

Report
on the
Phase I Exploration Program

on the
Lobo Solitario Project

Metropolitan Region, Chile

for

Cerro Dorado Inc.

by

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January 2000

Contents

	Page
1. Introduction	3
2. Summary	5
3. Property and Ownership	4
4. Location, Access and Physiography	4
5. Regional Geology	8
6. Property Geology	8
7. History & Previous Work	10
8. Work Program	10
9. Conclusions and Recommendations	21
10. Proposed Budget	22
Selected References	23
Appendices	24
Appendix 1 Samples descriptions, locations, and gold values	
Appendix 2 Copies of Assay Certificates	
Appendix 3 Structural Measurements Database	
Figures	
Figure 1. Chile and property location	5
Figure 2. Santiago, Lampa and property	6
Figure 3. Claim map	7
Figure 4. Plate tectonic setting of Chile	9
Figure 5. Summary map	11
Figure 6. Underground Mapping, Fortuna Mine	13
Figure 7. Overview map	14
Figure 8a, 8b. Stereonet plots of vein & dyke orientations	15
Figure 9. Tailings and waste dumps	17
Figure 10. Tailings	18
Figure 11 Waste dump	19
Map Pouch	
Property Map, 1:5000 Scale	
Old Workings, Veins and Samples Map, 1:1250 scale	

I. Introduction

The Lobo Solitario Project is located on a plateau known as the Altos de Lipangue. The approximate geographic center of the property is 33 degrees, 17 minutes South latitude and 70 degrees, 58 minutes West longitude, (UTM Zone 19. Easting 317050, Northing 6315500) with an elevation of approximately 2000 metres above sea level.

The property is approximately 8 km to the west of the small town of Lampa and 30 km northwest of Santiago. Access to the property is via the gravel road between the towns of Lampa and Til-til, through the Hacienda Mercedes at Chicauma. The claims, known as Lonco Millarepu 1-60, are rectangular and extend 3 km north-south and 900 metres east-west.

Placer gold has been exploited from the area for centuries and a Cordilleran vein-type deposit has been intermittently mined at the Fortuna Mine on the property since about 1900, with the most active period being 1941 to 1955. Veins in the Fortuna Mine are typically narrow, seldom more than a metre wide, but historically speaking, can be very high grade. Cerro Dorado Inc. (CDI) purchased a 100% interest in the property in April 1999.

Howe Chile Limitada ("Howe") examined the property in July 1999 and recommended a program of systematic mapping and sampling as well as a geophysics program to trace mineralized structures. Howe also suggested the possibility of a breccia pipe located on the southern part of the property.

From late July 1999 to mid-November 1999, a program of mapping, sampling and geophysics was carried out. Geologist E. Hanson did the mapping and sampling under the supervision of Gordon D. House, P. Geo. Waste and tailing dumps were mapped by chain and compass.

A local geophysical contracting firm, Geodatos S.A.I.C., was contracted to do a program of IP/Resistivity (Induced Polarization and Resistivity) on the potential breccia structure and CSAMT (Controlled Source Audio Magneto-Tellurics) across the strike of the veins. Geophysical data collection was completed on November 5. The reports were received in January 2000.

Recommendations for further work with cost estimates are given.

2. Summary

From late July to early November 1999, a program of mapping, sampling and geophysics was carried out on the Lobo Solitario property.

Granodiorite is the dominant lithology. Andesites are also present as is a volcano - sedimentary package of mixed rock types. A systematic program of mapping and sampling the surface workings was undertaken. Veins, dykes, faults and wall rocks were sampled with only the veins returning significant gold values. Underground at the Fortuna Mine, the accessible portions were mapped and sampled with the same result: only the veins carry significant gold mineralization.

Structurally, the veins are the dominant feature on the property with the orientations clustering around a strike of 326 degrees and a dip of about 40 degrees northeast.

Rough estimates of waste and tailing dumps were made. The value of these dumps cannot be accurately assessed without a program of trenching or auguring to determine both grades and true volumes of material.

All samples were sent to Acme Analytical Laboratories S.A. of Santiago. Gold was analyzed for by fire assay at the Santiago lab, while sample pulps were forwarded to Acme Labs in Vancouver, Canada for 30-element ICP. The highest gold value reported is 33.77 g/t Au. Correlation coefficients were calculated between gold values and several other elements.

Howe Chile Limitada recommended a geophysical exploration program and a contract was put out to tender. The contract was awarded to Geodatos S.A.I.C of Santiago and a geophysical program of IP/Resistivity and CSAMT was undertaken. IP/Resistivity showed no evidence of a Lipangue-style breccia on the property, but showed significant exploration targets at the southern end of the geophysics grid.

CSAMT shows discrete zones of high apparent resistivity, interpreted as silicification, perhaps associated with gold mineralization.

A program of soil geochemistry followed by trenching and drilling is recommended over the IP/Resistivity targets on the southern part of the claims.

3. Property and ownership

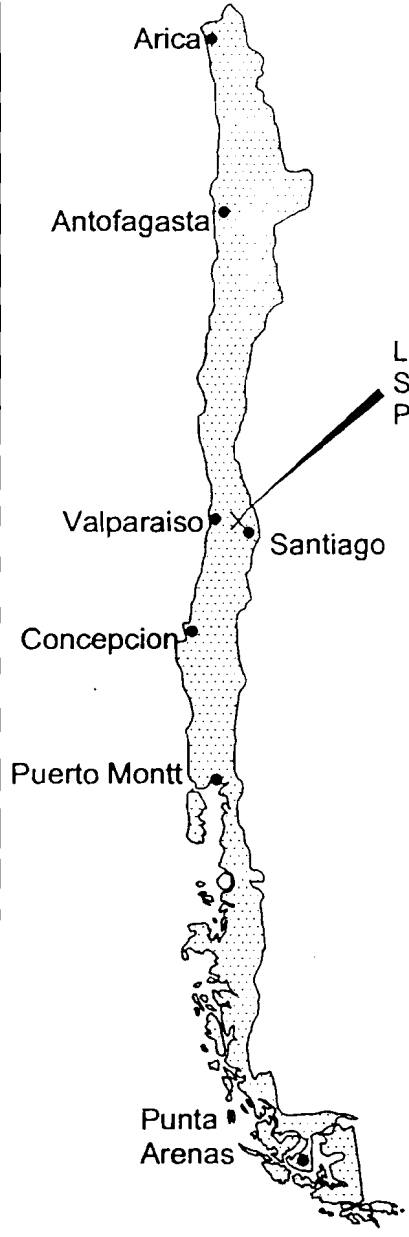
The Lonco Millarepu 1-60 mining claims (mensura) was purchased by Cerro Dorado Inc.(CDI) in April 1999. The vendor retains a 20% Net Profit Interest (NPI) from production to a maximum of 5 million US dollars.

4. Location, access and physiography

The Lobo Solitano Project is located on the northeast edge of Altos de Lipangue approximately 8 km west of the small town of Lampa and approximately 30 km northwest of Santiago, the capital and largest city in Chile. Access to the property is via gravel road from Lampa. From Lampa, one drives approximately 6 km on route G-16, the road towards the town of Til-til, until reaching the gate of the Hacienda Mercedes at Chicauma. From here, one drives approximately 13 km along a road best negotiated by four wheel drive vehicle. The drive from Lampa normally takes slightly more than an hour.

The property includes the eastern edge of a 2000 metre high plateau. Elevation drops off rapidly to the northeast, south, and southeast. Steep gullies, locally known as quebradas, cut through the property.

CHILE



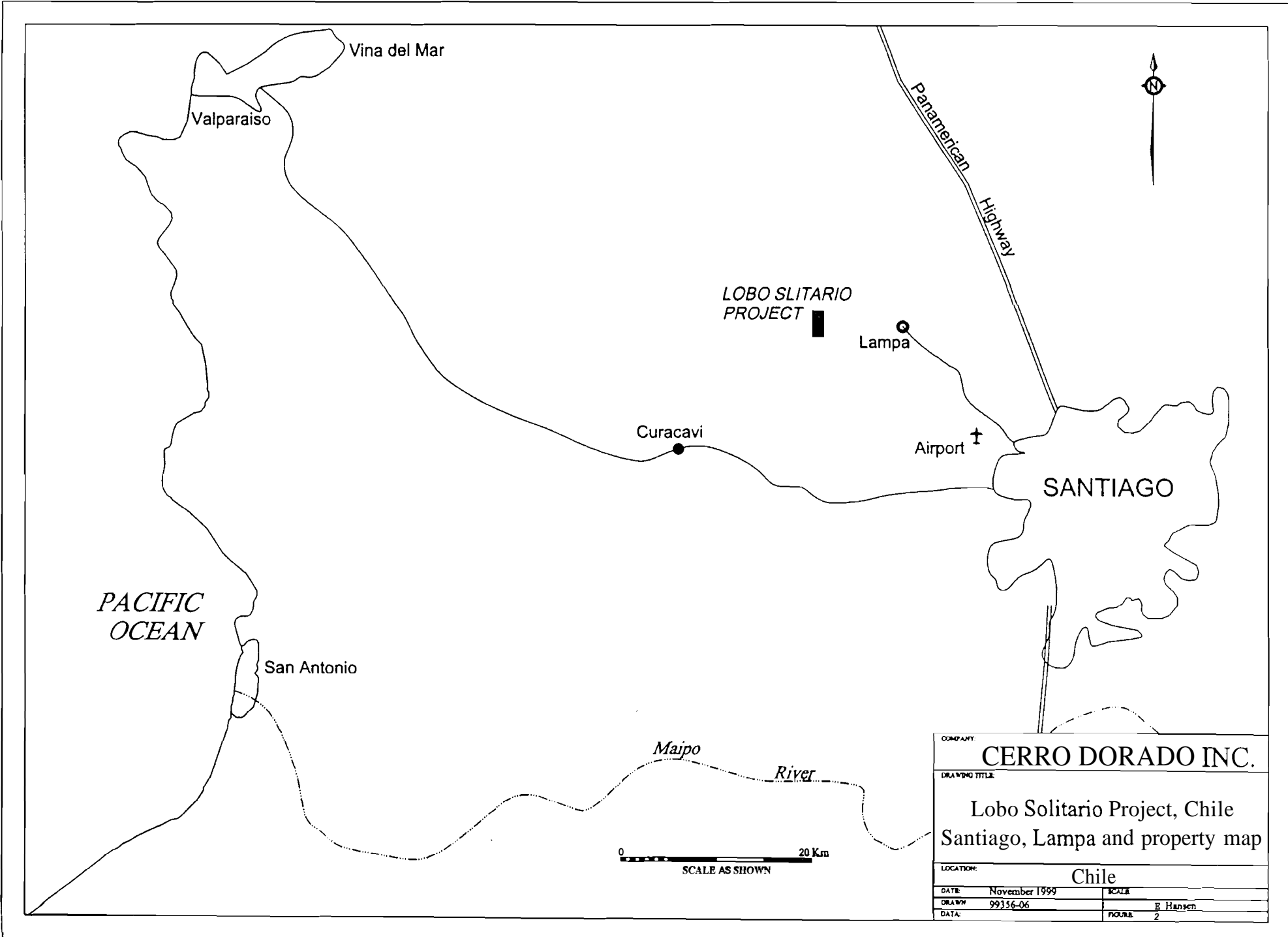
LOBO
SOLITARIO
PROJECT



0 500 Km
SCALE AS SHOWN

0 1000 Km
SCALE AS SHOWN

COMPANY:		CERRO DORADO INC.	
DRAWING TITLE:			
Lobo Solitario Project, Chile			
Chile and property location			
Loc: [redacted]		Chile	
DATE:	1999	SCALE:	
DRAWN:	99156-13	GEOLOGIST:	E. Hansen
DATA:		FIGURE:	1



LOBO SOLITARIO PROJECT

Lampa

Curacavi

Airport

SANTIAGO

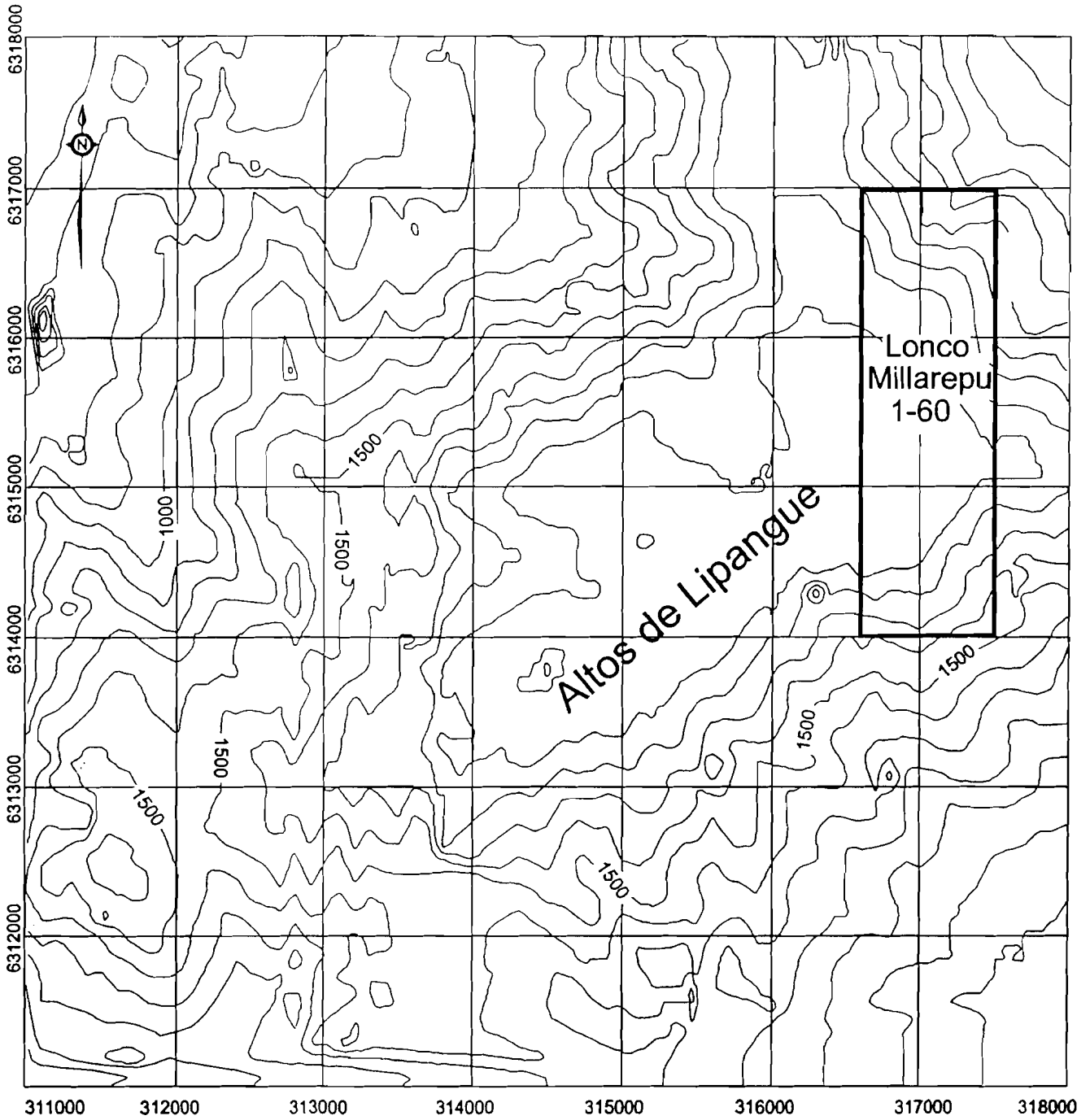
PACIFIC OCEAN

San Antonio

Maipo River

0 20 Km
SCALE AS SHOWN

COMPANY		CERRO DORADO INC.	
DRAWING TITLE			
Lobo Solitario Project, Chile		Santiago, Lampa and property map	
LOCATION: Chile			
DATE	November 1999	SCALE	
DRAWN	99156-06	E Hansen	
DATA		FIGURE	2



LEGEND

 Lonco Millarepu Claim Boundary



SCALE AS SHOWN

COMPANY:		CERRO DORADO INC.	
DRAWING TITLE:			
Lobo Solitario Project, Chile		Lonco Millarepu 1 - 60 Claim	
LOCATION:		Chile	
DATE:	November 1999	SCALE:	
DRAWN:	9931605	DRAWN BY:	E. Hansen
DATE:		FIGURE:	3

5. Regional geology

Figure 4 shows the plate tectonic setting of Chile. This is a convergent plate boundary with the oceanic Nazca Plate subducting underneath the continental South American Plate. Currently, the rate of subduction is a relatively rapid 80 mm per year. The magmatic and plutonic arcs that formed as a result of this subduction led, in the Jurassic, to mountain building which formed the Coast Range. Today, the Andes continue to rise due to the same process. This is the underlying process that has given rise to the three main tectonic features of Chile: The Coast Range, The Central Valley, and The Andean Cordillera.

The Coast Range, in which the Lobo Solitario Project is found, is a lower, older mountain range than the Andes, and is made up of granitoid rocks, metamorphic schists and phyllites, andesitic volcanics, and marine sedimentary sequences.

The Andes form part of the Western Cordillera that extends from northern Canada and Alaska to the southern tip of South America. The high points of the Andes form the border between Chile and its neighbors to the east, Argentina and Bolivia

The Central Valley lies between the Andes and the Coast Range. It contains the city of Santiago and much of the farming areas of Chile. It is a long, narrow feature that appears to be a down-faulted graben structure.

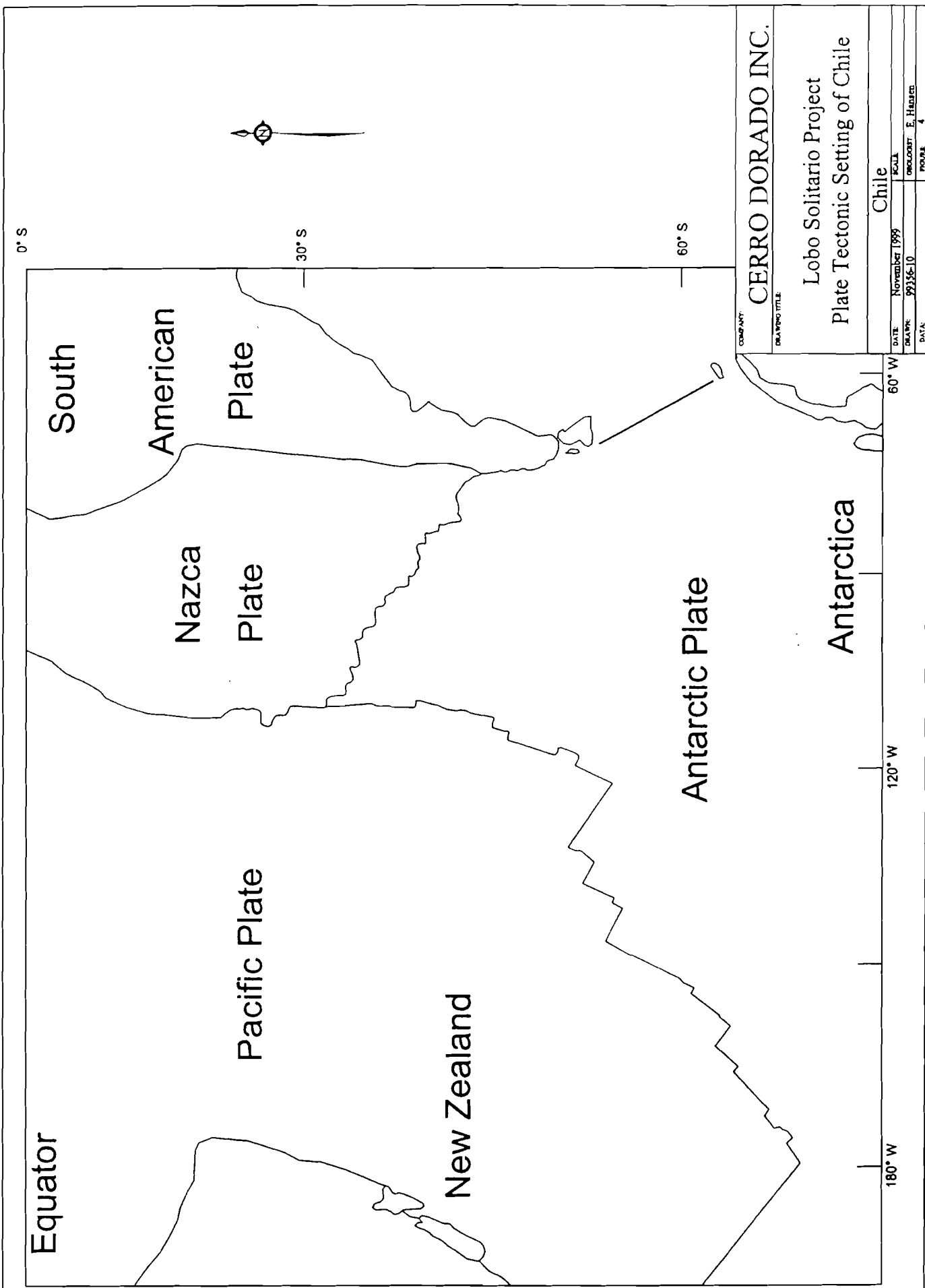
Unresolved questions remain about the tectonic setting and its influence on the distribution of epithermal mineral deposits in Chile.

Gold deposits in the form of veins and disseminations are often associated with Early Cretaceous porphyry copper deposits of the Coast Range of north-central Chile. The Fortuna Mine workings on the Lobo Solitario Project are a Cordilleran Vein-type deposit hosted in plutonic rocks of the Coast Range. To the west lie the copper-gold mineralized Lipangue Breccia and the shear zone hosted gold mineralization of the Dos Marias Project. The genetic relationships between these occurrences and a possible underlying porphyry is unknown at this time.

6. Property geology

The Lobo Solitario Project is in the Coast Range, hosted in intrusive granodiorites of the Batolito Central which intrude the andesitic volcanics of the Formacion Veta Negra. The Formacion Veta Negra also includes minor intercalations of sedimentary and volcano - sedimentary rocks. The granodiorites are believed to be of Upper Cretaceous to Lower Tertiary age.

Granodiorite is by far the most common rock type seen on the property. Locally this unit may grade into granite or tonalite. The mafic content of the granodiorite varies, but



COMPANY		CERRO DORADO INC.	
DRAWING TITLE			
Lobo Solitario Project Plate Tectonic Setting of Chile			
Chile			
DATE	November 1999	SCALE	
DRAWN	99136-10	ORIGINATOR	E. HADJIC
DATA		PIECES	4

normally mafics are present. Magnetite is the most common mafic mineral observed and the rock is therefore variably magnetic.

Andesitic volcanics of the Veta Negra Formation are also observed on the property, most notably, underground at the Fortuna Mine. The andesites vary greatly in appearance. They are variably porphyritic, ranging from fine grained non-porphyritic to having feldspar phenocrysts up to 4mm in diameter. Color varies from gray or dark brown to light green.

During the mapping program, rocks forming a volcano-sedimentary sequence were located and mapped. The sequence contains felsic volcanics, limestones, marbles, andesites and banded meta-andesites. The structural setting is dominated by veins and dykes striking at 310 to 340 degrees, dipping to the northeast. These planes are rarely cut by later stage faulting and shearing.

7. History & Previous work

The area of the Lobo Solitario Project has been exploited for gold for centuries. The earliest known exploitation was of placer gold by the Incas and Spanish colonists. Around 1900, the Fortuna Mine was first exploited. The old workings were re-assessed in 1940. From 1941 to 1955, a total of 1987.1 tonnes were mined, having an average grade of 63.9 g/t Au. From 1955 to 1960, 1525 tonnes were mined at an unknown grade. The ownership of the property has changed several times since 1960, with sporadic mining activities.

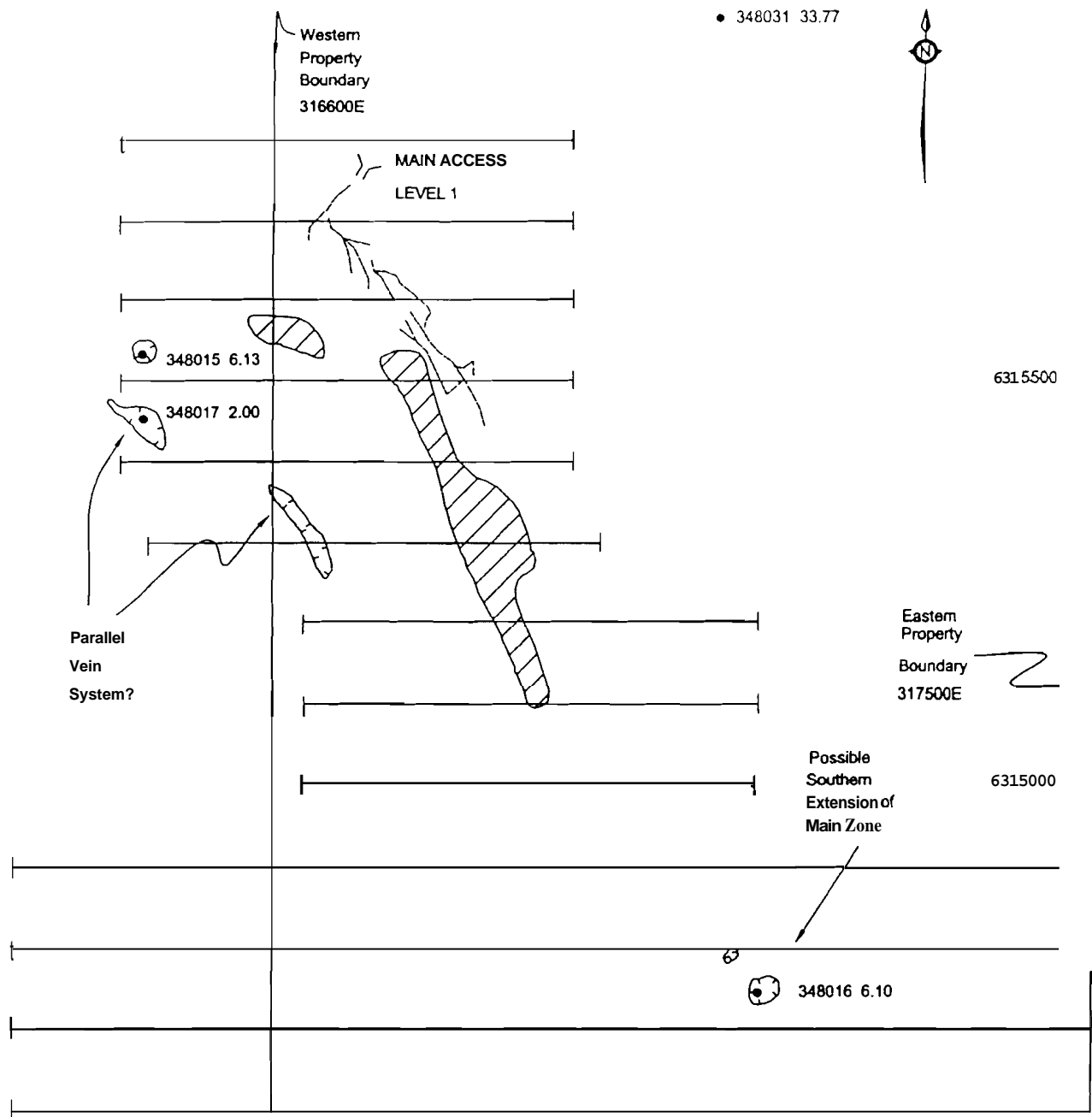
The property was acquired about 10 years ago by the vendor, who commenced a program of surface trenching. The trenches and the exposed veins are not believed to have been systematically mapped or sampled prior to the Cerro Dorado program.

8. Work program

8.1 Mapping and sampling

The exploration program on Lobo Solitario commenced in late July 1999 with systematic mapping of the trenches and pits on the property at a scale of 1:1250. All veins and shears observed in the trenches and pits were sampled in detail with wallrocks of the veins also sampled. The surveyed grid for the geophysics program covers the area and was used for control in the detailed mapping.

Figure 5 summarizes the most important part of the property. The Fortuna workings as of 1955 are shown as are the areas of major surface veins and workings which were mapped in detail at 1:1250 scale. To the west, a possible structure which parallels the main structures is indicated by the presence of a series of old pits and samples 348015 (6.13 g/t Au) and 348017 (2.00 g/t Au). This possible structure appears to extend on to ground not held by Cerro Dorado. There appears to be an extension of the main Fortuna Vein

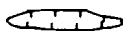


LEGEND

Areas of major surface veins & workings



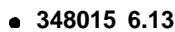
Areas of smaller workings



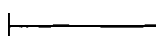
Underground workings (1955)



Sample, g/t Au



Geophysics Lines



COMPANY:		CERRO DORADO INC.	
DRAWING TITLE:			
		Lobo Solitario Project	
		SUMMARY MAP	
LOCATION:			
Chile			
DATE:	November 1999	SCALE:	
DRAWN:	92356-11	DRAWN BY:	E. Hansen
DATA:		FOUR:	5

structure in to the southern portion of the Cerro Dorado ground where abundant quartz float is found. A sample, number 348016, was taken of this and returned 6.10 g/t Au. The geophysics survey covered this area in detail.

The accessible underground portions of the Fortuna Mine were mapped at a scale of 1:500 (Fig. 6). Mapping has shown that there is more andesite present than is indicated by surface exposure. From the main access portal of the Level One workings, 60 metres of andesite was mapped along the adit, compared with the small outcrop of andesite mapped on surface.

The area of the geophysics grid was mapped at 1:5000 scale. as was the access road on the property. The access road mapping encountered a volcano - sedimentary sequence of rocks of various rock types. The remaining portions of the property were covered by a series of traverses shown in Fig.7.

8.2 Structural analysis

The vein and dyke orientations were plotted on stereonet (Fig. 8a,8b) showing that the strike of the veins varies between 310 and 340 degrees true with a dip between 32 and 48 degrees to the northeast. The cluster of plots is centered around a strike of 326 degrees true and a dip of 40 degrees to the northeast. There are a few veins with different orientations.

The dykes have a similar orientation to the veins with strikes in the same range and centered at 316 degrees. The dips are steeper, commonly around 60 degrees.

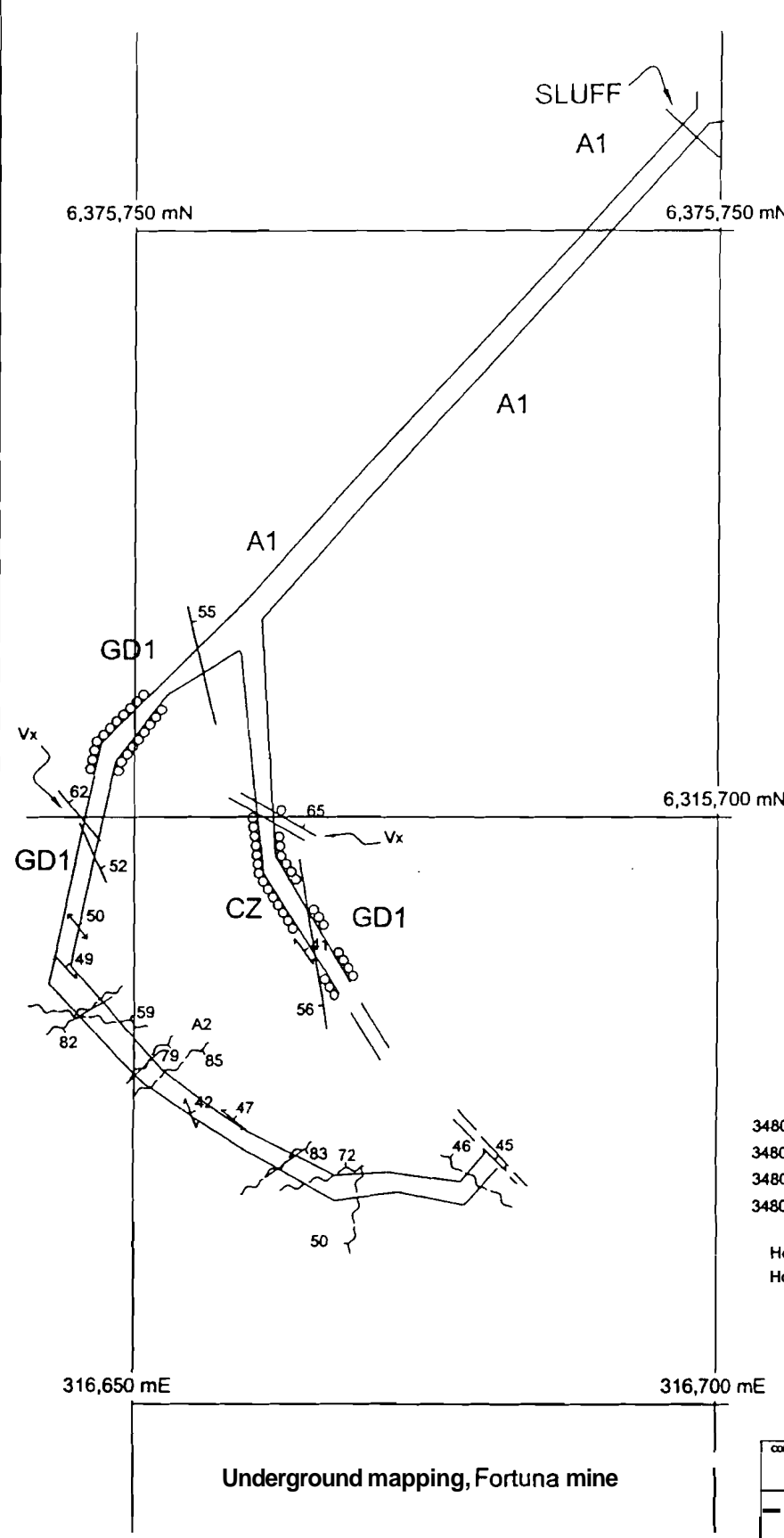
A limited number of faults, joints, and shears were also measured but no preferred orientation can be discerned from the limited data.

A complete list of the structural measurements taken and locations is included in Appendix 3.

8.2 Dumps and tailings

The old waste and tailings dumps of the Fortuna Mine are located in the valley to the north of the mine (Figs.9,10,11). The dumps and tailings were measured by a chain and compass survey and a rough estimate of volumes and tonnages calculated. The depths of tailings/waste are estimates. The volume of the tailings (figs. 9 & 10) was calculated to contain 1607 cubic metres. The volume of the larger waste dump that may contain a small amount of tailings (Figs. 9 & 11) was calculated as 3644 cubic metres.

To accurately calculate the volumes will require the services of a mine surveyor and a trenching or auguring program would provide an opportunity to sample the tailings/waste systematically and calculate the gold grades.



Legend

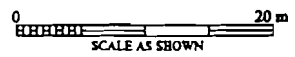
- A1 Andesite. Fine-medium grained
Brown to grey. magnetic
- A2 Andesite. Medium grained. deep
green, non-magnetic
- GD1 Grandiorite. Mafic-poor
nonmagnetic
- GD2 Grandiorite. Mafic-rich
usually magnetic
- Vx Felsic volcanoclastic w/
A1 xenoliths
- CZ Clay zone. Vx and/or GD1
Altered completely to clay

Symbols

- Vein, dip indicated 45
- Fault, dip indicated 50
- Fault/Vein, dip indicated 50
- Contact, dip indicated 40
- Dyke, dip indicated 50
- Timbering

Sample numbers and assays (g/t Au)

348001 4.94	348005 0.05	348009 0.04
348002 0.10	348006 1.12	348010 0.03
348003 0.46	348007 4.07	348011 0.13
348004 0.02	348008 1.03	348012 0.01
Howe 52026 0.42	Howe 52027 1.99	
Howe 52028 0.09		



Underground mapping, Fortuna mine

COMPANY: **CERRO DORADO INC.**

Lobo Solitario Project, Chile
UNDERGROUND MAPPING, FORTUNA MINE

LOCATION: **Chile**

DATE: November 1999	SCALE:
DRAWN: 99356-04	GEOLOGIST: E. Hansen
DATA:	FIGURE: 6

316,500 mE

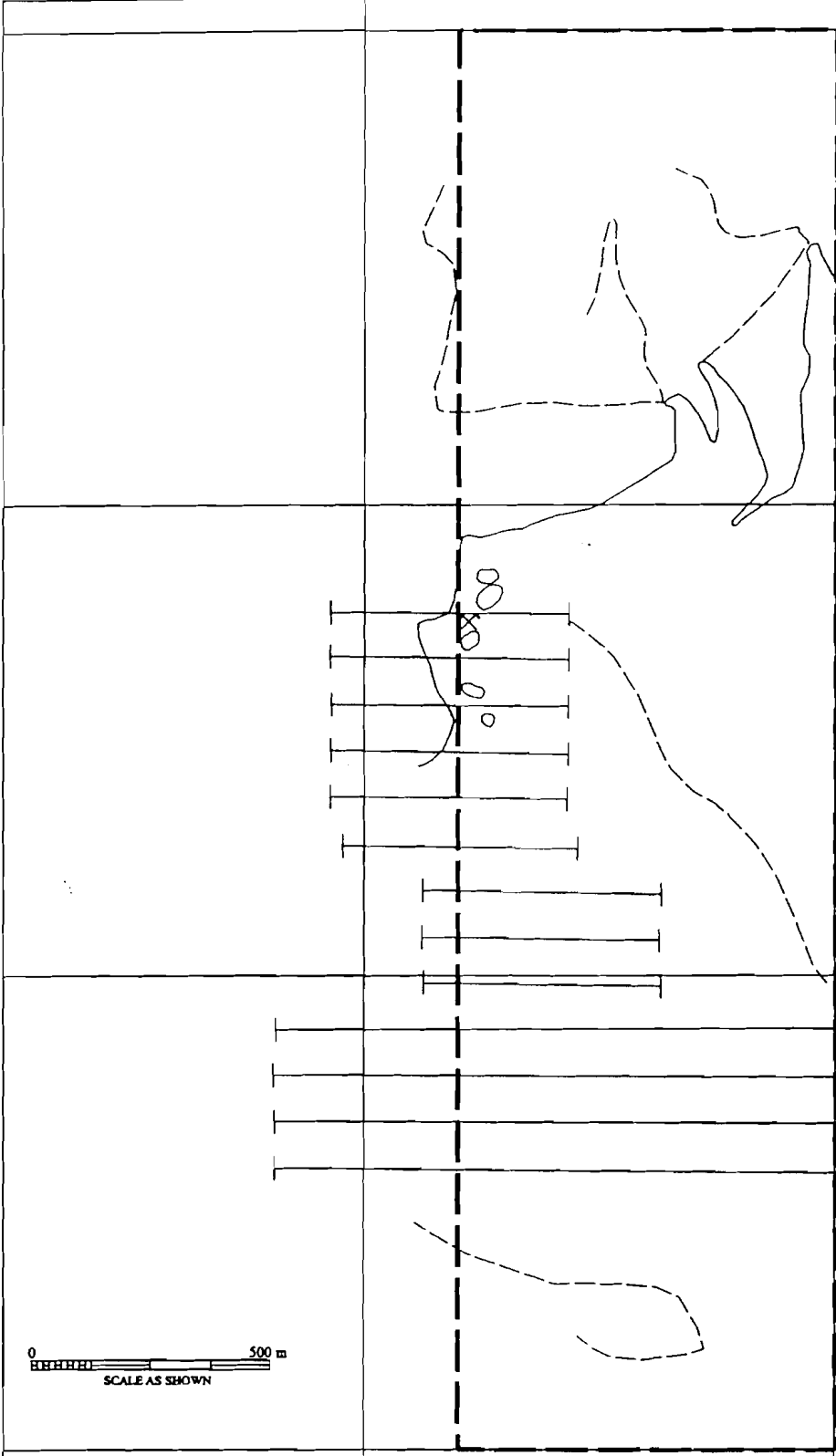
317,500 mE

6,317,000 mN

6,316,000 mN







6,315,000 mN

6,314,000 mN



0 500 m
 SCALE AS SHOWN

LEGEND:

- Property Boundary 
- Geophysics Line 
- Road 
- Traverse routes 
- Dumps 
- Fortuna Mine 

COMPANY:

CERRO DORADO INC.

DRAWING TITLE:

**Lobo Solitario Project, Chile
 Overview Map**

LOCATION:

Chile

DATE: November 1999

SCALE:

DRAWN: 99356-12

DRAWN BY: E. Hansen

DATA:

FIGURE: 7

Lobo Solitario veins

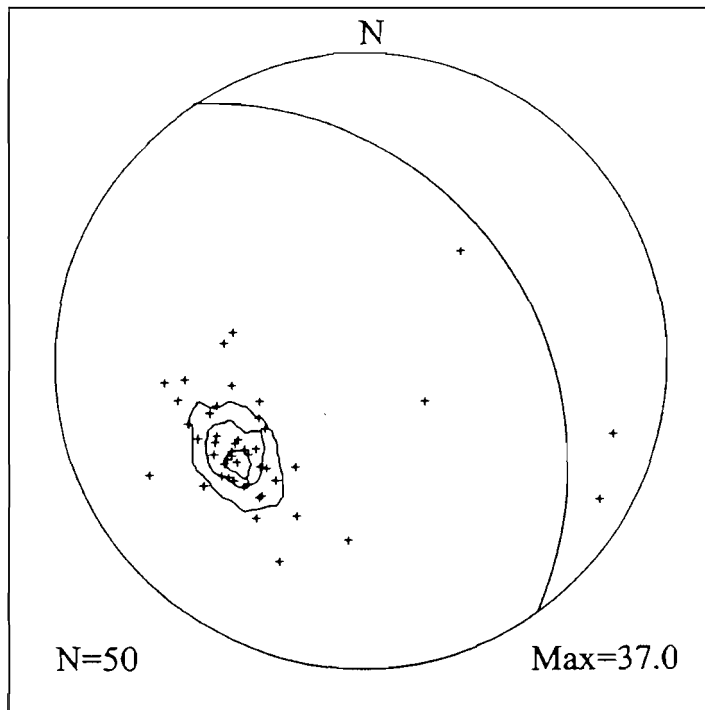


Figure 8a Veins stereonet Contours of 10,20 &30%. 50 data points
The cluster of points and the great circle represent veins
with the most common orientation being 326140 NE

Lobo Solitario Dykes

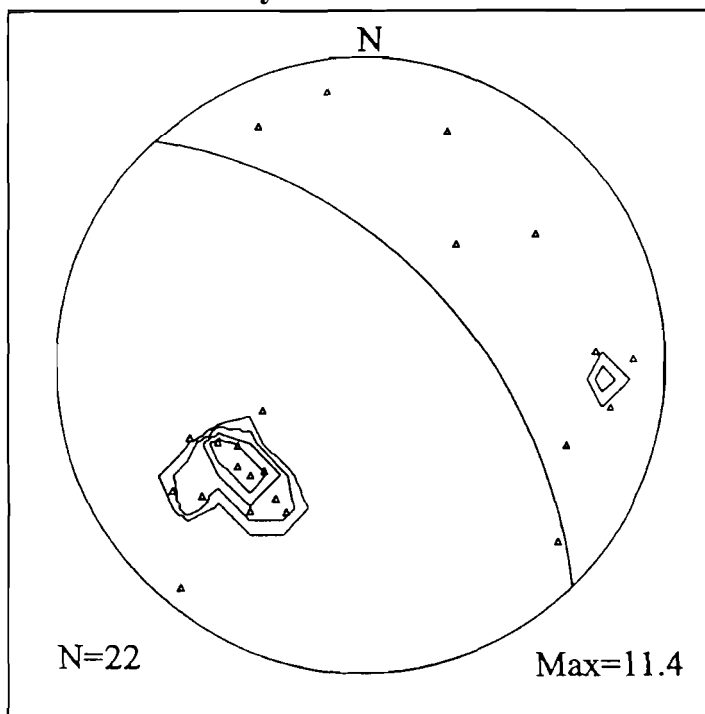


Figure 8b Dykes stereonet.3,5,7,9,11% contours. 22 data points
The cluster of points and the great circle represent dykes
with the most common orientation of 316160 NE

COMPANY		CERRO DORADO INC.	
DRAWING TITLE			
Lobo Solitario Project, Chile		Lobo Solitario Veins and Dykes	
LOCATION		Chile	
DATE	November 1999	SCALE	
DRAWN	99156-04	CHECKED BY	P. Hansen
DATA		PROJECT	8

Density tests should be performed on samples from all the dumps to accurately determine the density. An estimate of the density of the tailings is about 1.6 tonnes/cubic metre while the density of the waste dump, containing loose rock, would be somewhat less. An estimate is 1.5 tonnes/cubic metre.

Table 1. Dumps

	Calculated volume (cubic metres)	Estimated Density (tonnes/cubic metre)	Tonnage (tonnes)
Tailings piles	1607	1.6	2571
Waste +/- tailings	3644	1.5	5466

Several smaller dumps exist to the south of the mine, but the volumes and tonnages are small. Their positions have been mapped (Fig. 7).

8.3 Assaying

Samples were submitted to Acme Analytical Laboratories S.A. of Santiago. Fire assay for gold was performed in Chile and sample pulps were forwarded to Acme Labs in Vancouver where 30 element ICP (Inductively Coupled Plasma) analysis was carried out. Sample 348031, of a narrow quartz vein northeast of the Fortuna Mine (Fig.4), returned the highest assay value, 33.77 g/t Au.

Acme Labs identified two samples as possibly containing coarse gold. Both samples are from underground at the Fortuna Mine. They were screened for metallics and re-assayed.

Table 2: Coarse gold tests

Sample #	30g Fire assay	Assay-screened for metallics
348007	4.07	5.96
348008	1.03	0.43

The results above and the fact that only two samples were identified as possibly containing coarse gold indicate that coarse gold is not a major problem.

The sample numbers, descriptions and gold assays are listed in Appendix 1. Copies of the assay certificates are included in Appendix 2.

Correlation coefficients were calculated for the first batch of 39 samples, between the fire assay gold values and 15 other elements, as well as gold values by ICP.