Shoreham Resources Inc.
2000 North Loop West, Suite 105
Houston, Texas 77018

REPORT PREPARED BY: THOMAS W. SIEH, GEOLOGIST

DATE OF REPORT: JULY 7, 2012

This report provides an update of the geological data and examination of a 620-acre concession referred to as "Picchu Rio #2." The investigation was conducted over a five-day period in late June, 2012. In particular, I wanted to verify the grade of gold in the sand and gravel and determine the value and concentration of associated minerals present in the unconsolidated rock associated with the Urubamba River Valley. In addition, a review of the sluice system in place was an important objective. The actual operation of the sluice system was observed and attempts to improve recovery were made.

To summarize, I believe that the grade of gold in this deposit is consistent, and appears to be very fine and fragile in nature and most all of the recovery is float gold in the upper few feet of the deposit, and is either flakes of gold or micron gold. It did not appear that there was any gold larger than 150 mesh. I believe that panning of gold is not possible to recover gold in economic amounts. I agree with the other geologists and engineers who have conducted studies over the years on this property that the grade of gold in unconsolidated sand is between .2 grams and .5 grams. We had 1-1/3-yard excavator digs down to bedrock near test pits dug by Dr. Ascue. As shown on the attached map, based on the structure of the mountain and the distance to the edge of the alluvial material, we encountered bedrock at 15 meters, or 45 feet, below ground. It appeared to myself and an experienced excavator operator that bedrock was very firm and exhibited the chatter found with bedrock. The excavator operator said the bedrock, based on his years of experience in the Madre de Dios area, was wavy and had numerous ups and downs in the 15-foot area that he scraped. Based on the structure of the rock, I would expect depth in the middle of the deposit is over 90 feet. He also indicated that there was one foot of sand or gold on the top of the bedrock. Because of sloughing of the sides of the pit, approximately 35 feet is under water. We were not able to recover, and darkness made inspection difficult.

A second hole was made near Dr. Ascue's Number 1 pit, and reached 33 feet before we stopped because of darkness (9:00 p.m.). Both pits' statigrahiphy were very similar in that almost all of the unconsolidated material was Black Sands-type of material with up to 10 feet of larger rocks mixed with the Black Sands. We did not observe any clay layers in alluvium in either test hole. I panned some of the sand and observed gold in the pan that floated away before it could be captured, the grade of gold appeared to be better at depth. We wanted to run the gold-bearing sand through the sluice, but were not able to because we needed a vehicle to bring it up to the sluice box, and the excavator operator was not available. Several days later when the equipment was available, the gold-bearing sand was run through the sluice system with excellent recoveries. As a side note, the excavator operator's friends (about 10 people) showed up the next morning with screens and trucks and were processing the deepest part of the sand at bedrock. They left after we told them to leave.

The sandbar where this was conducted was 25 acres in size and, based on my recordings, was over 15 feet above water level. The sluicing of this material calculated at 40,000 cubic yards should yield five hundred (500) ounces of gold, and take 1,000 hours at 40 yards per hour through the existing sluicing system. This volume is close to the sluice system and can be easily removed and processed. This volume on the sandbar is extremely small in relation to the total sands on the concession, calculated at over 40,000,000 cubic yards at grade of .5 grams of gold per cubic yard.

In addition, the bedrock was exposed under one of the last bridges across the Urubamba Amazon River. The bedrock was made up of Paleozoic rocks appearing to be shale stone and highly metamorphic. This was at the southern boundary of the concession in the bedrock, which was very uneven and weathered and there was gold in undulations, float gold.

An examination of Black Sands on the concession, under 100-power microscope, appears to be 40 percent quartz and other white minerals and 40 percent black or hornblende, magnetite, and hematite and numerous other minerals, some, with a definite, metallic nature, and were black in color. The balance of typical Black Sands sample had other colored minerals and crystals, illemenite, apatite, rutile, zircon, with gold attached to crystals of said minerals. The difficulty of recovering gold has saved this property from being mined by locals, but a properly-designed sluice system will be very good and will be an economic placer operation.

Recommendations: There needs to be an American placer miner who has successfully mined placer gold and made a profit over many years' time and who is capable of running a large operation with knowledge to recover the gold. This person needs to be fluent in Spanish and must be committed to be there on the property for extended periods of time. The sluiced gold and recovered Black Sands need to be collected and processed to remove associated gold attached to the minerals and, for further processing, to remove rutile and illemenite from magnetite at a later date. Consideration should given to having the sluicing operation mobile so the plant can be moved to Black Sands and more material processed. Trucking costs are so much more than a front-end loader. The truck can be used to remove concentrated Black Sands. When test results are acquired, we need to know what they equate to. By having all the parameters there in writing, and not having the volume of material for instance, does not help planning the work. Minor modifications to the sluice system need to be made to make sure it will stand up to 40 yards per hour. For instance, more steel riffles and steel hold downs for Astro turf or miner's moss. The sluicing system needs to be run by one person with a loader and another person watching the equipment and box, automatic repetition is needed, and cleanup of the box should be done by a good cleanup man and could result in a full-time job.

In our mines in Alaska, only the most competent, trustworthy, and capable person needs to do cleanup and removal of the Astro turf and gold Black Sands from the sluice box.

In summary, the sluice box is acceptable, but it could be put into position to handle 40 yards per hour. We need more water for processing, twice as much as presently available. I am estimating about 100 to 200 gallons per minute is needed. We need a bigger pump and have a sprayer on the nozzle to have an even flow of water across the sluice box. It just takes a little practice and a welder who can make modifications on the fly.

Also, the concession has economic gold and definitely rare earth minerals that can be collected. It is a good thing that no one is actively trying to remove them in this area as once started, the area could be a large source of material and gold production. I am excited about the

property and once into commercial production, it will be extremely valuable with the potential of being a first-class operation. The source of gold is the immediate Batholic area and Mt. Pabellon, the most dominant feature in the area. In the extinct volcano surrounding this concession, and in the skarns, stock and other igneous vents and igneous features in the area, the gold is fine or pure and easily broken as it is does not have an impurity like silver to hold it together. If it were 90 percent, it would be bigger and easier to recover. This gold appears to be 98 percent fine and is soft, less than 2.5 on the hardness scale, except when it is attached to other minerals, which helps the gold stay together. I believe a good drilling program will help determine the underground structure and lower areas and recover gold in very high grades and give us indications where the really higher quantities of gold are found. The use of a Nelson Concentrator will and has helped in the recovery process. Nothing in my review of the property has changed my mind as to the merits of the property. If it were easy, we would not have the chance to develop this excellent gold property, and make investors and shareholders outstanding returns on their faith in you and your company's efforts.

Sincerely,

Thomas W. Sieh

Thomas W. Sieh
July 7, 2012

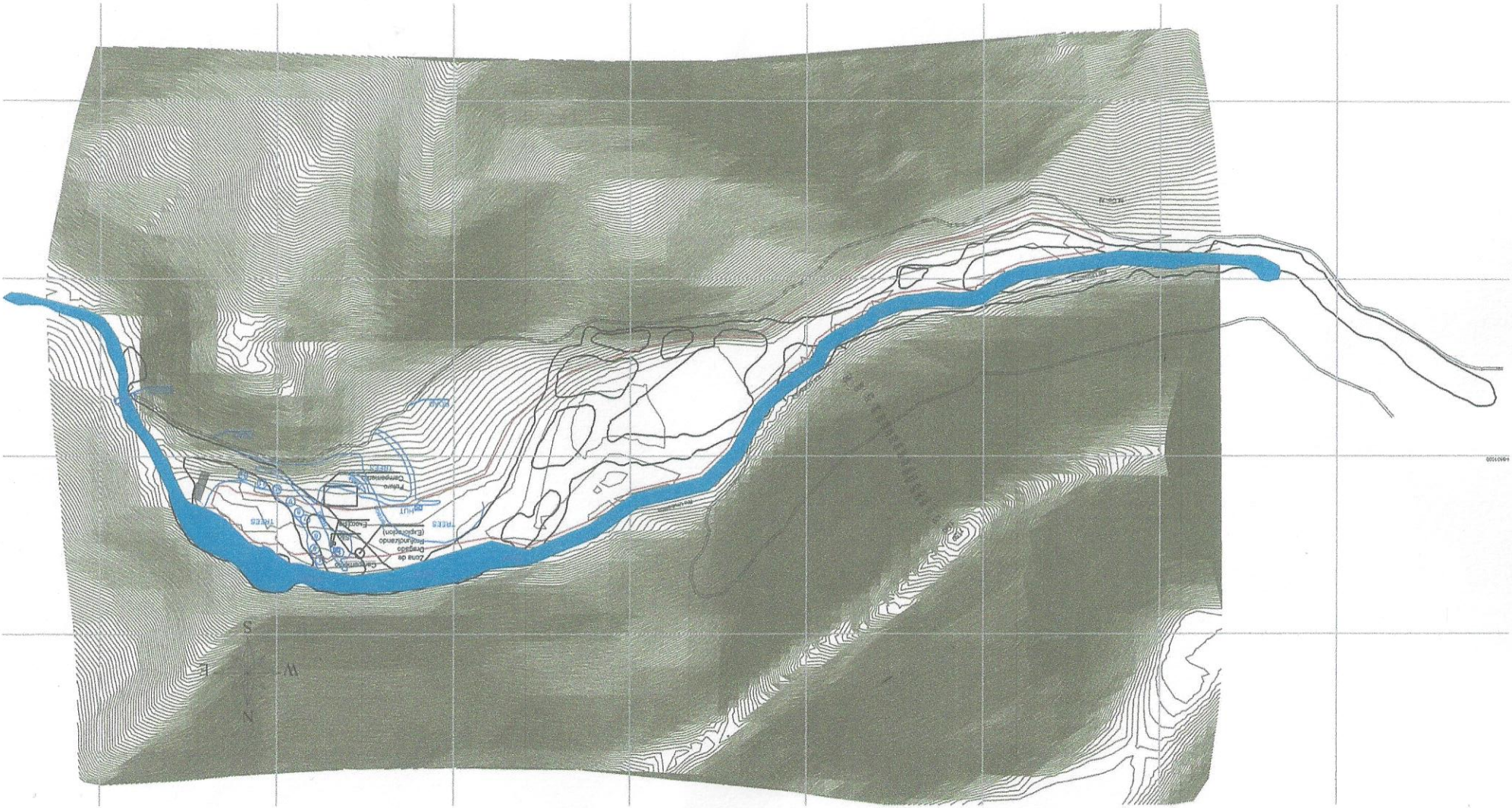
TomSieh@gmail.com, mobile phone 281-755-6163

Picchu Rio Gold # 2 Test Pit Tracking Chart

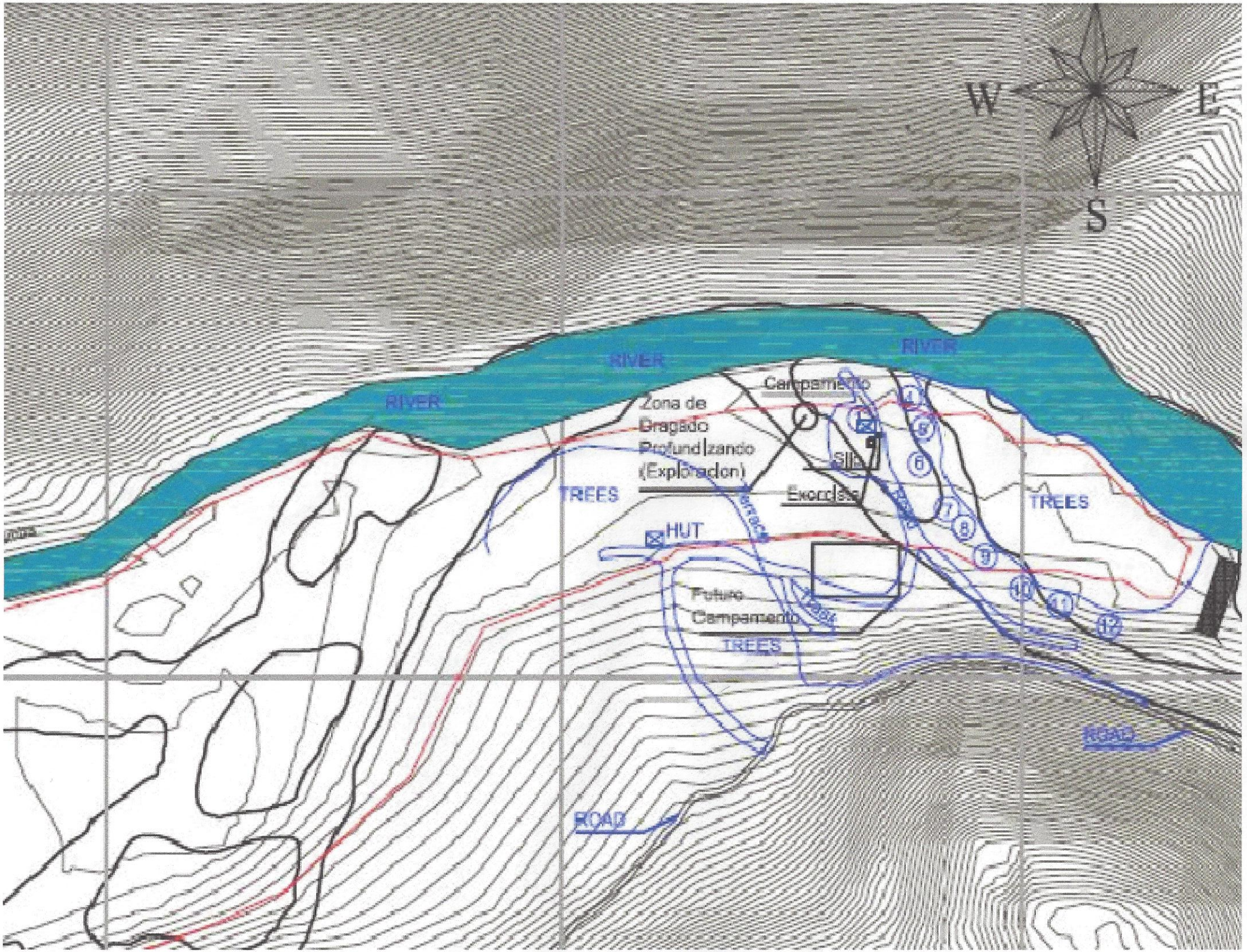
Test Pit # Zone 3	Dimensions (in feet)	Qty buckets screened sand	Clean Gold lab results Au gr/tm	Gold Ex lab results Au gr/tm	Date results	Results sluice only Depth to 6ft Au gr/tm
1	8x12x15	222	1.6	13.813	Sept 18 2009	
2	8x12x15	414	.06		Nov 2009	
3	8x12x15		.06			
4	8x12x15	465	.06		Nov 2009	3.5 April 09
5	8x12x15	230	1.960		Sept 18 2009	.513 March 09 7.893 April 09 .75 July 09 tailings
6	8x12x15	256	2.299		Sept 18 2009	
7	8x12x15	125	1.545		Sept 18 2009	
8	8x12x15	81	.06		Nov 2009	
9	8x12x15	92	.06		Nov 2009	
10	8x12x15	90	.06		Nov 2009	
11	8x12x15	216	.56		Nov 2009	
12	8x12x15	85	1.088		Nov 2009	
15	12x10x11	236	.6		Nov 2009	

6/12 Test Pit #2

#1



MAP of Test PITS Showing Keith Hall's 12 in September 2009


W
E
S
RIVER
RIVER
RIVER
Campamento
Zona de
Dragado
Profundizando
(Exploracion)
Silla
Excavacion
TREES
TREES
HUT
Futuro
Campamento
TREES
ROAD
ROAD
1
2
3
4
5
6
7
8
9
10
11
12