

CANADIAN SHIELD RESOURCES INC.

Executive Summary Colpayoc Gold-Copper-Silver Property By Phil Anderson, VP Exploration August 2008

Location & Access

The Colpayoc Property is located 15 km west of the town of Cajamarca and 15 km south of Yanacocha. The property is accessed by 24 km improved gravel road and 5 km of access road constructed by previous explorers on the property. Travel time to and from Cajamarca is approximately 45 minutes.

Geology and Mineralization

The geology comprises folded and faulted, mid-Cretaceous age sediments made up of interbedded, massive micritic limestone, calc-arenite, siltstone and a basal quartzite. There appears to be three generations of intrusive rocks on the property of which two phases are associated with mineralization and where younger dikes seems to be largely post-mineral. Besides these stocks, sills and tabular bodies, sub-volcanic to pyroclastic breccias make up a significant volume of the surface exposure in the prospect area. These breccias are interpreted to be vent breccias or diatremes where clasts make up anywhere from 10% to 60% of the rock and are a mix of intrusive, volcanic and sedimentary fragments (Figure 1).

Three styles of mineralization occur on the property as seen on surface and in core from previous drilling. 1) Past work focused on porphyry style sheeted and stockwork veining comprising quartz-magnetic-pyrite and lesser chalcopyrite. 2) Garnet and tremolite skarn was encountered in drill holes as well as iron rich sulfide-skarn in favorable strata proximal and distal to the porphyry mineralization. 3) Along a regional synclinal axis, exploration work has discovered a boulder train and sporadic outcrops of veining, high level, granular to chalcedonic silica, iron rich skarn, and partial replacement in structurally brecciated limestone that crops out along the southwest limb of the northwest trending syncline. High grade gold and silver mineralization occurs along this structurally controlled target zone (Figure 4).

Exploration Work and Results

Recently completed ground magnetics has delineated an annular configuration of magnetic highs some 3 kilometers in diameter. In one case a magnetic high corresponds to outcropping, intrusive hosted, magnetite rich quartz stockwork and sheeted veins known to host economically significant gold and copper mineralization. Results from previous trenching and drilling in this area are shown in **Tables 1 & 2** below.

Table 1.

Hole No.	Newcrest Drilling					
	From(m)	To (m)	Interval(m)	Au(g/t)	Cu(%)	Ag(g/t)
CPD-04	0	70	70	<0.1	0.02	43
(including)	18	46	28	0.088	0.04	72
(including)	26	32	6	0.098	0.08	191
CPD-06	0	147	147	0.41	0.08	4.0
(including)	50	147	97	0.53	0.1	5.1
(including)	88	147	59	0.61	0.12	7.2
	Balaclava Drilling					
RCD-01	0	102	102	0.8	0.09	3.8
(including)	4	54	50	1	0.16	5.9
RCD-02	0	112	112	0.76	0.15	6.3
(including)	66	106	40	1	0.18	7
RCD-03	0	170	170	0.56	0.12	5.1
(including)	16	45	29	0.7		
(including)	86	156	70	0.67		
Weighted Average: 132.75 metres @ 0.61 g/t Au, 0.11% Cu						

Table 2.

Highlights of Granges Trenching		
Trench No.	Length	Au (g/t)
T-7	122	0.53
T-8	98	0.47
T-9	206	0.65
T-10	158	0.51
including	25	0.85
preliminary metallurgical tests show leachability ranges between 84% & 94%		

The magnetic high corresponding to the above mineralization has a surface footprint of approximately 300 meters in diameter. Recent magnetic data shows 4 additional magnetic anomalies of equal or greater intensity up to 3X as large, that have not been drill tested. It is important to note that these larger, more intense magnetic highs underlie the Cretaceous sedimentary sequence. These lithologies on their own, have very low magnetic susceptibilities (Figure 2).

Geologic mapping has identified a number of late stage vent breccias or diatremes which seem to surround and in some cases transect the mineralized intrusive core. They are also observed to be emplaced along bedding between massive, micritic limestone and siltstone. These breccias may contain rounded mineralized fragments of leached, high sulfide (oxidized to limonite) rock, mineralized porphyritic intrusive rock as well as rounded quartzite clasts. Sericite-illite and varying degrees of argillic alteration are pervasive in these high-level, sub-volcanic vent breccias while potassic (biotite) alteration with a strong phyllic overprint is clearly prevalent in drill core of the porphyry style mineralization. Light brown garnet skarnification with an intense decalcification event (high sulfidation?), plus hornfelsing and marblization with widespread pyritization typify the alteration in the calcareous sedimentary sequence. This 10 square kilometer area of alteration is rimmed by weak to moderate dolomitization of the calcareous sediments (Figures 1 & 3).

Exploration Targets

Figure 5 shows areas that will be targeted by future drilling.

Target #1

This target is defined by a subsurface magnetic response. Surface outcrop exposures show no magnetic rock present therefore a magnetic high in this area must be related to magnetite rich rock at some depth. Surface soil and rock sampling of marblized, pyritic limestone shows highly anomalous zinc with lead, silver and isolated gold. During a recent visit to the property iron rich, high sulfide (oxidized to goethite-hematite) subcrop and talus boulders were found in an area corresponding to the northern margin of this anomaly. Sample results are pending. Given the intensity of the response i.e. (greater than that where magnetite bearing stockwork veining is exposed at surface), this target is rated as the highest priority drill target. Additionally, this target area hosts silver, lead, and zinc polymetallic mineralization hosted in a strongly altered, polymictic vent breccia. Previous drilling by Newcrest partially tested this zone with DCP-04 (see **Table 1** above).

Target #2

This target area encompasses porphyry mineralization already partially tested by past drilling in addition to other magnetic highs that sit around a cap of strongly hornfelsed, white oxidized limestone. This limestone stratigraphically overlies decalcified calc-arenite with light brown garnet skarn. The zone is also structurally complex where lineaments from several directions converge. Drilling on this target will test extensions of the known mineralization in all directions. The near surface and/or outcropping mineralization in this target area may also offer a moderate size oxidized gold target. Drilling shows oxidation to persist to 50-80 meters depth. Preliminary leach tests from trench samples have return favorable results as stated in **Table 2** above.

Target #3

Structurally controlled, limestone hosted, high grade gold-silver +/- lead, zinc mineralization is known to occur along a regional scale NW trending synclinal axis passing along the northern limit of the porphyry and skarn system. Sampling by the previous owner yielded up to 37 g/t gold in one grab sample. Select sampling by Canadian Shield from outcrops in the same area ran up to 10 g/t gold with 912 g/t silver. This prospective structural corridor has been traced for over 2 kilometers along strike. Mineralization along this structure could also be controlled by NE dipping stratigraphy where intercalated limestone, calc-arenite and siltstone offer permeability and competency contrast that could channel hydrothermal fluids into tabular, bedding controlled bodies.

The District

The property lies within a world class mineral district which includes 4 major porphyry systems as well as the largest high sulfidation, epithermal gold camp in the western hemisphere at Yanacocha. **Table 3** below summarizes tonnes and grades of these deposits.

Table 3.

Yanacocha District Deposit Summary					
Deposit	Ownership	Deposit Size	Au g/t	Cu%	Mo%
Yanacocha	Newmont-Buenaventura-World Bank	1.25 billion tonnes	0.9		
Minas Conga	Newmont-Buenaventura	641 million tonnes	0.8	0.3	
Galeno	North Peru Copper	765 million tonnes	0.11	0.49	0.14
Michiquillay	Anglo American	544 million tonnes	0.1-0.5	0.69	
Cerro Corona	Gold Fields	91 million tones	1	0.5	

The geology and mineralization at Colpayoc closely mimics those characteristics of the Minas Conga deposits. The present interpretation at Colpayoc suggests the system is not as deeply exposed through surface erosion as at Minas Conga. This implies there could be more mineralization preserved within the calcareous sedimentary sequence at and below the skarn front of an intrusive related gold rich porphyry system. The footprint of the magnetic signature measures some 4,500 x 800 meters in curvilinear dimensions and is open to the south where the magnetic survey did not cover (**Figure 2**).

Clearly the mineralizing system at Colpayoc is of major scale and offers excellent exploration potential.