ACERO-MARTIN EXPLORATION

VCL

Vicarage Capital Limited

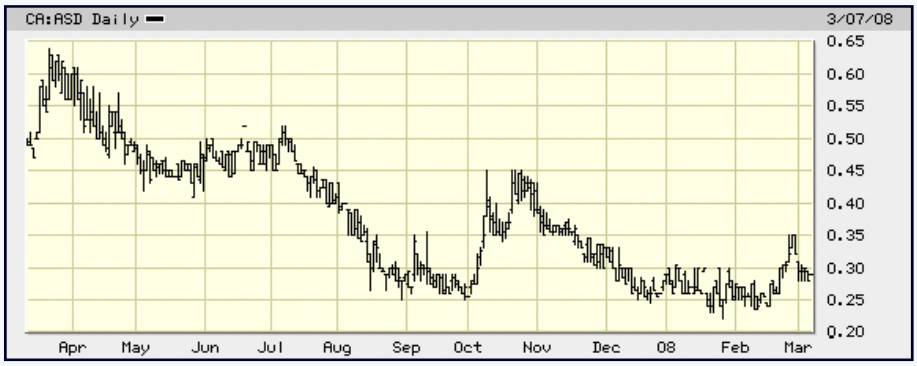
"Always Working"

Executive Summary

10 March 2008

Acero-Martin Exploration Inc. ("Acero-Martin" or "the Company") is a mineral exploration and development company with projects in North and South America. The Company is currently focused on developing its flagship Pinaya gold-copper project in southern Peru ("the Pinaya Project" or "the Project"). Acero-Martin has been trading on the TSX-Venture Exchange since November 17, 2004, under the symbol of ASD. The Company also trades on the Frankfurt stock exchange (symbol: AMX).

The Pinaya Project consists of 28 contiguous mineral concessions totalling an area of approximately 14,300 hectares (143km^2) owned 100% by Canper Exploration S.A.C. (Acero-Martin's 100% owned operating company in Peru). Acero-Martin also owns two other grassroots exploration projects in Peru and 75% of the Red Mountain Project (Yukon, USA). This report concentrates on the Pinaya Project.



Source: Bigcharts.com

The Pinaya Project is situated at the south-eastern end of the prolific Andahuaylas-Yauri Porphyry Copper Belt (containing Xstrata's Las Bambas and Tinaya mining projects). Copper and gold mineralisation has been identified on the property and is hosted by range of porphyry and skarn deposits. An NI 43-101 compliant resource estimate was published in October 2006 and included ore calculations on three of these deposits (two porphyry deposits and one oxide skarn deposit). Using a common US$5.50 gross metal value cut-off, indicated resources of 496,000oz gold and 270m lb of copper (plus inferred resources of 170,000oz of gold and 115m lb of copper) have been delineated at the Pinaya Project.

Acero-Martin is currently focusing on delineating more resources in the ground at its Pinaya Property before considering developing the mining side of the project.

This report includes a peer group comparison from a data set that VCL believes to be representative of all exploration companies operating in Peru with registered corporate head offices not located in South America. The comparison places Acero-Martin in fourth place from a list of sixteen peers on a basis of total NI 43-101 compliant gross metal value /market capitalisation. Whilst the gross metal value of Acero-Martin's reported resource at its flagship Pinaya Project is smaller than some other well known development projects, the Company's market capitalisation is lower than any of its peers who have also published NI 43-101 compliant resource estimates.

Key Facts

Ticker:	ASD and AMX
Exchanges:	TSX.V and FWB
Recent Price:	C$0.29
52 week Hi/Lo:	C$0.64/0.22
Treasury[1]:	C$1,000,000
Burn rate[2]:	C$80,000/month
Shares outstanding:	63,936,564
Daily volume:	69,000
Market Cap:	18,541,604
Free Float[3]:	75%
Website:	www.aceromartinexp.com

[1] Before March 2008 financing.

[2] Rate is an Acero-Martin estimate for G&A in both North America and Peru.

[3] Acero-Martin estimate.

Significant Shareholders

- Crescent International Ltd.
- Timeless Precious Metal Fund
- Northern Precious Metals Fund
- Pinetree Resource Partnership

Strengths

- Total NI 43-101 compliant resources' gross metal value in ground before extraction or processing is 120 times greater than Acero-Martin's market capitalisation.
- Geochemical anomalies have been identified across a large section of the property controlled by Acero-Martin yet only a small portion of these targets have been drill tested.

Risks

- Acero-Martin may not find additional resources with which it could take its Pinaya Project into production.
- The Pinaya Project is situated between two separate political departments (Puno and Arequipa). Negotiations for further development at the site will have to appease the needs of the authorities and local communities alike in both of these locations.

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Figure 1. Location map for the Pinaya Project (Acero-Martin's flagship project)

Source: Edited from the Technical Report on the Pinaya Copper-Gold property, Minorex Consulting Ltd. (2006).

Aim and scope of research

This research document will focus on the Company's main operation in Peru, the Pinaya Project. This project represents the current focus of the company and whilst there are other exploration projects in Acero-Martin's portfolio, this report shall only briefly mention them.

This research has been produced following a five day field trip by the author. During this time, the author visited: Acero-Martin's operational offices in Lima and Pinaya, Peru; the concessions and historic open cast mine that relate to the Pinaya Project and met with key management and operational staff.

Tonnage units ('t') used in this report are all in metric tonnes, unless otherwise noted. Tabulated data that is presented without a source has come from Acero-Marin.

Pinaya Project (Puno and Arequipa, Peru)

Locality and summary

The Pinaya Project property is located approximately 775km southeast of the city of Lima, 110km northeast of the city of Arequipa and 35km west of the community of Pinaya in the eastern part of the Andean Western Cordillera in south-central Peru (see figures 1 and 2). It is located within the political boundaries of the Departments of Puno and Arequipa, within the Provinces of Caylloma and Lampa in the Districts of Callalli and Santa Lucia.

The mineral deposits that are indicated by blue stars in figure 2 identify some of the other well known exploration operations regionally. Pico Machay, Liam, La Rescatada and Aruntani are all high sulphidation epithermal gold systems similar in mineralisation to the famous Yanacocha deposit. These projects are being explored by: Absolut Resources; Newmont and Southwestern Resources; and Aruntani SAC (La Rescatada as well as Aruntani) respectively. The deposits sizes (measured in resource categories ranging from measured, indicated and inferred) currently range from about 0.5 -1.5m oz of contained gold.

The Pinaya Project is a gold and copper porphyry/skarn system. This type of deposit has a different mineralisation style and formed at deeper depths than the deposits just mentioned. Tintaya, which is also indentified in figure 2, is a copper mine now owned by Xtrata. Tintaya currently has 111mt of reserves at an average grade of 1.35% Cu and 0.13g/t Au alongside measured and indicated resources of another 137mt at similar grades.

Figure 2. Regional location of Pinaya property

Source: Edited from the Technical Report on the Pinaya Copper-Gold property, Minorex Consulting Ltd. (2006).

The Pinaya Project is readily accessible by driving from the city of Arequipa, via paved Peruvian Highway for 142km to the Tintaya Copper Mine access road, and then northward on a well-maintained gravel access road for 22km. After this, a gravel access road leads 7km east to the property (approximately 70km southeast of the Tintaya Mine).

The community of Pinaya is located 8km to the east of the property and is accessible by a rough gravel road. The largest city in the Puno District, Juliaca, is approximately two hours drive away and can be accessed from Pinaya via gravel road and later, highway.

There is a sizable operation of 25 – 50 people working at the Pinaya Property at any one time depending on whether the drills are running or not. This consists of: 1-2 expats managing the operation; 5 geologists from Arequipa and Lima (who come out of university pre-trained in most of the relevant exploration and mine-development software packages); and the rest are support staff from Pinaya and other local communities.

Pinaya Property licensing and ownership

The property is comprised of twenty eight non-contiguous mineral concessions, totalling 15,970.68 hectares (ha) or approximately 160km^2. Another five concessions are awaiting approval from the Peruvian Ministery of Mines. The acquisition of the first three concessions involved the payment of $2.5m over a three-year period to Compañia Minera Aurifera Los Andes de Pinaya S.A.C. (“COMAPI”). COMAPI is an entity that in essence belongs to the local people of the Pinaya community. Acero Martin has completed this transaction and owns 100% interest of the concessions. Two other concessions now in the land package controlled by Acero-Martin were acquired via purchase option agreements. One is known as the Don Pedro 2000 mineral concession

History of the Open Pit at the Pinaya Project

During the early 1990's several prospecting international majors attempted to explore the property that contained an open pit which was being mined by artisans (see the 'Antaña' concession, figure 3). These miners were extracting and milling the oxide ore and collecting the gold liberated by further panning and chemical agglomeration. Prospecting majors found exploration on the property 'difficult going' – due to the presence of these miners. The local people of Pinaya were not party to and did not benefit from the operations at the pit.

Later that decade, Minsur S.A. (Peru's largest tin mining company) managed to option the concessions from the artisanal miners and conducted some exploration whilst the open pit continued to be exploited by the former concession holders. Minsur S.A. was not successful in reaching a final agreement with the artisanal miners and this apparently prompted them to sell the concessions to an entity controlled by the community of Pinaya.

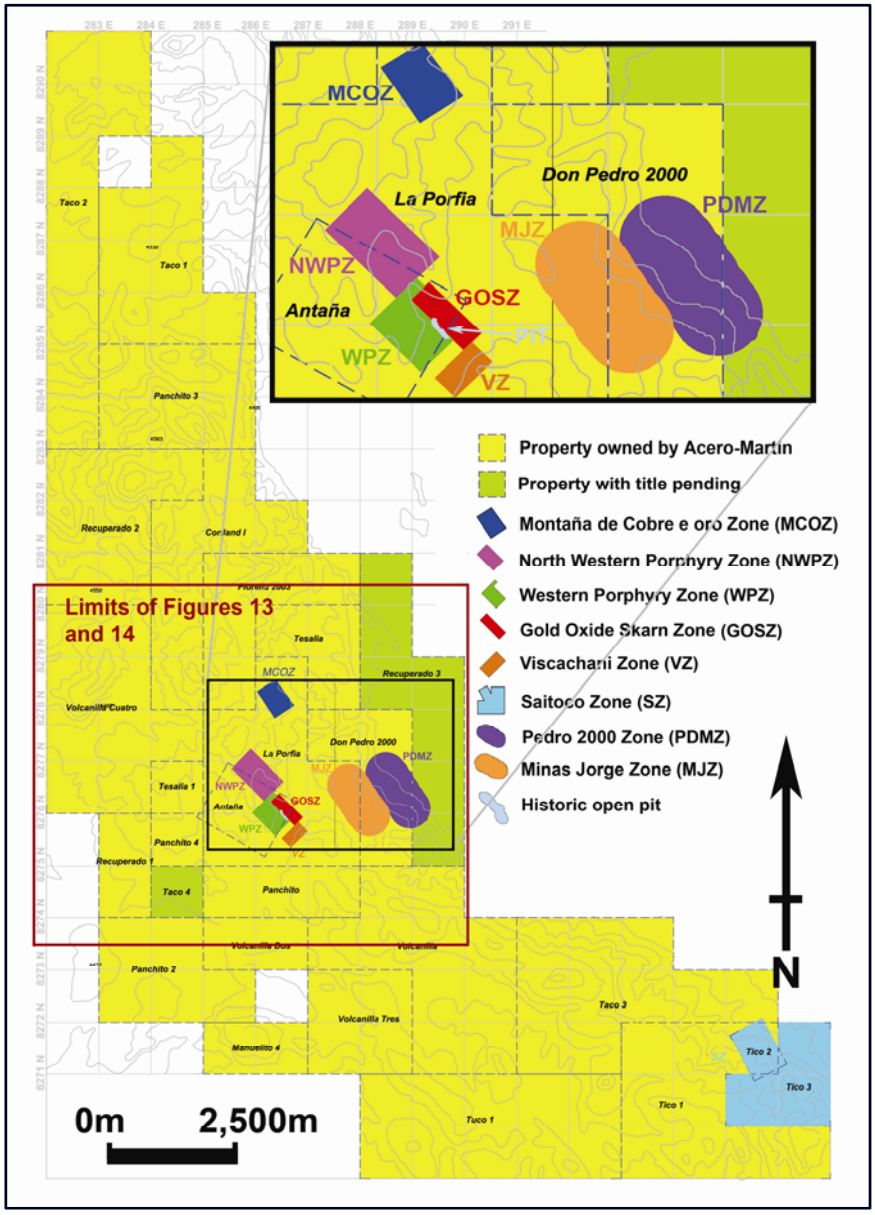
Some years later, Canper Exploration S.A.C. ("Canper") was successful in negotiating a deal with the miners. The timing was perfect because at that time – the artisanal miners had hit the water table. The cost of digging below this depth was too great (given the cost of continual pumping). They agreed to move off the property for a payment and relocation plan offered by Canper (total of $200,000 between 40 miners).

Canper was then free to buy the mineral rights off the Pinayan community. Most of the other claims were easily acquired by Canper because these were of no immediate interest to the artisanal miners.

Figure 3 (above) does not display the dense web of surface rights that overlie the concessions (a product of the land reforms in Peru in the early 1990's). Acero-Martin has delineated the individual ownership of all this, which has been a time consuming but worthwhile exercise. Many exploration programmes in Peru have skipped this step, to the project's detriment. The local social opposition to mining can be loud and forceful on this continent and Acero-Martin makes sure it seeks permission from every surface-right owner prior to conducting any investigation.

(previously owned by Minera Pinaya) and involved payments totalling $250,000 over three years and the other, Coriland 1, was acquired from Yep Mining S.A. for a total of $50,000. Both concessions are owned 100% by Acero-Martin.

Figure 3. Concessions held by Acero-Martin on the Pinaya property



Source: Acero-Martin

Canper Exploration S.A.C. ("Canper") originally held rights to another thirteen of the concessions that Acero-Martin has acquired. Canper was acquired by Acero-Martin in April 2004 for a total of 3m shares over a 3-year period. An additional 1m shares of the company may be issued as follows:

a) If a probable reserve of 0.75m oz of gold is outlined at the Pinaya Project, then 500,000 shares will be issued; and

b) If a probable reserve of 2.5m oz of gold is outlined; then a further 500,000 shares will be issued.

Canper is a wholly owned subsidiary of Acero-Martin and is effectively the operating company for Acero-Martin in Peru. The remaining concessions (not mentioned above) have all been obtained through the simpler,

cheaper and more direct route of application via the Peruvian Ministry of Energy and Mines.

Peruvian mineral rights are acquired by applying for concessions at the Ministry of Mines, and those rights being granted by the national government. The boundaries of a concession are specified on the application by indicating the locations of its corners to the nearest 1,000m UTM coordinate with all boundaries oriented north-south and east-west (older mineral concessions may have irregular boundary coordinates, such as the Antaña mineral concession as per registration process prior to 1992). The process from application to granting a licence typically takes a period of three months.

Property Costs

Concession	Ha	Previous owner	Acquisition cost	Maintenance costs for 2008
Antaña	179	COMAPI		$1,611
La Porfia	722	COMAPI		$6,496
Fiorella 2003	500	COMAPI	$2.5m	$1,500
Don Pedro 2000	400	Minera Pinaya	$250,000	$3,600
Coriland 1	700	Yep Mining S.A.	$50,000	$2,100
23 other concessions	13,470	Canper	See note: [1]	$54,510[2]
Totals	**15,971**		**$2.8m[1]**	**$68,317[2]**

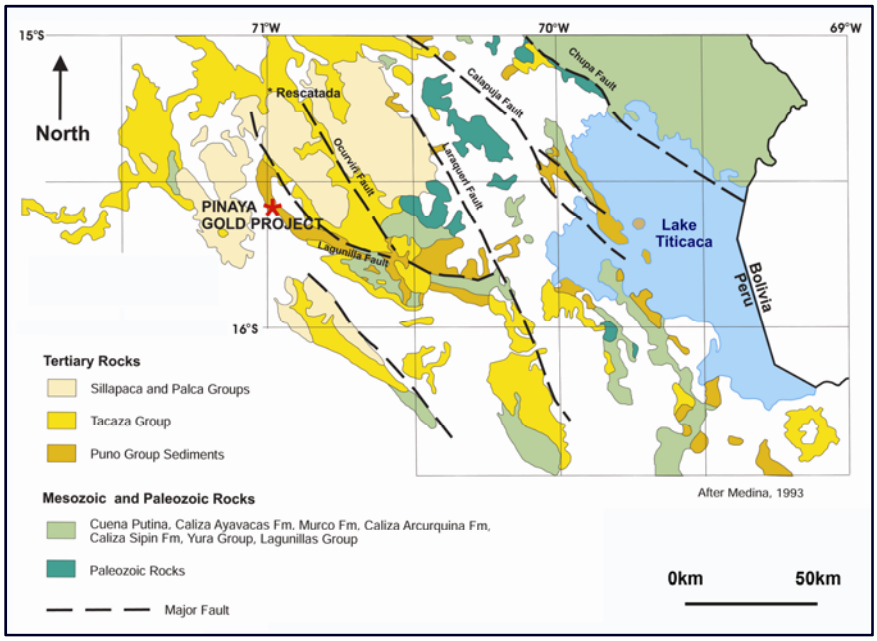
[1] Acero-Martin's acquisition of Canper cost 3m shares for 13 of the concessions now controlled by Acero-Martin. As detailed in the main text above, further costs (by way of shares issue) shall be incurred should more resources be delineated.

[2] Maintenance costs are the ongoing taxes for holding the concessions ($3/ha pa).

Geology

In a recent Technical Report on the Pinaya Project, Blanchflower (2006) cites Petersen's (1999) correlation of igneous host rocks and attendant hydrothermal alteration for some of the largest and richest porphyry copper deposits in Peru along the Western Cordillera. The report places the Pinaya Project in the south-eastern end of the Andahuaylas-Yauri Porphyry Copper Belt (figure 4). This is a 300km long belt related to Middle Eocene - Early Oligocene calc-alkaline plutonism. It is situated along the north eastern edge of the Western Andean Cordillera.

Figure 4. Geological overview map of Pinaya Property location



Source: Edited from the Technical Report on the Pinaya Copper-Gold property, Minorex Consulting Ltd. (2006).

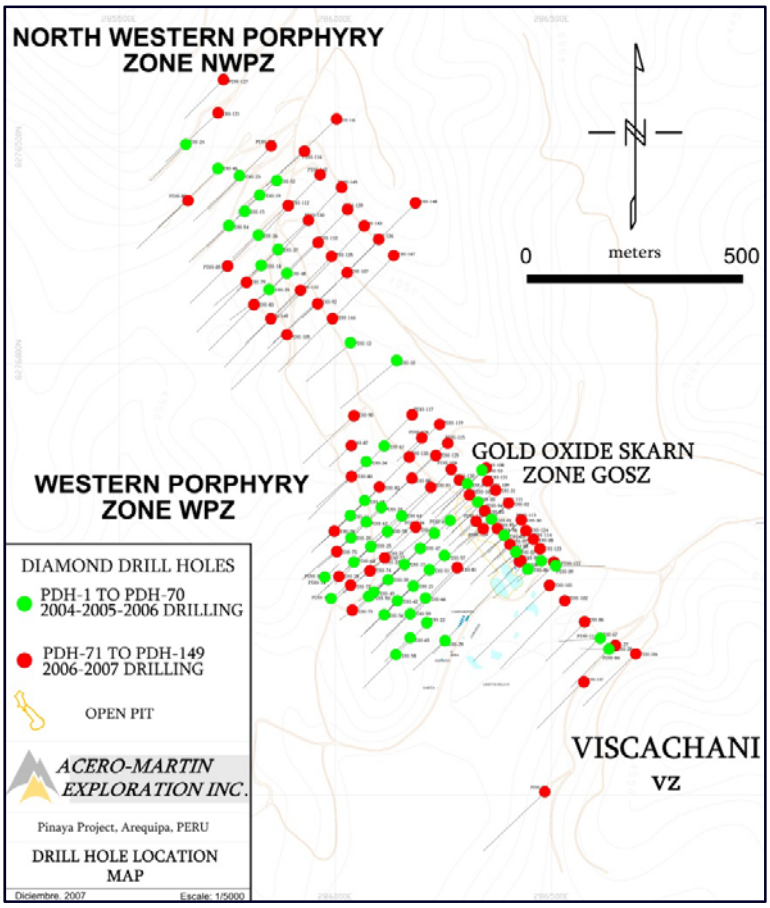
The Pinaya Project is situated in the Andean Cordillera which formed much later (Triassic to present) than the period when subduction along the western margin of South America first began. Two different periods of structural development dominate this more recent time-frame and can be described as Mariana-type subduction (Late Triassic to Late Cretaceous) and Andean-style subduction (Late Cretaceous to the present). Extension and crustal attenuation during the former interval produced: a trench;

island arcs and a back arc basin (west to east). The latter interval was one of intensive compressional tectonics and it is in this phase that the most important metallogenic evolution occurred regionally. From a physical point of view, this structural style resulted in intensive plutonism and magmatism along a belt of emplacements and syntectonic porphyritic intrusions that were installed along convergent plate tectonic lineaments. During this time (and at later stages) metal-rich hydrothermal fluids circulated through and around such deposits. The resulting primary metal deposits were then subjected to approximately 30m years of secondary enrichment and leaching as the continent was uplifted. In many cases volcanics cap these sequences. The geology at the Pinaya Project is one example of the results.

Date	Exploration summary at Pinaya
1960's	**Small-scale artisanal mining** including **underground drifting** and the excavation of a 300m by 50m **open-cut** to a depth of up to 20m; situated **entirely within the Antaña mineral concession**. This was achieved by hand-excavation and the extraction of hand-picked mineralisation. **The ore was milled and then gold was separated by panning**. During some of this period, **mercury was used to agglomerate the gold**. This processing was all done on site and resulted in **tailings piles** near the valley bottom that cover an area measuring 400m by 100m.
	Underground drifting was done by Asarco Mining in the 1960/70's. The open pit was mostly excavated in the 1990's by small-scale artisanal miners
1998	Minsur S.A. ("Minsur"), **Peru's largest tin producer**, **optioned some of the mineral concessions** from the artisanal miners, and **conducted mapping, trenching and drilling**. **Results of this exploration work are not available** to Acero-Martin but based on field evidence, at least 40 drill holes were completed. Trenches were excavated at an east-northeasterly to west-southwesterly direction.
2001	Minsur **terminated their property option** due to unknown miscommunications with the local miners.
2003	The **mineral concessions were transferred from Minsur to COMAPI**, a company controlled by the community of Pinaya.
Apr 2004	Acero-Martin acquired Canper.
June 2004	**Acero-Martin began exploration** of the Pinaya property.
July 2004	**Acero-Martin completed negotiations with the artisanal miners** working on the property at the time. An agreement was reached whereby all of the miners left the property and mining of the open cut permanently ceased. This was achieved through careful negotiations that honoured the miners' source of income, namely mining the concession, the ownership of the claims by COMAPI, and the intentions of Acero-Martin. Following the relocation of the miners, their shacks and buildings were dismantled and bulldozed, with the exception of a few structures that would later house security for Acero-Martin's operation.
Nov 2004	**Acero-Martin conducted an integrated exploration program** comprising: **soil geochemical sampling, rock geochemical sampling** with all existing trenches and open-cuts, **ground magnetics and induced polarization geophysical surveying**, and the **drilling of eight holes** in the vicinity of the mined open-cut.
Mar 2005	Drilling resumed with the **completion of twelve diamond drill holes** by the end of July 2005 with **additional** ground **geophysical surveying**, geological **mapping and trenching**. In July 2005 the Company applied for a Category 'C' drilling permit which was approved and received in October 2005. **Four drill holes** were subsequently completed in late 2005.
2006	By August 2006 a **total of 70 diamond drill holes**, totalling 15,632m, had been completed by Acero-Martin. A NI 43-101 report, dated July 14, 2006, was prepared by Mr. J. McCrea, P. Geo. documenting the 2004 to June 2006 exploration work on the property. Later that year (Oct, 2006) another **NI 43-101 compliant report was completed with the inclusion of the first (and so far only) resource estimate** by Minorex consulting Ltd.
	Areas with the highest gold values do not necessarily correlate with high copper values (especially near the surface) and so resource estimates were calculated both using a 0.2% Cu cut-off as well as one using a common US$5.50 gross metal value (GMV) cut-off (which took account of areas of high grade gold with low copper numbers). The result of this was that the resource estimate (using a GMV cut-off) delineated a much larger volume of ore and in particular, total gold ounces changed from approximately 390,000 (using a 0.2% Cu cut-off) to 666,000.
	Using a common US$5.50 GMV cut-off, the Western Porphyry zone, returned indicated mineral resources of 15.26m tonnes grading 0.542% copper and 0.63g/tonne gold, and inferred mineral resources of 5.54m tonnes grading 0.595% copper and 0.55g/tonne gold. The Gold Oxide Skarn zone, using the same GMV cut-off, has indicated mineral resources estimated at 13.87m tonnes grading 0.286% copper and 0.42g/tonne gold, and inferred mineral resources of 7.18m tonnes grading 0.267% copper and 0.31g/tonne gold.

Work completed at the Pinaya Project during 2007:
(since the last resource update in October 2006)

Figure 5. Map showing drill hole locations in the area of primary focus during 2007's exploration campaign.



Source: Acero-Martin

Since Acero-Martin began exploring the Pinaya Property in 2004, **149 drill holes totalling 40,942m have been cut in total**. The overall distribution of these drill holes (and hence focus of explorative attention) is denoted by the table directly below.

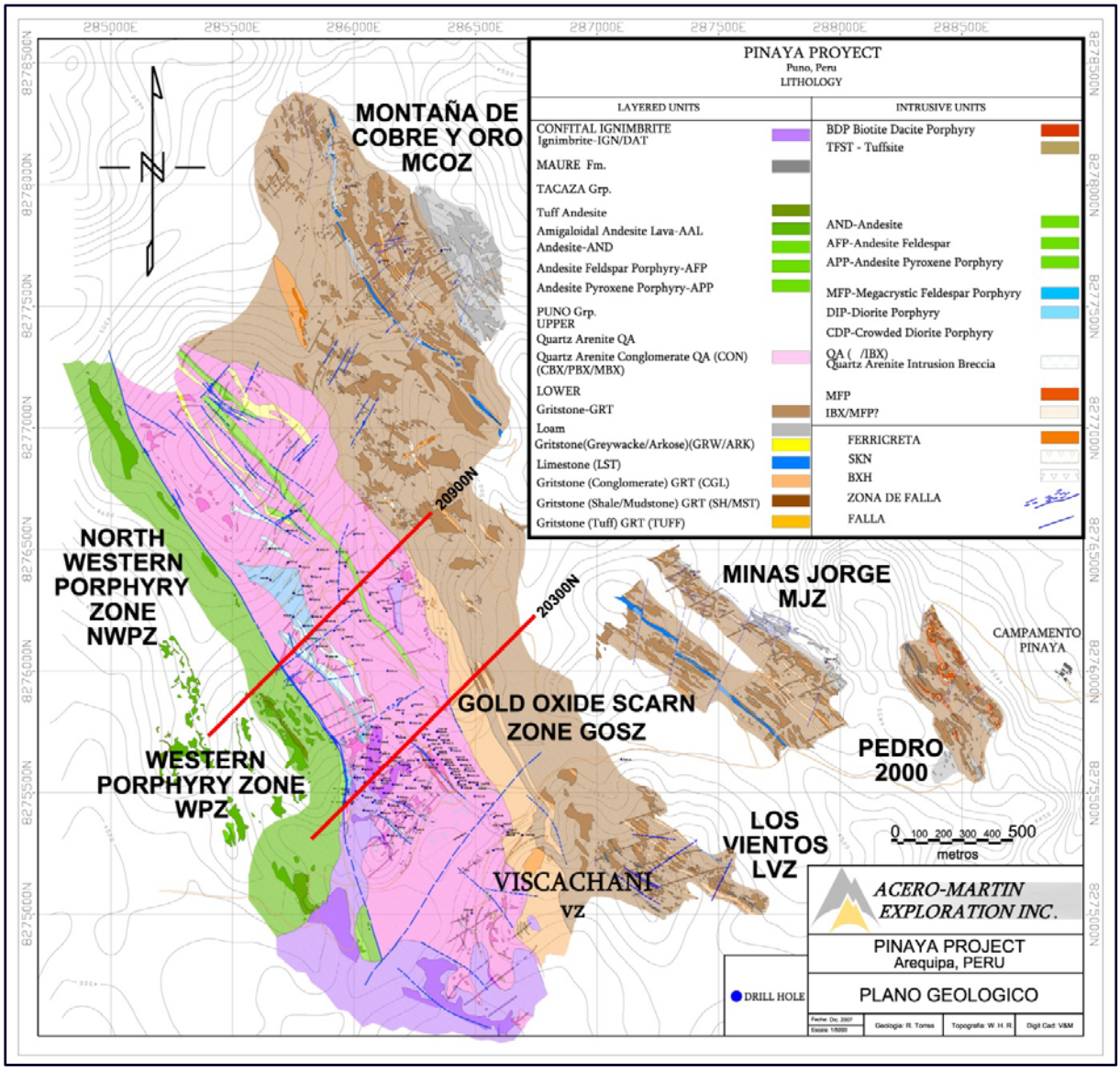
NWPZ	25.9%
WPZ	37.4%
GOSZ	39.0%
MCOZ	3.4%
MJZ	1.4%
VZ	5.4%

These percentages record hole-coverage frequency not meterage. The collar labels included in this data set span **PDH-1** to **PDH-149**. In the 'exploration summary' above (on page 6) **there were 70 drill holes completed up until and the end of 2006** and more importantly, **the last resource estimate**. Since that time, the number of drill holes examining the property has **more than doubled**. Whilst the public still await a resource update that takes into account 2007's exploration findings, VCL suggest that the reader's attention be drawn to the colour differential on the bore holes marked-out in figure 5. In this figure green collar location points are historic holes and red ones are what has been achieved since the last publication of an NI 43-101 compliant report. Prior to a new resource update, this demonstrates two things. The first is – spatially the recent areas of focus around the property (see figure 6 for details). Secondly, considering the fact that last season's drilling campaign was to a large extent – infill – it gives a rough idea of the sort of increase in existing resource estimate confidence limits to be expected when a new update is published.

Figure 6. Summary of exploration work achieved during 2007's exploration campaign.

Type of Work	Extent	Notes	Focus of coverage (by number not meterage)
Diamond drilling	53 holes (19,592m)	From this meterage, 15,592m of core was sampled. These holes include **PDH-97 to PDH-149**. The recent focus of coverage shows how Acero-Martin have prioritised on further delineating resources at the GOSZ with infill and step-out drilling. Whilst a porphyry ore body was intersected in the NWPZ region before 2007, it was originally thought that the WPZ and NWPZ were one continuous zone. Many more drill holes have intersected this region during 2007's efforts and an NI 43-101 resource update will likely include a portion of this ore body.	NWPZ 36.8% WPZ 3.5% GOSZ 50.9% MJZ 3.5% VZ 5.3%
Trenching	60 trenches (11.25 km, with 7,503 samples)	These trenches included **PTR-112** to **PTR-158** along with 12 trench extensions. Trenching and subsequent geochemical sampling precede a targeted drilling campaign in an area. Thus, the focus of the trenching programme last year is very different to that of the drilling and indicates areas of new exploration interest, as resources are delineated in the areas undergoing the bulk of the drilling work.	MJZ 12.5% VZ 8.9% MCOZ 55.4% Antaña 3.6% Pendo 2000 7.1%
Soil sampling	991 samples	Two sample grids measuring 1.5x3.0 km and 1.2x4.0 km.	
Surface rock / reconnaissance sampling	86 samples	The development of Acero-Martin's geological understanding of the Pinaya Property has been greatly enhanced since the last Technical Report (Oct 2006) was produced. This is best visualised by examining figure 7 which is geologically, an order of magnitude more detailed than anything previously available to the company.	

Figure 7. Pinaya Project's geology with the all of the major areas of interest included.



Source: Acero-Martin

Priority Target Areas

Artisanal Miners excavated a volume of ore from the open pit on the property that equates to approximately 3% of the ore that Acero-Martin currently has delineated (in NI 43-101 resource categories) on the Gold Oxide Skarn Zone alone.

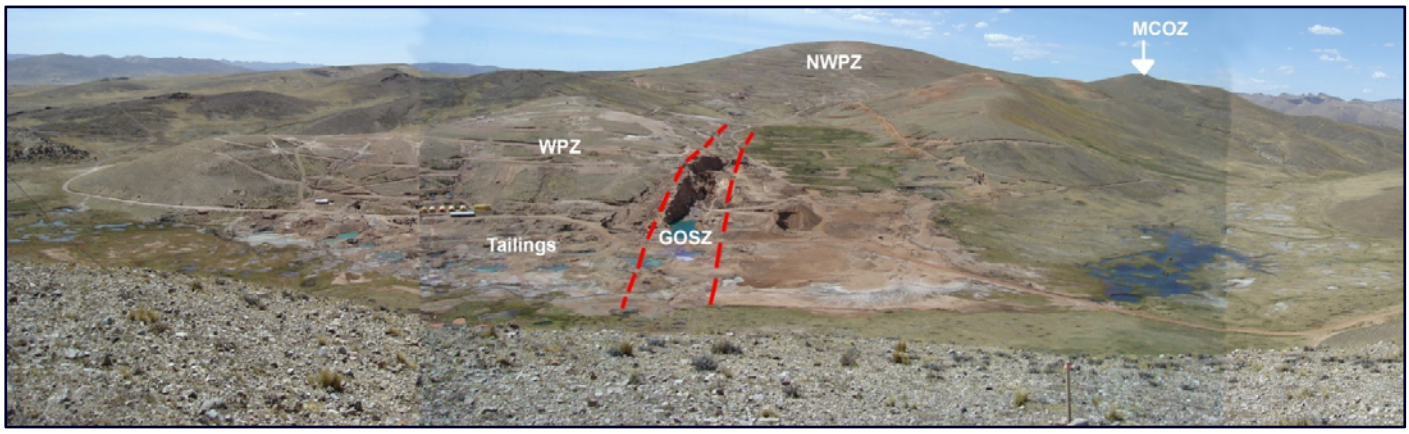
If Acero-Martin choose to, it could be producing a gold dore (from heap leaching the tailings) as early as 2009.

A detailed diagram of sample point locations and individual grade scores is provided in the appendix.

Tailings

An examination of figure 8 shows the tailings from the historic artisanal mining operations. The tailings lie beyond the open pit's south-eastern most extent, spreading out to the north-east and south-west from there. The heaped/non-uniform nature of this accumulation is also apparent from the figure. Acero-Martin conducted a preliminary investigation on the tailings in 2007. This involved shallow drilling, digging test pits, sampling and assaying. The overall results of this were that the tailings contained an **average of 1.17g/t Au** and produced a volume figure that was approximately 525,000t. The volume figure was calculated by MineSite software that topographically examined the amount that appeared to have been removed from the open pit. Another study however has placed this volumetric figure nearer to 120,000t. Acero-Martin recognises that more work needs to be completed to increase the reliability of these estimates.

Figure 8. Overview photo of 2007's drilling focus area, looking to the north-west from the Viscachani Zone (VZ)



Source: Author's own photos

Core from drill hole PDH-2, 158.3m. *This is an example of oxidized skarn mineralization. Assaying returned 1220ppb Au and 220ppm Cu.*

Source: Petrographic Study on the Pinaya Property by Panterra Geoservices Inc. (2007).

On a broader scale, on the property and indeed the region as a whole, the orientation of the dominant tectonic stresses has ensured the development of areas of sigmoidal dilation (in plan view). The increased fracturing at structural intersections, often indicate areas of increased permeability which metal-rich hydrothermal solutions have exploited or areas of reduced strength that an intrusive body has been able to exploit.

Secondary supergene copper mineralization, including chalcocite and covellite, commonly occurs associated with sheared, phyllically-altered host rocks. The gold values appear to be preferentially associated with metamorphosed country rocks with local andradite garnet to vesuvianite skarn mineralogy.

Gold Oxide Skarn Zone ('GOSZ')

See figure 3 for the abbreviations of all the mineralized zones.

The surface expression of part of the Gold Oxide Skarn Zone is easily identified by the open cut displayed in figure 8. Its relative positioning in plan view on the property is best defined by figure 5.

The open cut at the southern end of this zone has been excavated by artisanal miners. This feature measures 300m long, 30 to 40m wide and up to 20m deep. The previous miners extracted visible free gold. For the most part, this was achieved by mercury agglomeration and then panning of the gold grains (as summarised on page 3).

Gold-copper mineralization within the Gold Oxide Skarn Zone is hosted by faulted and sheared quartz arenite and thermally metamorphosed conglomerate along a north-westerly trending fault zone that dips steeply north-eastward. Whilst a conglomerate might not necessarily be an obvious host for gold mineralisation in this setting, its texture is such that electrum occurs in the ample pore spaces. This and the level of oxidation at surface at the deposits allowed the artisanal miners to liberate gold with ease.

The mineralization is preferentially oriented along bedding planes, fractures and shears. Where north-easterly cross-cutting faulting occurs (conjugate to the main faulting trend), zones of higher grade mineralisation tend to appear in the deposit due to increased host rock fracturing. This cross-cutting is apparent in the open pit and in places; it is evident that the artisanal miners have targeted these areas in particular.

Considering that the average grade of the tailings was estimated to be 1.17g/t Au, it is easy to infer the high grade nature of the original open pit. This makes the gold grades used in the first resource calculation on the GOSZ of 0.42g/t and 0.31g/t for indicated and inferred resources respectively look low. However, the grades used in this latter calculation have to take into account a significantly larger volume and so pod-like zones of higher grade material (described above) get smoothed into the overall calculation.

In a spatial sense, the GOSZ represents oxidised skarn mineralisation that is proximal to the source of an original intrusion, whilst the Western Porphyry & the North Western Porphyry Zones are nearer still, with mineralized diorite dykes and sills exposed on surface.

Western Porphyry Zone & the North Western Porphyry Zone ('WPZ' & 'NWPZ')

The bulk of the copper and gold mineralization on the property is coincident with a multiphase intrusive complex and associated breccias herein called the Pinaya Intrusive Complex (PIC). The complex is defined by multiphase diorite porphyry to tonalite porphyry and a series of late stage andesite porphyry dykes. At least six igneous phases and multiple breccias including: contact igneous (intrusion) breccia; intrusive breccia; hydrothermal breccia; and pebble dykes have been identified to date. On the property to date, the WPZ and the NWPZ are comparatively well defined areas that correspond with this PIC.

Core from drill hole from PDH-15, 22.3m. *This is a section of potassic-altered and oxidized diorite porphyry. Assaying returned 12,300ppm Cu and 278ppb Au.*

Source: Petrographic Study on the Pinaya Property by Panterra Geoservices Inc. (2007).

Montana de Cobre y Oro Zone ('MCOZ')

The Montana de Cobre y Oro Zone is a target area that appears to be part of the upper distal portions of an oxidized magma chamber.

The MCOZ is defined by a structurally controlled mineralisation that hosts a late stage igneous phase of andesite feldspar porphyry, copper oxides and locally, native copper. An igneous breccia phase is also associated with this porphyry phase. Such units are interpreted to be a series of subvolcanic bodies that are potentially bleeding off of a roof zone (of a magma chamber) at depth.

The geology defined at Pinaya property (that has been drilled to date) seems to delineate a mineralised block that dips to the north-east. Such an orientation apparently results in porphyry targets along the western edge, skarn targets to the east and oxidized gold targets at the higher elevations to the northeast.

In the MCOZ, narrow structures and local stockwork zones contain high grade gold and silver. Gold and silver grades reach up to 46 g/t Au and 4281 g/t Ag. Sporadic copper values range up to 0.1%.

Pedro Dos Mil Zone ('PDMZ')

The Pedro Dos Mil mineralization is a second porphyry copper centre located 2km to the east of the GOSZ along a secondary ENE trending mineralised corridor. The area is dominated by potassic alteration with coextensive copper mineralization in hypogene chalcopyrite-covellite mineralization in megacrystic tonalite porphyry. Sheeted quartz-magnetite-orthoclase veins are common in this area coincident with two bulls-eye magnetic susceptibility anomalies that measure several hundreds of metres.

Summary of results so far

The positive results accumulated from Acero-Martin's exploration thus far indicate a future point at which the Company envisages the sequential development of the Pinaya Project into a gold and copper producing region. The following section outlines the results gleaned from the exploration of the primary target areas (listed in the above section). What these results mean in respect of the steps required to move towards production and how these stages interrelate between areas will also be addressed.

The results indicate that mining development starting with tailings processing could be followed by an open pit at the GOSZ and then an open pit at the WPZ and the NWPZ. However, this latter stage of open cut mining (of the GOSZ, WPZ and NWPZ) will only be justified (in relation to the cost of mine development) once additional copper/gold porphyry resources are delineated at the Project. This will be the focus of next season's exploration programme and is a factor behind a change in Acero-Martin's corporate strategy for the development of the Pinaya Project.

Summary of the metallurgical results and bottle roll tests, from the preliminary composite sampling programme conducted on the tailings deposit at Pinaya.

MLI Test #	Feed size µm	Test Duration Hrs	Au recovery %	Ag recovery %	Cu recovery %
CY-1	6300	96	76.1	50.0	48.2
CY-3	75	72	95.1	73.7	NA
CY-4	75	72	95.7	85.7	57.3
CY-5	75	72	95.7	66.7	56.7
CY-6	75	72	95.7	86.7	NA

Source: Drawn from GMI S.A.'s tailings testwork summary for Pinaya

Gold and some silver would be recovered from the tailings but the copper would not be.

There may be tax advantages to be gained by processing the tailings because such an operation would constitute environmental remediation.

The proposed capacity of the plant would be at 1000tpd and remediation would take 2 years.

It is expected that the Peruvian Ministry of Mines would need between 10-12 months to ratify and agree to the remediation proposition once the plant designs had been formalised. From that point, it is estimated that it would take 5-6 months to achieve project commissioning.

GOSZ resource estimate (Oct 2006)

Categories	*Tonnes*	*Au*	*Cu*
Indicated	13.87mt	0.42g/t	0.2.86%
Inferred	7.18mt	0.31g/t	0.267%

US$5.50 GMV cut-off.

Tailings

Grana y Montero Ingenieros Consultores S.A. (GMI S.A.) have completed metallurgical and bottle roll testing on the samples provided by the preliminary investigation that Acero-Martin conducted on the tailings deposit in the last half of 2007. These results have confirmed the mercury contamination (left by the previous operators) present in the tailings piles. The assaying results of 0.01 - 2.2ppm of mercury have an average of 0.4ppm (from ten samples assayed across the deposit). Acero-Martin is currently building conservative models of the tailings pile that use the highest mercury numbers from this investigation. These figures are likely the worst case scenario given that; the mercury concentrations are located at the bottom of the piles (owing to the relative weight of mercury) and not maintained throughout a vertical section of tailings.

Although Acero-Martin is not legally obliged to remediate the mercury contamination, they are in a position to clean-up the tailings (which will benefit the local community because livestock graze the area, against the advice of Acero-Martin) whilst at the same time, recovering the gold still present therein. Taking the preliminary figures provided in the 'Primary target areas' section above, the **tailings could contain between 4,400 oz to 19,500 oz of contained gold** (depending on the volumetric estimate used).

If Acero-Martin were to develop a vat leaching programme for the tailings piles, the Company COO estimates that gold dore could be produced as early as 2009. Before this stage could be reached, Vector Peru S.A.C (an environmental engineering company) in conjunction with GMI S.A. would be commissioned to conduct an environmental report and processing plant design/footprints, respectively. These would outline the steps that would need to be taken in a) developing leach pads and the rest of the processing circuit for the tailings gold recovery and b) immobilising the mercury present in the tailings. This would only be carried out if the bulk mining of the GOSZ and the WPZ & NWPZ made economic sense.

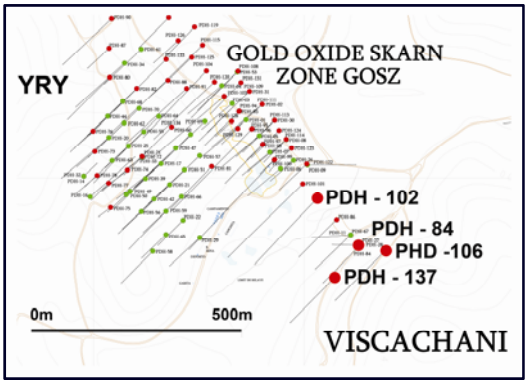
Though it would need optimisation, GMI S.A. has already produced a processing circuit based on the preliminary metallurgical test-work. It appears that the optimal gold recovery from the tailings will be achieved by: sieving the tailings to remove oversized material; possibly grinding the remainder; vat leaching the proceeds and running the pregnant solution through a CIP circuit. Electrowining of the desorbed eluate solution is expected to produce a gold dore of about 90% purity.

Whilst the returns from processing the tailings would not on their own be tremendously significant, the tailings from this initial remediation project could be de-watered and returned to form the fine material base of the heap leach pads needed for the processing of the oxide ore from the GOSZ. This would eliminate the need for a tailings dam for the product of this remediation.

Gold Oxide Skarn Zone

Gold and copper mineralisation in this area is open to expansion both along strike to the south-east and down dip (see drill results below). The continuation of mineralisation to the south east however is deeper (see table below) than that of the GOSZ delineated by the last resource estimate and is likely a new zone – the Viscachani Zone (see figure 7 for location). Should this area be found to continue along strike to the south east at a similar depth (there are high gold and copper values from the soil anomaly surveying to

Figure 9. Enlarged section of figure 7 for drill hole locality correlation.



Source: Cropped section from Figure 5.

Figure 10 (below) demonstrates how the two different styles of mineralised deposit (oxide skarn and porphyry) relate to each other spatially. Were such deposits to be mined, one can visualise how starting with the mining of the GOSZ would likely improve the economics of subsequently open pit mining the WPZ. Developing an open cut in order to access the ore from GOSZ would also serve to remove a great quantity of overburden for the WPZ.

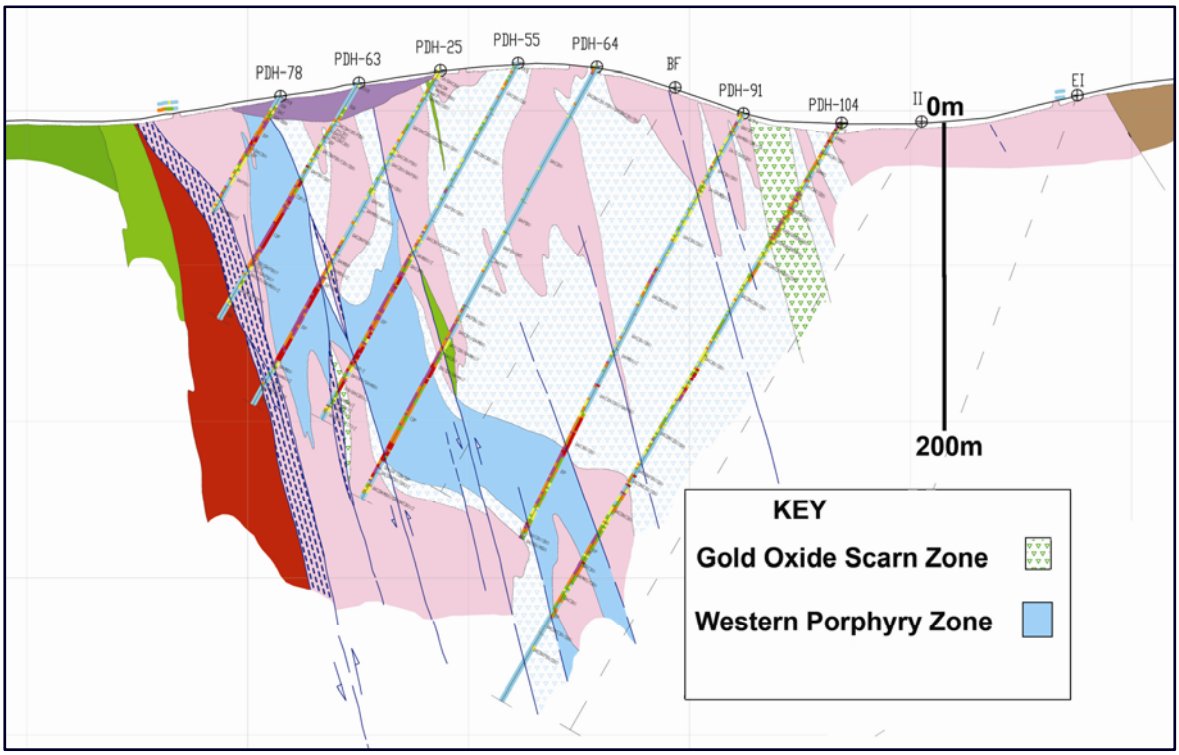
suggest it might) it could well prove to be difficult to exploit. This is because the topography rises in that direction. During the next drill programme, potential extensions to the GOSZ shall be tested both down dip and along strike.

Selected drill results from previous exploration:

Hole number	From (m)	To (m)	Width (m)	Au (g/ton)	Cu (%)	Zone
PDH-102	78.00	107.00	29.00	0.58	0.10	GOSZ
includes	152.00	227.50	75.50	0.33	-	GOSZ
	221.50	227.50	6.00	2.13	-	GOSZ
PDH-106	185.50	238.00	52.50	1.55	0.08	Viscachani
includes	191.50	193.00	1.50	43.00	1.27	Viscachani
PDH-137	9.00	62.00	53.00	0.64	0.12	Viscachani
includes	113.00	191.50	78.50	0.49	0.00	Viscachani
	113.00	143.00	30.00	0.64	0.00	Viscachani
PDH-84	40.00	76.00	36.00	0.30	0.31	Viscachani
includes	84.50	95.00	10.50	0.01	0.33	Viscachani
	104.00	119.00	15.00	0.89	1.00	Viscachani
	158.00	170.00	12.00	0.04	0.20	Viscachani
	241.50	253.50	12.00	0.07	0.54	Viscachani

The near surface and oxide nature of the mineralisation in the GOSZ could (economics pending) be a suitable candidate for an open pit mining operation. Though synergies with the tailings processing circuit would exist (explained above), the best recoveries of gold from the GOSZ ore are likely to make use of ADR rather than CIP processing technology. Should pay-back economics deem it necessary, it is conceivable that the historic pit tailings and freshly mined GOSZ ore could be mixed and fed through the same processing circuit (probably vat leached). Though overall gold recoveries would certainly be impacted.

Figure 10. Section 20300N – Depicting both the Gold Oxide Skarn Zone and the Western Porphyry Zone
(See figure 7 for location of section 20300N in plan view)



Source: Acero-Martin

WPZ & NWPZ resource estimate (Oct 2006)			
Categories	*Tonnes*	*Au*	*Cu*
Indicated	15.26mt	0.63g/t	0.542%
Inferred	5.54mt	0.55g/t	0.595%

US$5.50 GMV cut-off.

It is important to note that in the most recent resource estimate (October 2006), two areas are defined, with grades and tonnages estimated. One is called the "Gold Oxide Skarn Zone (GOSZ)" and the other is labelled the 'Western Porphyry Zone (WPZ)". In that NI 43-101 compliant report, the "Western Porphyry Zone" was in fact comprised of both the WPZ and the NWPZ areas (mentioned in all of the information on Acero-Martin's website and defined in this report).

Figure 11 (below) depicts the plan view of a model of both the GOSZ and the WPZ & NWPZ ore bodies. This was generated using all of the drill hole data currently available.

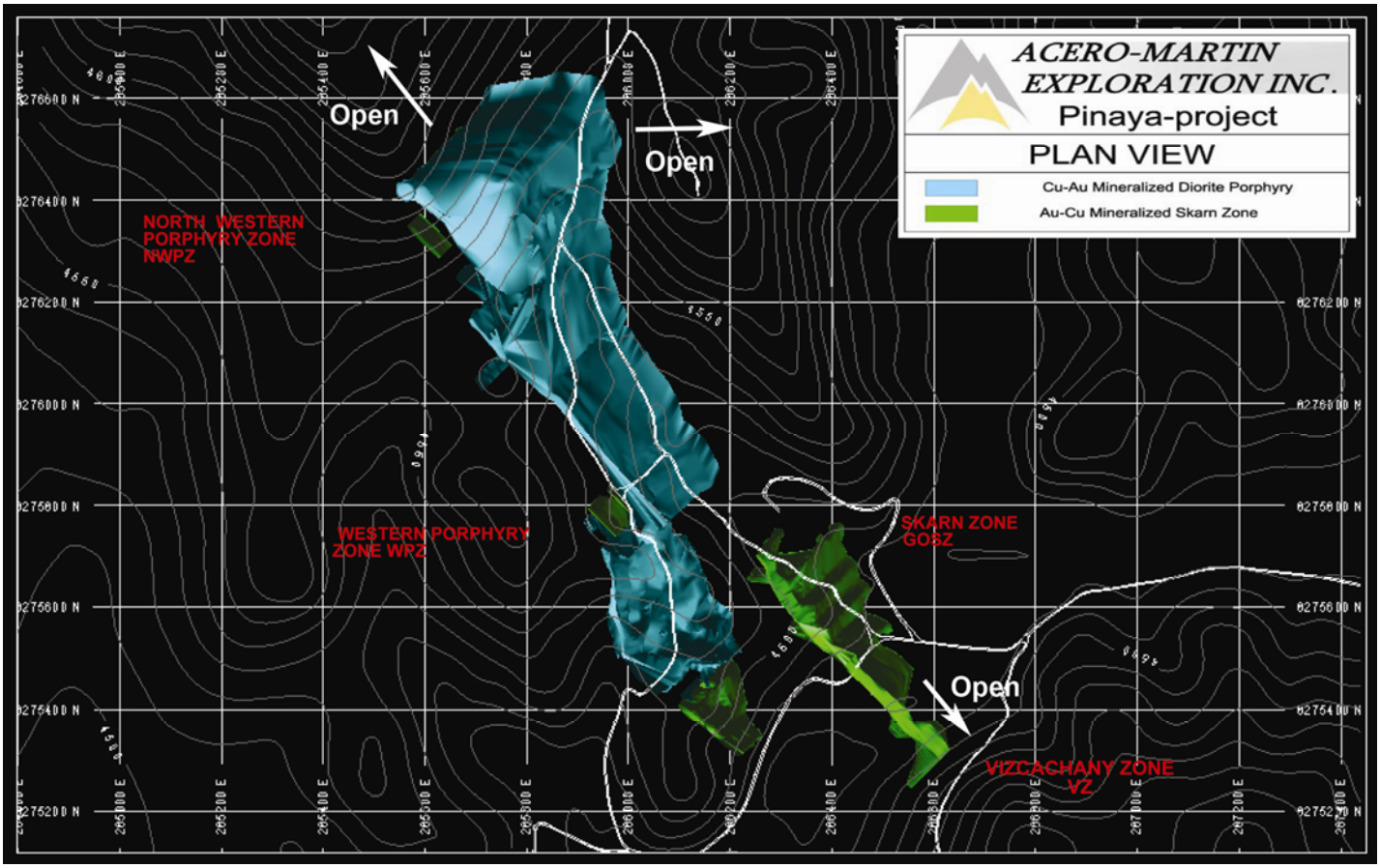
Western Porphyry Zone & the North Western Porphyry Zone

Exploration work on the WPZ has largely been infill and the NWPZ has received both step-out and infill. The mineralisation remains open: at depth; to the north-west and to the east of the NWPZ. Next season's drilling will aim to explore these potentials.

Though it is too early in the development of exploration at the Pinaya Property to accurately predict capital expenditure required to open pit any of the currently delineated zones on the property, there are some key factors worth mentioning at this stage that would affect the potential economics.

1. More porphyry ore resources are required to achieve sufficient economies of scale.
2. Recent exploration has determined that the WPZ and NWPZ are not continuously mineralised as the bodies appear separated by a fault that runs approximately NE-SW between the areas. Were this region to be exploited this would probably mean that two separate pits would exploit the WPZ and NWPZ respectively.
3. A likely influential positive is that (as mentioned above) a starter pit of the GOSZ would reduce the overburden of the WPZ.
4. Note the obvious drainage area to the south of both the GOSZ and WPZ (feature most obviously visualised in the right hand corner of figure 8), which drains roughly from the north-east to south-west. This drainage pattern would need to be modified to allow open pit mining.

Figure 11. 3D Plan view of GOSZ, WPZ and NWPZ



Source: Acero-Martin

Assaying of the trenching results at these target zones (alongside the Minas Jorge Zone, and Los Vientos Zone) have recently been released (22/02/08) and we include this table in the appendix.

Surface geochemical anomalies do not necessarily indicate mineralisation at depth. Like-for-like comparison would be inappropriate when considering the surface geochemical anomalies in the area with resources already defined on the Property and new exploration targets like the MCOZ. One of the most obvious reasons for this would be: the host geology for copper and gold mineralisation. In this new region of exploration it is gritstone/graywacke (see figure 7) and this is different from the quartz-arenite conglomerate that hosts mineralisation in the GOSZ, WPZ & NWPZ. This might mean that controls on mineralisation were chemically, texturally and structurally different. Such differences could affect features such as: depth; continuity; and strength of concentration of copper or gold mineralisation.

Initial examination of the geochemical anomalies in these new target regions suggest that the graywackes host less gold but may have an epithermal overprint. This has lead to higher Ag, Pb and Zn numbers. Surface geological mapping of the PDMZ and MJZ detail a deposit that is quite hard to track because of its interdigitated nature.

Montaña de Corbe y Oro Zone and Don Pedro 2000 Zone.

These zones are for this season's drilling programme. This region is currently underexplored (see table below of all the holes that have targeted this region to date).

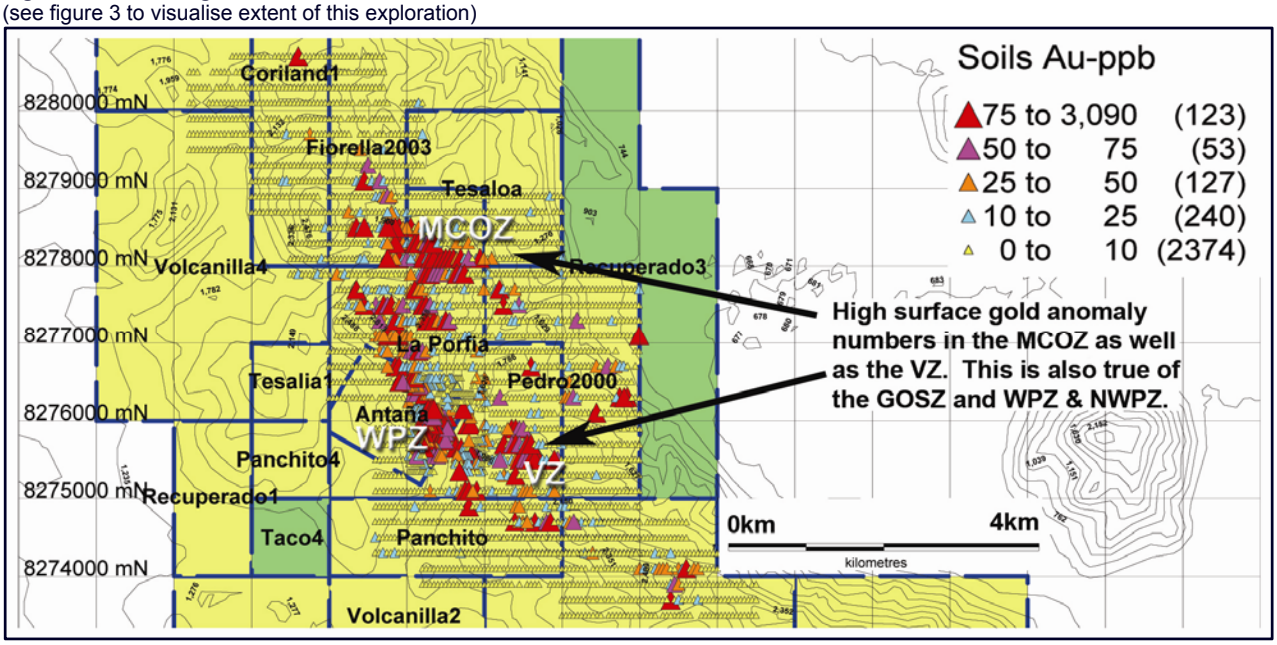
Hole number	From (m)	To (m)	Width (m)	Au (g/ton)	Cu (%)	Zone
PDH-38	55.70	60.77	5.07	0.36	0.49	MCOZ
	74.60	76.65	2.05	0.16	0.21	MCOZ
PDH-40	7.50	9.00	1.50	3.02	0.05	MCOZ
	45.00	46.50	1.50	1.01	-	MCOZ
PDH-41	35.30	82.15	46.85	0.79	0.15	MCOZ
	57.80	74.80	17.00	1.72	0.31	MCOZ
	154.50	180.80	26.30	0.72	0.03	MCOZ
PDH-43	9.00	65.50	56.50	1.12	-	MCOZ
	9.00	17.50	8.50	5.45	-	MCOZ
	176.00	190.50	14.50	0.39	-	MCOZ
PDH-45	72.60	73.50	0.90	0.35	0.11	MCOZ
	201.50	204.50	3.00	0.26	-	MCOZ
PDH-140	35.80	72.00	36.20	0.28	0.02	MJZ
	107.00	110.90	3.90	1.19	0.05	MJZ
	127.00	156.40	29.40	0.25	0.05	MJZ
	157.50	179.00	21.50	0.37	0.10	MJZ
PDH-141	No significant results					MJZ

(The MJZ zone featured in this table is just to the west of the PDMZ – see figure 3).

The strongest correlation between processed surface exploration data and heavily mineralised deposits at depth on the Property comes from surface geochemical anomalies. This inference is demonstrated by the strong gold and copper anomalies found at surface in the GOSZ, WPZ & NWPZ region (figures 12 & 13 below). Further exploration in this region (with drilling) has subsequently delineated the significant resources outlined above.

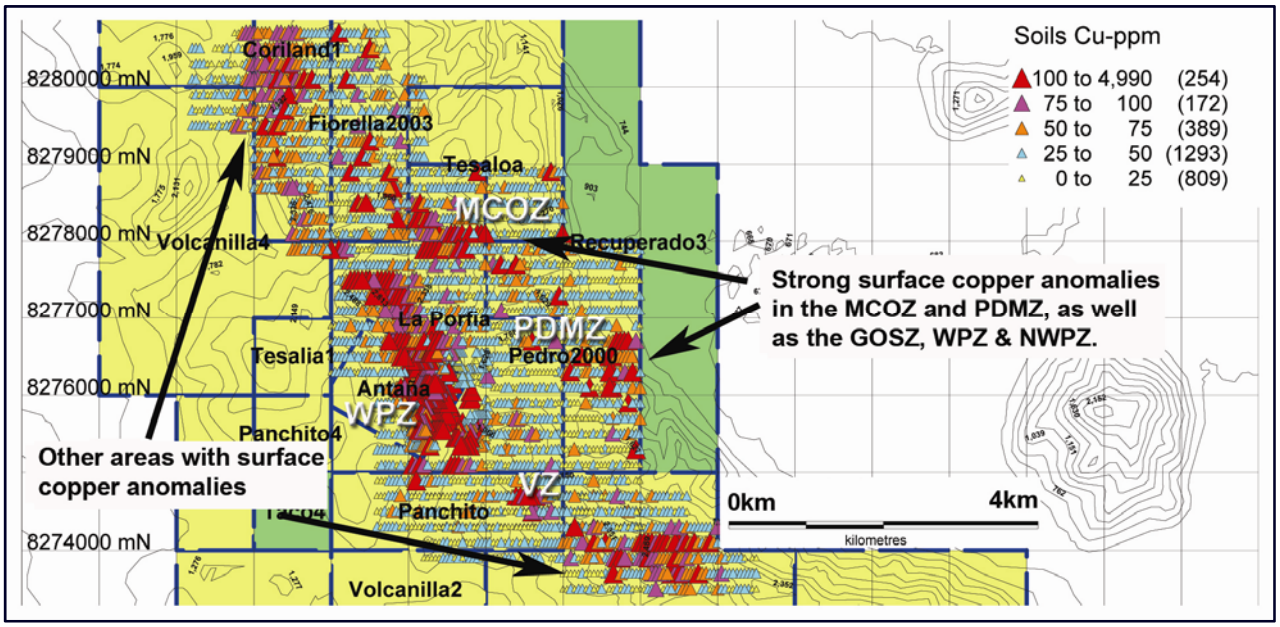
Therefore, using the data depicted in figures 12 & 13 it is encouraging to note the strong surface gold and copper anomalies present in the MCOZ region and the strong copper anomaly present in the PDMZ. Testing this evidence with a more concerted drilling campaign is obviously the focus of future exploration.

Figure 12. Surface gold anomalies.
(see figure 3 to visualise extent of this exploration)



Source: Acero-Martin

Figure 13. Surface copper anomalies.
(see figure 3 to visualise extent of this exploration)



Source: Acero-Martin

What the future holds

Exploration work:

At surface

1. A glance at figure 3 and the labelled red area (contained within it) that defines figures 12 & 13, alongside an assessment of the extent of surface geochemical sampling (depicted by the latter) shows there is a massive area of the Property still to be prospected.

   The surface exploration to date has in essence radiated from a centred focus around the Antaña Concession (from known and previously exploited mineralisation). As detailed above, promising targets like the MCOZ and PDMZ have been identified near to this first focal point. Other promising areas for surface exploration work exist on the rest of the property. The most obvious of which is the Saitocco Zone (see figure 3) where surface copper oxide mineralisation is visible and is in part associated with some old Spanish workings. This Saitocco Zone will be explored in the future but at the time of VCL's visit, Acero-Martin was working on tracking down the owners to the surface-rights of this area. As explained earlier, ensuring this permission seeking process runs its course, in the long run, helps prevent future conflicts with locals.

2. Alongside future geochemical anomaly surveying, one way of improving drill targeting on the property would be to gain a better understanding of the coupling of surface gold/copper anomalies with location of the deeper-seated porphyry bodies responsible for creating them. In pursuit of this aim, last year Acero-Martin employed the aid of CF Mineral Research. This research work uses a method of examining heavy mineral occurrences (size and frequency) against the background groundmass over a broad area of the property. Results are expected in Q2 of 2008.

Drilling

1. The next drilling season at the Project is estimated to start in February 2008 and run till December 2008. There will be up to three rigs running on the Property. The company has acquired a class-C drilling permit from the Peruvian Ministry of Energy and Mines. A phase-1 diamond drilling programme has reportedly begun (Acero-Martin news release, 04/03/2008) with an estimated total meterage of 6,000m. In total, 25,000m of drilling is planned for this year.

   The focus of second phase exploration (drilling as opposed to remote sensing) to date has been almost exclusively based in and around the Antaña Concession. The geochemical anomalies

discovered this season in the MCOZ, PDMZ, MJZ, and LVZ will be drilled in an attempt to delineate additional gold-copper and silver deposits that may have caused the surface anomalies.

2. As mentioned in the previous section ('Summary of results so far'), both the GOSZ and the NWPZ remain open at depth. In some cases, a porphyry deposit is the product of a heat engine (igneous intrusive body) sitting directly beneath it. In others, the porphyry systems are more distal to this originating source. If this latter scenario was to be the case with the WPZ & NWPZ (the balance of known deposits are like this), then open pit mining can really only be envisaged down to about the tip of the hypogene cap (about 200m, in this instance). Sometimes however, when the porphyry is located closer to the original intrusion, the deposit's volumetric constraints are maintained with depth and the style and strength of mineralisation can both change and increase.

   Further to an examination into the surface porphyry target areas' relationships to potential deep-seated feeder intrusions, Acero-Martin will employ the aid of drill that is capable of targeting areas over double the depth of the two it currently uses on the Property. This is expensive but a few holes are worthwhile to test for potentially deeper mineralisation at economic grades.

Social Projects and Environmental Monitoring:

1. As per an earlier note in this document, maintaining cordial social relations with local communities is of paramount importance. Ongoing community projects include:
   - On site doctor and continual medical assistance for the local communities.
   - Rebuilding of the Pinaya, Orundña and Atecata schools, with equipment provided.
   - Digging new rubbish dumps for the community of Pinaya with heavy equipment.
   - Purchasing and installing a satellite phone system in Pinaya.
   - Working with local livestock producers to improve breeds by buying high quality breed stock and building local barns.
   - Road maintainence.
   - Cleaning up Minsur's old exploration trenches.

   The Pinaya Project is right on the boarder of the political departments of Arequipa and Puno. Making sure that the local communities of both entities are served equally and proportionately (both by provision of the services above and by way of employment) requires an extra effort. Were the Project to go to a mine development stage, such a feature might require double (but concurrent) negotiations.

Future Strategy:

Continue to explore or go down the early production route?

To turn the Pinaya Project into a large scale mining operation, Acero-Martin require more copper and gold porphyry resources. The potential for additional discoveries has been outlined in this document. With this in mind, coupled with the existing resources already defined, it would perhaps return more value to shareholders to continue exploration, than it would to start the company down a processing route. With a larger resource base, the Company would be better placed to proceed toward production and at the same time, present itself as a more attractive asset to major mining companies.

Directors:

President and CEO: Don Currie

Mr. Currie has more than a decade of experience in raising capital and marketing resource exploration companies. This includes particular expertise with private and public early stage growth companies where he boasts strong connections with money managers, analysts, investment bankers, and retail stockbrokers. In the past, Mr. Currie has consulted for companies in the metals and minerals and oil and gas sectors and has assisted companies with marketing campaigns, management issues, strategic planning and corporate finance. Known for his strong communication skills, Mr. Currie's network of contacts within the financial community and the resource media extends across North America and Europe.

Director: Donald Gee, B.Sc. (Geology) C.A.

Mr. Gee brings to Acero-Martin more than 30 years experience in finance and accounting with extensive experience in business start-ups, international business, and managing public resource companies and mining company joint-ventures. As an entrepreneur, Mr. Gee was the successful founder of Gee & Company Chartered Accountants, a Vancouver based public accounting firm. More recently, Mr. Gee has served as a key executive and director for several publicly listed resource companies. Mr. Gee is currently President and CEO of Great Bear Uranium Corp. and serves on the Board of Directors for Evolving Gold Corp, La Quinta Resources, Eagle Hill Exploration Corp., and Yankee Hat Minerals Ltd. Mr. Gee is a native of Vancouver, British Columbia and is a member of the Canadian Institute of Chartered Accountants, the Canadian Institute of Mining and Metallurgy, and the Society for Economic Geologists. Mr. Gee holds a Bachelor of Science Degree in Geology from the University of British Columbia and is a licensed Chartered Accountant.

CFO: Wan Jung, CGA

Mr. Jung is a Certified General Accountant with over 20 years experience. He is past Director of Finance with NIKE Canada Ltd., and presently serves as Chief Financial Officer and Director for Great Bear Uranium Corp. and Vice President Finance for Qimaging, a company that manufactures and markets high performance digital FireWire cameras for imaging in life science and industrial applications.

Director: Jody Dahrouge, B.Sc. P.Geol

Mr. Dahrouge is a graduate of the University of Alberta with a Bachelors Degree in Science (Geology) and a certificate in Computer Science. He has been involved in the mineral resource business for over 15 years and has successfully operated Dahrouge Geological Consulting Ltd. since 1998. His experience, insight and energy combine to provide Acero-Martin with a real resource in the acquisition and management of resource projects.

Chairman: Michael Scholz, B.Com. LL.B.

Mr. Scholz received both a Bachelor of Commerce and a Bachelor of Law from the University of British Columbia. From 1978 to 2001, Mr. Scholz was Solicitor and Senior Partner of the law firm Alexander Holburn. He is currently Chief Financial Officer and Director for CMC Metals Ltd., a Director and Chairman of Avcorp Industries Inc., a Director of Uniserve Communications and, from 2001 to 2004, was President, Vice-Chair and Director of Great Canadian Gaming Corporation. Mr. Scholz provides a strong, independent voice focusing Management and the Board on key decisions and strategy.

Director: Victor L. McCall, B.B.A J.D.

Mr. McCall is the founder and owner of the McCall Law Firm, P.C., a Fort Worth, Texas based legal practice that specializes in mergers and acquisitions. Mr. McCall holds a Bachelor of Business Administration degree from Southern Methodist University (Dallas, Texas) and obtained his Juris Doctor from the Baylor School of Law (Waco, Texas). Currently, Mr. McCall is an active member of the Texas State Bar. Prior to founding his legal practice, Mr. McCall was a partner of Buchholz & McCall, P.C. where he was responsible for litigation of tort and commercial cases, including class actions, negligence, and business disputes. Mr. McCall's extensive legal, corporate and commercial business experience is an asset to the Board.

Technical Management:

VP Exploration: Cary Pothorin, B.Sc P.Geo

Mr. Pothorin has more than 16 years of experience in the exploration industry, 8 of which were spent in South America. Mr. Pothorin has extensive experience in the exploration and development of porphyry copper-gold deposits and was instrumental in the evaluation of the Mount Milligan gold-copper project in central British Columbia. His experience includes positions at Corriente Resources Inc., North American Metals Corp., Homestake Mining and Development Corp., and Kennecott Canada Inc. Cary is a professional geologist registered with APEGBC and holds a Bachelor of Science degree with a specialization in geology from the University of Alberta.

COO: Ralph Stricklen, B.Sc. (Met. Eng.)

Mr. Stricklen has more than 30 years of mine development and project management experience, 12 of which were spent in Peru. Most recently, he was project manager for a smelter rationalization program at Inco Limited's Thompson Smelter in Manitoba, Canada. He has held similar project management and mine development positions at other major mining companies including HudBay Minerals Inc. and Southern Peru Copper. Mr. Stricklen brings extensive development, process engineering and operation expertise to the Company.

Advisor: Patrick McAndless, B.Sc. P.Geo

Mr. McAndless has been involved in mineral exploration for four decades accumulating extensive knowledge and expertise in the evaluation of mineral prospects. He is currently Vice President of Exploration for Vancouver based Imperial Metals Corporation (III : TSX) where he oversees the company's exploration and development programs, property evaluations, and land management.

In 2006, Mr. McAndless was the recipient of the APEGBC's C.J. Westerman Memorial Award for "combining his solid professional career with outstanding service and dedication to advancing public recognition of geoscience." In 2005 he was honored by the British Columbia & Yukon Chamber of Mines and awarded the H.H. "Spud" Huestis Award for Excellence in Prospecting and Mineral Exploration, and in 2003 he received the Northern BC Prospector of the Year Award at the Northern BC Business & Industry Awards. Mr. McAndless is a Professional Geoscientist and holds a Bachelor of Science Degree (Honours Geology) from the University of British Columbia.

Advisor: Dr. Barry W. Smee, B.Sc. Ph.D. P.Geo

Dr. Smee is a renowned geologist and geochemist with more than 30 years of experience in the mining industry. He is a founder of Smee and Associates, an international geology and geochemistry consulting firm.

Dr. Smee has been an advocate of standards for exploration sampling and quality control for Canadian stock exchanges and regulatory bodies. He holds a Bachelor of Science degree in chemistry and geology from the University of Alberta and a Ph.D. in geochemistry from the University of New Brunswick. In 2005, Dr. Smee was awarded the J.C. Sproule Memorial Plaque by The Canadian Institute of Mining, Metallurgy and Petroleum "in recognition of a career dedicated to the advancement of geochemistry and mineral exploration."

Advisor: Malcolm Swallow, B.Sc. FIMMM P.Eng

Mr. Swallow is a professional mining engineer with over 35 years of mine construction and operating experience. He has extensive experience in the evaluation and development of projects from green fields' sites through exploration, planning, permitting, feasibility and financing, to construction into production, whilst integrating mining operations into non-mining communities. Currently, Mr. Swallow is Chairman and CEO of La Quinta Resources Corporation.

Capital Structure:

Common Shares		Number outstanding	
Total		**63,566,564**	
Warrants	**Exercise Price**	**Number Outstanding**	**Expiry date**
	C$0.75	11,478,500	Mar 5th 2008
	C$0.75	2,685,000	Mar 16th 2008
	C$0.50	3,349,093	Dec 1st 2008
Total		**17,512,593**	
Options	**Exercise Price**	**Number Outstanding**	**Expiry date**
	C$0.95	225,000	Oct 2nd 2009
	C$0.90	425,000	Nov 26th 2009
	C$0.65	45,000	Nov 7th 2010
	C$0.62	1,070,000	Aug 18th 2011
	C$0.50	880,000	June 18th 2012
	C$0.50	330,000	May 1st 2012
	C$0.30	500,000	Oct 19th 2012
	C$0.30	2,000,000	Feb 6th, 2013
Total		**5,475,000**	
Fully diluted		**86,554,157**	

Source: Acero-Martin (Data as of 21/02/08)

Capital Raises in 2006/7:

November 30, 2007 (Non-Brokered Private Placement)

C$2,344,375 raised at C$0.35 with a half warrant at C$0.50

Institutional Investors:
Excelsior Asset Management
Northern Precious Metals Fund
Pinetree Resource Partnership
Centrum Bank AG
Golden Omega Fund
Platoro Investments Ltd.

March 19, 2007 (Non Brokered Private Placement)

C$1,342,500 raised at C$0.50 with a half warrant at C$0.75

Institutional Investors:
Crescent International Ltd.
Timeless Precious Metal Fund
Global Business Partners AG
Golden Omega Fund
G&P Invest SICAV: Exploration and Mining Fund

March 6, 2007 (Brokered Private Placement - Union Securities)

C$5,739,250 raised at C$0.50 with a half warrant at C$0.75

May 29, 2006 (Non-Brokered Private Placement)

C$180,000 raised at C$0.60 with a half warrant at C$0.75

March 27, 2006 (Non-Brokered Private Placement)

C$3,600,000 raised at C$0.60 with a half warrant at C$0.75

Total raised: C$13,206,125

Peer group comparison:

Company	Share Price (C$) 20/02/08	Market Cap (Mcap) in C$M	Total NI 43-101 compliant gross metal	% In situ metal contribution to GMV		Ore category % weighting of GMV		Total NI 43-101 compliant GMV/Mcap
Inca Pacific Resources Inc	1.56	60.2	17.929.560.000	Cu Mo	58 42	M&I resources Inferred resources	86 14	298
Panoro Minerals Ltd.	0.55	46.0	6.654.278.595	Cu Au	83 17	Inferred resources	100	145
Northern Peru Copper	13.60	450.3	84.106.812.400	Cu Au Ag Mo	73 7 2 18	Probable Reserves M&I resources Inferred resources	42 51 7	122
Acero-Martin	0.27	16.6	2.003.879.672	Cu Au	70 30	Indicated resources Inferred resources	71 29	121
Candente Resource Corp	1.82	131.8	15.572.700.249	Cu	100	Inferred resources	100	118
Chariot Resources	0.95	289.5	13.976.055.185	Cu	100	Inferred resources	100	48
Bear Creek mining Co.	7.31	324.2	14.985.974.305	Ag Pb Zn	47 36 18	M&I resources Inferred resources	78 22	46
Vena Resources Inc	0.77	54.9	800.420.353	Zn Mn Au	19 73 8	Probable reserves Indicated resources Inferred resources	46 49 4	15
Antares Minerals Inc	3.6	150.9	2,102,338,338	Cu	100	Indicated resources Inferred resources	27 73	14 14
Minera IRL	0.77	47.2	263,568,000	Au	100	Probable Reserves M&I resources	50 50	6
Andean American mining Corp	0.70	51.5	-	-	-	Drilling	NA	-
Canadian Shield	0.17	8.1	-	-	-	Drilling	NA	-
Cardero Resource Corp	1.06	50.7	-	-	-	Drilling	NA	-
Dynacor Mines Inc	0.41	12.2	-	-	-	Drilling	NA	-
Sinchao Metals Corp	0.52	17.6	-	-	-	Drilling	NA	-
Southwestern Resources Corp	0.51	22.9	-	-	-	Drilling	NA	-

This comparison examines the relationship between the value the market assigns a company (market capitalisation) against the value of the metal contained in deposits controlled by that company (using only reported NI 43-101 compliant resource and reserve estimates). The last column in this table gives an indication of the gross metal value (GMV meaning – value before extraction and processing) as a multiple of a company's market capitalisation. **The GMV that Acero-Martin has published resource estimates on is 121 times its market capitalisation.**

Notes on peer group comparison:

In selection of peers, VCL used an initial data set of every mining project identified on the map of 'Peru operations and mining projects – January 2007' (produced annually by Ingemmet – Instituto Geológico Minero y Metalúrgico). This selection of projects was then filtered to leave only those which were controlled by companies that: had not yet reached production on that project; had a website in English; possessed a market capitalisation of less than one billion Canadian dollars. All companies listed in the subsequent group are listed on the TSX or TSX-V except for Minera IRL (AIM listed). In this instance, VCL converted its share price and Mcap into C$ based on the $/C$ rate on the 20th Feb 2008. GMVs calculated were based on closing prices taken on the 20th Feb 2008 from www.informine.com and www.northernminer.com. The values were calculated using the most recent NI 43-101 ore estimates and no weighting has been applied to the levels of confidence that these resource/reserves represent in calculation of the GMVs. The figures represented in the table above also take no account of differences in cut-offs used in estimation or any information pertaining to metal recovery differentials between operations or potential production economics.

Inca Pacific Resources: Published a final feasibility study on Inca's Magistral copper-molybdenum property in Jan 2008 which gives the project an NPV@8% discount of $152m. Cut off used was 0.4%.

Panoro Minerals Ltd: 0.3%Cu cut off used. Also possess Antilla Property which has an historic estimate on it of 135mt @ 0.61-0.75% copper. Panoro also controls 13 copper and gold properties in Peru owned by its 100% owned subsidiary Cordillera de las Minas.

Northern Peru Copper: Northern Peru Copper controls three major properties. Resource estimates exist on two of them. 99% of the GMV comes from the Galeno Project which is at pre-feas. stage and uses a 0.4%Cu Eq cut off.

Candente Resource Corp: A 0.3% cut off was used. Aside from the Canariaco Project, Candente owns another project 100% and holds five more projects under option in Peru (recently optioned one of these to a third party) and one in Mexico.

Acero-Martin: A US$5.50 GMV cut off was used. The GMV produced above was calculated from two deposits that would most likely be extracted from two separate pits. Acero-Martin controls a number of other exploration operations in Peru and Canada.

Chariot Resources: Estimate based on open pit and underground resources. The project will be 70% owned by Chariot after paying a total figure of US$33.5m to US$ 43.5m.

Bear Creek mining Co: Bear Creek can earn a 70% interest in Corani Project (81% of the GMV) from Rio Tinto. Total payments to Rio are capped at US$10m. Rio has back-in rights to earn up to 60%. Mineral Resource Based on 15 g/t Ag Cut-off and Prudent Open Pit Constraints. Bear Creek controls two other projects in Peru.

Vena Resources Inc: Vena has owns the Azulcocha Mine which is not in operation. The company also owns or has the option to buy: 10 precious metal prospects; 1 base metals prospect and 4 uranium prospects.

Antares Minerals Inc: Cut off used was 0.3%. Current resource estimate does not take into account any of 2007's drilling. Antares has an option agreement with Phelps Dodge to acquire a 100% interest in the Haquira project by completing optional payments totalling US$15 million over a 5yr period. The company part owns another project as well.

Minera IRL: One development project (Corihuarmi Project currently has a projected 4.5yr mine life) and two other exploration projects.

Andean American Mining: Controls 3 exploration properties (owns 58% of Sinachao Metals Corp.) in Peru.

Canadian Shield: Candian shield has 8 exploration prospects in peru and 1 chile and these are held by 3 different subsideries.

Cardero Resource Corp: 4 properties in Peru; 19 Cu and Au properties in Argentina (finalising acquisition of a further 12 gold properties) and 3 different properties in Mexico.

Dynacor Mines Inc: 3 exploration projects in Peru and produces a small amount of gold (25,000oz/pa) through custom milling at its Acari Mill.

Siinchao Metals Corp: One property: four mineralized systems have been identified on the property so far.

Southwestern Resources: 2 exploration projects in Peru with JVs with Newmont and Anglo American respectively and one in China. Southwestern launched (Aug 2007) legal challenges against its former CEO for fraud and insider trading amongst other charges.

Summary financials:

Consolidated Balance Sheets (Unaudited)	Sept 30, 2007 US$	Dec 31, 2006 US$
Assets		
Cash and cash equivalents	743,638	1,003,344
Accounts recievable	25,139	25,992
Taxes recoverable	209,709	194,898
Prepaid expenses and deposits	45,128	43,021
	1,023,614	1,267,255
Deferred tax recoverable	587,884	385,277
Property, plant and equipment	531,454	321,777
Resource properties	16,667,958	11,219,064
	18,810,910	13,193,373
Liabilities		
Accounts payable	377,464	518,196
Shareholders Equity		
Capital Stock	43,357,851	36,567,878
Shares allotted	175,000	350,000
Contributed surplus	3,498,921	3,301,191
Deficit	(28,598,326)	(27,543,892)
	18,433,446	12,675,177
	18,810,910	13,193,373

Consolidated Statements of Cash Flows (Unaudited)	3 Months Ended Sept 30 2007 US$	3 Months Ended Sept 30 2006 US$	9 Months ended Sept 30 2007 US$	9 Months ended Sept 30 2006 US$
Operating Activities				
Net loss for the period	(196,180)	(1,352,193)	(1,054,434)	(2,431,107)
Add: - Amortization	12,289	5,622	30,544	12,787
- Stock-based compensation	12,028	820,528	92,934	1,096,628
	(171,863)	(526,043)	(930,956)	(1,321,692)
Net change in non-cash working capital balances*	(486,314)	(267,793)	(156,797)	165,646
	(658,177)	(793,836)	(1,087,753)	(1,156,046)
Financing activities				
Increase of capital stock	-	2,969,498	6,789,973	7,410,319
Shares alloted	-	-	(175,000)	(175,000)
Contributed surplus	-	-	104,769	-
	-	2,969,498	6,719,769	7,235,319
Investing activities				
Purchase and expenditure on mineral properties	(1,754,339)	(808,029)	(5,448,894)	(3,500,920)
Addition to property and equipment	(166,570)	(70,278)	(240,221)	(163,898)
Deferred tax recoverable	(90,839)	(54,256)	(202,607)	(166,212)
	(2,011,748)	(932,563)	(5,891,722)	(3,831,030)
Increase (decrease) in cash during the period	(2,669,925)	1,243,099	(259,706)	2,248,243
Cash and cash equivalent, beginning of the period	3,413,563	1,058,621	1,003,344	53,477
Cash and cash equivalent, end of the period	743,638	2,301,720	743,638	2,301,720

*This movement comprised of accounts receivable, taxes recoverable, prepaid expenses and deposit and accounts payable.

Cash and cash equivalents consist of cash term deposits..

Consolidated Statements of Cash Flows (Unaudited)	3 Months Ended Sept 30 2007 US$	3 Months Ended Sept 30 2006 US$	9 Months ended Sept 30 2007 US$	9 Months ended Sept 30 2006 US$
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*This movement comprised of accounts receivable, taxes recoverable, prepaid expenses and deposit and accounts payable.

Cash and cash equivalents consist of cash term deposits..

Appendix

References

General:

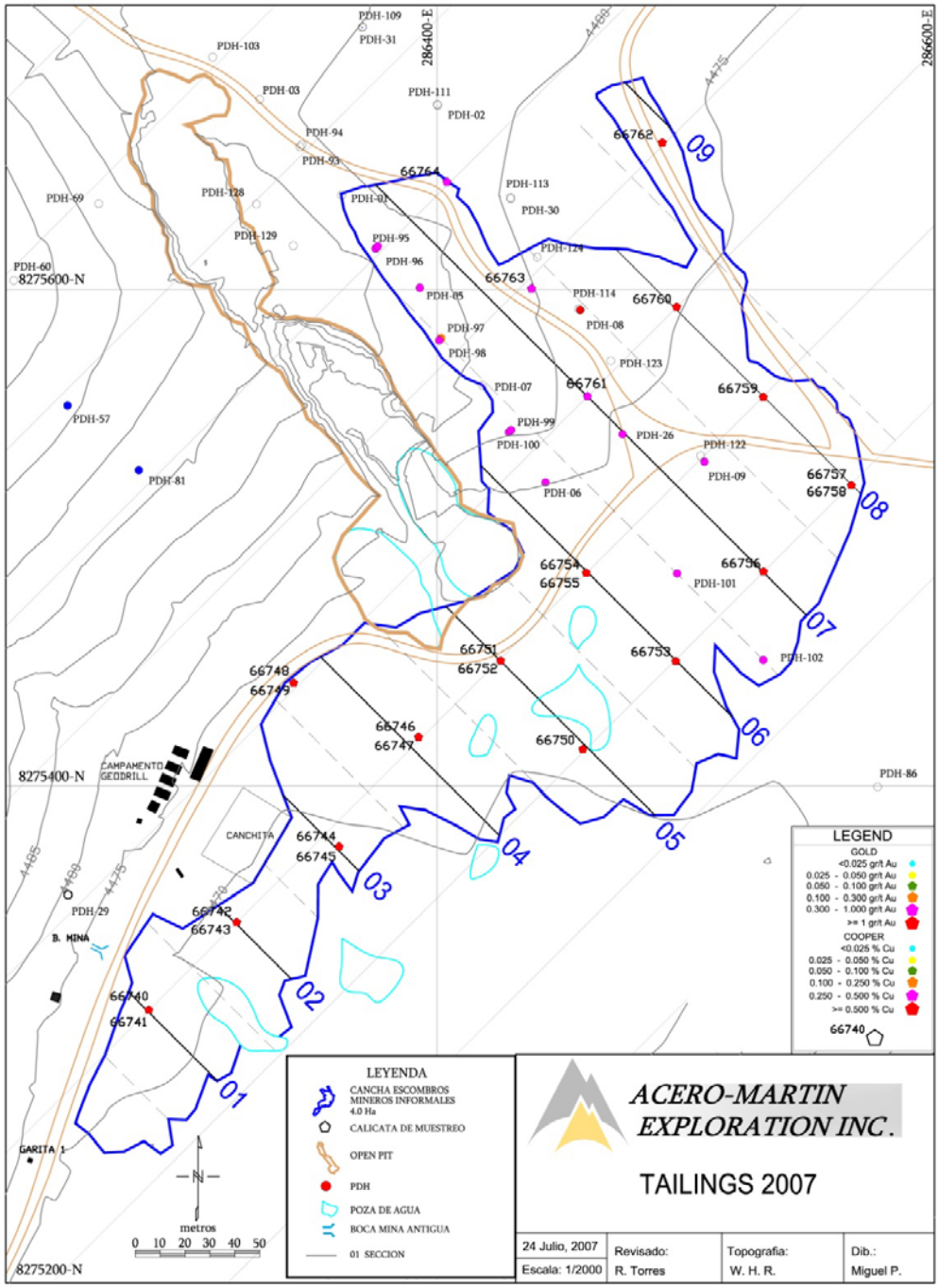
Ross, K., *Petrographic Study of the Pinaya Copper-Gold deposit*, Peru by Panterra Geoservices Inc. (August 23, 2007)

Peer group compairson:

Data set used was taken from - 'Peru operations and mining projects – January 2007' Map (produced annually by Ingemmet – Instituto Geológico Minero y Metalúrgico), www.ingemmet.gob.pe

Metals prices were taken from - www.informine.com and www.northernminer.com

Tailings sampling programme



Source: Acero-Martin

Montaña de Corbe y Oro Zone, Don Pedro 2000 Zone, Minas Jorge, and Los Vientos trenching results

Trench	From (m)	To (m)	Interval (m)	Au (ppb)	Ag (g/t)	Cu (ppm)	Zone
PTR-88-EXT	7.6	12.3	4.7	6419.4	-	314.9	MJZ
	21.1	30.5	9.4	291	-	297.3	
PTR-115	55.9	57.4	1.5	2142	4	605.2	MJZ
PTR-106-EXT	3	73.5	70.5	314.1	0.9	211	MCOZ
PTR-130	34.5	70.5	36	78.9	19.7	500.3	MCOZ
PTR-131	30.6	51.6	21	192.4	32	134	MCOZ
PTR-133	157.2	199.8	42.6	290	3	295	MCOZ
	259.9	266.6	6.7	1352.1	15	84	
PTR-134	11.1	26.4	15.3	250.9	2.9	357.8	MCOZ
	34.3	56	21.7	99.3	4.4	284.8	
	64.5	94.8	30.3	95.1	6.5	91.8	
	94.8	111.3	16.5	4134.7	4.3	102.4	
PTR-135	64.5	109.4	44.9	503.3	0.6	240.3	MCOZ
	125.9	162.3	36.4	200.5	0.8	172.9	
PTR-136	97.3	119.8	22.5	789.2	6.1	250.4	MCOZ
PTR-138	40.2	43.2	3	203	1.1	387.4	MCOZ
	64.1	68.3	4.2	301	0.7	142.8	
PTR-140	67.5	99.5	32	294.4	5.8	222.7	MCOZ
PTR-143	51	62.5	11.5	406.4	1.3	349.3	MCOZ
PTR-148	74.5	120.5	46	333.7	0.6	56.4	MCOZ
PTR-149	25.5	36	10.5	256	17.9	62.8	MCOZ
PTR-112	25.5	60	34.5	717.2	1.1	203	LVZ
PTR-152	28.5	35.2	6.7	2047.3	2.9	152.1	LVZ
	145.8	160.3	14.5	333.5	0.5	19.6	
	178.8	199.6	20.8	446.8	1.4	170.3	
PTR-155	0	56.5	56.5	12.8	2.2	1508.8	PDMZ
PTR-156	1.5	62	60.5	15.9	1.3	2150	PDMZ
PTR-157	0	60.5	60.5	25.5	0.9	1340	PDMZ
PTR-158	0	20.5	20.5	80.8	1.3	170.3	PDMZ

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