GOLDQUEST MINING CORPORATION

MINERAL RESOURCE ESTIMATE FOR LA ESCANDALOSA PROJECT, PROVINCE OF SAN JUAN, DOMINICAN REPUBLIC

NI 43-101 TECHNICAL REPORT

Prepared By

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14th August 2012

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1.0 SUMMARY

1.1 INTRODUCTION

This report was prepared by Jonathan Steedman MAusIMM (CP) and Richard M. Gowans P.Eng of Micon International, at the request of GoldQuest Mining Corp. (GoldQuest) of Canada. The terms of reference were to produce a Technical Report as defined in Canadian Securities Administrators' National Instrument 43-101, (NI 43-101) and in compliance with Form 43-101F1 (Form of the Technical Report) and Companion Policy (NI43-101CP) for the La Escandalosa Project in the Province of San Juan, Dominican Republic. The effective date of the report is 31st July 2011.

1.2 PROPERTY DESCRIPTION AND LOCATION

The La Escandalosa project is located in the Province of San Juan, Dominican Republic on the island of Hispaniola in the Greater Antilles of the Caribbean Sea, and is 165 km west-northwest of Santo Domingo, the capital of the Republic at geographical coordinates 19° 07' 00" north, 71° 17' 30" west.

GoldQuest owns a 100% interest in the La Escandalosa project through its wholly owned Dominican subsidiary, INEX Ingenieria y Exploracion, S.R.L. (INEX), via GoldQuest Mining (BVI) Corp., a British Virgin Islands company. The La Escandalosa exploration concession has an area of 3,997.0 hectares (ha). It was granted to GoldQuest on 9 November, 2010. It was applied for on 14 May, 2010 to replace a previous exploration concession called Las Tres Palmas which was granted on 30 May, 2005 and expired on 30 May, 2010, shortly after the Phase 3 drill program was completed.

Concession taxes are RD$0.20 (twenty Dominican centavos, equal to about US$0.0055 or 0.55 US cents at the current exchange rate of RD$36.50 to US$1.00) per hectare per six-month period, equivalent to US$21.90 per year for La Escandalosa. An Exploitation Concession may be requested at any time during the exploration stage and is granted for 75 years.

Exploitation Properties are subject to annual surface fees and a net smelter return (NSR) royalty of 5%. A 5% net profits interest (NPI) is also payable to the municipality in which mining occurs as an environmental consideration. The 5% NSR is deductible from income tax and is assessed on concentrates, but not smelted or refined products. Income tax payable is a minimum of 1.5% of gross annual proceeds. Value added tax is 12%. The La Escandalosa concession is also subject to a 1.25% net smelter return royalty in favour of Gold Fields Limited (Gold Fields).

GoldQuest discovered gold mineralisation at La Escandalosa in late 2003 as the result of a regional stream sediment exploration program carried out in a joint venture with Gold Fields.

The joint venture with Gold Fields was terminated in November, 2009 and GoldQuest regained 100% ownership of the property, subject to a 1.25% NSR in favour of Gold Fields.

There are historical records of gold mining in the area about 500 years ago, but no record of any significant exploration until the GoldQuest work.

1.3 GEOLOGY AND MINERALISATION

La Escandalosa is located on the south side of Central Cordillera of Hispaniola and is hosted by Cretaceous age Tireo Formation volcanic rocks and limestones, which formed in an island arc environment. The deposit geology is a relatively flat lying sequence of intercalated subaqueous, intermediate to felsic volcanic and volcaniclastic rocks and limestones on the east side of thick rhyolite flows or domes. Mineralisation is stratiform and flat lying and is hosted by a dacite breccia tuff. Mineralisation outcrops in a number of places where eroded by rivers and streams, and continuity under barren cap rock has been demonstrated by drilling. Hydrothermal alteration and gold mineralisation can be traced for about 2,200 m from Hondo Valle south to Escandalosa Sur. The thickness of the altered dacite tuff breccia horizon is up to 64.4 m at Escandalosa Sur (at a 0.1 g/t Au cut-off) and up to more than 180 m (open) at Hondo Valle. The mineralised horizon is capped by limestone or dacite to andesite lavas, and underlain by rhyolite or limestone. The only intrusive rock identified is a single andesite dyke.

Mineralisation is intermediate sulphidation epithermal in style. Mineralisation is associated with quartz-pyrite, quartz-illite-pyrite and illite-chlorite-pyrite alteration. Alteration is strongest in the upper part of the mineralised zone and decreases in intensity downwards. Gold mineralisation is associated with disseminated to semi-massive sulphides, sulphide veinlets and quartz-sulphides. The sulphides comprise pyrite with sphalerite, chalcopyrite, galena and possible tennantite-tetrahedrite. Oxidation is shallow to a depth of 10 m to 15 m.

1.4 DRILLING AND SAMPLING

The main exploration techniques used at La Escandalosa have been soil geochemistry grids, as well as channel and rock chip sampling of outcrop. Diamond drilling has been used to target mineralisation beneath barren cap rock away from outcropping zones. Six programs of diamond drilling have been carried out at La Escandalosa by GoldQuest for a total of 12,952.67 m in 93 holes. The average hole length was 139 m. In the preparation of this report only drilling results from Phase 1, 2, 3 and 4 have been verified. Drilling in phases 5 and 6 was completed after Micon’s site visit in July 2011. In this section the results of drilling completed before and after Micon’s site visit are presented separately.

Core was cut lengthwise and one half sampled for analysis for Au and multi-elements at international, ISO-certified laboratories. Logging, sampling, chain of custody, quality assurance and quality control (QA/QC), sample preparation and analysis were carried out in accordance with best current standard industry practices and are suitable to support resource estimates. The QA/QC data for certified standard reference materials, blanks and core duplicates are within acceptable limits for gold. The author verified all data with the laboratory certificates.

1.5 MINERAL PROCESSING AND METALLURGICAL TESTING

Preliminary bottle roll tests of coarse rejects from drill core gave recoveries of 48.8% to 93.4% gold for sulphide samples, with an outlier of 11.0 %, and an average of 66.8% (71.9 % without the outlier). Two oxide samples gave recoveries of 93.8% and 97.2% gold, with an average of 95.5%. Based on the results, most of the sulphide samples do not exhibit refractory behaviour and indicate that the gold could be mainly free.

1.6 RESOURCES

Micon has estimated mineral resources for the Escandalosa Sur deposit within the La Escandalosa property. The other occurrences within the La Escandalosa property are at an early exploration stage and have insufficient data to conduct resource estimation at this time. The La Escandalosa mineral resource estimate was prepared in compliance with the CIM standards. Surpac mining software was used for mineral resource modelling.

The mineral resource estimate utilised assay data from the phase 1, 2, 3 and 4 drill programmes completed by GoldQuest in 2006 to 2011. Additional drilling on the La Escandalsoa property in phases 5 and 6 has been completed since Micon’s site visit in July 2011 and therefore this information has not been verified for use in the resource estimation.

The mineral resource was geologically modelled with a cut-off grade of 0.3 g/t Au and minimum thickness of 2 m. The resultant model is a flat lying body with a strike length of 600 m north to south, width of 350 m and average thickness of 8 m. The zone is complicated by faulting with a southeast trending fault forming a hinge where the mineralisation to the north of the fault dips at -15º north. There is a less extensive lower zone of mineralisation which is 400 m long and 150 m wide trending northeast to southwest with an average thickness of 4.6 m. The mineralisation is open to the north but limited to the south and east by low grade boreholes and by an incised river valley to the west. The depth of oxidation is shallow so mineralisation is sulphide.

Mineral resources were estimated in accordance with the definitions contained in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves Definitions and Guidelines that were prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on November 27, 2010.

The mineral resources at Escandalosa Sur occur near to surface and would be amenable to conventional open pit mining methods. An economic cut-off grade of 0.6 g/t Au was considered appropriate for reporting the mineral resources. Inferred Mineral Resources are estimated at 3.13 Mt at 3.14 g/t Au and are summarised in Table 1.1.

Table 1.1: Micon Resources for La Escandalosa Estimated by Micon as of 31st July 2011

Inferred					
Zone	Tonnes (t)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
Upper	2,425	3.56	2.57	0.20	0.30
Lower	704	1.69	2.51	0.12	0.06
Total	3,129	3.14	2.56	0.18	0.24
	Contained Metal				
		Au (000’s oz)	Ag (000’s oz)	Cu (tonnes)	Zn (tonnes)
Total		316	257	5,658	7,616

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

2. There has been insufficient exploration to define the inferred resources as an indicated or measured mineral resource. It is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

It is Micon's opinion that there are no known environmental, permitting, legal, title, taxation, socio-economic, marketing or political issues which exist that would adversely affect the mineral resources presented above. However, the mineral resources presented herein are not mineral reserves as they have not been subject to adequate economic studies to demonstrate their economic viability. There are currently no mineral reserves on the La Escandalosa property.

1.7 INTERPRETATION AND CONCLUSIONS

The La Escandalosa property contains stratiform gold mineralisation with copper, silver and zinc of intermediate sulphidation, epithermal style. The source of the mineralising fluids remains unknown and there is exploration potential for the discovery of mineralisation in structural feeder zones or possibly in a porphyry copper-gold type system.

Direct Current Induced Polarization (DCIP) ground geophysical surveys conducted in 2011 have identified a corridor some 3.0 km long extending north to south with anomalies in conductivity and chargeability. This is supported by a ground magnetic study also completed in 2011. Alteration and mineralisation has been traced within this corridor for 2.2 km from Hondo Valle to La Hilguera. Six phases of drilling have been completed since 2006 to indicate the presence of mineralisation in the Escandalosa Sur, Hondo Valle and Romero zones.

Using the data from drilling Phases 1 to 4 in accordance with CIM standards and definitions as required by NI 43-101, Micon has estimated an inferred mineral resource at the Escandalosa Sur zone. The defined mineral resource at Escandalosa Sur has a strike length of about 600 m and occurs near to surface and would therefore be amenable to conventional open pit mining methods. A large proportion of the modelled mineralisation is based upon significant intersections in holes LTP-39, LTP-42 and LTP-61 which are located in an area which has been complicated by faulting.

Further drilling on the La Escandalosa property has been completed in late 2011 and 2012 in Phases 5 and 6. This information was not validated by Micon as it was completed after the site visit in July 2011. The additional drilling at Escandalosa Sur may allow the mineral resources to be estimated with improved confidence and positive results in the Hondo Valle and Romero areas warrant further exploration work.

1.8 RECOMMENDATIONS

The following work is recommended:

1. Metallurgical test work on the Escandalosa Sur resource;
2. Update on resource modelling at Escandalosa Sur to incorporate results from Phase 5 and 6 drilling;
3. Further exploration work on the Hondo Valle and Romero areas to build upon the positive exploration results to date;

4. Environmental baseline study.

The estimated costs are listed in Table 1.2.

Table 1.2: Estimated Cost of Recommended Further Study at La Escandalosa

Item	US$ (000)
Metallurgy	100
Update Resource Modelling	100
Further exploration at Hondo Valle and Romero areas	1,000
Environmental baseline study	100
General & Administration	100
Total	**1,400**

2.0 INTRODUCTION

2.1 TERMS OF REFERENCE AND PURPOSE OF THE TECHNICAL REPORT

Micon International Co Limited (Micon) was retained by GoldQuest Mining Corporation (GoldQuest), to prepare a mineral resource estimate and Technical Report for the La Escandalosa Project in the Province of San Juan, Dominican Republic.

La Escandalosa is 165 km west-northwest of Santo Domingo, the capital of the Republic, and 35 km north of San Juan de la Maguana, the capital of the Province. The geographical coordinates of GoldQuest's Hondo Valle Camp in the La Escandalosa project are 19° 07' 00" north, 71° 17' 30" west, and the Universal Transverse Mercator (UTM) coordinates are 258,730 east, 2,115,543 north (North American Datum 1927 (NAD 27) Conus (Continental USA), Zone 19Q).

GoldQuest owns a 100% interest in the La Escandalosa project through its wholly owned Dominican subsidiary, INEX Ingenieria y Exploracion, S.R.L. (INEX). INEX is owned by GoldQuest Mining (BVI) Corp., a British Virgin Islands company, which is wholly owned by GoldQuest. The La Escandalosa exploration concession has an area of 3,997.0 hectares and was granted on 9 November, 2010.

This Technical Report was prepared on behalf of GoldQuest and provides a comprehensive review of exploration activities on the La Escandalosa licence.

Micon's terms of reference for the Mineral Resource Estimate are as follows:

- Review the drilling data, the geology and mineralisation model, and the QA/QC results;
- Produce a block model based on the drilling and structural data;
- Use the three-dimensional model to generate an initial NI 43-101 compliant resource estimate and a mineral resource classification; and,
- Highlight areas needing further drilling that can assist in delineating potential new resources.

The effective date of the mineral resource estimate is 31st July, 2011. Additional exploration work on the La Escandalsoa property has been completed since Micon's site visit in July 2011 and this exploration work is documented in Sections 9 and 10 of this report. However, this information has not been verified for use in the resource estimation and so the resource estimate has been compiled using exploration work predating the Micon site visit in July, 2011.

The report has been prepared in accordance with the requirements of Form 43-101F1 the required form of an NI 43-101 Technical Report for providing documentation for written disclosures, and is intended to be read in its entirety. The mineral resource estimate was undertaken in accordance with the 'Guidelines for Mineral Resource Estimation', adopted by the Canadian Institute of Mining, Metallurgy, and Petroleum Resources (CIM), and reported in compliance with the Canadian Securities Administrators' NI 43-101 standard.

2.2 QUALIFICATIONS OF THE CONSULTANTS

2.2.1 General

This report has been prepared by Micon from its UK office in Norwich.

Mr. Jonathan Steedman, M.Sc., MAusIMM (CP)., and Mr. Richard Gowans P.Eng of Micon, by reason of education, experience and professional registration, fulfil the requirements of an independent Qualified Person (QP) as defined in NI 43-101, visited the La Escandalosa property from 6th to 8th July 2011. During this visit and in subsequent discussion with GoldQuest, information on the nature of the deposit, the project location and its characteristics was verified. Mr. Steedman has over 10 years of experience in mineral resource exploration and estimation. Mr Gowans has worked as an extractive metallurgist in the minerals industry for over 30 years.

2.2.2 Micon Qualifications

Micon is an independent firm of geologists, mining engineers, metallurgists and environmental consultants, all of who have extensive experience in the mining industry. The firm operates from integrated offices in Norwich, United Kingdom and Toronto and Vancouver, Canada.

Micon offers a broad range of consulting services to clients involved in the mineral industry. The firm maintains a substantial practice in the geological assessment of prospective properties, the independent estimation of resources and reserves, the compilation and review of feasibility studies, the economic evaluation of mineral properties, due diligence reviews, and the monitoring of mineral projects on behalf of financing agencies.

Micon's practice is worldwide and covers all of the precious and base metals, the energy minerals (coal and uranium) and a wide variety of industrial minerals. The firm's clients include major mining companies, most of the major United Kingdom and Canadian banks and investment houses, and a large number of financial institutions in other parts of the world.

The principal consultant responsible for the review of GoldQuest's assets and preparation of the Technical Report, who is listed below, has extensive experience in the mining industry and has appropriate professional qualifications:

Jonathan Steedman., M.Sc., MAusIMM (CP)., Senior Economic Geologist in Micon's UK office;

- Richard M. Gowans., P.Eng., President and Principal Metallurgist in Micon's Toronto office;

Micon is internally owned and is entirely independent of GoldQuest and its subsidiaries. Micon has not had any prior involvement with GoldQuest and its subsidiaries. The personnel responsible for the review and opinions expressed in the Technical Report are Micon full-time employees. For its services in preparing the Technical Report, Micon is receiving payment from GoldQuest based on time and expenses and will not receive any capital stock from GoldQuest or its subsidiaries.

2.3 UNITS OF MEASURE

A list of the abbreviations used in the report is provided in Table 2.1. All currency units are stated in US dollars, unless otherwise specified. Quantities are generally expressed in the metric International System (SI) of units, including metric tonnes (t), kilograms (kg) and grams (g) for weight; kilometres (km) and metres (m) for distance; hectares (ha) for area; grams per metric tonne (g/t) for gold and silver grades, and percent (%) for copper and zinc grades. Metal grades may also be reported in parts per billion (ppb) or parts per million (ppm). Precious metal quantities may also be reported in Troy ounces (ounces, oz).

Table 2.1: List of Abbreviations

Description	Abbreviation
Acme Analytical Laboratories Ltd	Acme
Adobe Acrobat file	PDF
Anno Domini – years after Christ	AD
ALS Chemex Ltd	ALS Chemex
Alternative Investment Market, London Stock Exchange	AIM
Atomic absorption spectrometry	AAS
Years before Christ	BC
British Virgin Islands	BVI
Canadian Institute of Mining, Metallurgy and Petroleum	CIM
Canadian National Instrument 43-101	NI 43-101
Centimetre(s)	cm
Certified standard reference materials	CSRM
Continental USA datum	Conus
Cubic metres per second	m^3/s
Degree(s)	°
Degrees Celsius	°C
Departure point (punto de partida)	PP
Dirección General de Minería (General Mining Directorate)	DGM
Dollar (US)	US$
Dominican peso	RD$
Dominican Republic	DR
Electromagnetic	EM
Epithermal low sulphidation	LS
Epithermal intermediate sulphidation	IS
Epithermal high sulphidation	HS
Exploration & Discovery Latin America (Panama) Inc.	EDLA
Global positioning system	GPS
Gold Fields Limited	Gold Fields
GoldQuest Mining Corp.	GoldQuest
Gram(s)	g
Grams per metric tonne	g/t
Greater than	>
Less than	<
Hectare(s)	ha
Hours	h

Description	Abbreviation
Inductively coupled plasma	ICP
Inductively coupled plasma atomic emission spectrometer	ICP-AES or ICP-ES
Inductively coupled plasma mass spectroscopy	ICP-MS
INEX Ingenieria y Exploracion, S.R.L.	INEX
Instituto Cartográfico Militar (Military Cartographic Institute)	ICM
International Organisation for Standardisation	ISO
Kilogram(s)	kg
Kilometre(s)	km
Letter of Intent	LOI
Megawatts	MW
Metre(s)	m
Millimetres	mm
Microns	µm
Million metric tonnes	Mt
Millions of ounces (Troy)	Moz
Million years	Ma
MinMet plc	MinMet
Minutes	‘
Net Profits Interest	NPI
Net Smelter Return	NSR
North American Datum 1927	NAD 27
Number	n
Ounces (Troy)	oz
Parts per billion	ppb
Parts per million	ppm
Percent (age)	%
Plus or minus	±
Quality Assurance / Quality Control	QA/QC
Quality Control	QC
Reference point (punto de referencia)	PR
Rock quality designation	RQD
Seconds	“
Sociedad Anonima (Public Limited Company)	SA
Sociedad de Responsibilidad Limitada (Limited Liability Company)	SRL
Specific gravity	SG
Standard deviation	SD
Tonne (metric)	t
Tonnes per day	tpd
Toronto Stock Exchange	TSX
TSX Venture Exchange	TSXV
Universal Transverse Mercator	UTM
Visual points	V
X-ray fluorescence	XRF

3.0 RELIANCE ON OTHER EXPERTS

In the preparation of this report, the author has relied upon public and private information provided by GoldQuest regarding the project. It is assumed and believed that the information provided and relied upon for preparation of this report is accurate and that interpretations and opinions expressed in them are reasonable. The author has relied on Mr. Julio Espaillat (CEO, Director) and Mr. Felix Mercedes (General Manager) of GoldQuest to provide necessary information during the geology review, mineral resource estimation work and preparation of this report.

This Technical Report is not intended to be a guarantee of mineral title, nor is it intended to be a thorough description of past, existing, or future option, sale, or title agreements, nor is it intended to include a thorough description of possible liabilities, environmental or otherwise, of assessment, access, land claims, and exploration requirements and programmes completed, planned, or contemplated. Micon offers no opinion as to the validity of the mineral title claimed.

The authors were not involved in any of the exploration work on the La Escandalosa property; therefore, this report has made extensive reference to the work and reports undertaken by other qualified geologists and field personnel. Their work has been referenced whenever possible.

This report and the mineral resource estimate contained herein are based upon exploration information and drilling and assay data collected, compiled, validated, and documented by GoldQuest. The authors consider the current drilling database of adequate quality for the current mineral resource study.

The sources of information are listed in Section 22.0 of this report. Information obtained from discussions with other persons is acknowledged where it appears in the report. Information not specifically attributed to another source is based upon the principal author’s own observations or general knowledge acquired during his property visit and professional experience.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 PROPERTY LOCATION

The La Escandalosa project is located in the Province of San Juan, Dominican Republic, on the island of Hispaniola in the Greater Antilles of the Caribbean Sea. La Escandalosa is 165 km west northwest of Santo Domingo, the capital of the Republic, and 35 km north of San Juan de la Maguana, the capital of the Province (Figure 4.1). The geographical coordinates of GoldQuest's Hondo Valle Camp in the La Escandalosa project are 19° 07' 00" north, 71° 17' 30" west, and the Universal Transverse Mercator (UTM) coordinates are 258,730 east, 2,115,543 north (North American Datum 1927 (NAD 27) Conus (Continental USA), Zone 19Q).

Figure 4.1: Location Map of La Escandalosa Project, Dominican Republic

(Map supplied by GoldQuest)

4.2 PROPERTY DESCRIPTION

4.2.1 Property Status

GoldQuest owns a 100% interest in the La Escandalosa project through its wholly owned Dominican subsidiary, INEX Ingenieria y Exploracion, S.R.L. (INEX) INEX is owned by GoldQuest Mining (BVI) Corp., a British Virgin Islands company, which is wholly owned by GoldQuest. The La Escandalosa exploration concession has an area of 3,997.0 hectares and is listed in Table 4.1 and is shown on a map in Figure 4.2. It was granted on 9 November, 2010. The concession was applied for on 14 May, 2010 to replace a previous exploration concession called Las Tres Palmas which expired on 30 May, 2010, shortly after the Phase 3 drill program was completed. Under the Dominican mining law it is permitted to re-apply for an exploration concession between 30 and 1 day(s) before the expiry of an existing concession.

The concession is part of the San Juan claim block owned by GoldQuest comprising seven exploration concessions or applications: Los Comios, Los Chicharrones (originally called La Guama), La Bestia, El Crucero, La Escandalosa (originally called Las Tres Palmas), Loma El Cachimbo (formerly called Loma Viejo Pedro), Tocon de Pino and Jengibre (Figure 4.3).

Concession taxes are RD$0.20 (twenty Dominican centavos equal to about US$0.0055 or 0.55 US cents at the current exchange rate of RD$36.50 to US$1.00) per hectare per six-month period, equivalent to about US$21.90 per year for La Escandalosa. An Exploitation Concession may be requested at any time during the exploration stage and is granted for 75 years.

Exploitation Properties are subject to annual surface fees and a net smelter return royalty of 5%. A 5% net profits interest is also payable to the municipality in which mining occurs as an environmental consideration. The 5% NSR is deductible from income tax and is assessed on concentrates, but not smelted or refined products. Income tax payable is a minimum of 1.5% of gross annual proceeds. Value added tax is 12%.

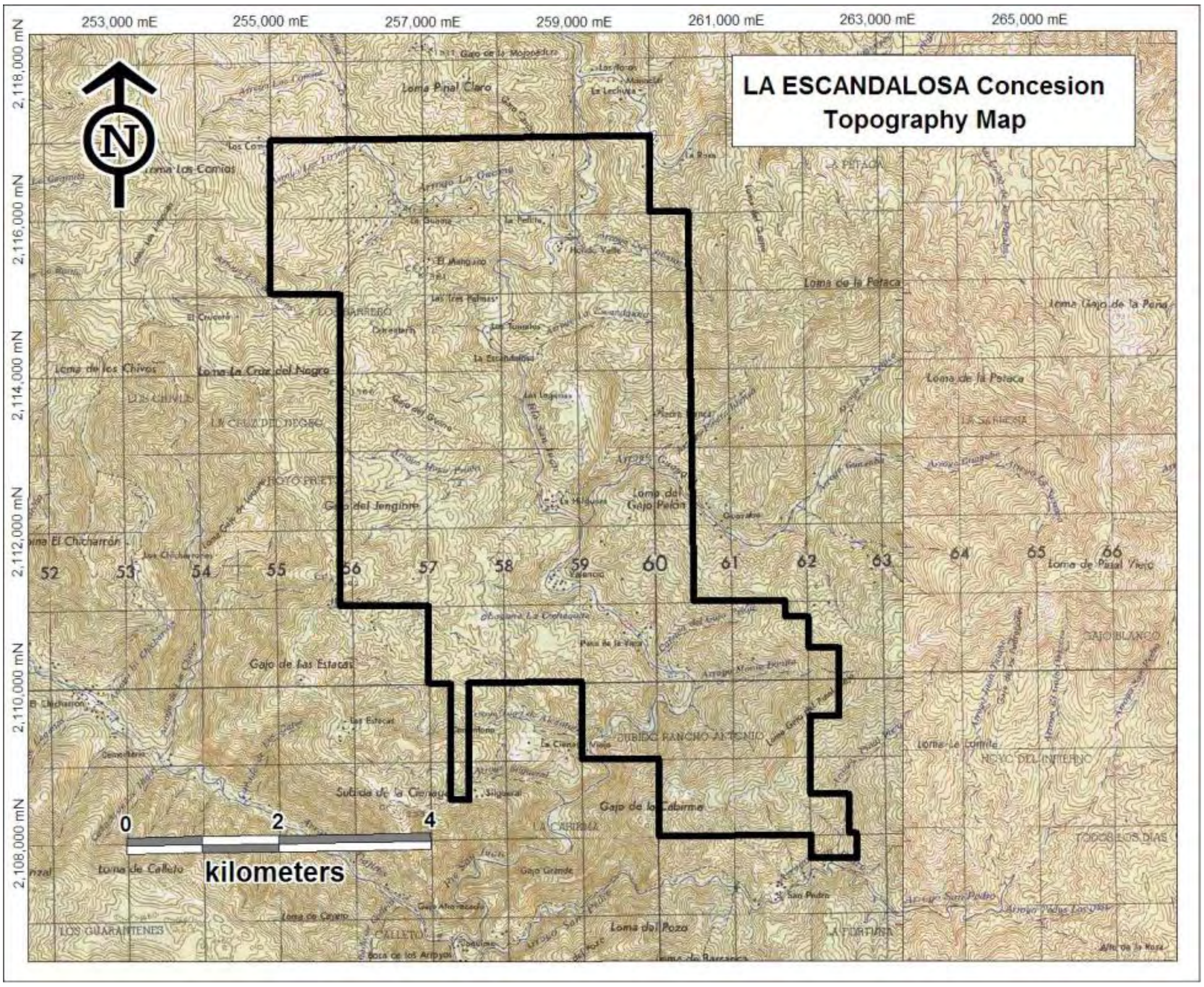
The concession is also subject to a 1.25% net smelter return (NSR) royalty in favour of Gold Fields Limited.

Table 4.1: Description of La Escandalosa Exploration Concession

Name	Area (hectares)	Application Date	Title Date	Mining Registry Date	Resolution Number	Expiry Date
La Escandalosa	3,997	14 May 2010	9 November 2010	12 November 2010	IV-10	9 November 2015

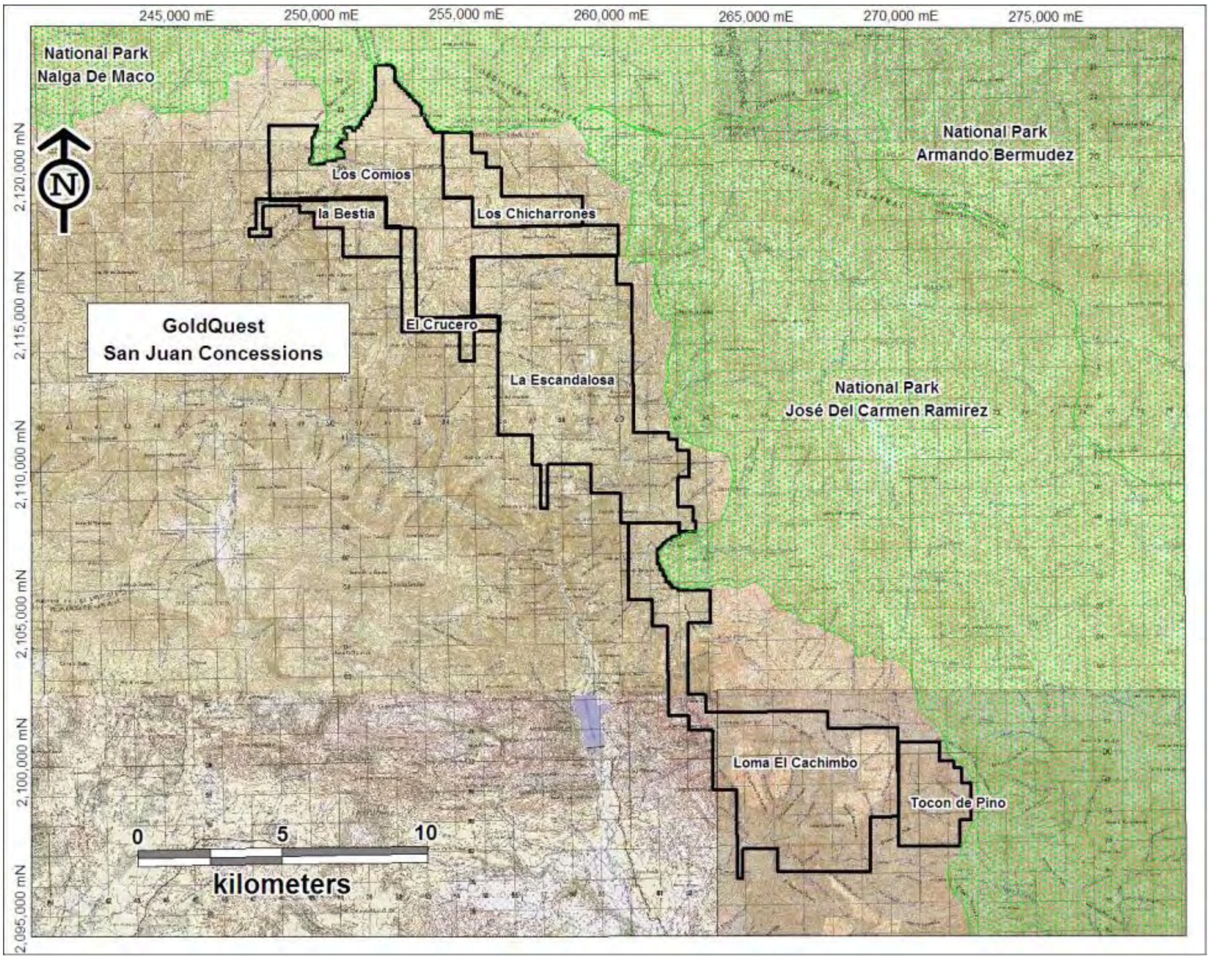
Table supplied by GoldQuest

Figure 4.2: The Location of the La Escandalosa Exploration Concession (1:50,000 topographic map, 1 km grid squares)



(Map supplied by GoldQuest, grid is UTM NAD27 Conus)

Figure 4.3: Location of the San Juan Group of Concessions, Including La Escandalosa, and National Parks (1:50,000 Topographic Map (1 km grid squares)



(Map supplied by GoldQuest, grid is UTM NAD27 Conus)

4.2.2 Property Legal History

GoldQuest's subsidiary company Exploration and Discovery Latin America (Panama) Inc. (EDLA), a private company registered in Panama, started exploring for gold in the Dominican Republic in 2001, through its subsidiary INEX. Later in 2001, EDLA became owned by MinMet plc (MinMet), a company registered in Dublin, Ireland and whose shares were traded on the Irish Venture Exchange and later also on the Alternative Investment Market (AIM) of the London Stock Exchange. In 2004, MinMet spun off EDLA and its Dominican Republic assets into Wellington Cove Explorations Ltd., a company registered in Canada, by means of a reverse takeover with name change to GoldQuest Mining Corp., followed by an application to list the shares for trading on the TSX Venture Exchange (TSXV) of the Toronto Stock Exchange (TSX), Toronto, Canada.

EDLA formed a joint venture with Gold Fields on 1 June, 2003 to carry out a regional exploration program for gold in the Tireo Formation of the Central Cordillera of the Dominican Republic, with EDLA as the initial operator. This program led to the discovery of mineralisation at La Escandalosa in late 2003.

The Las Tres Palmas exploration concession of 5,205.0 hectares was staked by INEX on 13 December, 2003 and a formal application was made on 18 May, 2004. Title was granted on 30 May, 2005 and was valid for 3 years until 30 May, 2008, with two extensions of one year each being granted which extended the title up to 30 May, 2010. The concession was originally held in the name of Minera Duarte S.A., a Dominican corporation which was also owned by GoldQuest, and it was transferred to INEX in November, 2006 as part of an internal corporate reorganisation.

On 31 January, 2006 GoldQuest entered into a Joint-Venture Letter of Intent (LOI) with Gold Fields to explore certain properties in the Dominican Republic, including Las Tres Palmas, Los Comios, Loma Viejo Pedro and Jengibre. The LOI superseded all prior agreements with Gold Fields. The terms of the LOI were formalised in a Mining Venture Agreement which was signed in March, 2007 with an effective date of 31 January, 2006.

Under the terms of the agreement, Gold Fields had the right to earn a 60% interest in the selected projects held by GoldQuest in the Dominican Republic by expending US$5 million over three years. Gold Fields assumed direct project management on 31 May, 2007.

Subsequent to vesting its 60%, Gold Fields had the right to choose up to four projects whereby it could earn an additional 15% by expending a further US$5 million on each of the projects. GoldQuest had the right to maintain a 40% interest in one of the designated projects of its choice by fully funding its share of expenditures up to bankable feasibility study. At GoldQuest's election upon completion of the additional 15% earn-in, Gold Fields would arrange funding of GoldQuest's proportionate share of subsequent development and construction expenditures. In return, Gold Fields would be granted an additional 5% interest in the specific project (to 80%) and the funding would be deemed a loan, payable out of 90% of GoldQuest's profits from production. In the case of GoldQuest contributing on one project to bankable feasibility study, Gold Fields could earn an extra 5% (i.e. to 65%) by arranging funding of GoldQuest's proportionate share of the subsequent bankable feasibility study. Development and construction expenditures and the funding would be deemed a loan, payable out of 90% of GoldQuest's profits from production.

On 26 November, 2008, Gold Fields advised GoldQuest that it had completed its US$5 million expenditure requirement and had earned a 60% interest in the properties. Gold Fields also informed GoldQuest that it had chosen not to proceed with any further exploration in the Dominican Republic.

On 5 August, 2009, GoldQuest entered into a purchase agreement with Gold Fields Dominican Republic BVI Limited to purchase Gold Fields’ 60% interest of the Dominican Joint Venture and thereby regain 100% ownership of the properties. The purchase price was the issue of 8.6 million shares in GoldQuest from treasury, representing approximately 12.3% of the issued and outstanding common share capital of GoldQuest at that date, and the grant of a 1.25% NSR royalty on the properties. The transaction was closed on 18 November, 2009.

In 2009 GoldQuest reorganised its subsidiaries through a new British Virgin Islands (BVI) company, GoldQuest Mining (BVI) Corp. (GQC-BVI), which became the owner of INEX. The Panamanian subsidiaries EDLA and GoldQuest (Panama) Inc. were subsequently wound up. In 2010 INEX changed from a Public Limited Company (Sociedad Anónima or S.A.), INEX, Ingeniería y Exploración, S.A., to a Limited Liability Company (Sociedad de Responsibilidad Limitada or S.R.L.), INEX, Ingeniería y Exploración, S.R.L.

The Las Tres Palmas concession expired on 30 May, 2010, shortly after the Phase 3 drill program was completed. INEX applied for the La Escandalosa exploration concession to replace Las Tres Palmas on 14 May, 2010. It was granted on 9 November, 2010.

4.3 DOMINICAN REPUBLIC MINING LAW

Mining in the Dominican Republic is governed by the General Mining Law No. 146 of 4 June, 1971, and Regulation No. 207-98 of 3 June, 1998. The mining authority is the General Mining Directorate (Dirección General de Minería - DGM) which is part of the Ministry of Industry and Commerce (formerly called the Secretary of State of Industry and Commerce until 2010).

The properties are simply known and recorded in their respective property name under a Licence of Metallic Exploration Concession. Title is valid for three years. Two separate one-year extensions are allowed. After five years the concessions may be reapplied for giving the concessions a further three to five years. Concession taxes are 20 Dominican centavos (RD$ 0.20) per hectare per six-month period for concessions between 1,000 and 5,000 hectares in size, equivalent to about US$0.0055 per hectare per year (at the current exchange rate of RD$36.50 to US$1.00). The taxes are paid every six months during the first weeks of January and June. Due to the small amounts involved, the full yearly amount is paid at the start of the year. A report has to be submitted to the DGM every six months summarising the work completed during the previous six months, work plans and budget for the next six months, and any geochemical data. There is no specified level of work commitment per concession.

The concessions have not been surveyed, however, the claim owner, INEX, has erected a reference monument centrally within the property as required in the claim staking process and this is surveyed by the DGM. A detailed description of the staking procedure follows:

- The claim system revolves around one principal survey Departure Point (Punto de Partida or PP), as opposed to staking all corner points with a physical stake as would be done in Canada;
- Three types of survey points need to be calculated, a Departure Point (PP), a Reference Point (Punto de Referencia or PR) and three visually recognisable Visual Points (Visuales, V1, V2 and V3);
- The PP point is a visual point from which the proposed claim boundary point can be clearly seen by line of sight. The PP point is usually a topographic high with a distance to the proposed claim boundary greater than 100 m;
- From the PP point a second point, the PR is selected. The PR point is usually another topographic high or a distinctive topographic feature such as river confluence or a road / trail junction. The bearing and distance between the PP and PR points are calculated and tabulated;
- From the PR point three separate visually identifiable points V1, V2 and V3 are selected, usually distinctive topographic feature such as confluences of rivers or road /

trail junctions. The bearing and distances between the PR point and three visual points V1 , V2 and V3 are calculated and tabulated;

- From the PP point the distance to the proposed claim boundary a north-south or east-west line of not less than 100 m is calculated. The corner points of the claim are calculated from the point at which this line intersects the claim boundary. The corner points (Puntos de conneccion) are defined by north-south or east-west lines from the point at which the line intersects the boundary and then from each other until the boundary is completed. There is no limit to the number of points that can be used and no minimum size of claim; and,
- A government surveyor is sent out to review all survey points in the field after legal and fiscal verification of the claim application by the mines department.

The Exploration Concession grants its holder the right to carry out activities above or below the earth's surface in order to define the areas containing mineral deposits by using any technical and scientific methods. For such purposes the holder may construct buildings, install machinery, communication lines and any other equipment that his research requires. No additional permitting is required until the drilling stage, which requires an environmental permit.

An Exploitation Concession may be requested at any time during the exploration stage, and grants the right to prepare and extract all mineral substances found in the area, allowing the beneficiary to exploit, smelt and use for any business purpose the extracted materials. This type of concession is granted for a period of 75 years.

Exploitation properties in the Dominican Republic are subject to annual surface fees and a net smelter return of 5%. A 5% net profits interest is also payable to the municipality in which mining occurs as an environmental consideration. The value added tax is 12%. The NSR is deductible from income tax and is assessed on concentrates, but not smelted or refined product. Income Tax payable is a minimum of 1.5% of annual gross proceeds (Pellerano and Herrera, 2001).

4.4 ENVIRONMENTAL REGULATIONS AND LIABILITIES

The environment is governed by the General Law of the Environment and Natural Resources No. 64-00 of 18 August, 2000. The environmental authority is the Vice-Minister of Environmental Affairs of the Ministry of the Environment and Natural Resources (formerly called the Subsecretary of Environmental Affairs of the Secretary of State of the Environment and Natural Resources until 2010).

An environmental permit is required for trenching and drilling. The main steps in the procedure to obtain this are as follows:

1. Complete the Prior Analysis Form with the project data including name of the project, name of the company, location on a 1:50,000 scale map, and name of the legal representative;

2. Description of the planned work including type of equipment to be used, size of the drill platforms, amount of water that will be required, environmental management plans for fuel, oil and grease, and recirculation of water;
3. Authorisation of the land owners with copy of property title;
4. Pay a tax of RD$5,000.00 (about US$137);
5. Copy of the Resolution of the Exploration Concession title; and,
6. UTM coordinates of the vertices of the Exploration Concession.

INEX obtained the required permits for the different phases of trenching and drilling at La Escandalosa.

Water Management Consultants Ltda., of Santiago, Chile carried out a hydrological and hydrochemical baseline survey at La Escandalosa in 2006 (Water Management Consultants, 2006).

INEX carried out trenching by hand-digging. The trenches were back filled and re-vegetated. The company used man-portable drill rigs for all three drilling phases. No access roads were made. The rigs were moved using existing roads, and then by hand on footpaths to the drill sites. Drill platforms were cut by hand where necessary, and were back filled and re-vegetated after drilling was finished. Sumps were dug by hand to allow settling of rock cuttings and drill mud from returned drill water, and were subsequently filled in and re-vegetated.

There are no known archaeological sites in the area. An archaeological survey has not been carried out.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 ACCESSIBILITY

The La Escandalosa project is located in the Province of San Juan, Dominican Republic and is 165 km west northwest of Santo Domingo, the capital of the Republic, and 35 km north of San Juan de la Maguana, the capital of the Province and nearest large town (urban population 145,885 in 2008) see Figure 4.1. The geographical coordinates of GoldQuest's Hondo Valle Camp in the La Escandalosa project are 19° 07' 00" north, 71° 17' 30" west, and the Universal Transverse Mercator coordinates are 258,730 east, 2,115,543 north (datum NAD 27 Conus, Zone 19Q).

The total distance by road from Santo Domingo to Hondo Valle is 240 km and takes 5 to 6 hours by four wheel drive vehicle. The route is summarised in Table 5.1 and is described in the following paragraphs.

Flying time to the project by helicopter from Santo Domingo is 1 hour and helicopters can land at Hondo Valle and other points in the project.

Figure 5.1: Hondo Valle Camp and Village looking North

Table 5.1: Summary of the Road Access to the La Escandalosa Project

From	To	Road	Distance (km)	Time (hours)
Santo Domingo	SanCristobal	Route 6, dual carriageway, paved	28	0 h 30 m
San Cristobal	Cruce de Azua	Route 2 Sánchez Highway, dual and 2 lane, paved	99	1 h 10 m
Cruce de Azua	San Juan	2 lane paved	64	0 h 45 m
San Juan	Sabaneta	Minor, paved	20	0 h 30 m
Sabaneta	Boca de los Arroyos	Minor, unpaved	12.7	0 h 30 m
Boca de los Arroyos	Hondo Valle	Track, unpaved	16.3	1 h 35 m
Total			**240**	**5 h 0 m**

Access from Santo Domingo is by dual carriageway to San Cristobal (Route 6, 28 km, 30 minutes), then the two-lane highway (Route 2 or the Sánchez Highway) via Baní (32 km, 30 minutes; being upgraded to dual carriageway), Azua de Compostela (52 km, 40 minutes) and the Cruce de Azua (Azua Turning - 15 km, 10 minutes), and from there to San Juan de la Maguana (64 km, 45 minutes). From here a minor paved road goes north through the villages of Juan de Herrera, La Maguana and Hato Nuevo to Sabaneta (20 km, 30 minutes) at the Sabaneta Dam; then an unsurfaced road in poor condition is taken along the west side of the reservoir through the communities of Ingeñito and La Lima to Boca de los Arroyos (12.7 km, 30 minutes), which is the end of the road for trucks.

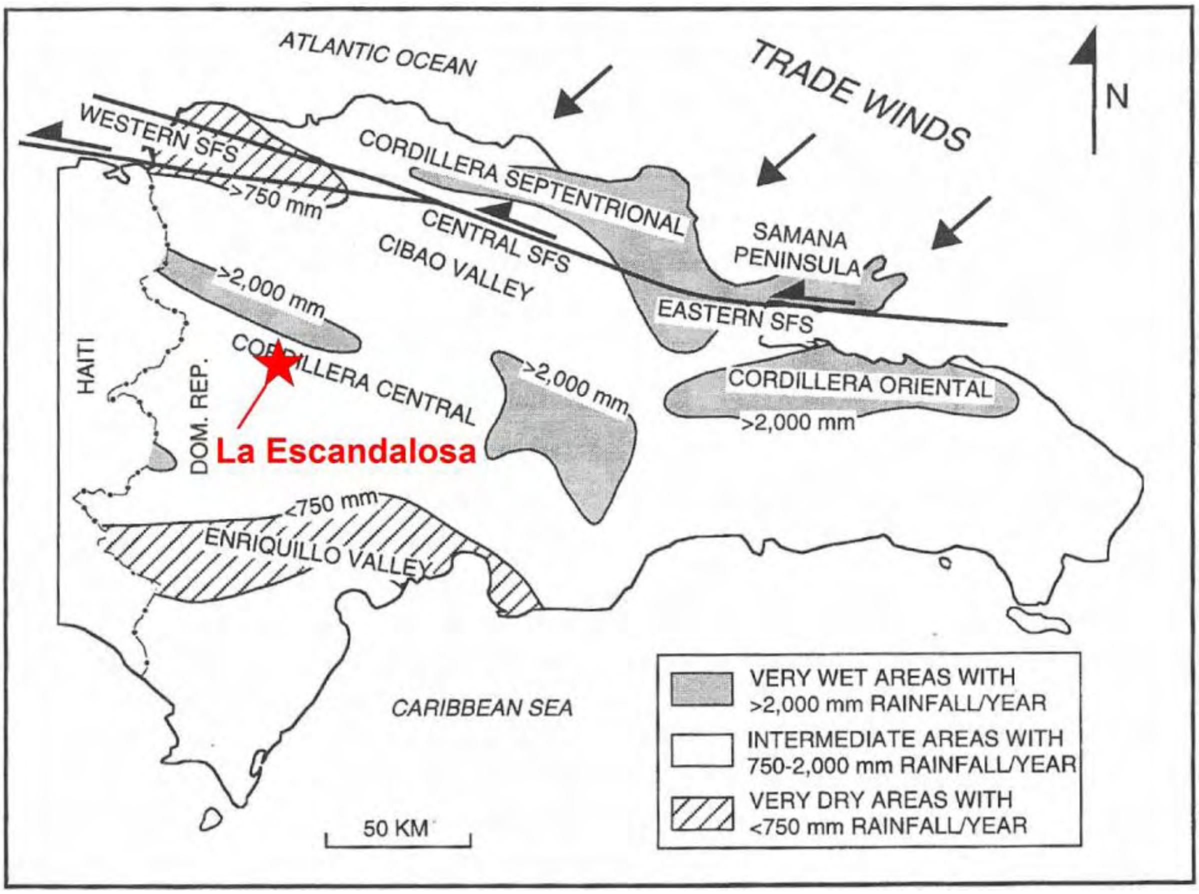
From Boca de los Arroyos an unsurfaced road in very poor condition goes north to Hondo Valle (16.3 km, 1 hour 35 minutes) and is only passable by four wheel drive vehicles when dry. This has very steep grades and climbs over 1,000 m up to 1,712 m altitude on the ridge of Subida de la Cienaga, including a 663 m climb in a 2.0 km distance (average 1 in 3 grade). The road then proceeds along the ridges of Gajo de las Estacas (1,606 m altitude), Hoyo Prieto (1,562 m altitude), Gajo del Jenjibre and Loma La Cruz del Negro (1,712 m altitude). The ridges are in saprolite and the ridge-top road becomes very slippery and impassable when it rains. The road from Boca de los Arroyos to Hondo Valle was built in 2000 and was reopened by GoldQuest in 2004, and requires continual maintenance to keep open. A branch from this road was recently completed from the Subida de la Cienaga at 2.9 km to La Hilguera village, but this still has the very steep initial climb. There are no other roads in the concession area and access is by foot or mule.

5.2 CLIMATE

The climate at La Escandalosa is temperate to hot at lower elevations (below 1,000 m). North-east trade winds from the Atlantic Ocean bring moisture to the island with the highest rainfall on the northeast side of the Central Cordillera and a rain shadow in the San Juan valley (Figure 5.2). The nearest climatic data available are for San Juan, 25 km to the south at a lower altitude of 400 m. The average annual rainfall here is 961 mm with 91.5 days of rain per year mostly between May and October, and an average temperature of 24.9°C. There is a dry season from December to March and a rainy season from April to November (García and Harms, 1988). The climate at Hondo Valle is wetter and cooler. Precipitation increases from south to north in the Central Cordillera from 970 to 1,800 mm per year, with a corresponding temperature decrease from 24°C to 18°C related to increasing altitude (Bernárdez and Soler, 2004).

The country is prone to hurricanes with September being the peak month. The worst hurricanes in recent years were Hurricane Georges in 1998 (Category 3 on the Saffir-Simpson Hurricane Wind Scale of 1 to 5, with 5 being the most intense), and Hurricane David in 1979 (Category 5).

Figure 5.2: Annual Rainfall in the Dominican Republic



(La Escandalosa is located on the southern side of the Central Cordillera**;** Mann et al., 1998, Fig. 3.)

The life zone is neotropical montane forest zoned by altitude with subtropical wet forest below 800 m, lower montane wet forest at 800 m to 2,100 m in the project area, and upper montane wet forest above this. The lower montane forest is a broadleaf forest and pine forest, the latter dominated by the native Hispaniolan pine (Pinus occidentalis, also called Haitian or criollo pine). These occur in pure stands in the upper montane forest. Much of the forest in the region area has been cut and burned for agriculture, but remnants exist on some ridges and peaks. The forest is preserved intact in the José del Carmen Ramírez National Park (764 km^2), created in 1958, which borders the east side of the La Escandalosa concession, and the Armando Bermúdez National Park (766 km^2), created in 1956, on the north side of the San Juan claim block (Figure 5.3).

The steep valley sides in the project area are cultivated with regular burning to clear old crops, while the upper land is now mostly open grassland. Agriculture in the valley is black beans (habichuela) and pigeon peas (guandulies), which are important cash crops and give three harvests a year. Maize, yuca, plantain, bananas, and coffee are also grown. Cattle, goats and pigs are raised, oxen are used for ploughing and wild pigs are hunted.

Land ownership is in large tracts of both private and government land, few of which have well defined boundaries or legal title. GoldQuest has made a map of land owners in the main areas of interest of the project for the purposes of negotiating access agreements.

Figure 5.3: View of Escandalosa Sur Looking Southwest

(The drill rig is on hole LTP-24 (blue spot on right). The mineral resource lies under the plateau at Las Lagunas. The canyon of the River San Juan lies beyond the plateau.)

5.3 LOCAL RESOURCES AND INFRASTRUCTURE

The nearest large town to the project is San Juan de la Maguana, 25 km to the south. There are three villages within the concession area at Hondo Valle (population about 80), La Hilguera (population about 200) and La Cienaga Vieja (population about 100), although their population varies seasonally. Hondo Valle was built by relief aid following Hurricane Georges in 1998 for displaced people and previously had only a few houses. There are no longer any villages upriver of Hondo Valle. All local transport is by mule and horse. There are primary schools in the villages, but no health centres, electricity supply, phone or other basic services. The population is Dominican of mixed Taino Indian, African and Spanish-European descent, with seasonally migrant Haitian labour of African origin.

GoldQuest built a small field camp at Hondo Valle (1,086 m altitude) in November, 2006, comprising wooden huts with cement floors and lower walls, core shack, secure core storage and a gasoline generator. Previously the company rented small houses in the village. Communication is by hand-held satellite phone. A cell phone signal can be obtained on the high parts of the access road and on some high ridges.

The San Juan River is dammed 15 km south of Hondo Valle at Sabaneta to form the Sabaneta Reservoir (Presa de Sabaneta), built in 1975 to 1981, at 584 m altitude at the edge of the Central Cordillera. This has 6.3 megawatts (MW) of hydroelectricity generation capacity, and also provides irrigation for the San Juan valley. The average annual rainfall at the Sabaneta Reservoir is 1,086 mm. The average flow is 8.13 cubic metres per second (m^3/s), and varies from 4.0 m^3/s in March to 16.82 m^3/s in September (ACQ & Asociados, 2006).

5.4 PHYSIOGRAPHY

The La Escandalosa project is located in the Central Cordillera which is up to 3,087 m altitude on Pico Duarte, 32 km east of the project, the highest mountain in the Caribbean. The concession lies on the west side of Loma de la Petaca mountain (altitude 1,972 m) and is traversed by the San Juan river, which flows south into the San Juan valley. Altitudes in the concession vary from 700 m to 1,789 m.

The La Escandalosa project is located in the valley of the south-flowing San Juan river. The relief within the project is over 1,000 m with steep slopes. There are three geomorphological zones:

1. Ridges: defined by remnant ridge crests with red clay laterite tops on the east and west sides of the valley at between 1,300 m to over 1,712 m altitude, and interpreted to be a remnant plateau. The road from Boca de los Arroyos to Hondo Valle runs along the ridge top on the west side of the valley.
2. Valleys: defined by a wide valley with a plateau on the east side at an altitude of 1,100 to 1,200 m at Los Tomates, and 1,120 m to 1,150 m at Las Lagunas, south of La Escandalosa.
3. Canyons: the actual course of the San Juan river is a series of alternating canyons and broad meanders. The river drops from 1,080 m to 900 m altitude with a gradient of 180 m over 3,200 m (5.6%) from Hondo Valle to La Hilguera. The canyons are 100 m to 160 m deep and are often inaccessible. The meandering course is unusual for mountainous terrain. Large meanders with broad terraces or old river channels have formed on outcrops of soft limestone and hydrothermal alteration, and the canyons in harder volcanic rocks, especially rhyolites.

6.0 HISTORY

6.1 HISTORICAL MINING

Hispaniola was first occupied by Taino Indians and divided into five chiefdoms (cacicazgos) ruled by chiefs (caciques), including that of Maguana in the central part. The Indians were of the Arauca group which migrated from north-eastern Venezuela through the Lesser Antilles and into the Greater Antilles staring from about 4,000 BC. The Taino Indians arrived in Hispaniola in about 800 AD (Lara and Aybar, 2002). The Taino collected alluvial gold by picking nuggets from the streams, rather than mining or panning it, and had no knowledge of refining or smelting. They created gold artifacts by hammering, few of which have survived.

Alluvial gold is still washed occasionally by locals in Arroyo La Guama, above Hondo Valle, but it is a very limited artisanal activity.

The discovery of Hispaniola by Columbus in 1492 was followed by a Spanish gold rush between 1493 and 1519. San Juan de la Maguana, founded in about 1506, was an important gold mining area (Guitar, 1998). Place names near the south end of the La Escandalosa concession are toponymic evidence of early gold mining, such as Arroyo del Oro (Gold Stream), Loma Los Mineros (Miner's Ridge), La Fortuna (The Fortune) and Loma del Pozo (Mine Shaft Ridge). There is no physical evidence of any historical mining in these areas now. The Spanish mines were of three types: alluvial in rivers, alluvial in dry paleochannels, and underground or pit mines (Guitar, 1998).

San Juan de la Maguana was founded in about 1506 by Captain Diego Velázquez during the second wave of colonisation of the island which spread westwards from Santo Domingo in the period 1502 to 1509, following the first wave of colonisation from the northwest coast to Santo Domingo (Lara and Aybar, 2002; Moya Pons, 2002). The town was named for Saint John and the Taino chiefdom of Maguana. San Juan was an important early Spanish gold mining area and included important mine owners such as Christopher Columbus' son, Hernando Colón. Indian labour was organised from 1503 under the native encomienda allocation scheme of tribute labour (Guitar, 1999). In 1514 there was a redistribution of Taino labour, and 45 Spaniards at San Juan de la Maguana received a total of 2,067 Indians. African slaves were introduced from 1505 as supervisors and technicians, rather than labourers, bringing their experience of mining, smelting, refining and gold smithing from west Africa (Guitar, 1998). In 1519 all gold mining on the island ended with the exhaustion of the deposits and the near extinction of the Indian labour. That same year San Juan de la Maguana was the scene of the first indigenous revolt in the Americas.

Following the demise of gold mining, San Juan became a centre for sugar cane and cattle production, but was abandoned in 1605 to 1606 during the "Devastations" when the Spaniards withdrew from all of the western and northern parts of the island due to their inability to hold them against attacks by maroons (escaped slaves and Indians) and pirates. The area was later occupied by the French, leading to the present day division of the island of Hispaniola into the Republic of Haiti, founded in 1804, and the Dominican Republic, which became independent in 1844. San Juan de la Maguana was refounded in 1733 in the frontier area and was largely populated with settlers from the Canary Islands.

6.2 EXPLORATION IN THE 1960'S AND 1970'S

Mitsubishi Metals Co. Ltd. of Japan carried out regional exploration of the whole Central Cordillera for copper from 1965 to 1971, although there is no record or evidence of any work in the La Escandalosa area (Watanabe, 1972; Watanabe et al., 1974).

A claim post exists at Hondo Valle marked "Marinos XIV" and dated 16 May 1973. No information has been found about this.

6.3 SYSMIN REGIONAL SURVEYS IN THE 2000'S

The La Escandalosa area is covered by the 1:50,000 geological map sheets and memoirs for Arroyo Limon (No. 5973-III; Bernardez and Soler, 2004) and Lamedero (Sheet No. 5973-II; Joubert, 2004), mapped by the European Union funded SYSMIN Program in 2002 to 2004. SYSMIN also carried out a stream sediment sampling program and aeromagnetic and radiometric surveys of the Central Cordillera.

6.4 EXPLORATION BY GOLDQUEST

EDLA formed a joint venture with Gold Fields on 1 June, 2003 to carry out a regional exploration program for gold in the Tireo Formation of the Central Cordillera of the Dominican Republic, with EDLA as the initial operator. A regional stream sediment exploration program was carried out between June, 2003 and April, 2004. This program and the preliminary results are described in a paper by Redwood et al. (2006). GoldQuest became the owner of EDLA in April, 2004.

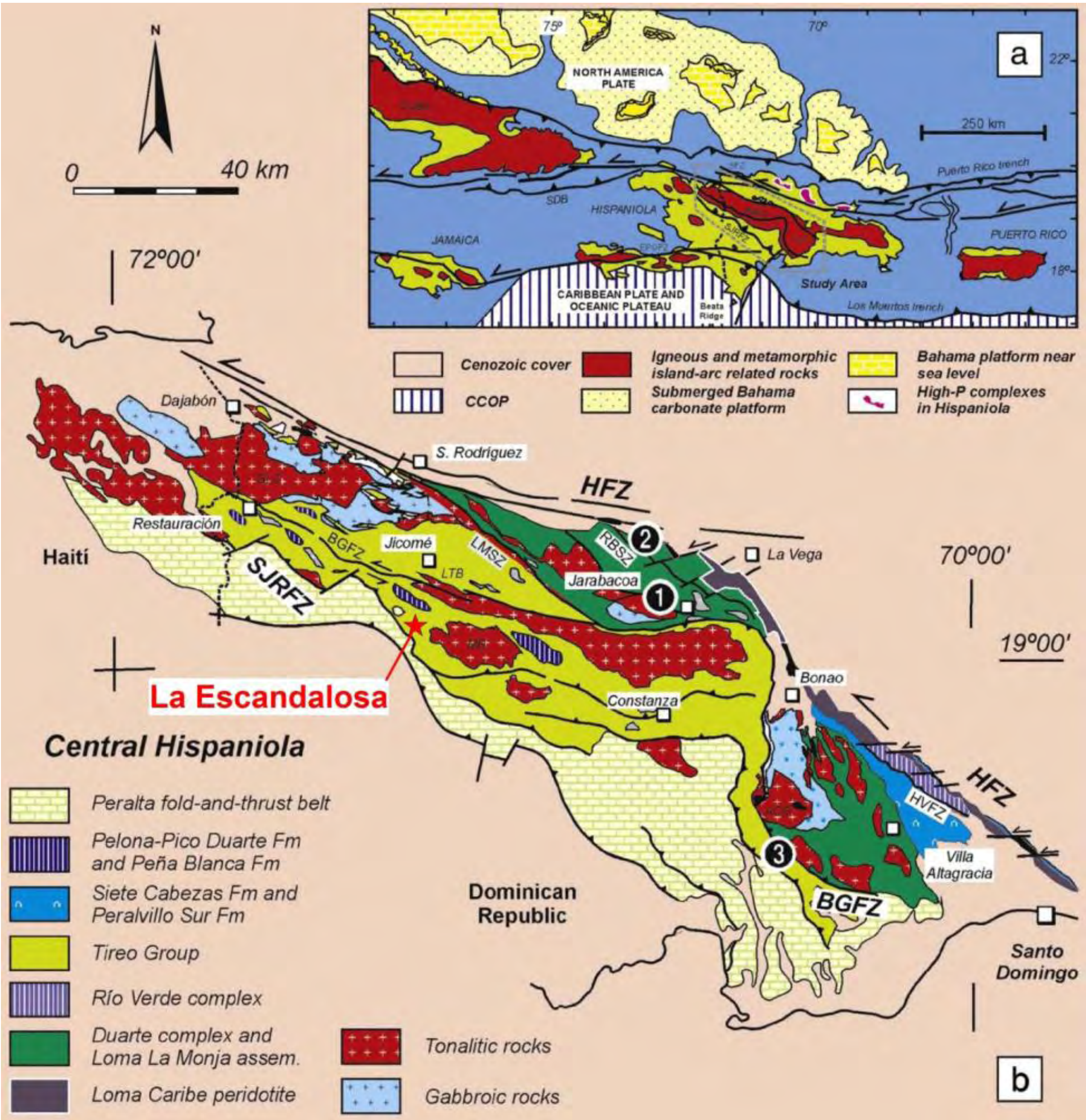
Gold mineralisation was discovered in the La Escandalosa area in late 2003 by the EDLA - Gold Fields joint venture regional stream sediment exploration program. Stream sediment samples gave anomalies of 42 ppb, 36 ppb and 12 ppb Au in Escandalosa Creek, and 21 ppb and 11 ppb Au in Los Jibaros Creek at Hondo Valle, while outcrop samples gave up to 5.62 g/t Au from Hondo Valle and up to 2.2 g/t Au from Escandalosa Creek. The Las Tres Palmas exploration concession was applied for on 18 December, 2003 and title was granted on 30 May, 2005 for five years. A new exploration application was submitted on May 14th, 2010, and the concession was granted for another 5 years on November 9th, 2010 according Dominican Mining Law. The project was operated by GoldQuest between 2003 and 2007, by Gold Fields from 31 May, 2007 until November, 2009, and since then by GoldQuest.

7.0 GEOLOGICAL SETTING AND MINERALISATION

7.1 REGIONAL GEOLOGY

La Escandalosa is located on the south side of the Central Cordillera of Hispaniola which is a composite of oceanic derived accreted terrains bounded by left-lateral strike slip fault zones, and is part of the Early Cretaceous to Paleogene Greater Antilles island arc (Figure 7.1). Hispaniola is located on the northern margin of the Caribbean plate which is a left-lateral transform plate boundary. The tectonic collage is the result of west-southwest to southwest directed oblique convergence of the continental margin of the North American plate with the Greater Antilles island arc, which began in the Eocene to Early Miocene and continues today (Escuder Viruete et al., 2008).

Figure 7.1: (a) Plate Tectonic Setting of Hispaniola. (b) Regional Geology Map of the Central Cordillera of Hispaniola showing the Location of La Escandalosa



(Map from Escuder Viruete et al., 2008, Fig, 1)

Primitive island arc volcanic rocks of the Early Cretaceous Los Ranchos and Maimón Formations in the Eastern Cordillera are interpreted to be related to northward subduction (Lebron and Perfit, 1994). Cessation of subduction in the mid Cretaceous was marked by accretion of the Loma del Caribe peridotite between the Eastern and Central Cordilleras (Draper et al., 1996), and by Early Cretaceous greenstones and intrusions of the Duarte Complex in the Central Cordillera, interpreted to be of metamorphosed ocean island or seamount origin (Draper and Lewis, 1991; Lewis and Jimenez, 1991). This was followed by arc reversal and southward subduction, with formation of calc-alkaline volcanic and sedimentary rocks of the Tireo Formation of Late Cretaceous to Eocene age in the Central Cordillera (Lewis et al., 1991). Since then the tectonics of the Central Cordillera have been dominated by a left lateral transpressional strike slip related to the Caribbean – North American plate boundary.

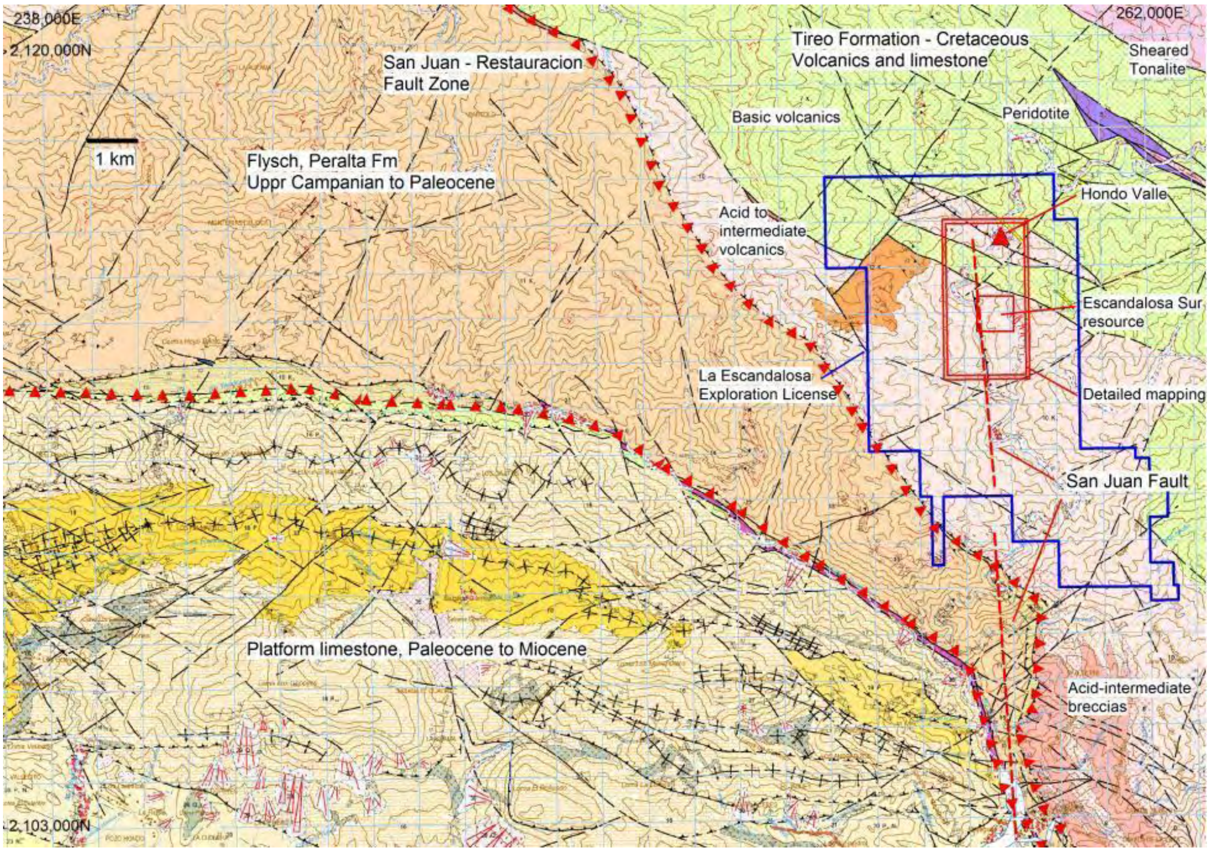
La Escandalosa is hosted by Cretaceous age Tireo Formation volcanic rocks and limestones (Figure 7.2). The Tireo Formation is bounded on the south side by flysch comprising calcareous slates, limestones, sandstones and shales of the Trois Rivieres or Peralta Formation of Upper Campanian to Paleogene age. The contact with the Tireo Formation is a northwest-trending, southwest-verging reverse fault, the San Juan – Restauracion Fault Zone, which represents a transpressional fault bend. South of the Peralta Formation is block of Paleocene to Miocene marine and platform limestone of the Neiba and Sombrerito Formations forming an antiformal restraining bend structure with reverse faults and folds (Figure 7.2). The Central Cordillera is bounded on the south side of these formations by an east-southeast-trending, south-verging, high angle reverse fault. To the south is the east-southeast-trending San Juan graben with a thick sequence of Oligocene to Quaternary molasse sediments deposited in a marine to lagoon environment, with Quaternary alkaline basalts related to graben extension.

The San Juan valley is a major north-south trending lineament and fault (Figure 7.2). This may have played a role in the localisation of mineralisation at La Escandalosa. There is a major deflection in the frontal thrust of the Central Cordillera with further transport south on the east side and a sinistral compressional bend. The Trois Rivieres-Peralta Formation is thinned in the fault zone, indicating that this may also reflect a basin depositional margin.

The tectonic deflection coincides with a major north-northwest trending aeromagnetic and aero-radiometric break which lies 3 km to 5 km west of the mineralisation at La Escandalosa. On the east there is high amplitude magnetic topography with a general east-southeast ridge texture in the Tireo Formation, tonalites and shear zones, against a magnetic low with smooth textures on the west in the Trois Rivieres Formation.

The 1:50,000 published geological map shows acid to intermediate volcanic rocks of the Tireo Formation in the south part of the La Escandalosa concession, and basic volcanic rocks of the Tireo Formation in the north part, with a northwest-trending block of acid to intermediate volcanic rocks at Hondo Valle (Figure 7.2, Bernárdez and Soler, 2004). The bedding and foliation generally strike northwest and have moderate to steep dips to northeast. The major structures are northwest-trending faults and thrusts, and north-south and northeast trending faults. In contrast, mapping by GoldQuest has shown that the geology comprises felsic to intermediate volcanic rocks and limestones with low to moderate dips.

Figure 7.2: Regional Geology of the La Escandalosa Area



(Based on 1:50,000 geological map by Bernárdez and Soler, 2004).

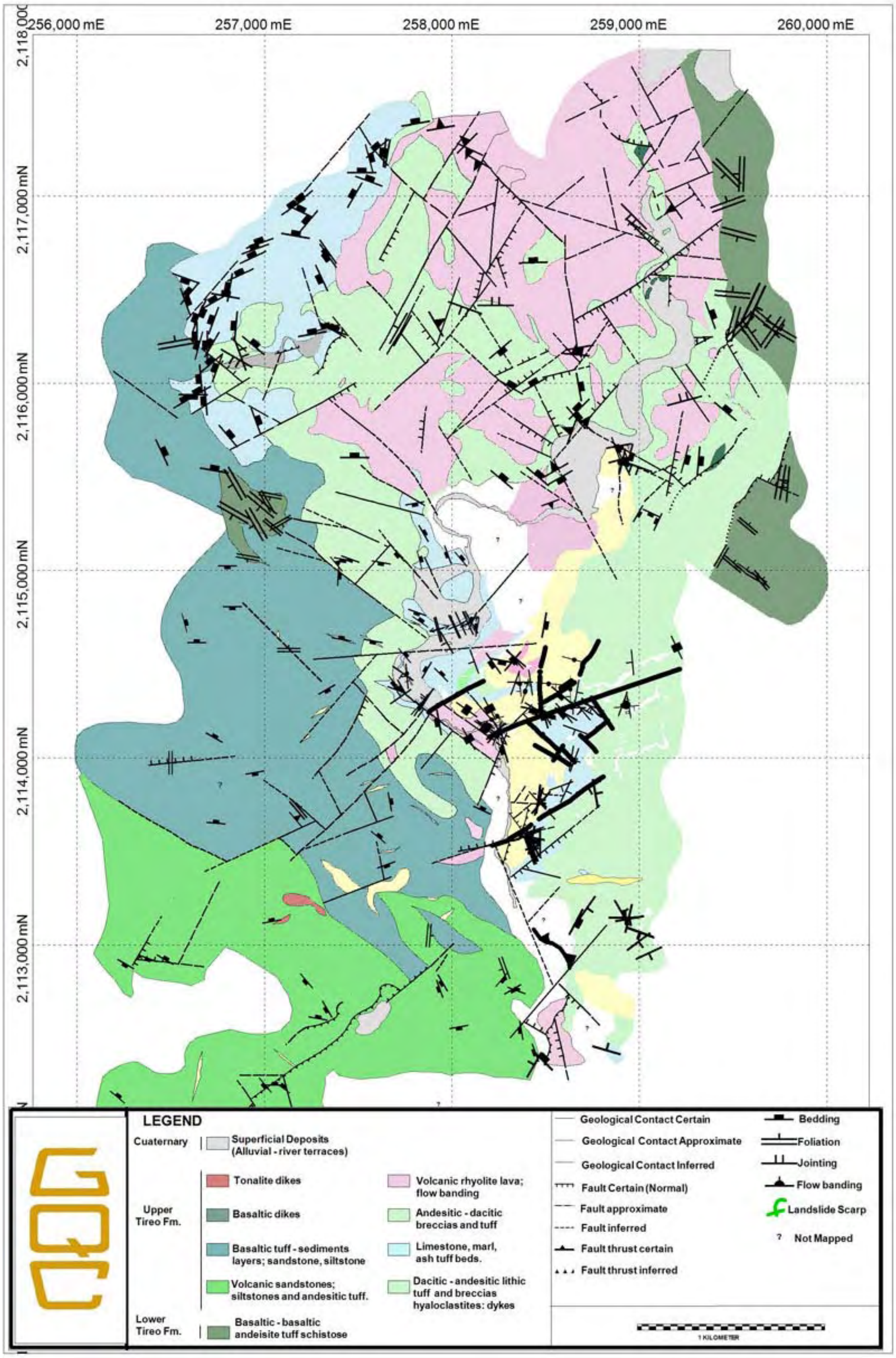
The nearest intrusive bodies shown on the 1:50,000 published map are 3 km to 7.5 km from Hondo Valle and are in the Tireo Formation (Figure 7.2). These comprise a small sheared peridotite and foliated tonalite body, 3 km northeast of Hondo Valle; a foliated tonalite pluton at Loma del Tambor (more than 30 km long by 5 km wide) in a west northwest-trending shear zone 5 km northeast of Hondo Valle; and the Macutico Batholith tonalite (16 km long by 12 km wide), 7.5 km southeast of Hondo Valle, dated at 85 to 92 million years old (Ma) (Late Cretaceous) (Bernárdez and Soler, 2004; Joubert, 2004).

7.2 PROJECT GEOLOGY

Geological mapping at La Escandalosa has been carried out for GoldQuest at scales of 1:10,000 (Gonzalez, 2004) and 1:2,000 scale (MacDonald, 2005; Redwood, 2006b, 2006c), with revision and additional mapping by Gold Fields (Dunkley and Gabor, 2008a, 2008b). A geological map at 1:2,000 scale is shown in Figure 7.3. A petrographic study was carried out by Tidy (2006). Infra-red spectrometry (Pima) has been used to aid identification of alteration minerals.

The geology of the Hondo Valle to Escandalosa Sur area of La Escandalosa comprises a relatively flat lying sequence of intercalated subaqueous volcanic rocks and limestones which youngs from west to east as a function of erosional level. The oldest rocks are rhyolite flows exposed in the river San Juan on the west side. These are overlain by dacite breccias with contain the gold mineralisation. These are overlain by limestones and andesite breccias. The stratigraphy is described from oldest to youngest in this section.

Figure 7.3: Geological Map at 1:2,000 scale of La Escandalosa



(Figure supplied by GoldQuest)

7.2.1 Lithological Units

7.2.1.1 Rhyolite

Rhyolite outcrops for at least 2,000 m of strike length on the west side of the altered horizon from north of Hondo Valle to Escandalosa Sur. There are two apparent rhyolite centres at Hondo Valle and La Escandalosa defined by thick rhyolite outcrops, and in between these the flows are thinner with more breccias. The rhyolite is volcanic, rather than intrusive, and has the form of thick flows or lava domes with marginal flows and hyaloclastite breccias. The flows have autobrecciation and flow banding in places. The hyaloclastite tuffs and breccias are intercalated with limestone, andesite and dacite. The extent of rhyolite to the east and north has not been mapped.

The rhyolite is a very siliceous and hard rock with phenocrysts of quartz, plagioclase and green hornblende. The mafic minerals have usually been altered to magnetite and trace pyrite. Petrography shows an andesine composition for plagioclase phenocrysts, with the matrix ones slightly more sodic. The highly siliceous nature is, in part, due to silicification.

7.2.1.2 Dacite Breccia

Dacite breccias host the favourable horizon for hydrothermal alteration and gold mineralisation which can be traced for about 2,200 m from Hondo Valle south to Escandalosa Sur on the east side of the River San Juan. The dacite breccias overlie rhyolite lavas and are interpreted to be autobreccias and hyaloclastite breccias derived from the rhyolite. The high porosity and permeability of the dacite breccias has evidently made them a receptive host for hydrothermal fluids.

The dacite breccias are overlain by limestone or by andesite breccia. The altered dacite breccias horizon varies from a thick (>180 m) body at Hondo Valle between rhyolite and andesite, to a thinner discrete horizon within less strongly altered dacite breccias at Escandalosa Sur.

At Hondo Valle the dacite breccias lie above and east of the rhyolite flow/dome and dip from 40° to 50°E near the base to 15°E at the top contact in Arroyo de los Jibaros. They form a body with a vertical thickness of >180 m. The soft altered dacite is susceptible to forming landslides, and erosion to form river terraces.

North of Hondo Valle the dacite breccias are terminated against the Hondo Valle Fault with an apparent right lateral offset of at least 200 m.

South of the Arroyo La Escandalosa and the Escandalosa Fault, the mineralised horizon in the dacite breccias is exposed in a trail at the Discovery Outcrop where there is strong argillic and sericite-quartz alteration with jarosite after pyrite. Trenching gave high gold grades. Holes LTP-05 and LTP-06 were drilled on the trenches and gave low grade gold and are interpreted to be in the lower part of the zone with landslipped higher grade material from the upper part in the trenches. Hole LTP-07 was drilled from higher up slope and intersected the whole mineralised horizon.

To the west of the Discovery Outcrop, the mineralised horizon outcrops in a cliff on the east side of the San Juan canyon. The cliff face is a fault plane (strike 355, dip 80°E) with gossan, jarosite and copper carbonate staining of silicified breccias with zones of semi-massive pyrite and abundant sphalerite and chalcopyrite.

There are similar looking outcrops with a low angle of dip on the west side of the river San Juan also. These are apparently continuous across the canyon with an apparent dip of 10°W, and there does not appear to be any significant displacement across the prominent north to south lineament that forms the San Juan canyon. However no disseminated gold mineralisation has been found west of the river by reconnaissance soil and rock sampling.

Lithologically the dacite breccias generally have a lapilli grain size with varying proportions of clasts of:

- Rounded clasts of siliceous rhyodacite probably derived from the rhyolite flow/dome, and commonly with quartz veinlets and disseminated pyrite. They often have a colour change at the rim. There are variations in phenocrysts and texture.
- Green elongate fiamme-like clasts with quartz and plagioclase phenocrysts, which are locally parallel and may define poor bedding. These are interpreted to be glass with diagenetic or post-alteration flattening and alteration of the glass to green illite-chlorite, and some are pyrite-rich. They are interpreted to be hyaloclastite derived from chilling and shattering of the rhyolite lava on contact with water, rather than pumice clasts of pyroclastic origin.
- Rounded pyrite-rich porphyry clasts. These have very fine grained disseminated to semi-massive pyrite and often have a pyrite-rich or colour-changed rim. They are interpreted to be derived from pyrite mineralisation.
- Fine grained, aphyric siliceous clasts.

The clast distribution is generally polymict, but varies to monomict which is probably an in situ hyaloclastite breccia. The matrix of the breccias is fine grained. The clast shape varies from angular to rounded, and sorting is usually poor with clast size from <1 mm up to 100 mm. There are also fine grained tuff to ash sized breccias with a curved convex clasts and shards which are hyaloclastites.

Some weakly altered hyaloclastite breccias have a red limestone matrix (e.g. Los Tomates Ridge). It is possible that the control of the favourable horizon within the dacite breccias was a carbonate matrix which was dissolved by hydrothermal fluids thus enhancing porosity and permeability and fluid flow.

7.2.1.3 Limestone

Two units of limestone have been mapped, Maroon Limestone and Gray Limestone. They have similar lithofacies and are distinguished by colour and outcrop in different areas. The colour difference is interpreted to due to hydrothermal alteration and bleaching.

The Maroon Limestone is a maroon coloured, fine grained micritic limestone, with fine to medium bedding, thin graded beds of volcanic sandstone (probably a re-sedimented hyaloclastite or autoclastic sandstone) and red chert or jasperoid beds. The dips are low although there are locally high dips due to folding. The Maroon Limestone occurs in several horizons and is intercalated with dacite breccia, rhyolite flows and hyaloclastites.

The Gray Limestone has a similar lithofacies to the Maroon Limestone and forms a well-defined mappable unit at Escandalosa Sur. It forms a graben-block bounded by northeast- and northwest-trending faults, with stratigraphic contacts on the southeast and southwest sides. Stratigraphically the Gray Limestone lies directly above the altered and mineralised dacite breccias, and is overlain by andesites. The Gray Limestone is finely bedded (10 cm to 15 cm beds), dark grey, locally maroon coloured, micritic limestone, with laminated dacitic volcanic sandstone beds, and black chert beds. In the core there are some beds of fine grained pyrite. The limestones have open folds with dips up to 50° to 60°. The vertical outcrop interval is about 110 m.

The Gray Limestones are bounded on north side by the Escandalosa Fault which trends 070° ENE with vertical dip which forms cliffs and can be mapped for 1,200 m, and is interpreted as south-side down. Andesite breccias outcrop on the north side of fault. On the east side the Gray Limestone is in stratigraphic contact with andesite. On the west side the Gray Limestone is bounded against dacite by a fault trending 135° (east side down) to the north of the Escandalosa Sur discovery outcrop and holes LTP-05 and LTP-06. The southern contact of the Gray Limestone is the Escandalosa Sur fault which trends 055° with steep dip (north-side down).

On the southwest side of Escandalosa Sur the Gray Limestone contact over mineralised dacite is stratigraphic (LTP-08, LTP-09) and is exposed in cliffs in the San Juan canyon and on the hill top at platform LTP-08. Gray Limestone outcrop in cliffs continues to south of LTP-09 for an un-defined distance, and may be terminated or displaced by the inferred southwest continuation of the Escandalosa Sur Fault.

7.2.1.4 Andesite

Coarse grained, green, chlorite-altered andesite breccias are well exposed in Arroyo La Escandalosa and its tributaries and forms the ridge on the east side of the mapped area of alteration. The andesites outcrop over a vertical interval of about 220 m to the top of the ridge. They overlie dacite breccias from La Escandalosa to Hondo Valle and form the hanging wall to the altered unit.

The lithology is a green volcanic conglomerate or breccia. The green colour is chlorite alteration with carbonate and magnetite. The clasts are gravel to block (30 cm) sized and rounded, in a sandy matrix, but there is no bedding except for a weak low angle parting. The composition is andesite to quartz-phyric dacite.

Further south at Escandalosa Sur and La Hilguera the andesites comprises a sequence of andesitic to dacitic lavas or volcanic sandstones / ash tuffs, with texture varying from crowded phenocrysts to fine grained aphyric. The phenocrysts include pyroxene, quartz, plagioclase and mafics with alteration to chlorite, epidote, magnetite and pyrite.

7.2.1.5 Dykes

The only intrusive rock mapped is a single dyke of plagioclase-phyric andesite with a chilled margin cutting andesitic volcanic rocks at La Laguna (Escandalosa Sur), with a trend of 128° with 85°E dip.

7.2.2 Structure

The principal lineament trends are northeast, northwest and north-south. Faults were mapped in the field. West-northwest-trending faults dominate in the northern part of the area, and northeast-trending faults in the south. The faults are generally steep and show vertical displacement, although it has not been established whether this is normal or reverse movement. However, slickensides often show horizontal to low angle plunge indicating strike slip movement. In places this can also be mapped by lateral offset of units, notably right lateral displacement on the Hondo Valle Fault. North–northwest- to northwest-striking low angle reverse faults and thrusts occur at a number of localities in the Hondo Valle area, although the scale of thrusting is uncertain.

The thinly bedded limestones have tight folding, and bedding is locally steep or overturned. The hinges dip to the east with reverse faults, shallow east limbs and overturned steep west limbs, indicating west-verging folding and thrusting. They have focused deformation due to low rheological competency, while the massive limestone beds and volcanic units are not folded.

The structural observations are consistent with the transpressional tectonics that have affected the Central Cordillera since the Eocene. This may include strike slip reactivation of older, steeper normal faults.

7.2.3 Alteration and Mineralisation

7.2.3.1 Silicic and Phyllic Alteration

Phyllic and silicic alteration have been mapped as a continuous zone over about 2,200 m of strike length with a general north-south trend from Hondo Valle to Escandalosa Sur. Gold mineralisation with anomalous silver, zinc and copper is associated with the phyllic and silicic alteration. Mapping and drilling support a model of stratabound and stratiform alteration of dacite breccias.

These alteration types are pervasive and are quartz-pyrite alteration (silicification), quartz-illite-pyrite alteration (phyllic), and illite-chlorite-pyrite alteration, with gradations between each type. Discrete zones of silicification can be mapped in places, notably at Hondo Valle, but it is usually gradational with, or alternates with phyllic alteration and they have generally been mapped together as phyllic alteration. A similar relationship is seen in drill core where phyllic and silicic alteration can be logged separately in some places, and in others alternate every few metres. Silicification varies from intense, giving a very hard, cherty rock, to moderate and weaker intensities with progressive lowering of hardness and rock quality designation (RQD) of core. Quartz forms irregular veining in phyllic alteration.

Silicification and phyllic alteration appear to be strongest in the upper part of the altered horizon where fluid flow may have been focused. Lower down the alteration becomes weaker and is typically pale blue-green illite and chlorite (confirmed by Pima) with disseminated pyrite and no quartz.

The phyllic-silicic alteration zone is marked by an absence of magnetite due to magnetite destruction by sulphidisation.

7.2.3.2 Propylitic Alteration

Propylitic alteration occurs in both the hanging wall and the footwall to the phyllic-silicic alteration zone.

The andesite breccia of the hanging wall has pervasive chlorite alteration with trace to 1% disseminated pyrite giving the rock a dark green colour. It is accompanied locally by epidote, calcite veinlets, quartz veinlets, silicification and magnetite.

The footwall dacite breccias and rhyolites also have propylitic alteration with chlorite-magnetite-(epidote-quartz-pyrite) and local silicification. There is up to 5% magnetite after hornblende and widespread barite in veinlets and replacement, especially in the lower part of Arroyo La Escandalosa. Magnetite and barite alteration are stronger in the footwall than the hanging wall.

The first appearance of magnetite in the hanging wall and footwall to the phyllic-silicic zone marks the start of the propylitic zone and is sharply defined in core. The magnetite is a combination of primary igneous magnetite and hydrothermal alteration of mafic minerals.

There is a narrow zone of hematite-silica above and below the phyllic-silicic zone in some holes indicating a redox front. The hydrothermal fluid is interpreted to have been reducing with lateral flow in the main phyllic-silicic horizon, changing to oxidising with vertical flow into the hanging wall and footwall.

7.2.3.3 Hydrothermal Breccias

There are several types of phreatic hydrothermal breccias with sulphides in the phyllic and silicic alteration zones. These are volumetrically small and are only seen in core and not in outcrop. Most of the breccias at La Escandalosa are volcaniclastic.

Three types of phreatic breccia have been identified in core, listed from oldest to youngest based on cross-cutting relationships:

1. A black jigsaw breccia with a black matrix of silica, fine grained pyrite and a fine grained, black, non-sulphide mineral (biotite?) in zones of tens of cm. It is matrix to clast supported.
2. This is cut by quartz-sulphide veinlets which can form a network fracture breccia.
3. A clay-matrix breccia cuts silicified rock and is a jigsaw, clast-supported breccia with angular, milled silicified clasts in a matrix of soft pale grey-green clay-pyrite. It forms irregular breccia veinlets of a few to tens of cm width. It is interpreted to be a

phreatic breccia rather than a fault breccia due to the matrix of clay (in silicified zones) and pyrite (which does not appeared to be milled), but may in fact be fault breccia.

7.2.3.4 Fault Breccias

Late stage fault breccias also occur. These have a soft clay matrix when in phyllic alteration zones. Faults in rhyolite form a mylonite of brittly fractured shards. The fault breccias affect and thus postdate alteration and the thick white quartz veins.

7.2.3.5 Barite

White barite is commonly present in veinlets and hydrothermal breccias with quartz and calcite, and in places forms a fine grained pervasive replacement. It is more abundant in the footwall to the phyllic alteration zone than in the hanging wall. Barium usually does not show in geochemistry due to the insolubility of barite in the acid digestion used for the ICP analyses.

At the Rio San Juan at La Escandalosa there is a 10-m wide, white barite vein surrounded by a stockwork of barite veinlets, associated with silica and phyllic alteration. Pervasive, very fine grained white barite occurs with quartz replacing rhyolite in the lower part of Arroyo La Escandalosa.

7.2.3.6 Quartz Veining

There are two types of quartz veining, namely veinlets associated with phyllic alteration, and massive white quartz veins.

The quartz veinlets are white quartz and chalcedony which form irregular veinlets and network veinlet breccias in the phyllic alteration zone. There are also rare straight-sided veinlets. The quartz may have a vuggy texture with a centre line. Quartz is accompanied by white barite, calcite and sulphides. Sulphides may dominate in some veinlets. Minor, late stage quartz veinlets cross-cut quartz-sulphide veinlets.

Massive white quartz veins are locally common in the propylitically altered andesite breccia, especially in the Escandalosa Fault zone. The veins are white, massive and multi-directional and may have minor pyrite and chalcopyrite. They are up to at least 2 m width as shown by abundant river boulders in Arroyo La Escandalosa. Massive white quartz veins can also occur in the phyllic zone, and are distinct from the quartz-chalcedony veinlets described above.

7.2.3.7 Calcite Veining

Calcite veinlets are common in the Maroon and Grey Limestone and are of two types, bedding parallel ptygmatic (strongly deformed), and irregular cross-cutting veinlets with quartz and/or barite. The latter also occur in volcanic rocks.

7.2.3.8 Limestone Bleaching

The Gray Limestone is interpreted as hydrothermally altered and bleached Maroon Limestone based on the restricted outcrop of Gray Limestone in the hanging wall of the phyllic alteration zone. The Gray Limestone has a similar lithofacies to the Maroon Limestone, which has an extensive regional distribution, in contrast to the Maroon Limestone.

It is interpreted that the original colour of the limestone is maroon and that this is indicative of deposition in an oxidising environment suggesting continental lacustrine rather than submarine conditions. Hydrothermal alteration by a reducing fluid caused a colour change to grey.

7.2.3.9 Sulphides

Coarse grained pyrite (1 mm to 2 mm) occurs as disseminations in phyllic and silicic alteration and with other sulphides in semi-massive zones up to 50 cm wide, and in sulphide and quartz-calcite-barite veinlets. The other common sulphides are sphalerite, chalcopyrite and galena, with rare possible tennantite-tetrahedrite (lacks confirmation). The sphalerite is pale brown in colour indicating a low iron and high zinc content. It usually occurs with chalcopyrite in well formed crystals of 1 mm to 2 mm and they are partly replaced by black iron-rich sphalerite.

Pyrite also occurs in a fine grained, framboidal habit in clasts in volcanic breccia in amounts varying from a few percent as disseminations to massive.

7.2.3.10 Oxidation and Enrichment

Supergene oxidation due to weathering is shallow with a depth of 10 m to 15 m. In zones of silicic alteration, the pyrite is leached giving residual vuggy silica with jarosite and hematite, for example at Hondo Valle. Supergene argillic alteration is developed from quartz-illite-pyrite, illite-chlorite-pyrite and propylitic alteration and gives white clay (kaolinite-smectite) with jarosite and hematite, and forms colour anomalies.

Rare copper oxide minerals occur in outcrop such as brochantite and blue copper carbonates. There is a thin zone of minor supergene chalcocite coating sulphides below the base of oxidation for 1 m to 2 m.

7.2.4 Geomorphology and Overburden

The La Escandalosa project is located in the valley of the south-flowing San Juan river. The relief within the project is over 1,000 m with steep slopes. There are three geomorphological zones:

1. Ridges: defined by remnant ridge crests with red clay laterite tops on the east and west sides of the valley at between 1,300 m to over 1,712 m altitude, and interpreted to be a remnant plateau. The road from Boca de los Arroyos to Hondo Valle runs along the ridge top on the west side of the valley.

2. Valleys: defined by a wide valley with a plateau on east side at an altitude of 1,100 m to 1,200 m at Los Tomates, and 1,120 m to 1,150 m at Las Lagunas, south of La Escandalosa.
3. Canyons: the actual course of the San Juan river course is a series of alternating canyons and broad meanders. The river drops from 1,080 m to 900 m altitude with a gradient of 180 m over 3,200 m (5.6%) from Hondo Valle to La Hilguera. The canyons are 100 m to 160 m deep and are often inaccessible. The meandering course is unusual for mountainous terrain. Large meanders with broad terraces or old river channels have formed on outcrops of soft limestone and hydrothermal alteration, and the canyons in harder volcanic rocks, especially rhyolites.

These geomorphological zones are interpreted to indicate a three-stage history of uplift and erosion:

1. An old Plateau Phase of which the ridge tops with laterite are a remnant. The age of lateritisation elsewhere in the Dominican Republic has been dated stratigraphically as Late Tertiary (post-Middle Oligocene).
2. Major uplift and river erosion to form the broad valleys in the Valley Phase.
3. Recent uplift and rapid river down cutting to form canyons and meanders in the Canyon Phase.

The mineralisation at Tres Palmas was exposed relatively recently during the Valley and Canyon Phases. For this reason sulphides are commonly exposed as there has been relatively little time for oxidation.

Unconsolidated Quaternary overburden deposits mapped are active river bed alluvium, river terraces, landslides and colluvium. Landslides are common especially in the Canyon phase topography.

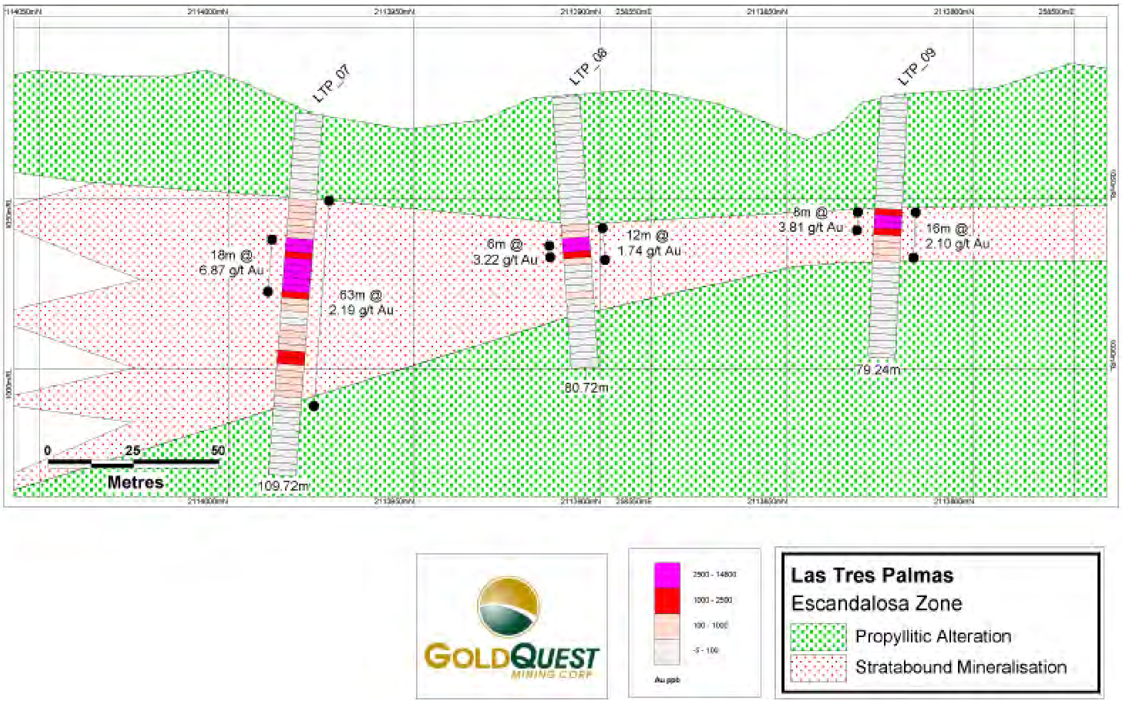
7.3 MINERALISATION

Gold and associated base metal mineralisation forms a stratiform body in dacite breccias. The stratiform style is shown in Figure 7.1. Alteration and mineralisation can be traced for about 2,200 m from Hondo Valle south to Escandalosa Sur. The altered unit is more than 160 m thick vertically at Hondo Valle. Sufficient drilling has been carried out at Escandalosa Sur to demonstrate continuity of mineralisation and enable a mineral resource to be estimated. The average thickness of the mineralised horizon at Escandalosa Sur at a 0.1 g/t Au cut-off is 30.4 m, with a minimum of 8.0 m and a maximum of 64.4 m, while at a 0.3 g/t Au cut-off the average thickness is 13.3 m, with a minimum of 4.0 m and a maximum of 29.0 m.

Gold mineralisation is related to quartz and sulphides. Coarse grained pyrite (1 mm to 2 mm) occurs as disseminations in phyllic and silicic alteration and with other sulphides in semi-massive zones up to 50 cm wide, and in sulphide and quartz-calcite-barite veinlets. The other common sulphides are sphalerite, chalcopyrite and galena, with rare possible tennantite-tetrahedrite (lacks confirmation). The sphalerite is pale brown in colour indicating a low iron and high zinc content. It usually occurs with chalcopyrite in well formed crystals of 1 mm to

2 mm and they are partly replaced by black iron-rich sphalerite. Pyrite also occurs in a fine grained, framboidal habit in clasts in volcanic breccia in amounts varying from a few percent as disseminations to massive.

Figure 7.4: Cross Section through Drill Holes LTP-07, LTP-08 and LTP-09



(Figure supplied by GoldQuest)

8.0 DEPOSIT TYPES

The features of the geological model for alteration and mineralisation at La Escandalosa are as follows:

- Hosted by Cretaceous age Tireo Formation island arc sequence;
- The host rocks are subaqueous, felsic to intermediate volcanic and volcaniclastic rocks (rhyolite to dacite flows, possible domes, autobreccias, hyaloclastite sandstones to breccias) and non-volcanic sediments (limestones);
- Alteration and mineralisation are epigenetic and of intermediate sulphidation epithermal style;
- Alteration and mineralisation are stratabound and flat lying in dacitic volcaniclastic breccia (lithic lapilli tuff, with variable clast size from ash to block, also hyaloclastites). Can log bedding and lithological variations in the altered zones. May also be in massive lava units. The breccia clasts are dacite to rhyolite, hyaloclastic shards, and also mineralised clasts;
- The mineralised clasts in the dacite breccia are silicified with very fine grained pyrite, occasional quartz veinlets and no gold. The clasts were mineralised before being incorporated into the tuff;
- The mineralised breccia is located on the eastern flank of rhyolite flows (flow-domes?). They are capped by limestone, dacite flows and andesite breccias;
- Alteration can be mapped for 2,200 m north-south;
- Alteration - illite, chlorite, smectite, quartz, pyrite, with zones of massive white quartz replacement of the breccia matrix;
- The alteration is zoned vertically:
    - Propylitic alteration of the hanging wall (chlorite, epidote, quartz and silicification, pyrite and magnetite);
    - Quartz-illite-pyrite and quartz-pyrite in the mineralised zone. Quartz forms irregular veins in competent rock and matrix replacement in breccias. Alteration is stronger in the upper part of the zone and becomes weaker downwards and is pale green illite-chlorite-pyrite. The sulphides comprise disseminated to semi-massive pyrite with chalcopyrite, sphalerite, galena and tennantite-tetrahedrite. The gold grade appears to correlate with silicification or quartz veining; and,
    - Propylitic alteration in the footwall (chlorite-magnetite-epidote-quartz-pyrite-barite) with strong magnetite and barite.
- Gold is associated with silicification and quartz-sulphide veining;
- There are several stages of volumetrically minor hydrothermal breccias with sulphides (although most of the breccias are volcaniclastic);
- Veinlet breccias form in massive lava units;

- Barite is ubiquitous in breccias and veinlets, and forms pervasive fine grained replacements;
- The alteration zonation shows a stratabound to stratiform geometry and indicates lateral fluid flow;
- There is a redox change in the fluid coincident with the change from quartz-illite-pyrite to propylitic alteration with magnetite. In some holes there is hematite-silica above and below illite. The hydrothermal fluid is interpreted to have been reducing with lateral flow in the main illite-quartz horizon, changing to oxidising with vertical flow into the hanging and foot walls; and,
- The favourable horizon has restricted outcrop and is masked by weakly altered rocks in the hanging wall and foot wall.

Flow of the hydrothermal fluids is interpreted to have been lateral and related to the porosity and permeability of the host dacite breccias to form a flat-lying, stratiform mineralised body with intermediate sulphidation epithermal characteristics.

There are several unknown aspects to the deposit model which have implications for exploration:

- A flat-lying, stratiform intermediate sulphidation epithermal system is very unusual;
- No steep, mineralised feeder structures have been identified;
- No porphyry intrusion or dykes have been identified as possible fluid source; and,
- What is the source of the mineralised clasts in the host breccia?

The model for the mineralisation at La Escandalosa is of intermediate sulphidation epithermal type. Epithermal gold and silver deposits of both vein and bulk-tonnage styles are classified as high-sulphidation (HS), intermediate-sulphidation (IS) and low-sulphidation (LS) types based on the sulphidation states of their hypogene sulphide assemblages (Hedenquist et al., 2004). The sulphidation state describes the sulphur activity (logfS2). The HS and LS terms were introduced in the 1980's, and the IS term was defined more recently. HS deposits are also called "acid sulphate", and LS deposits "adularia-sericite". IS deposits were often previously included with LS deposits, and sometimes called a "high sulphide plus high base metal" subtype. HS deposits contain sulphide-rich assemblages of high sulphidation state, typically pyrite with enargite, luzonite, famatinite, and covellite, hosted by leached silicic rock with a halo of advanced argillic minerals. In contrast, LS deposits contain the low-sulphidation pair pyrite-arsenopyrite. The latter sulphide mineralisation is typically present only in relatively minor quantities, within banded veins of quartz, chalcedony and adularia plus subordinate calcite. Very minor amounts of copper (usually <100 ppm to 200 ppm) are present as chalcopyrite or, less commonly, tetrahedrite-tennantite. Pyrrhotite is present in trace amounts on only some LS deposits. As the name implies, IS deposits possess sulphidation states between those of HS and LS types, typically with stability of chalcopyrite, tetrahedrite-tennantite, and Fe-poor sphalerite, but lacking appreciable arsenopyrite and pyrrhotite.

9.0 EXPLORATION

9.1 TOPOGRAPHY AND IMAGERY

GoldQuest commissioned a detailed topographic map with 2 m contour intervals derived from Ikonos satellite imagery (1 m resolution) which provided a detailed base map for mapping, plotting drill holes and polygons, as well as a high resolution satellite image.

The company also carried out spectral interpretation for alteration mapping of an Aster satellite image (15 m resolution).

9.2 GEOLOGICAL MAPPING

Geological mapping at La Escandalosa has been carried out for GoldQuest at 1:10,000 scale (Gonzalez, 2004) and at 1:2,000 scale (MacDonald, 2005; Redwood, 2006b, 2006c), with revision and additional mapping by Gold Fields (Dunkley and Gabor, 2008a, 2008b). A petrographic study of 15 samples was carried out by Tidy (2006).

9.3 GEOCHEMISTRY

One of the main exploration techniques used at La Escandalosa has been geochemistry. GoldQuest has taken 40 fine fraction stream sediment samples (minus 200 mesh), 1,090 soil samples and 1,176 rock samples, including channel samples.

Soil geochemical grids have been carried out over most of the areas of outcropping mineralisation between Hondo Valle and La Hilguera on 100 m by 100 m, and 50 m by 50 m grids, and ridge and spur soil samples for reconnaissance. The area sampled on grids is about 2.0 km long north-south by 1.0 km across, and the total area sampled including ridges and spurs is about 4.0 km north-south by 3.0 km wide. A total of 1,090 soil samples have been taken.

Hand dug trenches were made to follow up on soil anomalies prior to drilling, and continuous channel samples were taken of the exposed bedrock.

9.4 GEOPHYSICS

GoldQuest obtained a regional airborne magnetic and radiometric survey flown on a 1 km line spacing for the SYSMIN program. Reprocessing was carried out by Gold Fields.

A Direct Current Induced Polarization (DCIP) ground geophysical survey was completed by Quantec Geoscience Ltd, over Las Tres Palmas Project during the summer of 2011. A total of 44 east to west lines spaced at 200 and 100 m (depending on the priorities of the zones) with reading stations at 50 m over the lines which were surveyed, covering 77.75 line km over an area of approximately 15 square km. The objective of the DCIP program was to define the chargeability (IP) and conductivity / resistivity responses of the underlying ground of the survey grid.

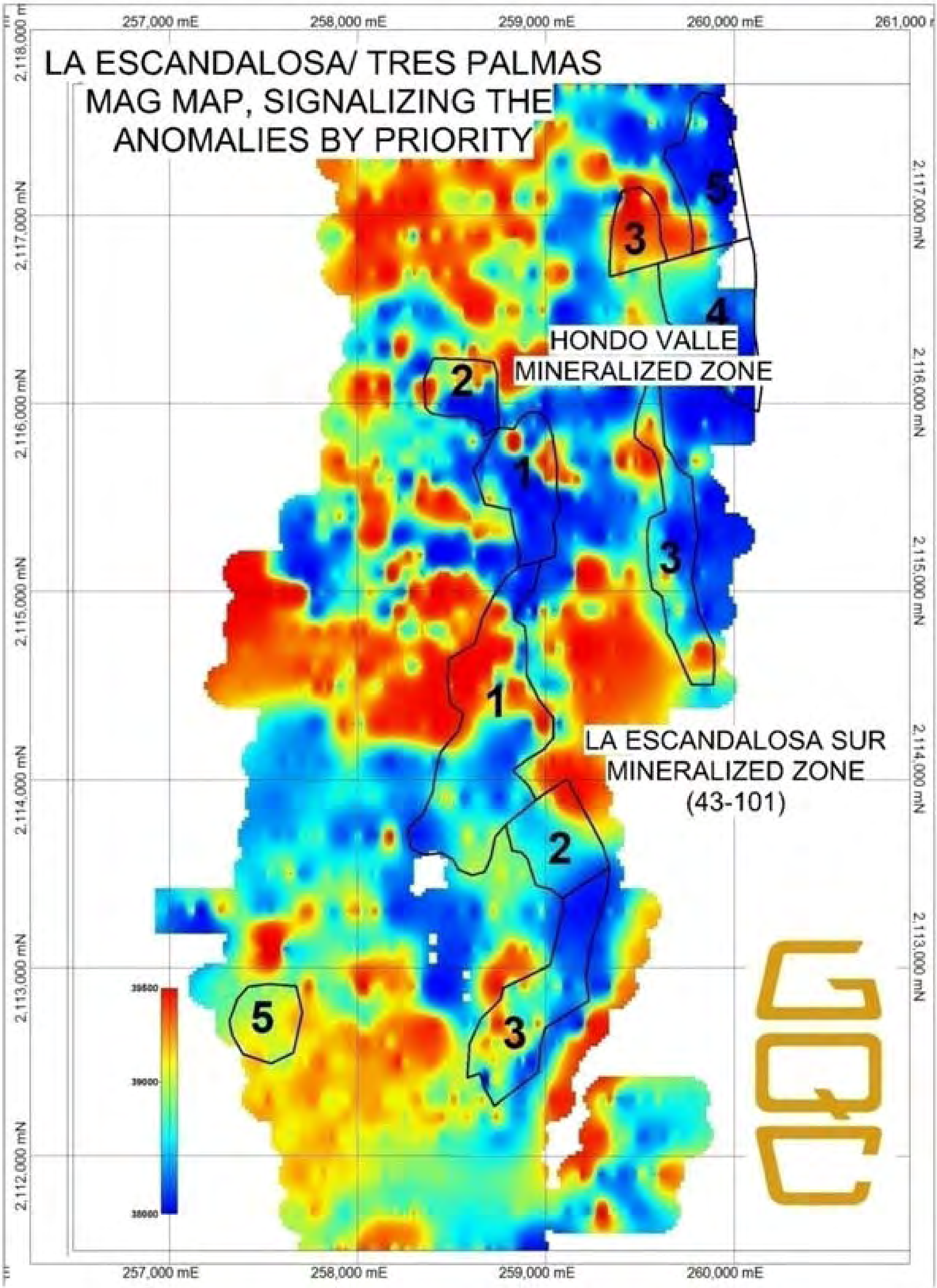
The survey has delineated two anomalous (chargeability) corridors. The main corridor is coincident with the known mineralization at La Escandalosa and Hondo Valle. It also coincides with a corridor of low resistivity, both of which had been delineated in a north to south direction for a distance in excess of 3.0 km across the central part of the grid. The second corridor, running parallel to the main corridor, is located at the eastern end of the grid and consists of two subsections, the northern section approximately 1.2 km long and the southern section of 0.8 km. In addition to the DCIP program the Company completed a ground magnetic survey during the first quarter of 2012. The survey was completed using the company's magnetometers (GEM GSM-19 system) and field technicians. A total of 72.0 km of magnetometer survey were completed over the same grid used for the DCIP ground survey. Data were plotted and interpreted by external consultants and GoldQuest geologists. An integration of the ground geophysics (magnetic and DCIP), soil and rock geochemistry, alteration, lithology and structural mapping was used to define the sixth phase of drilling.

The results of the geophysical surveys are shown in Figures 9.1 to 9.3. A total of 10 targets were identified for testing, based on chargeability, conductivity (resistivity), and magnetic responses, as well as taking into account the detailed and regional geology, alteration zones, surface geochemistry and the results of previous drill holes.

9.5 SUMMARY OF EXPLORATION RESULTS

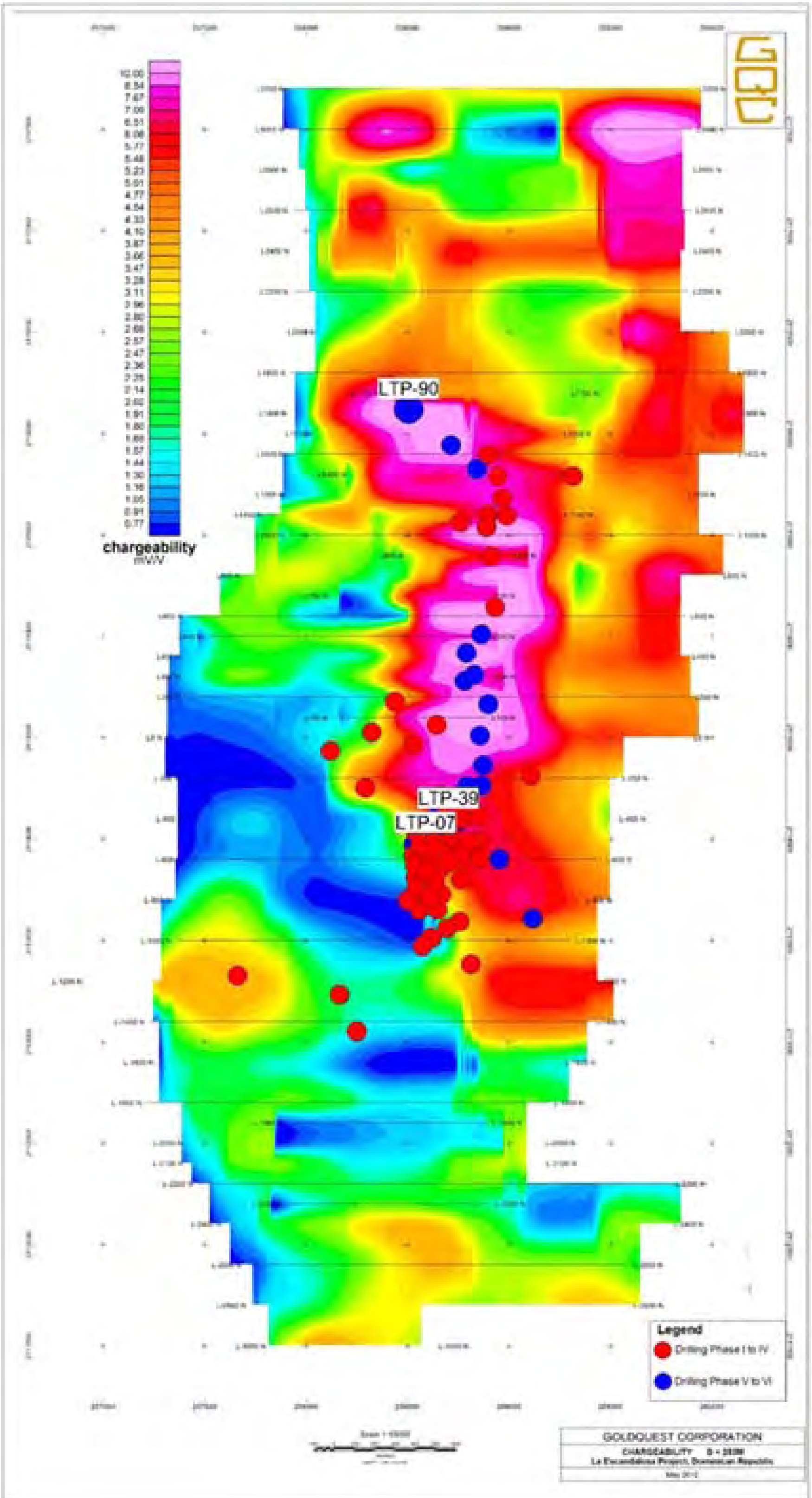
Geological mapping, stream sediment and soil geochemistry and geophysics have confirmed a broad zone of gold and base metal mineralization over a strike length of about 2.2 km, with geophysical anomalies extending over 3.0 km. Several targets for further exploration were identified in the area by geophysics, and soil sampling and trenching programs have assisted in the planning and execution of subsequent drilling programs.

Figure 9.1: La Escandalosa Magnetic Geophysical Anomalies



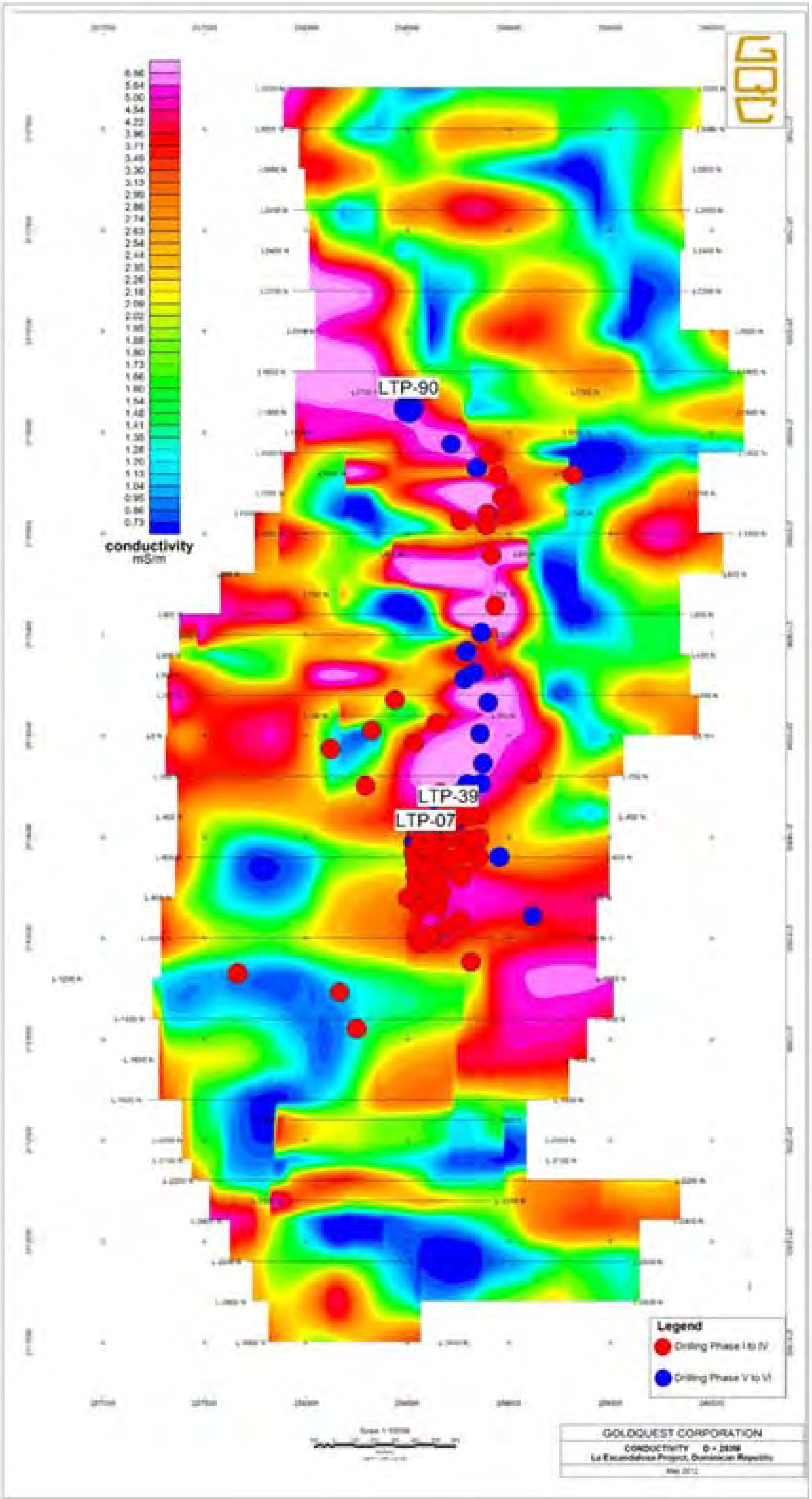
(Figure supplied by GoldQuest)

Figure 9.2: La Escandalosa Chargeability



(Figure supplied by GoldQuest)

Figure 9.3: La Escandalosa Conductivity



(Figure supplied by GoldQuest)

10.0 DRILLING

Six programs of diamond drilling have been carried out at La Escandalosa by GoldQuest for a total of 12,952.67 m in 93 holes. The average hole length was 139 m. In the preparation of this report only drilling results from Phase 1, 2, 3 and 4 had been verified. Drilling in phases 5 and 6 was completed after Micon's site visit in July, 2011. Only drilling from Phases 1 to 4 were employed in the resource estimate. In this section the results of drilling completed before and after Micon's site visit are presented separately.

A list of the holes is given in Tables 10.1 and 10.2. A list of significant gold intersections is given in Table 10.3 and 10.4. Plans of the drill hole locations are given in Figure 10.2 to Figure 10.4 with drilling from Phases 1 to 4 presented in red and all subsequent drilling in blue.

The drill contractor for all six programs was Energold Drilling Corporation of Vancouver using a man-portable, hydraulic Hydracore Gopher diamond drill, with NTW (56.0 mm diameter) and BTW (42.0 mm diameter) core (Figure 10.1).

Figure 10.1: Drill Rig on Hole LTP-24 at Escandalosa Sur

The Phase 1 program comprised 17 drill holes for 1,820.72 m in Hondo Valle, Los Tomates, Escandalosa Sur and La Hilguera (Hoyo Prieto) (holes LTP-01 to LTP-17). They were drilled between 17 March, 2006 and 6 May, 2006. The program is described in reports by MacDonald (2006) and Redwood (2006a). Magnetic susceptibility readings were taken from 10 holes from the Phase 1 program.

The Phase 2 program comprised 16 holes for a total of 2,223.31 m including 16 holes in Escandalosa Sur and three at Hondo Valle (holes LTP-18 to LTP-33). The drilling was carried out between 16 November, 2006 and 29 January, 2007. The program is described in a report by Vega (2007).

The Phase 3 program was carried out at Escandalosa Sur and comprised 9 holes for 1,360.75 m (holes LTP-34 to LTP-42). It was carried out between 15 April, 2010 and 17 May, 2010. The program is described in a report by Gonzalez (2010).

The Phase 4 program comprised 25 holes for a total of 3,413.17 m including 22 holes in Escandalosa Sur and three at Hondo Valle (holes LTP-43 to LTP-66). The drilling was carried out between 18 December, 2010 and 22 March, 2011. The program is described in a report by Gonzalez (2011).

The Phase 5 program comprised 10 holes for a total of 1,069.88 m in Escandalosa Sur (holes LTP-67 to LTP-76). The drilling was carried out between 14 November, 2011 and 6 December, 2011. The program is described in a report by Gonzalez (2011).

The Phase 6 program comprised 16 drill holes for 3,073.44 m in Hondo Valle, Los Tomates, Escandalosa Sur and Romero (holes LTP-77 to LTP-91). They were drilled between 23 February and 25 April, 2012. The program is described in reports by Gonzalez (2012).

Downhole surveys were carried out from phase 4 onwards. Drill hole deviations (if any) are expected to be minimal since most of the drill holes completed to-date are fairly shallow (i.e. between 45 and 250 m maximum) and only a few exceed 250 m.

The geological drill logs record recovery, rock quality designation (RQD), structures, lithology, alteration and mineralisation.

Drill platforms, mud sumps and access paths were re-contoured and re-vegetated after use.

Drill holes were capped and marked with plastic pipe set in cement.

Table 10.1: La Escandalosa Drill Holes, 2006 to 2010 – Phase 1 to 4

Hole No.	UTM Easting	UTM Northing	UTM Altitude (m)	Azimuth (degrees)	Inclination (degrees)	Depth (m)	Zone
Phase 1							
LTP-01	258893	2115598	1090	270	-65	148.44	Hondo Valle
LTP-02	258893	2115598	1090	90	-70	233.17	Hondo Valle
LTP-03	258959	2115680	1064	270	-60	149.35	Hondo Valle
LTP-04	258979	2115584	1056	270	-75	150.88	Hondo Valle
LTP-05	258537	2114029	1076	270	-60	19.79	Escandalosa Sur
LTP-06	258537	2114029	1076	310	-60	99.20	Escandalosa Sur
LTP-07	258585	2113976	1110	310	-75	109.72	Escandalosa Sur
LTP-08	258528	2113924	1110	270	-80	88.72	Escandalosa Sur
LTP-09	258539	2113814	1104	304	-75	79.24	Escandalosa Sur
LTP-10	258664	2113727	1126	304	-75	97.52	Escandalosa Sur

Hole No.	UTM Easting	UTM Northing	UTM Altitude (m)	Azimuth (degrees)	Inclination (degrees)	Depth (m)	Zone
LTP-11	258118	2114440	1080	160	-60	41.75	Los Tomates
LTP-12	258319	2114524	1116	270	-65	123.84	Los Tomates
LTP-13	258431	2114668	1120	270	-60	67.05	Los Tomates
LTP-14	258924	2115156	1130	-	-90	187.50	Hondo Valle
LTP-15	257674	2113315	1190	-	-90	125.91	La Hilguera
LTP-16	258247	2113042	1040	-	-90	52.92	La Hilguera
LTP-17	258220	2113180	1026	-	-90	45.72	La Hilguera
Phase 2							
LTP-18	258653	2114046	1120	-	-90	141.73	Escandalosa Sur
LTP-19	258655	2113945	1145	-	-90	121.92	Escandalosa Sur
LTP-20	258650	2113847	1129	-	-90	102.11	Escandalosa Sur
LTP-21	258758	2113916	1151	-	-90	106.68	Escandalosa Sur
LTP-22	258750	2113800	1144	-	-90	115.82	Escandalosa Sur
LTP-23	258750	2113590	1126	-	-90	105.16	Escandalosa Sur
LTP-24	258744	2113997	1164	-	-90	129.54	Escandalosa Sur
LTP-25	258850	2113995	1178	-	-90	143.26	Escandalosa Sur
LTP-26	258778	2114101	1113	-	-90	307.24	Escandalosa Sur
LTP-27	258667	2114213	1118	-	-90	170.69	Escandalosa Sur
LTP-28	258653	2114561	1070	-	-90	89.92	Los Tomates
LTP-29	258541	2114458	1074	-	-90	85.34	Los Tomates
LTP-30	258295	2114250	982	240	-60	100.58	Los Tomates
LTP-31	258898	2115396	1110	-	-90	150.88	Hondo Valle
LTP-32	258760	2115555	1078	280	-70	100.88	Hondo Valle
LTP-33	259319	2115782	1188	-	-90	251.46	Hondo Valle
Phase 3							
LTP-34	258550	2113700	1132	-	-90	82.93	Escandalosa Sur
LTP-35	258555	2113951	1102	-	-90	89.92	Escandalosa Sur
LTP-36	258850	2113900	1160	-	-90	134.16	Escandalosa Sur
LTP-37	258950	2113900	1173	-	-90	170.74	Escandalosa Sur
LTP-38	259104	2114311	1283	180	-75	323.20	Escandalosa Sur
LTP-41	258619	2114011	1115	-	-90	112.81	Escandalosa Sur
LTP-39	258700	2114100	1120	-	-90	180.20	Escandalosa Sur
LTP-40	258850	2114000	1187	-	-90	192.09	Escandalosa Sur
LTP-42	258532	2113868	1112	-	-90	74.70	Escandalosa Sur
Phase 4							
LTP-43	258539	2113755	1124	0	-90	108.23	Escandalosa Sur
LTP-44	258555	2113650	1128	0	-90	100.58	Escandalosa Sur
LTP-45	258498	2113696	1129	0	-90	88.39	Escandalosa Sur
LTP-46	258608	2113714	1128	0	-90	74.68	Escandalosa Sur
LTP-47	258717	2114156	1099	0	-90	192.02	Escandalosa Sur
LTP-48	258700	2114050	1139	0	-90	157.58	Escandalosa Sur
LTP-49	258700	2114000	1148	0	-90	129.54	Escandalosa Sur
LTP-50	258805	2113986	1159	0	-90	164.59	Escandalosa Sur
LTP-51	258646	2114089	1116	0	-90	112.78	Escandalosa Sur
LTP-52	258590	2114084	1082	0	-90	106.68	Escandalosa Sur
LTP-53	258697	2113885	1147	0	-90	106.68	Escandalosa Sur
LTP-54	258632	2113783	1109	0	-90	94.79	Escandalosa Sur
LTP-55	258644	2113652	1108	0	-90	92.96	Escandalosa Sur

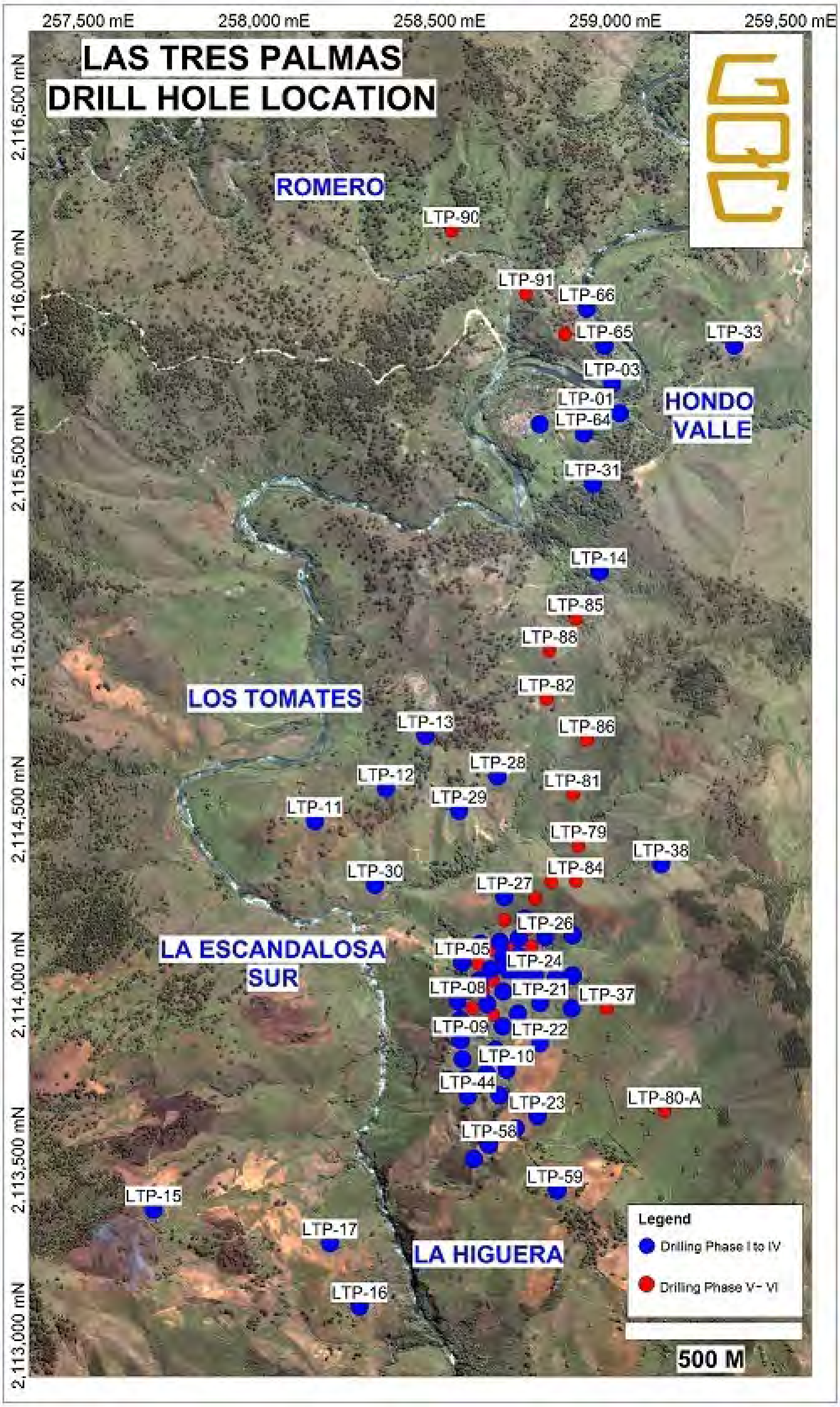
Hole No.	UTM Easting	UTM Northing	UTM Altitude (m)	Azimuth (degrees)	Inclination (degrees)	Depth (m)	Zone
LTP-56	258590	2113842	1123	0	-90	99.06	Escandalosa Sur
LTP-57	258668	2114010	1133	0	-90	152.4	Escandalosa Sur
LTP-58	258615	2113511	1136	0	-90	48.77	Escandalosa Sur
LTP-58A	258614	2113511	1136	0	-90	94.49	Escandalosa Sur
LTP-59	258810	2113381	1125	0	-90	172.21	Escandalosa Sur
LTP-60	258691	2113559	1115	0	-90	94.49	Escandalosa Sur
LTP-61	258571	2113471	1106	0	-90	143.26	Escandalosa Sur
LTP-62	258610	2113912	1138	0	-90	121.92	Escandalosa Sur
LTP-63	258853	2114108	1155	0	-90	419.1	Escandalosa Sur
LTP-64	258885	2115538	1098	0	-90	178.31	Hondo Valle
LTP-65	258944	2115788	1071	0	-90	187.45	Hondo Valle
LTP-66	258894	2115894	1078	0	-90	172.21	Hondo Valle

Easting and Northing are coordinates are in UTM NAD 27 Conus.
Azimuths are in degrees relative to grid north. They were corrected for magnetic declination of 10°19' west.

Table 10.2: La Escandalosa Drill Holes, 2006 to 2010 – Phase 5 and 6

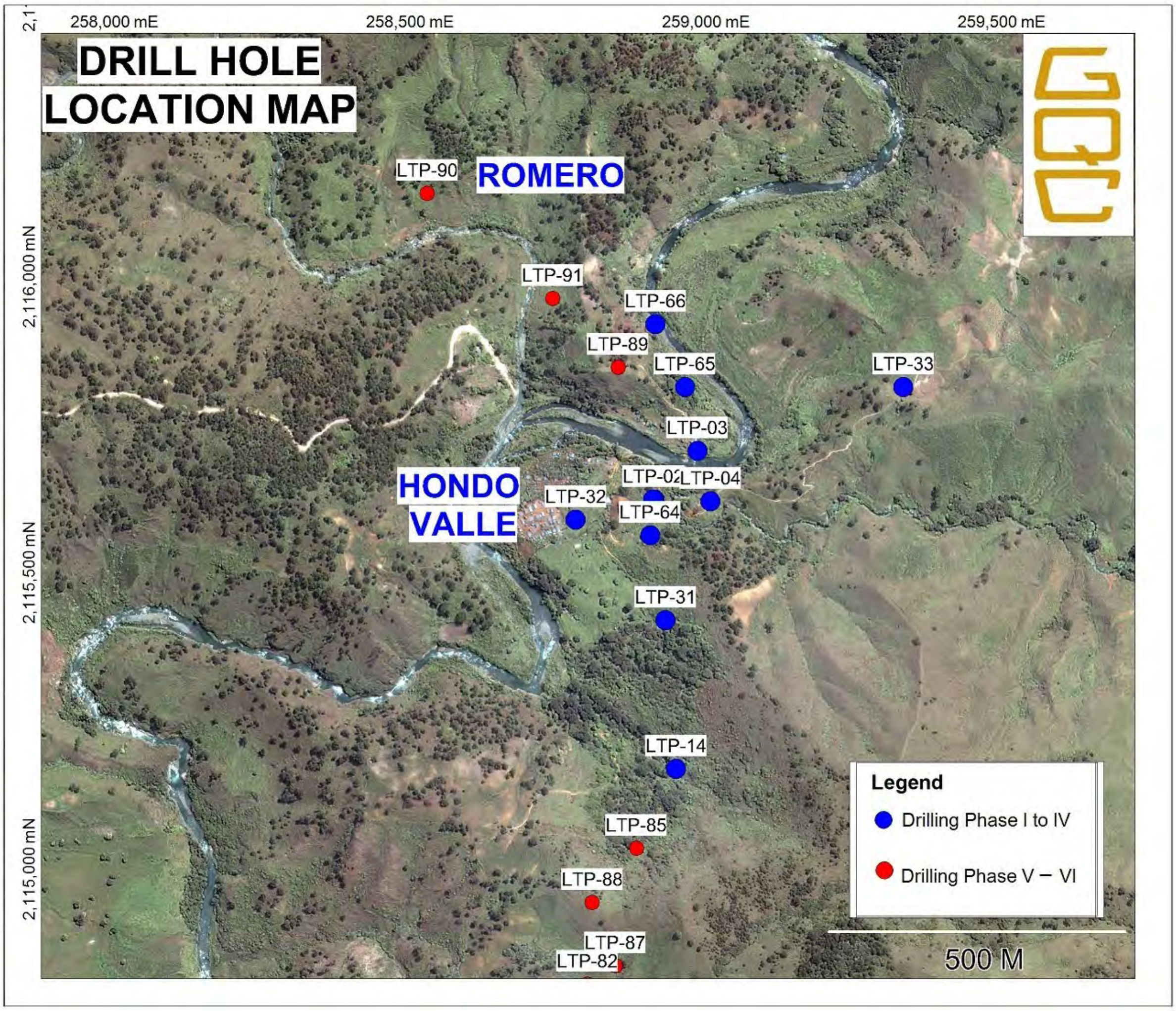
Hole No.	UTM Easting	UTM Northing	UTM Altitude (m)	Azimuth (degrees)	Inclination (degrees)	Depth (m)	Zone
Phase 5							
LTP-67	258566	2113901	1103	0	-90	85.34	Escandalosa Sur
LTP-68	258626	2113882	1133	0	-90	108.2	Escandalosa Sur
LTP-69	258627	2113979	1122	0	-90	124.97	Escandalosa Sur
LTP-70	258597	2113945	1119	0	-90	105.16	Escandalosa Sur
LTP-71	258585	2114027	1102	0	-90	73.15	Escandalosa Sur
LTP-72	258619	2114068	1087	0	-90	114.34	Escandalosa Sur
LTP-73	258726	2114128	1082	0	-90	153.92	Escandalosa Sur
LTP-74	258736	2114077	1090	0	-90	124.97	Escandalosa Sur
LTP-75	258676	2114074	1125	0	-90	124.97	Escandalosa Sur
LTP-76	258526	2113971	1092	0	-90	54.86	Escandalosa Sur
Phase 6							
LTP-77	258746	2114213	1145	0	-90	213.36	Escandalosa Sur
LTP-78	258792	2114261	1190	0	-90	300.23	Escandalosa Sur
LTP-79	258870	2114363	1145	0	-90	176.78	Escandalosa Sur
LTP-80-A	259114	2113607	1147	0	-90	243.23	Escandalosa Sur
LTP-81	258854	2114510	1134	0	-90	216.41	Los Tomates
LTP-82	258779	2114780	1174	0	-90	202.69	Los Tomates
LTP-83	258659	2114151	1020	0	-90	138.68	Escandalosa Sur
LTP-84	258862	2114262	1189	0	-90	292.61	Escandalosa Sur
LTP-85	258862	2115009	1186	0	-90	97.54	Hondo Valle
LTP-86	258894	2114664	1156	0	-90	211.84	Los Tomates
LTP-87	258826	2114811	1197	0	-90	109.73	Los Tomates
LTP-88	258787	2114918	1231	0	-90	109.73	Los Tomates
LTP-89	258831	2115821	1143	0	-90	213.36	Hondo Valle
LTP-90	258508	2116115	1113	0	-90	265.18	Romero
LTP-91	258720	2115937	1092	0	-90	234.7	Hondo Valle
LTP-78	258792	2114261	1190	0	-90	300.23	Escandalosa Sur

Figure 10.2: Location of all Drill Holes on the La Escandalosa Concession



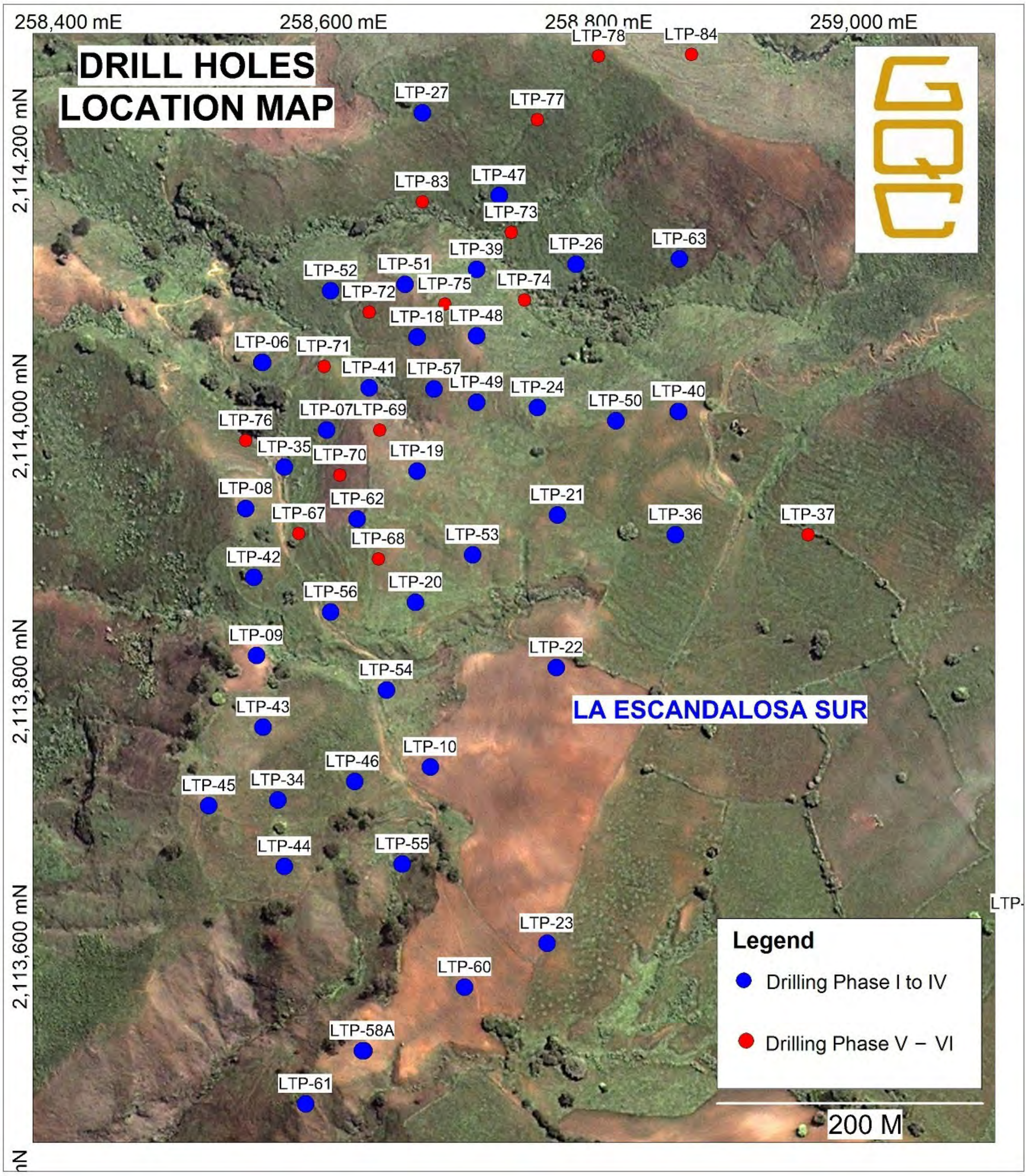
(Figure supplied by GoldQuest)

Figure 10.3: Location of Drill Holes at Hondo Valle Zone, La Escandalosa



(Figure supplied by GoldQuest)

Figure 10.4: Location of Drill Holes at Escandalosa Sur, La Escandalosa



(Figure supplied by GoldQuest)

Table 10.3: Table of Significant Gold Intersections from La Escandalosa - Phase 1 to 4

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Zone
LTP-01	0.00	20.00	20.00	0.98	Hondo Valle
LTP-02	0.00	42.00	42.00	1.68	Hondo Valle
inc.	0.00	20.00	20.00	2.65	
LTP-03	8.00	149.35	141.35	0.31	Hondo Valle
inc.	8.00	100.00	92.00	0.35	
LTP-05	0.00	14.00	14.00	0.50	Escandalosa Sur
LTP-06	0.00	20.00	20.00	0.26	Escandalosa Sur
LTP-07	26.00	86.00	60.00	2.07	Escandalosa Sur
inc.	38.00	76.00	38.00	3.15	
inc.	38.00	56.00	18.00	6.11	
LTP-08	38.00	64.00	26.00	0.84	Escandalosa Sur
inc.	38.00	50.00	12.00	1.74	
LTP-09	34.00	50.00	16.00	2.10	Escandalosa Sur
inc.	34.00	42.00	8.00	3.81	
LTP-10	60.00	84.00	22.00	0.31	Escandalosa Sur
LTP-14	8.00	58.00	50.00	0.28	Hondo Valle
LTP-18	60.00	108.00	48.00	0.29	Escandalosa Sur
LTP-19	78.46	110.56	32.10	0.37	Escandalosa Sur
LTP-20	65.00	87.00	22.00	0.27	Escandalosa Sur
LTP-21	78.00	104.00	26.00	0.24	Escandalosa Sur
LTP-22	74.00	112.00	38.00	0.17	Escandalosa Sur
LTP-23	62.00	70.00	8.00	0.18	Escandalosa Sur
LTP-24	102.46	129.54	27.08	0.33	Escandalosa Sur
LTP-26	124.00	153.90	29.90	0.20	Escandalosa Sur
LTP-27	115.00	127.00	12.00	0.11	Escandalosa Sur
inc.	161.00	170.69	9.69	0.15	
LTP-28	36.00	49.28	13.28	0.15	Los Tomates
LTP-30	96.00	100.58	4.58	0.13	Los Tomates
LTP-31	12.00	118.00	106.00	0.11	Hondo Valle
inc.	12.00	35.46	23.46	0.21	Hondo Valle
LTP-32	8.00	36.45	28.45	0.36	Hondo Valle
inc.	26.00	36.45	10.45	0.84	Hondo Valle
LTP-34	61.02	68.11	7.09	5.85	Escandalosa Sur
LTP-35	18.00	56.00	38.00	0.84	Escandalosa Sur
inc.	28.00	36.00	8.00	3.12	
LTP-38	282.00	318.00	36.00	0.12	Escandalosa Sur
LTP-39	66.00	92.00	26.00	11.39	Escandalosa Sur
inc.	68.00	86.00	18.00	16.33	
and	101.63	142.00	40.37	0.21	
LTP-40	178.00	192.09	14.09	0.18	Escandalosa Sur
LTP-41	25.00	78.00	53.00	3.02	Escandalosa Sur
inc.	36.00	52.00	16.00	9.39	
LTP-42	35.23	58.00	22.77	1.33	Escandalosa Sur
inc.	38.00	48.00	10.00	2.74	
LTP-45	58.88	62.05	3.17	2.62	Escandalosa Sur
LTP-46	56.48	62.00	5.52	1.01	Escandalosa Sur
LTP-47	110.00	126.00	16.00	2.45	Escandalosa Sur
LTP-48	88.78	98.00	9.22	3.54	Escandalosa Sur
LTP-49	74.00	94.00	20.00	1.32	Escandalosa Sur
inc.	74.00	86.00	12.00	2.04	
LTP-52	46.00	58.00	12.00	0.32	Escandalosa Sur

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Zone
LTP-53	84.00	92.00	8.00	0.46	Escandalosa Sur
LTP-54	57.00	63.00	6.00	0.40	Escandalosa Sur
LTP-56	42.37	69.06	26.69	0.37	Escandalosa Sur
inc.	55.00	61.00	6.00	0.97	
LTP-57	56.68	84.00	27.32	0.17	Escandalosa Sur
inc.	76.00	82.00	6.00	0.38	
LTP-62	63.50	100.00	36.50	2.74	Escandalosa Sur
inc.	63.50	76.63	13.13	6.60	
LTP-64	1.07	56.00	54.93	0.57	Hondo Valle
inc	1.07	16.00	14.93	0.78	
LTP-65	50.00	79.00	29.00	2.18	Hondo Valle
inc.	58.00	75.00	17.00	3.45	
LTP-66	111.82	133.97	22.15	0.66	Hondo Valle

Table 10.4: Table of Significant Gold Intersections from La Escandalosa - Phase 5 and 6

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Zone
LTP-67	34.00	42.00	8.00	1.95	Escandalosa Sur
LTP-67	51.95	56.00	4.05	0.95	Escandalosa Sur
LTP-68	84.00	88.13	4.13	0.78	Escandalosa Sur
LTP-69	56.00	84.00	28.00	3.57	Escandalosa Sur
inc.	56.00	76.00	20.00	4.87	
LTP-69	96.00	100.00	4.00	0.98	Escandalosa Sur
LTP-70	46.00	60.00	14.00	5.34	Escandalosa Sur
and	88.00	94.00	6.00	1.40	
LTP-71	20.00	40.00	20.00	4.04	Escandalosa Sur
LTP-72	64.00	68.00	4.00	1.51	Escandalosa Sur
and	96.00	100.00	4.00	2.18	
LTP-73	75.33	82.00	6.67	2.33	Escandalosa Sur
and	100.00	116.00	16.00	3.30	
LTP-74	70.00	88.00	18.00	1.01	Escandalosa Sur
and.	98.00	110.00	12.00	0.83	
LTP-75	85.78	102.00	16.22	5.50	Escandalosa Sur
inc.	88.00	99.68	11.68	7.51	
LTP-76	12.00	24.00	12.00	6.80	Escandalosa Sur
LTP-77	160.00	168.00	8.00	0.72	Escandalosa Sur
and	198.00	202.00	4.00	0.73	
LTP-79	52.27	68.00	15.73	0.91	Escandalosa Sur
inc.	60.00	68.00	8.00	1.28	
LTP-81	154.00	166.00	12.00	0.89	Los Tomates
and	194.00	198.00	4.00	0.55	
LTP-82	50.00	54.00	4.00	0.33	Los Tomates
LTP-83	34.00	56.00	22.00	5.99	Escandalosa Sur
inc.	38.00	52.00	14.00	9.07	
LTP-84	264.00	271.90	7.90	2.96	Escandalosa Sur
and.	278.00	282.00	4.00	0.72	
LTP-85	26.60	36.61	10.01	0.53	Hondo Valle
LTP-86	136.00	138.00	2.00	0.34	Los Tomates
LTP-87	74.00	78.00	4.00	0.38	Los Tomates Norte
LTP-88	64.00	70.00	6.00	0.44	Los Tomates Norte

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Zone
LTP-89	130.00	151.43	21.43	0.66	Hondo Valle
inc.	146.00	151.43	5.43	1.69	
and	177.00	205.00	28.00	0.67	
inc.	195.00	205.00	10.00	1.27	
LTP-90	33.00	264.00	231.00	2.42	Romero
inc.	33.00	91.00	58.00	1.36	
	200.00	258.00	58.00	4.70	
	103.74	264.00	160.26	2.90	
	103.74	148.00	44.26	3.53	
	180.00	203.97	23.97	1.14	
	216.00	258.00	42.00	6.26	
and	216.00	228.00	12.00	16.95	
LTP-91	186.00	222.00	36.00	1.14	Hondo Valle
inc.	191.95	206.00	14.05	2.36	

11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

In the preparation of this report only drilling results from Phase 1, 2, 3 and 4 have been verified. Drilling in phases 5 and 6 was completed after Micon's vists to site in July 2011.

11.1 SAMPLING METHOD AND APPROACH

The initial indications of mineralisation at La Escandalosa were found by fine fraction stream sediment sampling and float sampling carried out as part of a regional stream sediment geochemistry exploration program.

The main exploration technique used for definition of drill targets was soil sampling. A total of 1,090 soil samples were taken in several programs between 2005 and 2010 and analysed for gold and multi-elements. Soil samples were taken from the B horizon and were not sieved. The average sample weight was about 0.5 kg. Sampling was on grids of 50 m by 50 m, and 100 m by 100 m, and along ridges and spurs in reconnaissance areas. The area sampled on grids is about 2.0 km long north-south by 1.0 km across, and the total area sampled, including ridges and spurs, is about 4.0 km north-south by 3.0 km wide.

Rock sampling was carried out as grab samples of outcrop and float, and channel samples from hand-dug pits and trenches. A total of 1,176 rock samples were collected. Samples were 2 kg to 4 kg in weight and were analysed for gold and multi-elements. Surface rock samples are collected to check for the existence of mineralisation, but not to quantify it, and were not used for resource estimation.

Diamond drilling was carried out using NTW (56.0 mm diameter) and BTW (42.0 mm diameter) core. Sample intervals in the core were selected by the geologist after geological logging. The sample intervals are generally 2.00 m. Priority was given to geological contacts so that some intervals may be shorter. In areas of low recovery the sample interval is between drill run markers. The average sample length is 2.00 m (n = 2,714 samples). The minimum sample length is 0.86 m and the maximum is 9.50 m. The core samples were cut lengthwise by diamond saw and one-half of the core was sampled, and the other half left in the core box for reference. Samples were collected in heavy duty polythene sample bags which were sealed with plastic cable-ties. A sample ticket was glued on the core box at the start of the sample interval. Another sample ticket was inserted in the bag and the number written on the outside of the bag with indelible marker pen.

The upper part of two holes were not sampled or analysed, although they were marked up with sample numbers; these were LTP-38 from 0 to 220 m due to no mineralisation, and LTP-40 from 0 m to 142.36 m as it was a twin of hole LTP-25 designed to drill deeper to reach the target. There are 2,714 samples and 2,538 analyses for core.

11.2 SAMPLE SECURITY AND CHAIN OF CUSTODY

Soil and rock samples were collected in heavy duty paper and polythene sample bags respectively, sealed with wire ties and plastic cable ties respectively. A detailed sample description form was filled in for each sample, and a tear-off sample ticket inserted in the bag.

Core samples were placed into wooden core boxes by the drillers. Core was collected from the drill rig by GoldQuest field assistant and taken to the core shack at Hondo Valle for logging and sampling.

The core was logged and marked for sampling by the GoldQuest geologist. The core samples were cut lengthwise by diamond saw and one-half core was sampled, and the other half left in the core box for reference.

All of the split core is stored at GoldQuest's core store at Hondo Valle.

Stream sediment, soil, rock and core samples from the Phase 1 and 2 drill programs (holes LTP-01 to LTP-33) were shipped to ALS Chemex Ltd (ALS Chemex), Vancouver, Canada for preparation and analysis. This laboratory laboratory is independent of GoldQuest and complies with the requirements of international standards ISO 9001:2000 and ISO 17025:1999. The whole sample was shipped as there was no sample preparation facility in the Dominican Republic at that time. The samples were bagged in nylon sacks and taken by GoldQuest vehicle to the GoldQuest office in Santo Domingo, where standard and blank samples were inserted and sample shipment forms prepared. The samples were then taken to Punta Cana by GoldQuest vehicle, about a four hour drive, and sent by air to Vancouver. It was found that the best air freight rates could be obtained from Punta Cana on direct holiday charter flights to Vancouver, with an average time of two to three days to reach the laboratory. Other courier and air freight routes from Santo Domingo were found by previous experience to be much more expensive, slower and prone to delays due to cargo being carried when space was available.

From September, 2007, all soil, rock and core samples from the Phase 3 drill program (holes LTP-34 to LTP-42) were prepared at Acme Analytical Laboratories Ltd's (Acme) new sample preparation facility in Maimon, Dominican Republic. Samples were delivered by GoldQuest vehicle. Acme is registered with ISO 9001:2000 and ISO 17025 accreditation.

11.3 SAMPLE PREPARATION

Sample preparation for rock and core samples at ALS Chemex in Vancouver was to log the sample into the tracking system; record the weight; dry; crush the entire sample to >70% passing 2 mm; split off 1.5 kg; and pulverise the split to >85% passing 75 microns (method PREP-32). Coarse rejects and pulps are stored at the laboratory. Soil samples were prepared by sample login; record weight; dry, disaggregate and sieve sample to -80 mesh (method PREP-41). Some assay certificates indicate that for some soil sample orders a split of unspecified weight was pulverised to >85% passing 75 microns (method PUL-31).

Rock and drill core sample preparation by Acme in Maimon comprises logging the sample into the Acme tracking system with a bar code; dry in an electric oven; crush by Terminator jaw crusher to 80% passing -10 mesh (2 mm); and 300 g split by riffle splitter. The sample split was then shipped by courier, by Acme, to their laboratory in Santiago, Chile or Vancouver for pulverisation to 95% passing -150 mesh (106 microns) (method R150). Soil samples were prepared by drying at 60°C; and sieving a 100 g split to -80 mesh. Coarse rejects for core, rock and soil samples were returned to GoldQuest and are stored at GoldQuest's core store in Bonao. Pulps are stored at Acme's laboratory in Chile.

11.4 SAMPLE ANALYSIS

There are a total of 1,176 rock sample analyses, 1,090 soil sample analyses and 2,538 drill core analyses, excluding QC samples.

ALS Chemex analysed samples in their Vancouver laboratory (VA assay certificate number prefixes) for gold by fire assay (30 g) with measurement by inductively coupled plasma atomic emission spectrometer (ICP-AES or ICP-ES) (method Au-ICP21, range 0.001 ppm to 10 ppm), with over-runs by fire assay (30 grams) with atomic absorption spectrometry (AAS) finish (method Au-AA25). Multi-elements were done in a 53 element package (Ag, Al*, As, Au, B*, Ba*, Be*, Bi, Ca*, Cd, Ce*, Co, Cr*, Cs*, Cu, Fe, Ga*, Ge*, Hf*, Hg, In*, K*, La*, Li*, Mg*, Mn, Mo, Na*, Nb*, Ni, P, Pb, Pd, Pt, Rb*, Re*, S*, Sb, Sc*, Se, Sn*, Sr*, Ta*, Te*, Th*, Ti*, Tl*, U, V, W*, Y*, Zn, Zr*) by aqua regia digestion and a combination of inductively coupled plasma mass spectroscopy (ICP-MS) and ICP-AES (method ME-MS41). Major rock forming elements and more resistive minerals are only partly dissolved, and for elements marked (*), digestion is incomplete for most sample matrices. Over-runs for Ag, Cu, Pb and Zn were done by aqua regia digestion and AAS (method AA46).

Acme analysed core samples from holes LTP-34 to LTP-42 at their laboratory in Vancouver (DRG-series assay certificates) by fire assay by classical lead-collection on a 50 gram sample with AAS analysis of the bead and a lower limit of detection of 5 ppb, and results were reported in ppb (method G6), or by fire assay fusion of a 50 g sample with detection by ICP-ES (method G601+G610). Over-runs above 10,000 ppb were re-analysed by fire assay on a 50 g sample with gravimetric analysis and reported in g/t (method G6Gr-50). Multi-elements were analysed in Acme’s Vancouver laboratory in a 53 element ultra-trace level package including Au, Pt, Pd, Ag, Al*, As, B*, Ba*, Be*, Bi, Ca*, Cd, Ce*, Co, Cr*, Cs*, Cu, Fe, Ga*, Ge*, Hf*, Hg, In, K*, La*, Li*, Mg*, Mn, Mo, Na*, Nb*, Ni*, P*, Pb, Pd*, Pt*, Rb*, Re, S*, Sb, Sc*, Se, Sn*, Sr*, Ta*, Te, Th*, Ti*, Tl*, U*, V*, W*, Y*, Zn, Zr*) on a 15 g sample with aqua regia digestion (1:1:1) and ICP-MS analysis (method 1F05). Some elements (*) report partial concentrations due to refractory minerals. Over-limit analyses for Ag, Cu and Zn were re-analysed by four acid digestion on a 0.5 g split and ICP-ES analysis and reported in ppm for Ag and percent for Cu, Pb and Zn (method 7TD1). The gold fire assay was used for resource estimation rather than the ICP gold.

Acme analysed soil and rock samples initially for Au and multi-elements by the ultra-trace level package 1F, and later for Au by method G6 and multi-elements by method 7TX. These methods are described above.

Barium values are not representative due to the insolubility of barite in the aqua regia and multi-acid digestion used for the ICP analyses. In the sulphide zone Ba values are very low, despite abundant barite in places. In the oxide zone there are values up to 0.35% Ba, indicating some Ba in a more soluble mineral form, but still not representative of the total barium content. X-ray fluorescence (XRF) analyses are required to get accurate Ba analyses.

11.5 QUALITY ASSURANCE / QUALITY CONTROL (QA/QC)

GoldQuest carried out QA/QC of the drill programs by the insertion of 3 certified standard reference materials (CSRM), 3 blanks and 2 core duplicates per 100 samples, giving 7% QC samples. The results of the QC samples were checked upon receipt of the analytical results from the laboratory; if the QC sample results fell beyond the acceptable limits, described in sections 11.5.1 to 11.5.4, the laboratory was notified and requested to investigate the problem, and, if necessary, to re-analyse the batch. Once the sample order passed QC it was approved and entered into the company database.

Similar QA/QC procedures were carried out by GoldQuest for stream sediment, soil and rock samples. The results are not described in this report as these data were not used for the resource estimation.

11.5.1 Certified Standard Reference Materials

CSRM number OxD27 was used for the Phase 1 drill program, SF12 was used for the Phase 2 drill program, and CDN-GS-P5B and CDN-GS-P8 were used for the Phase 3 drill program and, CDN-ME-2, CDN-ME-6, CDN-ME-7 and CDN-ME-11 were used for the Phase 4 program. Three CSRM were inserted per 100 samples. The results were evaluated using performance gates. The results are accepted if they are within plus or minus two standard deviations (SD) of the recommended value. A single value lying between plus or minus 2 SD and 3 SD is also acceptable, but two consecutive values between plus or minus 2 SD and 3 SD are rejected, as are any values greater or less than 3 SD.

OxD27 and SF12 were produced by Rocklabs Ltd., New Zealand. OxD27 has a certified value of 0.416 ± 0.025 (1 SD) g/t Au. SF12 has a certified value of 0.819 ± 0.028 (1 SD) g/t Au.

CDN-GS-P5B and CDN-GS-P8 , CDN-ME-2, CDN-ME-6, CDN-ME-7, and CDN-ME-11 were produced by CDN Resource Laboratories Ltd., British Columbia, Canada. The recommended values and the "Between Lab" standard deviations (SD) are shown in Table 11.1.

Table 11.1: CND Resource Laboratory Standards

Standard	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	SD	Remarks
CND-GS-P5B	0.44 ± 0.04					1	Used in Phase 3
CND-GS-P8	0.819 ± 0.028					1	Used in Phase 3
CDN-ME-2	2.10 ± 0.11	14.0 ± 1.3	0.480 ± 0.018		1.35 ± 0.10	2	Used in Phase 4
CDN-ME-6	0.270 ± 0.028	101 ± 7.1	0.613 ± 0.034	1.02 ± 0.08	0.517 ± 0.040	2	Used in Phase 4
CDN-ME-7	0.219 ± 0.024	150.7 ± 8.7	0.227± 0.016	4.95± 0.30	4.84 ± 0.17	2	Used in Phase 4
CDN-ME-11	1.38 ± 0.10	79.3 ± 6.0	2.44 ± 0.11	0.86 ± 0.10	0.96 ± 0.06	2	Used in Phase 4

Gold results for the CSRM for Phase 1 to 3 are shown in Figure 11.1 to Figure 11.3 respectively. There is one exception in the Phase 1 drill program, and four exceptions from the Phase 2 drill program where Au is ± 3 SD.

Figure 11.1: CSRM Plot for Phase 1 Drill Program

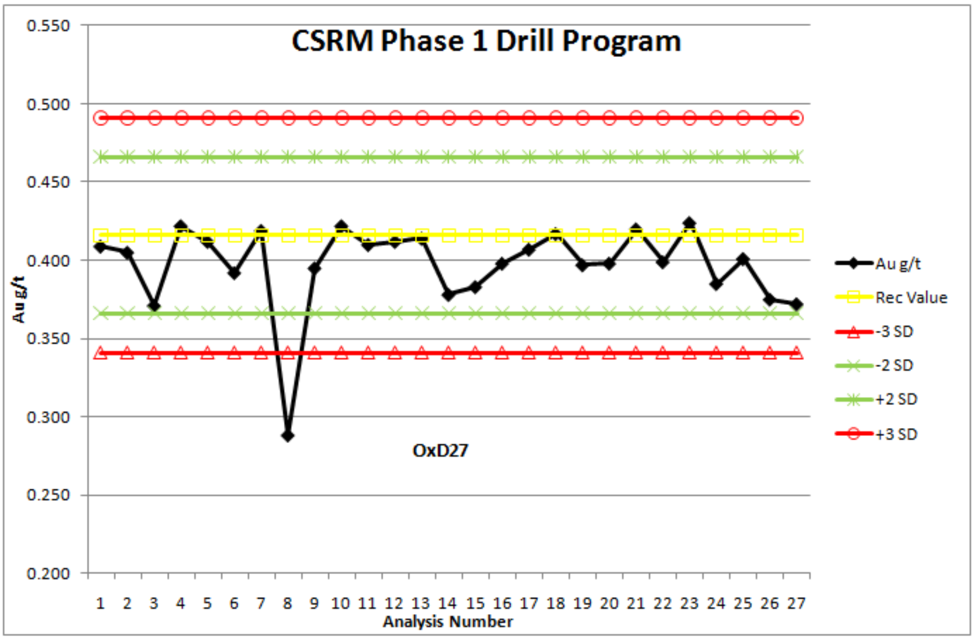


Figure 11.2: CSRM Plot for Phase 2 Drill Program

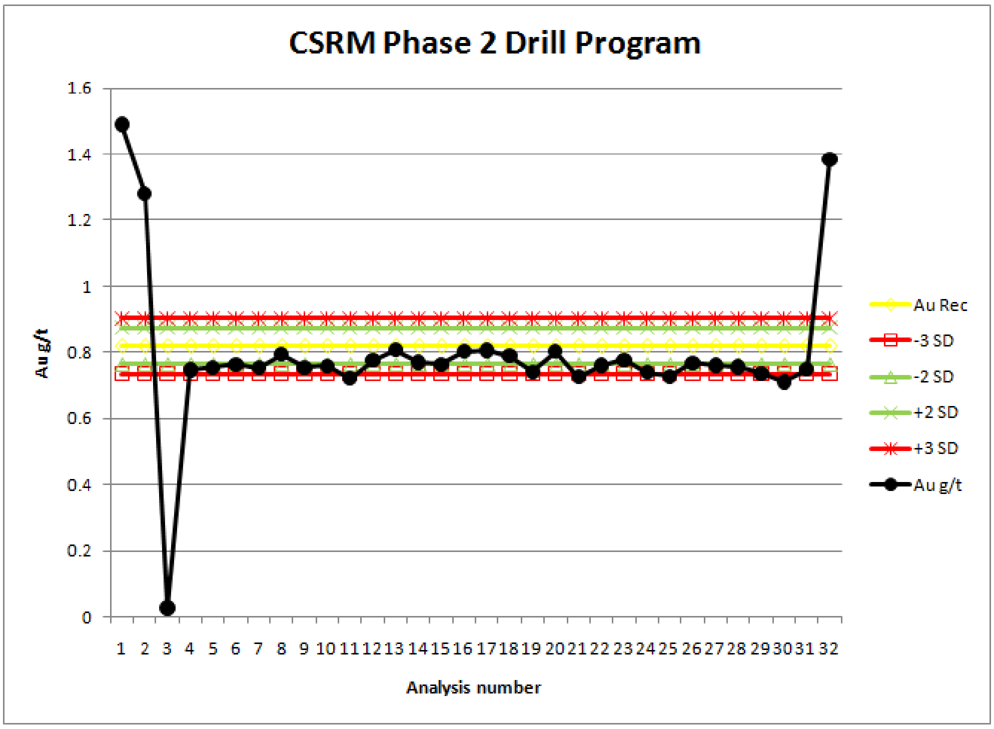
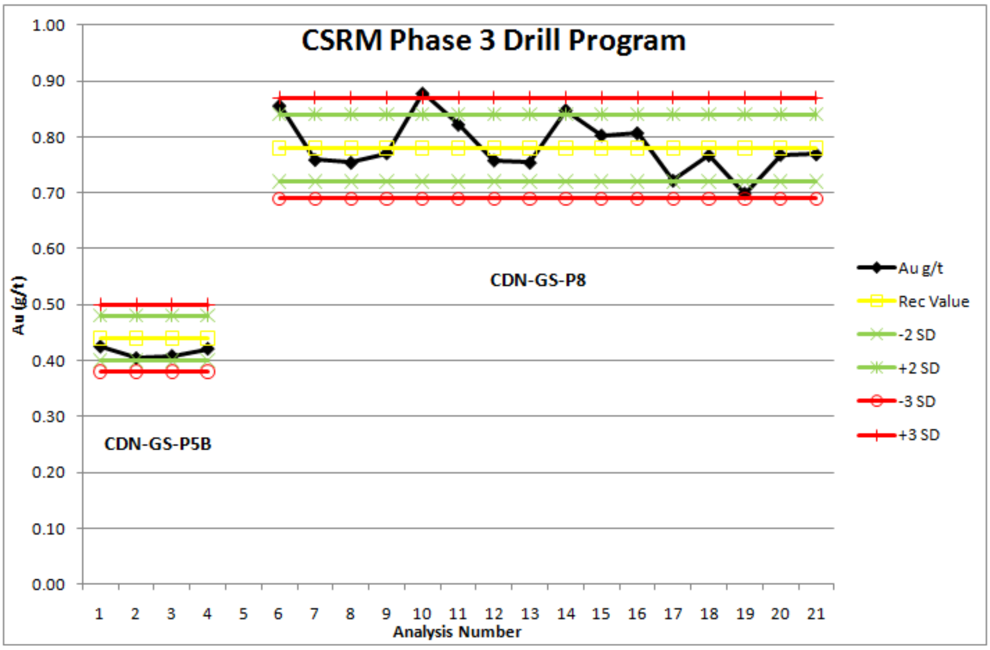


Figure 11.3: CSRM Plot for Phase 3 Drill Program



In Phase 4 drilling, Gold Quest introduced four multi-metal reference standards to monitor the laboratory's analytical performance on both gold and base metals. The more widely used of these is CDN-ME-2 for which the results are shown in Figures 11.4 and 11.5. These results demonstrate the laboratory's proficiency.

Figure 11.4: CSRM Plot for Phase 4 Drill Program - Gold

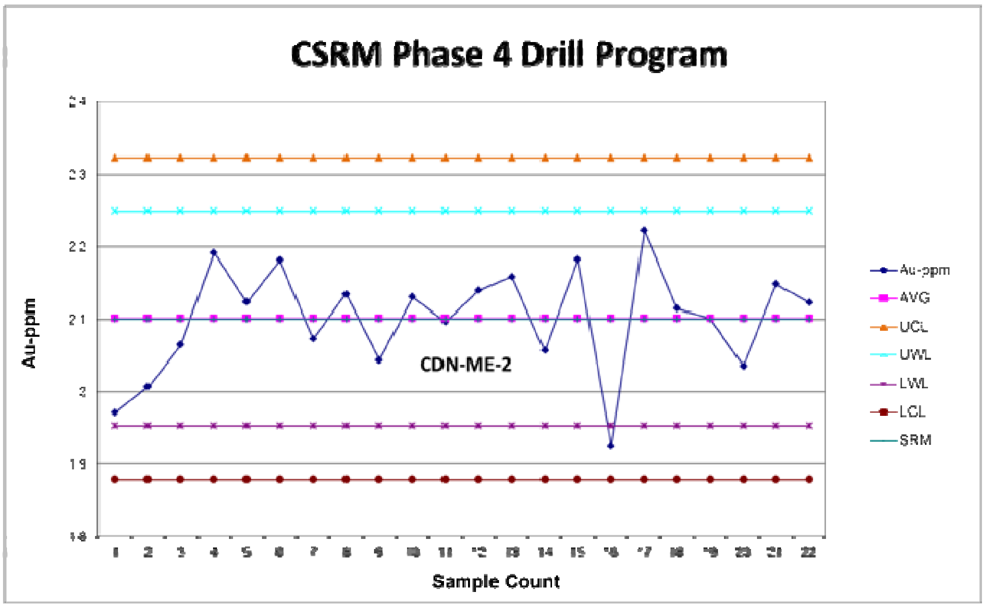
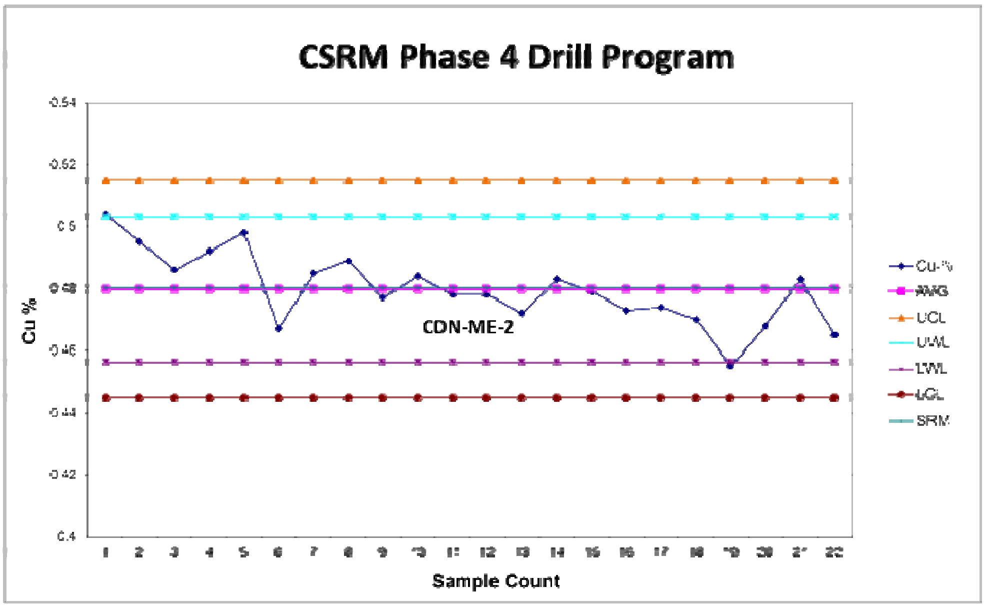


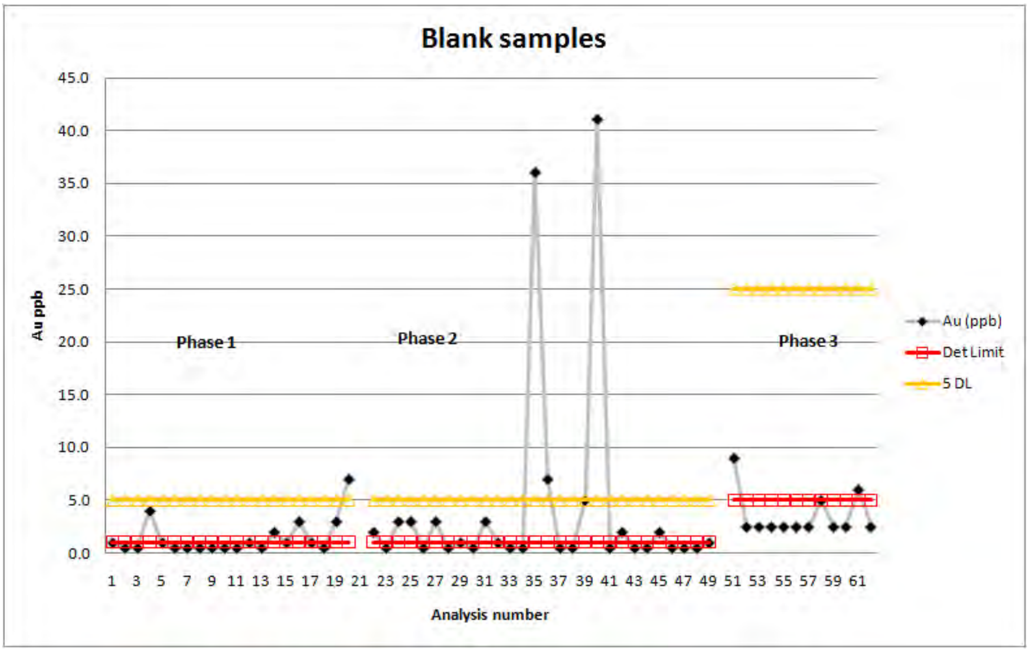
Figure 11.5: CSRM Plot for Phase 4 Drill Program - Copper



11.5.2 Blank Assays

Three blank samples were inserted per 100 samples. The blank used was silica sand. The plot of blank analyses for gold is shown in Figure 11.6. The blank results are generally within acceptable limits, defined as 5 times the detection limit, with three exceptions in the Phase 2 drill program. Since these are in intervals with no significant values, GoldQuest decided not to reanalyse these intervals at the time.

Figure 11.6: Plot of Blank Samples for Phase 1 to Phase 3 of the Drill Program



Values below detection replaced by half the detection limit to avoid negative numbers

Blank samples for Phase 4 all fall within acceptable limits but are too few to make a plot of statistical significance.

11.5.3 Core Duplicates

Two core duplicates were taken for every 100 samples. The core duplicate is a quarter core sample taken by cutting the reference half core sample in two with a diamond saw. A plot of all the core duplicates is shown in Figure 11.5 and shows one outlier sample which may be the result of geological variability, or a laboratory error. In Figure 11.6 the outlier sample has been removed and shows good repeatability of all the other samples.

Although there appears to be good repeatability, Micon does not recommend continued use of core duplicates due to the inherent geological variability.

Figure 11.7: Plot of Core Duplicate Analyses for Au, Phases 1 to 3 of the Drill Program

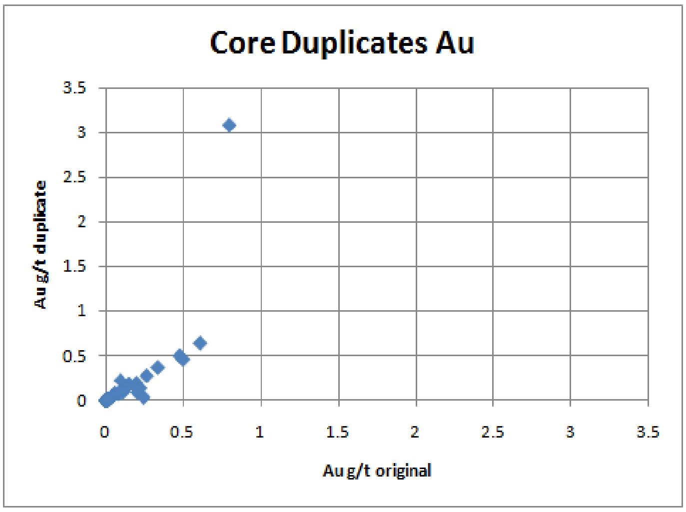
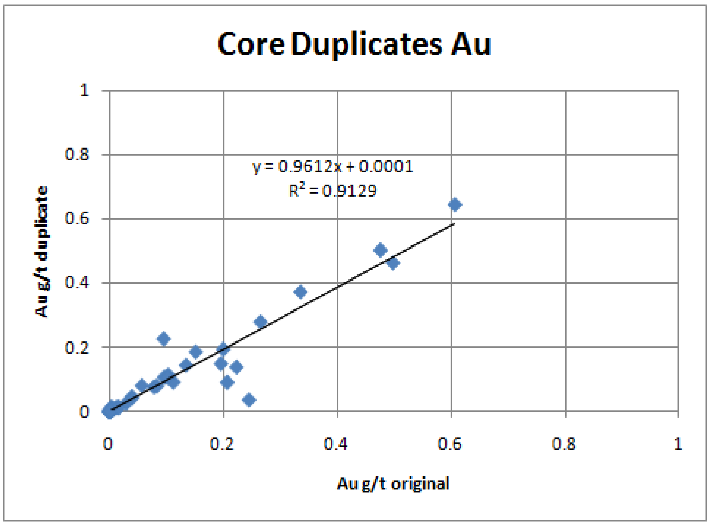


Figure 11.8: Plot of Core Duplicate Analyses for Au, Phases 1 to 3 of the Drill Program (with one outlier removed)

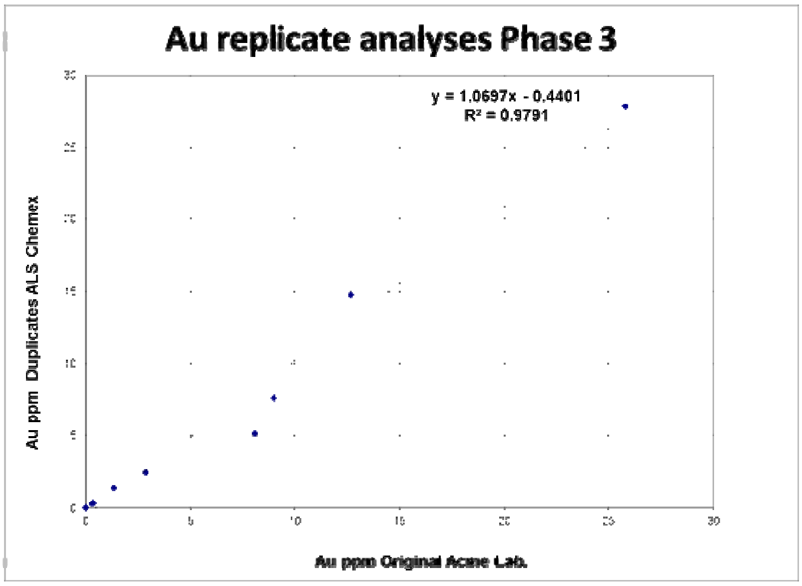


11.5.4 External Laboratory Repeats

Replicate analyses of the same sample pulp were made at a third party, certified laboratory on 55 sample pulps from Phase 3 of the drill program. The 55 sample pulps were selected above a cut off of 0.2 g/t Au, out of 501 analyses (excluding QC samples), representing 11% of the total. These were sent, with 2 CSRM and 2 blanks for QC, to ALS Chemex in Vancouver for analysis for Au by Au-AA23 (FA30g-AAS) and multi-elements by ME-ICP41. A cut-off grade was used to select replicate samples rather than selection at random since the latter would have resulted in the majority of the check samples being below detection or of very low grade, due to the stratiform nature of the mineralisation.

The gold results are plotted in Figure 11.9 and show a very good correlation between the two laboratories.

Figure 11.9: Plot of Replicate Analyses for Phase 3 of the Drill Program



In Phase 4 drilling, replicate analyses were conducted for both gold and base metals. The correlation for all elements (i.e. Au, Ag, Cu, Pb and Zn) is good. Only one sample replicate (i.e. sample number 16978) appeared as an outlier and this is most likely due to a sample switch. The scatter plots for Au and Cu are shown in Figures 14.10 and 14.11, respectively.

Figure 11.10: Plot of Replicate Analyses for Phase 3 of the Drill Program

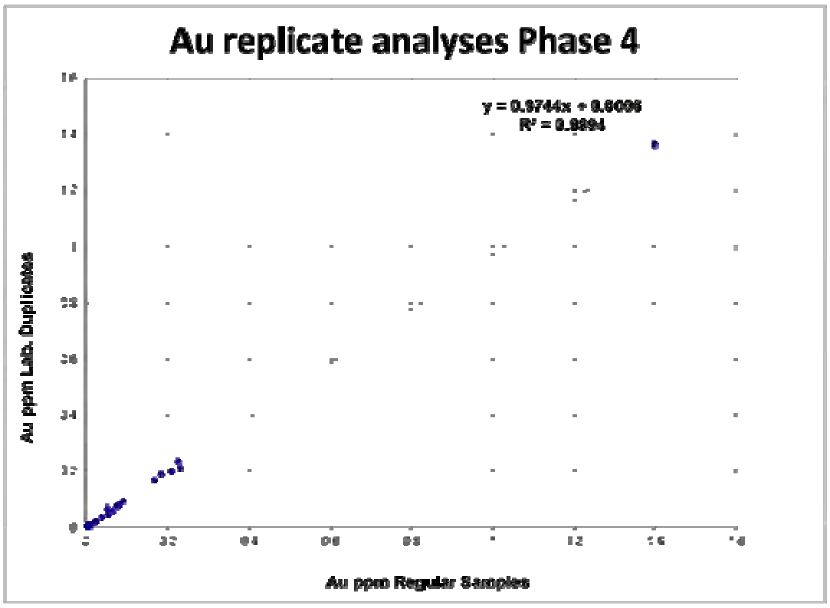
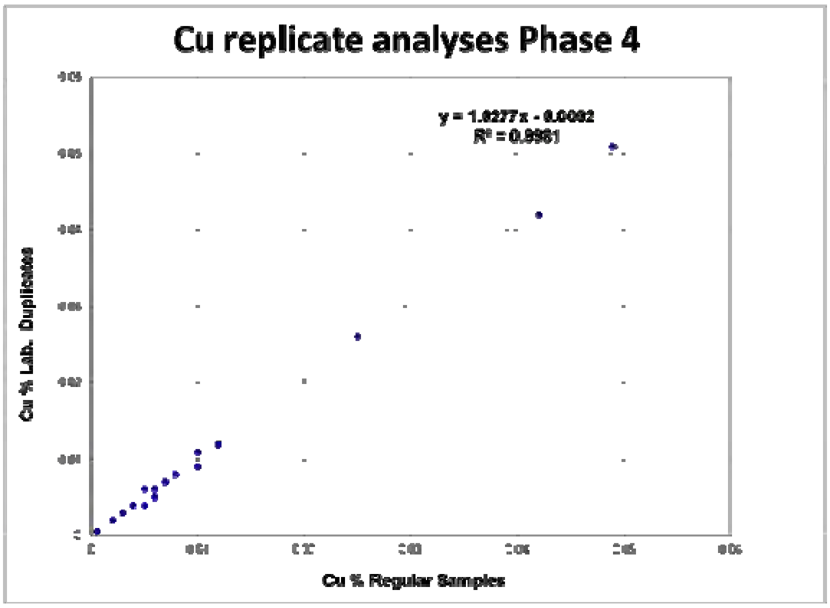


Figure 11.11: Plot of Replicate Analyses for Phase 3 of the Drill Program



11.6 SPECIFIC GRAVITY

No measurements of specific gravity or density were made.

11.7 DATABASE

GoldQuest maintains the project data in Excel spreadsheets and an Access database on a server in the INEX office in Santo Domingo.

11.8 MICON COMMENTS

Micon considers the sample preparation, security and analytical procedures to be adequate to ensure the integrity and credibility of the analytical results used for mineral resource estimation. The use of control samples (i.e. standards, blanks and duplicates) is rigorous and this, coupled with the monitoring of the laboratory's performance on a real time basis, ensures that corrective measures (if need be) are taken at the relevant time and gives confidence in the validity of the assay data used in the resource estimate. However, the use of silica sand as "blanks" does not monitor contamination between samples during the crushing stage; accordingly, Micon recommends that blank material which requires crushing and pulverizing is employed so that contamination can be monitored during this process as well.

On the whole, there has been a steady improvement in the QA/QC protocols from Phases 1 to 3 to Phase 4 when GoldQuest adopted multi-metal standards to cope with the mineralization types encountered. Micon considers that the analytical work completed to-date has been monitored closely enough to ensure representative assays.

12.0 DATA VERIFICATION

In the preparation of this report only drilling results from Phase 1, 2, 3 and 4 have been verified. Drilling in phases 5 and 6 was completed after Micon's visits to site in July ,2011.

The author has verified the data used upon in this report by:

- Visiting the property and confirming the geology in July, 2011;
- Confirming drill core intervals including mineralised intersections;
- Checking the location of the Phase 1 to 4 drill holes in the field; and,
- Review of Phase 1 to 4 QA/QC analysis.

For the resource estimate the author used Excel files exported from the Access database and supplied by GoldQuest.

The author checked all of these against digital PDF assay certificates supplied by the analytical labs. There was no problem with verification of assay certificates with original analyses by ALS-Chemex and Acme.

The author concludes that:

- Exploration drilling, drill hole surveys, sampling, sample preparation, assaying, and density measurements have been carried out in accordance with best current industry standard practices and are suitable to support resource estimates;
- Exploration and drilling programs are well planned and executed and supply sufficient information for resource estimates and resource classification;
- Sampling and assaying includes quality assurance procedures; and,
- Exploration databases are professionally constructed and are sufficiently error-free to support resource estimates.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Preliminary metallurgical studies have been completed on samples of La Escandalosa mineralization selected by Goldquest. Metallurgical testwork was undertaken by Resource Development Inc. (RDI), Wheat Ridge, Colorado, USA. The references for this work are as follows:

- Resource Development Inc., "Scoping Metallurgical Study for Las Escandalosa and Las Animas Oxide Ores, Dominican Republic", dated September 8, 2011. (RDI, 2011).

- Resource Development Inc., Memoranda:
  - La Escandalosa Project Progress Report No. 1, dated December 13, 2011.
  - Flotation Tests on La Escandalosa and Las Animas Projects, dated February 23, 2012.

13.1 METALLURGICAL TESTWORK

The composite sample prepared by GoldQuest in 2011 for the preliminary metallurgical testwork program undertaken by RDI (RDI, 2011) comprised approximately 20 kg of coarse assay rejects and was designated "RDi Composite No.1". This sample was used for a series of scoping gravity separation and bench scale whole sample cyanide leach tests. The results from this work were reported by RDI in September, 2011 (RDI, 2011).

An additional sample was selected by GoldQuest for a program of additional metallurgical study in the latter part of 2011. The work proposed for this package of work to be undertaken by RDI included grinding and abrasion tests, bench scale cyanide leach tests and bench scale flotation tests. At the time of writing this report this work was still continuing; however, some results had been presented to GoldQuest in memoranda issued by RDI.

13.1.1 Sample Characterization

Summary analyses of the two metallurgical samples are presented in Table 13.1.

Table 13.1: Summary Analyses of the La Escandalosa Metallurgical Samples

Element/Compound	Units	Composite No. 1	Second Program Sample
Au	g/t	3.55	3.08
Ag	g/t	-	4.45
$S_{(Total)}$	%	3.26	4.29
$S_{(Sulphide)}$	%	2.20	3.36
$C_{(Total)}$	%	0.02	0.06
$C_{(Organic)}$	%	0.01	0.03
Cu	%	0.35	0.21
Pb	%	0.01	0.02
Zn	%	0.64	0.31
Hg	g/t	-	0.17
As	g/t	94	157
Fe	%	3.72	4.54
Ba	%	0.11	0.04

The Bond abrasion index of the second program sample was determined to be 0.2078 g, which suggests that the sample is reasonably abrasive. The Bond ball mill index for this sample was 14.09 kWh/T at 100 mesh (150 µm).

13.1.2 Gravity Concentration and Cyanide Leaching

Gravity concentration tests recovered about10% of the gold into a concentrate containing about 1 wt% of the feed.

Three cyanide leach tests at different grind sizes and one carbon-in-leach (CIL) were completed by RDI in the original test program (RDI, 2011). Each leach test ran for 48 hours with a cyanide concentration of 1 g/L NaCN and a pH of 11. Gold extraction increased from 42.9% for a grind of 80% passing (P_{80}) 6 mesh (3.36 mm) to 75.2% with a grind P_{80} of 200 mesh (75 µm). The 200 mesh grind CIL test gave a gold recovery of 79.6%. Cyanide consumption was between 1.8 to 4.8 kg/t and lime 9.4 to 25.1 kg/t.

Results from a total of 11 bottle roll leach tests undertaken during the second metallurgical program were reported by RDI in December, 2011. These tests considered a variety of feed grinds, NaCN concentrations, pre-aeration, pulp density and CIL. These results suggested that the optimum process conditions for a whole feed agitation leach process was grinding to a P80 of 150 mesh (105 µm), pre-aeration of 4 hours, cyanide concentration of 0.5 g/L, pulp density of 50 wt% solids and a leach time of 24 hours. There appeared to be no benefit by using CIL, which suggests no detrimental preg-robbing affect.

At the optimum process conditions the gold and silver recoveries were 76.6% and 58.6%, respectively. The cyanide consumption for this test was 1.24 kg/t.

13.1.3 Flotation

Results from a series of rougher flotation tests were reported by RDI in February, 2012. These tests comprised three bulk Cu + Zn sulphide flotation tests and six Cu + Zn + Au + Ag bulk tests.

The objective of the three bulk Cu + Zn tests was to remove the Cu and Zn leaving the precious metals behind in the flotation tailings. The results from these tests showed that the precious metals floated with the base metal sulphides. Recoveries were approximately 90% Cu, 90% Zn, 76% Au and 85% Ag into a concentrate containing about 15% by weight of the feed.

The six bulk Cu + Zn + Au + Ag tests gave similar results to the three bulk Cu + Zn tests.

13.2 RECOMMENDATIONS

The following additional testwork is recommended:

- Further flotation testwork to see if bulk rougher flotation concentrates can be upgraded and to investigate the leaching of the flotation tailings.
- Mineralogical work on base metal mineral liberation and selectivity.
- Gold and silver deportment studies.
- Additional cyanide leach tests to confirm and optimize the process for various lithological ore-types found at La Escondalosa.

14.0 MINERAL RESOURCE ESTIMATE

Micon has estimated mineral resources for the Escandalosa Sur deposit within the La Escandalosa property. The other occurrences within the La Escandalosa property are at an early exploration stage and have insufficient data to conduct resource estimation at this time. The La Escandalosa mineral resource estimate was prepared in compliance with the CIM standards. Surpac mining software was used for mineral resource modelling.

The effective date for the resource estimate is 31 July 2011. The mineral resource estimate utilised assay data from phase 1, 2, 3 and 4 drill programmes completed by GoldQuest in 2006 to 2011. Additional drilling on the La Escandalsoa property in phases 5 and 6 was completed after Micon's site visit in July 2011 and therefore has not been verified for use in the resource estimation.

The database contains geological logging and sample assay information for gold, silver, copper, lead and zinc. Gold is the main metal used in the resource modelling. To create the mineralised zone wireframe models, each hole in the database was flagged to find intervals of at least 2 m grading over 0.3 g/t Au. The depth of oxidation is low so all intervals are in sulphide mineralisation. A summary of all of the mineralised intersections is presented in Table 14.1. The lower intersection in hole LTP-57 is slightly below the cut-off grade but was included for continuity of the interpretation as it lies centrally within the zone adjacent to other significant intersections.

Each interval was connected between the holes and the envelope was extruded 50 m beyond the outermost holes in the zone to create a mineralised zone model. The resultant model shows two vertically stacked zones separated by around 10 m of low grade (<0.3 g/t Au) mineralisation.

The Upper zone is roughly 600 m long in a north to south direction and 350 m wide east to west. On average the zone is 8 m thick with a maximum thickness of 26 m in hole LTP-41. The western boundary of the Upper zone is constrained by the river valley. The mineralisation is open to the north but limited to the south and east by low grade boreholes. To the west the mineralization is limited by the incised San Juan river valley which is associated with a major strike slip fault. The Lower zone is narrower at 400 m long and 150 m wide trending northeast to southwest with an average thickness of 4.6 m.

The zones are intersected by two faults; a southeast trending fault to the north and an east to west trending fault in the south of the zone. The modeled zones do not extend far enough north to encounter the large Escandalosa fault. The east to west trending fault shows no structural deformation of the zone however, the southeast trending fault corresponds with a change of dip from flat lying to the south to a dip of 15 degrees north on the north side of the fault. This is shown in Figure 14.1. It is evident that this faulting complicates the zone as adjacent holes can have very variable zone thickness and average gold grades; for example LTP-41 and LTP-49 at greater than 20 m thick, which are 30 m on either side of LTP-57 where the zone is only 6 m thick.

A long section and plan view of the modeled zones is presented in Figures 14.1 and 14.2.

Table 14.1: Mineralised Zone Drill Hole Intersections

Hole ID	Depth From (m)	Depth To (m)	Intersection (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
LTP-05	4	14	10	0.57	1.20	0.05	0.01
LTP-06	5.13	16.03	10.9	0.32	0.77	0.06	0.01
LTP-07	38	58	20	6.27	2.24	0.27	0.15
LTP-07	68	78	10	0.82	1.88	0.09	0.01
LTP-08	40	48	8	2.52	3.16	0.20	0.32
LTP-09	34	50	16	2.10	4.00	0.15	0.44
LTP-10	66	80	14	0.42	1.30	0.01	0.03
LTP-18	60	64.28	4.28	1.75	2.26	0.15	0.02
LTP-18	102	104	2	0.32	2.32	0.01	0.07
LTP-19	86	96	10	1.02	1.67	0.12	0.23
LTP-19	106	108	2	0.47	0.35	0.01	0.02
LTP-20	74	84	10	0.37	1.93	0.02	0.04
LTP-21	98	104	6	0.54	0.26	0.01	0.02
LTP-22	78	80	2	0.44	0.72	0.01	0.05
LTP-24	104	121	17	0.39	2.47	0.15	0.20
LTP-24	127	129.54	2.54	0.37	0.27	0.02	0.02
LTP-26	141	143	2	0.36	1.88	0.28	0.00
LTP-27	97	101	4	0.53	1.18	0.10	0.02
LTP-34	61.02	68.11	7.09	5.85	4.16	0.30	0.85
LTP-35	28	40	12	2.22	2.39	0.22	0.13
LTP-35	52	54	2	0.86	2.18	0.04	0.04
LTP-39	66	86	20	14.69	2.66	0.34	0.04
LTP-39	101.63	106	4.37	1.04	3.86	0.29	0.03
LTP-41	28	54	26	5.91	2.09	0.15	0.07
LTP-41	70	74	4	0.91	3.94	0.13	0.20
LTP-42	37.14	48	10.86	2.56	2.57	0.19	0.59
LTP-42	56	58	2	0.44	10.67	0.03	0.45
LTP-43	52	54	2	0.33	2.00	0.03	0.18
LTP-45	58.88	62.05	3.17	2.62	3.00	0.27	1.66
LTP-46	56.48	62	5.52	1.01	2.98	0.05	0.27
LTP-47	100	102	2	0.86	1.00	0.19	0.06
LTP-47	110	126	16	2.45	1.00	0.11	0.01
LTP-48	88.78	98	9.22	3.54	1.00	0.26	0.02
LTP-48	114	116	2	0.32	1.00	0.00	0.01
LTP-49	74	94	20	1.32	1.50	0.24	0.02
LTP-49	114	118	4	0.13	1.00	0.01	0.01
LTP-51	78	80	2	0.15	1.00	0.00	0.01
LTP-52	46	58	12	0.32	3.67	0.10	0.18
LTP-53	84	92	8	0.46	1.25	0.02	0.03
LTP-54	57	63	6	0.40	1.98	0.03	0.17
LTP-56	55	61	6	0.97	6.00	0.05	0.13
LTP-57	76	82	6	0.41	1.33	0.02	0.27
LTP-57	102	104	2	0.12	1.00	0.01	0.02
LTP-62	63.58	76.63	13.05	6.86	3.36	0.40	0.86
LTP-62	90	100	10	0.83	4.60	0.13	0.17

Figure 14.1: Long Section of Micon Wireframe Model

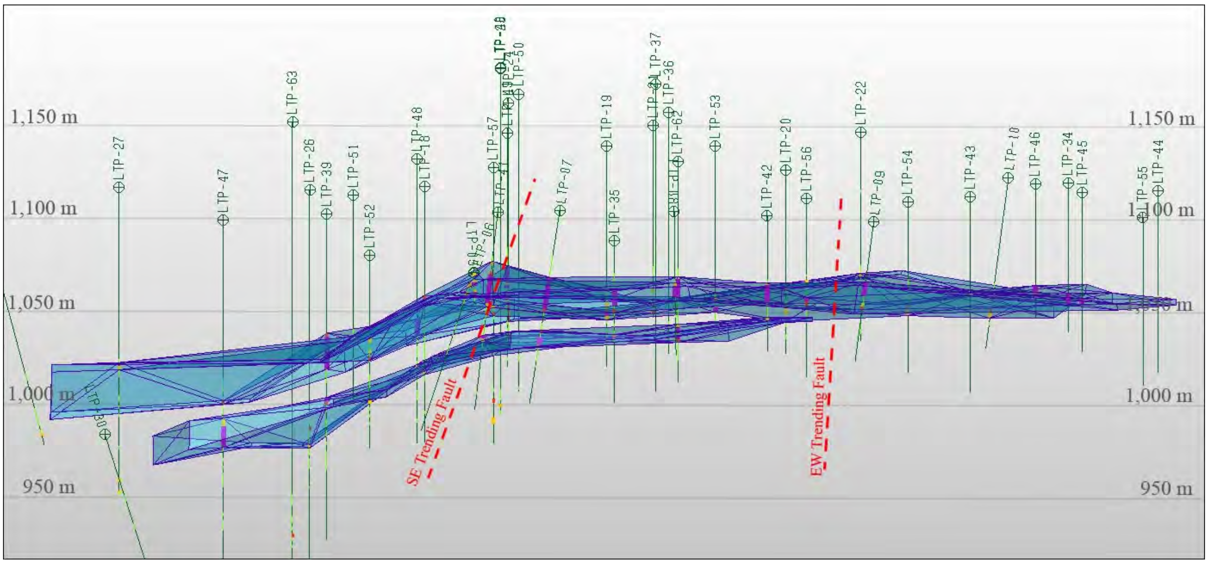
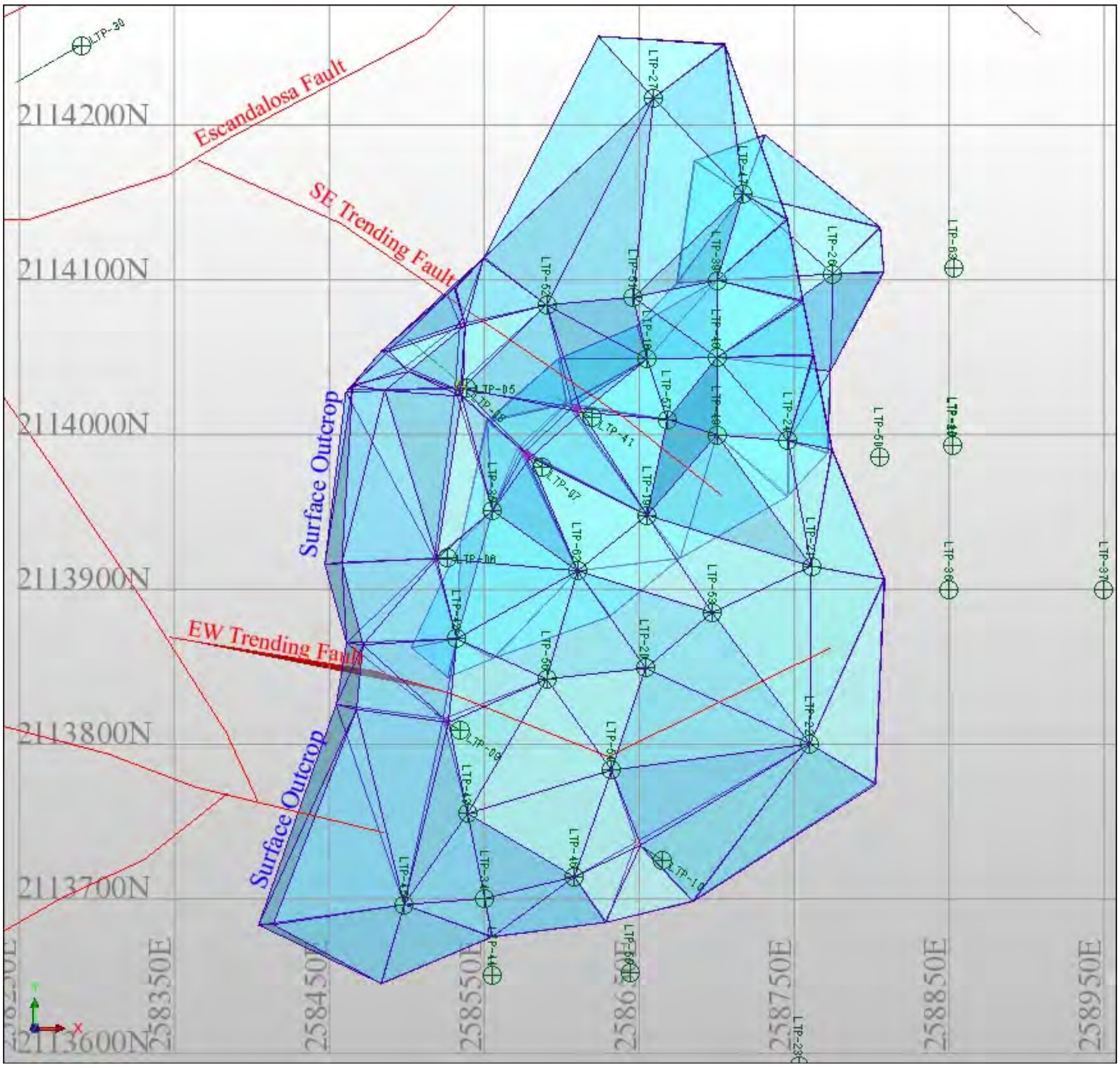


Figure 14.2: Plan View of Micon Wireframe Model



14.1 STATISTICAL ANALYSIS

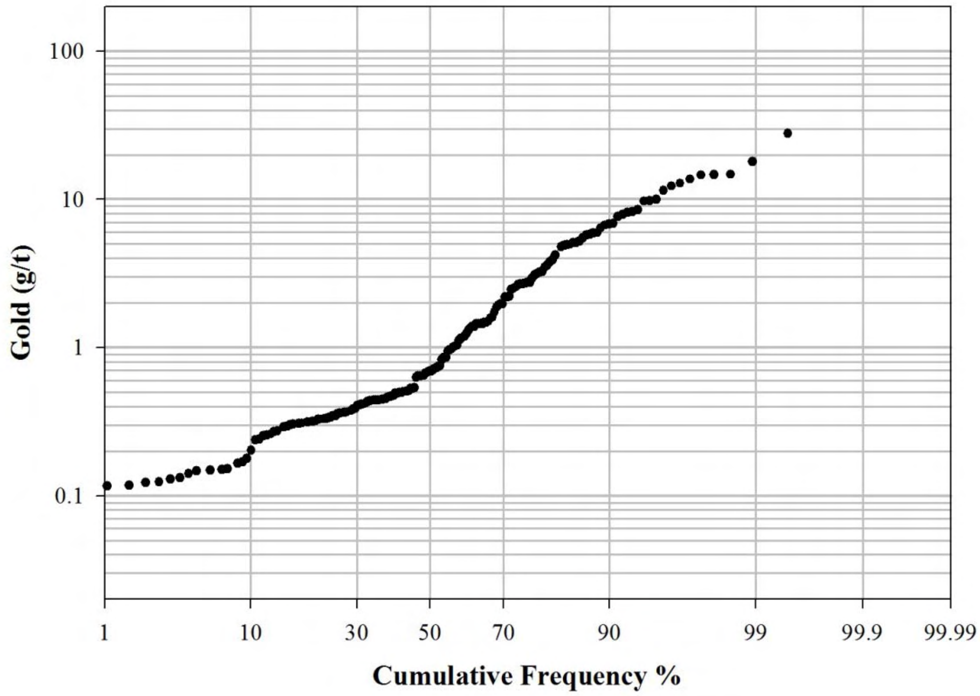
The sample data within the wireframe were flagged in the drill hole database. Basic statistical parameters were calculated for gold and these are provided in Table 14.2.

Table 14.2: Basic Statistical Parameters for Gold and Silver

Parameters	Au (g/t)
Number of Samples	189
Min	0.11
Max	68.5
Mean	2.75
Length Weighted Mean	2.77
Median	0.69
Standard Deviation	6.14
Coefficient of Variation	2.23

The frequency distributions of the sample populations were examined to identify the presence of extreme high-grade outlier values. Outlier values may result from sampling errors and can exert an undue influence during block grade interpolation resulting in over-estimation of block grades. The methodology employed for establishing the outlier limit was to examine the distribution of the sample population. Log-probability plots of the distribution of sample values were generated. The plot for gold is presented in Figure 14.3.

Figure 14.3: Log-Probability Plot of Gold Assays



The gold mineralisation at Escandlaosa Sur shows a lognormal distribution with a slight change in slope at around 1 g/t Au. This suggests there could be a separate high and low grade population but there is insufficient data at present to investigate these separately. The plot shows a major inflection point at 15.0 g/t and therefore four outlier grades in the database were cut to this value. Silver grades in the database were cut to 30 g/t Ag while copper, lead and zinc grades were cut to 0.8% Cu and 1.7% Zn respectively, and outlier grades were cut to these grades. Typically fewer than seven samples were cut.

The sample length within the wireframes is variable with a minimum of 0.86 m up to a maximum of 2.4 m. The average sample length is 1.96 m so Micon decided to composite all samples to 2 m. The composites were made using a best-fit algorithm that allowed the composite length to be varied within a given tolerance of 20 %, in order to minimise the loss of data but maintain a consistent composite length. Basic statistical parameters for the composited data are presented in Table 14.3.

Table 14.3: Basic Statistical Parameters for Composited Data

Parameters	Ag (g/t)
Number of Samples	184
Min	0.11
Max	15.00
Mean	2.45
Median	0.74
Standard Deviation	3.52
Coefficient of Variation	1.44

The effect of the grade capping and compositing was a significant reduction in the coefficient of variation with only a small a reduction in average grade. The coefficient of variation is still relatively high but has been reduced enough to give an unbiased estimate of mean grade.

14.2 BLOCK MODEL

The La Escandalosa block model utilised regular-shaped blocks measuring (X) 10 m by (Y) 10 m by (Z) 2 m. This block size configuration was the most appropriate considering the geometry of the mineralisation and the distribution of sample information. The parameters that describe the block model are summarised in Table 14.4.

Table 14.4: Dimensions of the La Escandalosa Block Model

Block Model	X direction	Y direction	Z direction
Origin	257,900	2,113,200	850
Parent Block Size	10	10	2
Sub Block Size	2.5	2	2.5
Number of Parent Blocks	150	150	275

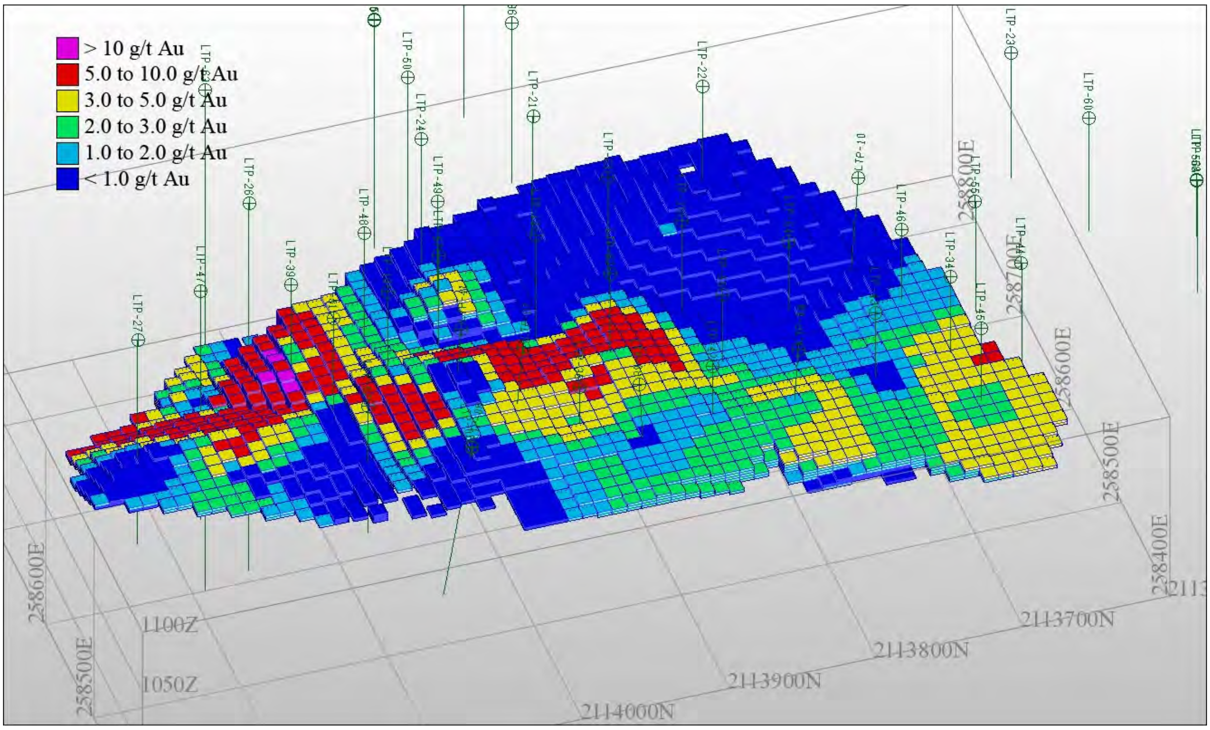
14.2.1 Grade Interpolation

Grade interpolation for gold, silver, copper, lead and zinc was performed using Inverse Distance cubed (ID^3). With the limited data available, ID^3 was considered as an appropriate interpolation method as it applies the majority of estimation weight to the nearest informing composite samples and therefore allows a large search ellipse to be used without overly smoothing the grade.

For the grade interpolation a search ellipse with 100 m radius and 10 m height was orientated following the strike and dip of the mineralised zones. For each block within the mineralised zone model the grade was estimated using up to 15 composite samples with a maximum of 5 from a single borehole. The Upper and Lower zones were estimated and reported separately.

Images showing the distribution of gold values in the block model and metal accumulations are presented in Figures 14.4 and 14.5. The results of the interpolation at different cut-off grades are also given in Table 14.5.

Figure 14.4: 3D Isometric View of La Escandalosa Block Model Showing Grade Distribution



The results show that most of the gold mineralisation is concentrated in the west and northern sides of the Upper mineralised zone.

Figure 14.4 shows a general northeast to southwest trend of high grade mineralisation above 2.0 g/t Au across the full strike length of the deposit. Figure 14.5 shows that this trend is dominated by two concentrations of gold in the north based on good intersections of mineralisation in holes LTP-39 and LTP-41. Between these two concentrations is a break in the high grade trend which is suspected to be related to the southeast trending fault which was mapped on surface.

Figure 14.5: Plan View of La Escandalosa Gold Accumulation

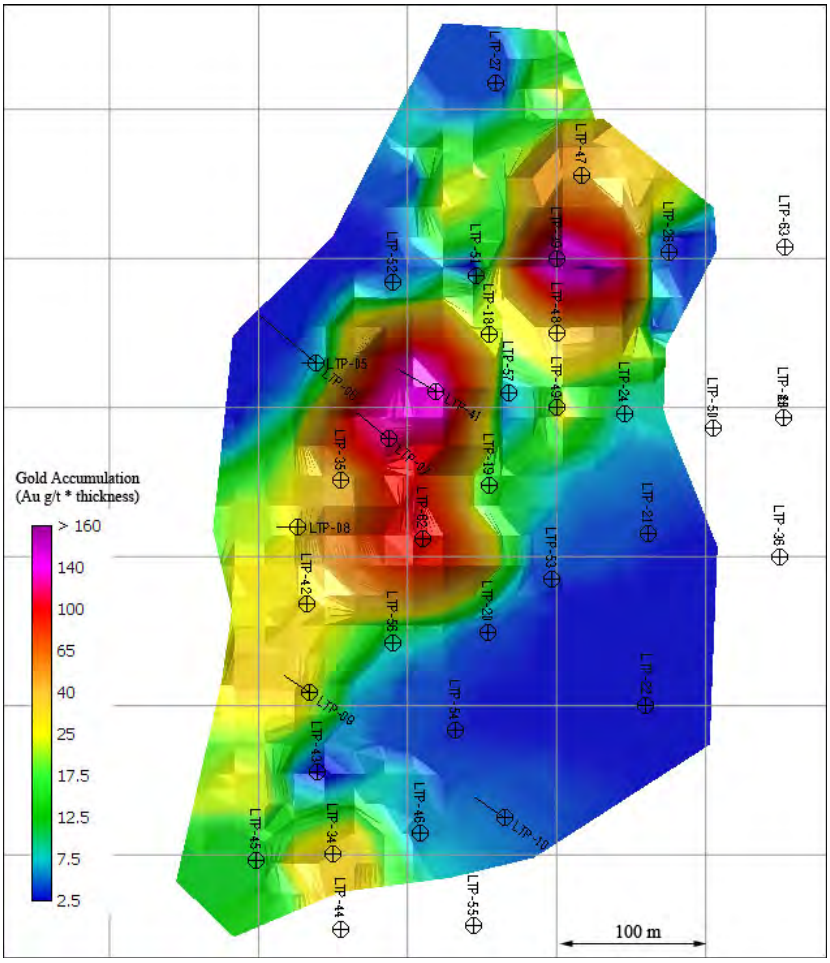


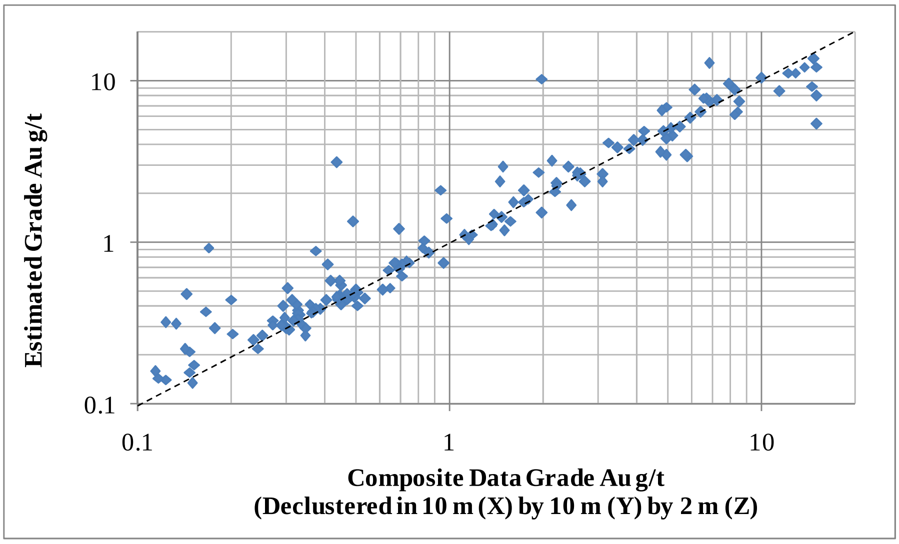
Table 14.5: Cut-off Grade (COG) Analysis

Inferred										
	Upper					Lower				
COG (Au g/t)	Tonnes (t)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Tonnes (t)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
10.0	41,080	11.14	3.00	0.32	0.09	0	-	-	-	-
5.0	616,720	7.32	2.58	0.29	0.25	0	-	-	-	-
2.0	1,609,400	4.79	2.57	0.24	0.36	228,000	3.20	1.17	0.09	0.01
1.0	2,034,760	4.09	2.59	0.22	0.33	367,200	2.50	1.69	0.11	0.02
0.9	2,103,920	3.99	2.59	0.22	0.32	420,800	2.30	1.86	0.12	0.03
0.8	2,187,120	3.87	2.58	0.21	0.31	561,600	1.94	2.22	0.12	0.04
0.7	2,287,480	3.73	2.57	0.21	0.31	640,800	1.79	2.37	0.12	0.05
0.6	2,425,280	3.56	2.57	0.20	0.30	704,000	1.69	2.51	0.12	0.06
0.5	2,577,640	3.38	2.53	0.19	0.29	771,200	1.59	2.55	0.11	0.06
0.4	2,942,680	3.02	2.41	0.17	0.26	835,200	1.50	2.64	0.11	0.07
0.3	3,252,600	2.76	2.34	0.16	0.24	864,840	1.46	2.60	0.11	0.07
0.2	3,323,840	2.71	2.33	0.16	0.24	890,320	1.43	2.56	0.10	0.07
0.1	3,328,520	2.71	2.33	0.16	0.24	916,320	1.39	2.52	0.10	0.07
0.0	3,328,520	2.71	2.33	0.16	0.24	916,320	1.39	2.52	0.10	0.07

14.2.2 Block-model Validation

All the composite samples were declustered to a volume equivalent to the parent block size of the mineral resource model. Average composite grades were imported into the block model to allow a direct comparison of composite grade and estimated grade. This provides insight into the accuracy of local estimates. The scatter plots in Figure 14.6 show an overall good correlation between the composite sample data and the estimated grade. A correlation coefficient of 0.91 between the declustered composites and block estimates confirms a good correlation.

Figure 14.6: Declustered Composite Grade Versus Estimate Block Grade - Gold



14.3 MINERAL RESOURCE ESTIMATE

Mineral resources were estimated in accordance with the definitions contained in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves Definitions and Guidelines that were prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on November 27, 2010.

In this exercise Micon has classified all resources into the Inferred category. A large proportion of the modelled gold mineralisation is based upon significant intersections in holes LTP-39, LTP-42 and LTP-61 which are located in an area which has been complicated by faulting and so cannot be modelled with sufficient confidence for a higher category classification.

The currently defined mineral resources at Escandalosa Sur occur near to surface and would be amenable to conventional open pit mining methods. An economic cut-off grade of 0.6 g/t Au was considered appropriate for reporting the mineral resources. Inferred Mineral Resources are estimated at 3.13 Mt at 3.14 g/t Au and are summarised in Table 14.6.

Table 14.6: Micon Resources for La Escandalosa Estimated by Micon as of 31st July 2011

Inferred					
Zone	Tonnes (t)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
Upper	2,425	3.56	2.57	0.20	0.30
Lower	704	1.69	2.51	0.12	0.06
Total	3,129	3.14	2.56	0.18	0.24
	Contained Metal				
		Au (000's oz)	Ag (000's oz)	Cu (tonnes)	Zn (tonnes)
Total		316	257	5,658	7,616

It is Micon's opinion that there are no known environmental, permitting, legal, title, taxation, socio-economic, marketing or political issues exist that would adversely affect the mineral resources presented above. However, the mineral resources presented herein are not mineral reserves as they have not been subject to adequate economic studies to demonstrate their economic viability. There are currently no mineral reserves on the La Escandalosa property.

15.0 MINERAL RESERVE ESTIMATES

There are no measured or indicated mineral reserves for the La Escandalosa Project.

16.0 ADJACENT PROPERTIES

There are no mineral deposits with NI 43-101-compliant mineral resource estimates adjacent to La Escandalosa. GoldQuest has several other exploration concessions nearby at early stages of exploration.

The Dominican Republic has a significant mining industry. The most important mines are the Falcondo nickel laterite mine and the Pueblo Viejo gold deposit, located 100 km east and 120 km east of La Escandalosa respectively. Pueblo Viejo is currently being developed by Barrick Gold Corp. and Goldcorp Inc. and has proven and probable mineral reserves of 22.4 Moz gold, 132.3 Moz silver and 455 million pounds of copper, contained in 223.7 Mt or ore grading 3.12 g/t Au, 18.4 g/t Ag and 0.09% Cu (Barrick Annual Information Form, 31 December 2008). The mine historically produced 5.4 Moz of gold from oxides.

17.0 OTHER RELEVANT DATA AND INFORMATION

There are no other relevant data and information to be reported.

18.0 INTERPRETATION AND CONCLUSIONS

The La Escandalosa property contains stratiform gold mineralisation with copper, silver and zinc of intermediate sulphidation epithermal style. The source of the mineralising fluids remains unknown and there is exploration potential for the discovery of mineralisation in structural feeder zones or possibly in a porphyry copper-gold type system.

Direct Current Induced Polarization (DCIP) ground geophysical surveys conducted in 2011 has identified a corridor some 3.0 km long extending north to south with anomalies in conductivity and chargeability. This is supported by a ground magnetic study also completed in 2011. Alteration and mineralisation has been traced within this corridor for 2.2 km from Hondo Valle to La Hilguera. Six phases of drilling has been completed since 2006 to indicate the presence of mineralisation in the Escandalosa Sur, Hondo Valle and Romero zones.

Using the data from drilling Phases 1 to 4 in accordance with CIM standards and definitions as required by NI 43-101, Micon has estimated an inferred mineral resource at the Escandalosa Sur zone. The defined mineral resource at Escandalosa Sur has a strike length of about 600 m and occurs near to surface and would therefore be amenable to conventional open pit mining methods. A large proportion of the modelled mineralisation is based upon significant intersections in holes LTP-39, LTP-42 and LTP-61 which are located in an area which has been complicated by faulting.

Further drilling on the La Escandalosa property has been completed in late 2011 and 2012 in Phases 5 and 6. This information was not validated by Micon as it was completed after the site visit in July 2011. The additional drilling at Escandalosa Sur may allow the mineral resources to be estimated with improved confidence and positive results in the Hondo Valle and Romero areas warrant further exploration work.

19.0 RECOMMENDATIONS

The following work is recommended:

1. Metallurgical test work on the Escandalosa Sur resource;
2. Update on resource modelling at Escandalosa Sur to incorporate results from Phase 5 and 6 drilling;
3. Further exploration work on the Hondo Valle and Romero areas to build upon the positive exploration results to date;
4. Environmental baseline study.

The estimated costs are listed in Table 26.1.

Table 19.1: Estimated Cost of Recommended Further Study at La Escandalosa

Item	US$ (000)
Metallurgy	100
Update Resource Modeling	100
Further exploration at Hondo Valle and Romero areas	1,000
Environmental baseline study	100
General & Administration	100
Total	**1,400**

20.0 DATE AND SIGNATURE PAGE

The mineral resource estimate presented in this report is current as of July 31st, 2011.

"Jonathan Steedman" *{Signed and sealed}*

Jonathan Steedman, M.Sc., MAusIMM (CP) (Member # 227377)
Senior Economic Geologist
Micon International Co Limited
Signing Date: 14th August 2012

"Richard Gowans" *{Signed and sealed}*

Richard Gowans, P.Eng.
President and Principal Metallurgist
Micon International Limited
Signing Date: 14th August 2012

21.0 CERTIFICATES

CERTIFICATE OF AUTHOR
JONATHAN STEEDMAN

As the author of the technical report entitled "Mineral Resource Estimate for the La Escandalosa Project, Province of San Juan, Dominican Republic", dated 14th August 2012 (the "Technical Report"), I, JONATHAN STEEDMAN do hereby certify that:

1) I am employed by, and conducted this assignment for, Micon International Co Limited, Suite 10, Keswick Hall, Norwich, United Kingdom, tel. 0044(1603) 501 501, fax 0044(1603) 507 007, e-mail jsteedman@micon-international.co.uk;

2) I hold the following academic qualifications:

   B.Sc. Geology (Hons) University of Aberdeen, UK 1999
   M.Sc. (Mineral Exploration) University of Leicester, UK 2001

3) I am a member of the Australasian Institute of Mining and Metallurgy (Member # 227377), Chartered Professional (CP);

4) I have worked as a geologist in the minerals industry for ten years;

5) I am familiar with NI 43-101 and, by reason of education, experience and professional registration, I fulfil the requirements of a Qualified Person as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). My experience includes mineral exploration, mine development, open-pit production with a variety of deposit types including gold, silver, copper, zinc, lead, nickel, platinum group metals and industrial minerals.

6) I visited the La Escandalosa Property on 6th to 8th of July 2011.

7) I have had no prior involvement with the mineral properties in question;

8) As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make this report not misleading;

9) I am independent of GoldQuest, as defined in Section 1.5 of NI 43-101, other than providing consulting services;

10) I have read NI 43-101 and the technical report has been prepared in compliance with NI 43-101;

11) I am responsible for the preparation of this technical report.

Dated this 14th day of August 2012

"Jonathan Steedman" {signed and sealed}

Jonathan Steedman, M.Sc., MAusIMM (CP) (Member # 227377)

CERTIFICATE OF AUTHOR
RICHARD GOWANS

As a co-author of this report entitled “Mineral Resource Estimate for the La Escandalosa Project, Province of San Juan, Dominican Republic”, dated 14th August 2012(the “Technical Report”), I Richard M. Gowans, P. Eng., do hereby certify that:

1) I am employed by, and carried out this assignment for;:Micon International Limited, Suite 900, 390 Bay Street, Toronto, Ontario, M5H 2Y2; tel. (416) 362-5135 fax (416) 362-5763, e-mail: rgowans@micon-international.com

2) I hold the following academic qualifications:

   B.Sc. (Hons) Minerals Engineering, The University of Birmingham, U.K., 1980

3) I am a registered Professional Engineer of Ontario (membership number 90529389); as well, I am a member in good standing of the Canadian Institute of Mining, Metallurgy and Petroleum.

4) I have worked as an extractive metallurgist in the minerals industry for over 30 years.

5) I do, by reason of education, experience and professional registration, fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes the management of technical studies and design of numerous metallurgical testwork programs and metallurgical processing plants.

6) I visited the La Escandalosa Property on 6th to 8th July 2011.

7) I am responsible for the preparation of Sections 13.0 of this Technical Report.

8) I am independent of GoldQuest Mining Corp., as defined in Section 1.5 of NI 43-101.

9) I have had no previous involvement with the Property.

10) I have read NI 43-101 and the portions of this report for which I am responsible have been prepared in compliance with the instrument.

11) As of the date of this certificate, to the best of my knowledge, information and belief, the sections of this Technical Report for which I am responsible contain all scientific and technical information that is required to be disclosed to make this report not misleading.

Dated this 14thday of August, 2012

“Richard M. Gowans” {signed and sealed}

Richard M. Gowans, P.Eng.

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