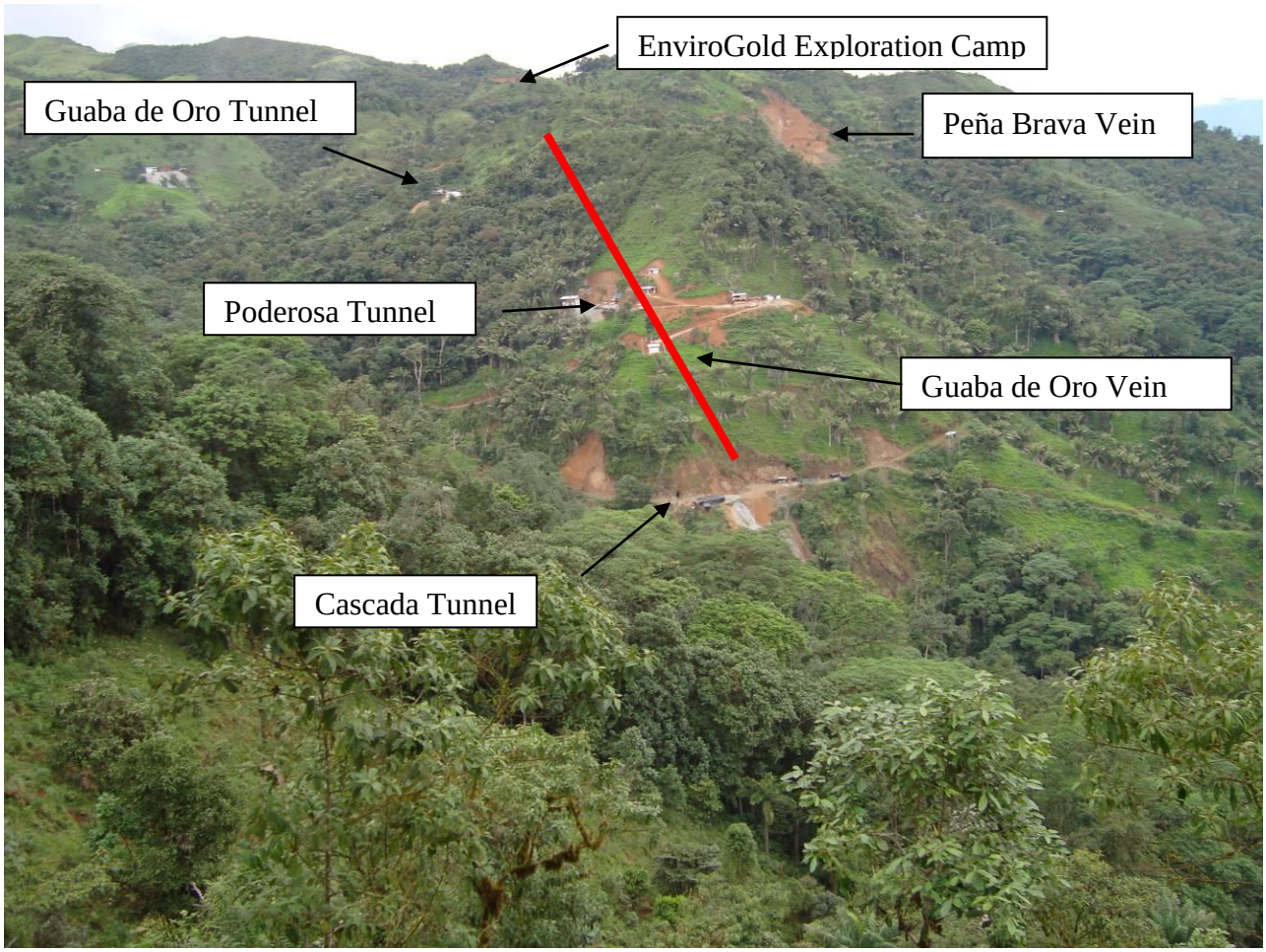
SAN GERARDO PROJECT REPORT
Preliminary Soil and Rock Geochemistry



SAN GERARDO PROJECT
Geology Report for: ENVIROGOLD LIMITED
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EXECUTIVE SUMMARY

EnviroGold Limited commenced an extensive geochemical soil sampling program over the San Gerardo Project area located within the Cincoca concession in May 2011. The program is targeting gold, copper and molybdenum mineralization that was previously identified on the project area by Buscore Consulting in 2010.

Whilst the sampling program is still ongoing, the results received to date have mostly verified Buscore's initial reconnaissance work and in the case of potential copper mineralization, far exceeded what was to be expected based on the previous mapping. Whilst the extension of the soil sample grid and geophysical surveys are still ongoing, the early indications are that some localities on the concession contain styles of mineralization similar to the Cu-Mo-Au breccia pipes seen at the nearby Tres Chorreras property. The soil and rock samples together with some of the observed alteration and mineralization also show the property has excellent potential to host epithermal vein gold mineralization in several locations, and a massive Cu-Mo anomaly within the center of the initial soil sampling grid over 15% of the concession suggests that there is excellent potential for the concession to host large scale porphyry style mineralization.

The project focus is now on extending the soil sampling grid, undertaking the geophysical surveys consisting of induced polarization (IP) and ground magnetic (MAG) survey and to commence a scout diamond drilling program to identify and delineate the potential Cu-Mo-Au targets within the property.

INTRODUCTION

The San Gerardo Project is within the Cincoca concession and represents a Cu, Au, Ag, vein system with porphyry potential. The project is located 93 Km from the city of Machala, within the San Gerardo Canton of Azuay province, Ecuador. Total size of the concession is 2,153 hectares. This report is a follow up on work completed by Alex Cruz of Buscore Consulting, prepared in August 2010, and reviews some of the preliminary soil and rock samples data collected in 2011 and compares them to the 2010 reconnaissance work.

TOPOGRAPHY and ACCESS

Access to the project is gained from the main paved highway that connects Machala to Guayaquil at highway marker 68 Km, near the town of Shumiral. From here a gravel road is taken for 25 km to the town of San Gerardo. The Cincoca concession is cross cut by the gravel road in several places. Travel time from Machala to the project is approximately 2 hours, with the concession located at an elevation between 700 to 1200m. The topography within the project consists of moderately steep rolling hills, and moderate to dense foliation.

LOCAL GEOLOGY

Volcanic Rocks

Volcanic rocks consisting of andesites, andesite tuffs and dacite dominate the project area. A number of volcanic breccias, especially to the west can be observed within the concession. These volcanic lithologies are the dominant host rock for the mineralized veins with in the project area. The volcanic rocks are typically fine grained with silica alteration containing local stock work zones consisting of pyrite/chalcopyrite veinlets, specially associated with fault structures.

Porphyry Rocks

Limited porphyry bodies have been observed locally within the South-Central and North-East portion of the concession. The porphyry bodies consist of dacite material with fine grain greenish color having hornblende, local strong silica alteration, and containing propylitic alteration. Locally disseminated pyrite and chalcopyrite are observed. To the south, the porphyry lithologies become more medium grained and are represented by more dike like geometry. These porphyry bodies contain quartz phenocrysts and the mineralization typically consists of quartz-pyrite-chalcopyrite within veinlets. On occasion, molybdenite has been observed locally and is present on the fractures planes.

Intrusive rocks

Diorite and microdiorite rocks have been observed and intruded the volcanic sequence. It is possible that these intrusions may have been emplaced contemporaneously with or slightly earlier than the porphyritic dacite. The diorite lithologies are present in the forms of dikes crosscutting the volcanic rocks and porphyry rocks.

Volcanic and hydrothermal breccia.

Volcanic and hydrothermal breccias have been observed intruding the volcanic sequence. The matrix of the breccia bodies consists of porphyritic material with calcedonic silica, vugs, quartz-silica filled sulphides of pyrite plus oxides of iron. The main hydrothermal breccias appear to the West-Central (Loma del Oso) and to North Eastern (LomaVoladero) portion of the grid. The Lomo Oso breccia was sampled by Alex Cruz in 2010 with one grab sample returning a value of 4.10 g/t Au.

MINERALIZATION

To date the mineralization seen on the project is represented by quartz-clay gouge-pyrite-calcite-chlorite veins. A number of these veins were sampled in the 2010 reconnaissance review of the project.

Locally there is disseminated chalcopyrite mineralization seen within the host rocks. Also on the surface disseminated pyrite (2-3%) and chalcopyrite (1-2%) were observed within the dacitic porphyry with copper oxides of bornite, and malachite, suggesting some copper oxide potential. Another style of mineralization that was observed is

represented by a hydrothermal breccia seen in the Loma del Oso and Loma Voladero sector.

Within the prospect, all of the faults contain mineralization consisting of finely disseminated pyrite with gouge and oxides of copper (malachite) and carbonates on some fault planes.

ALTERATION

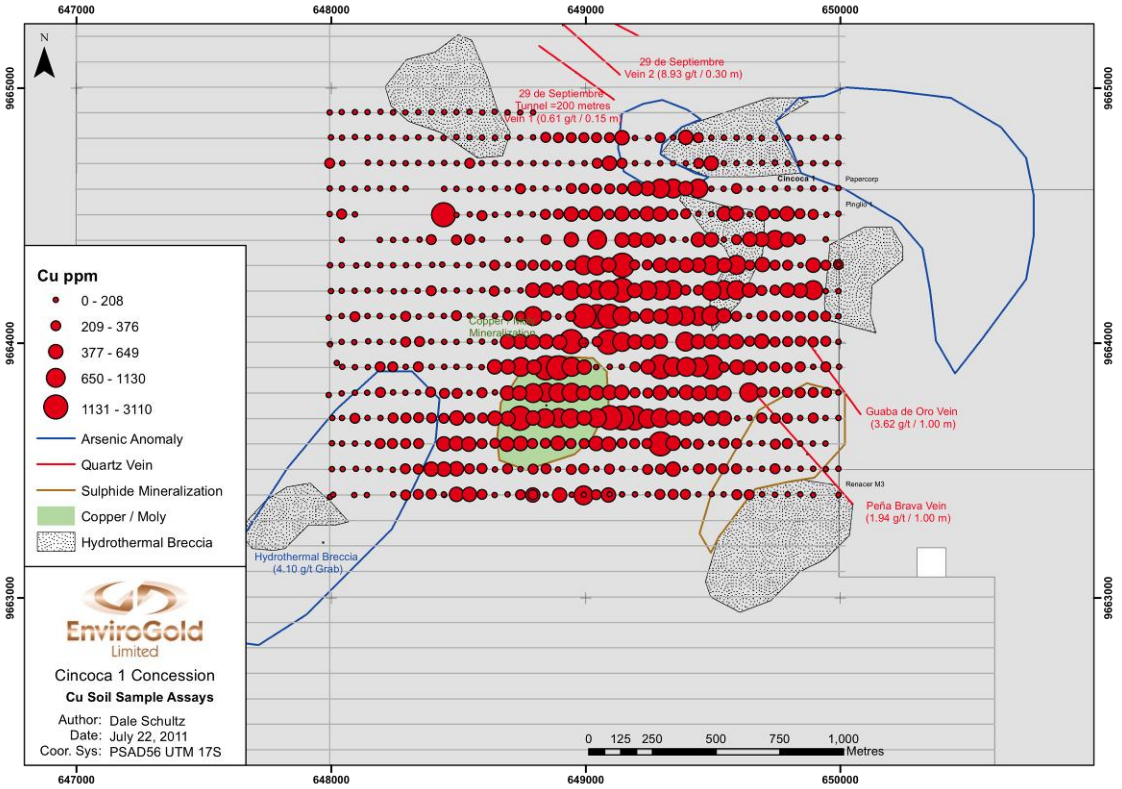
The most commonly observed alteration is silicification related with dacite porphyry lithologies. Secondly, propylitic alteration is observed consisting of veinlets of quartz-epidote-chlorite-calcite. Also observed locally is argilic alteration appearing in the form of illite.

GEOCHEMISTRY

Soils

The soil survey is ongoing. The data presented represent 16 fully or partly completed lines, and is preliminary in nature. Additional line coverage to the north, south, and west will be required to complete the survey. Below are comments on the various element plots.

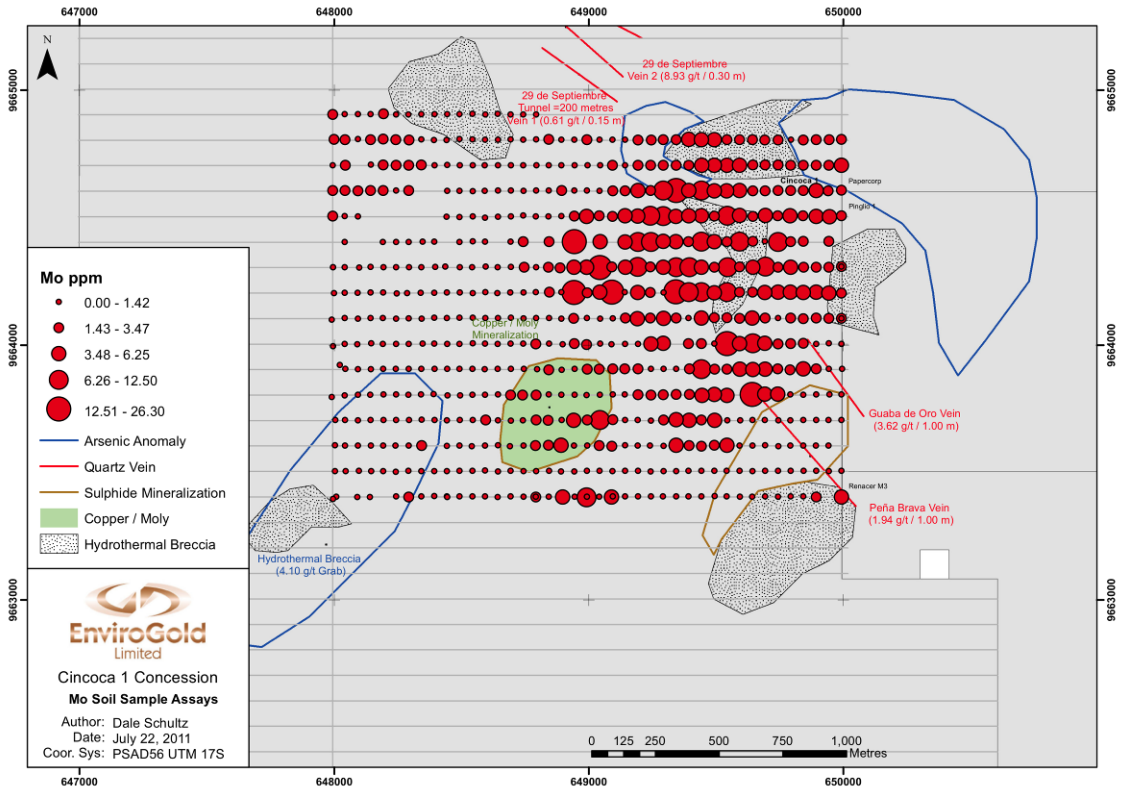
Cu in Soil



The Cu in soil anomaly is outstanding for both grade and scale and represents a significant target. The expectation was for the copper anomalies to be limited to only

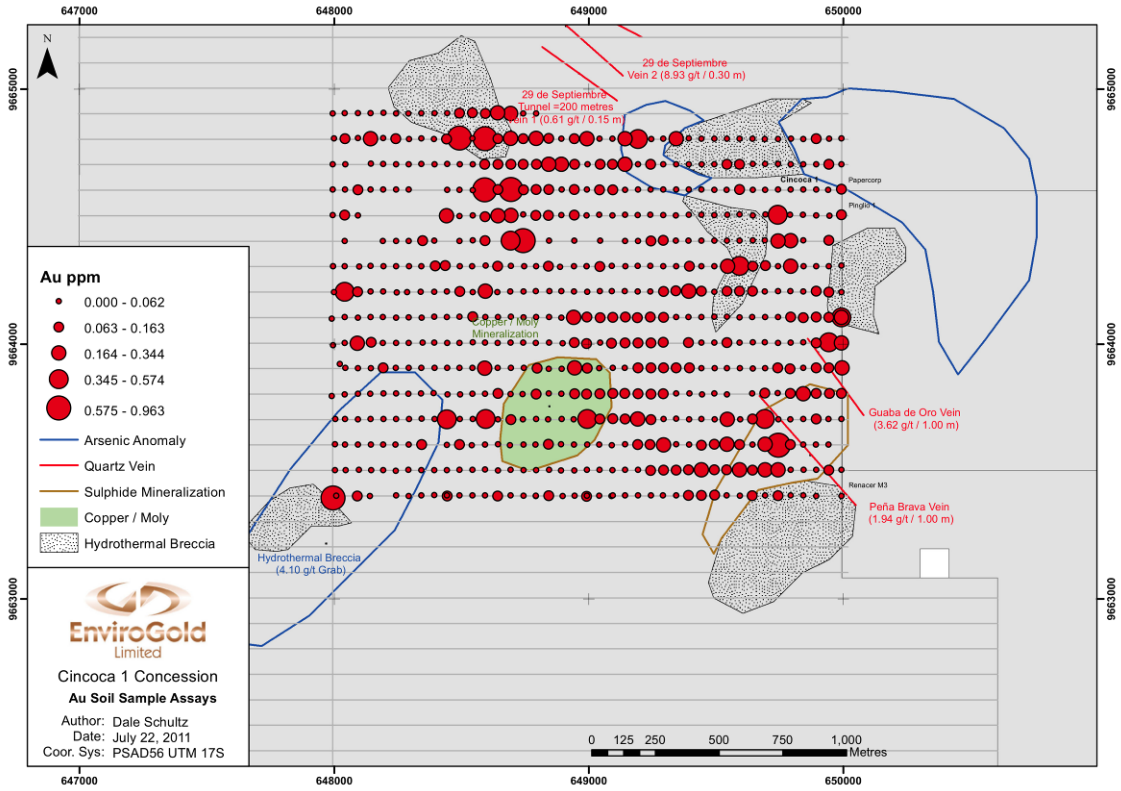
the historically mapped copper mineralization but data received to date is indicating that the potential copper mineralization is far more extensive than previously thought. The emerging anomaly extends for over 12 lines or 1200m, and correlates well with the historically mapped mineralization but the scale is much broader and longer. The width extends over 1,000m in places. The analytical scale of the anomaly is also very prospective with a number of samples in the .10 to .30 % Cu ranges which is extremely high for soil sampling.

Mo in Soil



The moly anomaly is also much broader than expected, but the analytical scale is somewhat more subdued than the Cu in soils. The moly anomalies are spatial related to the copper in soils anomalies but the moly is more focused over the breccias at Loma Voladero sector in the North-East. The moly association with the breccias may suggest that there exists the potential to find Cu-Mo-Au breccia pipes similar to what has been documented at the nearby Tres Chorreras property.

Au in Soil



The gold in soil is starting to show a good correlation with some of the previously mapped veins and breccias. For example, there is a very good correlation with gold in soils with the Pena Brava and Guaba de Oro veins (i.e. values greater than .10 g/t gold). This area has been mapped as containing strong sulphide mineralization with an associated hydrothermal breccia.

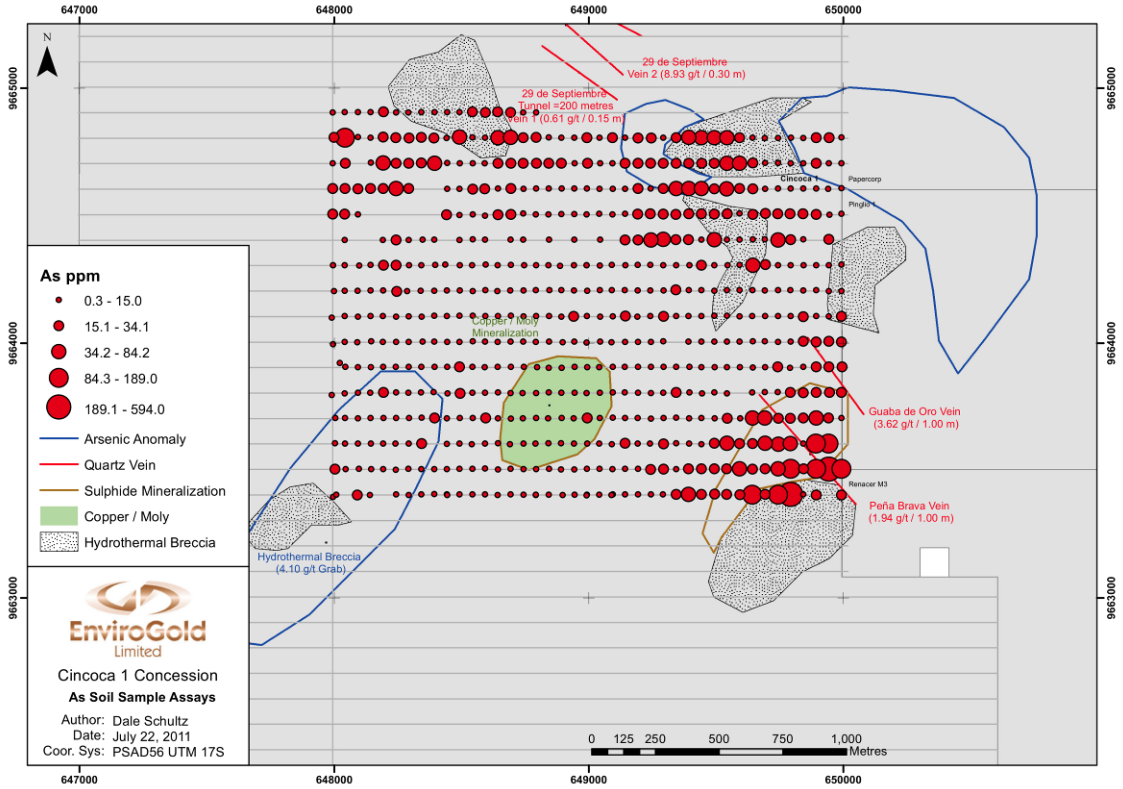
The Hydrothermal Breccia body to the South-West (Loma Oso) contains only one spot high gold sample to date. The soil grid needs to be expanded to the West and South to better cover this area.

In the North-East (Loma Voladero) sector is a population of strong gold in soil samples (greater than .10 g/t gold) associated with a mapped hydrothermal breccia body. Some follow up and hand trenching is recommended to investigate these gold anomalies.

The strongest group of soil anomalies seen to date on the San Gerardo Project occurs at the top of the completed grid. A good number of them are greater than .5 g/t, and are associated with one of the historically mapped hydrothermal breccia bodies. This anomaly stretches for over 5 line (500 metres), and could represent an epithermal vein that has not yet been discovered. The soil grid needs to be expanded to the north to fully detail this anomaly.

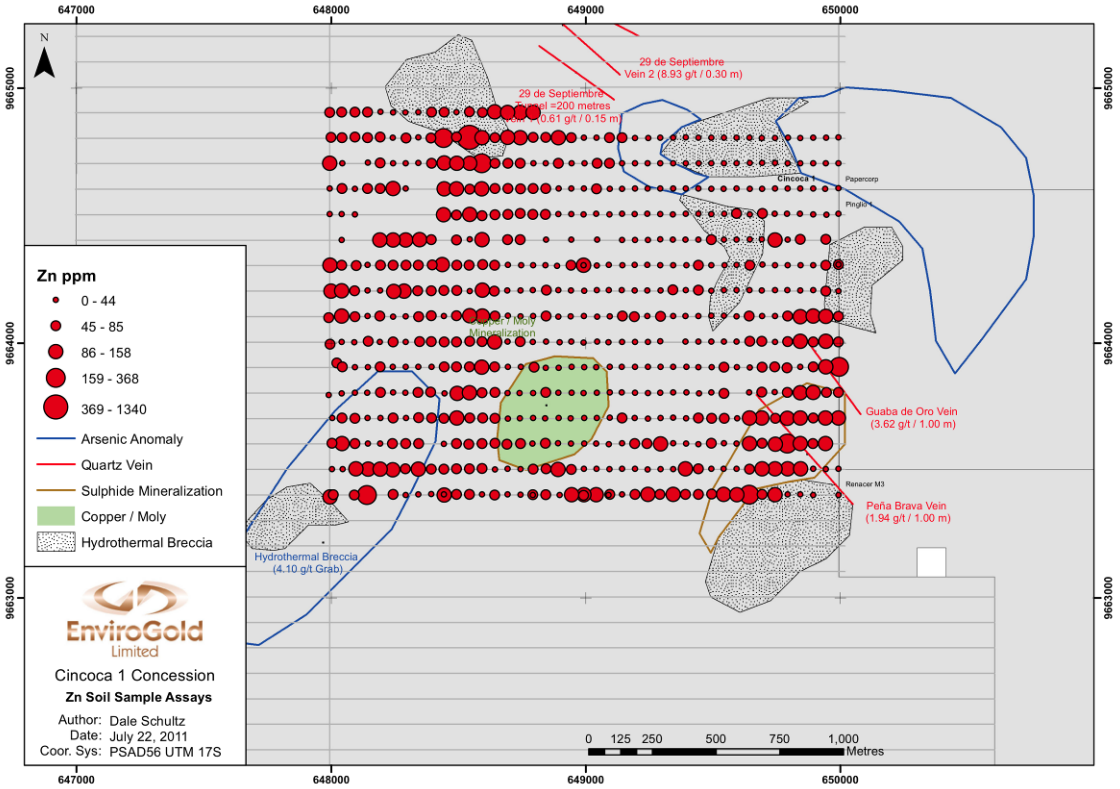
Also within the limits of the current survey are a number of other spot high gold in soil anomalies that require follow up.

As in Soil



As in soils is showing the best correlations with the historically mapped breccias and epithermal mineralization. The Loma Oso sector in the South-West has the weakest correlation with As, and this may suggest that the historic As anomaly is somewhat over stated. The Pena Brava and Guaba de Oro vein have a very positive correlation with the As in soils, the veins, the sulphides, and the breccia body. The Pena Brava and Guaba de Oro veins are emerging as one of the better gold targets on San Gerardo. The Loma Voladero in the North-East sector also has a very positive As soil correlating with the historically mapped breccia bodies and As anomalies. In addition, a new area is emerging to the North-West sector of the grid. The As again is correlating well with the historically mapped breccia bodies. Another interesting pattern that is emerging from this plot is the lack of any As values associated with the copper-moly mineralization mapped within the center of the grid. The As anomalies seems to map the epithermal mineralization on the flanks of the copper mineralization.

Zn in Soil



The Zn in soil plot is included to illustrate a similar pattern as seen in As in soil. The center of the grid where the historic copper mineralization has been observed has a very low Zn in soil numbers, with the higher numbers occurring outboard along the edge of the survey. This chemical pattern is what would be expected in a classic porphyry system. Future soil plots should include Cu/Zn and Mo/Zn to better map the porphyry chemical signature.

Conclusions

The soil geochemical survey to date has verified most of the historically mapped hydrothermal breccias bodies, as well as the arsenic, sulphide, and copper/moly anomalies mapped on the project.

Gold and arsenic results better defined the epithermal mineralization, whereas the copper, moly and zinc results better outline potential for porphyry style mineralization.

The Cu-Mo-Zn soil results maps out a massive anomaly that is significantly broader and larger than the historically mapped Cu-Mo mineralization.

The copper and moly soil geochemistry seems to suggest that the Loma Voladero sector may have potential to host Cu-Mo-Au breccia pipes similar to what has been documented at the nearby Tres Chorreras property.

Recommendations

Continue to expand the soil grid to the west, north and south.

Hand trench areas that contain anomalous soil geochemistry

Continue to locate and sample all outcrops on the grid.

Commence a MAG and IP survey on the project

- **Epithermal Responses** - IP responses over the epithermal mineralization are expected to be strong narrow chargeability anomalies with a moderate to high resistivity. The high chargeability should be related to strong sulphide mineralization with the higher resistivity being related to epithermal silicification and quartz veining. Magnetic response is expected to be low in an epithermal system due to magnetite destruction within the host rocks by the hydrothermal alteration.

- **Porphyry Response** – IP chargeability responses are expected to be moderate to high and broad due to disseminated nature of porphyry sulphide mineralization. High magnetic responses should be expected due to potential magnetite mineralization contained within the potassic alteration facies of porphyry system. The potassic facies can contain some of the highest grade copper mineralization in a porphyry system.

Once the soil/rock chemistry and IP/MAG survey has been completed, all the data sets should be fully integrated and drill targets selected.

Analytical protocol

Samples from the San Gerardo Project are sent to the ALS CHEMEX, in Quito Ecuador. The quality control protocols that are in place consist of the insertion of one blank at least every 20 samples and a field duplicate every 20 samples.