La Estrella Property Progress Report

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I. INTRODUCTION

1.1 Location and Access

The La Estrella prospect is located approximately 260 km ESE of Lima in the department of Huancavelica. Road access to the property from Lima is via the Central Highway passing through the towns of Oroya and Huancayo the main supply center for the region. The property is 130 km from Huancayo where 65 km is paved and in excellent condition. The last 65 km is well maintained gravel road where public transportation passes, servicing the communities around and beyond the property (Photo 1). Elevations range from 4050 to 4300 meters above sea level in moderate terrane of the central cordillera of Peru.

Photo 1. Looking NNE with diamond drill rig drilling by the public access road

1.2 Recent History and Property Status

Bear Creek Mining optioned the property from the previous owner Jaime Vergara in Q1-2002. Bear Creek spent a total of US$390,000 during 2002 to mid-2003. Work included surface sampling and mapping, magnetic and dipole-dipole IP geophysical surveys, and 1,970 meters of diamond core drilling. Land and option payments totaled an additional $170,600.

The property title was subsequently transferred 100% to BCM though Mr. Vergara retained a carried 1.5% NSR interest and a 15% NPI. BCM transferred title to the original 5 claims to Anderson-Peru Mining and Exploration on July 14, 2006.

In April 2007 Canadian Shield Resources acquired 90% of Anderson-Peru Mining and Exploration through which the La Estrella was also 90% acquired by Canadian

Shield. Since this transaction, Canadian Shield purchased the 15% NPI from Mr. Vergara for US$30,000. Mr. Vergara continues to hold a carried 1.5% NSR.

Canadian Shield, through its 90% owned subsidiary Anderson-Peru Mining and Exploration, staked an additional 1000 hectares in December 2007. The property package now comprises 4 individual exploration claims totaling 2,300 hectares (Figures 1 & 2).

II. GEOLOGY & MINERALIZATION

2.1 Regional Geology

The prospect occurs in late Paleozoic to early Mesozoic volcanic and sedimentary rocks intruded and overlain by what may be mid-Tertiary volcanic and sub-volcanic dike/dome complex. The older rocks are mapped as Mitu Group and Pucara Formation part of a stratified package deposited within a shallow marine, back arc depression.

White to dark gray limestone mapped as Pucara thickens from less than 100 meters within the property boundary to hundreds of meters to the south and along strike to the northwest where this carbonate sequence forms prominent hills and outcrops through this region of the central Andes.

Geologic mapping on the property scale shows the upper Triassic Pucara limestone to lie conformably over Permian age Mitu Group volcano-sedimentary sequence and underlies gypsum rich fine grained red bed sandstone and siltstone. In this location the Mitu comprises red, hematitic andesitic volcaniclastic rocks interbedded with coarse fragmental andesite flows associated with a series of subvolcanic domes in the region. These domes and associated flows form a series of peaks along the NW Andean trend and may represent partially submerged rifting during the time of deposition.

Regional lineaments pass through the prospect area and are likely traces of regional structures. Most notable of these structural features is a typical Andean parallel, northwesterly structure passing directly through the center of the prospective area and a north-northeast trending regional lineament which conspicuously connect La Estrella with the Julcani Mine area and parallels property scale, mineralized structures (Figures 4 & 5).

2.2 Prospect Geology

Lithologies on the property comprise a sub-horizontal to west dipping sequence of fragmental and locally crystal rich, intermediate to felsic volcanic package presumed to be mid-Tertiary in age. Quartz eye content of crystal lapilli tuff at the base of this Tertiary package varies from nil up to 7% locally. This younger volcanic assemblage is underlain by gypsum rich, thin bedded redbed siltstone and sandstone which in turn is underlain by limestone, thought to be late Triassic-early Jurassic Pucara.

The latest volcanic event is amygdaloidal mafic to intermediate flow and possibly sills with associated feeder dikes. These feeder dikes are also amygdaloidal on their margins and have a close spatial and temporal association with mineralization. Amydaloidal lava appears to cap the volcanic sequence in the immediate prospect area. Amygdaloidal dike margins suggest rapid cooling and de-gassing probably after having intruded a quenched accumulation of pre-existing volcanic strata. These mafic dikes are biotite rich feldspar porphyries with up to 30% medium grain biotite phenocrysts and 60% medium grained feldspar laths and may have affinities to lamprophyric rocks tapped from a deep magma source. Widespread gray metallic hematite as well as red earthy hematite suggests mixing of hydrothermal fluids with ground water took place during deposition, alteration and mineralization processes.

Aphyric felsic dikes are also present cutting stratified volcanic sequence and are seen as clasts in polymictic fragmental rocks. At this time the felsic dike event(s) is thought to pre-date the mafic dike-flow event.

In much of the altered and mineralized zones, original lithologies can be difficult if not impossible to identify megascopically. In such cases logging stable elements such as Titanium:Zirconium ratios (Ti:Zr) in drill core and cuttings help distinguish contrasting compositions and lithologies thus adding confidence to interpreted geology.

2.3 Alteration & Mineralization

Mineralization at La Estrella can be fundamentally split into two distinct phases. There is an early silver-copper event with very low gold content, which is relatively widespread extending beyond limits of pervasive hydrothermal alteration. This mineralization is likely associated with redbed copper style occurrences which are common in the Permo-Triassic Mitu Group rocks. Secondly, a mid to late Miocene(?) (age of Julcani 10.4 m.y.) phase of multi-episodic, telescoping gold bearing and polymetallic mineralization was localized by intersecting regional structures and local graben development. This phase of mineralization has well defined structural limits within a 2000 x 500 metre area. The complex metallogeny of the system suggests that early silver-copper mineralization may have been remobilized locally.

Pervasive sericite (illite), clay and lesser silica alteration is associated with the second multi-episodic phase of mineralization. Sub-vertical to west dipping structures form sharp boundaries to the alteration as do lithologic contacts.

Surface sampling shows highly anomalous to multi-gram gold samples over a north-south elongate area approximately 1000 x 200m. One surface sample taken by Bear Creek of a 12cm wide vein containing visible gold ran 464 g/t gold. Re-sampling of this vein by Canadian Shield returned 54 g/t gold. This area of surface mineralization gave an average of 0.78 g/t gold from 444 rock chip samples collected by Bear Creek. Surface soil sampling in covered areas shows highly anomalous gold in soils

Drilling shows crystal-lapilli rich dacitic to quartz latite(?) tuff hosts a 80 to 90 metre thick, west dipping tabular zone of moderate grade silver and gold mineralization. Sulfides and sulfosalts occur in veinlets, disseminated and in association with quartz and quartz-carbonate vein networks. Higher grades occur along dike margins and structures which are often coincident. Silver, gold and base metals were deposited in a complex, multi-episodic hydrothermal system where different pulses of mineralization introduced distinct metal assemblages. Added complexity and difficulty in understanding the system arises when vertical and lateral zonation is considered. Also different pulses of mineralization may occupy the same structural space making it difficult to decipher the system thoroughly.

A simple revision of the geochemistry in drill holes show the following associations:

1) Ag + Cu + Hg
2) Au only
3) Pb + Ag + Au +/- Cu, Zn +/ - elevated Co, Ni (up to 0.2% combined)

Drill results show both disseminated mineralization and vein networks combined make up a west dipping, stratigraphically controlled tabular mineralized body. Veining occurs in a number of orientations but the most prolific vein set and possibly the most important economically, strike NE and dip 50-75 degrees SE. These veins are approximately perpendicular to the dip of stratigraphy.
Seven of the 33 drill holes to date have ended in footwall redbeds and have established to some degree the eastern limit to the system along approximately 1 km of strike.

High grades and mineralogic/metallogenic complexity along the biotite-feldspar porphyry mafic dike margins suggest these rocks were emplaced in and ascended from the deep roots of the hydrothermal system. Drill holes cutting these dike margins in deeper parts of the system have encountered increased base metal content with high grade silver-gold as well as significant values of cobalt and nickel (noted above). This high grade polymetallic mineralization is commonly accompanied by +6% potassium (from multi-acid digestion and ICP geochemical analysis).

Higher gold:silver occurs in the higher parts of the system suggesting a fundamental transition into an overlying, lower temperature zone of gold enrichment that may be the lower remnants of a low sulfidation epithermal gold rich vein system. Much of this part of the system may have been subsequently eroded.

III. DRILLING

3.1 Drill Campaigns

There have been 3 drill campaigns on the property to date summarized in Table 1 below:

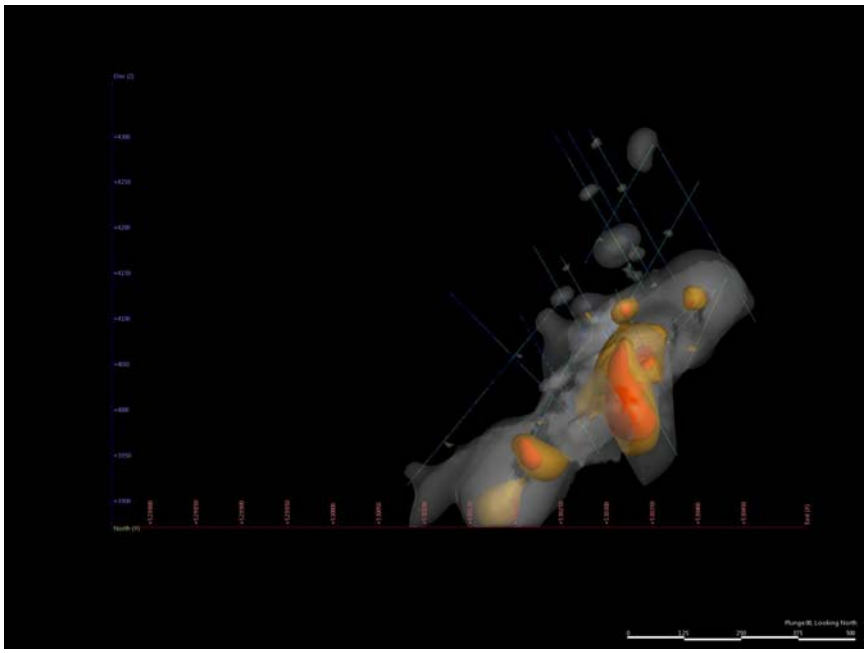
Company	Date		Metres Drilled	Number of Holes	Depth Range (m)		Type of Drilling
	From	To			Min	Max	
Bear Creek Mining	May-03	Jul-03	1,970	12	138.1	200.4	Diamond
Canadian Shield	Oct-07	Nov-07	2,018	11	160.0	200.0	RC
Canadian Shield	Jan-08	Mar-08	1,807	10	63.5	321.5	Diamond
To Date	May-03	Mar-08	5,795	33	63.5	321.5	

Table 1.

3.2 Significant Drill Results

Table 2 below summarizes significant intercepts from twelve drill holes drilled within a surface area of 500m x 400 m. Mineralization is confined within a moderately west dipping tabular body which surfaces along the eastern margin of the mineralization. Mineralization is open to the north, south and down dip. Drilling has shown that mineralization continues to at least 400 metres down dip and the present interpretation suggests the system and host rocks have a root which plunges steeply along its western margin.

The illustration below is a “Leap Frog” image showing the emerging geometry of the mineralization.



Leap Frog Image – View looking north

Table 2.

Hole #	Interval (metres)		Length (metres)	Au	Ag	AuEq	AgEq	Azimuth	Angle	Total Depth
	From	To		grams	g/t	g/t	g/t			
DDH-E3	3	162.3	159.3	0.3	40.6	1.03	56.9	310	-60	162.3
including	3	60	57	0.46	68.14	1.70	93.5			
DDH-E10	5.3	169.5	164.2	0.32	17.9	0.65	35.9	130	-70	169.5
including	73.5	103.5	30	0.30	49.7	1.20	66.2			
including	94	104	10	0.44	77.7	1.85	101.8			
DDH-E12	144	214.5	70.5	0.84	71.8	2.14	118.1	270	-65	245
including	144	186.5	42.5	1.16	104	3.05	167.7			
including	157	186.5	29.5	1.29	129.8	3.65	201			
DDH-E13	32	127	95	0.38	51.4	1.31	72.1	110	-60	152
including	32	57	25	0.62	78.7	2.05	112.7			
DDH-E14	2	128	126	0.41	31.9	0.99	54.45	105	-63	128
including	4	45	41	0.69	58.0	1.75	96.2			
including	83	124	41	0.47	38.0	1.16	63.7			
DDH-E15	23	53	30	0.30	14.76	0.57	31.3	105	-60	63.5
including	26	45	19	0.34	17.6	0.66	36.6			
DDH-E16	76	132	56	0.16	28.5	0.68	37.1	285	-45	134
including	116	132	16	0.08	58.9	1.15	63.3			
DDH-E17	17	110	93	0.37	16.4	0.67	36.8	285	-65	140
including	69	110	41	0.47	22.2	0.87	48.2			
including	82	104	22	0.57	28.2	1.08	60.5			
DDH-E18	4.5	321.5	317	0.30	34.6	0.93	51.1	285	-45	321.5
including	79.5	217.5	138	0.27	47.5	1.13	62.5			
including	4.5	25.5	21	0.53	41.6	1.29	70.8			
including	194.5	217.5	23	0.45	66	1.65	91.0			
DDH-E19	140	228	88	0.3	12.8	0.53	29.4	100	-45	300
including	206	228	22	0.33	24.3	0.77	42.6			
DDH-E20	82	181	99	0.3	19.45	0.65	36.0	100	-60	197
including	134	178	44	0.41	32	0.99	54.6			
including	134	157	23	0.43	54.9	1.43	78.5			
including	134	141	7	0.86	136.8	3.35	184.0			
DDH-E21	33	56	23	0.28	38.1	0.97	53.4	280	-50	280
including	33	37	4	0.72	153.6	3.5	193.4			
	141	275	134	0.41	8.5	0.56	31.1			
including	253	275	22	0.41	21.2	0.8	44.0			

All intercepts reported in drill length, not true thickness. Au:Ag Ratio = 55:1. Metal Recoveries Assumed to be 100%

IV. Conclusions and Recommendations

It is clear from the exploration work done on the property that a large precious metals resource is emerging. From 32 drill holes to date, all but 2 holes have cut significant mineralization. Furthermore a significant portion of the surface footprint of the system has yet to be drill tested. The above intercepts show a potentially mineralized block measuring 500 x 400 x 80 metres with an average weighted grade of 51 g/t silver equivalent (AgEq) using Au:Ag = 55. This equates to approximately 45 million

metric tonnes (2.8 s.g.) at 51 g/t AgEq, equating to some 73.5 million ounces AgEq contained.

The present interpretation (considering vertical zonation), suggests deeper drilling to the north will encounter increasing silver grades. Broad zones of gold mineralization shown in earlier drill holes occurs most notably along the mafic, biotite rich dike margin, where drill hole RC-E6 encountered 65 metres of 0.72 g/t gold. This dike has been trace on surface 400m further north and drilling consistently shows gold mineralization along its margin at higher relative levels that may overlie the silver rich mineralization we see in lower parts of the system.

In addition, it is clear that silver-copper mineralization has not been adequately tested around the historic Cinco Hermanos Mine area. This area could conceivably host another tabular zone equal in size as what drilling has begun to define in the above mentioned zone.

Given the dimensions of the system and the favorable open pit mining scenario, it is reasonable to envision a mineable resource of over 100 million ounces silver equivalent at La Estrella. While the mineralization thus far observed, may be somewhat grade challenged, much higher grades occur along the dike margins and in discreet structures which could offer a higher grade though smaller underground mining opportunity.

Recommendations are to continue systematic drilling. Stepping out along strike to the north and south and drilling aimed to cut both the stratigraphic control and the prominent veining control will best delineate the mineralization.