

PERU

INVESTMENT OPPORTUNITY SMALL SCALE HIGH GRADE GOLD MINE

Chaparra, Arequipa
March 2003

Compañía Minera Colorado SAC has contracted the services of Arnaldo León y Asociados S.A. to attract investment capital of US\$ 250,000. This investment capital will help finance mine development and purchase of capital equipment that will accelerate the current mine development to reach a level of 50 tons per day of gold ore at the beginning of year 2005. The ore to be exploited from veins has an average grade of 0.5 oz/t Au or half an ounce Au per short ton, the equivalent to 17 grams Au per metric ton.

The Transaction, procedure and time frame

The Company has outlined an investment proposal for the participating investor that would yield a high return on invested capital. This proposal includes interest payments, the recovery of principal and a royalty payment for a determined number of years.

Strategic considerations for investment

The Company, including the operations, is directly managed by the two principal partners of the Company who are professional miners with ample experience. This is an opportunity to enter at an early stage of a new project in Peru and be able to participate in future developments of the Company. Apart from these important strategic consideration, the investor should take into account the following:

- o the Company is currently producing ore and generating revenue
- o the mining district is well-known for its high-grade veins
- o geologic resources in the Project area total 2 million ounces Au
- o two mineralized zones may be exploited by bulk-minable methods (open pit)
- o the project area has a good basic infrastructure with ample water supply
- o the property is consolidated with no legal problems
- o there are no environmental liabilities nor problems with the community

Ore Reserves and Resources

To date proven reserves and reserves in process to be mined are calculated to total 11,664 ounces Au. Inferred reserves in veins are estimated at 500,000 ounces Au. The total inferred resources are estimated to be 2,000,000 ounces of contained Au in 5.5 million metric tons of ore; these inferred resources include 400,000 oz. Au as disseminated ore that could be mined by bulk-minable methods.

The Property

The Company controls 5,452 hectares of mining claims located in the heart of the Chaparra mining district, Department of Arequipa in southern Peru. Seven major, high-grade vein systems have been identified within these claims. This district is well-known for the exploitation of similar veins in the district operating on a small scale. Three gold ore treatment mills purchase ore from mining operations in this district. Mining activity in Chaparra has long been active since the Spanish colonial days.

The Operation

Since the Company began operations in November 2001, they have been conducting a program of geological study, driving of tunnels and development of mine workings with the objective of reaching a goal of 50 TPD production. The operation so far has generated net profits in both 2001 and 2002.

In order to generate revenue to finance this work, the Company has begun exploitation of two principal veins on a small scale having produced during 2002 nearly 176 ounces Au from 417 MT of ore mined during the development of mine workings along these veins. The ore produced is sold to gold ore treatment plants owned by third parties in the district.

Plans for Expansion

Once a level of 50 TPD of mine production has been reached, the Company will study the possibility of constructing its own gold ore treatment mill, expandable to a capacity of 100 TPD. Long term plans for expansion call for mining the disseminated zones on the Property which could provide 500 to 1000 TPD ore. Required investment for this stage of development would be on the order of US\$ 5,000,000.

Information Memorandum

An Information Memorandum has been prepared with the aid of the Consultant. The objective is to provide interested investors in the Transaction a summary of available information so that they may evaluate the risks and benefits in investing the required capital.

Should your company be interested in this operation, we would appreciate your forwarding us a letter by mail, e-mail or fax stating so. A duly signed copy of the enclosed Confidentiality Agreement should accompany your letter. Upon receipt of your letter we will mail to you a copy of the Information Memorandum.

Contacts

Please contact us for any further information you may need:

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**Ore Reserves and Resources
February 2003**

<u>Vein</u>	<u>Length</u>	<u>Width</u>	<u>Depth</u>	<u>Grade Oz/t Au</u>	<u>Tons (MT)</u>	<u>Contained oz. Au</u>	<u>Oxide Tons (MT)</u>	<u>Oxide Contained oz. Au</u>
Proven Reserves								
El Cambio	90	0.5	65	0.50	7,898	3,949	1,215	608
Blanca	60	0.5	45	0.65	3,645	2,369	3,645	2,369
Chapi	55	2.0	30	0.60	8,910	5,346	8,910	5,346
Total Proven Reserves					20,453	11,664	13,770	8,323
Inferred Reserves								
El Cambio	1200	0.5	200	0.5	324,000	162,000	81,000	40,500
Rinconada	700	0.5	150	0.5	141,750	70,875	47,250	23,625
Victoria	600	0.5	100	0.5	81,000	40,500	40,500	20,250
Blanca	1400	0.5	200	0.6	378,000	226,800	94,500	56,700
Gallinazo	600	0.7	100	0.5	113,400	56,700	56,700	28,350
Comuna	1000	0.5	300	0.6	405,000	243,000	67,500	40,500
Chapi	100	5.0	50	0.6	67,500	40,500	67,500	40,500
Subtotal					1,510,650	840,375	454,950	250,425
Inferred Reserve Factor: 0.60								
Total Inferred Reserves					906,390	504,225	272,970	150,255
Inferred Resources								
El Cambio	1200	0.5	400	0.5	648,000	324,000	81,000	40,500
Rinconada	700	0.5	230	0.5	217,350	108,675	47,250	23,625
Victoria	600	0.5	200	0.5	162,000	81,000	40,500	20,250
Blanca	1400	0.5	460	0.6	869,400	521,640	94,500	56,700
Gallinazo	600	4.0	200	0.3	1,296,000	388,800	324,000	97,200
Encantada	300	0.4	100	0.4	32,400	12,960	16,200	6,480
Comuna	1000	0.5	300	0.6	405,000	243,000	67,500	40,500
Chapi	200	12.0	300	0.2	1,944,000	388,800	1,944,000	388,800
Total Inferred Resources					5,574,150	2,068,875	2,614,950	674,055

CONFIDENTIALITY AGREEMENT

This Agreement dated as of , 2003, by and between Compañía Minera Colorado SAC. ("Colorado"), whose address is Diego Ferre 371, Miraflores, Lima, Peru, and(the "Company"), whose address is

WITNESSES:

Colorado owns or controls certain mining properties, described in the attached Annex 1 ("the Properties") located in the Chaparra mining district in Caraveli, Arequipa, Peru; and certain information concerning the properties, including: its geology, title, facilities and certain economic data (the "Data").

Colorado considers the Data to be proprietary and confidential. The Company wishes to examine and review the Data for the purpose of evaluating its possible interest in said Properties.

In consideration of the mutual agreements herein made, the parties agree as follows:

1. Subject to the terms and conditions of this Agreement, the Company agrees to use all reasonable care to preserve the confidentiality of the Data.
2. The Company will not disclose the Data to any third party, except to its directors, employees, consultants, attorneys, and other third persons involved in reviewing and analyzing, the Data on the Company's behalf. The Company shall advise such personnel that such Data is confidential and shall instruct them to use all reasonable care to preserve the confidentiality of the Data.
3. The Company shall be under no obligation of this Agreement with respect to any Data which was in its possession prior to the time that it was disclosed to the Company by Colorado or which is or becomes available to the general public.
4. For a period of one (1) year from the date of this Agreement, the Company will not acquire concessions situated within one (1) kilometer from the perimeter of the Properties.
5. Within thirty (30) days after completion of its examination and review of the Data, and upon request by Colorado, the Company will return any written Data furnished to the Company.
6. All obligations under this Agreement shall terminate if a sales transaction related to the Properties is consummated and closed; otherwise, they will terminate one year after the date hereof.

In witness whereof, the parties hereto have executed this Agreement effective as of the date indicated above.

p. The Company
Mr.
Position.....

p. Cia. Minera Colorado SAC
Sr. Steven L. Park
General Manager

ANNEX 1

The Properties

<u>Código</u>	<u>Property</u>
010310296	Eureka Dos
010310496	Eureka Cuatro
010176600	Eureka Cinco
010310396	Eureka Tres
010054901	Eureka Siete
10011022X01	Las Bravas No. 1
10011273X01	Las Bravas No. 2
10011183X01	Eureka Ocho
0101211202	Colorado Dos
010034502	Don Nathan
010117802	Virgen de Chapi 87
010037502	Virgen de Chapi 2