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Activity Report 01/09

Exploration Projects of EMAG – Eastern Bolivia

Period: January – March 2009



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Introduction

Empresa Minera (Bergbau) AG ceased exploration work in its project Johannes-Colonia mid December of 2008 due to heavy rain falls. The results are very encouraging for tantalite, precious and base metal mineralization and confirm the historic exploration data. Eastern Bolivia was plagued by a heavy dengue fever epidemic. Mrs. Marlene Arraya de Biste, the legal attorney of Empresa Minera (Bergbau) AG in Bolivia, and the project geologist Ing. Jorge Alvarez fell ill. After several weeks of recovery, both are now in office again.

Project Johannes-Colonia

The time was used for the processing, description and interpretation of the collected field data, which shall be used in the next few months for the technical planning of a tantalite-concentrate producing operation. 362 panned pegmatite samples were processed, described and the content of tantalite/columbite +0.6 cm fraction determined by weighting (Picture 01). In some few samples small gold particles were also detected.

It is the company's intention to embed the planned washing plant operation into a scientific and ecological tourism project. A "Science center" is planned to be constructed close to the mine site. The installation shall be used to make the geo- and biotopes of the region accessible and to open people's mind for geology and mining. It is intended to establish agreements with several scientific research institutions. First contacts have been made with the Senckenberg Museum of Frankfurt, Germany, and the Museum Noel Kempff in Santa Cruz de la Sierra, Bolivia.

Mining Fees

The mining fees of the five concessions Johannes, Colonia, Hamburgo, Berlin and Bremen have been paid in due time at February 27, 2009. The double amount was paid, as established in the Bolivian Mining Code for claims which are held longer than four years. The paid amount totaled US\$ 12,629.--.



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Other Projects

I assessed additionally on order of the company's Administrative Board technical information of several other projects located in Brazil, China, Angola and Peru. I made the respective recommendations for the preparation of option agreements and discussion of project equity.

Annual financial balance

The annual financial balance for the business year of 2008 of the Empresa Minera Puerta de Oro S.R.L. was presented to the Bolivian tax bureau on January 27, 2009 due in time.

Planning

The company plans to establish a small pilot washing plant in the Johannes-Colonia project area. Ing. Hugo Heymann, the environmental consultant of the company, will be commissioned to start with the environmental impact study for the installation of an industrial scale washing plant with a monthly production capacity of 2.0 tonnes tantalite concentrate. It is expected that the environmental license will be issued until April 2010, punctually to start the operation. A geological trail and a small museum should be set up in parallel.

In the field season of 2008 a total of 331 rock chip samples of a total weight of 1.6 tonnes were collected. This material should be sent to the laboratory and analyzed for precious (Au, Ag) and base metals (Cu, Zn, Pb). This investment has been put to a halt, because the main objective of the company is first of all, the development of a tantalite mineral resource



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Economical and Political Development

The political situation in Bolivia stabilized after the referendum held on January 25 of the current year. The new constitution was approved with 61.1% of the popular vote. Landholding was limited with 80.0 % of the popular vote to 5,000 has. The worldwide financial crisis did not yet hurt Bolivia's economy. The banking system is still rather robust. The exchange rate of one US\$ stays since last October 2008 consistently at 7.07 Bolivianos.

Price of tantalite concentrate

The price for tantalite concentrate averaged in the first quarter of 2009 at US\$ 81.57 pro kg Ta₂O₅, CIF Europe (25/40% Basis 30% Ta₂O₅, max. 0.5% U₃O₈+ThO₂. (<http://www.bgr.bund.de>)

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Picture 01: Heavy mineral concentrates of 362 panned samples were examined for columbite/tantalite content