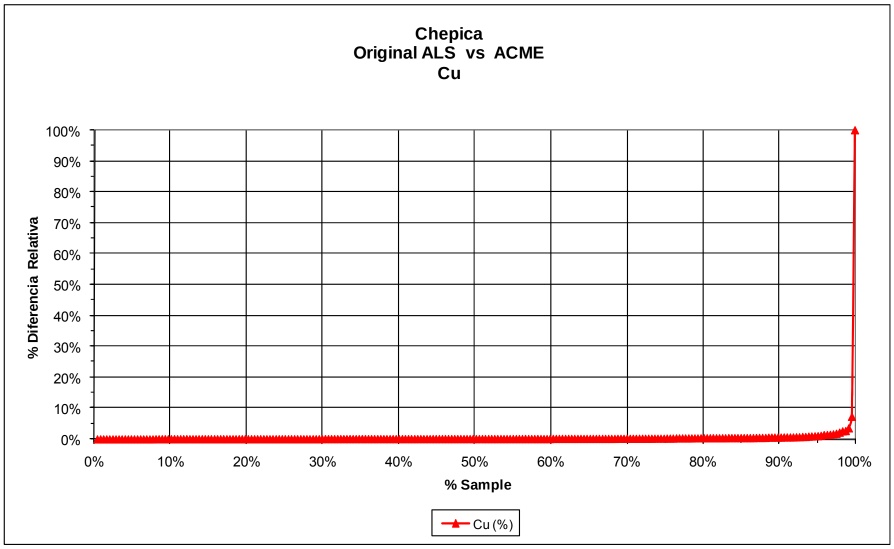


Figure 12-6: ALS vs. ACME copper samples check

The results of this comparison between the two labs gave very good results showing for gold, at least 90% of the sample pairs with less than 5% relative difference. In the cases of silver and copper, the results are better yielding at least 95% of the sample pairs with less than 5% relative difference.

12.3 ALS vs. ACME Blanks

The following figures show the comparisons between ALS and ACME for gold, silver and copper in blank samples of quartz. It should be noted that the detection limit for gold and copper is different for the two laboratories.

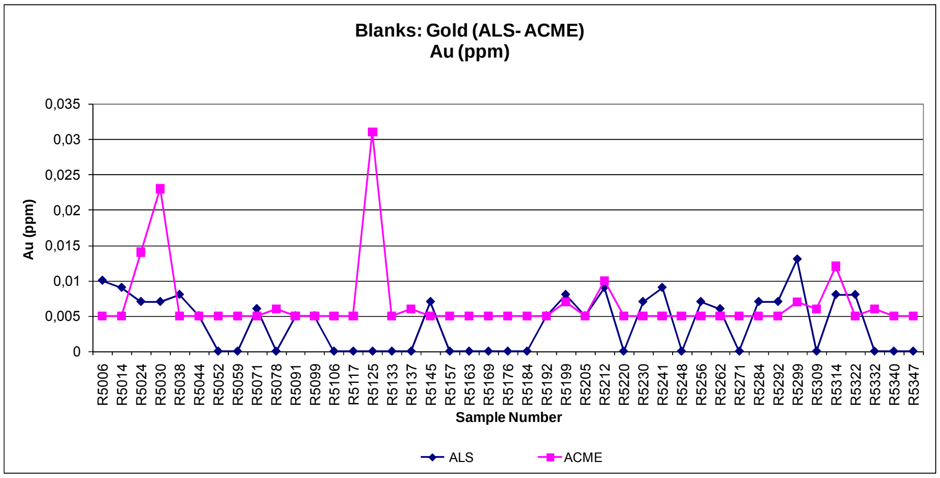


Figure 12-7: ALS vs. ACME Gold in blanks

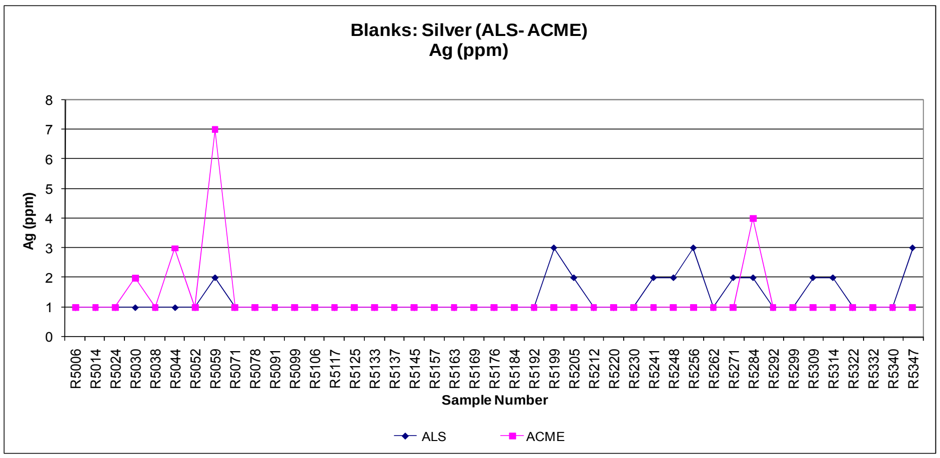


Figure 12-8: ALS vs. ACME Silver in blanks

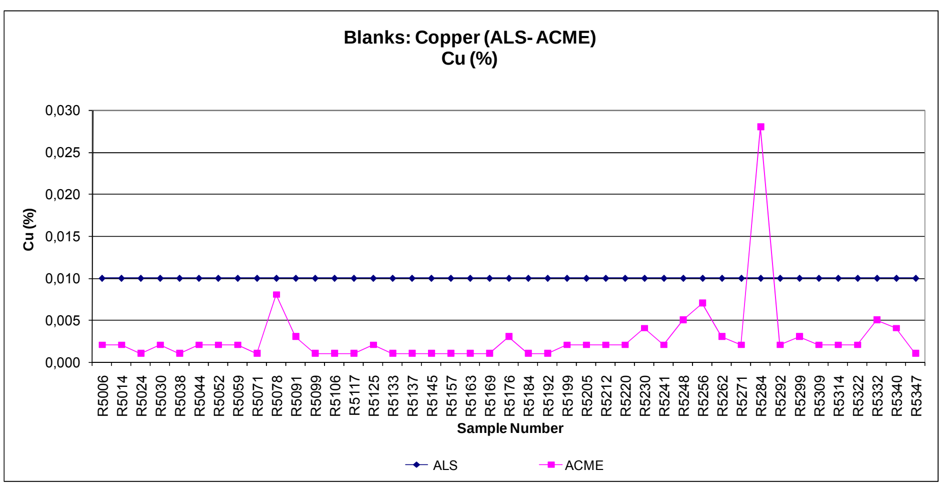


Figure 12-9: ALS vs. ACME Copper in blanks

12.4 Standard - 340

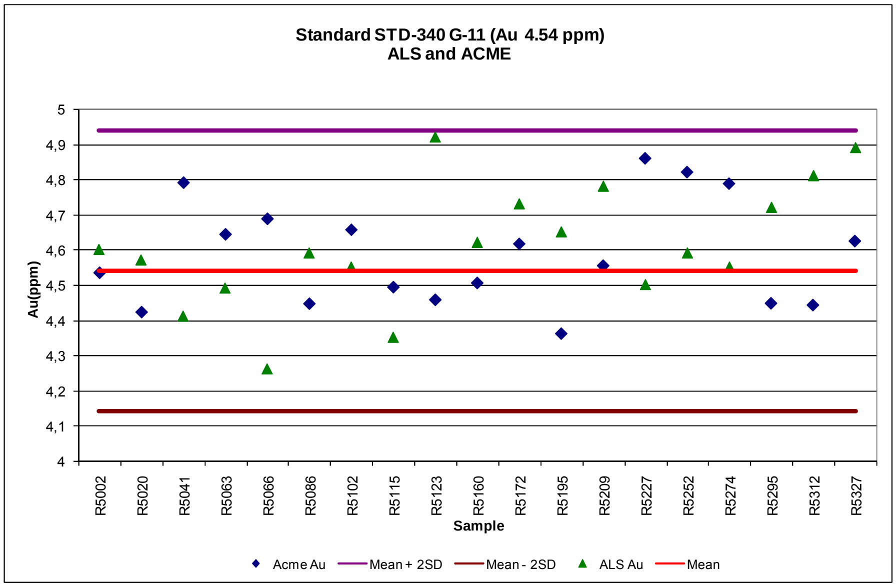


Figure 12-10: ALS and ACME Standard – 340 Gold

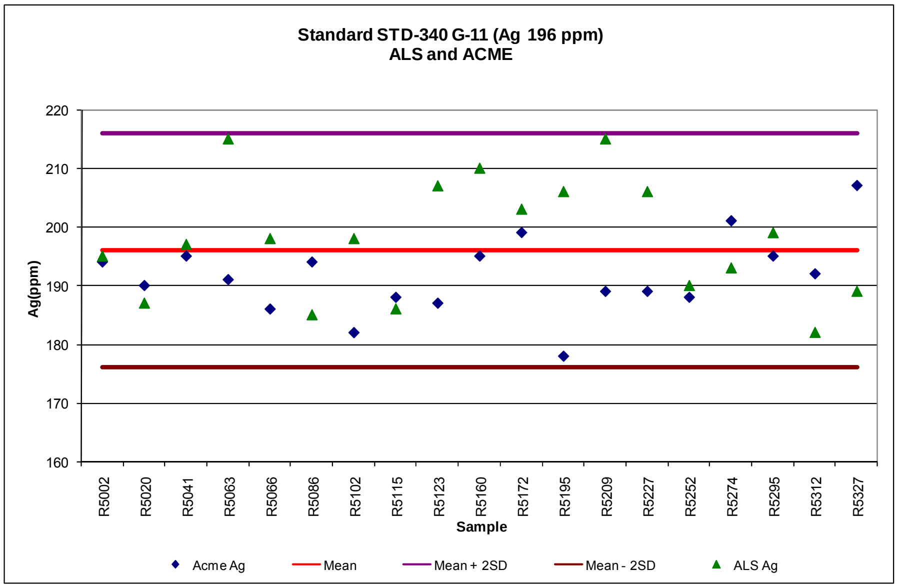


Figure 12-11: ALS and ACME Standard – 340 Silver

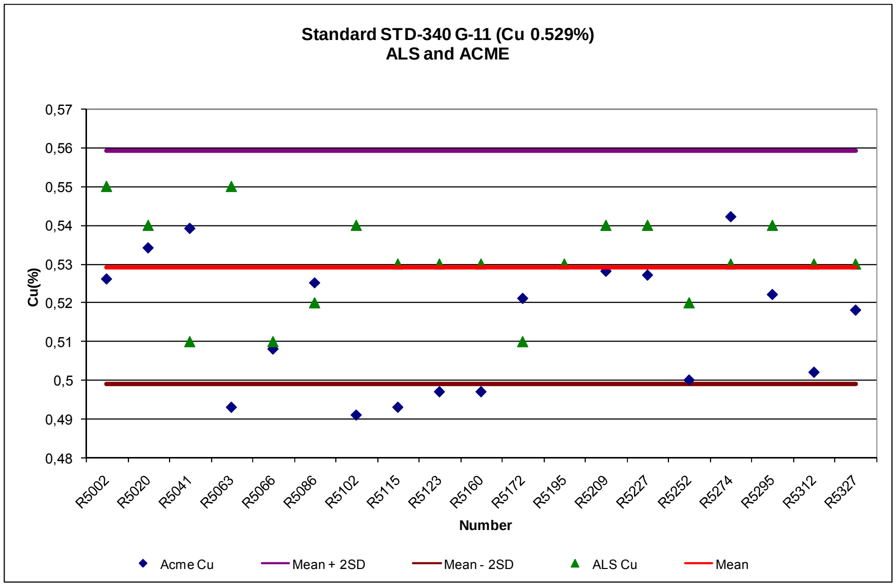


Figure 12-12: ALS and ACME Standard – 340 Copper

The comparison between the two labs for gold and silver with standard-340 is good, with all samples falling within +/- 2 standard deviations of the average value of the standard. In the case of copper, ACME is generally lower than ALS and has 5 samples falling below -2 standard deviations.

12.5 Standard - 342

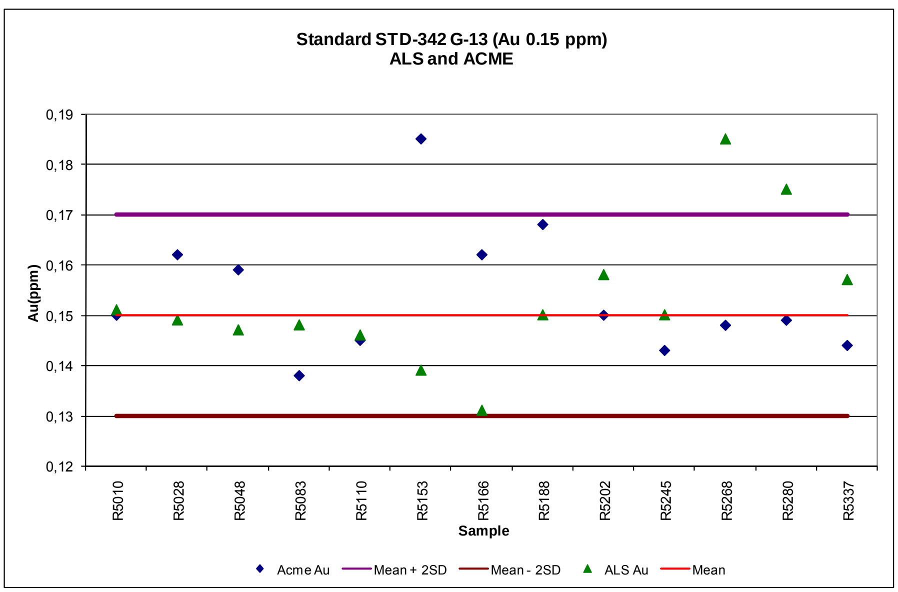


Figure 12-13: ALS and ACME Standard – 342 Gold

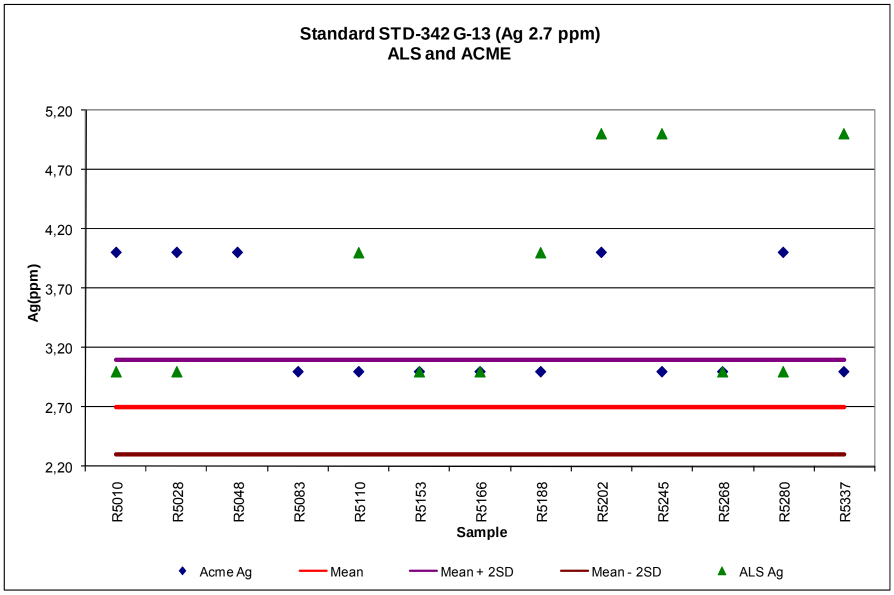


Figure 12-14: ALS and ACME Standard – 342 Silver

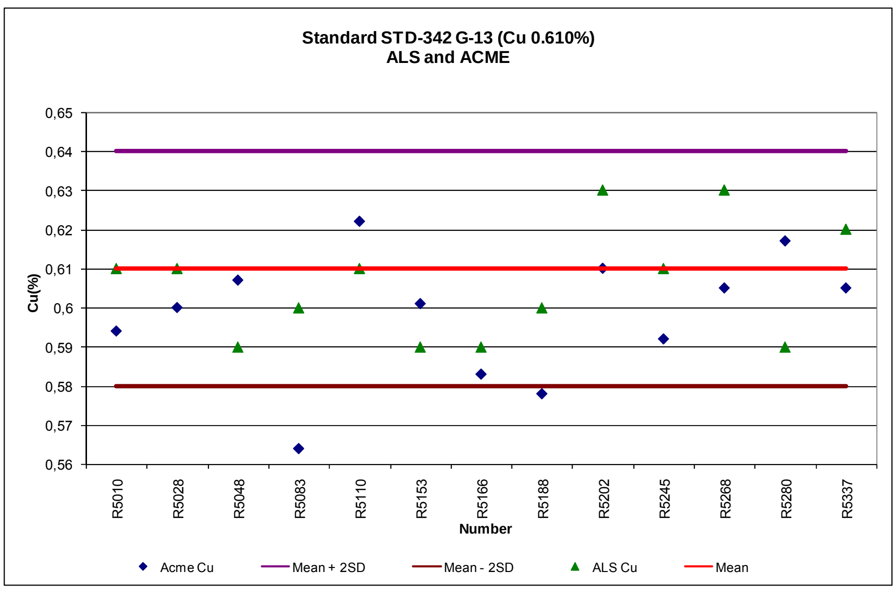


Figure 12-15: ALS and ACME Standard – 342 Copper

In the case of standard-342, gold compares well with all samples falling between +/- 2 standard deviations. Copper has two samples that are lower than -2 standard deviations. Silver is consistently high for both laboratories and indicates either contamination of the standard sample or a problem with the method of analysis used.

12.6 Standard - 343

There appears to be a problem with Standard-343, so the results are not considered here in the analysis.

13 Mineral Processing and Metallurgical Testing

During October, 2008, SRK made a technical visit to the plant installations at the Chépica Project site with the purpose of reviewing the physical set up of the plant, its design and capacity (120 t/day of sulphide ore) and see if it presents any fatal flaw. This analysis is retained here in the present report, however, SRK considers this old information to be out of date and should only serve as a reference. A new study will have to be undertaken for processing ores at Chépica once the project reaches that stage.

The existing information available at the time of the visit in 2008 consisted of:

- Profile Level Business Closure Report for the Concentrator Plant
- Equipment inventory spreadsheet
- Environmental Impact Statement

13.1 Profile Level Business Closure Report for the Concentrator Plant

The Closure report presents the following studies on the Project:

- Technical Design
- Project Description
- Estimation of Investment
- Operating Costs

13.1.1 Technical Design

The technical design considers previous studies such as microscopy, milling, flotation and gravitational concentration of two samples representative of oxide mineral principally with gold and a sulphide sample with copper and gold.

SRK considers that the samples used in these tests are sufficient for the current project design and recommends completion of the gravity concentration studies, as well as additional flotation tests on the sulphide ore in order to optimize the gold recovery.

The following performance indicators based on laboratory data were used in the technical design of the equipment inventory.

- Mill energy consumption Work Index	11.5	kwh/ton
- Grind size	150	microns
- Flotation time	25-30	minutes
- Filter rate	70	kg/h/m^2

SRK is of the opinion that these base values for the design are adequate and are in accordance with industrial experience in similar operations.

13.1.2 Project Description

The concentrator plant is designed to use a standard process for metal recovery consisting of crushing-milling, flotation, filtration and tailings deposition. For oxide ore, the process is crushing-milling, and Knelson gravitational concentration.

SRK believes that the proposed process for both mineral types is adequate and furthermore recommends that the sulphide ore be processed with the inclusion of a gravitational concentration stage given the high gold content present. This would allow recovery of coarse gold that is normally present in this type of deposit.

The proposed operational equipment availability index indicates 16 hours of operation for the crushing area and 24 hours for the milling and flotation area with 95% utilization, while an 80% utilization is proposed for the filter area.

SRK considers this indices conservative for the crushing and filtration areas, but recommends reducing the milling and flotation circuit utilization to 90% given that the equipment has been rebuilt and would have a higher probability of failure (the plant equipment was purchased new from China in early 2008).

The proposed flow diagram considers a primary crushing, open fine crushing, unit milling, primary flotation or rougher, cleaner flotation in columns, flotation skimming or scavenger, concentrate filtration and tailings transport to the tailings storage facility.

SRK is of the opinion that this process flow is generally adequate for the oxide ore, but recommends that the fine crushing stage be in a closed circuit using a sieve and recirculation belts in order to guarantee that the product delivered to the mill meets the specification of 80% passing 11,000 microns (approximately ½ inch) in order that the milling circuit operates in an efficient manner and that the probability of having oversize material affecting the downstream process be eliminated.

It is recommended that the oxide ore be treated in a separate milling and Knelson gravitational concentration circuit and not with the copper flotation circuit given the relatively low copper content in this ore type.

SRK recommends that the mine delimit very carefully the boundary between the oxide and sulphide ore types in order to not mix them. The oxide ore contains a high red clay content that hinders the flotation process.

13.1.3 Estimation of Investment

The plant investment estimate is approximately US$400,000, based on the equipment list, referential quotes, adjustment factors for used equipment and factors for the associated civil and electric works. The unitary investment cost is 3,500 US$/TPD considering a daily production of 120 TPD.

SRK believes this estimate is low in comparison to even larger capacity plants where there are savings due to scale and that the investment estimate should increase to US$500,000. Furthermore, the following items should be reviewed, that would increase the investment:

- List of minor equipment that could be lacking
- Cost and availability of used equipment from an international dealer
- Factors used to scale the installation of used equipment (should be done with respect to new equipment costs)

- Indirect costs could be greater, for example, the engineering cost of US$8,788 is very low
- Contingencies should be higher

13.1.4 Operating Cost Estimate

Estimated operating costs are approximately:

- 200,000 US$/yr
- 8.0 US$/ton
- 21.5 US$cents/lb Cu

SRK considers that these figures are adequate for the size of operation, but recommends that the prices for energy be made current given the significant fluctuation that these have experienced lately. Furthermore, manpower requirements and shifts for operating the plant should be reviewed in light of the government's legal work-week limit of 45 hours.

13.2 Calculation of Equipment List and Capacities

The sizing of equipment for the following areas was made:

- Crushing
- Milling
- Flotation
- Filtration

13.2.1 Crushing

A 40Hp primary jaw crusher will be used to reduce the ore from a feed size of 320mm to a product of 40mm.

SRK estimates that the product size will be greater given the difficulty of adjusting the setting on this type of equipment. It is most likely that the product fed to the fine crusher will be 3 inch or at least 75mm.

The fine crusher is a 100Hp cone crusher for reducing the ore to 11mm, operating in an open circuit.

SRK believes that in order to obtain this size product, a classifying system consisting of an 11mm sieve in a closed circuit is necessary in order to guarantee the specified product.

13.2.2 Milling

A 100Hp, 5 x 10ft. ball mill will be used to reduce the ore to 150 microns and will operate in a closed circuit with two 20 inch hydrocylones, one operating and the other as a backup.

SRK is of the opinion that the proposed design is in accordance with industry standards and that the energy consumption at laboratory scale is reasonable.

13.2.3 Flotation

A primary flotation circuit in conventional cells will be used, consisting of cleaner flotation in flotation columns and scavenger flotation in conventional cells. A regrind circuit is not contemplated given that the primary crushing is very fine (150 microns). The overall recovery of copper is estimated at 85%, corresponding to 89% primary recovery, 95% scavenger recovery and 65% cleaner recovery.

SRK estimates that the proposed circuit and the estimated recoveries are in general accordance with the metallurgical tests and with a benchmarking of similar operations.

13.2.4 Filtration

The design does not indicate the type of filter that will be used. The proposed filtration rate is 70 kg/h/m2, that is quite conservative.

SRK recommends the installation of a press filter that will allow the product to attain the final specified moisture content of 9%.

13.3 Environmental Impact Statement

Chapter 3 of the EIS document, the project description, presents various installations that are not in accordance with the Closure report.

SRK recommends that the following points be updated in the EIS:

- It states that the fine crushing circuit is open, versus being a closed circuit in the Closure report.
- Four 10 inch hydrocylones are specified for the mill circuit, versus 2, 20 inch hydrocylones in the Closure report.
- Two banks of 4, 24x24 inch cells and one 36x36 inch cell are specified, versus 2 banks of 4, $60ft^3$ cells in the Closure report.
- A drum filter in specified, whereas in the Closure report, the filter type is not specified.

13.4 Field Visit

A review of the existing installations was made during a site visit in October 2008.

13.4.1 General Layout

The layout of the equipment allows gravitational flow of the ore from the crushing area through to the tailings deposition area. Figure 13-1, shows the general layout.

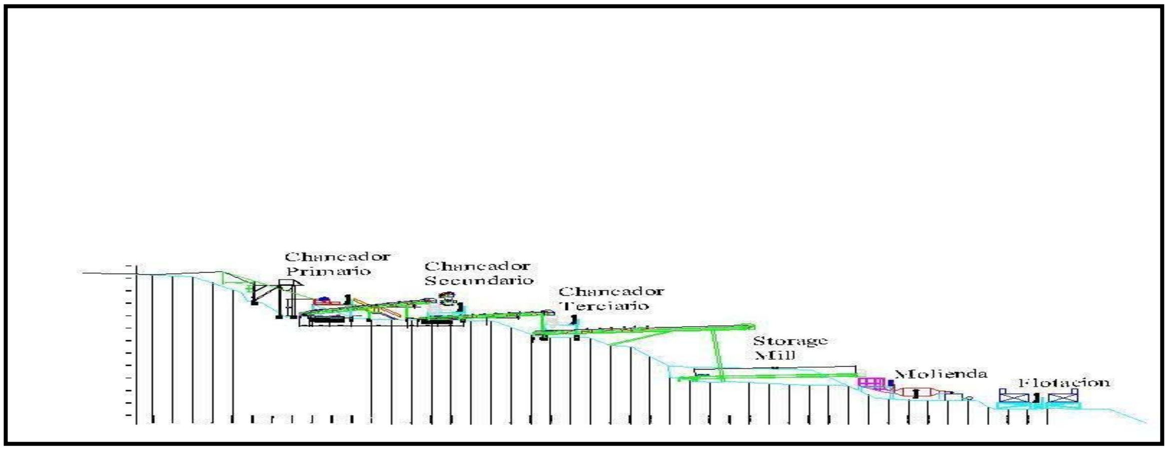


Figure 13-1: Schematic of General Layout of the Chépica Plant

13.4.2 Crushing

The feed dump hopper was being installed in this area as well as the primary crusher, cone crusher and transport belts.

13.5 Milling and Flotation

The ball mill, conditioner tank and flotation cells were in the process of being installed. All the equipment was made in China by the Zhengzhou Toper Import and Export Trading Company.

13.6 Infrastructure (energy, water and offices)

During the field visit, a water well was noted as well as the possibility of re-circulating water from the tailings pond that has a liner.

Currently, the operation has a 4 kV line and transformers that is serving the area.

Containers are being used as offices and more permanent offices are being constructed.

13.7 Conclusions and Recommendations

In accordance with the review of existing information (as of October 2008) as well as observations made during the field visit, the following are the principal conclusions and recommendations:

- The design of the Chépica plant should allow for processing the designed capacity of 120 ton/day of sulphide ore, functioning in a normal manner in order to obtain a copper and gold concentrate. There does not appear to be any fatal flaw.
- The plant design also contemplates processing oxide ore (with reddish clays), but only by milling and using the Knelson concentrator. It is not advisable to mix the ore types.
- Plant investment costs have been estimated at US$400,000, which is considered optimistic and should be increased to US$500,000.
- The operating cost of 8.0 US$/ton is in keeping with the design and size of the plant.

- The information in the Environmental Impact Statement needs to be updated in accordance with that in the Closure Report done by Alquimia, which is based on metallurgical testing allowing for an acceptable plant operation.
- Modifications should be made in order to optimize the performance of the plant, as indicated below:
    - The fine crushing circuit should be closed and use a sieve
    - The sulphide ore, besides using flotation, should also use the Knelson concentrator in order to increase gold recovery
    - A press filter should be installed for drying the concentrate
    - Increased contingency engineering and maintenance man-hours should be considered for adapting the used equipment

14 Mineral Resource Estimation

14.1 Introduction

Beginning in July 2011, SRK began the work of updating the Chépica project mineral resource estimation, specifically, on the Chépica I Vein.

14.2 Database Validation

Before proceeding with estimating the mineral resources for this project, the database was randomly checked against scanned copies of the geological drill logs for data entry errors.

Based on data provided by Polar Star and personal inspection of several holes by SRK during the site visits, core recovery for the cored holes dataset was estimated to be above ninety-five percent. SRK is of the opinion that core recovery at Chépica does not introduce a sampling bias.

14.3 Cut-Off Grade Calculation

A preliminary estimated cut-off grade was calculated for the Chépica Project to be applied to the mineral resources stated in the first report in 2009. The gold cut-off grade applied to that resource estimate was 1.3ppm Au. In discussions with Polar Star personnel, a gold cut-off grade of 1.0 ppm Au was applied to this current mineral resource estimate.

14.4 Resource Estimation

14.4.1 Database

The Polar Star Chépica database comprises surface exploration boreholes (core) drilled during 2008 and 2010 as well as trench and underground channel samples of 2008.

The 2008 database contains 66 drill holes; these correspond to 6,785.8 metres of diamond core drilling. This database comprises forty underground channel samples totaling 179.2 metres.

The 2010 database contains 34 drill holes, which correspond to 5,216.15 metres of diamond core drilling.

The Chépica I Vein was modeled and estimated from 67 drill holes (corresponding to 8,076.45 metres, Table 14-1) and 17 channel samples (corresponding to 77.3 metres, Table 14-3). Fifty of these drill holes are from the 2008 database (corresponding to 5,299.3 metres) while 17 are from the 2010 database (corresponding to 2,777.15 metres; Table 14-2).

Table 14-1: Drill holes from Chépica I 2008

HOLE-ID	LOCATION X	LOCATION Y	LOCATION Z	LENGTH
CH08-01	240722.875	6081954	142.55	76.15
CH08-02	240723.938	6081955	142.54	64.55
CH08-03	240723.047	6081954.5	142.37	59.45
CH08-04	240724.453	6081954	142.46	73.5
CH08-05	240757.484	6081950	132.98	79.8
CH08-06	240758.453	6081951	133	80.95
CH08-07	240758.734	6081951	132.95	100.1
CH08-08	240791.375	6081855	124.29	71.5
CH08-09	240785.813	6081903	126.39	63.6
CH08-10	240786.688	6081903	126.41	85
CH08-11	240791.375	6081855	124.29	90
CH08-12	240757.328	6081951	133.2	69.7
CH08-13	240787.781	6081904	126.43	99.45
CH08-14	240785.438	6081903.5	127.16	73.15
CH08-15	240758.266	6081952	134.08	106.4
CH08-16	240786.266	6081904	127.16	35.4
CH08-16A	240787.188	6081903	127.16	89.4
CH08-17	240758.641	6081951.5	134	127.1
CH08-18	240787.516	6081903	127.33	121
CH08-19	240758.953	6081952	133.93	157.4
CH08-20	240789	6081903	127.33	150
CH08-21	240737.875	6081841	135.25	76.4
CH08-22	240733.281	6081863.5	137.93	90
CH08-23	240732.656	6081863.5	138.13	143.3
CH08-24	240737.938	6081820.5	131.71	120.7
CH08-25	240737.156	6081840.5	135.47	147.3
CH08-26	240736.844	6081820	131.69	169
CH08-27	240736.594	6081841	135.51	181.2
CH08-28	240735.406	6081820	131.82	188.7
CH08-29	240737.875	6081841	135.26	125
CH08-32	240744.844	6081774.5	123.87	116.3
CH08-35	240744.438	6081775	123.87	207.7
CH08-38	240750.219	6081731.5	116.58	84.3
CH08-41	240749.438	6081731.5	117.14	102.9
CH08-50	240739.313	6081971	134.88	82.4
CH08-51	240739.828	6081971.5	134.95	96
CH08-52	240742.047	6081973.5	135.03	120
CH08-53	240743.813	6081974.5	134.82	142.1
CH08-54	240716.844	6081983	136.07	76.8
CH08-55	240719.313	6081985.5	136.06	75.9
CH08-56	240719.656	6081986.5	136	112.2
CH08-57	240718.391	6081985.5	136.17	69.6
CH08-58	240719.719	6081986	135.98	75.7
CH08-59	240720.125	6081986.5	136.07	11.7
CH08-60	240839.172	6081744	99.55	102.2
CH08-61	240838.203	6081745	99.6	117.4
CH08-62	240839.281	6081744.5	99.48	150
CH08-63	240828.734	6081826.5	114.11	130.1
CH08-64	240828.453	6081827	114.11	160

Table 14-2: Drill holes from the Chépica I 2010

HOLE-ID	LOCATION X	LOCATION Y	LOCATION Z	LENGTH
CH10-66	240834.703	6081951.5	110.38	180.5
CH10-67	240835.297	6081952	110.32	204.7
CH10-68	240831.984	6081825.5	114.1	200.2
CH10-69	240839.422	6081893.5	111.27	99.3
CH10-70	240840.766	6081894	111.27	133
CH10-71	240840.219	6081893	111.28	200
CH10-72	240813.047	6082017.5	110.77	154.9
CH10-73	240813.859	6082018	110.66	163
CH10-74	240734.172	6082044	115.46	98.6
CH10-75	240734.938	6082044.5	115.25	130.3
CH10-91	240842.516	6081742.5	99.62	130.85
CH10-92	240842.953	6081742.5	99.6	156.8
CH10-93	240814.547	6082016.5	110.68	216.05
CH10-94	240814.969	6082017	110.6	198.6
CH10-95	240845.797	6081743	99.45	168.6
CH10-96	240845.609	6081742.5	99.48	161.15
CH10-99	240840.391	6081894	111.27	180.6

Table 14-3: Channel samples from Chépica I 2008

HOLE-ID	LOCATION X	LOCATION Y	LOCATION Z	LENGTH
MTCH1-1	240769	6081860	125.8	17.1
MTCH1-10	240719	6081946	125.3	2.6
MTCH1-11	240753.5	6081885	125	3.6
MTCH1-12	240753	6081898	125	2.9
MTCH1-13	240745.594	6081909	125	7.3
MTCH1-14	240740.5	6081919	125	3.6
MTCH1-15	240734.5	6081929.5	125	3.2
MTCH1-16	240727.703	6081938	125	3.1
MTCH1-17	240721.406	6081943.5	125	2.8
MTCH1-2	240754	6081869	125.4	4.2
MTCH1-3	240754	6081880	125.4	4
MTCH1-4	240753	6081894	124.4	5.2
MTCH1-5	240749	6081905	124.4	5.6
MTCH1-6	240743	6081913	124.4	3.3
MTCH1-7	240737	6081925	125.2	2.6
MTCH1-8	240731	6081934	124.9	2.9
MTCH1-9	240724	6081941	125.3	3.3

14.4.2 Specific Gravity Database

As mentioned previously in Section 11.4, Polar Star performed specific gravity measurements on samples from 42 HQ diameter core samples selected from 27 boreholes. Specific gravity was determined using a volumetric method (water displacement) by Polar Star personnel. Nine oxide zone samples were selected and 33 sulphide samples were selected.

The average specific gravity value for the oxidized zone is 2.280 g/cc^3 and the average specific gravity value for the primary sulphide zone is 2.736 g/cc^3.

SRK considers the current specific gravity database sufficient to provide a reliable assessment of the variability of specific gravity across the deposit and across various rock types considering that this is an early stage exploration property.

14.4.3 Solid Body Modeling

The geological interpretation for the Chépica I vein was provided by Polar Star. The modelling approach was guided by Polar Star geologists' current understanding of the shape of the mineralized zones drawn from surface and underground mapping and sampling as well as interpretations of the drill logs. This interpretation was discussed by SRK together with Polar Star geologists in order to assure a common understanding for the construction of the body solids.

The Chépica I vein, used for this report, was modeled by Mr. Terence Walker of Polar Star Mining, considering an iso-grade greater than 1 g/tonne. This new interpretation takes care to maintain a minimum operational width of 1.5 m, approximately.

The mineralized unit was modeled in horizontal plans every 25 metres from elevation –25 to 125, totaling 7 horizontal plans containing the corresponding polygons. There are also a total of 27 vertical sections lying at various angles with respect to each other as can be seen in the figure below.

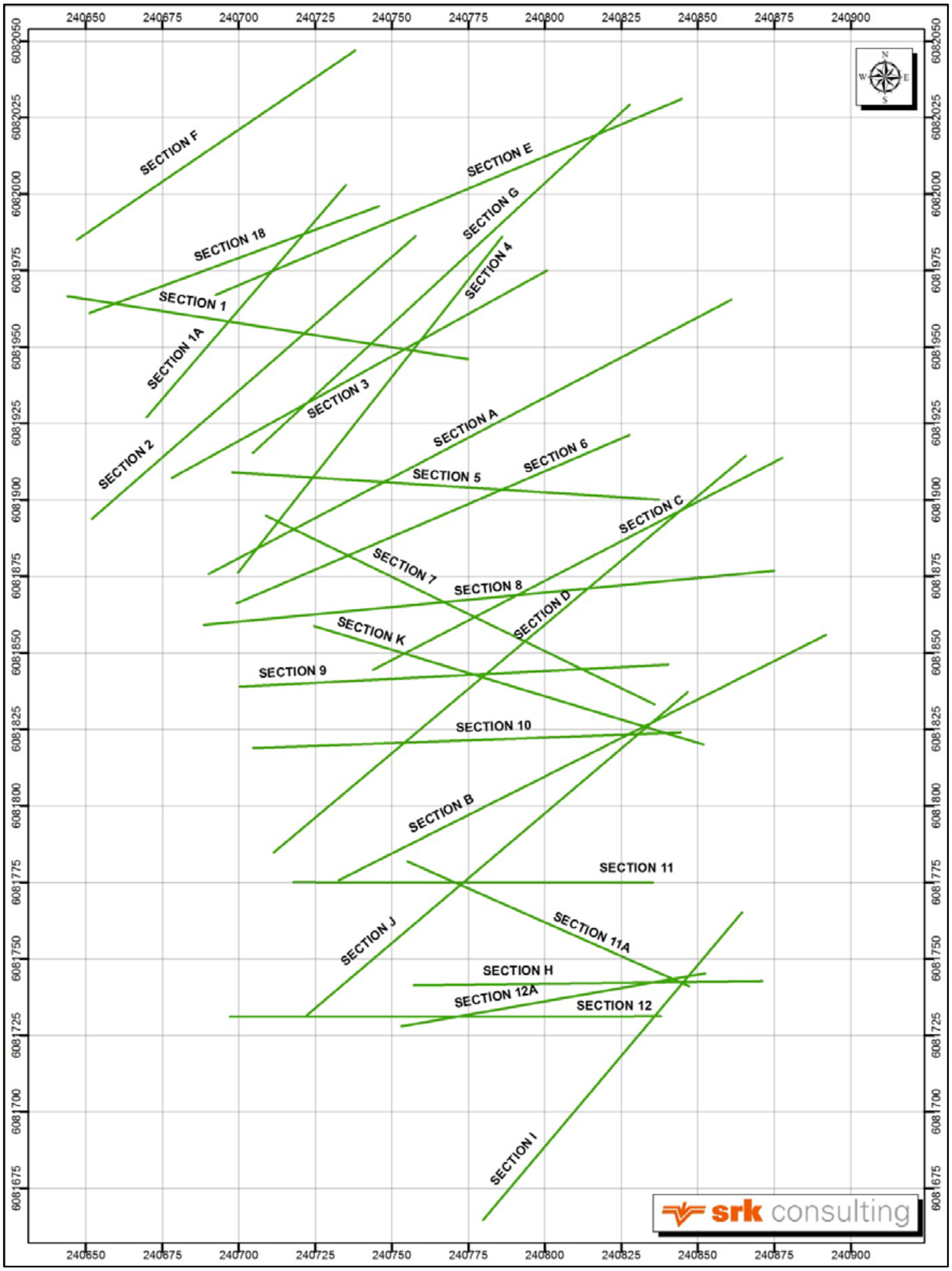


Figure 14-1: Plan View of the distribution of vertical sections used in the model

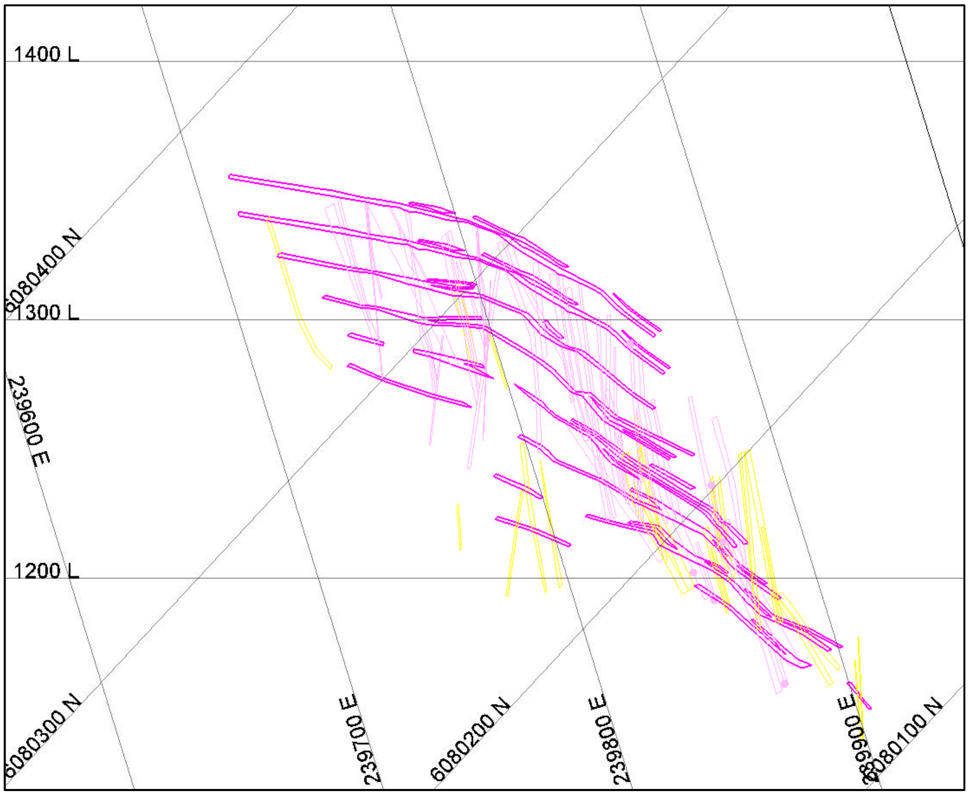


Figure 14-2: 3D View polygons of the plan and sections used in the model

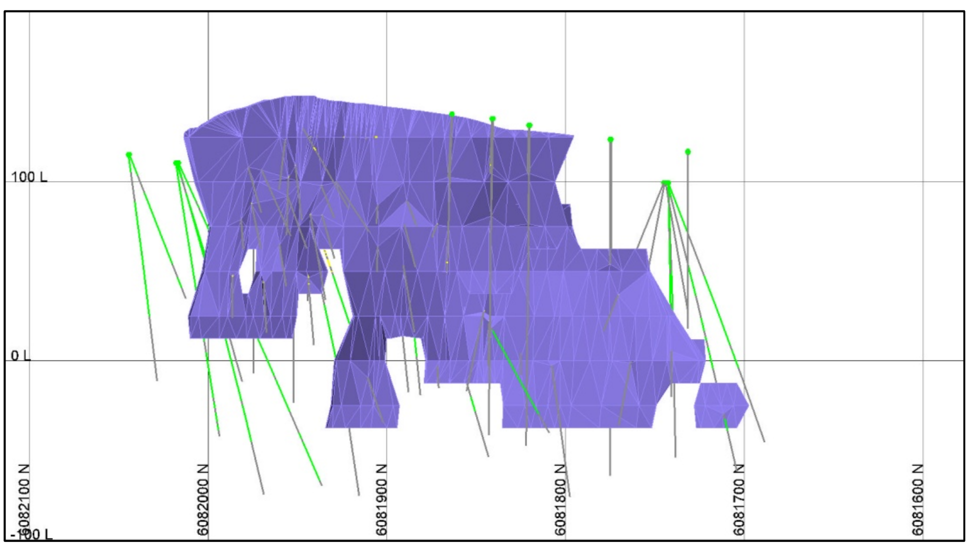


Figure 14-3: YZ View of solid for the mineralized unit

The borehole sample data were incorporated into a database with the corresponding codification of the Vein in segments of variable length and the gold, silver and copper assay results. These have a variable sampling between 0.3 to 3.8 meters. But the most common sample length is 1 meter. The vein coded as variable in the data base was used to extract the samples composite to estimate.

14.4.4 Assay Sample Statistical Analysis

The borehole sample data were incorporated into a database. The gold, silver and copper assay results were composited every 1 metre.

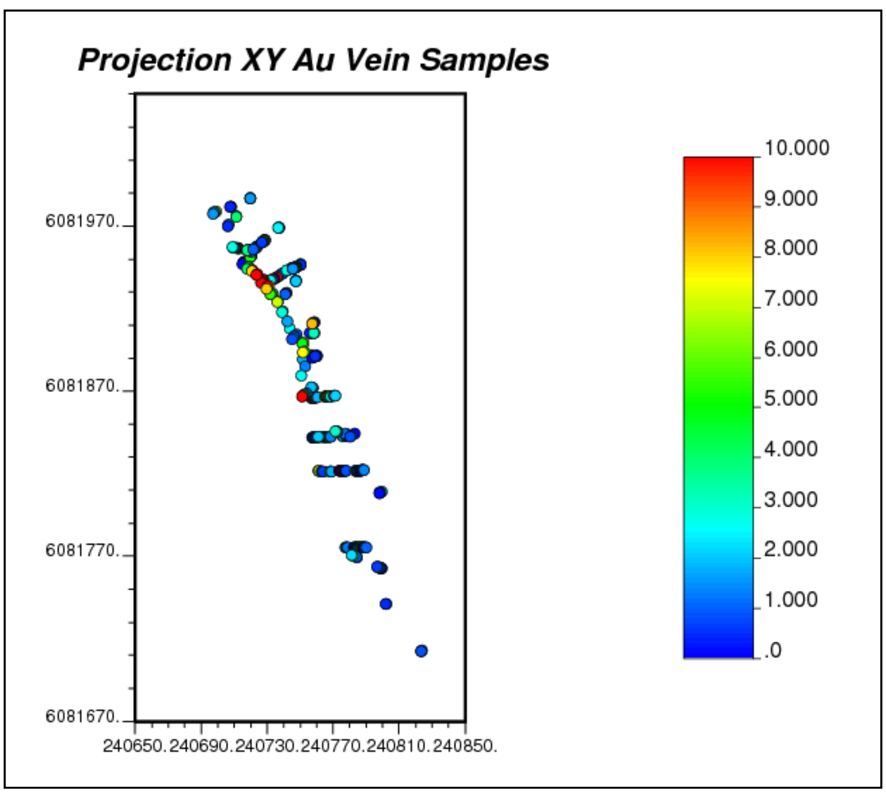
Vein Samples

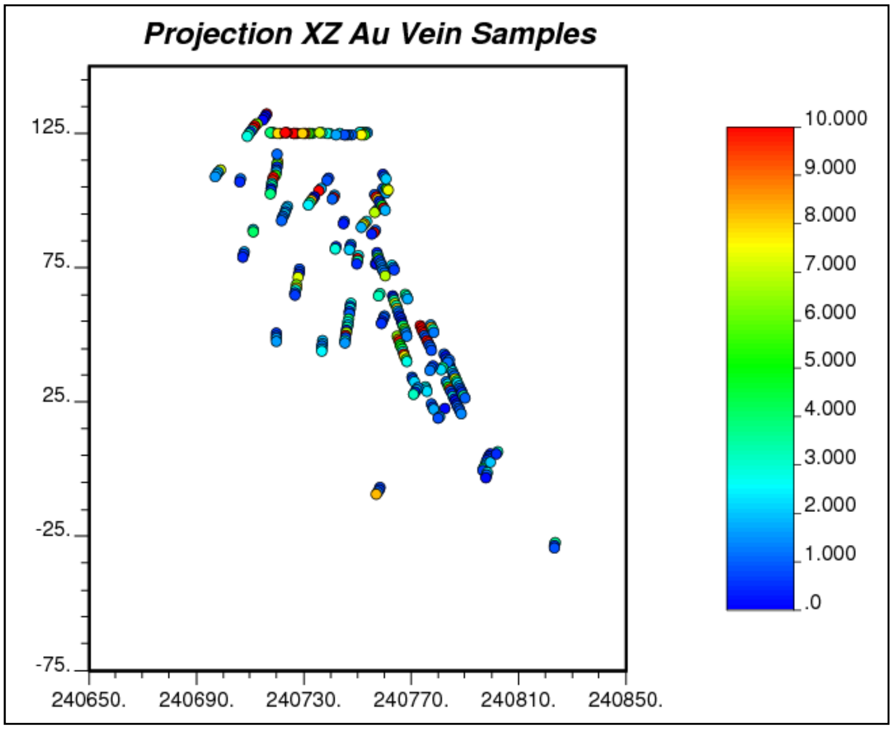
The locations of the assay samples corresponding to the Vein geological unit defined for the deposit can be found between the following coordinates.

Table 14-4: Deposit Coordinates (Vein)

	Minimum	Maximum
North	6,081,670	6,082,050
East	240,650	240,850
Elevation	-70	150

The following three images correspond to projections for gold in both horizontal and vertical planes for the distribution of samples in the vein body.





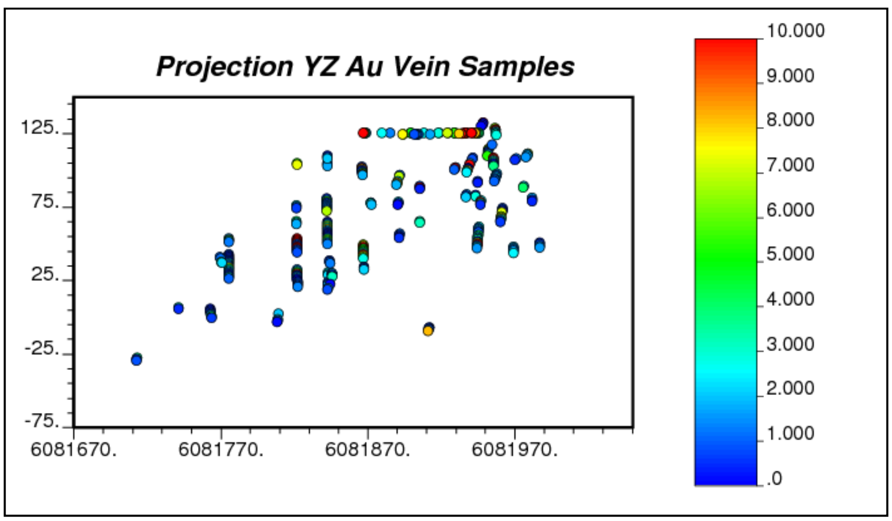


Figure 14-4: Gold Assay Sample Location – Projections XY, XZ and YZ

As can be observed, the samples are not regularly spaced. The mean separation between vertical sections is 20 to 25 meters, approximately, while in the plane of the vertical sections, the spacing is less, but more variable. In general, the sample data display separations with a range between 20 to 50 metres. It can be observed that the higher Au grades are in the channel sampling zone.

The channel samples can be easily identified, as they appear in a line at elevation 125 in the XZ and YZ projections. It can also be noted that the channel samples are the highest grade population. This is most likely a result of a greater frequency of sampling with the channels and also a tendency to also take extra samples in zones where the mineralisation is more notable. The mean gold grades for the channel samples is 6.1348 g, while for drill hole samples, it is 3.2875 g.

Figures 14-5 and 14-6 show histograms for drill hole and channel samples, respectively. Figure 14-7 shows the quantile distribution plot for drill hole vs. channel samples and it can be seen that the grades distribution for channel sampling is higher than for drill hole samples.

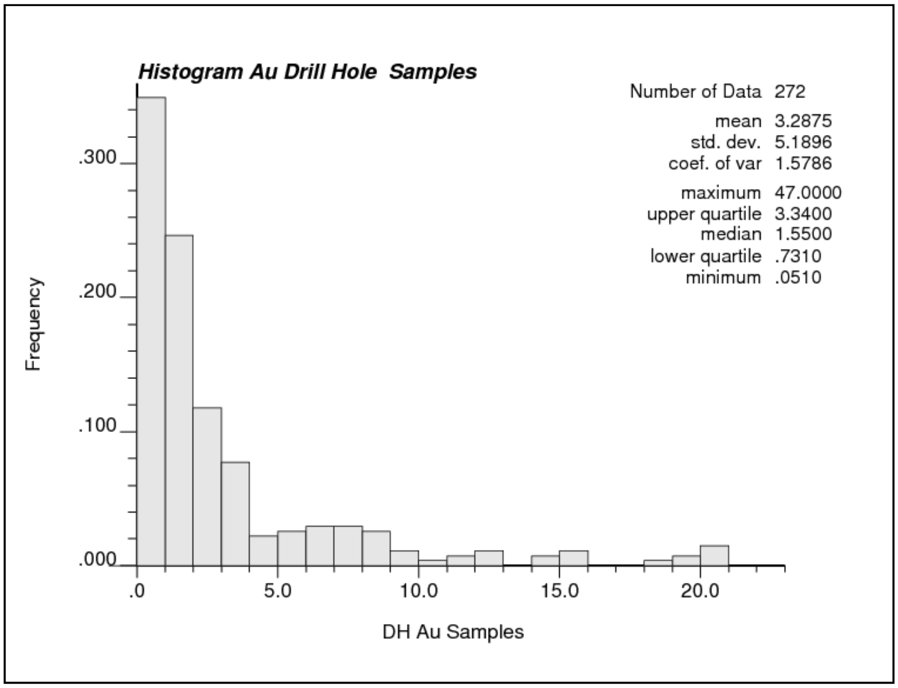


Figure 14-5: Gold Assay Histogram for drill hole samples

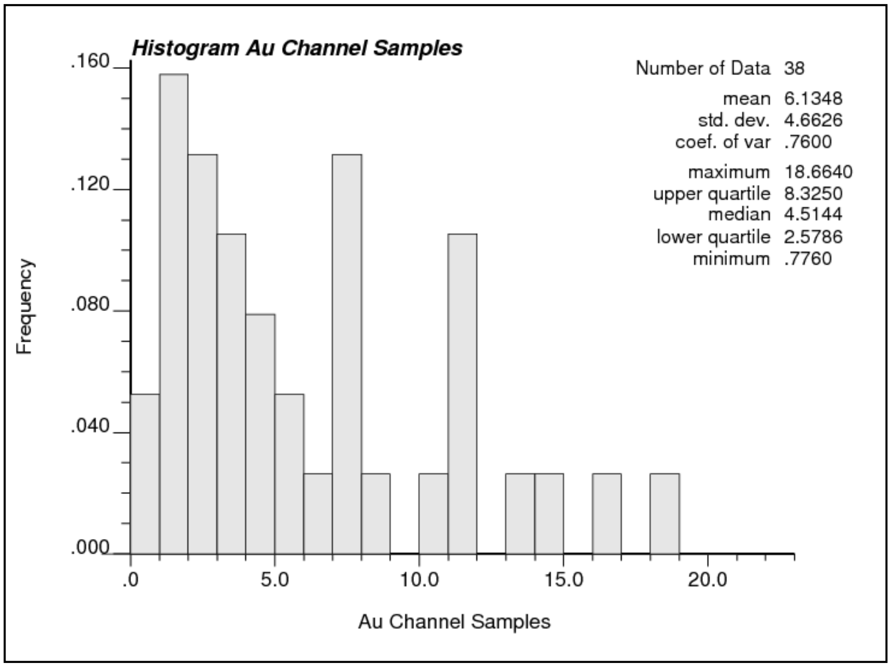


Figure 14-6: Gold Assay Histogram for trench samples

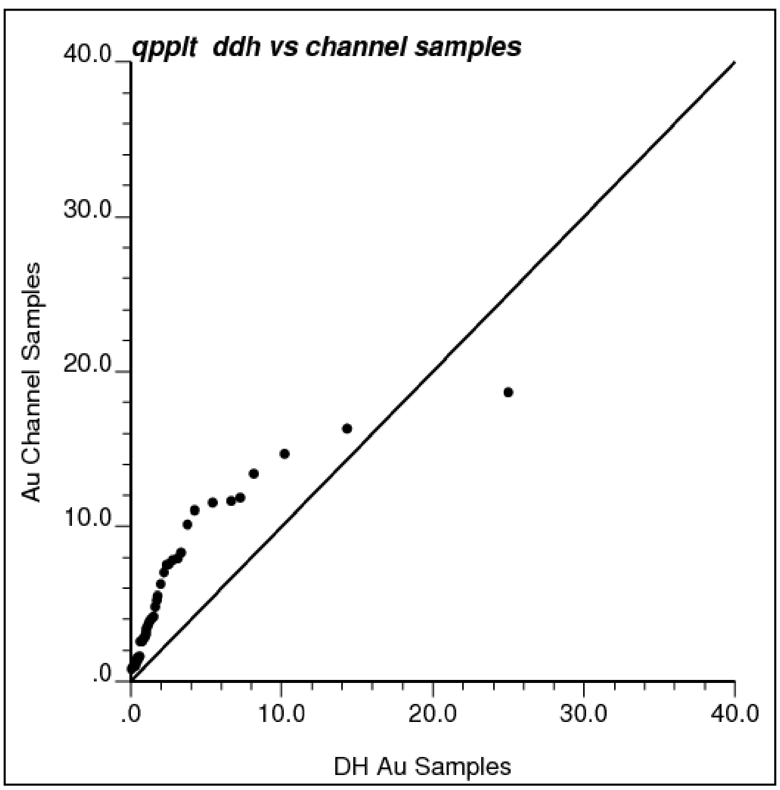


Figure 14-7: Qpplt drill hole samples - trench samples

Gold

The data population of the vein units is 310, which has a mean gold content of 3.6365 ppm, a standard deviation of 5.2123 and a coefficient of variation of 1.433. The minimum and maximum values are 0.051 ppm and 47.0 ppm, respectively. The Figure 14-8 shows the histogram of samples of this unit.

The coefficient of variation, 1.43, is high due to the presence of high values (outliers) in the gold grades included in this unit.

Figure 14-9 shows the probability graph of the samples of the gold samples in the vein unit. The presence of outliers can be observed for grades below 0.3 ppm and for grades over 20 ppm.

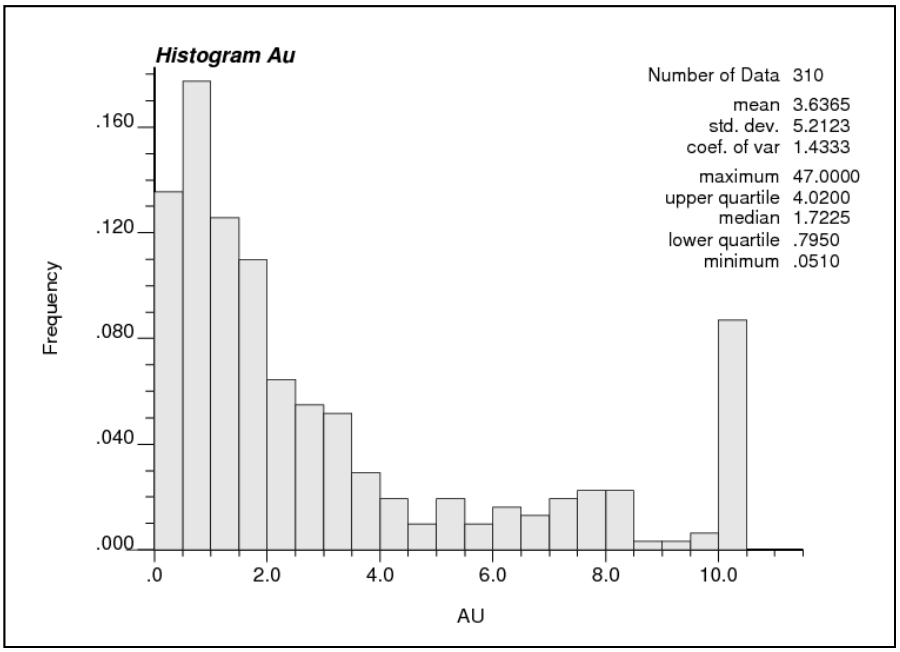


Figure 14-8: Histogram of the Gold assay samples

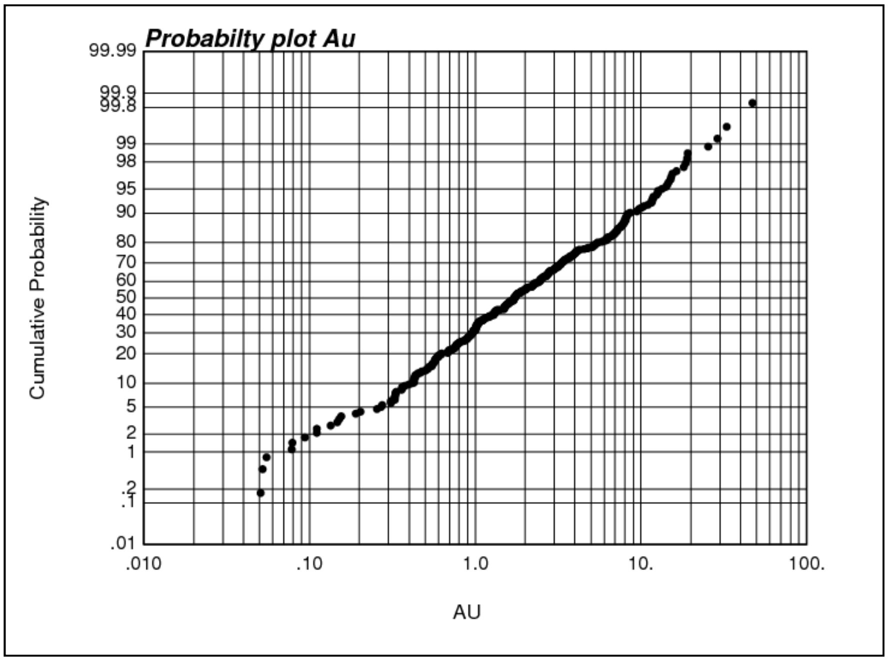


Figure 14-9: Probability plot of the Gold samples

<u>Silver</u>

The data population of the vein unit is 310, which has a mean silver content of 18.6383 ppm, a standard deviation of 118.3193 and a coefficient of variation of 6.3482. The minimum and maximum values are 0.5 ppm and 2,080.0 ppm, respectively. Figure 14-10 shows the histogram of samples for this unit.

The coefficient of variation, 6.3482, is high due to the presence of high values (outliers) in the silver grades included in this unit.

Figure 14-11 shows the probability graph of the samples of the silver samples in the vein unit. The presence of outliers can be observed.

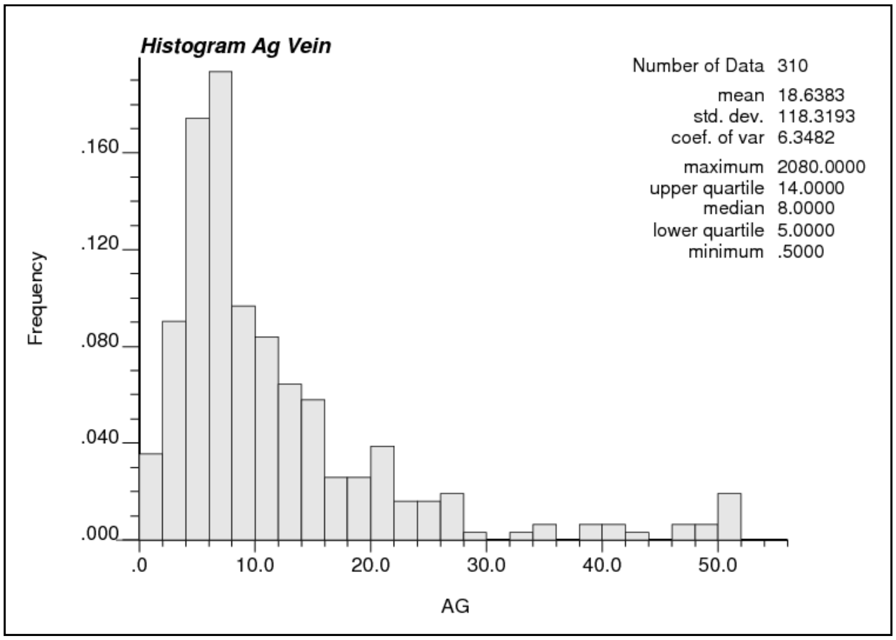


Figure 14-10: Histogram of the Silver assay samples

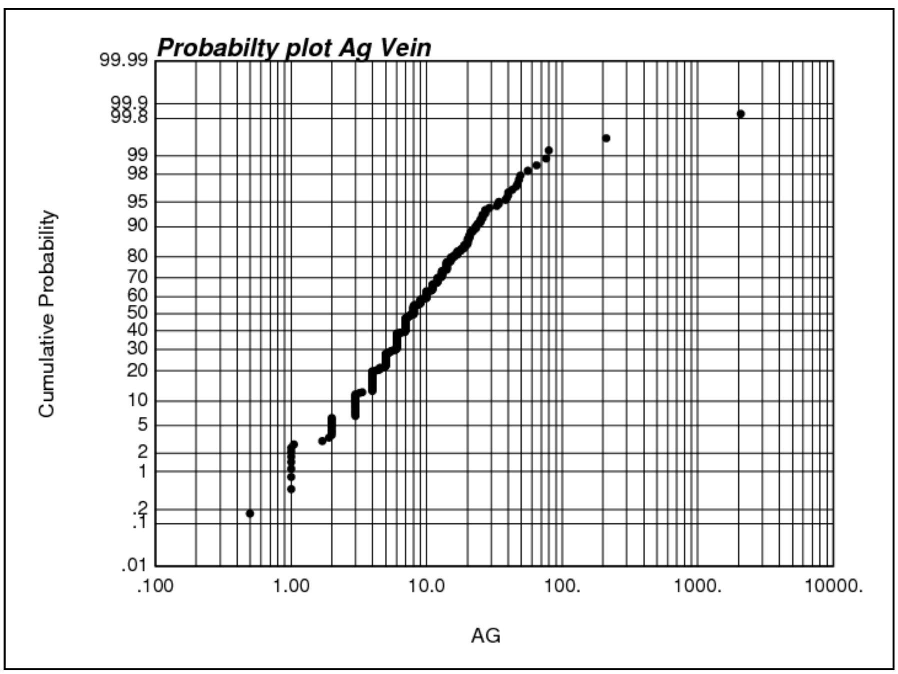


Figure 14-11: Probability plot of the Silver samples

Copper

The data population of the vein unit is 310, which has a mean copper content of 0.7485 %, a standard deviation of 0.8668 and a coefficient of variation of 1.1581. The minimum and maximum values are 0.005 % and 6.5 %, respectively. Figure 14-12 shows the histogram of samples of this unit.

Figure 14-13 shows the probability graph of the samples of the copper samples in vein unit.

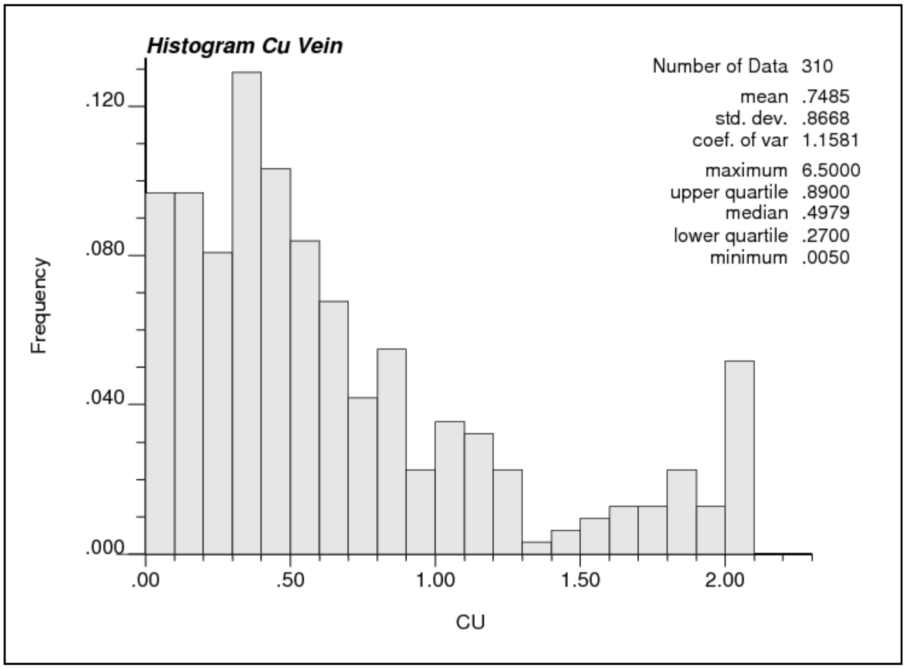


Figure 14-12: Histogram of the Copper assay samples

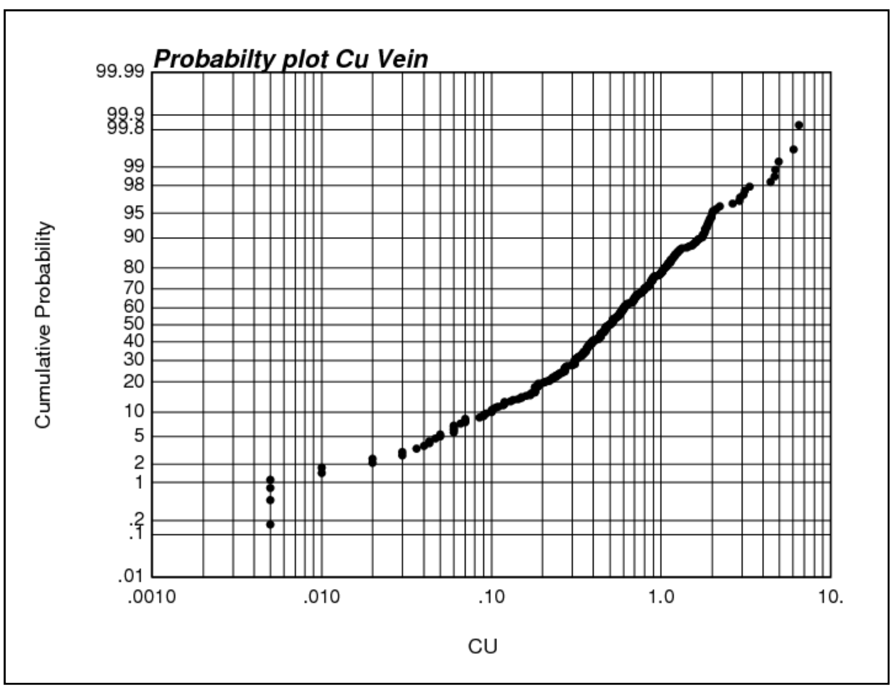


Figure 144-13: Probability plot of the Copper samples

Table 14-5: Basic Statistics of the gold, silver and copper grades

	Vein		
	Gold ppm	Silver ppm	Copper %
N° of Samples	310	310	310
Mean	3.6365	18.6383	0.7485
Minimum	0.051	0.5	0.005
Maximum	47	2080	6.5
Std. Dev.	5.2123	118.3193	0.8668
CV	1.433	6.3482	1.1581

14.4.5 Contact Profile Analysis

To verify the continuity of the grades across the boundary defined by the grade shell, SRK performed a contact profile analysis. The objective of this analysis was to define whether contacts are soft or hard, and to set up the estimation parameters accordingly.

SRK found that the Au and Cu grade change was abrupt between the Vein and Wall Rock, but in the case of Ag, it was less abrupt. This is because the iso-grade vein was modeled using Au samples. SKR performed the estimation using the vein as a hard boundary and considering only the samples inside the vein.

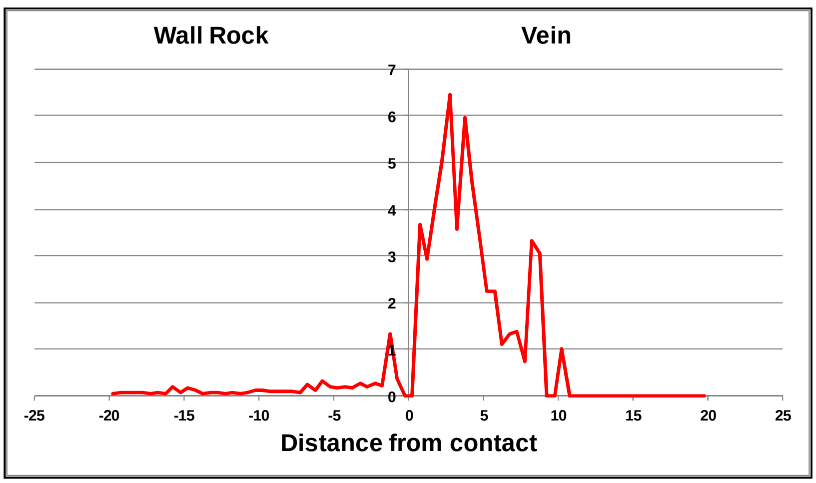


Figure 14-14: Au Contact Profile Vein v/s Wall Rock

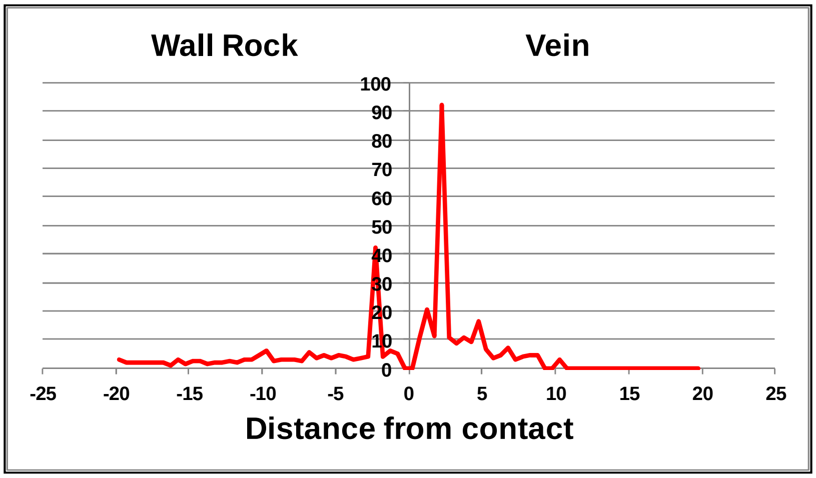


Figure 14-15: Ag Contact Profile Vein v/s Wall Rock

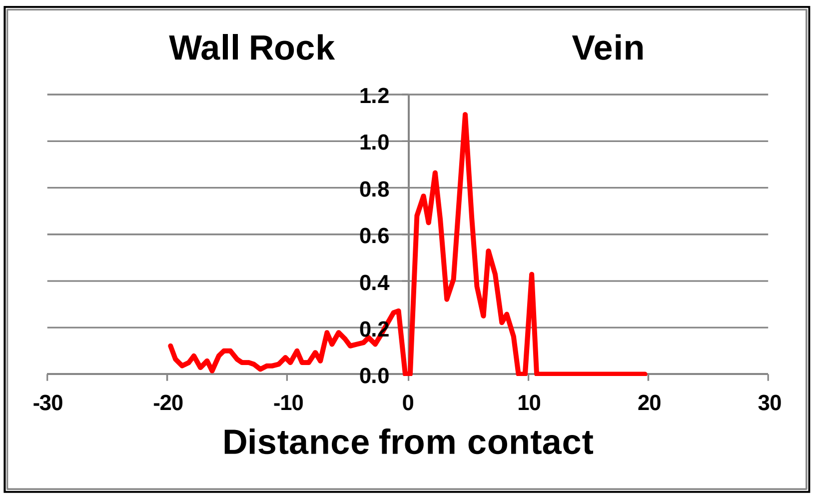


Figure 14-16: Cu Contact Profile Vein v/s Wall Rock

14.4.6 Capping

High grade samples can impact grade estimation. To limit their impact and obtain an accurate and unbiased estimation, SRK implemented an outlier restriction strategy.

The capping performed was for extreme high values which would not be considered in the estimation. If a value was higher than the outlier, this value was cut to the outlier value. For example, if the gold value in the vein was 40 ppm, it was cut to 20 ppm. Table 14-6 shows the outliers' values.

Table 14-6: Outliers Values used for estimation.

	Vein		
	Gold ppm	**Silver ppm**	**Copper %**
Outlier Value	20	100	5

Also, for high grades that were not extreme outliers, but represented breaks in the high grades population, a restricted influence up to a certain distance approach was implemented. The thresholds and distance of influence for the high grade restrictions were defined for gold, silver, and copper by estimation domain and are summarized in Table 14-7.

Table 14-7: Outliers values for restricted influence distance used for estimation

Geological Unit	Element	Pass	Search Ellipsoid	
			Local Ranges	
			High Grade Range X-Y-Z	High grade Start at
VEIN	AU	1	-	-
		2	-	-
	AG	1	15-15-5	80
		2	30-30-10	60
	CU	1	15-15-5	4
		2	30-30-10	3

14.4.7 Variography and Search Ellipsoids

To understand the spatial behavior of the gold, silver and copper within the vein, directional variograms were analysed to determine if an anisotropic condition exists.

Variogram maps were analyzed in a plane that best represents the vein direction. This plane has a Dip of 90° and a Dip Direction 80°. Figure 14-17 shows a 3D view of the plane in red and the vein in yellow.

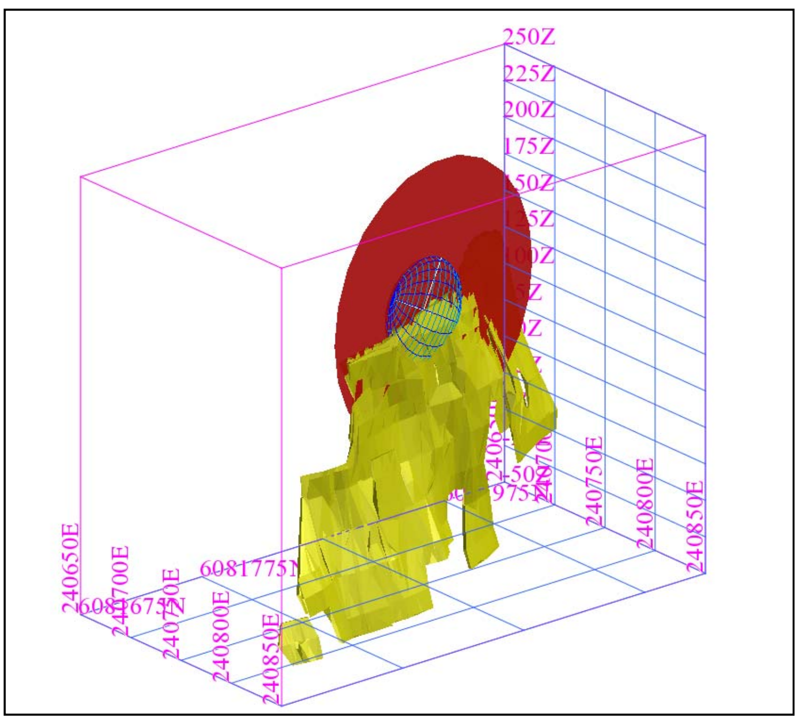


Figure 14-17: Plane and Vein orientation

Several variograms in different directions in the plane were analyzed to obtain the greatest continuity direction (major axis), the second largest measure of continuity (semi-major axis) and the smallest continuity direction (minor axis). Due to the small quantity of samples, it was not possible to structure variograms for the semi-major and minor axes. The estimation was performed according the parameters for the major axis and the search ellipsoid was defined according the geometrical shape of the vein.

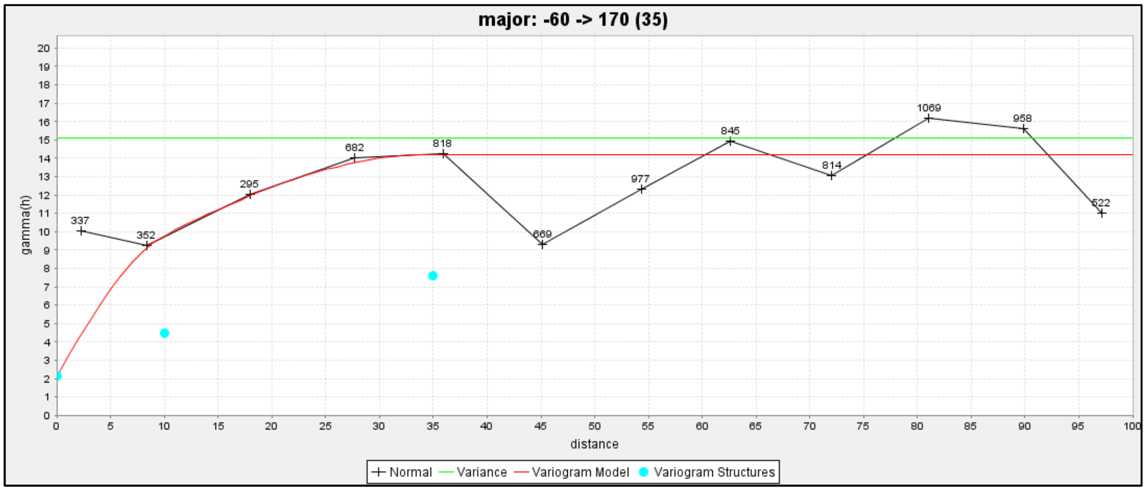


Figure 14-18: Directional variogram for Gold, Vein Unit

Figure 14-19: Directional variogram for Silver, Vein Unit

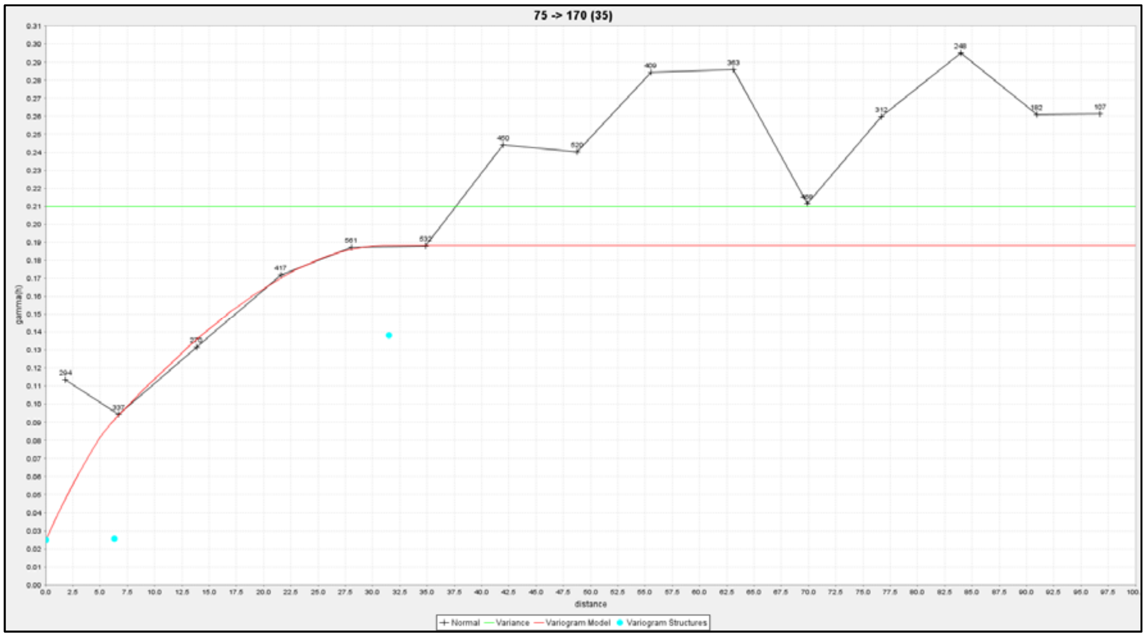


Figure 14-20: Directional variogram for Copper, Vein Unit

In summary, the parameters applied for the variograms' technical adjustments for each different unit are shown in Table 14-8.

Table 14-8: Parameters of experimental variograms

Unit	Type	C_0	C_1	A_1	C_2	A_2
Gold	Spherical	2.15	4.47	10	7.6	35
Silver	Spherical	5	13	8.3	15	30
Copper	Spherical	0.025	0.025	6.3	0.138	31.5

The search ellipsoid was selected considering the geometrical aspects of the vein. The maximum search in the ellipsoid was the same for the semi-major axis and 3 times larger than the minor axis. The search ellipsoid orientation is the orientation of the plane that was chosen.

The ellipsoid direction in GEMS format, Azimuth, Dip, Azimuth, is shown in Figure14-21, in this case, the Principal Azimuth is the true azimuth of the anisotropy X axis in degrees. The Principal Dip is the dip angle of the anisotropy X axis, in degrees (negative downward). The Intermediate azimuth is the azimuth of the anisotropy Y axis in degrees.

Figure 14-21: Search Ellipsoid direction parameters

Figure 14-22 shows a 3D View of the ellipsoid with respect to the vein. This ellipsoid was used to estimate the vein.

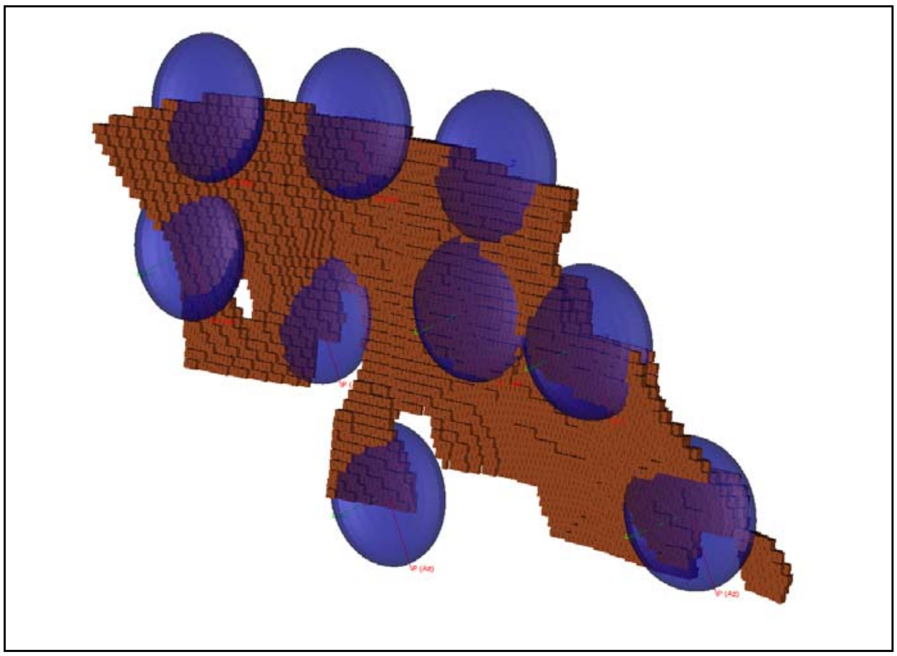


Figure 14-22: 3D view of the Search Ellipsoid with respect to the Vein

14.4.8 Block Model Dimension and Grade Estimation Methodology

A block model was constructed taking into consideration the volume defined between the coordinates and the elevations indicated in Table 14-9. The Block size is 2.5 X 2.5 X 5 metres.

Table 14-9: Block Model Area

	Minimum	Maximum
North	6,081,600	6,082,050.00
East	240,700	240,962.50
Elevation	-70	180

Ordinary Kriging was used to interpolate Au, Ag and Cu grades for the vein. Only composites inside the vein were used to estimate vein blocks.

Due to the thickness and shape of the vein, a partial percentage was used to code the block model.

The kriging plan developed for the Vein unit consisted of two decreasingly restrictive search strategies. Different kriging plans were set up for gold, silver, and copper.

For the first pass, the range was equal to the variogram range; for the second pass, the range was as large as necessary in order to estimate all the blocks in the geological units. The intention was to use this as a reference for the resource classification. Only some of the blocks in the second pass were used to estimate the indicated or measured resource, the remainder were assigned to the Inferred category.

The maximum number of samples has a direct impact on the level of smoothing and quality of the local estimates. A maximum of seven composites prevents excessive smoothing; however, the small size of the block model relative to drill hole spacing, together with the small number of composites, could result in locally biased estimates. This local bias is normal and is generally accepted, however, an unbiased global estimate must be obtained for the recoverable resources.

A block discretization of 2 x 2 x 4 nodes was adopted for block kriging, this is reasonable considering the block size and composite length used for the resource estimation.

Table 14-10 shows a summary of the kriging parameters for the units.

Table 14-10: Summary of the kriging parameters for each unit

Geological Unit	Element	Pass	Search Ellipsoid				Min Comp	Max Comp
			Global Ranges		Local Ranges			
			X-Y-Z	Capping	High Grade Range X-Y-Z	High grade Start at		
VEIN	AU	1	35-35-12	20	-	-	3	8
		2	999-999-999	20	-	-	2	10
	AG	1	30-30-10	100	15-15-5	80	3	7
		2	999-999-999	100	30-30-10	60	2	10
	CU	1	30-30-10	5	15-15-5	4	3	7
		2	999-999-999	5	30-30-10	3	2	10

14.5 Mineral Resource Validation

As a first step to validate the geological units, SRK made a visual inspection of estimated grades against the composites.

SRK also generated a nearest-neighbour model (NN) that provides a de-clustered distribution of drill hole data that can be used for validation to make a comparison of summary statistics in order to verify the difference between the means of blocks for the NN model vs. the estimated model and check if there is an overall bias. A north-south and an elevation drift analysis was done, which was obtained by plotting the average kriged and NN grades in slices of ten meters. SRK used only blocks estimated in the first pass for this analysis, corresponding to Measured and Indicated resources.

Only blocks within the grade-shell are classified as Measured, Indicated, or Inferred. The Ordinary Kriging (OK) and NN swath grades should normally follow each other, although the kriged swath grades generally would appear smoother. Figures 14-23 to 14-28 compare the OK and NN estimates for Au, Ag and Cu for the Vein unit.

The comparison of NN and Ordinary Kriging for gold, silver, and copper are shown in Table 14-11 and shows a difference of approximately 3 %, which is considered reasonable.

Table 14-11: Comparison between ID2 and Nearest Neighbour Estimates

	Au (ppm)			Ag (ppm)			Cu (%)		
Mean	OK	NN	OK/NN	OK	NN	OK/NN	OK	NN	OK/NN
	2.857	2.931	97%	11.906	12.257	97%	0.736	0.762	97%

Note: OK = Ordinary Kriging ; NN = Nearest Neighbour

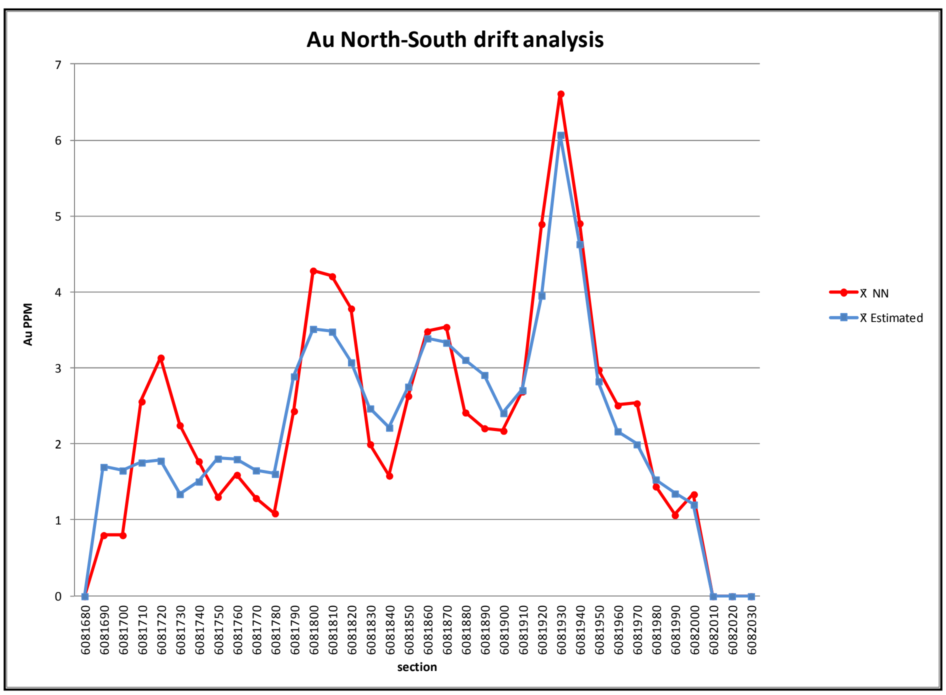


Figure 14-23: Au North-South Drift Analysis

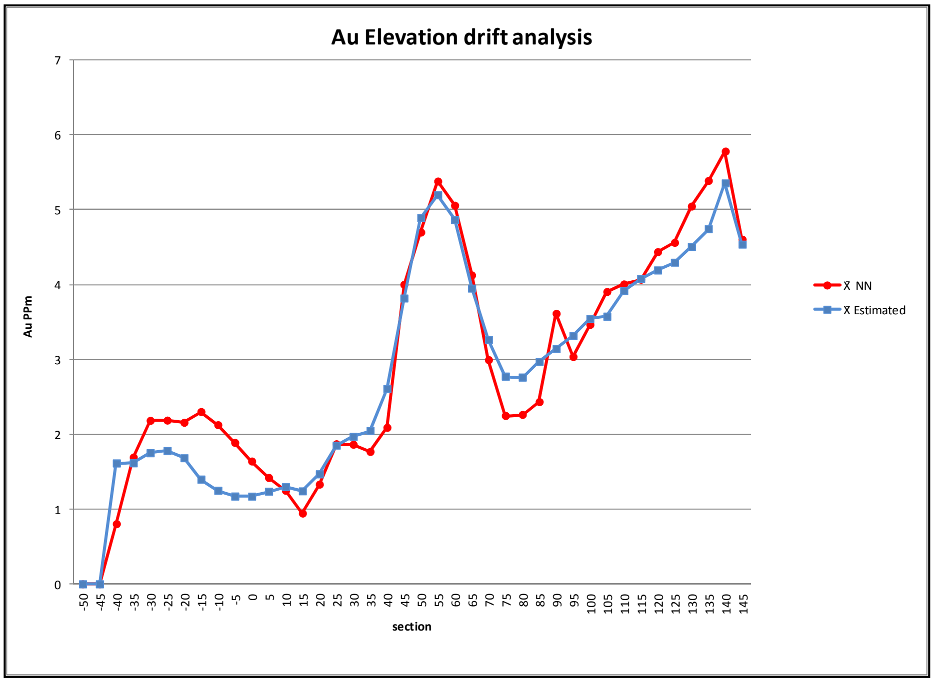


Figure 14-24: Au Elevation Drift Analysis

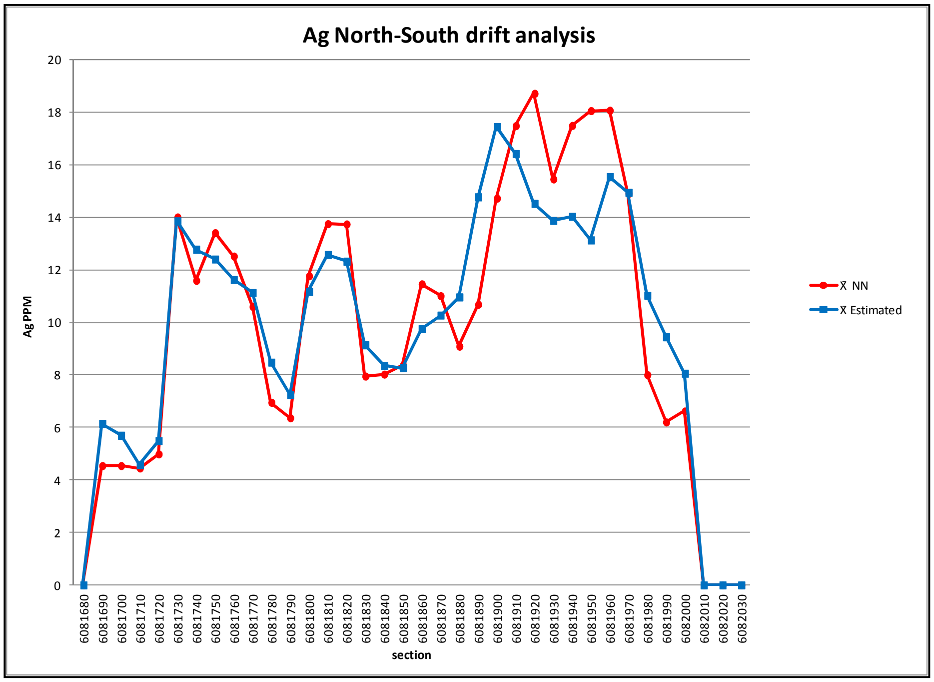


Figure 14-25: Ag North-South Drift Analysis

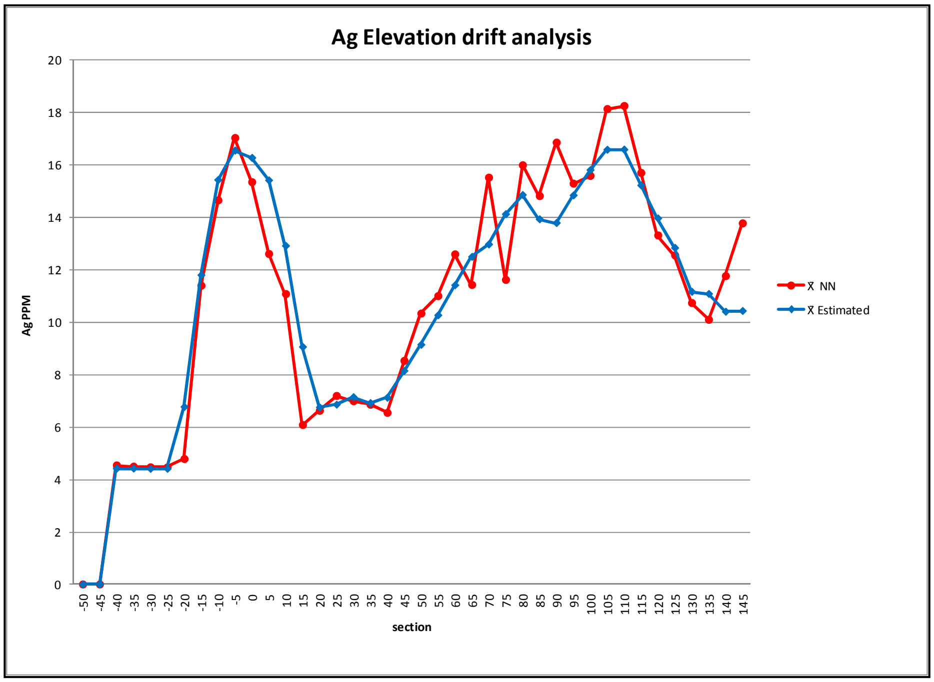


Figure 14-26: Ag Elevation Drift Analysis

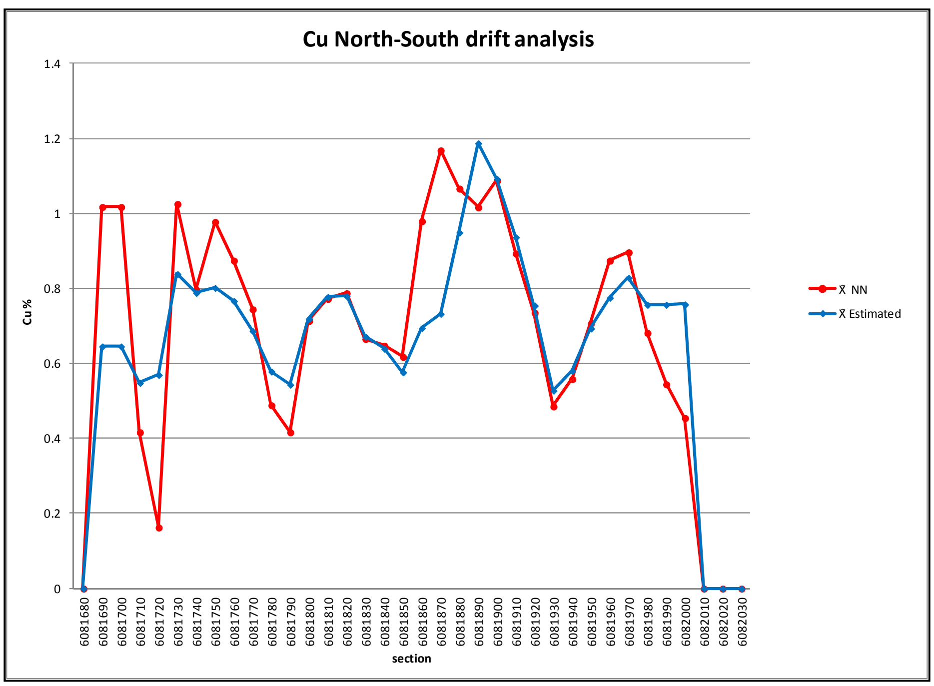


Figure 14-27: Cu North-South Drift Analysis

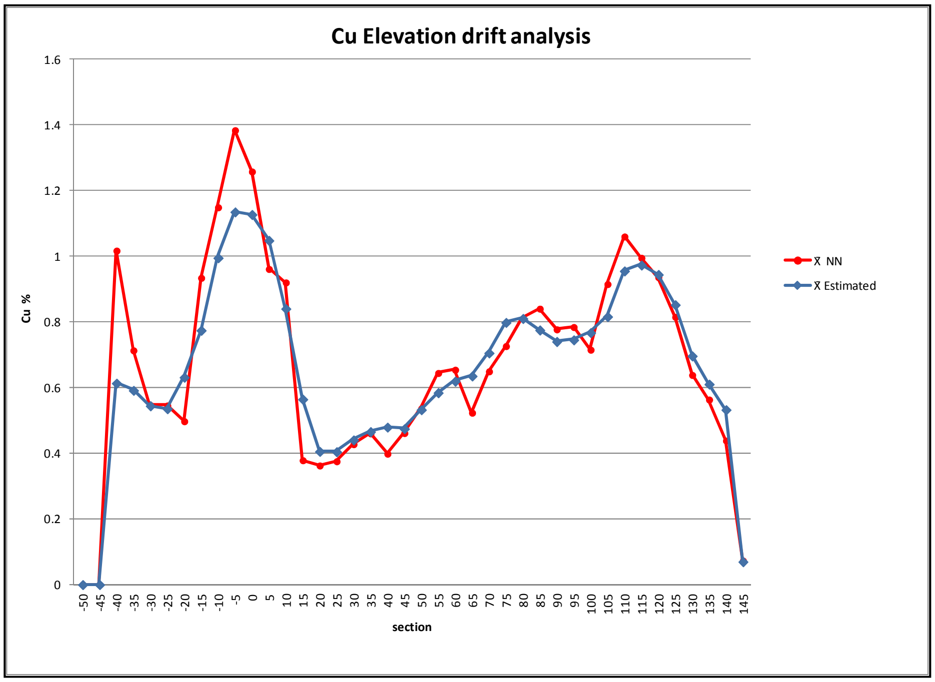


Figure 14-28: Cu Elevation Drift Analysis

14.6 Mineral Resource Classification

Mineral resources for the Chépica project have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

SRK is not aware of any known environmental, permitting, legal title, taxation, socio-economic, marketing or other relevant issues that could potentially affect this estimate of mineral resources. Mineral reserves can only be estimated based on the results of an economic evaluation as part of a preliminary feasibility study or a feasibility study. As such, no mineral reserves have been estimated by SRK as part of the present assignment.

SRK based the resource classification on the kriging run in which each block was estimated and the anisotriopic average distance of samples were used to estimate each block. The rest of the estimated blocks in run 2 were assigned to the Inferred category.

Mineral resources for the Chépica project were classified using the following criteria:

Measured Mineral Resources:

- Portion of block must be contained within interpreted solid;
- Block must be in the Kriging Pass number 1
- Anisotropic Average distance of samples used to estimate the block must be less than or equal to 25 metres.

Indicated Mineral Resources:

- Portion of block must be contained within interpreted solid;
- Block must not be measured resource.
- Block must be in the Kriging Pass 1.

Inferred Mineral Resources:

- Portion of block must be contained within interpreted solid;
- Block must not be measured or indicated resource.

SRK performed a smoothing process to enhance the continuity to these categorized resources. This was accomplished by analyzing the direction of greater grade and geological continuity and then re-categorizing some blocks. Thus some flexibility was adopted in order to give preference to continuity but still using appropriate grade and geological characteristics.

14.7 Mineral Resource Statement

Mineral resources for the Chépica project are presented in Table 14-12 at a cut-off of 1.0 ppm Au.

Table 14-12: Mineral Resource Statement* for the Chépica Project, Chile, SRK Consulting (Chile) S.A., November, 2011

Resources	**Tonnage** (KTon)	**Au** (ppm)	**Ag** (ppm)	**Cu** (%)
Measured	198.2	3.43	12.06	0.75
Indicated	85	2.33	11.61	0.72
Demonstrated	**283**	**3.1**	**11.92**	**0.74**
Inferred	30	1.92	14.9	0.66

* reported at a cut-off of 1.0 ppm gold

The following tables show the sensitivity of the resources to the gold cut-off.

Table 14-13: Measured Gold Mineral Resources by Cut-Off Grade

Au ppm cut off	MEASURED			
	TONNAGE	Au	Ag	Cu
	T x 1000	ppm	ppm	%
10	7.3	12.25	10.78	0.50
9	9.3	11.64	10.98	0.47
8	11.7	11.00	11.23	0.46
7	13.8	10.46	11.36	0.44
6	19.8	9.24	10.95	0.42
5	32.6	7.75	11.25	0.47
4	53.8	6.46	11.43	0.56
3	90.2	5.24	11.90	0.68
2	135.4	4.32	12.20	0.73
1.3	178.3	3.68	12.20	0.74
1	198.2	3.43	12.06	0.75
08	205.3	3.34	11.91	0.74
06	208.3	3.30	11.86	0.74
04	209.0	3.29	11.84	0.74
02	209.2	3.29	11.84	0.74
0	209.2	3.29	11.84	0.74

Table 14-14: Indicated Gold Mineral Resources by Cut-Off Grade

Au ppm cut off	INDICATED			
	TONNAGE	Au	Ag	Cu
	T x 1000	ppm	ppm	%
10	1.7	14.30	14.89	0.70
9	1.9	13.86	14.80	0.71
8	2.5	12.52	14.65	0.71
7	2.8	11.99	14.34	0.71
6	3.0	11.69	14.05	0.69
5	3.6	10.48	13.55	0.66
4	5.3	8.56	14.33	0.71
3	18.3	5.01	17.27	0.88
2	28.1	4.13	15.85	0.80
1.3	60.0	2.80	12.91	0.73
1	84.9	2.33	11.61	0.72
08	93.9	2.19	11.40	0.72
06	104.8	2.04	12.00	0.73
04	105.5	2.03	12.03	0.73
02	107.1	2.01	12.07	0.73
0	107.1	2.01	12.07	0.73

Table 14-15: Demonstrated (Measured + Indicated) Gold Mineral Resources by Cut-Off Grade

Au ppm cut off	Demonstrated			
	TONNAGE	Au	Ag	Cu
	T x 1000	ppm	ppm	%
10	9.0	12.63	11.56	0.54
9	11.2	12.01	11.61	0.51
8	14.2	11.27	11.83	0.50
7	16.6	10.72	11.86	0.48
6	22.7	9.56	11.36	0.45
5	36.3	8.02	11.48	0.49
4	59.1	6.65	11.69	0.57
3	100.5	5.20	12.00	0.71
2	163.5	4.29	12.02	0.75
1.3	238.3	3.46	12.37	0.74
1	**283.0**	**3.10**	**11.92**	**0.74**
0.8	299.3	2.98	11.75	0.73
0.6	313.2	2.88	11.91	0.74
0.4	314.6	2.87	11.91	0.74
0.2	316.3	2.86	11.92	0.74
0	316.3	2.86	11.92	0.74

Table 14-16: Inferred Gold Mineral Resources by Cut-Off Grade

Au ppm cut off	INFERRED			
	TONNAGE	Au	Ag	Cu
	T x 1000	ppm	ppm	%
10	0.0	0.00	0.00	0.00
9	0.0	0.00	0.00	0.00
8	0.0	0.00	0.00	0.00
7	0.0	0.00	0.00	0.00
6	0.0	0.00	0.00	0.00
5	0.6	5.91	15.02	0.30
4	0.9	5.50	15.55	0.36
3	1.9	4.31	18.69	0.87
2	14.2	2.59	18.64	0.59
1.3	21.4	2.24	17.21	0.63
1	**30.1**	**1.92**	**14.90**	**0.66**
0.8	32.7	1.83	14.31	0.66
0.6	32.8	1.83	14.28	0.65
0.4	32.8	1.83	14.28	0.65
0.2	32.8	1.83	14.28	0.65
0	32.8	1.83	14.28	0.65

The above mineral resources are global resources. There are limited workings in the Chépica 1 vein and they have not been completely surveyed and thus an accurate volume measurement cannot be made at this time. However, the tonnes represented by the workings is relatively small and should be on the order of about 1,500 tonnes. Because they are developed in the upper part of the deposit, in the oxidized zone, the grades would most likely be higher in this zone than the average grade of the deposit. The minimum width of the vein in the model is 1.5m, thus it is quite constrained and should represent fairly closely the possible mineable resources at Chépica 1. A dilution factor of approximately 10 – 15% should be applied to the above global resources to reflect what may be considered possible mineable resources at this time.

15 Mineral Reserve Estimates

This section is not applicable because the Chépica Property is an advanced stage exploration project and there are no mineral reserves at this time.

16 Mining Methods

This section is not applicable.

17 Recovery Methods

This section is not applicable.

18 Project Infrastructure

This section is not applicable.

19 Market Studies and Contracts

This section is not applicable.

20 Environmental Studies, Permitting and Social or Community Impact

The Chépica project is currently in a pre-production stage. The plant was being installed and work had begun on the tailings dam wall when the SRK field visits were made. The drilling and underground sampling program carried out by Polar Star was strictly exploratory.

Review of the environmental aspects of the project was not a part of this technical study, however, some observations related to the future plant operation are noted in Section 13 of this report. In order to briefly review the new plant set up, the following information was available:

- Profile Level Business Closure Report for the Concentrator Plant
- Equipment inventory spreadsheet
- Environmental Impact Statement

As far as is known by SRK in this brief investigation, the property does not lie within environmentally protected areas, indigenous reservations or areas of historical sites.

21 Capital and Operating Costs

This section is not applicable.

22 Economic Analysis

This section is not applicable.

23 Adjacent Properties

SRK does not have specific information related to properties adjacent to the Sleeper Project.

24 Other Relevant Data and Information

This section is not applicable.

25 Interpretation and Conclusions

This independent technical report is focused on the Chépica I vein system. Given the results from Polar Star's exploration programme to date, SRK is of the opinion that further work on the Chépica I vein system and on the other multiple veins within Polar Star's rather large concession block, is warranted. The Chépica project offers excellent exploration opportunities to expand the current size of the gold-copper deposit. The fact that this is a relatively new exploration district with many veins identified on the surface, lends encouragement that Polar Star could significantly add to their resource base and possibly operate from a single larger plant in the future.

26 Recommendations

While no significant drill hole deviation seems to have occurred with 2008 drilling programme, based on only four surveyed holes, SRK recommends that for deeper drilling in future campaigns, all holes greater than 150m in length be surveyed for drill hole deviation.

SRK considers the current specific gravity database sufficient to support this preliminary mineral resource estimate. For future stages of work, it is recommended that representative samples be added to increase the confidence in the data for each geologic unit.

SRK recommends for all future drilling campaigns that Polar Star continue the practice of inserting blanks, duplicates and standards in the sample lots sent to the laboratory.

During October, 2008, SRK made a technical visit to the plant installations at the Chépica Project site with the purpose of reviewing the physical set up of the plant, its design and capacity (120 t/day of sulphide ore) and see if it presents any fatal flaw. This analysis is retained here in the present report, however, SRK considers this old information to be out of date and should only serve as a reference. A new study will have to be undertaken for processing ores at Chépica once the project reaches that stage. Thus, recommendations given in the October 2008 report are no longer considered current for use in this report.

27 References

Besides reviewing all the data given to SRK by Polar Star consisting of the drill hole and channel sampling database, as well as geological reports, SRK also briefly reviewed the following documents in regard to the review of the process plant being installed while the field visit was made.

- Profile Level Business Closure Report for the Concentrator Plant
- Equipment inventory spreadsheet
- Environmental Impact Statement

CERTIFICATE AND CONSENT

To accompany the report entitled: Exploration Technical Report – Chépica Au – Cu Project, RegionVII, Chile.

I, George Even, residing at Vital Apoquindo 941, Las Condes, Santiago, Chile, do hereby certify that:

1) I am a Principal Geologist with the firm of SRK Consulting (Chile) S.A. (SRK) with an office at Av. Apoquindo 4001 Piso 7, Las Condes, Santiago, Chile;
2) I am a graduate of San Diego State University in San Diego, California U.S.A. with a BSc. in Geology in 1972. I have practiced my profession continuously since 1972;
3) I am a Professional Geologist registered as a MAusIMM of Australia (#228861) and also as a member of MAIG (#3616) of Australia;
4) I have not received, nor do I expect to receive, any interest, directly or indirectly, in the Sleeper project or securities of Polar Star Mining.
5) That, as of the date of this certificate, to the best of my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading;
6) I have read National Instrument 43-101 and Form 43-101F1 and by reason of my education and past relevant work experience, I fulfill the requirements to be a “Qualified Person” for the purposes of NI 43-101. This technical report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1;
7) As a qualified person, I am independent of the issuer as defined in Section 1.4 of National Instrument 43-101;
8) I am the author of all the sections of this report.
9) I visited the Chépica project and surrounding area several times beginning in July, 2008;
10) SRK Consulting (Chile) S.A. was retained by Polar Star Mining to prepare a mineral resource estimate for the Chépica project. This assignment was completed using CIM “Best practice” and Canadian Securities Administrators National Instrument 43-101 guidelines. The preceding report is based on our review of project files and discussions with Polar Star Mining personnel;
11) I consent to the filing of the Technical Report with the securities regulatory authorities.

Santiago, Chile

November 11, 2011

George Even

Principal Geologist

Prepared by

George Even

Reviewed by

Ernesto Jaramillo

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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