N.I. 43-101

Technical Report

on the

Blue Hawk Property

VERNON MINING DIVISION,

OKANOGAN DISTRICT, B.C.

for

Juan de Fuca Resources

on Mining Claims 778462 and 904009

Property Location:

UTM 319200E, 5539225N NAD83 ZONE 11

Lat: 49º 58' 40.436"N Long: 119º 31' 18.345"W

Prepared by

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Effective Date: July 31, 2014

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Item 1: Summary

This report details work completed in 2012 by Juan de Fuca resources on the BLUE HAWK and SPOD1 claims, located approximately 10 kilometres north of Kelowna, British Columbia. The property is accessible year round via forestry service roads. Juan de Fuca Resources has 100% undivided interest of both properties.

The property is situated in the Quesnel Terrane which is part of the Intermontane belt of the Canadian Cordillera. The immediate area in underlain by the Harper Ranch group which contains mainly clastic sedimentary rocks, volcaniclastic rocks and limestones as well as the Penticton Group which consists of "discrete graben-fill succession and is characterized by rhyolite, phonolite and other rocks with distinctive alkalic compositions suggestive of a rift or intraplate origin."

From September to November 2012, field exploration, including geochemical soil and rock sampling, was completed on the Blue Hawk and SPOD1 claims. This program resulted in 146 soil samples and 101 rock samples being collected and submitted for assays. Among the rock samples were 11 larger samples that were sent to FLSmidth-Knelson in Langley, British Columbia for analysis using a Knelson concentrator.

In 1935 the Blue Hawk mine reports extraction of 5 tons of material with an average 1 opt grade. A sample taken in this program from a quartz vein proximal to the adit was assayed at 4.24 g/t. The remainder of the current rock sampling resulted in fairly low grade results.

Soil sampling was successful in that it confirmed a known affiliation between gold and copper mineralization. It also suggested that there may be a mineralized event associated with the contact between the major stratigraphic units on the property, the Harper Ranch and Penticton Groups.

Other targets include northwest to north-northeast trending faults and west-northwest trending shears that have been shown through rock and soil sampling to have some bearing on the mineralization on the property.

An extensive property wide grid in conjunction with detailed geological mapping and ground geophysics would be very effective in aiding with target definition for potential future drilling programs.

Item 2: Introduction and Terms of Reference

This technical report on the Bluehawk Mine property ("Property") was prepared by Andrea Diakow, P. Geo. ("Author") at the request of Juan de Fuca Resources. The Property is located in the Vernon Mining Division, British Columbia.

The Author visited and carried out geochemical rock sampling for two days in October 2012. Information contained in this report is based on proprietary data held by Juan de Fuca Resources, on public domain data, including assessment reports filed with the Province of British Columbia and a variety of publications.

Historic gold values are presented as originally reported and converted to grams per metric tonne ("g/t") if required. A conversion factor of 34.28 is used to convert ounces per short ton ("oz/ton") to g/t. All dollar figures are reported as Canadian dollars, unless otherwise stated.

Item 3: Reliance on Other Experts

The Author has relied on information provided by James Hason on the legal status and ownership of claims that form the Property. Effort was made by the Author to review the information provided for obvious errors and omissions. However, the Author shall not be held liable for any errors or omissions relating to the legal status and ownership of claims described in this report.

Item 4: Property Location

The Property is located in the Vernon Mining Division, British Columbia, and is centered approximately 10 kilometres north of the town of Kelowna, British Columbia (Figure 1). Kelowna is located in southwestern British Columbia, 390km northeast of Vancouver. The center of the Property is located at UTM 319200E, 5539225N NAD83 ZONE 11.

Claims

The property consists of two claims, BLUEHAWK and SPOD1 totaling 602.69 hectares (Table 1, Figure 2).

Table 1: Mining Claim Information

Tenure Number	Claim Name	Area (Ha)	Good To Date
778462	BLUE HAWK	83.11	24-Dec-2014
904009	SPOD 1	519.58	29-Sept-2015

On June 12, 2014, Juan de Fuca Resources entered into an agreement with Syon Investments Limited of Vancouver, British Columbia for the purchase of the Blue Hawk Mineral Property and the Spode Mineral Property. This agreement replaces those previously entered in November 2, 2012 and July 15, 2012 for the Blue Hawk and Spode Properties respectively. A copy of this agreement as well as the prior agreements can be found in Appendix C.

The agreement outlines that Syon Investments Limited has agreed to sell, and Juan de Fuca Resources Corp. has agreed to purchase the Blue Hawk Property and the Spode Property for a total of $150,000 and 1,500,000 Common Class A shares of Juan de Fuca Resources Corp. As a result, Juan de Fuca Resources now has 100% undivided interest of both properties.

Encumbrances

The Author at this time does not have any knowledge of any encumbrances that would restrict development with respect to any terms of any royalties, back-in rights, payments or to other agreements that currently prevent exploration on this property. Permits are not required until the work performed includes ground disturbance such as trenching, drilling or line-cutting. Permits for this type or work, when required can be applied for online and require a minimum of 30 days notice.

The Author does not have any knowledge of any immediate environmental liabilities on the property, however it should be noted that the eastern margin of the Property is located less than one kilometer from Okanagan Lake. Okanagan Lake is both a major watershed as well as a prominent recreation site for the Okanagan Valley. Allowance for carrying out mining activities would be very strongly affected by this proximity in that proceeding with mine development would only be allowed under the strictest of environmental protocols. Support would also have to be acquired from a local population that holds this natural resource in extremely high regard both socially and economically.

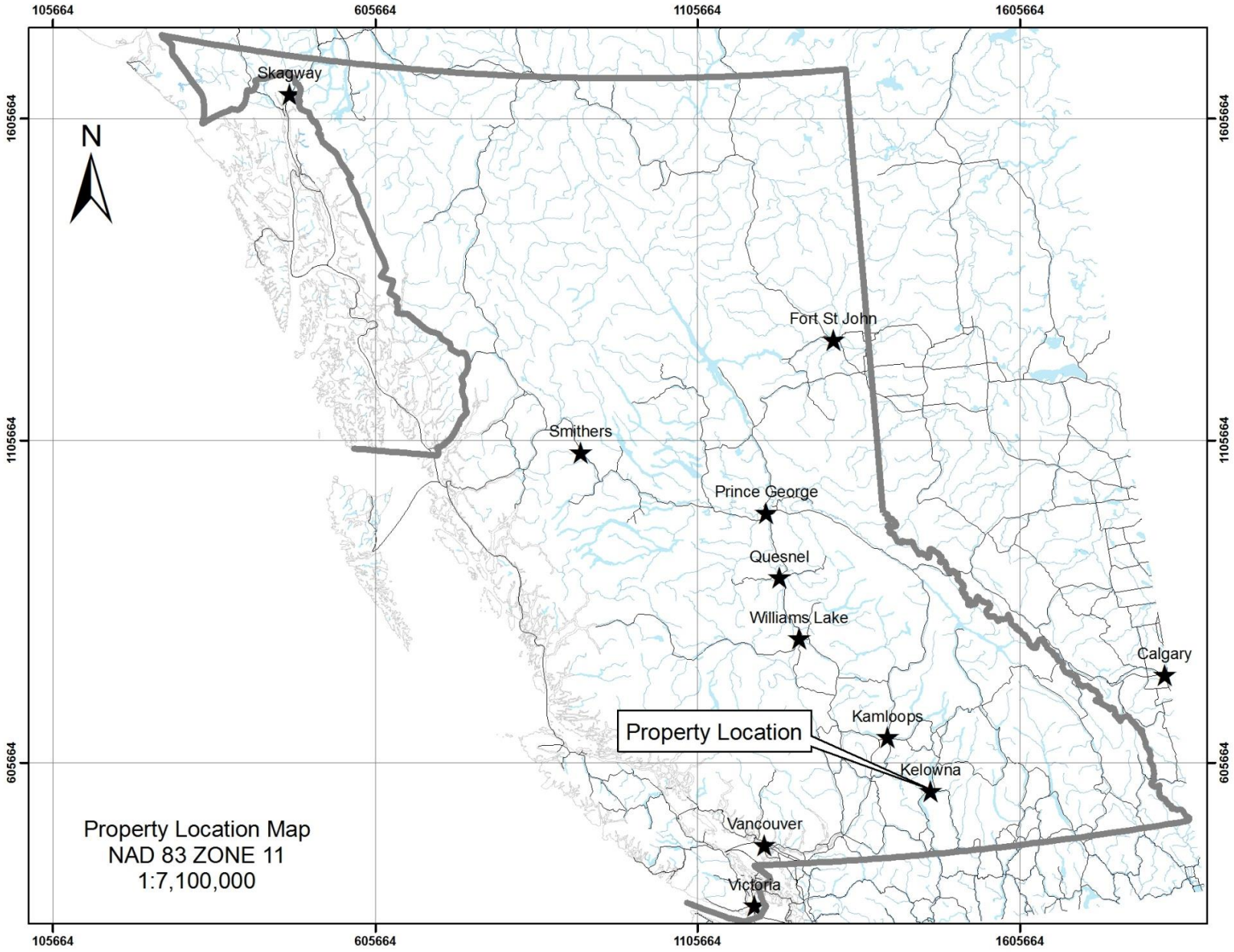

Figure 1: Location of the Blue Hawk Property

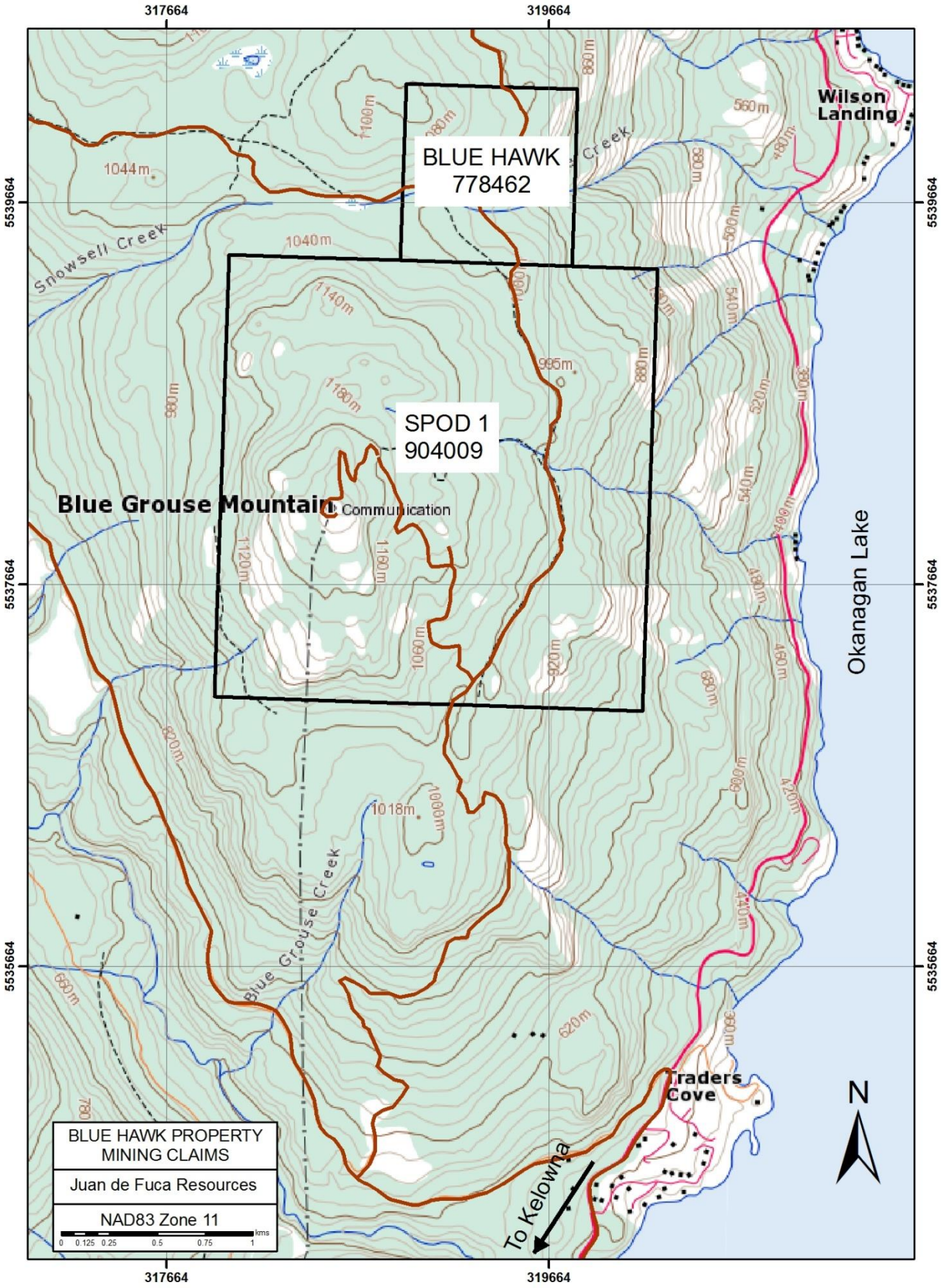

Figure 2: Claim Map

Item 5: Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Blue Hawk Property is accessible as a branch off the Bear Creek logging road using fairly well maintained logging and exploration trails. Travel to the site takes less than 25 minutes from Kelowna.

Kelowna has population of approximately 118,500 and has all amenities required for mining activities including accommodations, supplies, equipment and fuel. Average daytime temperatures fluctuates between a high of 27.4ºC in the summer to a low of -7.7ºC in the winter. The climate is fairly arid with an annual precipitation of 366.4mm, including 280.7mm of rain and 105.5 cm of snow.

The geography of the Okanogan area includes rolling hills and mountains and an interconnected lake system greater than 100 kilometres in length and up to eight kilometres wide. The elevation of the property area varies from 600 metres above sea level in the south to 1140 metres in the north.

To the Author's knowledge the Property's surface rights are unclassified Crown Land and hold no current or planned future limitations on access and land use.

Item 6: History

The Blue Hawk Property has experienced an extensive exploration history since the 1930s. Figure 3 shows the approximate outlines of the area extents on the exploration programs. Detailed georeferenced maps of these areas are located in Appendix D. In 1935, surface trenching and underground operations resulted in a 5 ton ore shipment that yielded 5 ounces of gold and 18 ounces of silver (MMAR, 1938).

No further exploration was reported until the 1960s when Dawood Mines Ltd acquired the ground and performed soil and geophysical programs with follow up surface trenching. Their work continued until the mid 1970s during which time they discovered several scattered anomalies of mercury, copper, silver and gold. A copper soil anomaly which they defined on the eastern margin of the Bluehawk claims remains an exploration target today. (Read, 1969; Fox, 1972; Fox, 1974; Fox, 1974b)

In 1980 the property was acquired by N.C Lenard who kept the ground in good standing by prospecting and carrying out soil and geophysical surveys. In 1980 a prospecting program reports a sample taken from the Blue hawk mine area that assayed 15.77 g/t gold over 40 centimetres including 130.97 g/t over 17 centimetres. The location of this sample is shown in Appendix D with several other high grade results that were reported. It should be noted resampling of these areas have failed to produce results of the same magnitude. A small stripping program identified the discontinuity of some of the larger quartz veins at depth (Lenard, 1980; 1981; 1981b; 1984).

In 1984 Tillicum Gold Mines evaluated the property with surface trenching. Their highest gold value was 0.243 oz/t (8.33 g/t Au) however the remainder of the results were only weakly anomalous (George et al, 1984).

In the late 1980s Pinewood Resources held the claims and did a several exploration programs until the mid 1990s. These programs included trenching, soil sampling and culminated in a 5 hole drill program. The trenching program was designed to follow up a magnetic linear of over 1000 metres in the Jennie Creek area which, it was discovered, was a result of graphitic sediments. Very little sampling was carried out. Drilling was in the vicinity of the Bluehawk adit, targeting the veins at depth. Sampling was constrained to the vein system and alteration zones and was restricted to gold only.

The next and most recent exploration activity on the Bluehawk claims was done by Southern Pacific Development Corp. which included a geological overview in 2004 and a soil and rock sampling program in 2004 and 2005. The soil sampling resulted in a weak Copper-Gold anomaly as well as anomalous phosphorous (Henneberry, 2004; 2005).

The SPOD 1 claims have seen very little documented historical exploration although reports do mention evidence of trenching on the property that is of unknown origin. In 1987 the ground was stake by J. Stushnoff who prospected the extent of the property and identified anomalous gold values in cross-cutting volcanic rocks (Stushnoff, 1988).

These claims were optioned to QPX Minerals Inc in 1988 resulting in soil sampling, rock sampling, geophysics and a reverse circulation drilling program. The primary focus of this program was a northwest trending dyke over 1500 meters in length and varying in width from one to ten metres. This dyke is the source of anomalous gold as identified by rock sampling and RC drilling. Surface sampling values were up to 1870 ppb gold over a one metre chip sample. The highest value intersected in the drilling was 780 ppb over a 3.05 metres sample. Soil sampling and geophysics both pointed towards anomalous zones. (Gourlay, 1989)

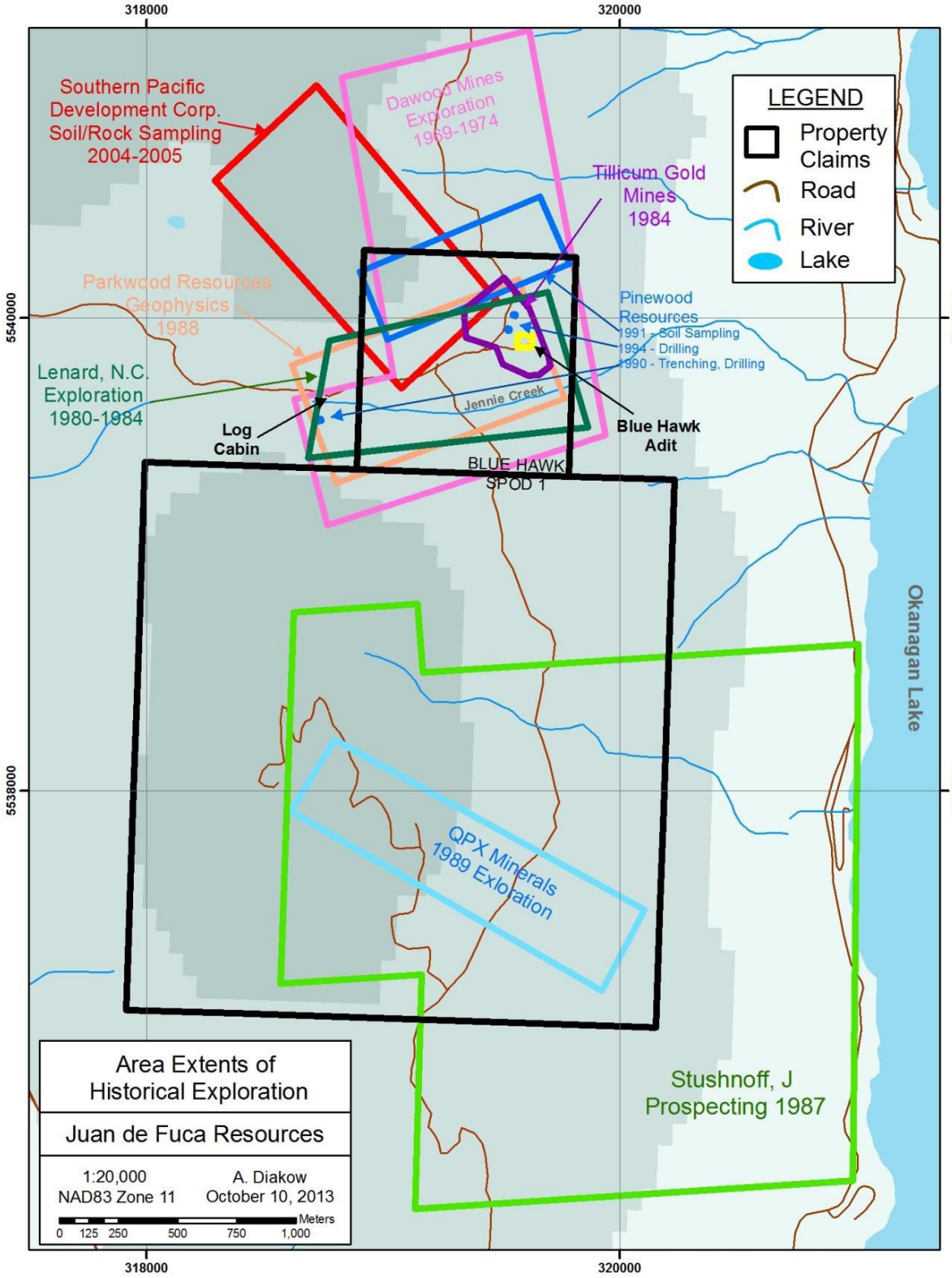

Figure 3: **Areas of Historical Exploration**

Item 7: Geological Setting and Mineralization

Regional Geology

British Columbia was predominantly formed by a series of volcanic, plutonic, sedimentary, and metamorphic assemblages that were accreted to western Laurentia since the late Mesozoic. (Nelson et al; 2007).

The resulting land mass has been divided into 5 main tectonic entities, the most central of which is the Intermontane Belt, a result of Triassic to Jurassic tectonic accumulation accounting for much of Central British Columbia. Further sub-division of this belt has identified the Quesnel Terrane which, at its southern extent, coincides with the location of the Blue Hawk Property.

The Quesnel Terrane extends from the Yukon to Southern British Columbia and is an incredibly rich metallogenic province (Mortensen et al, 2010). During its emplacement it experienced Triassic arc activity, Jurassic volcanism as well as compression and crustal thickening. Many of British Columbia's historical and current porphyry producers, as well as several other deposit types occur within this region.

The main rock assemblage consists of pyroxene-phyric shoshonitic basalt and alkaline to calc-alkaline intrusions however in the southwestern extent there are local accumulations of calc-alkaline basalts to rhyolite and calc-alkaline intrusions.

Property Area Geology

There are two rock groups that occur on property area (Figure 4, Appendix 1: Plate 1). The more prolific is the Harper Ranch group which contains mainly clastic sedimentary rocks, volcaniclastic rocks and limestones. (Mortensen et al, 2010).

The Penticton Group occurs only on the SPOD1 claims and consists of "discrete graben-fill succession and is characterized by rhyolite, phonolite and other rocks with distinctive alkalic compositions suggestive of a rift or intraplate origin." (Church, 1985)

These rocks are locally intruded by dykes and sills related to the Okanogan batholith (Fox, 1972).

Property Geology

The extent of the property area is buried to some degree by a layer of glacial till that has undoubtedly been a contributing factor to the lack of exploration. Available outcrop is dominated by strongly chloritized dark green to black andesite that is fine grained and fairly massive. Historical drilling reports the andesite to be sulphide bearing including pyrite and pyrrhotite concentrations of up to 7%. Intruding this units as a series of dykes or sills is a fine-med grained granidiorite porphyry with 2-3mm euhedral feldspar phenocrysts. This unit is locally chorite altered as well (Macfarlane, 1990).

Trenching to the south of Bluehawk workings uncovered dark grey, silty graphitic shales interbedded with variably silty/sandy layers (Macfarlane, 1990).

The Blue hawk adit itself has been driven into black chloritized diorite that has experienced variable fracturing and foliation. This is underlain by the chloritized andesite and the diorite itself

contains numerous andesitic xenoliths. This diorite unit is more than likely a plug coming off the Okanogan batholith of which, as suggested by geophysics, there are numerous across the property (Mark, 1988).

The dark green andesites also occur to the south on the SPOD 1 claims however they are crosscut by a series of en echelon felsic dykes. In particular, a single dyke targeted by QPX minerals in their 1988/1989 program was oriented at 120 degrees azimuth and created a less recessive outcropping spine in the host andesites. It is beige in colour, massive with aphanitic to granular texture with local pyrite concentrations of up to 10%. This area is also chlorite altered and has silica alteration proximal to the intruding dykes (Gourlay, 1989).

Property Structure

The most significant structure in the property area is what has been referred to as the Rose Valley Fault, a north-northeast trending normal fault. Faulting and offsets that fall within the range north-northwest to north east are fairly frequent and are more than likely splays or en-echelon cracks associated with this main structure. The dioritic intrusions may be taking advantage of this structure given their concordant orientation.

There is also the existence of a west to northwest trending shear set that is often superseded by quartz veins. It is common for these veins or structures to be offset by the north trending faults, suggesting the shears are of an earlier origin (Hennenberry, 2005).

Bedding measurement taken from sedimentary units on the property primarily strike towards 300º/120º however opposing dip directions indicate the beds are moderately to tightly folded. A detailed bedding orientation analysis would more than likely reveal fold axes of similar orientation to the west to northwest shear zones however poor outcrop exposure of these units makes this difficult.

Property Mineralization

The main exploration target on this property as indicated by 90% of the historical workings has been gold bearing veins that are associated with the west to northwest trending structural domain. Associated with the gold, these veins also contain associated silver and base metals in the form of pyrite and galena. Rare chalcopyrite, sphalerite and arsenopyrite have also been reported. Several multi-ounce gold samples have been taken from these veins that are either outcropping or have been exposed by trenching. Although veining in this orientation is prolific throughout the property, gold association with that veining seems to be more abundant when hosted in the dioritic plugs, as is the case with the Blue Hawk Adit. Since the dioritic rocks seem to share the same orientation as the so called Rose Valley fault, this structure, which travels the extent of the property and is largely unexplored, could also be a source of mineralization. A grab sample taken in 2004 proximal to the fault, of rusty, oxidized material, returned a value of 2390 ppm copper (Henneberry, 2005).

In the 1970's Dawood Mines performed soil geochemical surveys on the property, identifying copper-gold mineralization to the northwest and southeast of the exposed veins. Limited trenching was conducted as follow up, revealing strongly altered rocks that assayed up to 0.3% copper and 1.52 g/t gold (Fox, 1974b).

The work performed by QPX minerals on the SPOD claims in the late 1980s established anomalous gold mineralization associated with felsic dykes that intrude the dioritic host rocks. It is unclear if the dykes themselves are mineralized or if the contact between the two units is

mineralized. The contacts were reported to have had extensive silica alteration haloes (Gourlay, 1989).

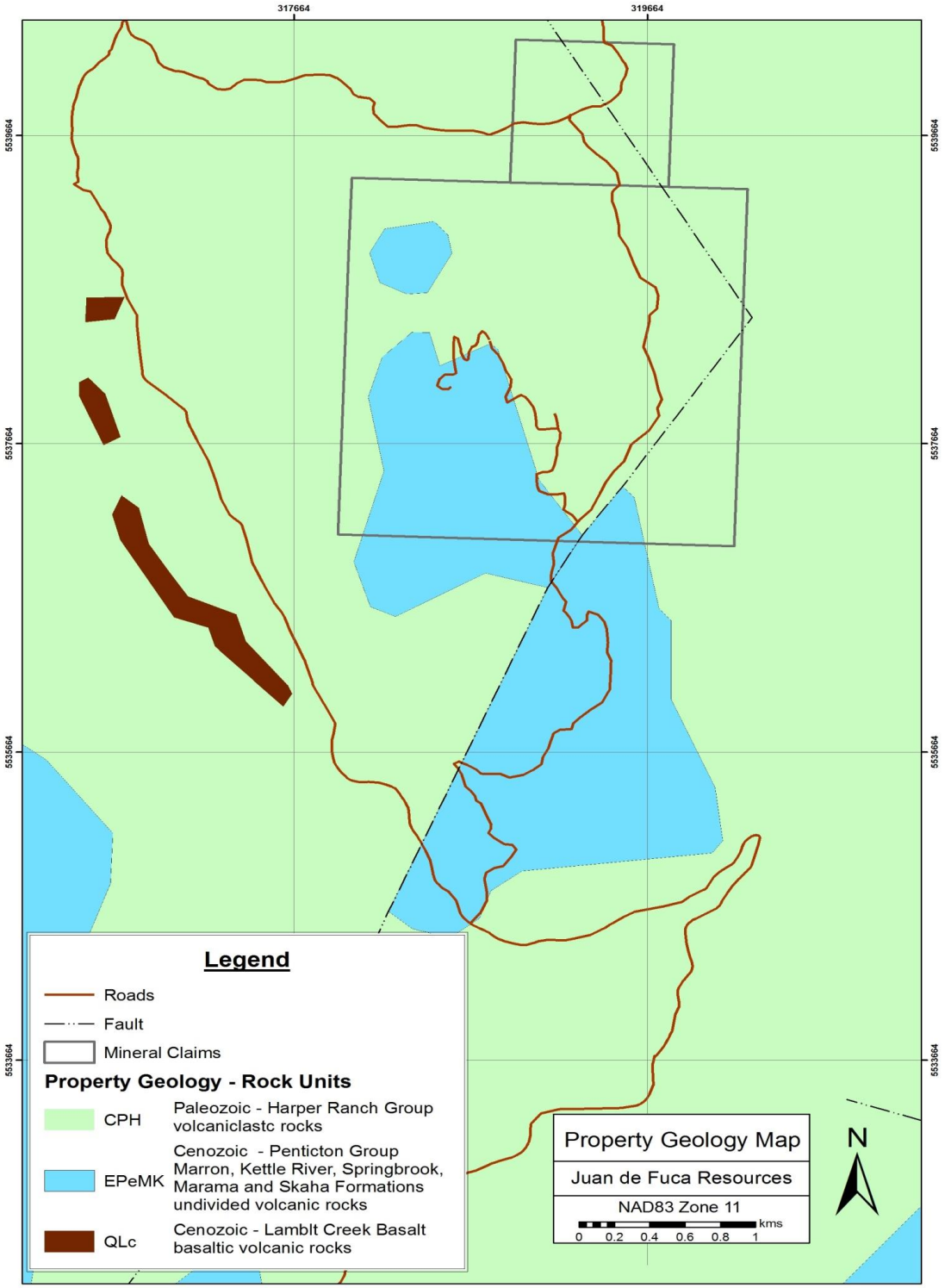

Figure 4: Property Geology Map

Item 8: Deposit Types

The most prolific mineralization style on the Blue Hawk property is what appears to be a mesothermal style vein deposit containing high grade gold and associate silver, copper and to a lesser extent lead and zinc. These veins are between 30 centimetres and 3 metres in width and several tens of metres in length. Overburden prevents determining the total lateral extent of the veins however historical drilling indicates that veins have been offset at depth due to later faulting. These veins are exploiting west-northwest trending shears.

A secondary potential deposit style is copper-gold porphyry type mineralization. Indications of this are through soil geochemical sampling as well as volcanic rock grab samples that are weakly mineralized with gold and copper. Felsic dykes on the southern portion of the property are mineralized, potentially due to originating from a larger porphyry system, or as a result of providing a pathway for mineralized fluid transportation.

Item 9: Exploration

Exploration on the Blue Hawk property occurred from late September to November of 2012. The majority of the sampling was performed by James Hason and three field crew resulting in the collection of 146 soil samples, 76 rock samples and 9 large samples for FLSmidth Knelson over the course of 12 days.

The property was visited by the Author on October 28-30, 2012. The first day was spent in the field verifying site location and using a handheld GPS to locate major land marks for later geo-referencing purposes. The second day was with Mr. Hason to visit the main areas of historical exploration, briefly survey the property geology and to collect rock samples AD-SP-001 to 015. On October the samples were organized and delivered to ALS Global and FLSmidth Knelson respectively. A map of all sample locations with their corresponding ID numbers is located in Appendix A.

Item 10: Drilling

No drilling was conducted on the property.

Item 11: Sampling Preparation, Analyses and Security

All samples collected on the Property were subjected to a quality control procedures that ensured a best practice in the handling, sampling, analysis and storage of sample material.

Rock samples were either collected as chip samples across widths of up to three metres or grab samples that could be designated as having minimal transport from host rocks. Locations were taken with a handheld GPS and samples are immediately sealed in a plastic polyore bag and labeled with a sample number.

Soil samples were taken from the “B” soil horizon with a "tree planting" style shovel and placed in kraft soil sample bags. Sampling was overseen by James Hason. All samples were submitted to ALS Global in Kamloops, British Columbia by Mr. Hason upon completion of the program.

Rock and soil samples 1 through 222 underwent the analysis at ALS Global labs in Kamloops, British Columbia. For the preparation of the rock samples, the sample is logged in the tracking system, weighed, dried and finely crushed to better than 70 % passing a 2 mm (Tyler 9 mesh, US Std. No.10) screen. A split of up to 250 g is taken and pulverized to better than 85 % passing a 75 micron (Tyler 200 mesh, US Std. No. 200) screen. For the preparation of the soil samples the entire sample is dried and then dry-sieved using a 180 micron (Tyler 80 mesh) screen. The plus fraction is retained unless disposal is requested. Analysis for these samples are as follows.

Ag, Al, As, B, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, Ga, Hg, K, La, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sr, Th, Ti, Tl, U, V, W and Zn were analyzed using Inductively Coupled Plasma - Atomic Emission Spectroscopy (code ME-ICP41). A prepared sample is digested with aqua regia in a graphite heating block. After cooling, the resulting solution is diluted to 12.5 mL with deionized water, mixed and analyzed by inductively coupled plasma-atomic emission spectrometry. The analytical results are corrected for inter-element spectral interferences.

Au, Pt and Pd were analyzed using Inductively Coupled Plasma – Atomic Emission Spectrometry (code PGM-ICP23) A prepared sample is fused with a mixture of lead oxide, sodium carbonate, borax, silica and other reagents as required, inquarted with 6 mg of gold-free silver and then cupelled to yield a precious metal bead. The bead is digested in 0.5 mL dilute nitric acid in the microwave oven. 0.5 mL concentrated hydrochloric acid is then added and the bead is further digested in the microwave at a lower power setting. The digested solution is cooled, diluted to a total volume of 4 mL with de-mineralized water, and analyzed by inductively coupled plasma atomic emission spectrometry against matrix-matched standards.

Ba, Ce, Cr, Cs, Dy, Er, Eu, Ga, Gd, Hf, Ho, La, Lu, Nb, Nd, Pr, Rb, Sm, Sn, Sr, Ta, Tb, Th, Tl, Tm, U, V, W, Y, Yb, and Zr were analyzed using Inductively Coupled Plasma - Mass Spectroscopy (code ME-MS81). A prepared sample (0.200 g) is added to lithium metaborate flux (0.90 g), mixed well and fused in a furnace at 1000°C. The resulting melt is then cooled and dissolved in 100 mL of 4% HNO3/2% HCl3 solution. This solution is then analyzed by inductively coupled plasma - mass spectrometry.

Rock samples AD-SP-002 to 011 were also sent to ALS Global in Kamloops, British Columbia. The same preparation methods were used as indicated for rock samples above. The ICP analysis code ME-ICP41 was also conducted. Au was analyzed using Atomic Absorption Spectroscopy (code Au-AA23). A prepared sample is fused with a mixture of lead oxide, sodium carbonate, borax, silica and other reagents as required, inquarted with 6 mg of gold-free silver and then cupelled to yield a precious metal bead. The bead is digested in 0.5 mL dilute nitric acid in the microwave oven, 0.5 mL concentrated hydrochloric acid isthen added and the bead is further digested in the microwave at a lower power setting. The digested solution is cooled, diluted to a total volume of 4 mL with de-mineralized water, and analyzed by atomic absorption spectroscopy against matrix-matched standards.

In total, eleven 10 kg samples were collected and sent to FLSmidth/Knelson to test for free/nuggety gold using the Gravity Grade Test (GGT). Prior to conducting the GGT, the sample was milled to a P80 of 100 µm to liberate gold particles. After milling the sample was processed through the laboratory Knelson in a single pass. The concentrate produced is hand panned, both the pan concentrate and pan tailings are sent along with a tailings sub-sample for fire assay. Both the pan conc and pan tailings are assayed to extinction to account for all recovered gold.

The GGT has advantages over current methods of geological sampling analysis with its ability to eliminate the nugget effect associated sub-sampling methods when coarse free gold is present. Entire samples are processed to recover free gold particles accounting for the majority of free gold in the sample. Also, larger samples are analyzed when compared to conventional gold sample methods which make the process more statistically relevent when estimating gold resources.

All samples were collected and stored in a secure location before being personally delivered by the collector to ALS Global Labs in Kamloops, British Columbia.

Item 12: Data Verification

Efforts for data verification were undertaken during the Author's property visit in October 2012 by collecting samples proximal to those taken by James Hason, who was responsible for supervising and conducting the sampling program. Samples by Mr. Hason were collected prior to those collected by the Author however, Mr. Hason accompanied the Author to ensure the proximal locations. Comparisons of the assays between these two data sets is highly variably although not biased towards either. Analysis of the entire geochemical suite suggests samples have been taken from the same system and both indicate the system is copper-gold bearing. Variability in assays, particularly with gold, is common in vein systems even if every effort is taken to collect exact duplicate field samples. Mr. Hason's sampling procedures and protocol were also reviewed and were found acceptable by the Author.

Item 13: Mineral Processing and Metallurgical Testing

No mineral processing or metallurgical testing was performed.

Item 14: Mineral Resource Estimates

No mineral resource estimates can be calculated.

Item 23: Adjacent Properties

Although there are several historical mineral occurrences and showings proximal to the Property, no exploration is currently active within a 10 kilometer radius.

The most recent exploration activity was on the Dobbin property, approximately 20 kilometres to the west which is volcanic hosted copper-platinum-palladium porphyry style mineralization. The most recent program was in 2006 and included field sampling and diamond drilling. Historical drilling records report DDH 97-21 returning 15.0 metres grading 1.32 g/t Pt, 0.95 g/t Pd and 0.54% Cu.

The White Elephant Mine is situated 20 kilometres north of the Property and was a past producer from 1922 to 1935 during which time 5146 tonnes were mined recovering 63,170 grams of gold and 9,549 grams of silver.

Mission Creek is approximately 20 kilometers southeast of the Property and is a past producer of placer gold from 1976 to 1895. The believed source is a Quaternary conglomerate, exposed in what is known as Gallagher's Canyon. Drilling in 1975 reported high gold assays that were not reproducible in subsequent drilling.

Item 24: Other Relevant Data and Information

See Item 4

Item 25: Interpretation and Conclusions

Results from the 2012 exploration program on the Blue Hawk property were of variable success. Very few of the samples collected indicated the presence of gold or copper. Sample locations as well as values of both copper and gold in soil samples and rock samples have been plotted in Appendix A: Plates 2-4. Spatial interpretation of these results however were of some interest.

Figure 5 shows the contours of both gold and copper soil geochemistry. There are several things of note. Firstly there is clearly a correlation between gold and copper. Secondly, this anomaly has an affinity with the contact between the main volcanic Harper Ranch and Penticton Groups. Finally, the anomalies appear to be trending in an attitude similar to that seen in the known major structural trends.

In a similar analysis of rock sample geochemistry (Figure 6), copper acts comparably to the soil samples however, gold, which is largely absent, does not have the same characteristics and has not been plotted.

Several of the rock and soil samples included analysis to evaluate the potential for rare earth elements. The highest percentage of Total Rare Earth Oxides (TREO) in one sample was 0.04%, which is well below economic grades.

A total of 11 samples were sent to FLSmidth Knelson for analysis in anticipation that the gold on the property may be coarse or nugget style free gold. As a whole the results from this work was disappointing as there was only one high grade sample (Sample 1: 4.24 g/t), which was collected from the quartz veins proximal to the Blue Hawk Mine that have historical multi-ounce assays. Values for these samples as well as their locations have been plotted in Figures 7 and 8.

Table 2 contains seven of the samples sent to FLSmidth that were also sent as field duplicates to ALS Global for fire assay. These results are fairly inconclusive with respect to determining if nuggety gold is a concern on this property. It's possible that for higher grade results (ie > 700 ppb) that a coarse fraction of gold does exist however Sample 6 actually decreased in value so sample variability is definitely an issue. Future sampling on the property should address this issue by comparing screened and un-screened samples over a larger statistical population. In addition, with sample variability as a concern, assays sent for multiple assays techniques need to be split from the original pulp in order to be reliable rather than being take as an in-field duplicate.

Table 2: FLSmidth Knelson versus ALS Global Labs

FLSmidth Knelson Sample No.	Easting	Northing	Gravity Recovery (%)	Back Calculated Feed Grade (g/t)	Rock Sample No	Au (ppm)
1	319477	5540002	12.0	4.24	216	0.763
2	319477	5540007	24.5	0.02	217	0.006
3	319410	5539946	25.9	0.43	218	0.072
4	319393	5539918	10.9	0.08	219	0.006
5	319399	5539897	64.2	0.17	220	0.128
6	319518	5539960	60.2	0.69	221	1.660
7	319370	5537305	29.0	0.04	222	0.025

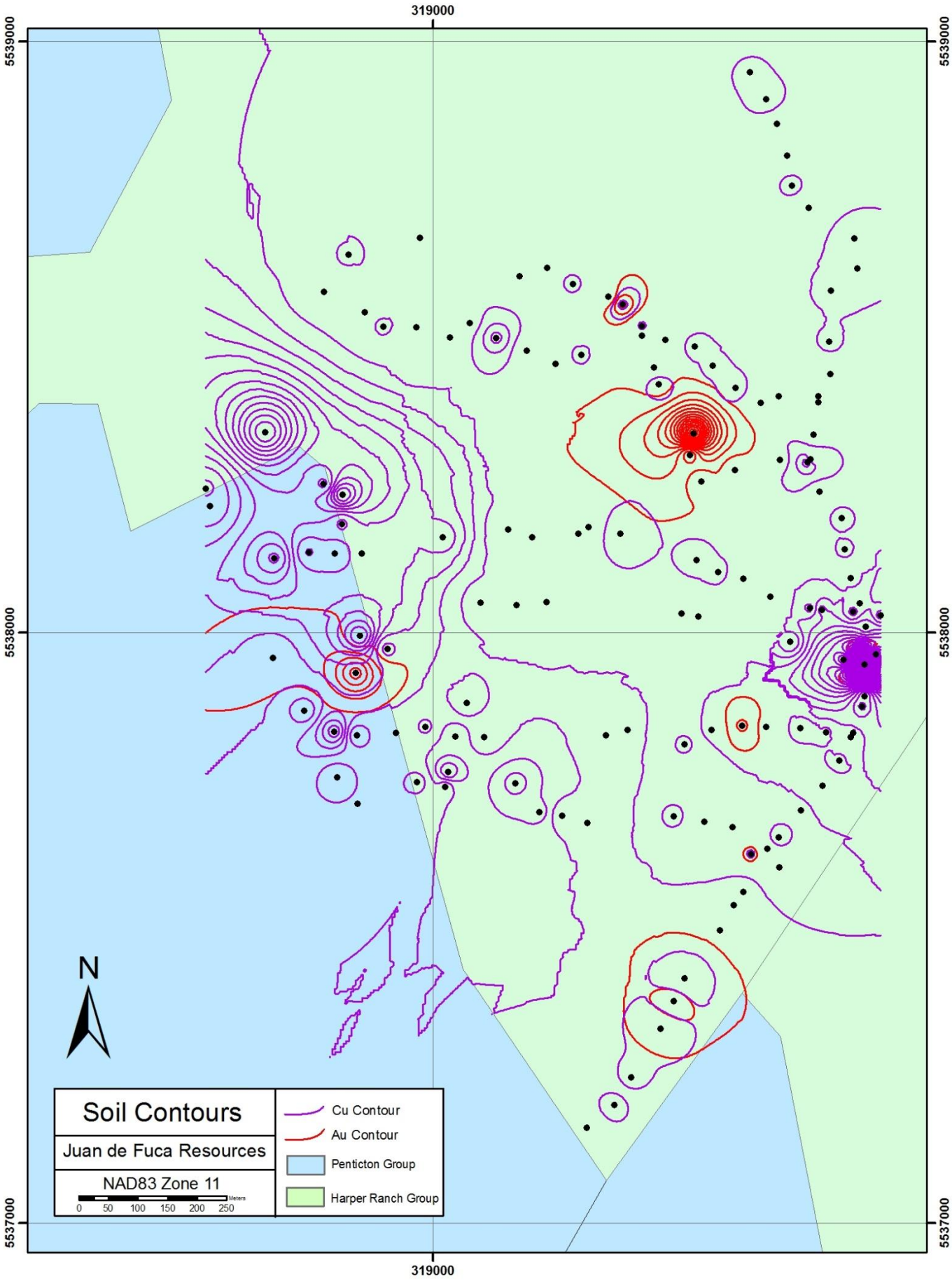

Figure 5 - Geochemical Soil Au and Cu Contours

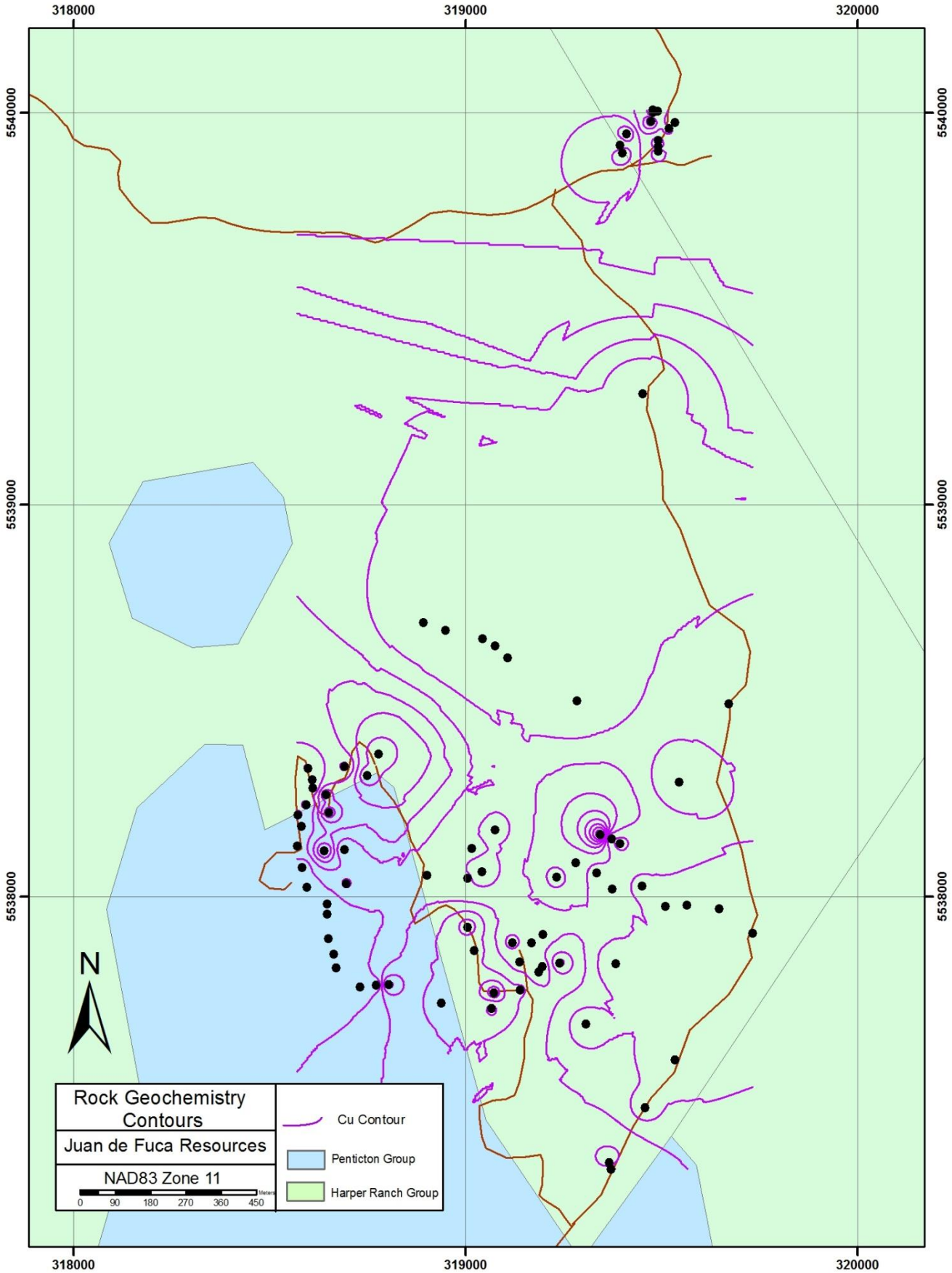

Figure 6 - Geochemical Rocl Sample Cu Contours

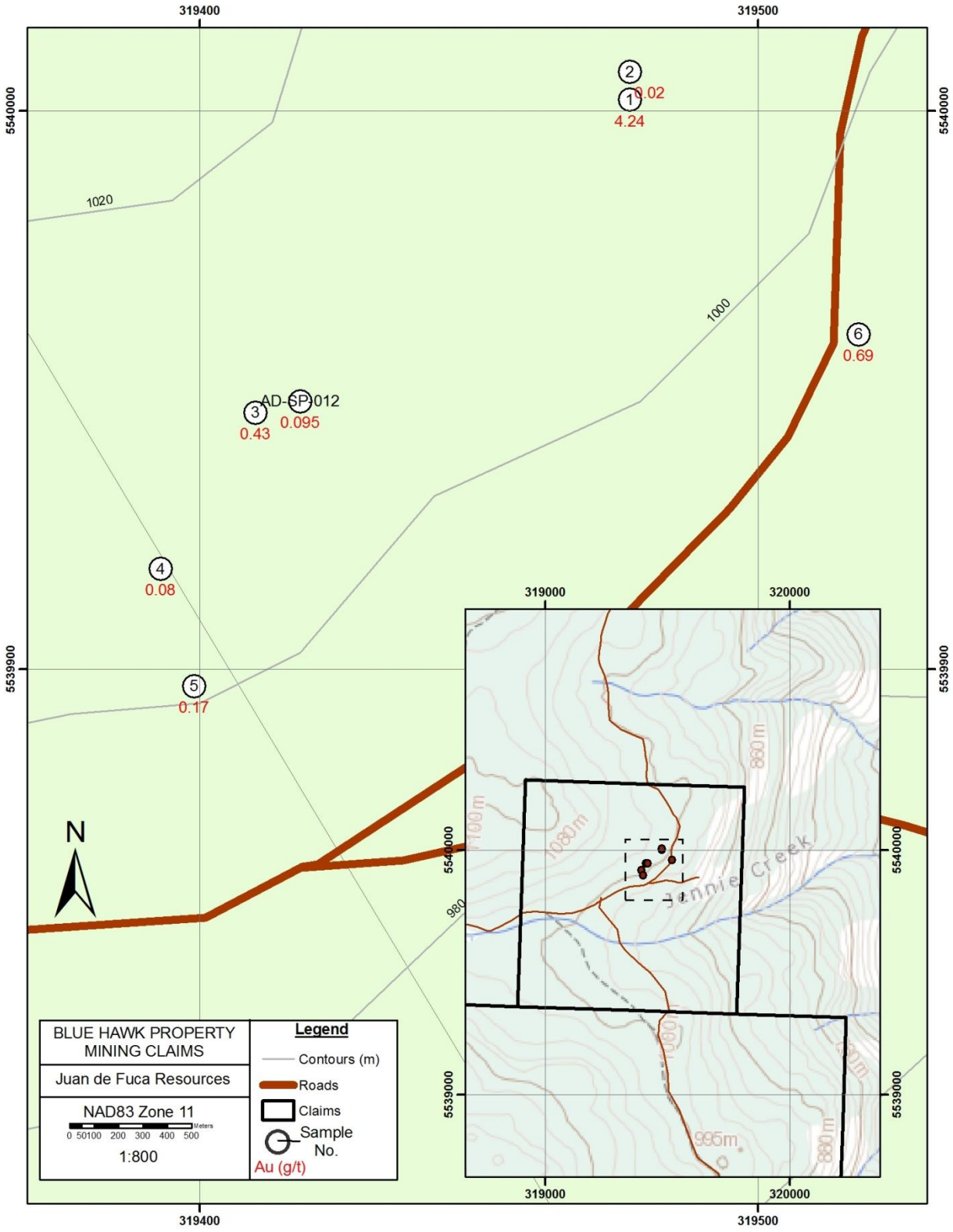

Figure 7 - FLSmidth Knelson Sample Locations

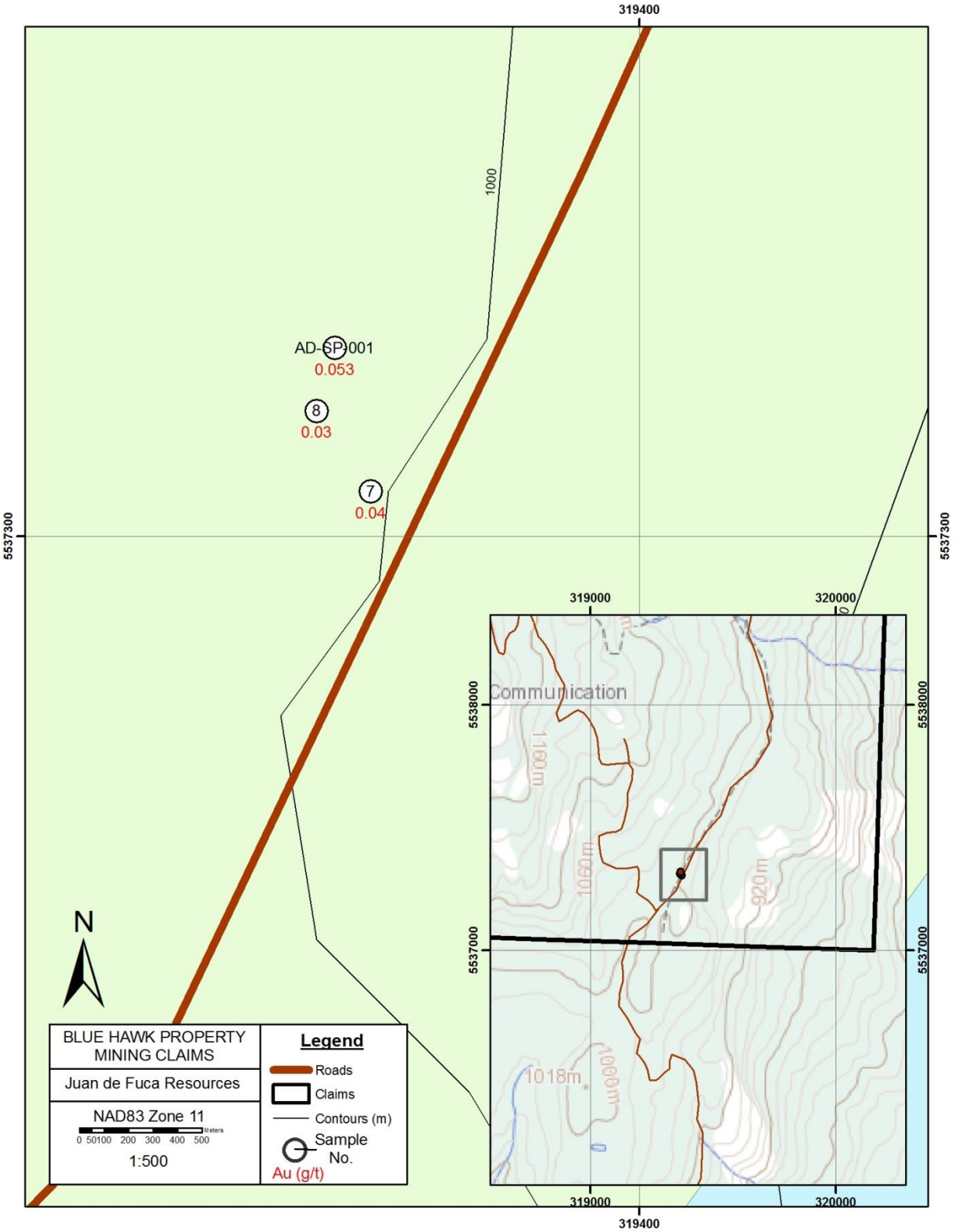

Figure 8 - FLSmidth Knelson Sample Locations Continued

Item 26: Recommendations

The most obvious exploration target on the property would be the high grade gold veins associated with the west-northwest to northwest trending shear zones. Multi-ounce samples have been recorded many times and they have been the only historical source of mineable ore. However, indications that these veins have been offset and truncated by the north striking faults make them a fairly high risk exploration target since they could only be located with grid drilling.

Less expensive exploration tools such as geophysical surveys or soil surveys have not been successful in penetrating the overburden, most likely due to the veins fluctuating widths of less than 30 centimetres and up to 3 metres. Gold values in these veins do have an affinity for the rocks of dioritic composition suggesting the diorites may be a possible source of the mineralization. If the source of these dykes could be located there could be a potential of mineable widths.

Mineralization on this property is largely geological contact or structure related. Although many historical soil geochemical surveys have been conducted, most were with low budgets, over small areas and several years apart. An extensive property wide soil grid in conjunction with detailed geological mapping and ground magnetometer surveys would be very effective in aiding with target definition. Defining the orientation and nature of the contacts of the volcanic units, as well as the extents of the faults and larger quartz veins, would be the most effective foundation for a follow up phase of diamond drilling. The soil program also could be effective for both delineating and targeting any potential for copper porphyry style mineralization. Carrying forward with the second phase of exploration would be contingent on successful results from the first phase of work. An approximate cost analysis of this work is given below. It is expected that these expenditures would be carried out over a time period of 24-36 months.

Phase I

Soil Sampling: 50m sample intervals on 50m centers					
1360	soil samples. Assay cost per sample	$ 28.00			$ 38,080.00
4	Soil Samplers. Day rate of	$ 250.00	14	days	$ 14,000.00
1	Geologist. Day rate of	$ 750.00	14	days	$ 10,500.00
1	Field Assistant. Day rate of	$ 225.00	14	days	$ 3,150.00
200	Rock Samples. Assay cost per sample	$ 36.65			$ 7,330.00
5	Room and Board. Day rate of	$ 150.00	14	days	$ 10,500.00
Magnetometer Surveys: 67.95 line kilometres.					
68	Line kilometers. Cost per line km of	$ 300.00			$ 20,400.00
PHASE I TOTAL					$ 103,960.00

Phase I I

Drilling: 5-7 holes up to 150 metres depth.			
750	meters at cost per meter of	$ 190.00	$ 142,500.00
PHASE II TOTAL			$ 142,500.00

COMBINED TOTAL	$ 246,460.00

Item 27: References

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