# Assessment Report

On the

**Pellaire East & West Project**

Events: #4199295 & 4199369

**Clinton Mining Division, B.C.**

N.T.S. 920/4
Latitude: 51 5' 52"N, Longitude 123 35'55"W

**Owned by**

**Valor Resources Ltd.**
**West Vancouver, B.C.**



Report by

**John H. Hajek, Geochemist**

**April 08, 2008**

**Assessment Report**

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**Pellaire Project**

**2007 Geophysical & Geochemical Exploration**

**Clinton Mining Division, B.C.**
N.T.S. 920/4
Latitude: 51 5' 52"N, Longitude 123 35'55"W

Events: #4199295 & 4199369
Work was done: June 15 to September. 30, 2007

On Tenures # **208501-207933-207934, 354065, 529756**

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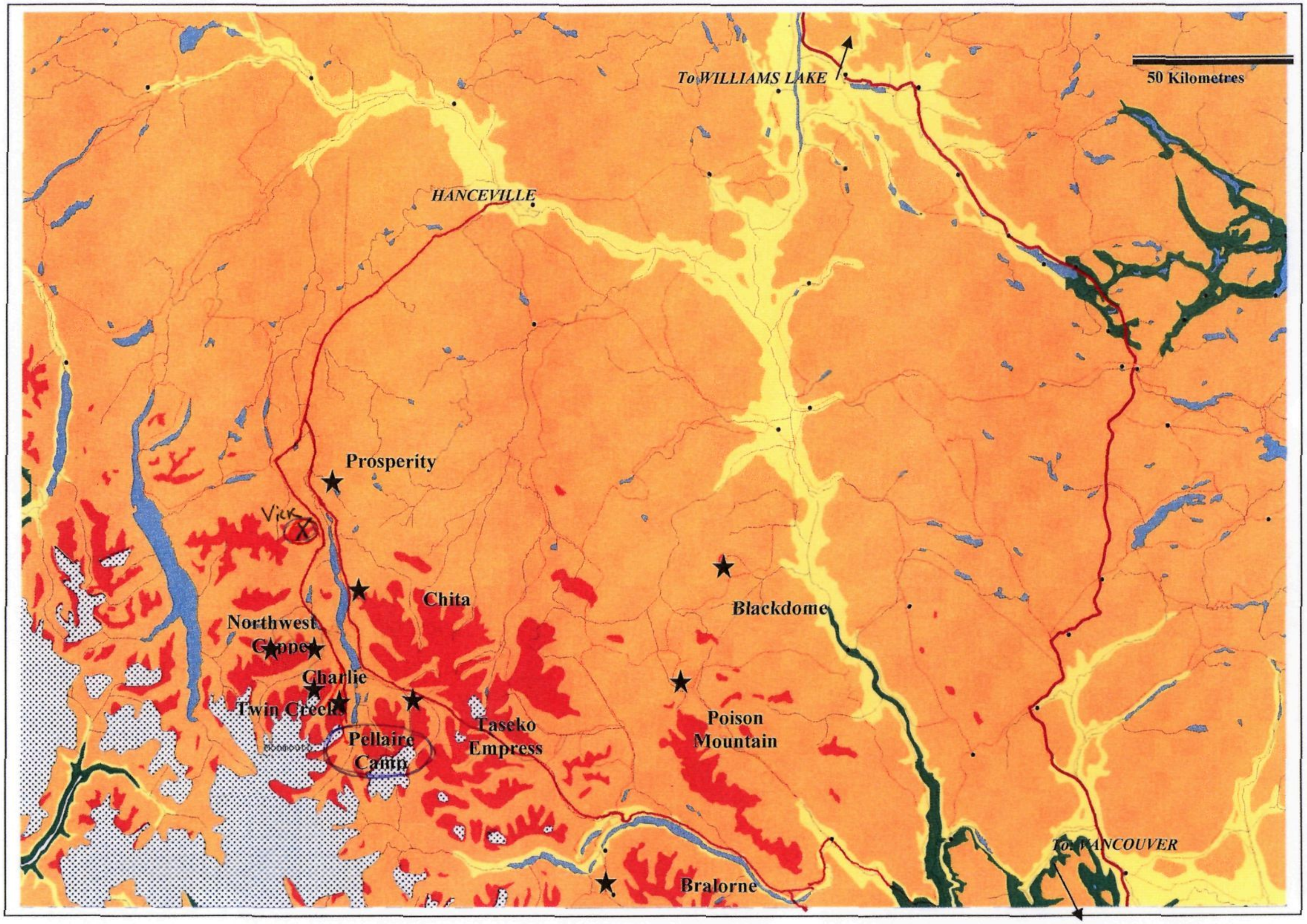
Deposits in the Pellaire Gold Project Area



# I. INTRODUCTION

J. H. Hajek was commissioned by Valor Resources Ltd. to oversee the Pellaire Project. This report documents geophysical work from Aeroquest flown on the Pellaire claims June 23, 2007 as part of a 2000 line-Km airborne survey initiated by Galore Resources Inc.
Geochemical exploration work was done under the author's supervision, during June 15 to September 30, 2007 on the Pellaire property, Clinton Mining Division, British Columbia, Fig. 1.
Event #4199369 applies to the work period of June 15 to September 30, 2007
Event #4199295 applies to the work period of July 10 to September 20, 2007

The objectives of the 2007 exploration were two folds: Airborne geophysics of the claim area & geochemical sampling with geological differentiation of ore grade material.

- Work was done on the following Tenures # 207933-207934, 354065,529756
- Work was done on Tenures # 207933-207934, 208501, 354065, 529756

Geophysical Aerotem Electromagnetic & Magnetic helicopter survey is comprised of 89 line-Kilometres covering two N-S blocks east of the Pellaire western ridge (Pellaire Mine).
The work is described in two Aeroquest reports:

- September report #07103

It contains all the airborne geophysical data with four composite maps.

- October report #C2007-501

It is an outline of Geophysical enhancements with additional data processing to facilitate the geological correlation to the 97 EM anomalies and to provide structural information. It outlined magnetic lineaments by expressing faults, fracture or other tectonic boundaries. It was successful in mapping discrete conductors as near the known gold vein mineralization area and in outlining several new exploration areas with extensive EM expressions. Plate #1 & 2 contain 8 final composite maps.

Geological & physical separation of 334 kg of rock samples from the #3 quartz vein and alteration envelop was done to establish the % of clay, fines & other constituents. Nine rock samples were taken as control samples on the past excavation of the #3 & 4 veins and analysed at Acme Labs, see appendix # A4.
The author is an experienced geochemist since 1968 and he has been on the property intermittently since 1995.

# II. PROPERTY DESCRIPTION and LOCATION

## 1. LOCATION, ACCESS, CLIMAT & PHYSIOGRAPHY

- **LOCATION**

Pellaire Gold Mine's property is located in south central British Columbia, south of the Upper Taseko Lakes. The work area is located east of the Falls River drainage and west of the Lord River system.

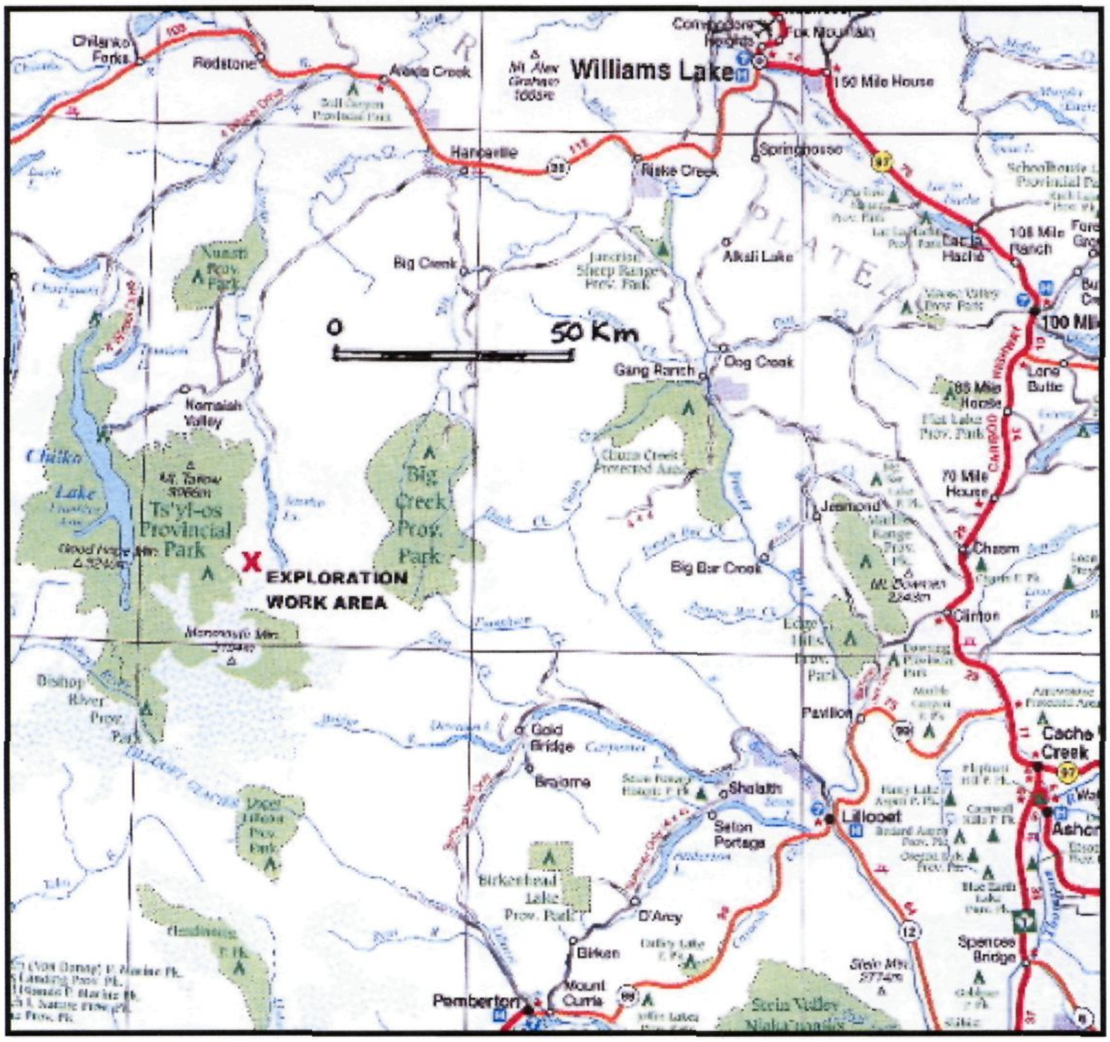



**Fig 1, Location Map.** "X" marks the exploration area. The property is 220 km due north of Vancouver and 160 km southwest of William's Lake.
A central point within the claims area is situated between Pellaire West ridge and Pellaire East ridge located at: 51 5" 52" North Latitude and 123 35' 55" West Longitude in NTS area 92O/4

- **ACCESS**

Access to the claims is available by road, from William's Lake over the Bella Coola road to Hanceville and then southerly for about 70 km along the Nemiah-Taseko road to the bridge crossing the Taseko River.
Twelve kilometres west of the Taseko River Bridge is the junction with the Pellaire road. From this junction, a newly upgraded 60 km section of road runs southerly to the Falls River campsite situated at the base of Pellaire ridge.
The total distance from William's Lake to the Falls River camp is about 260 km.
By air, access is by helicopter from bases at Pemberton or William's Lake.

- **CLIMATE & PHYSIOGRAPHY**

The claim group is situated in rugged terrain of high relief, along the eastern margin of the Pacific Ranges of the Coast plutonic complex.
Valleys, with basal elevations of between 1375m to 1675m, have been glacially scoured and thus are wide and gently sloped. Tree line extends to about 1975m above which the slopes rise more abruptly to elevations of up to 2590m.
Numerous glaciers are present at the higher elevations throughout the area; these are the source of all streams draining into the valleys.
About 70% of the claims are above tree line where alpine vegetation predominates.
Sub alpine vegetation of pine and spruce predominates along valley floors.

## 2. PROPERTY & WORK AREA

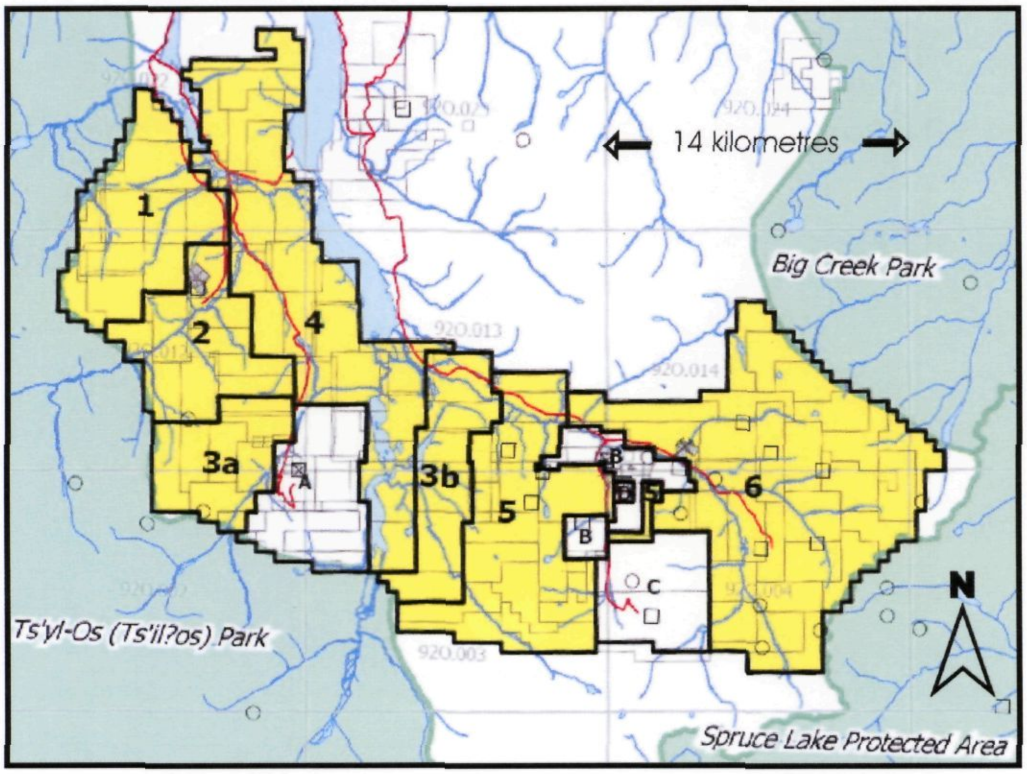
- Property Description and Mineral Titles:

Valor Resources is the beneficial owner of 20 claims in the Clinton Mining Division. The staked area forms a contiguous claim group, north-easterly elongate over 8 kilometres and about 6 kilometres wide, all within NTS: map sheet 92-O/4. It is encompassed between Falls River to the west and Lord River to the east.

- Geological location

The property lies within and along the prospective northeast contact zone of the Coast Plutonic Complex, where it contacts strata of the back arc deposional basin known as Tyaughton Trough.

**Fig 2. Valor Resources Ltd claims in white A, Taseko Lakes Area, BC.**
Main Roads are red.




The Pellaire project is shown by #A

Assessment credits for work on the area are to be applied to contiguous claims shown below.

**TABLE 1:** Claim listing for Assessment Work started July 10 and finished September 20, 2007, event # 4199295.

- Work was done on tenure # # 207933-207934, 354065, 529756

| Tenure | Claim Name | Good To Date | Mining Division | Area |
|---|---|---|---|---|
| 354065 | HAMILTON | 2009/march/01 | CLINTON | 200.5 |
| 553960 | TILL | 2009/march/09 | CLINTON | 507.6 |
| 553961 | GLACIER | 2009/march/09 | CLINTON | 487.4 |
| 518194 | SHORE | 2009/july/22 | CLINTON | 40.57 |
| 207933 | LORD #1 | 2010/jul/19 | CLINTON | 500.0 |
| 207934 | LORD #2 | 2010/jul/19 | CLINTON | 500.0 |

| | | | | |
|---|---|---|---|---|
| 517937 | SOURCE | 2009/jul/17 | CLINTON | 40.61 |
| 519012 | PARTIAL | 2009/aug/13 | CLINTON | 20.29 |
| 559462 | MRAINE | 2009/aug/13 | CLINTON | 304.7 |
| 510824 | | 2009/aug/15 | CLINTON | 81.2 |
| 529756 | HAM2 | 2009/march/8 | CLINTON | 344.93 |
| 514694 | | 2010/aug/24 | CLINTON | 101.50 |

**TABLE 2:** Claim listing for Assessment Work started June 15 and finished September 30, 2007, event # 4199369.

- Work was done on tenure # # 207933-207934, 208501, 354065, 529756

| Tenure | Claim Name | Good To Date | Mining Division | Area |
|---|---|---|---|---|
| 354065 | HAMILTON | 2010/march/01 | CLINTON | 200.5 |
| 209470 | HI #1 | 2010/may/03 | CLINTON | 25.0 |
| 209471 | HI #2 | 2010/may/03 | CLINTON | 25.0 |
| 209472 | HI #3 | 2010/may/03 | CLINTON | 25.0 |
| 209473 | HI #4 | 2010/may/03 | CLINTON | 25.0 |
| 553960 | TILL | 2010/march/09 | CLINTON | 507.6 |
| 553961 | GLACIER | 2010/march/09 | CLINTON | 487.4 |
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| 208501 | LORD #5 | 2011/sep/02 | CLINTON | 100.0 |
| 514694 | | 2011/aug/24 | CLINTON | 101.50 |

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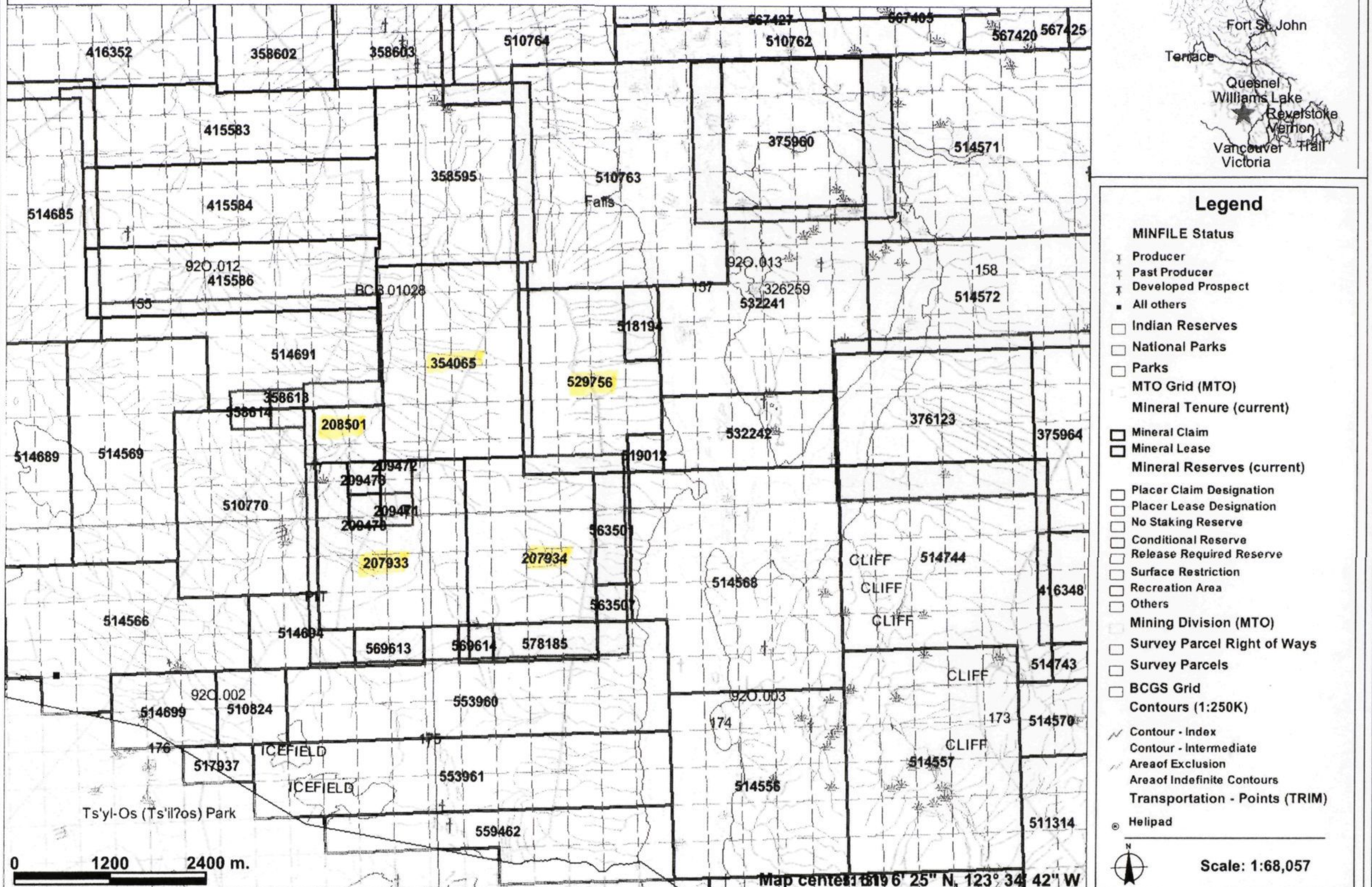
# PELLAIRE BASIN




This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

Notes: 11/03/07

## 3. PROPERTY HISTORY

- **Discovery and Early Exploration (1936 to 1947)**

Gold-silver bearing quartz veins were discovered in 1936 by prospectors A. Pelletier and A.J. Allaire on a northerly trending ridge east of Falls River and south of Upper Taseko Lake.

**1937:** High-grade values of up to 400 g/t Au and up to 1345 g/t Ag, as recorded in the B.C. Minister of Mines Annual Report, 1937, prompted the formation of Hi Do Mines Ltd. in 1937 to explore and exploit the veins.

**In 1945:** a renewed work program was undertaken by Pellaire Mines Ltd., a subsidiary of Quebec Gold Mining Corp., they tested the depth extent of several veins by diamond drilling 1,453 meters

**In 1946:** a tractor road was put in to connect the property to the Fishem Lake road, a camp was installed and three adits, totalling 180m, were started on the principal veins (# 1, #3, #4 and #5). Mineralogical work carried out by Dr. H.V. Warren at U.B.C. in 1946 on precious metal mineralization from the Pellaire.

**During 1947:** about 850 metres of drifts and crosscuts were completed on three different veins, which exposed a total of 140 metres of ore grade vein material.

- **Lord River Gold Mines and Silver Standard (1973 to 1990)**

**In 1973:** Silver Standard Mines Ltd. and Lord River Gold Mines Ltd. rehabilitated the workings and conducted surface exploration.

**In 1979:** Silver Standard Mines Ltd. carried out a program of mapping & sampling.

**In 1980:** an access road was completed, and an airstrip was constructed.

**In 1981:** An attempt was made to rehabilitate the No. 3 adit to gain access to #3 and #4 veins. A new adit was put in on the east-side of the ridge.

**In 1987:** Consolidated Silver Standard Mines Ltd., managed a program of geological exploration, adit development and diamond drilling for the Pellaire Joint Venture, as described in Holtby's report of 1987. A total of 1335 m of NQ core was drilled in 12 holes from 10 surface locations to test for ore shoots on the #3, #4 and #5 veins. As a result 49 m of drifting and crosscutting were done and a new vein labelled the #6 vein was discovered.

**In 1989:** The Lord River Joint Venture partners outlined a program of metallurgical testing, permitting and bulk sampling, Holtby (1989).

- **Pellaire Gold Mines Ltd. (1995 TO 1999)**

**In 1995:** International Jaguar Equities Inc., through its subsidiary, Pellaire Gold Mines Ltd., acquired the rights to the property.

**During 1996:** Pellaire Gold Mines Ltd. rehabilitated 73 kilometres of roads.

Mine development comprised 200 metres of raise, crosscut, sub-drift and stopes in the 731 adit, from which 1,270 tonnes of ore were extracted, with average grades of 50 g/t gold and about the same in silver.
**In 1997:** A program of mapping, sampling, bulldozer trenching, soil sampling and underground mining was carried out from July to September (Gaboury 1997).
**In 1998-99:** Jaguar resumed the bulk sampling program. A total of 1,000 tons of vein material was extracted and stored and the Pellaire base camp site.

- **Zelon Chemicals Ltd. and Valor Resources Ltd. (2000 to present)**

**In March 2000:** Zelon Chemicals Ltd. purchased the Pellaire property from Jaguar International Equities Inc. Zelon extended the bulk sampling program and established a gravity processing plant. Extraction of rock material for the purpose of bulk sampling continued with Zelon as operator from 2000 to 2001.
A total of 1,200 tons of ore was produced from approximately 16,000 tons of rock extracted via an open cut from the #3 and #4 veins on the same location as Jaguar's 1999 excavation.
**The 2002-04-05:** Valor Resources Ltd. conducted an evaluation of the region with stream and slope soil/rock sampling, followed by Magnetics & VLF.
**In 2006:** Valor Resources Ltd. through air-born photography establishes the presence of a volcanic/intrusive system on the Pellaire East Ridge. A soil/rock sampling has been done to provide a surface expression of the Lord River Ridge.
**In 2007:** Valor Resources & Zelon Chemicals Ltd. supervised an 87 kilometres helicopter borne Aerotem system survey with electromagnetic & magnetic grids from Aeroquest.

## III. REGIONAL & PELLAIRE GEOLOGY

The property is located along the east margin of the Coast Plutonic Complex where it is bounded to the northeast by Cretaceous volcanic and sedimentary rocks of the back arc depositional basin known as Tyaughton Trough.
The plutonic complex evolved during collision of Pacific plate with North American plate during the interval 100-50Ma - the interval between Upper Cretaceous and Lower Eocene time.
Volcanic and sedimentary rocks in the trough range in age from Lower to Upper Cretaceous; Cretaceous time spans 145-65Ma.

## 1. PROPERTY ROCK TYPES & STRUCTURE

Intrusive rocks range from diorite to felsites, and include various intermediate phases. These phases are mainly granodiorite, quartz diorite, quartz-feldspar porphyry, and feldspar porphyry. Sedimentary rocks are conglomerate, arkoses, sandstone, mudstone, argillite and shale.
Volcanic rocks are both extrusive and effusive basalt, breccias, andesite, greywacke, agglomerate and tuff.

**REGIONAL GEOLOGICAL UNITS:**

**a) Stratified rock units**

- **Quaternary**; Alluvium and till
- **Upper Cretaceous**;
  UKpbc: Powell Creek Formation: bedded laharic andesitic breccia and epiclastic sediments.
  UKpc: Powell Creek Formation: andesitic breccia, Japilli tuff, crystal tuff and ash tuff; minor andesitic to basaltic flows.
  UKsq: Silverquick Formation: pebble to cobble polymict conglomerate, sandstone and argillite; minor andesitic flows.
- **Lower Cretaceous;**
  LKtcv: Taylor Creek Group; rhyolitic to basaltic tuffs and flows; black argillite, siltstone, sandstone.
  LKics: Taylor Creek Group; argillite, siltstone, sandstone, minor tuffs.
  LKrm: Relay Mountain Group; black argillite, siltstone, sandstone, minor andesitic tuffs and flows.
  LKv: Purple andesitic pyroclastic and breccias, minor flows

**b) Intrusive rocks:**

A: Hornblende diorite
B: Coast plutonic complex; granodiorite, quartz diorite
C: Felsites; feldspar and biotite-feldspar porphyry
D: Plagioclase hornblende porphyry
E: Beece Creek pluton; quartz monzonite to granodiorite

## 2. MINERALIZATION AND ALTERATION

Warren and his students studied and described the mineralogy of Pellaire gold-silver ore and recognized five periods of mineralization. Each mineralizing event apparently was followed by a fracturing episode and then followed by subsequent injection of a variety of sulphides plus quartz.

- Pyrite was introduced first then followed by quartz; fracturing ensued,

- Followed by chalcopyrite and quartz deposition.
- Subsequent fracturing was followed by deposition of galena, altaite, hessite, gold and quartz.
- Then, gold, quartz, calcite and some hessite were deposited.
- Finally, oxidation from leaching action of ground waters resulted in the formation of secondary limonite, azurite and malachite.

The veins are therefore polymetallic precious metal veins, in which gold and silver are the chief economic minerals with associated minor contents of copper and lead. Much of the alteration is argillic and phyllic, particularly near intrusive contacts and along the strong faults. Much of the alteration is believed to have formed during Latest Cretaceous (around 76Ma).

## 3. LITHOLOGIE

The Pellaire precious metal quartz vein showings cover an area of about 335 hectares (1800 x 1800 m) in the northwest quadrant of Lord #1 claim.
Three principle rock types form the bulk of the ore and waste that has been extracted in 2000.
A brief description of these lithologies is presented below.

- **Granodiorite**

The unit that hosts all but one of the gold and silver bearing quartz veins is the granodiorite. It is medium-grained and equigranular. The dominant minerals seen in hand sample are plagioclase, quartz, biotite and hornblende.
A Uranium/ Pb age for the granodiorite is +/-103 Ma (Israel, 1998). Plagioclase feldspar, quartz, biotite, hornblende, pyroxene and zircons were identified in thin section. The percentages of minerals identified were 55% feldspar, 30% quartz, 10% hornblende, and 5% biotite and pyroxene.

- **Andesitic Volcanics**

The andesitic volcaniclastics represent a small portion of the map area. It is thought to be the oldest unit in the Pellaire deposit. Pendants are left scattered throughout the region with intrusive bodies and faulting breaking up the continuity.
The unit is very heterogeneous in clast size and shape, clasts range from millimetres to tens of centimetres in scale, and are sub-rounded to angular.

## 4. PELLAIRE WEST RIDGE SYSTEM

The Pellaire gold-silver quartz vein deposit is comprised of 10 or more mineralised quartz-filled fractures or faults in a biotite hornblende granodiorite body along its

intrusive contact with overlying volcaniclastics and sediments of the Lower Cretaceous Taylor Creek Group (LKTC).
Of the known ten veins, four veins have been partially explored by underground workings to depths of 70 meters or less. They are exposed in granodiorite along the Pellaire west ridge crest and range in length, on surface, from 100 to 300 meters with thickness varying from 0.3 to 7.7 meters.
Veins #1, #2, #3, #4, #5 and #6, within the main mine area, trend north-easterly to almost east-west, at about 0400 to 0900 and dip variably to the northwest.
Pre-mineral, north trending andesite dykes are offset slightly by fault movements and north-trending, non-tectonized, post-mineral basalt dikes are also common.
The granodiorite-volcanic contact zone, which some previous workers have mapped as a possible thrust fault, is typically silicified, oxidized and fractured.
Pyroclastics and volcanic flow rocks are metamorphosed to a siliceous hornfels, which is fractured and limonite stained.
Sedimentary beds are less intensely altered. Also, gossan like zones in the volcanics are characteristic of the contact zone. An east-west normal fault within the granodiorite, just south of the mine area, cuts across volcanic lithologies to the east. The A, B, East and Southeast veins are aligned with this structure and are made up of discernible layers or sheets of quartz, parallel with the walls, ranging in width from centimetres to tens of centimetres or more, which have filled the open space completely.
Where fault movement has taken place after quartz-mineral emplacement, a clay and rock flour gouge is developed, as are areas of crushed quartz.
Wall rock alteration may persist several centimetres to meters into the enclosing granodiorite, depending on vein width.

## 5. LATE MINERALIZATION STAGE

It was determined that hessite, containing large amounts of gold and silver, had been introduced into fractures and open spaces in the pyrite and chalcopyrite in particular, in a late mineralization stage. Hessite apparently oxidizes rather rapidly and forms a fine powder that, during ground water percolation and it tends to be washed downwards into lower parts of the vein. This results in generally low gold grades at the surface of the vein outcrops, but gives good gold grades in underground workings. It also creates drill core sampling problems.
Skerl (1947), Phendler (1980, 1984), Saunders (1984), Ash (1996), and Gaboury (1997), have all described the geometry, the extent and the tenor of ore mineralization of the main veins in the mine site area.

# IV. EXPLORATION OBJECTIVES

## 1. OBJECTIVES

In the greater Pellaire area, surrounding the mine site, anomalous concentrations of copper, zinc, arsenic and uranium, were detected in stream sediments draining volcanics of unit LKTC during the 1979 regional geochemical survey.
The anomalies were noted in a north-westerly-flowing stream draining into Falls River and one copper anomaly was present in a south-easterly-flowing stream draining into Lord River.
An aerotem electromagnetic and magnetic survey was flown in order to provide a broader perspective on potential exploration targets for the claims region.

The hart of the Pellaire property is comprised of a glacial bowl flanked by a west ridge toward Falls River were all exploration to date has been done and an east ridge toward Lord River practically left unexplored.
The future exploration objectives should be as follows:

- A geophysical airborne survey over the claim area
- Follow up on the present geophysical data
- Pellaire glacial moraine area testing and drilling and preliminary mapping of its connection to the two ridges.

## 2. FIELD PERSONNEL

A four men crew have been using accommodation at the Pellaire Gold Mines exploration camp on Falls River, about 7km by road from the work area.

- The exploration/sampling started June 15 and finished September 30, 2007. Work was done on tenure # 207933 & 207934, 208501, 354065, 529756
- Events # 4199295 & 4199369.

**TABLE #3** below, lists the personnel involved with the fieldwork

| Workman, 2006 | Time Frame | Cost/day | Days |
|---|---|---|---|
| John H. Hajek, manager | 22 June-11 Sept. | $300 | 12 |
| D. Hajek, field supervisor | 15 June-30 Sept. | $300 | 12 |
| Ron Woolsey, sampler | 15 June-30 June. | $250 | 06 |
| R. Pierce, first Aid. | 15 June-30 Sept. | $200 | 12 |

Pellaire EAST RIDGE / LORD RIVER side


Pellaire West Ridge & Mill site

Pellaire West Ridge Alteration

# V. GEOPHYSICAL AIRBORNE SURVEY

On June 23, 2007 Aeroquest run an AeroTEM helicopter-borne System survey for Zelon Chemical Ltd. The survey covered 89 line kilometres in an N-S direction and a line spacing of 100 meters spacing. It is composed of two blocks:

- The first block comprised of five lines 100 meters apart covering 1.5 square kilometres and provides data under most of the glacial moraine east of the #3 & #4 veins and #1 and #2 veins then the A-B mineralized zones.
- The second block runs 6.5 km made of 11 lines 100 meters apart running N-S and gives a cross-section coverage of the Pellaire east line of ridges of 5.5 kilometres square.

## 1. AEROTEM SYSTEM

The sensor is Aeroquest AeroTem II time domain helicopter electromagnetic system which is employed in conjunction with a caesium vapour magnetometer. Ancillary equipment includes a real-time differential GPS navigational system, radar altimeter, video recorder and a base station magnetometer, see appendix #2 & #3.
Full waveform streaming EM data is recorded at 36,000 samples per second and is processed to generate final data at 10 samples per second. The stream line data comprise the transmitted waveform and the X component and Z component of the resultant field at the receivers. The base of survey operations was at Gold Bridge, B.C. with refuelling at the Pellaire camp.
A Eurocopter "A-Star" helicopter was used as a survey platform flown at a nominal terrain clearance of 220 feet or 65 meters. The geophysical and ancillary equipment was carried out by Aeroquest personnel; it includes:

- Magnetometers
- Electromagnetic system
- Aerodas acquisition system
- RMS DGR-33 Acquisition system
- Magnetometer base station
- Radar Altimeter, Video tracking and recording, GPS navigation, digital acquisition system.

## 2. GROUND INTERPRETATION

The position of the survey helicopter was directed by use of the Global Positioning System. Positions were updated five times per second and expressed as WGS84 latitude and longitude calculated from the raw pseudo range derived from the C/A code signal. Data collection and processing is divided as follows:

- Electromagnetic Data

Full waveform streaming EM data is recorded at 36,000 samples per second and is processed to generate final data at 10 samples per second. Processing involves the compensation of the X and Z component data for the primary field waveform.
The final field processing step was to merge the processed EM data with the other data sets into a Geosoft GDB file.
Apparent bedrock 96 EM anomalies, (appendix #2 page 19-20), were interpreted with the aid of an auto-pick from positive peaks and troughs in the off time Z channel responses correlated with X channel responses.

- Magnetic Data

The magnetic data was subject to a lag correction of -0.1 second and a spike removal filter. The filtered aeromagnetic data was then corrected for diurnal variations using the magnetic base station and the intersections of the tie lines.
The corrected profile data were interpolated on to a grid using a bi-directional grid technique with a grid cell size of 20 meters.

- Conclusions

The survey was successful in mapping the magnetic and conductive properties of the geology throughout the survey area, see Table #4, List of Maps.
The magnetic data provide a high resolution map of the distribution of the magnetic mineral content of the surface area. This data can be used to interpret the location of geological contact and other structural features such as faults and zones of magnetic variations.
The EM anomalies are classified by conductance and by the thickness of the source. The helicopter-borne EM systems provide more details then any EM configuration. Airborne or ground based. The 10 samples per second translate to a geophysical reading about every 1.5 to 2.5 meters along the flight path.
The AeroTem systems are about 50 meters on either side of the transmitter. The result is a highly focused exploration foot print which allows for more accurate mapping of discrete conductors.

**TABLE #4 (T4)** contains a LIST OF MAPS from JOB #07103:
MAP #1 TMI: coloured total magnetic intensity with line contours & EM anomalies. The magnetic data is presented as superimposed line contours with a minimum contour interval of 25 nT.
MAP #2 TDR: Tilt derivative of TMI with line contours & EM anomalies. TDR=0.05 radians contour interval from -1.56 to ranging +1.56.
MAP #3 ZOFF1: AeroTem Z1 Off-time with line contours & EM anomalies.
MAP #4 EM: AeroTem off-time profiles Z2-Z12 & EM anomalies.

## 3. GEOPHYSICAL DATA INTERPRETATION

In its second report of October 2007, Aeroquest International of Mississauga, Ontario presented an in depth geophysical interpretation of the AeroTem System Electromagnetic and Magnetic Survey data run on pellaire claims, see Appendix #3.

This report focuses on a magnetic litho-structural interpretation of the airborne data in order to map and identify the following lineaments:

- Magnetic lineaments that may be expressing faults, fractures or other tectonic boundaries.
- Magnetic contact in the lithology
- Linear or curvilinear magnetic body axes
- Broad magnetic bodies or zones of magnetic alteration
- The EM data is interpreted in conjunction with the above structural data in order to identify anomalous conductive associations that may be attributable to mineralization.

### A. Magnetic & EM Data Summary

- **Magnetic**

Structural trends were identified by searching for patterns in the magnetic data contours. The reduced to Pole total magnetic field image (Appendix #3, Fig 4A & 4B) is the primary parameter used for the structural lineament interpretation. Magnetic contacts were mapped by a semi-automated method involving the calculation of the total horizontal derivative of the Tilt derivative (HD-TDR). The axes or center of the linear magnetic responses were mapped by picking sharp linear minima flanked by maxima. They are presented as red dashed lines on the overlay on Fig 6. The linear were created by tracing sharp linear minimum trends from reverse gray scale image of the HD-TDR grid, Appendix #3, Fig 6A & 6B. Magnetic body & magnetic alteration outlines were mapped using the Analytical signal grid calculated from the measured total field.
The Analytical signal grid can be though of as a map of magnetisation in the ground. The interpreted location and extend of the more strongly magnetized lithologies were drawn as red hatched, Figure 7A & 7B Appendix #3.

- **EM Data**

Apparent bedrock EM anomaly centres were interpreted with the aid of an auto-pick from positive peaks and troughs in the off-time Z channel responses correlated with

the X channel responses. Weak EM responses have been enhanced by the application of the automatic gain control filter on the Z0 grid.
Figures 8A & 8B Appendix #3; Fig. 8A EM anomaly centres are indicated by circle symbols. Symbol colour indicates the estimated source conductance. Fig 8B shows AeroTem conductor trending overlain on magnetic interpretation.

## B. Geophysical Airborne Results Evaluation

- **Magnetic Data**

The magnetic results indicate a higher magnetic response in the southern portion of the survey corresponding to the intrusive outline and to a low magnetic region to the north corresponding to the Taylor Creek sediment. However there are several exception mainly on the east of Pellaire mine occurrences were volcanic units seem to dominate.
The magnetic interpretation maps show that the dominant magnetic trends in the survey area are NW-SE & NE-SW. The NW-SE trend is defined by larger scale magnetic sources therefore could be reflecting the main lithological trend.
Several of the NW-SE trends show a close association to topographic lineaments therefore a geological correlation, Fig 9 Appendixes #3.

- **Electromagnetic Data**

The EM data has been interpreted to show all EM sources. They are shown as colour symbols on the figure and as black symbols on the 1:10,000 maps and are classified according to conductance.
In the middle of the survey block, there is a subtle but broad EM trend that parallels several magnetic lineaments. This EM trend is greatly enhanced by the AGC filtered Zoff0 grid, fig 8A. The fact that the EM response extends parallel to the magnetic trend suggests a bedrock source.

- **Four areas are presented for follow-up**

### 1. Pellaire East

East of the Pellaire breccia three magnetic sources are outlined representing possibly the same breccia but buried under the glacial moraine. Ground follow-up on the three analytical magnetic anomalies is necessary on the following locations: 457748E/5661112N & the extension to the SE at 457875E/5661031N.
In addition the SE & NE structures which may represent veins and faults extensions exposed on the western ridge, fig. 11 appendix#3.
To the south in the granite area we find what could be the extension of the A-B vein system. L302 display another vein structure with an EM conductor probably due to

increase of sulphides. L304 display two weak conductors probably the near surface expression of the same mineralized veins. L305 also display two EM conductors covered by the glacial moraine which cover several weak EM anomalies all in need to be explored further.

### 2. Pellaire Northeast 1

The area #1 shows a three line EM bedrock response directly correlated with an interpreted magnetic body. The source is near surface, of low to moderate conductance and is steeply dipping SW located on lines 4010, 4021 &4030.
The area #2 to the North of area #1, displays a second magnetic enrich zone of interest, figure 12.

### 3. Pellaire Northeast 2

An area showing several co-incident magnetic & EM responses which should be followed up is displayed on figure 13. Preferences should be given to the EM conductor on L4090 (anomaly M, fig.13) which indicates the center of a north dipping conductor. Location 459266E/5662527 EM conductor correlates with a magnetic area and has a possible extension to the east (anomalies, H & B Fig.13). Conductor L10470F (anomaly F) is of interest at surface location 459157E / 5662760N.
In the same area we have several EM & magnetic anomalies which seem to reflect 20 to 50 feet thick of mineralized beds as seen in photographs.

### 4. Northern Conductors

Most of the northern portion of the block shows high amplitude and conductive EM responses. The EM response is formational with high time-slice amplitude and x-component response typical of several closely spaced and shallow dipping conductors. The large number of structural lineaments identified in this zone makes this a favourable area for structural related massive sulphide mineralization. The ZOFF0 AGC product (see fig.8A & 14) highlights an anomaly conductive zone. The ACTA conductor trending map (fig.8B &fig.15), shows the apparent conductor axes within the area of elevated conductive response.
To be noted how several of the magnetic structural lineaments correspond to break and offsets in the ACTA grid (arrows). This suggests that many of the mapped magnetic lineaments may be representative of faults which cut and displace the conductive horizons.

### 5. Recommendation

Ground check is recommended of the four areas of interest along with geological cross section mapping & assays.

In addition we recommend adding a detail survey with a proton magnetometer and VLF using a 10 meters stations spacing.
Also all geophysical responses that remain high priority after geological consideration should be subjected to numerical modeling prior to drill testing to determine the probable geometry of the source Fig.15.

**TABLE #5 (T5):**

Table #5 assembles all the interpretative magnetic and EM maps resulting of the original data processing.

**I. Panel 1, LIST OF MAPS,** JOB #C2007-501

MAP #1 -TMI (RTP); Reduced to pole Total Magnetic Intensity with line contours & EM anomalies, fig.4A & 4B with structural magnetic lineaments over topographical base.

MAP #2 - HD-TDR: Horizontal derivative of the Tilt derivative image with line contours & EM anomalies. TDR shaded contour ranging from 0.004 to +0.109. Including linear magnetic body, magnetic axes & contact outline. Reverse grey scale interpretation, fig 5A & 5B.

**MAP #3 - 3D Analytical Signal:** Image with interpreted magnetic lineaments, litho-magnetic bodies and their orientation axes. 3D analytical signal map is also outlined in fig.7A with interpretation on fig.7B.

MAP #4 - Interp: Interpretation of map #3. Emphasis on magnetic body, linear magnetic body, magnetic contact, structural magnetic lineament & recommended follow-up areas.

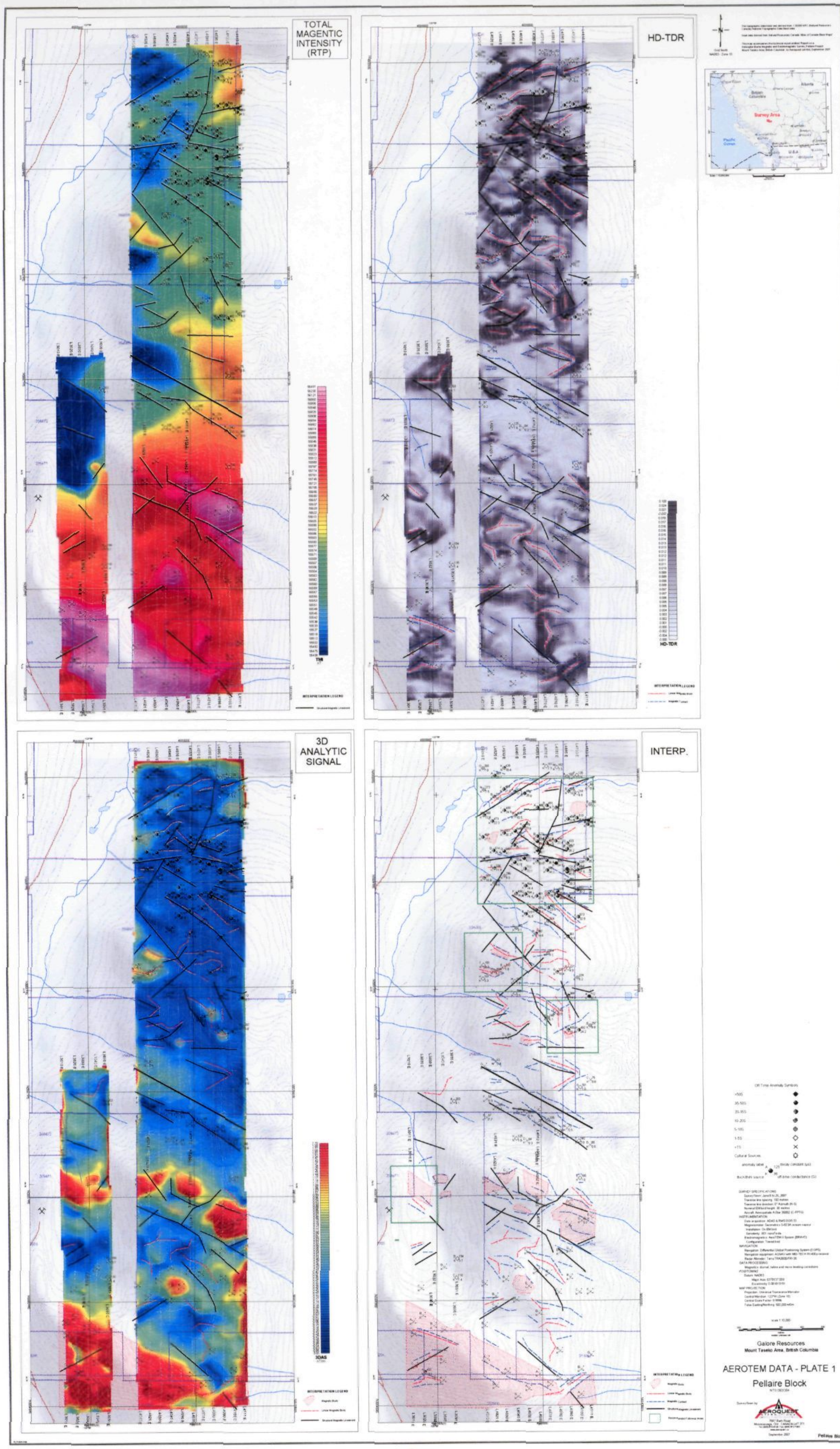
**II. Panel 2: LIST OF MAPS,** JOB #07103

MAP#1 – AEROTEM Z0 OFF-TIME:
It includes the interpretation of magnetic lineaments, magnetic axes and litho-magnetic bodies. The contrast ZOFFO ranges from 0.02 to 3499.04 nT/s see also fig. 8A with Fig. 8B outlining the AeroTEM conductor trend overlain on magnetic interpretation.

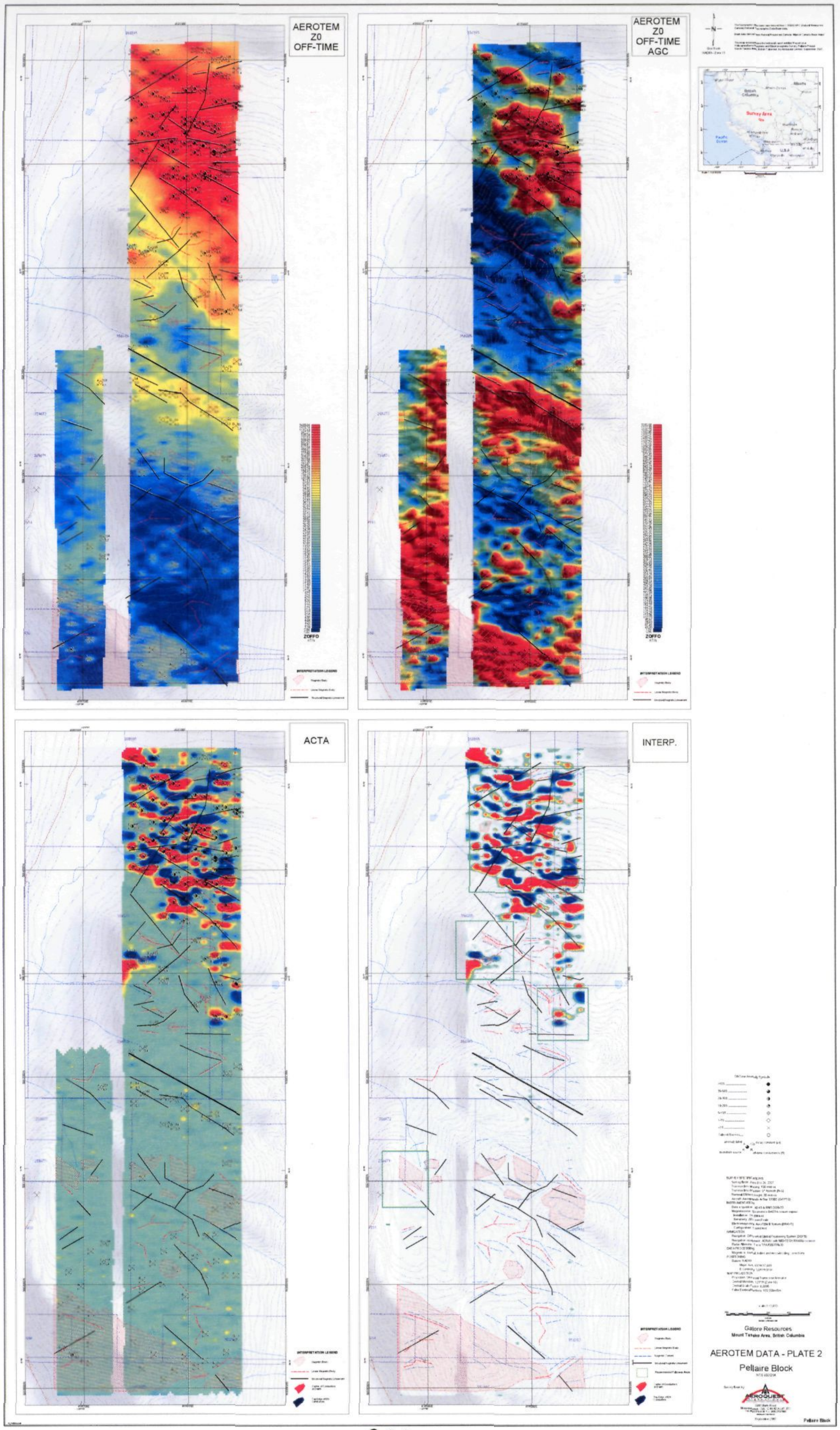
MAP#2 – AEROTEM Z0 OFF-TIME AGC:
It includes magnetic body outline, linear magnetic body & structural magnetic lineament with contrast ZOFFO ranging from 0.85 to 3780.58 nT/s, fig.14.

MAP#3 - ACTA: AeroTEM Conductor Trending Algorithm grid image with magnetic body outline, linear magnetic body & structural magnetic lineament. Also center of conductors at depth outlined in red and top edge of EM conductor outlined in purple.

**MAP#4 - EM INTERP:** Magnetic interpretation with EM conductor axes identified by ACTA grid, including magnetic body outline, linear magnetic body & structural magnetic lineament and recommended follow-up areas.

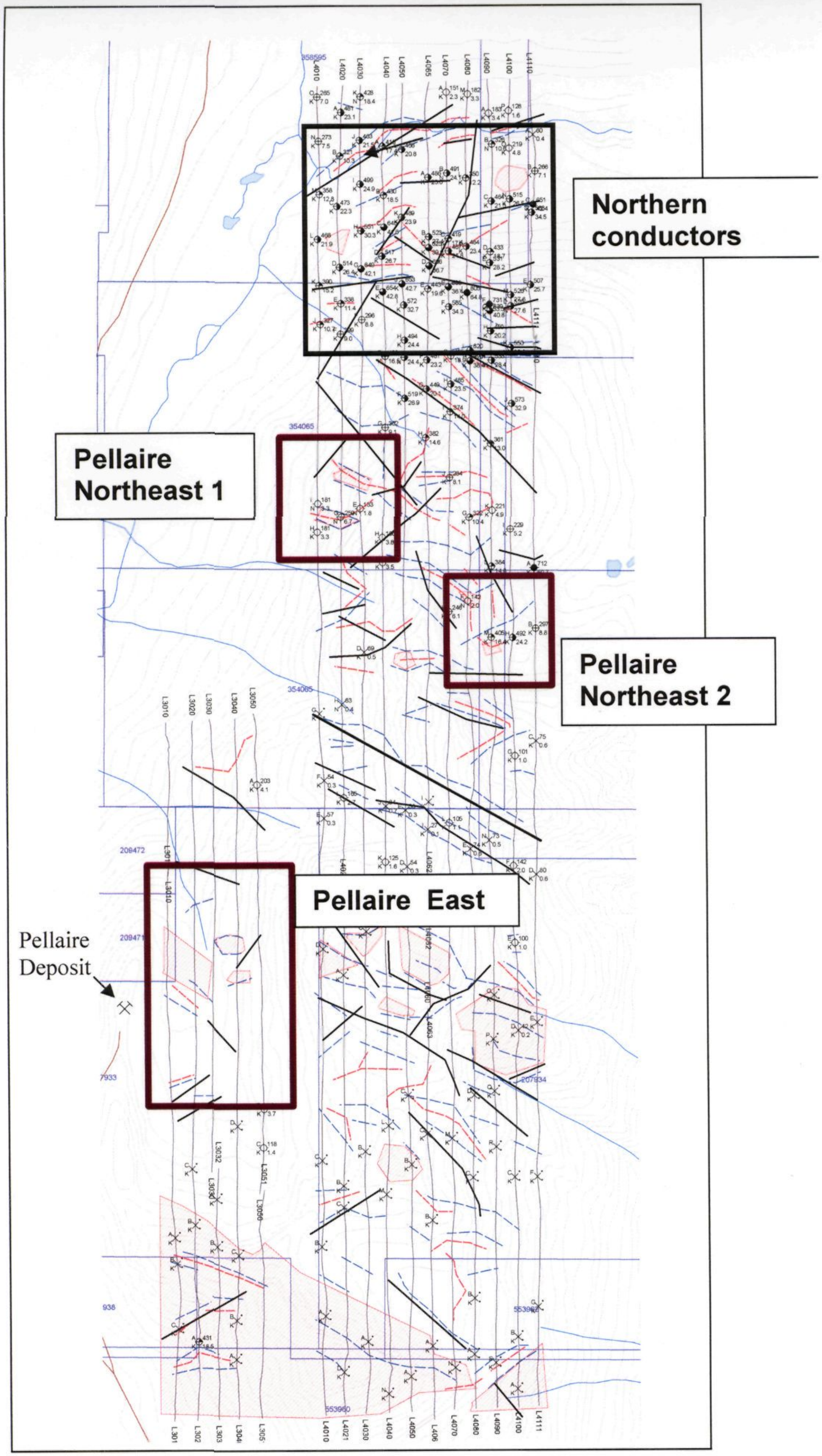


TOTAL MAGENTIC INTENSITY (RTP)
HD-TDR
3D ANALYTIC SIGNAL
INTERP.
Survey Area
Pacific Ocean
British Columbia
Alberta
U.S.A.
INTERPRETATION LEGEND
3DAS
HD-TDR
Galore Resources
Mount Taseko Area, British Columbia
AEROTEM DATA - PLATE 1
Pellaire Block
AEROQUEST
September 2007
Pellaire Block



AEROTEM
Z0
OFF-TIME
AEROTEM
Z0
OFF-TIME
AGC
ZOFFO
ZOFFO
ACTA
INTERP.
INTERPRETATION LEGEND
Galore Resources
Mount Tatsiko Area, British Columbia
AEROTEM DATA - PLATE 2
Pellaire Block
AEROQUEST
Pellaire Block


- P.26 -


Northern conductors
Pellaire Northeast 1
Pellaire Northeast 2
Pellaire East
Pellaire Deposit

# VI. ROCK DATA INTERPRETATION

## 1. OVERVIEW OF DATA

A summary of analytical results are presented in this report to outline the nature of the gold telluride ore tested within the alteration envelop (fines & clays) of the V3 & V4 veins bulk samples. The property Pellaire west ridge mineralization is found within the hydrothermal alteration of granodiorite zones of weakness (trust & fault zones) which are hosting the gold-silver quartz veins.

Results are presented in the appendix #4 with relation to quality control details. The 2007 control samples are providing a better compositional understanding due to the 53 elements analysis and outline the high variability in metal distribution & enrichment which is a characteristic of this property. Samples 1 to 4 are mainly quartz containing gold-silver from bismuth tellurides. Samples 5 to 7 are of igneous origin and relate to a side vein connecting with V4 main alteration zone which has galena & tetrahedrite enrichment.
The two clay samples reflect heavy contaminants from wall rock, therefore are difficult to use as control samples. The variety of clay compositions within the ore reflects the various hydrothermal alteration products related to the composition of the dissolved wall rocks.
The 2007 PELLAIRE 334 kilograms bulk sampling of #3 & #4 ore structure and alteration zones produced the results listed on table #6 below. The data is variable due to the mixed zonation, the nature of the ore envelop, a variable moisture content of 5 to 15% and a general classification. The comparison with the 3,000 tons of low grade ore after crushing and wet size fraction separation is within similar range.

**TABLE #6:** Bulk sample composition

| Sample, Kilo. | Granite, mixed % | | Quartz, altered | | Fines & clays | | Others |
|---|---|---|---|---|---|---|---|
| Batch 1 :9 Kg | 16% | 25% | 18% | 23% | 5% | 7% | 6% |
| Batch 2 :30 Kg | 12% | 12% | 14% | 38% | 14% | 5% | 5% |
| Batch 3 :25 Kg | 12% | 14% | 19% | 12% | 20% | 15% | 8% |
| Batch 4 :50 Kg | 11% | 45% | 18% | 12% | 6.4% | 4% | 4% |
| Batch 5 :30 Kg | 12% | 15% | 26% | 14% | 16% | 9% | 8% |
| Batch 6 :30 Kg | 11% | 14% | 20% | 30% | 9% | 10% | 6% |
| Batch 7 :35 Kg | 23% | 22% | 15% | 28% | 5% | 3% | 4% |
| Batch 8 :50 Kg | 21% | 27% | 18% | 16% | 6.6% | 4.8% | 6% |
| Batch 9 :75 Kg | 30% | 32% | 10% | 12% | 6% | 4% | 4% |
| TOTAL:334 Kg | 11-30; | 12-45 | 14-26; | 12-38 | 5-20; | 3-15 | 4-8 |
| washed 3,000 tons | 15% | 20% | 20% | 20% | 5% | 10% | 10% water |

**NOTES to TABLE #6:**

A total of 334 kg of rock samples distributed over 9 separate batches represents The various type of gold rock ore from V#3 &V4 extracted from the Pellaire West Ridge. The 3,000 tons of crushed and washed rocks have been mined from the same place and are part of the same 15,000 tons bulk sample.

Each batch has been divided into the following rock types:

- Granite represents only the intrusive rocks mainly biotite-granite
- Mixed is the left over composite sample from the same batch
- Quartz is the white rock with or without black tellurides within the solid quartz vein material
- Altered represents rocks which have been leached, hydrothermaly changed often mineralized with brown, black & red minerals
- Fines are smaller -1millimiter particles mixed with the batch
- Clays represents alteration minerals as mica, pyrophylite & others
- Others represent losses made up to 100% of each batch.

## 2. DATA INTERPRETATION

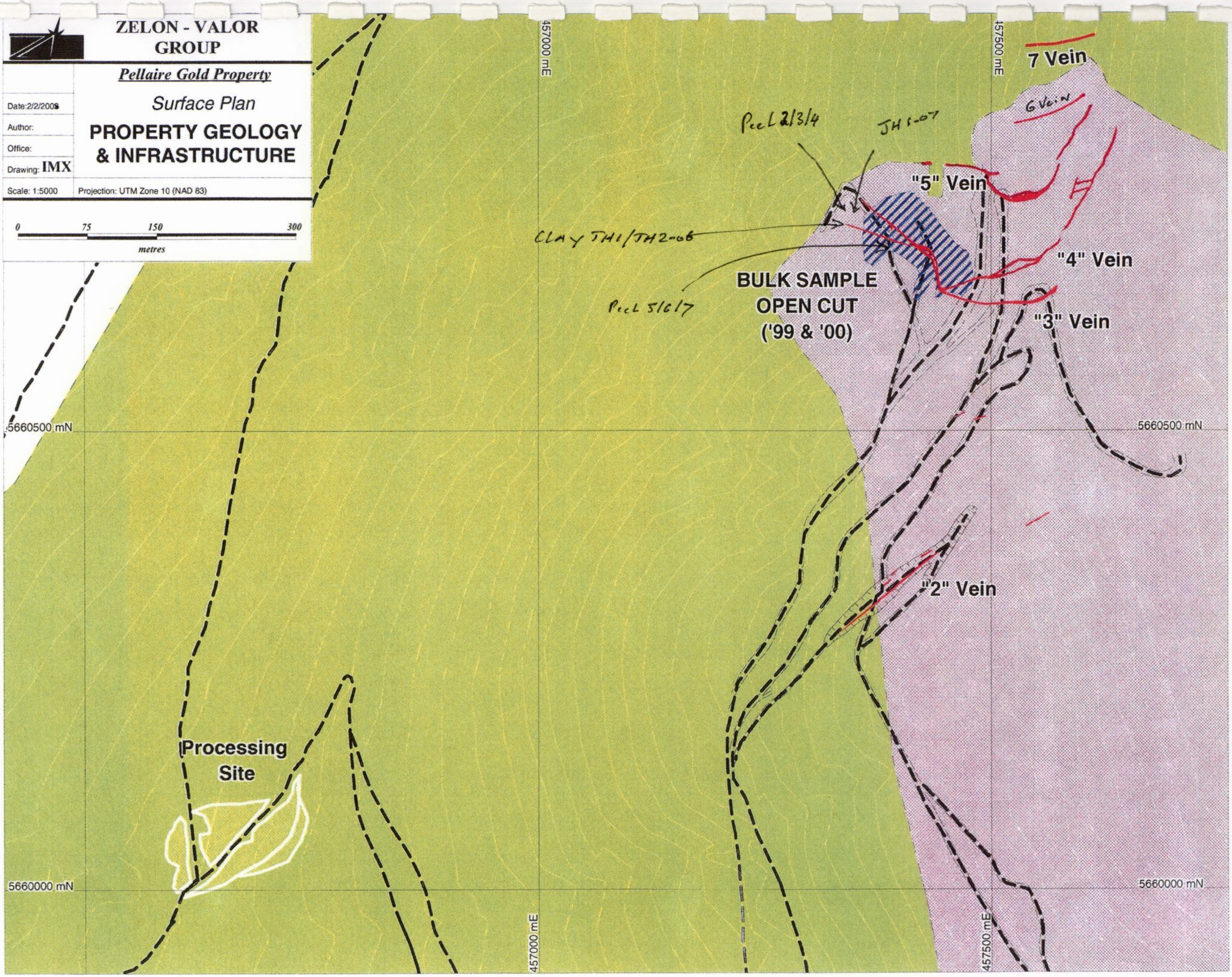
From the summary made from appendices A4 and A 5 we draw the generalized observations on the nature of the gold mineralization present in the west side of #3 & #4 veins "boudinage".

High sulphidation environment from volcano-genetic source as seen on the East Ridge is the possible source of the mineralization found on the galena-tetrahedrite rich quartz from vein #3 & 4 "boudin" south branch, samples 1R to 5R.

The quartz veins structures on the west ridge have been sheared and some time they are part of a thrust plane which may have changed its original composition as in the #2 vein.

The amount of clay and alteration material within a ore zone is needed to be able to blend the various grade and to enhance the gold-silver recovery. The clay like substance has to be kept to a minimum otherwise it will robe some of the high grade fines thus lowering recovery.

The magnetic content of the mineralized and altered ore envelop is very low, estimated at less than 1%. Therefore within a general mag high environment it will not be traceable by airborne survey. However change in geomorphology and structure will be identifiable and will help to locate the host veins or alteration gossan.


ZELON - VALOR GROUP
Pellaire Gold Property
Date:2/2/2008
Author:
Office:
Drawing: IMX
Surface Plan
PROPERTY GEOLOGY & INFRASTRUCTURE
Scale: 1:5000
Projection: UTM Zone 10 (NAD 83)
0 75 150 300
metres
457000 mE
457500 mE
5660500 mN
5660000 mN
7 Vein
6 Vein
Pecl 2/3/4
JHS-07
"5" Vein
CLAY TH1/JH2-06
"4" Vein
BULK SAMPLE OPEN CUT ('99 & '00)
Pecl 5/6/7
"3" Vein
"2" Vein
Processing Site

-30-

B

Samples Location

# VI. CONCLUSION & RECOMENDATION

## 1. CONCLUSIONS

An abundance of new magnetic and EM exploration data was collected and interpreted by M. Pozza & D. Garrie geophysicists at Aeroquest of Mississauga, Ontario, Canada.
High grade gold & silver in quartz & clay samples have been confirmed in most bulk samples see 2007 control samples appendix #4.

### a. Geophysical airborne survey

The September 2007 report #07103 survey coverage of 89 line-Km was adequate to provide a good cross section of the claim region, see appendix #2.
It outlines all airborne magnetic & EM data on four composite maps along with the listing of 97 EM anomalies of interest.

The October 2007 interpretative report #C2007-501 combined all interpretation of EM conductors with the magnetic geological unit structures on eight composite maps, see appendix #3. In the southern part of the area it provided a highly focus exploration foot print which allows for a more accurate mapping of discreet EM conductors.

Aeroquest evaluation provided structural and geological information on unit boundaries with broad scale magnetic lineaments expressing faults, fractures or other tectonic boundaries.
It outlined a high lithological contrast between the Pellaire intrusions & volcanics to the south of the claims area by outlining a high magnetic response with low EM values.
It contrasts with the central & northern areas having a magnetic low expression and several large EM responses, all reflecting possibly the Taylor Creek sedimentary formation and to the north some large massive sulphide target areas.

The results pointed toward the Pellaire mineralization extending to the east under the glacial moraine, as well as several new locus for possible gold-silver & porphyry exploration.

### b. Bulk sampling differentiation

A total of 9 rock and 10 bulk samples have been taken from the Pellaire #3 & #4 veins.

An interpretative summary and introduction of the analytical results are presented in this report to facilitate the correlation with geomorphology, see table #6.

The 2007 PELLAIRE 334 kilograms bulk sampling of #3 & #4 ore structure and alteration zones produced the results listed on table #6.
The data is variable due to the mixed zonation, the nature of the ore envelop, a variable moisture content of 5 to 15% and a general classification which is not precise enough.
The comparison with the 3,000 tons of low grade ore components after crushing and wet size fraction separation is within similar range.

## 2. RECOMMENDATIONS

A detailed ground follow up on the magnetic and EM geophysical target areas should consist of:

- Ground examination by trenching & sampling,
- Running several control Mag-VLF grids in each area of interest,
- Geological mapping & sampling of geophysical lineaments
- Drilling areas with promising target for mineralization to occur.

The 2007 analytical work done on the #3 & #4 veins ore composition from the Pellaire west ridge suggest the necessity of conducting metallurgical work on each mineralized systems.
The compositional variations of the Pellaire ores are probably related to various geological processes and should be explored further.
The present airborne was successful in outlining areas of interest to our exploration effort and providing vital structural information on part of the claims.
Ground correlation must follow in order to verify and identify the geophysical anomalies.

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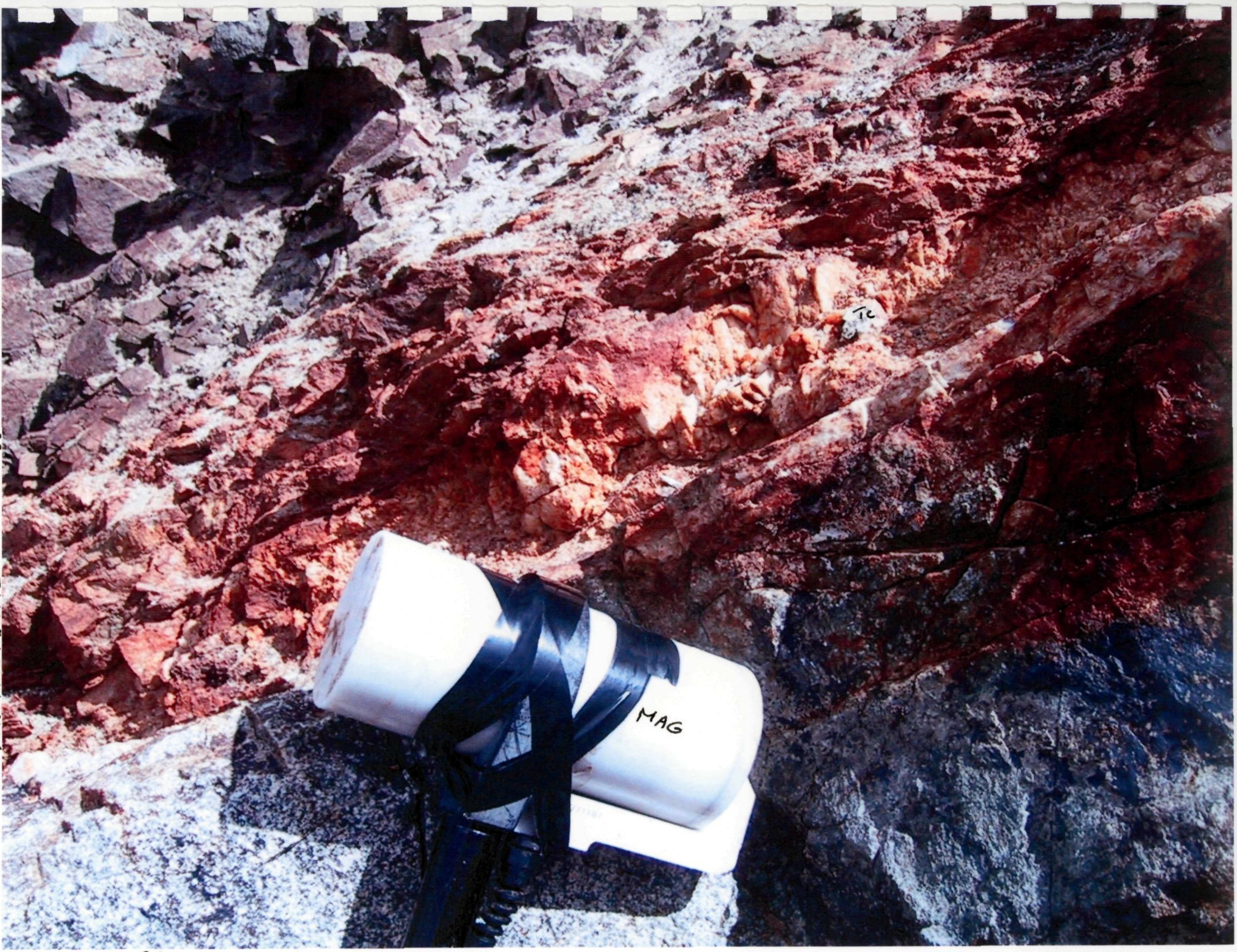
ALTERATION + QUARTZ




GRANITE WALL Rock

## VII. STATEMENT OF EXPENDITURES

The exploration program started June 15 and finished September 300, 2007,
Event # 4199295 and 4199369.

**TABLE 7B:** Assessment Work started June 15 and finished September 30, 2007,

- Work was done on tenure # # 207933-207934, 208501, 354065, 529756, Event # 4199369.

| Description | | Rate | Unit | Total $ |
|---|---|---|---|---|
| John H. Hajek, manager | 15 June-11 Sept | $300 | 3 | 900 |
| D. Hajek, supervisor | 15 June-30 Sept. | $250 | 3 | 750 |
| R. Pierce, first Aid | 15 June-30 Sept. | $200 | 3 | 600 |
| **TOTAL:$2,250** | | | | |
| Food | 9 men-days | $60 | 9 | 540 |
| Lodging | 9 men-days | $60 | 9 | 540 |
| 2 chain saws | 2days | $40 | 2x | 160 |
| 2 truck rentals 4x4,1ton | 4 days | $80 | 2x | 640 |
| Aeroquest airborne | 1 day | | | 15,000 |
| Fuel & mobilization | | | | 2,000 |
| Field supplies | | | | 150 |
| **Sub total:$19,030** | | | | |
| **Total Costs Incurred:** | | | | **$21,280** |

**TABLE 7B:** Claim listing for Assessment Work started July 10 and finished September 20, 2007, event # 4199295.

- Work was done on tenure # # 207933-207934, 354065, 529756

| Description | | Rate | Unit | Total $ |
|---|---|---|---|---|
| John H. Hajek, manager | 15 June-11 Sept | $350 | 4 | 1,400 |
| D. Hajek, sampling | 15 June-30 Sept. | $300 | 8 | 2,400 |
| Ron Woolsey, line cut | 15 June-30 June | $250 | 6 | 1,500 |
| R. Pierce, first Aid | 15 June-30 Sept. | $200 | 8 | 1,600 |
| **TOTAL:$6,900** | | | | |
| Back hoe | 12 hours | $150/h | 12 | 1,800 |
| Food, 4 men | 26 men-days | $60 | 26 | 1,560 |
| Lodging, 4 men | 26 men-days | $60 | 26 | 1,560 |
| 2 truck rentals 4x4,1ton | 10 days | $80 | 2x | 1,600 |

| | | | | |
|---|---|---|---|---|
| Aeroquest airborne | Report | | | 7,950 |
| Drafting & reproduction | J. Hajek report | | | 2,500 |
| Geochemical Analyses | ACME LABS | | | 250 |
| Field supplies | | | | 1,050 |
| **Sub total:$19,270** | | | | |
| **Total Costs Incurred:** | | | | **$26,170** |

## AUTHOR'S CERTIFICATE

I, John H. Hajek, resident at 4440 regency Place, West Vancouver
B.C. V7W 1B9

Hereby certify that:

I graduated in 1963 from the University of Paris, FRANCE

I have practiced my profession of geochemist for 38 years. During much of That time I was employed by RIO TINTO, MOBIL OIL and others.

For the past 23 years, I have been self employed as a consulting geochemist.

I am responsible for this report, entitled Pellaire East & West, 2006 geochemical sampling, Falls River Area, and dated June 12, 2007

I spend 9 days on the property during May 01 to October 15, 2006 and 12 days managing and supervising the work described in the report.
I have worked on the property since 1996 with JAGUAR International Inc. and for last 10 years I have been working with several professional geologists to the advancement of the Pellaire property.

I am not independent, nor at arm's length from Valor Resources ltd.

Signed and dated April 8, 2008

## APPENDIX # A1: List of References


2. *Gaboury, Bernard E., (1997).* ***1997 Report of the Field Activities for Pellaire Mines and Recommendations for the 1998 Field Season,*** *Clinton Mining Division, B.C., for International Jaguar Equities Inc.*

3. *Garner, A. (1999).* ***Structural geology of the Pellaire Gold-Silver deposit, Chilcotin Mountain Range, B.C.***. *University of British Columbia undergraduate thesis, Faculty of Applied Science.*

4. *Hoadley J.W., (1949).* ***A Study of the Mineralogy of a Sample of Ore from the Pellaire Mine, Taseko Lake, B.C.,*** *partial fulfillment of course requirements at U.B.C.*

5. *McLaren, Graeme P.,(1987).* ***Geology and Mineral Potential of the Chilko Lake Area,*** *B.C. Ministry of Energy, Mines and Petroleum Resources, Geological Fieldwork, 1986, Paper 1987-1.*

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7. *Phendler, R.W., (1980 & 1984).* ***Report on the Pellaire Gold Property,*** *for Lord River Gold Mines Ltd.*

8. *Smith, A.L. (1999).* ***Results of the 1998 exploration program at the Pellaire gold property, Taseko Lakes region, British Columbia***. *Unpublished Company Report*

9. *Warren, H.V., (1947).* ***A New Type of Gold Deposit in British Columbia,*** *Transactions of the Royal Society of Canada, Volume XLI; Series III: May 1947; Section Four.*

10. *Pozza, M., & Rudd, J., (2007).* ***Geophysical Interpretation of Aerotem system electromagnetic & magnetic survey data on the Pellaire property, Taseko lakes area, British Columbia*** *for Zelon Chemicals Ltd. Unpublished Company Report, October 2007.*

# APPENDIX # A2: Geophysical AEROTEM #1

***Aeroquest Job # 07103***

**On**

**PELLAIRE Project**

**NTS 092O/04**

**For**

**ZELON CHEMICALS LTD**

# Report on a Helicopter-Borne AeroTEM System Electromagnetic & Magnetic Survey

**Aeroquest Job # 07103**

**Pellaire Project**
British Columbia, Canada
NTS 092O04

For

**Zelon Chemicals Ltd.**

c/o 4440 Regency Place,
West Vancouver,
British Columbia,
V7W 1B9

By


AEROQUEST INTERNATIONAL
ADVANCED AIRBORNE GEOPHYSICS

7687 Bath Road,
Mississauga, ON, L4T 3T1
Tel: (905) 672-9129
Fax: (905) 672-7083
www.aeroquest.ca


Report date: September 2007

# TABLE OF CONTENTS

## LIST OF FIGURES



## LIST OF MAPS (1:10,000)

- TMI – Coloured Total Magnetic Intensity (TMI) with line contours and EM anomaly symbols.
- TDR – Tilt Derivative of TMI with line contours and EM anomaly symbols
- ZOFF1 – AeroTEM Z1 Off-time with line contours and EM anomaly symbols.
- EM – AeroTEM off-time profiles Z2 – Z12 and EM anomaly symbols.

## 1. INTRODUCTION

This report describes a helicopter-borne geophysical survey carried out on behalf of Zelon Chemicals Ltd. for their Pellaire project, near Gold Bridge, British Columbia.

The principal geophysical sensor is Aeroquest's exclusive AeroTEM II (Bravo) time domain helicopter electromagnetic system which is employed in conjunction with a high-sensitivity caesium vapour magnetometer. Ancillary equipment includes a real-time differential GPS navigation system, radar altimeter, video recorder, and a base station magnetometer. Full-waveform streaming EM data is recorded at 36,000 samples per second. The streaming data comprise the transmitted waveform, and the X component and Z component of the resultant field at the receivers. A secondary acquisition system (RMS) records the ancillary data.

The total survey coverage is 89 line-km in a N-S line direction and a line spacing of 100m. The survey flying described in this report took place on June 23rd, 2007. This report describes the survey logistics, the data processing, presentation, and provides the specifications of the survey.

## 2. SURVEY AREA

The project area (Figure 1) is located in central British Columbia approximately 230 km west of Kamloops. Towns close to the project area are Gold Bridge 60 km to the southeast, and Big Creek 80 km to the northeast. The survey was made up of two north-south trending blocks of 5.5 and 1.5 $km^2$. Survey terrain is mountainous lying on the eastern side of the Coast Mountain Range. Lake Taseko runs north-south to the north of the survey area and glaciers of Mount Monmouth lie close to the southern and western ends of the block. Elevations range from 1500 – 2700 m.

There are 8 mining claims in the project area, details of which are in Appendix 2.

The base of survey operations was at Gold Bridge, British Columbia.

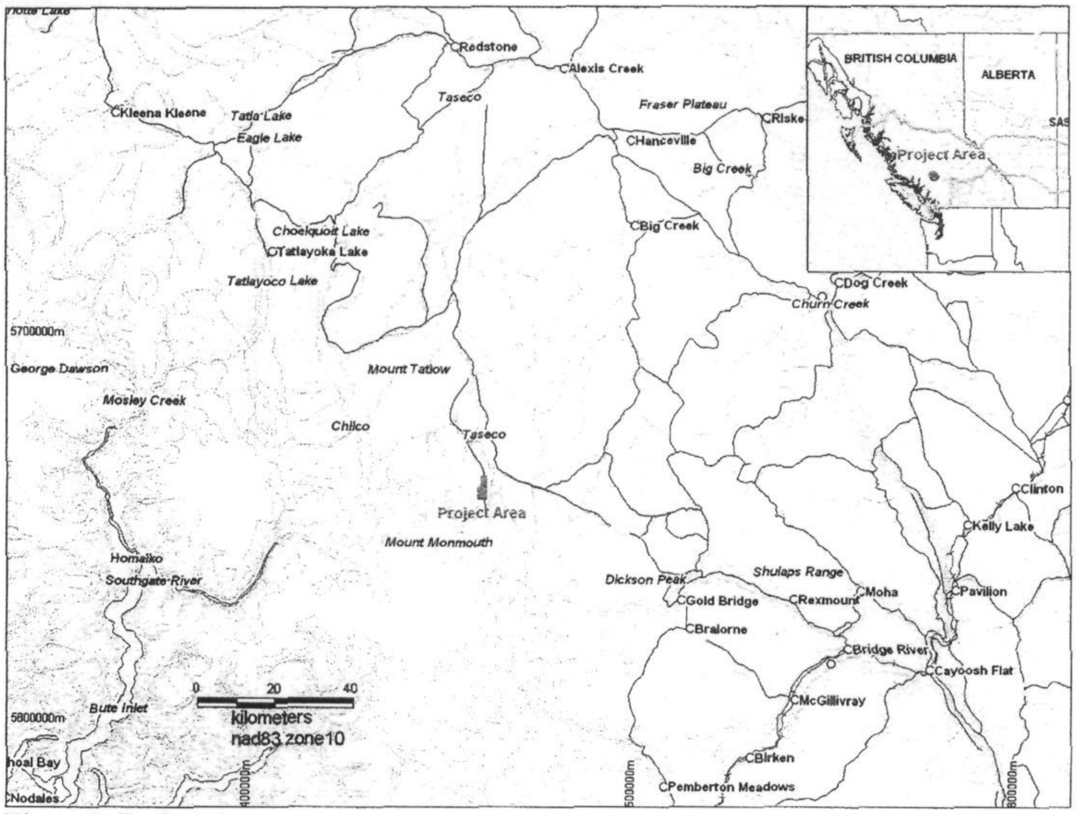



Figure 1. Project Area

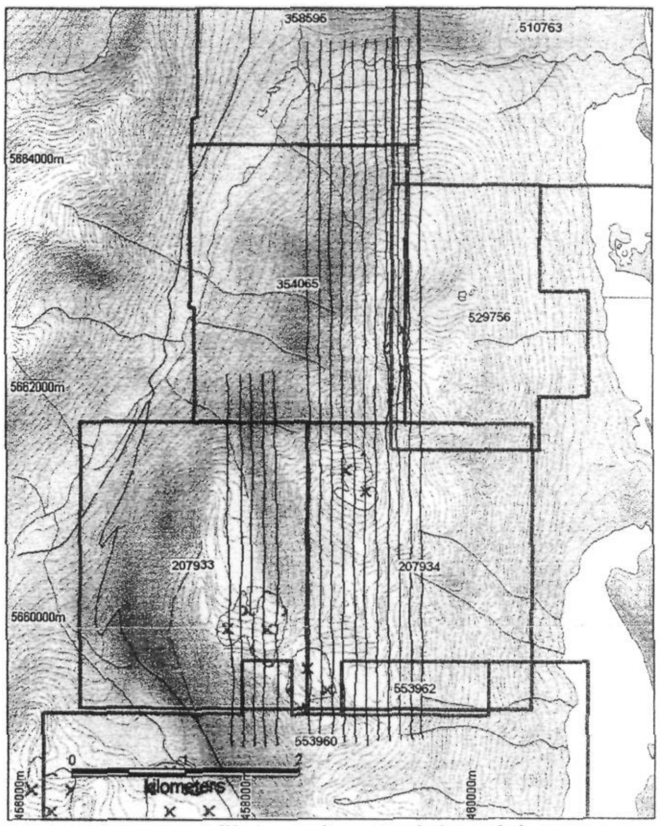



Figure 2. Project flight path and mining claims

# 3. SURVEY SPECIFICATIONS AND PROCEDURES

The survey specifications are summarised in the following table:

| Project Name | Line Spacing (metres) | Line Direction | Survey Coverage (line-km) | Date flown |
|---|---|---|---|---|
| Pellaire | 100 | N-S (0°) | 89 | June 23rd, 2007 |

Table 1. Survey specifications summary

The survey coverage was calculated by adding up the along-line distance of the survey lines and control (tie) lines as presented in the final Geosoft database. The survey was flown with a line spacing of 100 metres.

The nominal EM bird terrain clearance is 30 metres, but can be higher in more rugged terrain due to safety considerations and the capabilities of the aircraft. The magnetometer sensor is mounted in a smaller bird connected to the tow rope 17 metres above the EM bird and 19 metres below the helicopter (Figure 4). A second magnetometer is installed on the tail of the EM bird. Nominal survey speed over relatively flat terrain is 75 km/hr and is generally lower in rougher terrain. Scan rates for ancillary data acquisition is 0.1 second for the magnetometer and altimeter, and 0.2 second for the GPS determined position. The EM data is acquired as a data stream at a sampling rate of 36,000 samples per second and is processed to generate final data at 10 samples per second. The 10 samples per second translate to a geophysical reading about every 1.5 to 2.5 metres along the flight path.

## 3.1. Navigation

Navigation is carried out using a GPS receiver, an AGNAV2 system for navigation control, and an RMS DGR-33 data acquisition system which records the GPS coordinates. The x-y-z position of the aircraft, as reported by the GPS, is recorded at 0.2 second intervals. The system has a published accuracy of under 3 metres. A recent static ground test of the Mid-Tech WAAS GPS yielded a standard deviation in x and y of under 0.6 metres and for z under 1.5 metres over a two-hour period.

## 3.2. System Drift

Unlike frequency domain electromagnetic systems, the AeroTEM II system has negligible drift due to thermal expansion. The operator is responsible for ensuring the instrument is properly warmed up prior to departure and that the instruments are operated properly throughout the flight. The operator maintains a detailed flight log during the survey noting the times of the flight and any unusual geophysical or topographic features. Each flight included at least two high elevation 'background' checks. During the high elevation checks, an internal 5 second wide calibration pulse in all EM channels was generated in order to ensure that the gain of the system remained constant and within specifications.

## 3.3. Field QA/QC Procedures

On return of the pilot and operator to the base, usually after each flight, the AeroDAS streaming EM data and the RMS data are carried on removable hard drives and FlashCards, respectively and transferred to the data processing work station. At the end of each day, the base station magnetometer data on FlashCard is retrieved from the base station unit.

Data verification and quality control includes a comparison of the acquired GPS data with the flight plan; verification and conversion of the RMS data to an ASCII format XYZ data file; verification of the base station magnetometer data and conversion to ASCII format XYZ data; and loading, processing and conversion of the steaming EM data from the removable hard drive. All data is then merged to an ASCII XYZ format file which is then imported to an Oasis database for further QA/QC and for the production of preliminary EM, magnetic contour, and flight path maps.

Survey lines which show excessive deviation from the intended flight path are re-flown. Any line or portion of a line on which the data quality did not meet the contract specification was noted and reflown.

# 4. AIRCRAFT AND EQUIPMENT

## 4.1. AIRCRAFT

A Eurocopter (Aerospatiale) AS350B2 "A-Star" helicopter - registration C-FPTG was used as survey platform. The helicopter was owned and operated by Hi-Wood Helicopters, Calgary, Alberta. Installation of the geophysical and ancillary equipment was carried out by Aeroquest Limited personnel in conjunction with a licensed aircraft. The survey aircraft was flown at a nominal terrain clearance of 220 ft (65 metres).

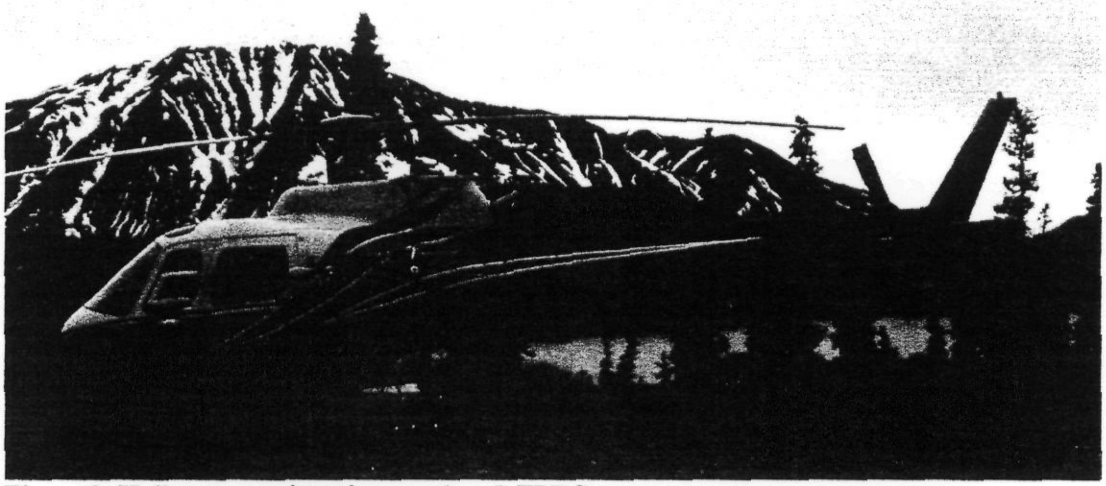


Figure 3. Helicopter registration number C-FPTG

## 4.2. MAGNETOMETER

The AeroTEM II airborne survey system employs the Geometrics G-823A caesium vapour magnetometer sensor installed in a two metre towed bird airfoil attached to the main tow line, 19 metres below the helicopter (Figure 4). The sensitivity of the magnetometer is 0.001 nanoTesla at a 0.1 second sampling rate. The nominal ground clearance of the magnetometer bird is 51 metres (170 ft.). The magnetic data is recorded at 10 Hz by the RMS DGR-33.

## 4.3. MAGNETOMETER II

In addition to the main magnetometer bird on the main tow line, the AeroTEM II system includes an additional G-828A magnetometer installed on the tail of the EM bird (Figure 4).

The sensor is located 37 metres below the helicopter and has a superior nominal terrain clearance of 31 m. Data is recorded at 300 samples a second and down sampled to 10 Hz by the AeroDAS acquisition system.

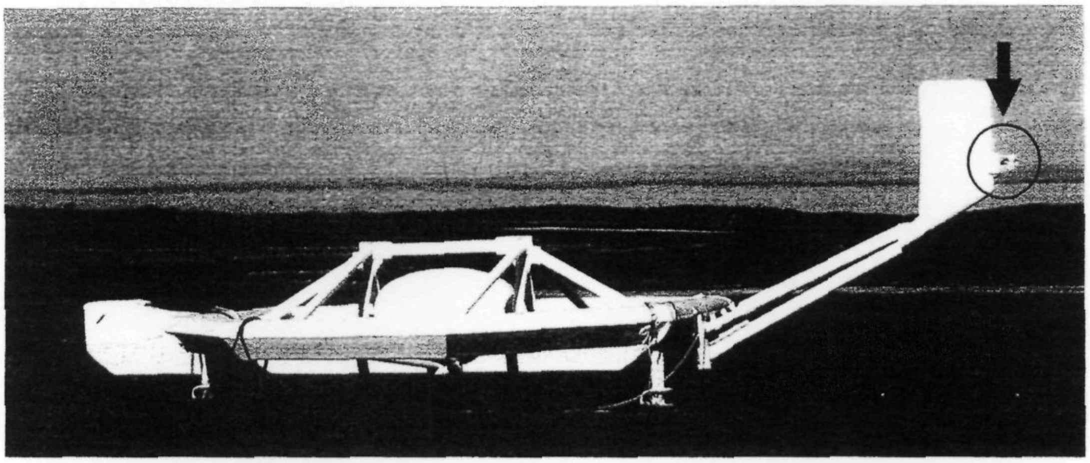


Figure 4. AeroTEM II EM bird. Arrow indicates the location of the second cesium magnetometer sensor.

### 4.4. ELECTROMAGNETIC SYSTEM

The electromagnetic system is an Aeroquest AeroTEM II time domain towed-bird system (Figure 4, Figure 5). The current AeroTEM II transmitter dipole moment is 38.8 kNIA. The AeroTEM bird is towed 38 metres (125 ft) below the helicopter. More technical details of the system may be found in Appendix 4.

The wave-form is triangular with a symmetric transmitter on-time pulse of 1.10 ms and a base frequency of 150 Hz (Figure 5). The current alternates polarity every on-time pulse. During every Tx on-off cycle (300 per second), 120 contiguous channels of raw X and Z component (and a transmitter current monitor, itx) of the received waveform are measured. Each channel width is 27.78 microseconds starting at the beginning of the transmitter pulse. This 120 channel data is referred to as the raw streaming data. The AeroTEM system has two separate EM data recording streams, the conventional RMS DGR-33 and the AeroDAS system which records the full waveform (Figure 6).

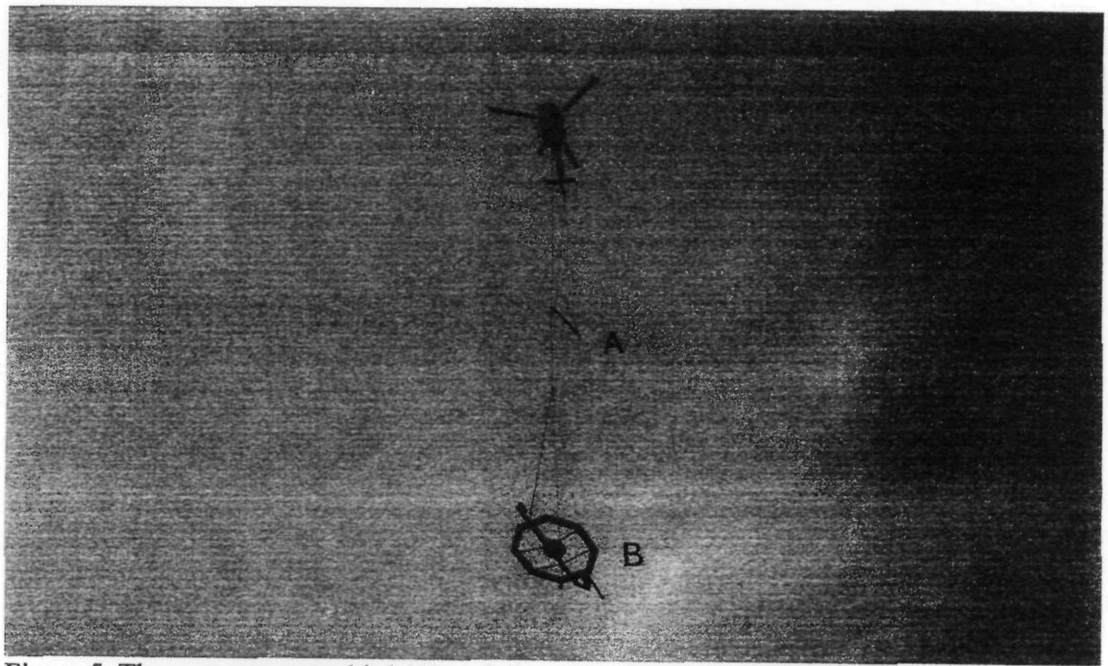



Figure 5. The magnetometer bird (A) and AeroTEM II EM bird (B)

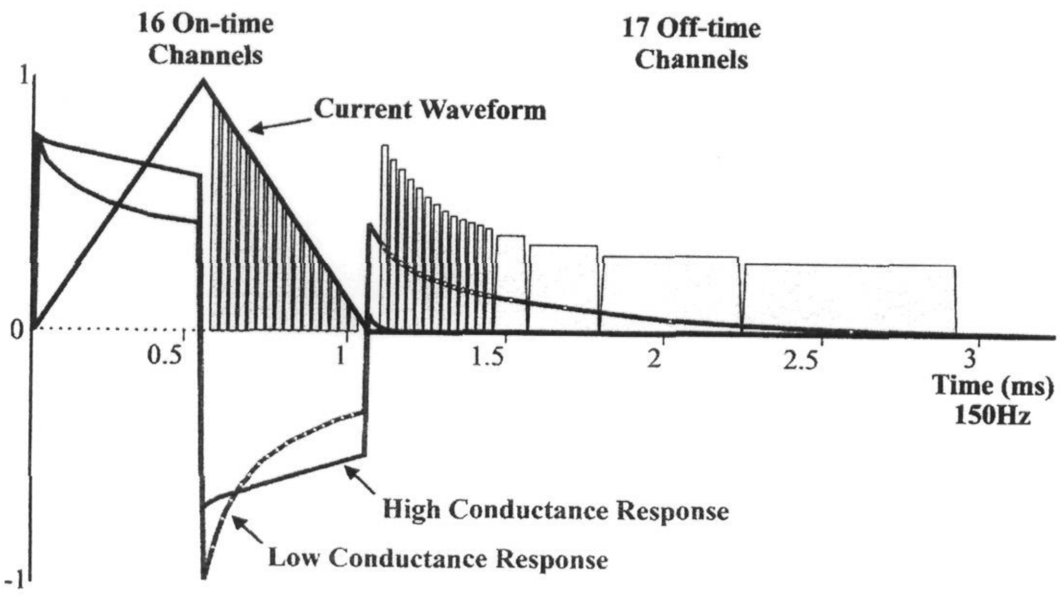



Figure 6. Schematic of Transmitter and Receiver waveforms

## 4.5. AERODAS ACQUISITION SYSTEM

The 120 channels of raw streaming data are recorded by the AeroDAS acquisition system (Figure 7) onto a removable hard drive. The streaming data are processed post-survey to yield 33 stacked and binned on-time and off-time channels at a 10 Hz sample rate. The timing of the final processed EM channels is described in the following table:

| Channel | Sample Range | Time Width (us) | Time Center (us) | Time After TxOn (us) |
|---|---|---|---|---|
| On1 | 5 - 5 | 27.778 | 125.000 | 119.806 |
| On2 | 6 - 6 | 27.778 | 152.778 | 147.584 |
| On3 | 7 - 7 | 27.778 | 180.556 | 175.362 |
| On4 | 8 - 8 | 27.778 | 208.333 | 203.139 |
| On5 | 9 - 9 | 27.778 | 236.111 | 230.917 |
| On6 | 10 - 10 | 27.778 | 263.889 | 258.695 |
| On7 | 11 - 11 | 27.778 | 291.667 | 286.473 |
| On8 | 12 - 12 | 27.778 | 319.444 | 314.250 |
| On9 | 13 - 13 | 27.778 | 347.222 | 342.028 |
| On10 | 14 - 14 | 27.778 | 375.000 | 369.806 |
| On11 | 15 - 15 | 27.778 | 402.778 | 397.584 |
| On12 | 16 - 16 | 27.778 | 430.556 | 425.362 |
| On13 | 17 - 17 | 27.778 | 458.333 | 453.139 |
| On14 | 18 - 18 | 27.778 | 486.111 | 480.917 |
| On15 | 19 - 19 | 27.778 | 513.889 | 508.695 |
| On16 | 20 - 20 | 27.778 | 541.667 | 536.473 |

| Channel | Sample Range | Time Width (us) | Time Center (us) | Time After TxOff (us) |
|---|---|---|---|---|
| Off0 | 45 - 45 | 27.778 | 1236.111 | 101.985 |
| Off1 | 46 - 46 | 27.778 | 1263.889 | 129.763 |
| Off2 | 47 - 47 | 27.778 | 1291.667 | 157.541 |
| Off3 | 48 - 48 | 27.778 | 1319.444 | 185.318 |
| Off4 | 49 - 49 | 27.778 | 1347.222 | 213.096 |
| Off5 | 50 - 50 | 27.778 | 1375.000 | 240.874 |
| Off6 | 51 - 52 | 55.556 | 1416.667 | 282.541 |
| Off7 | 53 - 54 | 55.556 | 1472.222 | 338.096 |
| Off8 | 55 - 56 | 55.556 | 1527.778 | 393.652 |
| Off9 | 57 - 58 | 55.556 | 1583.333 | 449.207 |
| Off10 | 59 - 61 | 83.333 | 1652.778 | 518.652 |
| Off11 | 62 - 64 | 83.333 | 1736.111 | 601.985 |
| Off12 | 65 - 68 | 111.111 | 1833.333 | 699.207 |
| Off13 | 69 - 74 | 166.667 | 1972.222 | 838.096 |
| Off14 | 75 - 82 | 222.222 | 2166.667 | 1032.541 |
| Off15 | 83 - 95 | 361.111 | 2458.333 | 1324.207 |
| Off16 | 96 - 115 | 555.556 | 2916.667 | 1782.541 |

### 4.6. RMS DGR-33 ACQUISITION SYSTEM

In addition to the magnetics, altimeter and position data, six channels of real time processed off-time EM decay in the Z direction and one in the X direction are recorded by the RMS DGR-33 acquisition system at 10 samples per second and plotted real-time on the analogue chart recorder. These channels are derived by a binning, stacking and filtering procedure on the raw streaming data. The primary use of the RMS EM data (Z1 to Z6, X1) is to provide for real-time QA/QC on board the aircraft.

The channel window timing of the RMS DGR-33 6 channel system is described in the table below.

| RMS Channel | Start time (µs) | End time (µs) | Width (µs) | Streaming Channels |
|---|---|---|---|---|
| Z1, X1 | 1269.8 | 1322.8 | 52.9 | 48-50 |
| Z2 | 1322.8 | 1455.0 | 132.2 | 50-54 |
| Z3 | 1428.6 | 1587.3 | 158.7 | 54-59 |
| Z4 | 1587.3 | 1746.0 | 158.7 | 60-65 |
| Z5 | 1746.0 | 2063.5 | 317.5 | 66-77 |
| Z6 | 2063.5 | 2698.4 | 634.9 | 78-101 |

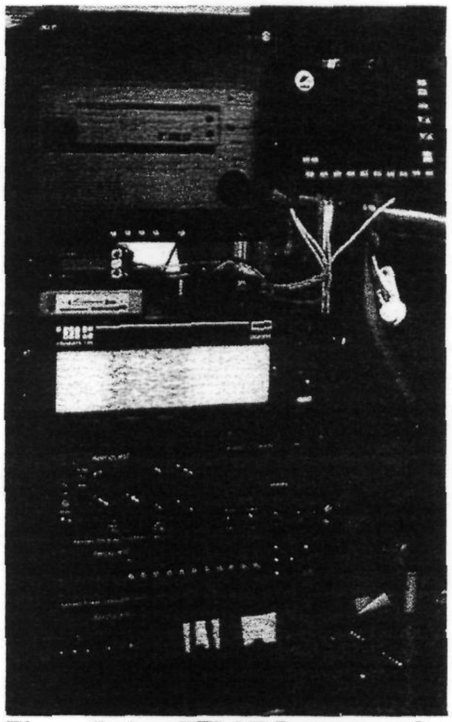


Figure 7. AeroTEM II Instrument Rack., including AeroDAS and RMS DGR-33 systems, AeroTEM power supply, data acquisition computer and AG-NAV2 navigation system.

### 4.7. MAGNETOMETER BASE STATION

The base magnetometer was a Geometrics G-859 cesium vapour magnetometer system with integrated GPS. Data logging and UTC time synchronisation was carried out within the magnetometer, with the GPS providing the timing signal. The data logging was configured to measure at 1.0 second intervals. Digital recording resolution was 0.001 nT. The sensor was placed on a tripod in an area of low magnetic gradient and free of cultural noise sources. A continuously updated display of the base station values was available for viewing and regularly monitored to ensure acceptable data quality and diurnal variation.

### 4.8. Radar Altimeter

A Terra TRA 3500/TRI-30 radar altimeter is used to record terrain clearance. The antenna was mounted on the outside of the helicopter beneath the cockpit. Therefore, the recorded data reflect the height of the helicopter above the ground. The Terra altimeter has an altitude accuracy of +/- 1.5 metres.

### 4.9. Video Tracking and Recording System

A high resolution digital colour 8 mm video camera is used to record the helicopter ground flight path along the survey lines. The video is digitally annotated with GPS position and time and can be used to verify ground positioning information and cultural causes of anomalous geophysical responses.

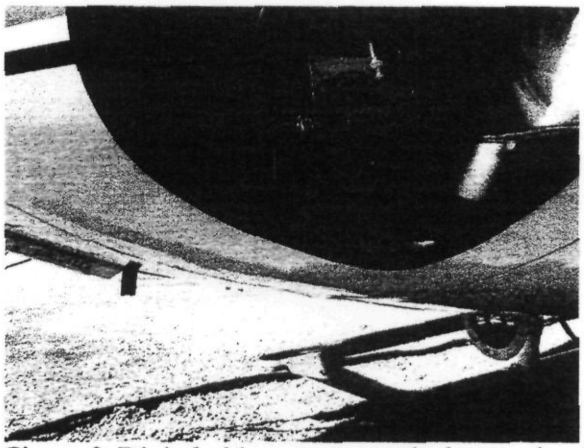


Figure 8. Digital video camera typical mounting location.

### 4.10. GPS Navigation System

The navigation system consists of an Ag-Nav Incorporated AG-NAV2 GPS navigation system comprising a PC-based acquisition system, navigation software, a deviation indicator in front of the aircraft pilot to direct the flight, a full screen display with controls in front of the operator, a Mid-Tech RX400p WAAS-enabled GPS receiver mounted on the instrument rack and an antenna mounted on the magnetometer bird. WAAS (Wide Area Augmentation System) consists of approximately 25 ground reference stations positioned across the United States that monitor GPS satellite data. Two master stations located on the east and west coasts collect data from the reference stations and create a GPS correction message. This correction accounts for GPS satellite orbit and clock drift plus signal delays caused by the atmosphere and ionosphere. The corrected differential message is then broadcast through one of two geostationary satellites, or satellites with a fixed position over the equator. The corrected position has a published accuracy of less than 3 metres.

Survey co-ordinates are set up prior to the survey and the information is fed into the airborne navigation system. The co-ordinate system employed in the survey design was WGS84 [World] using the UTM zone 10N projection. The real-time differentially corrected GPS positional data was recorded by the RMS DGR-33 in geodetic coordinates (latitude and longitude using WGS84) at 0.2 s intervals.

### 4.11. Digital Acquisition System

The AeroTEM received waveform sampled during on and off-time at 120 channels per decay, 300 times per second, was logged by the proprietary AeroDAS data acquisition system. The channel sampling commences at the start of the Tx cycle and the width of each channel is 26.04 microseconds. The streaming data was recorded on a removable hard-drive and was later backed-up onto DVD-ROM from the field-processing computer.

The RMS Instruments DGR33A data acquisition system was used to collect and record the analogue data stream, i.e. the positional and secondary geophysical data, including processed 6 channel EM, magnetics, radar altimeter, GPS position, and time. The data was recorded on 128 Mb capacity FlashCard. The RMS output was also directed to a thermal chart recorder.

## 5. PERSONNEL

The following Aeroquest personnel were involved in the project:

- Manager of Operations: Bert Simon
- Manager of Data Processing: Jonathan Rudd
- Field Data Processor: Darrell Squires
- Field Operator: Tom Szumigaj
- Data Interpretation and Reporting: Matt Pozza, Emilio Schein, Marion Bishop, Eric Steffler

The survey pilot, Paul Kendall, was employed directly by the helicopter operator – Hi-Wood Hellicopters.

## 6. DELIVERABLES

### 6.1. Hardcopy Deliverables

The report includes a map at 1:10,000 scale showing 4 map products as outlined below:

- TMI – Coloured Total Magnetic Intensity (TMI) with line contours and EM anomaly symbols.
- TDR – Tilt Derivative of TMI with line contours and EM anomaly symbols
- ZOFF1 – AeroTEM Z1 Off-time with line contours and EM anomaly symbols.
- EM – AeroTEM off-time profiles Z2 – Z12 and EM anomaly symbols.

The coordinate/projection system for the maps is NAD83 – UTM Zone 10N. For reference, the latitude and longitude in WGS84 are also noted on the maps.

All the maps show flight path trace, skeletal topography, and conductor picks represented by an anomaly symbol classified according to calculated off-time conductance. The anomaly symbol is accompanied by postings denoting the calculated off-time conductance, a thick or thin classification and an anomaly identifier label. The anomaly symbol legend is given in the margin of the maps. The magnetic field data is presented as superimposed line contours with a minimum contour interval of 25 nT. Bold contour lines are separated by 1000 nT.

### 6.2. DIGITAL DELIVERABLES

#### 6.2.1. Final Database of Survey Data (.GDB, .XYZ)

The geophysical profile data is archived digitally in a Geosoft GDB binary format database. A description of the contents of the individual channels in the database can be found in Appendix 2. A copy of this digital data is archived at the Aeroquest head office in Mississauga.

#### 6.2.2. Geosoft Grid files (.GRD)

Levelled Grid products used to generate the geophysical map images. Cell size for all grid files is 20 metres.

- Total Magnetic Intensity (TMI)
- Tilt Derivative of TMI (TDR)
- AeroTEM Z Offtime Channel 1 (ZOFF1)

#### 6.2.3. Digital Versions of Final Maps (.MAP, .PDF)

Map files in Geosoft .map and Adobe PDF format.

#### 6.2.4. Google Earth Survey Navigation Files (.KML)

Flight navigation lines in Google earth KML format. Double click to view flight lines in Google Earth.

#### 6.2.5. Free Viewing Software (.EXE)

- Geosoft Oasis Montaj Viewing Software
- Adobe Acrobat Reader
- Google Earth Viewer

#### 6.2.6. Digital Copy of this Document (.PDF)

Adobe PDF format of this document.

## 7. DATA PROCESSING AND PRESENTATION

All in-field and post-field data processing was carried out using Aeroquest proprietary data processing software and Geosoft Oasis Montaj software. Maps were generated using 36-inch wide Hewlett Packard ink-jet plotters.

### 7.1. BASE MAP

The geophysical maps accompanying this report are based on positioning in the NAD83 datum. The survey geodetic GPS positions have been projected using the Universal Transverse Mercator projection in Zone 10 North. A summary of the map datum and projection specifications is given following:

- Ellipse: GRS 1980
- Ellipse major axis: 6378137m eccentricity: 0.081819191
- Datum: North American 1983 - Canada Mean
- Datum Shifts (x,y,z) : 0, 0, 0 metres
- Map Projection: Universal Transverse Mercator Zone 10 (Central Meridian 123°W)
- Central Scale Factor: 0.9996
- False Easting, Northing: 500,000m, 0m

For reference, the latitude and longitude in WGS84 are also noted on the maps.

The background vector topography derived from Natural Resources Canada 1:50000 National Topographic Data Base data and the background shading was derived from NASA Shuttle Radar Topography Mission (SRTM) 90 metre resolution DEM data.

### 7.2. Flight Path & Terrain Clearance

The position of the survey helicopter was directed by use of the Global Positioning System (GPS). Positions were updated five times per second (5 Hz) and expressed as WGS84 latitude and longitude calculated from the raw pseudo range derived from the C/A code signal. The instantaneous GPS flight path, after conversion to UTM co-ordinates, is drawn using linear interpolation between the x/y positions. The terrain clearance was maintained with reference to the radar altimeter. The raw Digital Terrain Model (DTM) was derived by taking the GPS survey elevation and subtracting the radar altimeter terrain clearance values. The calculated topography elevation values are relative and are not tied in to surveyed geodetic heights.

Each flight included at least two high elevation 'background' checks. These high elevation checks are to ensure that the gain of the system remained constant and within specifications.

### 7.3. Electromagnetic Data

The raw streaming data, sampled at a rate of 36,000 Hz (120 channels, 300 times per second) was reprocessed using a proprietary software algorithm developed and owned by Aeroquest Limited. Processing involves the compensation of the X and Z component data for the primary field waveform. Coefficients for this compensation for the system transient are determined and applied to the stream data. The stream data are then pre-filtered, stacked, binned to the 33 on and off-time channels and checked for the effectiveness of the compensation and stacking processes. The stacked data is then filtered, levelled and split up into the individual line segments. Further base level adjustments may be carried out at this stage. The filtering of the stacked data is designed to remove or minimize high frequency noise that can not be sourced from the geology.

The final field processing step was to merge the processed EM data with the other data sets into a Geosoft GDB file. The EM fiducial is used to synchronize the two datasets. The processed channels are merged into 'array format; channels in the final Geosoft database as Zon, Zoff, Xon, and Xoff.

Apparent bedrock EM anomalies were interpreted with the aid of an auto-pick from positive peaks and troughs in the off-time Z channel responses correlated with X channel responses. The auto-picked anomalies were reviewed and edited by a geophysicist on a line by line basis to discriminate between thin and thick conductor types. Anomaly picks locations were migrated and removed as required. This process ensures the optimal representation of the conductor centres on the maps.

At each conductor pick, estimates of the off-time conductance have been generated based on a horizontal plate source model for those data points along the line where the response amplitude is sufficient to yield an acceptable estimate. Some of the EM anomaly picks do not display a Tau value; this is due to the inability to properly define the decay of the conductor usually because of low signal amplitudes. Each conductor pick was then classified according to a set of seven ranges of calculated off-time conductance values. For high conductance sources, the on-time conductance values may be used, since it provides a more accurate measure of high-conductance sources. Each symbol is also given an identification letter label, unique to each flight line. Conductor picks that did not yield an acceptable estimate of off-time conductance due to a low amplitude response were classified as a low conductance source. Please refer to the anomaly symbol legend located in the margin of the maps.

### 7.4. Magnetic Data

Prior to any levelling the magnetic data was subjected to a lag correction of -0.1 seconds and a spike removal filter. The filtered aeromagnetic data were then corrected for diurnal variations using the magnetic base station and the intersections of the tie lines. No corrections for the regional reference field (IGRF) were applied. The corrected profile data were interpolated on to a grid using a bi-directional grid technique with a grid cell size of 20 metres. The final levelled grid provided the basis for threading the presented contours which have a minimum contour interval of 25nT.

## 8. GENERAL COMMENTS

The survey was successful in mapping the magnetic and conductive properties of the geology throughout the survey area. Below is a brief interpretation of the results. For a detailed interpretation please contact Aeroquest Limited.

### 8.1. Magnetic Response

The magnetic data provide a high resolution map of the distribution of the magnetic mineral content of the survey area. This data can be used to interpret the location of geological contacts and other structural features such as faults and zones of magnetic alteration. The sources for anomalous magnetic responses are generally thought to be predominantly magnetite because of the relative abundance and strength of response (high magnetic susceptibility) of magnetite over other magnetic minerals such as pyrrhotite.

### 8.2. EM Anomalies

The EM anomalies on the maps are classified by conductance (as described earlier in the report) and also by the thickness of the source. A thin, vertically orientated source produces a double peak anomaly in the z-component response and a positive to negative crossover in the x-component response (Figure 8). For a vertically orientated thick source (say, greater than 10 metres), the response is a single peak in the z-component response and a negative to positive crossover in the x-component response (Figure 9). Because of these differing responses, the AeroTEM system provides discrimination of thin and thick sources and this distinction is indicated on the EM anomaly symbols (N = thin and K = thick). Where multiple, closely spaced conductive sources occur, or where the source has a shallow dip, it can be difficult to uniquely determine the type (thick vs. thin) of the source (Figure 10). In these cases both possible source types may be indicated by picking both thick and thin response styles. For shallow dipping conductors the 'thin' pick will be located over the edge of the source, whereas the 'thick' pick will fall over the downdip 'heart' of the anomaly.

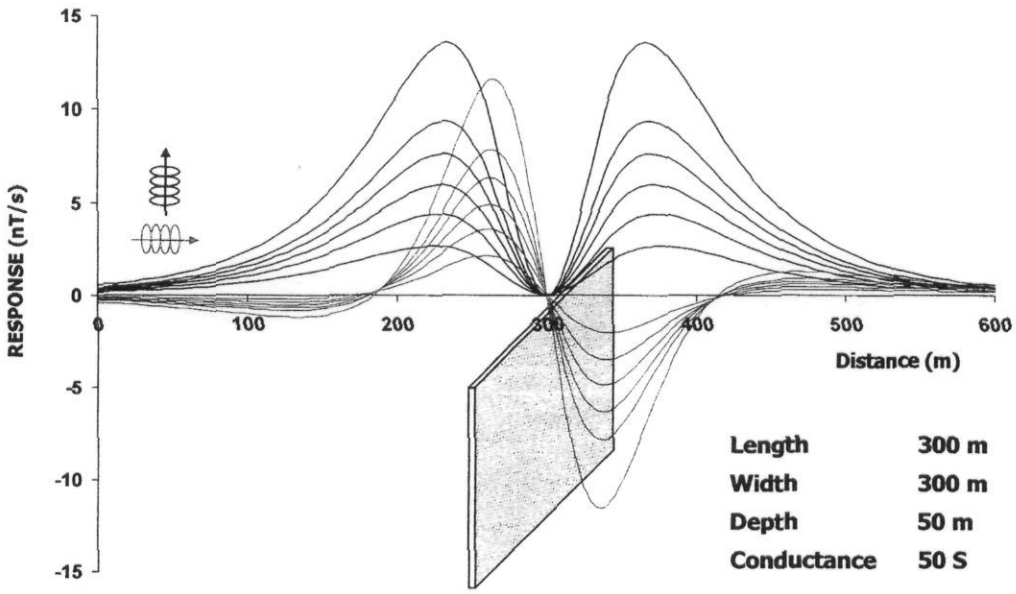



Figure 9. AeroTEM response to a 'thin' vertical conductor.

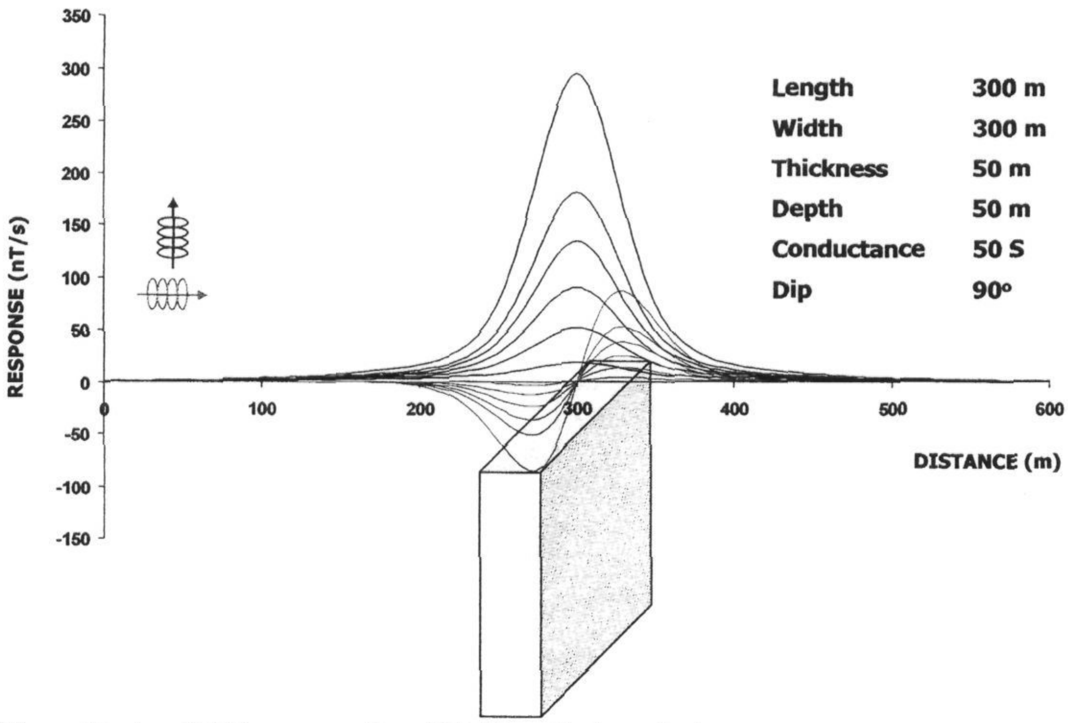



Figure 10. AeroTEM response for a 'thick' vertical conductor.

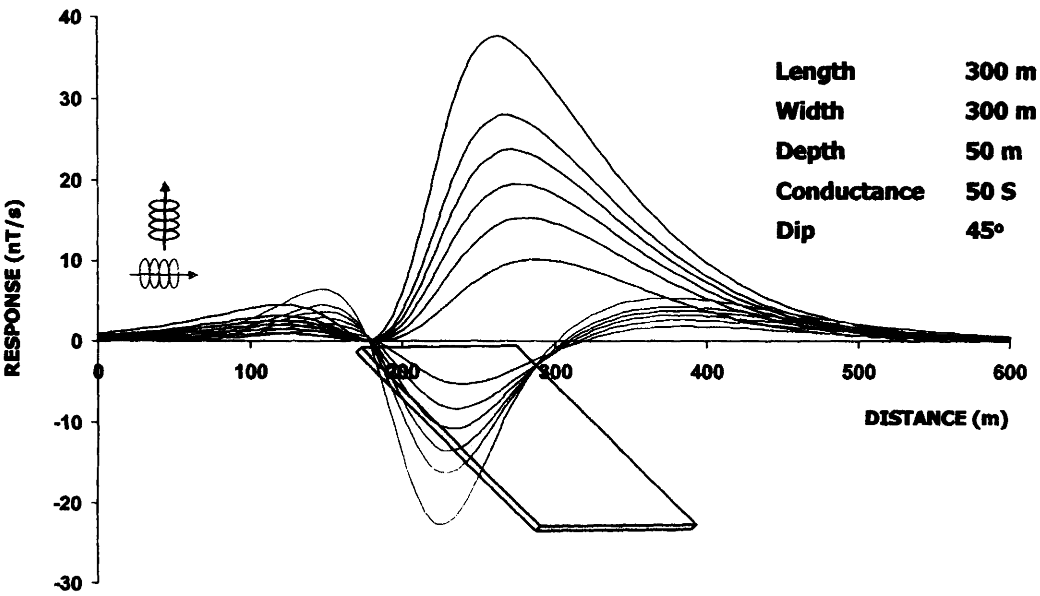



Figure 11. AeroTEM response over a 'thin' dipping conductor.

All cases should be considered when analyzing the interpreted picks and prioritizing for follow-up. Specific anomalous responses which remain as high priority should be subjected to numerical modeling prior to drill testing to determine the dip, depth and probable geometry of the source.

Respectfully submitted,

Matt Pozza, M.Sc.
Geophysicist
Aeroquest Limited
September, 2007

Reviewed By:

Doug Garrie
QA/QC Geophysicist
Aeroquest Limited
September, 2007

## APPENDIX 1: SURVEY BOUNDARIES

The following table presents the Pellaire block boundaries. All geophysical data presented in this report have been windowed to these outlines. X and Y positions are in NAD83 UTM Zone 10N.

Pellaire East

| X | Y |
|---|---|
| 458458.0 | 5665060.0 |
| 459477.0 | 5665052.8 |
| 459473.7 | 5659060.0 |
| 458451.8 | 5659066.1 |

Pellaire West

| X | Y |
|---|---|
| 457726.3 | 5662060.0 |
| 458226.3 | 5662058.9 |
| 458229.2 | 5659060.0 |
| 457736.3 | 5659060.0 |

# APPENDIX 2: MINING CLAIMS

From Government of British Columbia Mineral Titles Online (September 2007)

| Tenure Number | Owner | Good to Date | Area (Ha) | Claim Name |
|---|---|---|---|---|
| 358595 | GALORE RESOURCES INC | 20090815 | 500 | MICHELE |
| 529756 | HAJEK, JOHN HENRY | 20080308 | 344.93 | HAM2 |
| 553960 | HAJEK, JOHN HENRY | 20090309 | 507.64 | TILL |
| 553962 | HAJEK, JOHN HENRY | 20080309 | 60.91 | 3FRACTIONS |
| 207933 | VALOR RESOURCES LTD | 20090719 | 500 | LORD #1 |
| 207934 | VALOR RESOURCES LTD | 20090719 | 500 | LORD #2 |
| 354065 | VALOR RESOURCES LTD | 20080301 | 500 | HAMILTON |
| 510763 | VALOR RESOURCES LTD | 20090815 | 730.09 | |

## APPENDIX 3: DESCRIPTION OF DATABASE FIELDS

The GDB file is a Geosoft binary database. In the database, the Survey lines and Tie Lines are prefixed with an "L" for "Line" and "T" for "Tie".

| COLUMN | UNITS | DESCRIPTOR |
|---|---|---|
| Line | | Line number |
| Flight | | Flight # |
| emfid | | AERODAS Fiducial |
| utctime | hh:mm:ss.ss | UTC time |
| x | m | UTM Easting (NAD83, Zone 10N) |
| y | m | UTM Northing (NAD83, Zone 10N) |
| galtf | m | GPS altimeter |
| ralt | m | Radar altimeter |
| dtm | m | Digital Terrain Model |
| bheight | m | Terrain clearance of EM bird |
| magf | nT | Final levelled total magnetic intensity |
| Basemagf | nT | Base station total magnetic intensity |
| Zon | nT/s | Processed Streaming On-Time Z component Channels 1-16 |
| Zoff | nT/s | Processed Streaming Off-Time Z component Channels 0-16 |
| Xon | nT/s | Processed Streaming On-Time X component Channels 1-16 |
| Xoff | nT/s | Processed Streaming Off-Time X component Channels 0-16 |
| pwrline | | powrline monitor data channel |
| Grade | | Classification from 1-7 based on conductance of conductor pick |
| Anom_ID | | Anomaly Character (K= thicK, N = thiN) |
| Anom_labels | | Alphanumeric label of conductor pick |
| Off_Tau | µs | Off-time decay constant at conductor pick |
| Off_Con | S | Off-time conductance at conductor pick |
| Off_AllTau | µs | Off-time decay constant |
| Off_allcon | S | Off-time conductance |
| TranOff | µs | Transmitter Off |
| TranOn | µs | Transmitter On |
| TranPeak | µs | Transmitter Peak |
| TranSwitch | µs | Transmitter up-slope to down-slope or down-slope to up-slope |
| Off-pick | | Off-time anomaly pick |

# APPENDIX 4: AEROTEM ANOMALY LISTING

| Line | Anom | ID | Cond | Tau | Flight | UTC Time | B height | UTM x | UTM y |
|---|---|---|---|---|---|---|---|---|---|
| 3050 | A | K | 4.1 | 203.4 | 25 | 22:45:53 | 48.3 | 458171.5 | 5661905.9 |
| 4010 | A | K | 0.3 | 58.2 | 25 | 23:06:42 | 59.8 | 458485.5 | 5661899.0 |
| 4010 | B | N | 3.3 | 181.0 | 25 | 23:07:51 | 43.6 | 458458.7 | 5663200.1 |
| 4010 | C | K | 10.7 | 326.8 | 25 | 23:08:29 | 37.9 | 458476.0 | 5664029.0 |
| 4010 | D | K | 15.3 | 390.5 | 25 | 23:08:38 | 51.1 | 458472.1 | 5664207.4 |
| 4010 | E | K | 21.9 | 468.5 | 25 | 23:08:48 | 48.1 | 458466.4 | 5664420.5 |
| 4010 | F | K | 12.8 | 357.2 | 25 | 23:08:58 | 51.7 | 458476.5 | 5664629.0 |
| 4010 | G | K | 7.4 | 271.9 | 25 | 23:09:09 | 41.9 | 458473.4 | 5664869.0 |
| 4010 | H | K | 6.8 | 261.3 | 25 | 23:09:18 | 52.0 | 458467.6 | 5665077.9 |
| 4060 | A | K | 23.1 | 480.8 | 27 | 1:47:06 | 39.8 | 458578.8 | 5665004.6 |
| 4060 | B | K | 10.3 | 320.7 | 27 | 1:47:19 | 34.9 | 458572.6 | 5664802.9 |
| 4060 | C | K | 22.3 | 472.6 | 27 | 1:47:35 | 45.1 | 458557.3 | 5664571.1 |
| 4060 | D | K | 26.4 | 513.6 | 27 | 1:47:52 | 33.6 | 458567.5 | 5664291.2 |
| 4060 | E | K | 11.4 | 337.0 | 27 | 1:48:02 | 35.9 | 458572.8 | 5664122.3 |
| 4060 | F | K | 9.0 | 299.5 | 27 | 1:48:10 | 53.2 | 458570.0 | 5663983.7 |
| 4060 | G | N | 6.7 | 258.8 | 27 | 1:49:10 | 56.0 | 458568.3 | 5663138.4 |
| 4060 | H | N | 0.4 | 63.0 | 27 | 1:50:31 | 98.8 | 458568.5 | 5662271.6 |
| 4060 | I | K | 2.8 | 166.9 | 27 | 1:51:07 | 41.8 | 458576.3 | 5661827.7 |
| 4060 | A | N | 1.8 | 133.5 | 27 | 1:45:00 | 57.1 | 458655.8 | 5663177.0 |
| 4060 | B | K | 42.1 | 648.8 | 27 | 1:45:52 | 44.2 | 458668.1 | 5664284.0 |
| 4060 | C | K | 30.3 | 550.8 | 27 | 1:46:01 | 52.0 | 458668.5 | 5664458.9 |
| 4060 | D | K | 24.9 | 498.5 | 27 | 1:46:11 | 53.1 | 458665.8 | 5664673.1 |
| 4060 | E | K | 21.5 | 463.2 | 27 | 1:46:20 | 48.6 | 458664.6 | 5664875.5 |
| 4060 | F | N | 18.4 | 428.4 | 27 | 1:46:31 | 49.4 | 458669.7 | 5665076.1 |
| 4060 | A | K | 17.4 | 417.6 | 27 | 1:30:48 | 51.3 | 458771.0 | 5664848.1 |
| 4060 | B | K | 18.5 | 430.4 | 27 | 1:31:03 | 43.0 | 458774.3 | 5664621.7 |
| 4060 | C | K | 41.6 | 644.8 | 27 | 1:31:15 | 36.2 | 458775.5 | 5664474.9 |
| 4060 | D | K | 26.7 | 516.9 | 27 | 1:31:27 | 38.3 | 458764.3 | 5664341.8 |
| 4060 | E | K | 43.5 | 659.6 | 27 | 1:31:38 | 33.6 | 458769.2 | 5664163.7 |
| 4060 | F | K | 16.5 | 405.7 | 27 | 1:31:58 | 42.0 | 458776.9 | 5663880.2 |
| 4060 | G | K | 9.1 | 301.8 | 27 | 1:32:29 | 36.6 | 458775.1 | 5663551.5 |
| 4060 | H | K | 3.8 | 195.5 | 27 | 1:33:24 | 61.1 | 458761.5 | 5663042.4 |
| 4060 | I | K | 3.5 | 187.6 | 27 | 1:33:32 | 43.5 | 458762.3 | 5662927.0 |
| 4060 | J | K | 0.7 | 83.7 | 27 | 1:34:51 | 49.7 | 458769.6 | 5661799.4 |
| 4060 | A | K | 26.9 | 518.7 | 27 | 1:28:59 | 38.9 | 458867.2 | 5663686.0 |
| 4060 | B | N | 24.4 | 494.3 | 27 | 1:29:07 | 59.1 | 458866.0 | 5663875.1 |
| 4060 | C | K | 24.4 | 494.3 | 27 | 1:29:10 | 46.5 | 458867.7 | 5663954.7 |
| 4060 | D | K | 42.7 | 653.1 | 27 | 1:29:22 | 60.4 | 458857.6 | 5664214.5 |
| 4060 | E | K | 24.0 | 489.9 | 27 | 1:29:42 | 48.9 | 458857.7 | 5664523.4 |
| 4060 | F | K | 20.8 | 455.9 | 27 | 1:29:58 | 41.7 | 458861.2 | 5664834.3 |
| 4060 | A | K | 23.6 | 485.9 | 27 | 1:06:43 | 50.2 | 458982.8 | 5664703.1 |
| 4060 | B | K | 27.4 | 523.2 | 27 | 1:06:58 | 40.3 | 458984.0 | 5664429.7 |
| 4060 | C | K | 36.8 | 606.2 | 27 | 1:07:14 | 34.3 | 458984.5 | 5664296.4 |
| 4060 | D | K | 19.6 | 442.6 | 27 | 1:07:28 | 50.7 | 458977.8 | 5664190.8 |
| 4060 | E | K | 23.2 | 481.2 | 27 | 1:08:02 | 42.5 | 458971.1 | 5663862.4 |
| 4060 | F | K | 20.1 | 448.6 | 27 | 1:08:13 | 29.9 | 458968.4 | 5663729.7 |
| 4060 | G | K | 14.6 | 381.9 | 27 | 1:08:32 | 41.1 | 458962.7 | 5663503.6 |
| 4060 | H | K | 0.1 | 27.4 | 27 | 1:10:52 | 59.0 | 458964.8 | 5661691.3 |
| 4110 | A | K | 2.3 | 150.7 | 26 | 0:21:11 | 42.8 | 459070.2 | 5665095.6 |
| 4110 | B | N | 24.1 | 491.1 | 26 | 0:21:33 | 41.6 | 459070.8 | 5664722.3 |
| 4110 | C | K | 20.7 | 454.5 | 26 | 0:22:03 | 39.8 | 459075.4 | 5664395.3 |

Job # 07103

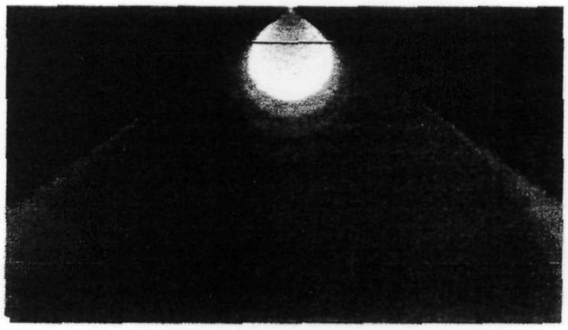
| Line | Anom | ID | Cond | Tau | Flight | UTC Time | B height | UTM x | UTM y |
|---|---|---|---|---|---|---|---|---|---|
| 4110 | D | K | 36.4 | 603.4 | 26 | 0:22:25 | 46.2 | 459074.0 | 5664199.5 |
| 4110 | E | K | 34.3 | 585.2 | 26 | 0:22:36 | 44.1 | 459075.1 | 5664107.4 |
| 4110 | F | K | 25.7 | 507.1 | 26 | 0:23:03 | 35.2 | 459083.0 | 5663802.1 |
| 4110 | G | K | 14.0 | 374.1 | 26 | 0:23:15 | 41.9 | 459078.2 | 5663623.0 |
| 4110 | H | K | 8.1 | 284.5 | 26 | 0:23:41 | 30.4 | 459072.5 | 5663319.0 |
| 4110 | I | K | 6.1 | 246.2 | 26 | 0:24:22 | 81.2 | 459069.1 | 5662698.4 |
| 4110 | J | K | 1.3 | 113.0 | 26 | 0:26:08 | 58.0 | 459065.1 | 5661716.6 |
| 4110 | A | N | 2.0 | 141.5 | 26 | 0:18:39 | 81.5 | 459157.7 | 5662747.7 |
| 4110 | B | K | 10.4 | 321.9 | 26 | 0:19:04 | 38.8 | 459165.7 | 5663134.8 |
| 4110 | C | K | 38.4 | 620.0 | 26 | 0:19:40 | 39.8 | 459172.3 | 5663858.1 |
| 4110 | D | N | 38.4 | 620.0 | 26 | 0:19:43 | 41.8 | 459172.2 | 5663906.6 |
| 4110 | E | K | 64.8 | 805.1 | 26 | 0:19:57 | 75.0 | 459160.6 | 5664172.6 |
| 4110 | F | K | 23.4 | 483.8 | 26 | 0:20:10 | 48.1 | 459158.2 | 5664385.2 |
| 4110 | G | K | 12.2 | 349.8 | 26 | 0:20:23 | 57.4 | 459158.7 | 5664699.9 |
| 4110 | H | K | 3.3 | 181.6 | 26 | 0:20:39 | 60.4 | 459169.1 | 5665086.5 |
| 4110 | A | K | 2.1 | 144.8 | 26 | 0:04:19 | 47.3 | 459266.4 | 5665018.2 |
| 4110 | B | N | 10.6 | 325.7 | 26 | 0:04:28 | 36.8 | 459280.7 | 5664855.8 |
| 4110 | C | K | 13.8 | 371.7 | 26 | 0:04:44 | 45.6 | 459277.4 | 5664610.1 |
| 4110 | D | K | 18.9 | 435.0 | 26 | 0:05:08 | 46.3 | 459270.5 | 5664363.6 |
| 4110 | E | K | 27.7 | 526.7 | 26 | 0:05:18 | 45.4 | 459267.8 | 5664309.1 |
| 4110 | F | K | 53.7 | 732.7 | 26 | 0:05:57 | 34.2 | 459264.3 | 5664119.4 |
| 4110 | G | K | 40.8 | 639.1 | 26 | 0:06:06 | 33.9 | 459265.9 | 5664089.3 |
| 4110 | H | K | 20.5 | 452.9 | 26 | 0:06:34 | 47.3 | 459269.4 | 5663993.3 |
| 4110 | I | K | 34.3 | 585.8 | 26 | 0:06:48 | 43.6 | 459271.0 | 5663872.6 |
| 4110 | J | K | 14.2 | 377.4 | 26 | 0:07:31 | 48.7 | 459265.2 | 5663468.1 |
| 4110 | K | K | 4.7 | 216.8 | 26 | 0:08:05 | 51.4 | 459269.6 | 5663173.8 |
| 4110 | L | K | 13.2 | 363.3 | 26 | 0:08:22 | 59.4 | 459269.3 | 5662915.1 |
| 4110 | M | K | 15.2 | 389.8 | 26 | 0:08:36 | 69.3 | 459266.9 | 5662614.4 |
| 4110 | N | K | 0.6 | 78.4 | 26 | 0:10:37 | 49.8 | 459251.2 | 5661631.9 |
| 4110 | A | K | 6.8 | 261.0 | 26 | 0:01:45 | 74.2 | 459369.4 | 5662610.8 |
| 4110 | B | K | 14.5 | 380.4 | 26 | 0:02:14 | 45.8 | 459358.6 | 5663152.0 |
| 4110 | C | K | 48.1 | 693.8 | 26 | 0:02:42 | 33.3 | 459365.1 | 5663704.1 |
| 4110 | D | K | 25.6 | 506.1 | 26 | 0:02:59 | 74.5 | 459364.3 | 5664110.3 |
| 4110 | E | K | 27.7 | 525.8 | 26 | 0:03:02 | 69.0 | 459364.3 | 5664161.3 |
| 4110 | F | K | 26.5 | 515.2 | 26 | 0:03:23 | 61.7 | 459362.3 | 5664601.9 |
| 4110 | G | K | 4.8 | 218.8 | 26 | 0:03:33 | 58.5 | 459361.4 | 5664836.0 |
| 4110 | H | K | 1.6 | 128.0 | 26 | 0:03:41 | 56.8 | 459359.8 | 5665009.2 |
| 4110 | A | K | 42.4 | 651.1 | 26 | 23:44:52 | 33.7 | 459471.9 | 5664577.5 |
| 4110 | B | K | 27.6 | 525.5 | 26 | 23:47:19 | 39.2 | 459463.0 | 5664036.3 |
| 4110 | A | K | 28.6 | 534.6 | 26 | 23:49:21 | 48.4 | 459473.5 | 5663641.1 |
| 4110 | B | K | 39.0 | 624.4 | 26 | 23:49:46 | 53.0 | 459465.6 | 5663246.6 |
| 4110 | C | N | 6.3 | 251.0 | 26 | 23:50:13 | 73.2 | 459470.3 | 5662768.9 |
| 4110 | D | K | 6.3 | 251.0 | 26 | 23:50:19 | 62.5 | 459473.4 | 5662655.7 |
| 4110 | E | K | 0.6 | 75.5 | 26 | 23:51:19 | 59.9 | 459471.9 | 5662100.1 |
| 4110 | F | K | 0.8 | 87.8 | 26 | 23:52:57 | 68.7 | 459466.4 | 5661462.6 |

# APPENDIX 5: AEROTEM DESIGN CONSIDERATIONS

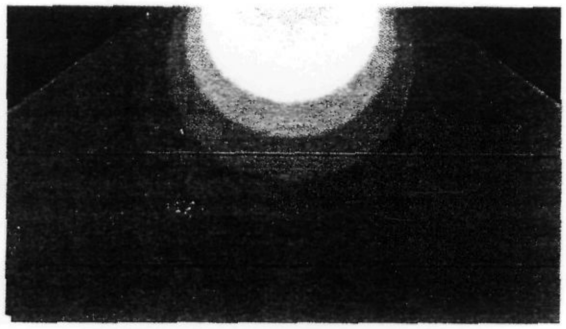
Helicopter-borne EM systems offer an advantage that cannot be matched from a fixed-wing platform. The ability to fly at slower speed and collect data with high spatial resolution, and with great accuracy, means the helicopter EM systems provide more detail than any other EM configuration, airborne or ground-based. Spatial resolution is especially important in areas of complex geology and in the search for discrete conductors. With the advent of helicopter-borne high-moment time domain EM systems the fixed wing platforms are losing their *only* advantage – depth penetration.

### *Advantage 1 – Spatial Resolution*

The AeroTEM system is specifically designed to have a small footprint. This is accomplished through the use of concentric transmitter-receiver coils and a relatively small diameter transmitter coil (5 m). The result is a highly focused exploration footprint, which allows for more accurate "mapping" of discrete conductors. Consider the transmitter primary field images shown in Figure 1, for AeroTEM versus a fixed-wing transmitter.



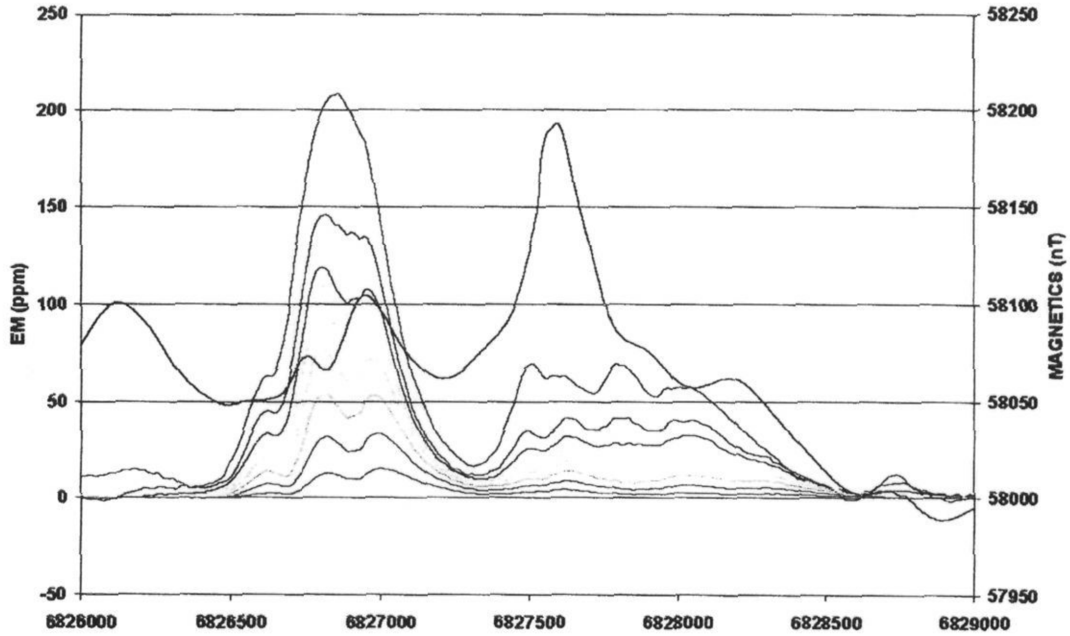
The footprint of AeroTEM at the earth's surface is roughly 50m on either side of transmitter



The footprint of a fixed-wing system is roughly 150 m on either side of the transmitter

***Figure 1. A comparison of the footprint between AeroTEM and a fixed-wing system, highlights the greater resolution that is achievable with a transmitter located closer to the earth's surface. The AeroTEM footprint is one third that of a fixed-wing system and is symmetric, while the fixed-wing system has even lower spatial resolution along the flight line because of the separated transmitter and receiver configuration.***

At first glance one may want to believe that a transmitter footprint that is distributed more evenly over a larger area is of benefit in mineral exploration. In fact, the opposite is true; by energizing a larger surface area, the ability to energize and detect discrete conductors is reduced. Consider, for example, a comparison between AeroTEM and a fixed-wing system over the Mesamax Deposit (1,450,000 tonnes of 2.1% Ni, 2.7% Cu, 5.2 g/t Pt/Pd). In a test survey over three flight lines spaced 100 m apart, AeroTEM detected the Deposit on all three flight lines. The fixed-wing system detected the Deposit only on two flight lines. In exploration programs that seek to expand the flight line spacing in an effort to reduce the cost of the airborne survey, discrete conductors such as the Mesamax Deposit can go undetected. The argument often put forward in favour of using fixed-wing systems is that because of their larger footprint, the flight line spacing can indeed be widened. Many fixed-wing surveys are flown at 200 m or 400 m. Much of the survey work performed by Aeroquest has been to survey in areas that were previously flown at these wider line spacings. One of the reasons for AeroTEM's impressive discovery record has been the strategy of flying closely spaced lines and finding all the discrete near-surface conductors. These higher resolution surveys are being flown within existing mining camps, areas that improve the chances of discovery.



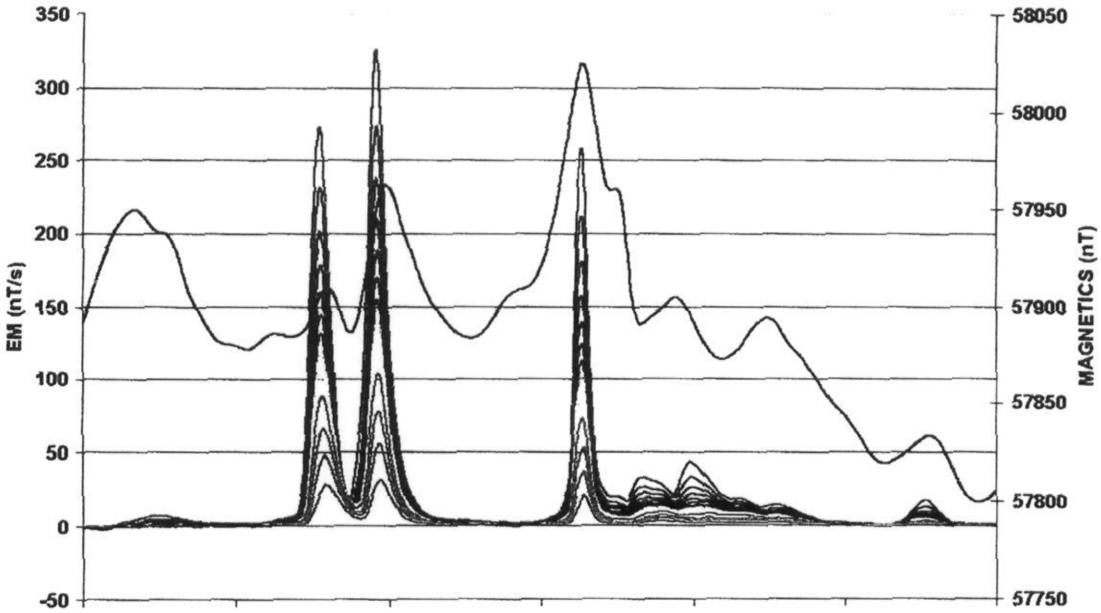




***Figure 2. Fixed-wing (upper) and AeroTEM (lower) comparison over the eastern limit of the Mesamax Deposit, a Ni-Cu-PGE zone located in the Raglan nickel belt and owned by Canadian Royalties. Both systems detected the Deposit further to the west where it is closer to surface.***

The small footprint of AeroTEM combined with the high signal to noise ratio (S/N) makes the system more suitable to surveying in areas where local infrastructure produces electromagnetic noise, such as power lines and railways. In 2002 Aeroquest flew four exploration properties in the Sudbury Basin that were under option by FNX Mining Company Inc. from Inco Limited. One such property, the Victoria Property, contained three major power line corridors.

The resulting AeroTEM survey identified all the known zones of Ni-Cu-PGE mineralization, and detected a response between two of the major power line corridors but in an area of favorable geology. Three boreholes were drilled to test the anomaly, and all three intersected sulphide. The third borehole encountered 1.3% Ni, 6.7% Cu, and 13.3 g/t TPMs over 42.3 ft. The mineralization was subsequently named the Powerline Deposit.

The success of AeroTEM in Sudbury highlights the advantage of having a system with a small footprint, but also one with a high S/N. This latter advantage is achieved through a combination of a high-moment (high signal) transmitter and a rigid geometry (low noise). Figure 3 shows the Powerline Deposit response and the response from the power line corridor at full scale. The width of power line response is less than 75 m.

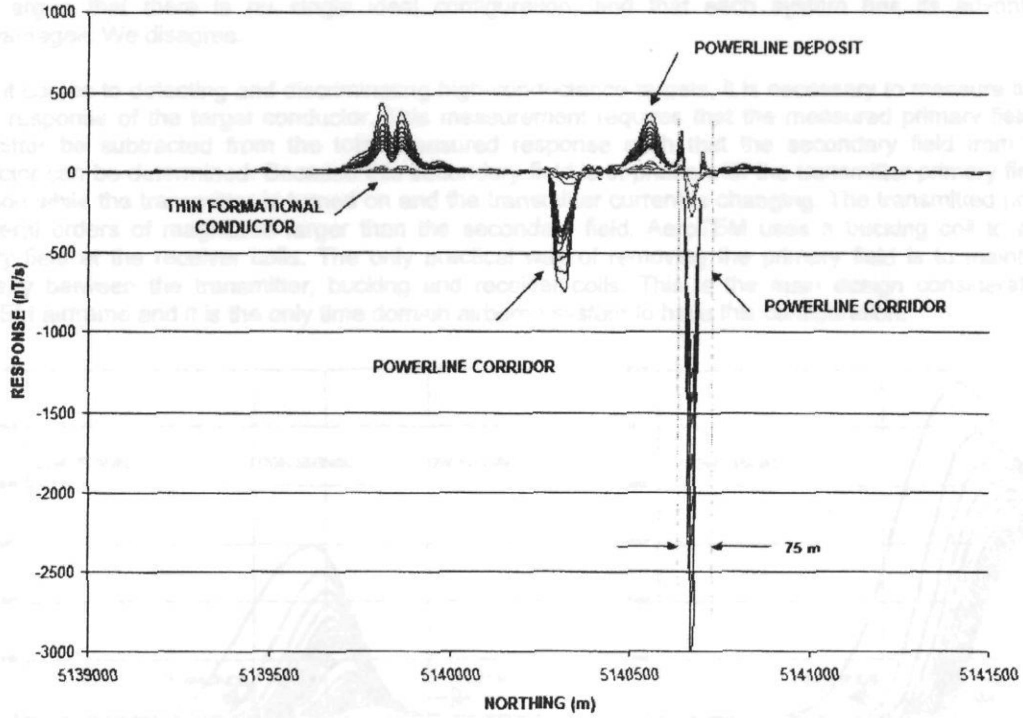



***Figure 3. The Powerline Deposit is located between two major power line corridors, which make EM surveying problematic. Despite the strong response from the power line, the anomaly from the Deposit is clearly detected. Note the thin formational conductor located to the south. The only way to distinguish this response from that of two closely spaced conductors is by interpreting the X-axis coil response.***

***Advantage 2 – Conductance Discrimination***

The AeroTEM system features full waveform recording and as such is able to measure the on-time response due to high conductance targets. Due to the processing method (primary field removal), there is attenuation of the response with increasing conductance, but the AeroTEM on-time measurement is still superior to systems that rely on lower base frequencies to detect high conductance targets, but do not measure in the on-time.

The peak response of a conductive target to an EM system is a function of the target conductance and the EM system base frequency. For time domain EM systems that measure only in the off-time, there is a drop in the peak response of a target as the base frequency is lowered for all conductance values below the peak system

This is known as a minimum coupled configuration, and provides information on conductor orientation and thickness. These two coil configurations combined provide important information on the position, orientation, depth, and thickness of a conductor that cannot be matched by the traditional geometries of the HEM or fixed-wing systems. The responses are free from a system geometric effect and can be easily compared to model type curves in most cases. In other words, AeroTEM data is very easy to interpret. Consider, for example, the following modeled profile:

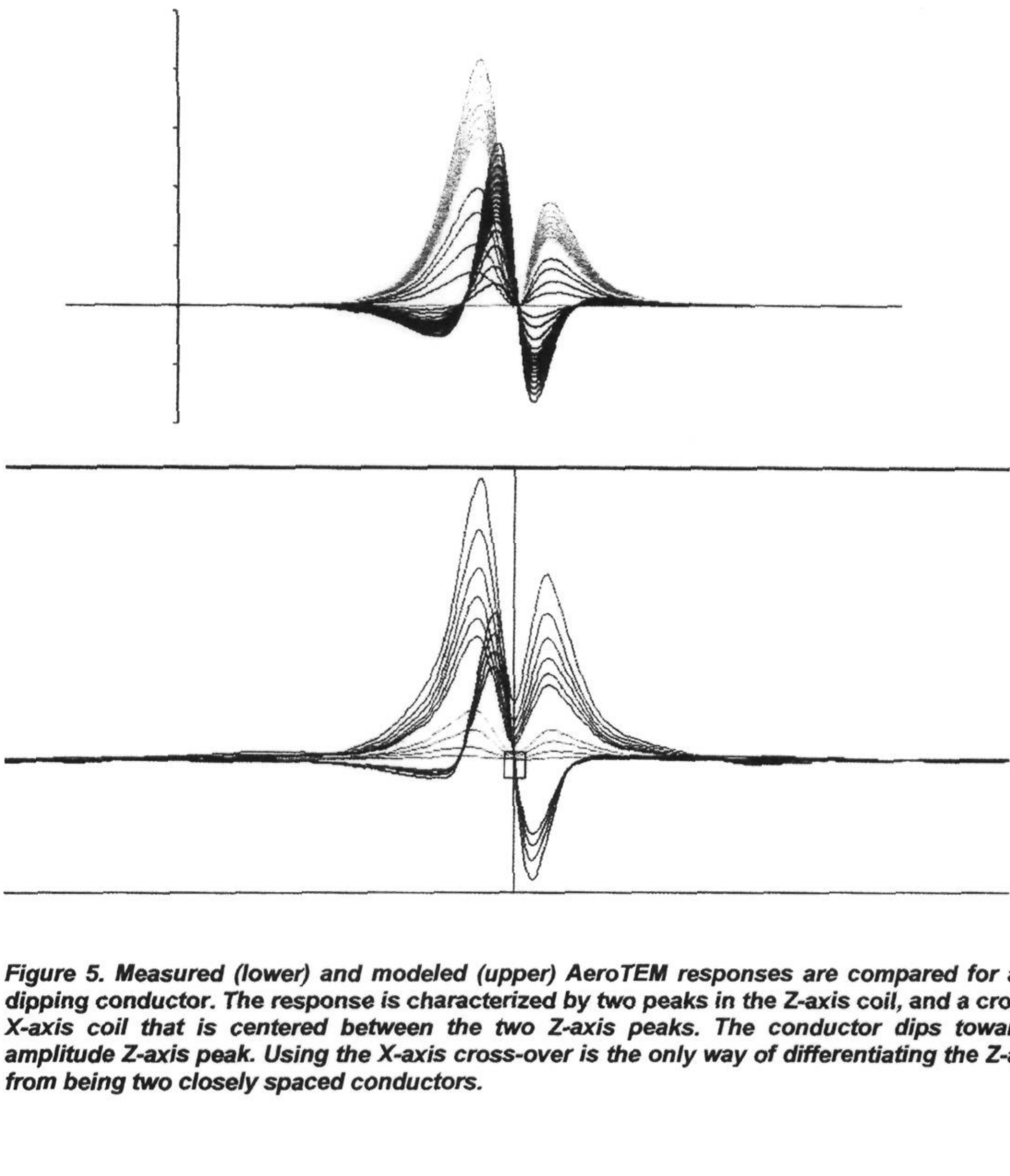


***Figure 5. Measured (lower) and modeled (upper) AeroTEM responses are compared for a thin steeply dipping conductor. The response is characterized by two peaks in the Z-axis coil, and a cross-over in the X-axis coil that is centered between the two Z-axis peaks. The conductor dips toward the higher amplitude Z-axis peak. Using the X-axis cross-over is the only way of differentiating the Z-axis response from being two closely spaced conductors.***

***HEM versus AeroTEM***

Traditional helicopter EM systems operate in the frequency domain and benefit from the fact that they use narrowband as opposed to wide-band transmitters. Thus all of the energy from the transmitter is concentrated in a few discrete frequencies. This allows the systems to achieve excellent depth penetration (up to 100 m) from a transmitter of modest power. The Aeroquest Impulse system is one implementation of this technology.

The AeroTEM system uses a wide-band transmitter and delivers more power over a wide frequency range. This frequency range is then captured into 16 time channels, the early channels containing the high frequency information and the late time channels containing the low frequency information down to the system base frequency. Because frequency domain HEM systems employ two coil configurations (coplanar and coaxial) there are only a maximum of three comparable frequencies per configuration, compared to 16 AeroTEM off-time and 12 AeroTEM on-time channels.

Figure 6 shows a comparison between the Dighem HEM system (900 Hz and 7200 Hz coplanar) and AeroTEM (Zaxis) from surveys flown in Raglan, in search of highly conductive Ni-Cu-PGM sulphide. In general, the AeroTEM peaks are sharper and better defined, in part due to the greater S/N ratio of the AeroTEM system over HEM, and also due to the modestly filtered AeroTEM data compared to HEM. The base levels are also better defined in the AeroTEM data. AeroTEM filtering is limited to spike removal and a 5-point smoothing filter. Clients are also given copies of the raw, unfiltered data.

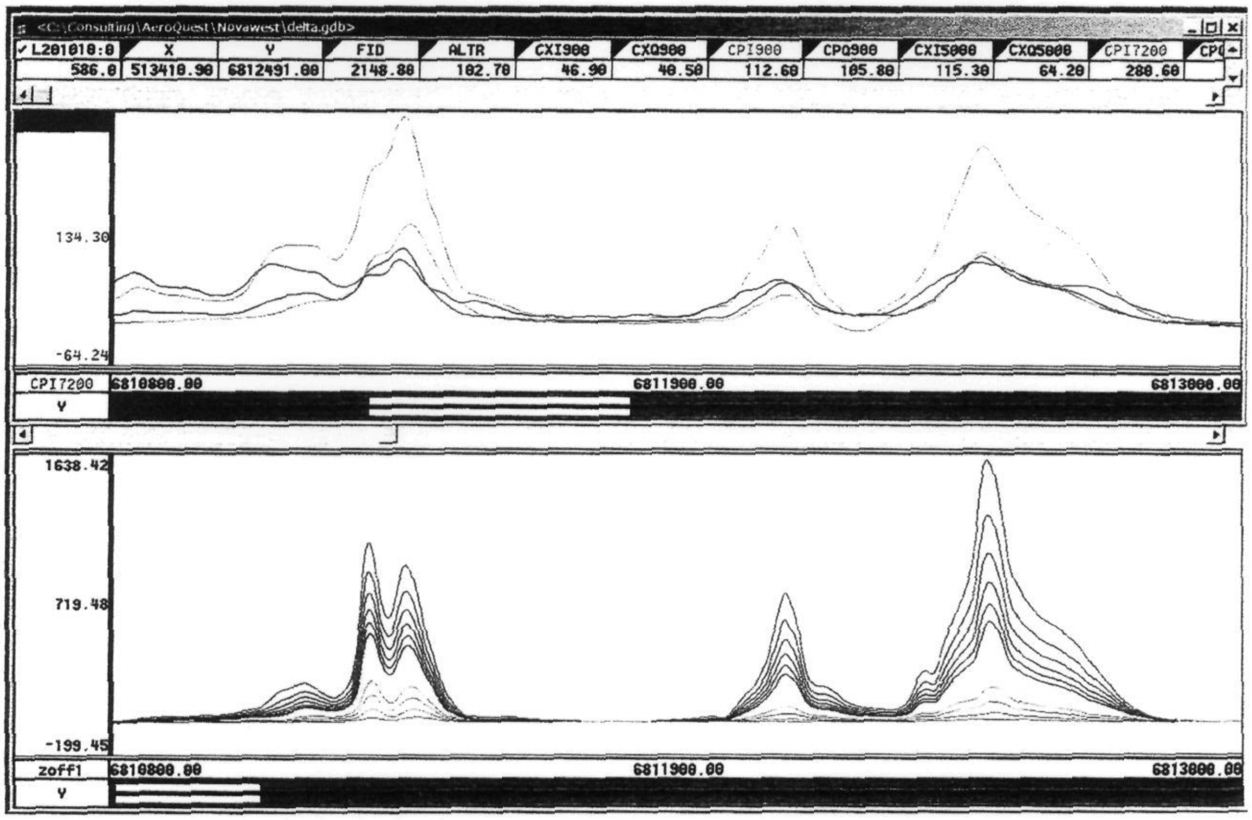



***Figure 6. Comparison between Dighem HEM (upper) and AeroTEM (lower) surveys flown in the Raglan area. The AeroTEM responses appear to be more discrete, suggesting that the data is not as heavily filtered as the HEM data. The S/N advantage of AeroTEM over HEM is about 5:1.***

**Aeroquest Limited is grateful to the following companies for permission to publish some of the data from their respective surveys: Wolfden Resources, FNX Mining Company Inc, Canadian Royalties, Nova West Resources, Aurogin Resources, Spectrem Air. Permission does not imply an endorsement of the AeroTEM system by these companies.**

## APPENDIX 6: AEROTEM INSTRUMENTATION SPECIFICATION SHEET

# AEROTEM Helicopter Electromagnetic System

### System Characteristics

- Transmitter: Triangular Pulse Shape Base Frequency 150 Hz
- Tx On Time - 1,150 (150 Hz) μs
- Tx Off Time - 2,183 (150 Hz) μs
- Loop Diameter - 5 m
- Peak Current - 250 A
- Peak Moment - 38,800 NIA
- Typical Z Axis Noise at Survey Speed = 5 nT peak to peak
- Sling Weight: 270 Kg
- Length of Tow Cable: 40 m
- Bird Survey Height: 30 m nominal

### Receiver

- Two Axis Receiver Coils (x, z) positioned at centre of transmitter loop
- Selectable Time Delay to start of first channel 21.3 , 42.7, or 64.0 ms

### Display & Acquisition

- AERODAS Digital recording at 120 samples per decay curve at a maximum of 300 curves per second (27.778μs channel width)
- RMS Channel Widths: 52.9,132.3, 158.7, 158.7, 317.5, 634.9 μs
- Recording & Display Rate = 10 readings per second.
- On-board display - six channels Z-component and 1 X-component

### System Considerations

Comparing a fixed-wing time domain transmitter with a typical moment of 500,000 NIA flying at an altitude of 120 m with a Helicopter TDEM at 30 m, notwithstanding the substantial moment loss in the airframe of the fixed wing, the same penetration by the lower flying helicopter system would only require a sixty-fourth of the moment. Clearly the AeroTEM system with nearly 40,000 NIA has more than sufficient moment. The airframe of the fixed wing presents a response to the towed bird, which requires dynamic compensation. This problem is non-existent for AeroTEM since transmitter and receiver positions are fixed. The AeroTEM system is completely portable, and can be assembled at the survey site within half a day.

## APPENDIX # A3: Geophysical AEROTEM #2

*Aeroquest Job # C2007-501*

**On**

**PELLAIRE Project**

**NTS 092O/04**

**For**

**ZELON CHEMICALS LTD**

# GEOPHYSICAL INTERPRETATION
OF AEROTEM SYSTEM ELECTROMAGNETIC
& MAGNETIC SURVEY DATA

**Aeroquest Job # C2007-501**

**Pellaire Project**
Mount Taseko Area, British Columbia
NTS 092O04

For

## ZELON CHEMICALS LTD.

by

AEROQUEST INTERNATIONAL
ADVANCED AIRBORNE GEOPHYSICS

7687 Bath Road,
Mississauga, ON, L4T 3T1
Tel: (905) 672-9129
Fax: (905) 672-7083
www.aeroquest.ca

Report date: October 2007

# GEOPHYSICAL INTERPRETATION
## OF AEROTEM SYSTEM ELECTROMAGNETIC & MAGNETIC SURVEY DATA

| | |
|---|---|
| Client: | Zelon Chemicals |
| Property / Zone/ line kms: | Pellaire Property, BC / Entire Survey/ 89 line-kms. |
| Prospective for: | Hydrothermal Vein Mineralisation: Gold |
| System: | AeroTEM II (Bravo system) |
| Survey flown: | June 23, 2007 |
| Interpretation date: | October 20-31, 2007 |
| Original survey job #: | 07-103 |
| Interpretation job #: | C2007-501 |
| Interpretation by: | Matthew Pozza, M.Sc. and Jonathan Rudd, P.Eng. |
| Number of pages: | 36 (including appendix). |

by

AEROQUEST INTERNATIONAL
ADVANCED AIRBORNE GEOPHYSICS

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Report date: October 2007

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# INTRODUCTION

This document presents a geophysical interpretation, conducted on behalf of Zelon Chemicals on their AeroTEM II helicopter-borne time-domain electromagnetic and magnetic dataset acquired over their Pellaire property, near Gold Bridge, British Columbia (Figure 1). The additional data processing carried out in order to facilitate the interpretation is also described. For details on the specifications and interpretive considerations of the AeroTEM system please refer to Appendix 1.

The survey was flown over the Pellaire claims in June, 2007 and totaled just 89 line-kilometres (Figure 2). The magnetic and electromagnetic systems were suspended from a helicopter platform to produce high-resolution data sets with excellent depth of exploration. The survey was flown at 100 m line spacing in a N-S flight direction. Nominal EM bird terrain clearance was 30 m. For detailed survey logistics please refer to the original survey report: Report on helicopter-borne electromagnetic and magnetic survey, Pellaire property, Aeroquest Job # 07-103.

All data coordinates are given in UTM zone 10N, using the NAD83 datum. Digital deliverables included with this report include two 1;10,000 scale map plates. Each maps plate has four data views (panels). A full description of the delivered digital products is presented in Appendix 4.

## Target model

The principal exploration model is epigenetic gold. The Pellaire Silver and Gold deposit, located just west of the survey block, falls in this category. The Pellaire mineralization is typical of a vein-style epithermal deposit. For more information on the Pellaire deposit geology please refer to Appendix 2. For a generalised target model description refer to Appendix 3.

As a geophysical target, this deposit is very challenging as it is not expected to produce a direct EM (conductive) response or a primary magnetic response. This is expected due to the disseminated nature and small percentage of the polymetals within the hosting quartz veins. Although the geophysical signature of the deposit is not available to the authors, its origin is controlled by the faulting of the bedrock which may be revealed by the magnetic survey data. Mapping lithomagnetic units in the survey area may also aid exploration efforts which should aid as the magnetism associated with the Pellaire deposit is poorly understood. There may be a magnetic signature of the host rock or there may be associated areas of magnetic alteration in the vicinity of the deposit (propylitization, alunitization, argillization, silicification).

The survey area is also prospective for other styles of gold and silver mineralization which would be expected to produce a direct conductive and/or magnetic geophysical response (i.e. Figure 3). Therefore anomalous EM responses with corresponding favourable magnetic signatures may be responding to mineralisation and should be examined for exploration potential.

## Strategy

In order to aid in the structural and geological understanding of the area this report focuses on a magnetic litho-structural interpretation of the airborne data in order to map / identify:

- Broad-scale Magnetic lineaments that may be expressing faults/ fractures or some other major structural or tectonic boundary
- Magnetic contacts in the lithology which define the edges of magnetic geological bodies and/or abrupt changes of magnetic mineral content of the geology.
- Linear or curvilinear magnetic body axes
- Broad magnetic bodies or zones of magnetic alteration. A lithomagnetic interpretation such as this attributes magnetic response to a geologic interpretation directly.

In addition, the AeroTEM EM data will be interpreted in conjunction with the above structural interpretation, in order to identify anomalous conductivity associations that may be attributable to mineralisation in a favourable geologic environment.

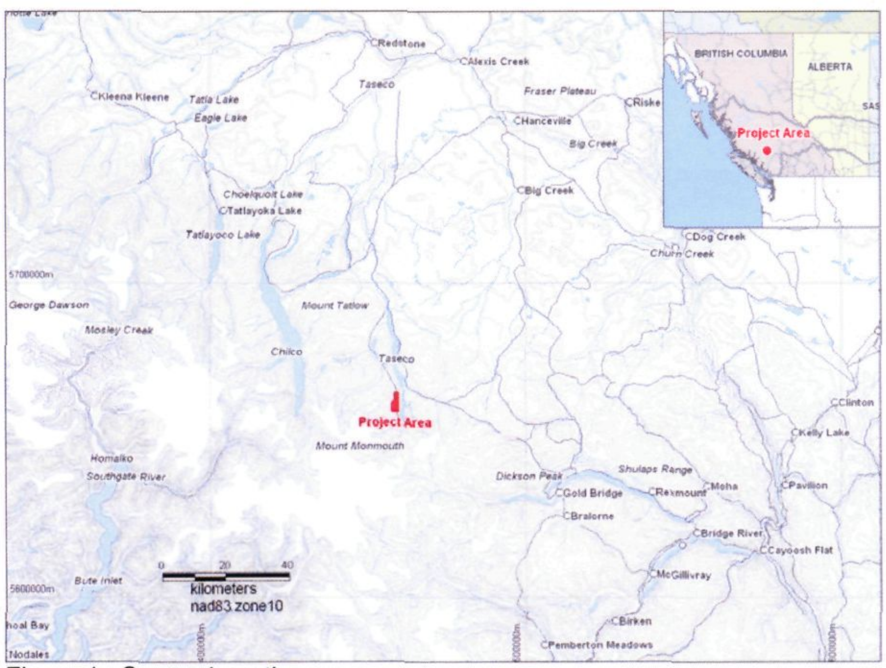


Figure 1. Survey Location

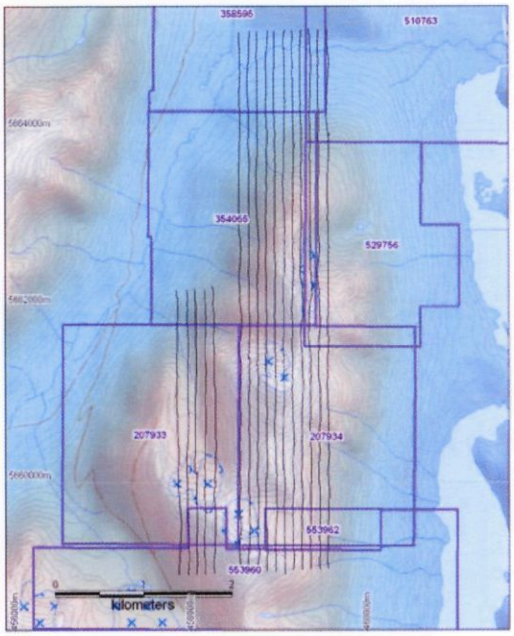



Figure 2. AeroTEM II survey flight path and mining claims.

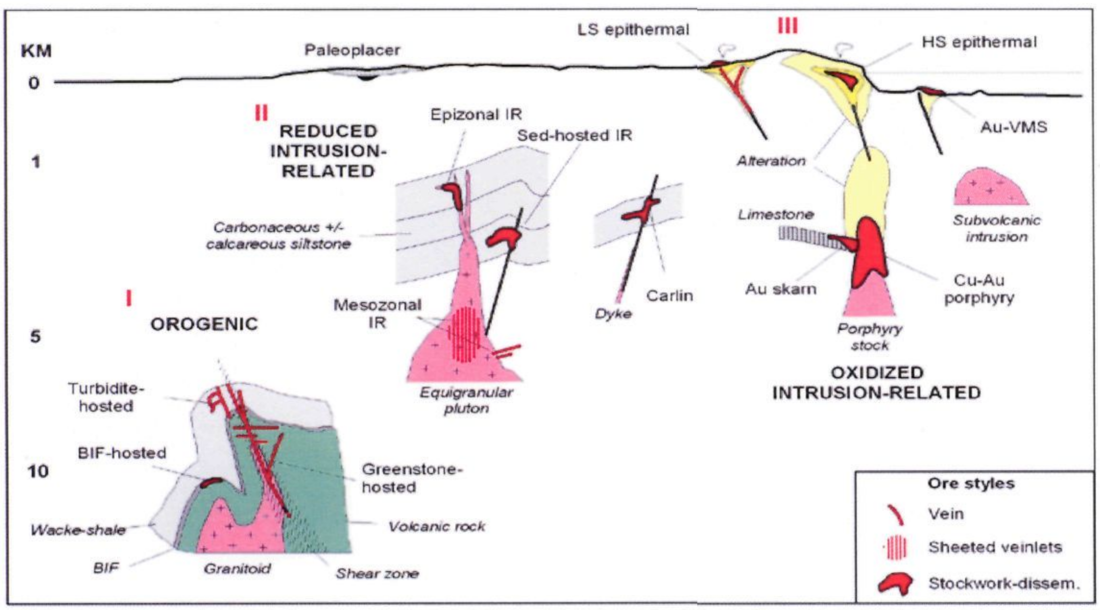



Figure 3. Main types of gold systems (Robert and Brommecker, 2007 )

# METHODOLOGY

## Magnetic data

### Structural Magnetic Lineament mapping

Structural trends and/or faulting were identified by looking for patterns in the magnetic data contours, colours and shading. Faults often appear as subtle linear magnetic lows that cut and displace other more prominent anomalies. Linear breaks or changes in the magnetic texture in the grid may also identify a fault or other structural boundary. The Reduced to Pole total magnetic field image (Figure 4A), is the primary parameter used for the structural lineament interpretation.

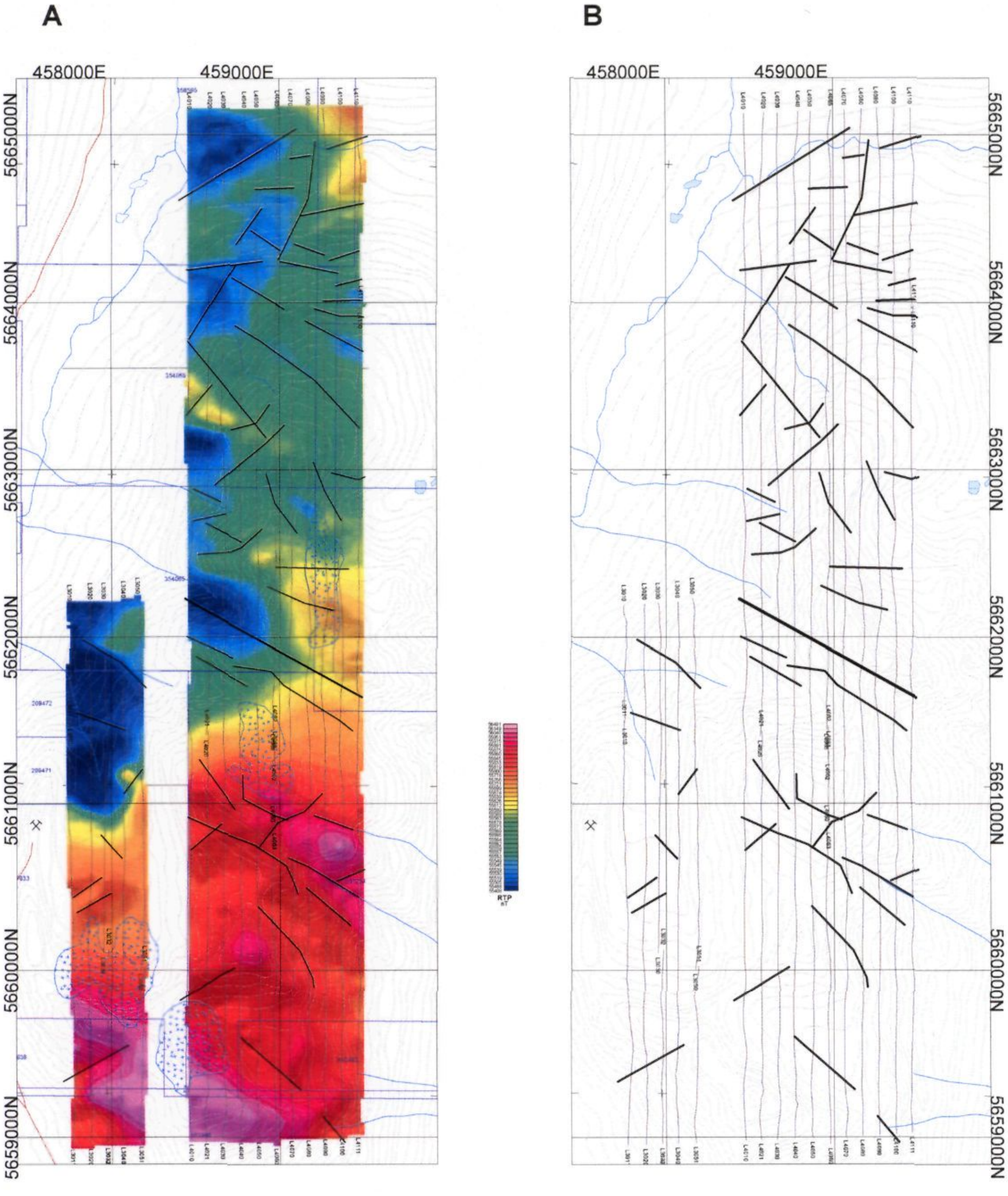



Figure 4. A – Shadowed total magnetic intensity reduced to the pole, with interpreted structural lineaments (solid black lines) overlain. B – Structural lineaments (solid black lines) over topographic base.

## Magnetic Contact / Axis Mapping

Magnetic contacts were mapped by a semi-automated method involving the calculation of the total horizontal derivative of the Tilt Derivative (HD-TDR). The calculation and utility of the HD-TDR is described in Verduzco et al. (1994). In addition to greatly enhancing the high-frequency content of the magnetic data, the HD-TDR has two primary advantages over other derivative products:

- the resulting grid is independent of the Earth's field inclination.
- the maxima in the grid are very sharp and are theoretically centred over magnetic contacts, or over narrow magnetic features such as dikes (refer to Figure 5)

To use these advantages for the purposes of contact mapping, the HD-TDR grid was calculated from the total field grid and then sampled back into the database as profiles. The local maxima in the HD-TDR profiles along the survey line were determined by an automated anomaly picking routine. These points were then plotted on a map as symbols. Interpreted contacts were then drawn by hand that honoured the HD-TDR peaks along the survey lines. These are presented as blue-dashed lines (Figure 6).

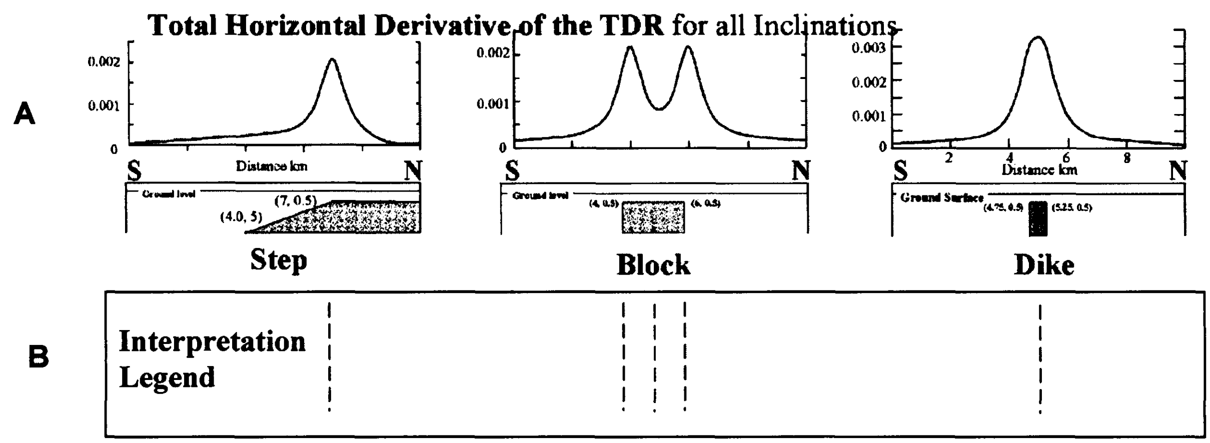



Figure 5. HD-TDR profiles across W-E striking 2-D models (Modified from Verduzco et al., 2004)

The axes, or centres, of the linear magnetic responses were mapped in a similar fashion by picking sharp linear minima, flanked by maxima. This process identified the centres of several subtle linear and curvilinear magnetic bodies. These are presented as red dashed lines on the interpretation overlay. The linears were created by tracing sharp linear minima trends from reverse grayscale image of the HD-TDR grid (Figure 6).

Figure 5B shows how the red dashed lines will mark the centre (or axis) of the magnetic 'block-model' source, while blue-dashed lines will represent the edges of the block model.

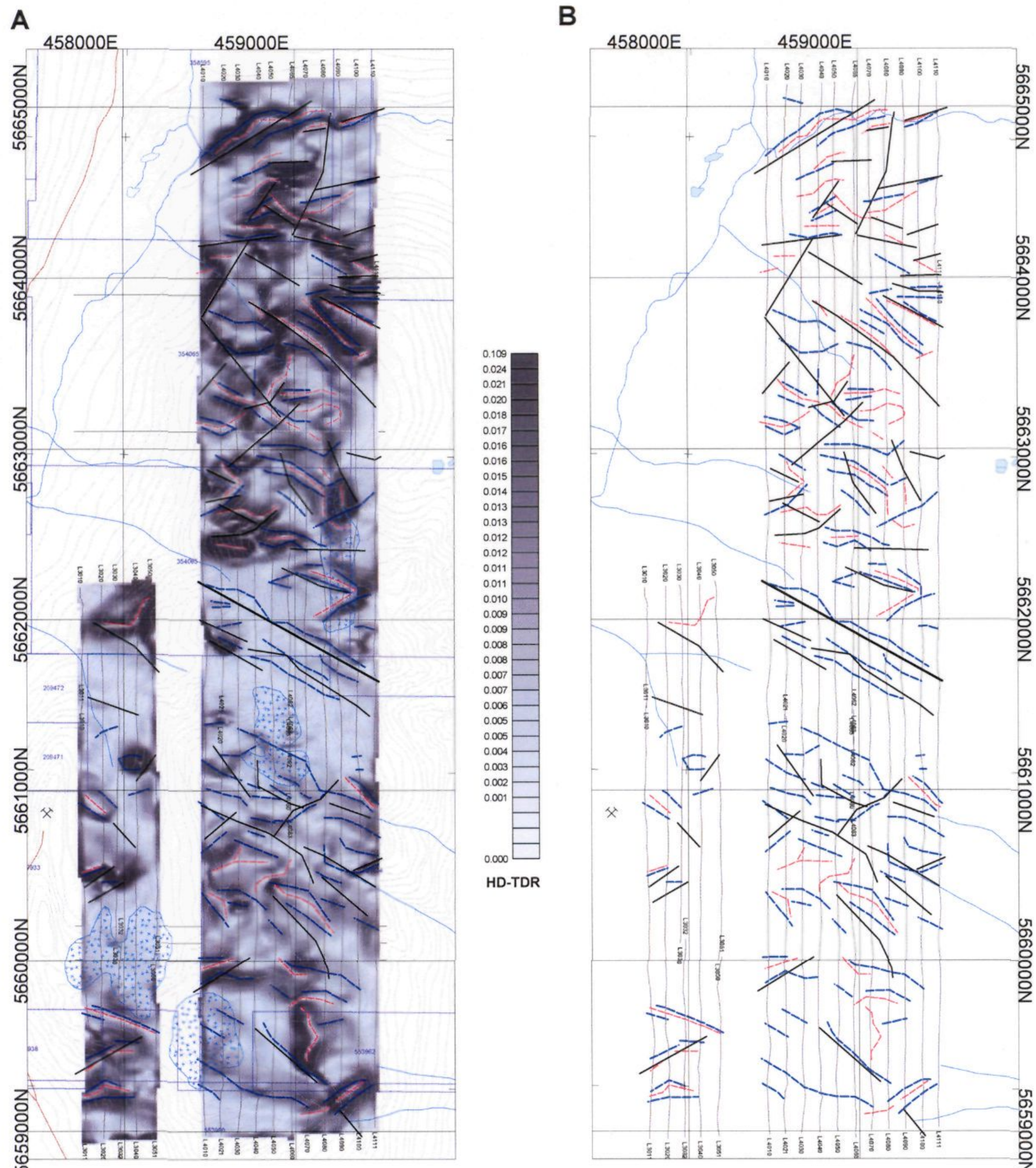



Figure 6. A- Reverse grayscale HD-TDR grid; B – Interpreted magnetic contacts (blue-dashed), axes (red-dashed), and lineaments (solid black).

## Magnetic body / Magnetic alteration mapping

In order to map the location and approximate extent of the most anomalous (non-linear) magnetic bodies the Analytic Signal grid was calculated from the measured total field grid. The Analytic Signal is useful for magnetic source interpretation since it produces broad maxima that are centred over the magnetic sources, regardless of the Earth's magnetic field orientation and/or possible remanent magnetism effects (Roest et al., 1992). The analytic signal grid can be thought of as a map of magnetization in the ground. Therefore, broad zones of high amplitude response may also indicate areas of magnetic alteration. The interpreted location and extent of the more strongly magnetized lithologies were drawn as red hatched polygons (Figure 7).

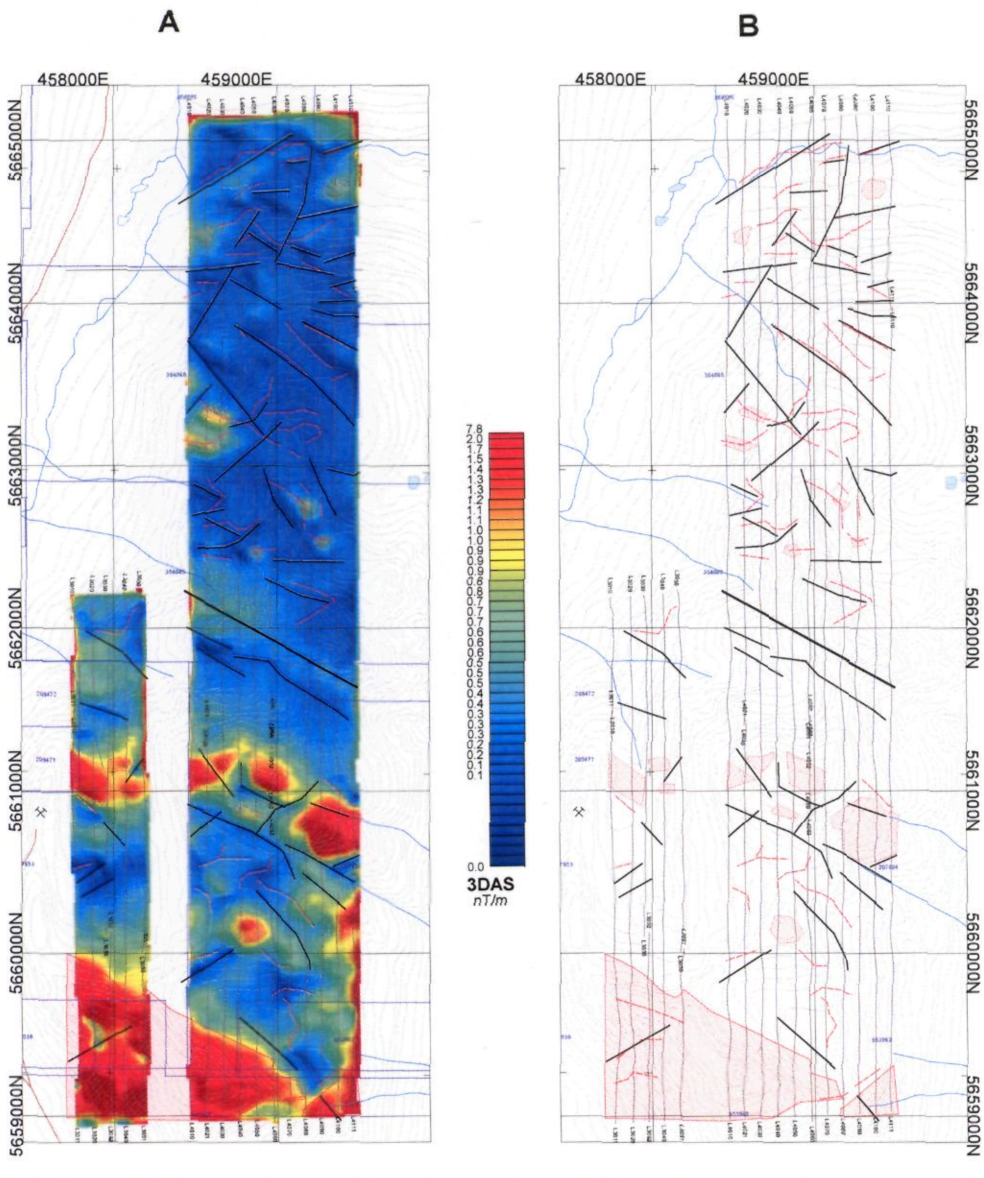



Figure 7. 3-D analytic signal map with an interpretation of the most magnetic zones overlain (red-hatched polygons). *Also overlain, are the interpreted structural lineaments from previous figures.* B- Magnetic Interpretation map.

# EM Data

## EM anomaly Centres

Apparent bedrock EM anomaly centres were interpreted with the aid of an auto-pick from positive peaks and troughs in the off-time Z channel responses correlated with X channel responses. The auto-picked anomalies were reviewed and edited by on a line by line basis in the database to discriminate between thin and thick conductor types. Anomaly pick locations were moved and removed as required.

## Weak EM Response Enhancement

Because weakly conductive geologic sources may be of great interest given the target model, even very weakly conductive EM responses (which may not normally be picked) have been included in this interpretation. The process was aided by the application of a Automatic Gain Control (AGC) filter on the Z0 grid. This process applies a variable multiplier to the signal component of a grid using a moving window in order to equalize its amplitude over the grid. The AGC filtered zoff0 grid is presented in Figure 8A.

At each conductor pick, estimates of the off-time conductance have been generated based on a horizontal plate source model for those data points along the line where the response amplitude is sufficient to yield an acceptable estimate. Several of the EM anomaly picks do not display a Tau value; this is due to the inability to properly define the decay of the conductor because of low signal amplitudes. Each conductor pick was then classified according to a set of seven ranges of calculated off-time conductance values. On the final 1:10,000 map each symbol is also given an identification letter label, unique to each flight line. Conductor picks that did not yield an acceptable estimate of off-time conductance due to a low amplitude response were classified as a low conductance source. Figure 8A shows the anomaly centres as circles symbols. The colour of the circle is classified according to the estimated source conductance.

## Automated Conductor Trending

In order to automate the interpretation of EM conductor axes, Aeroquest's AeroTEM Conductor Trending Algorithm (ACTA) was applied to the survey data. The ACTA result is presented in Figure 8B with the magnetic interpretation overlain. Blue areas are representative of the top edges of EM sources, while red areas represent thick conductors, or the down-dip extent of thin dipping conductors.

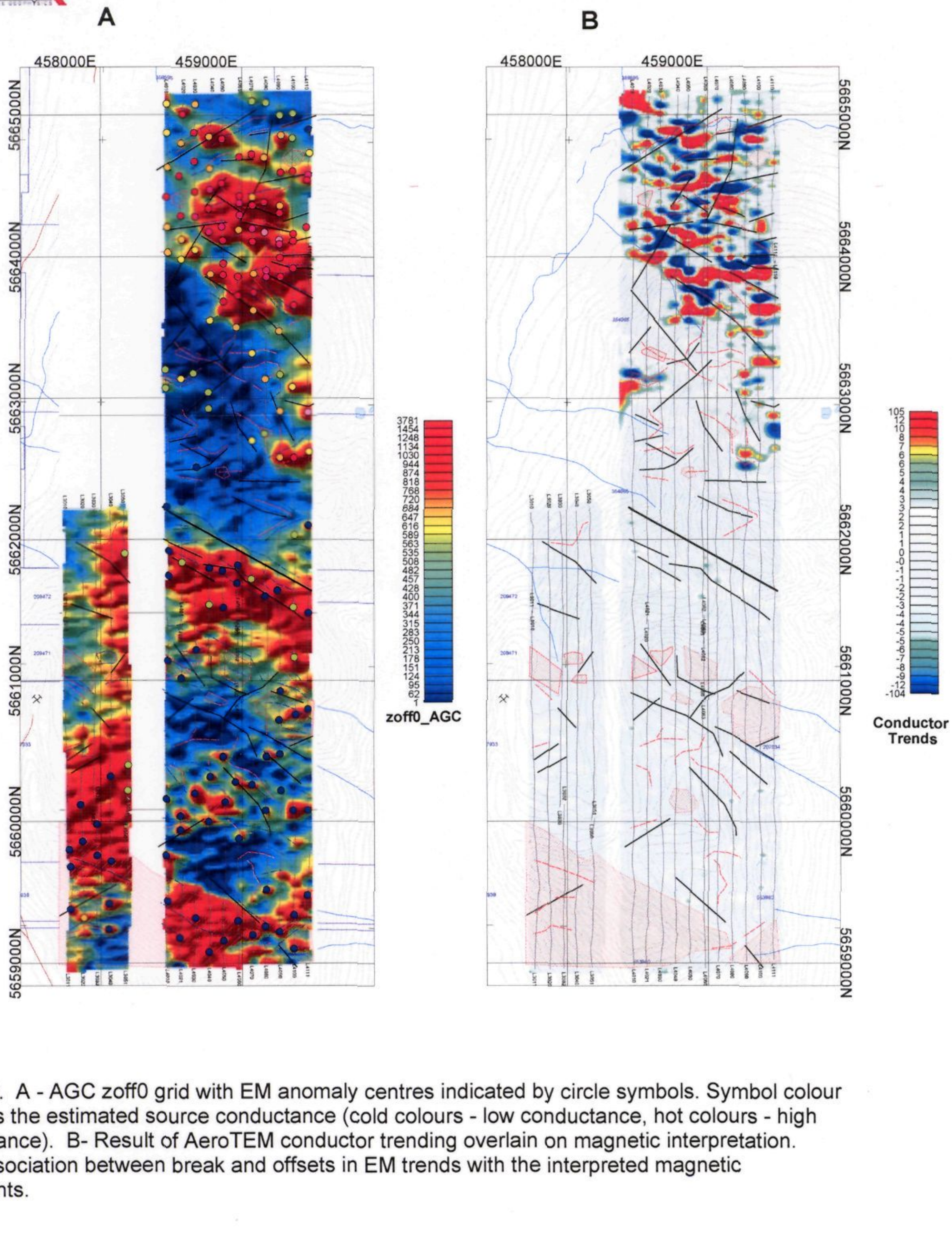



Figure 8. A - AGC zoff0 grid with EM anomaly centres indicated by circle symbols. Symbol colour indicates the estimated source conductance (cold colours - low conductance, hot colours - high conductance). B- Result of AeroTEM conductor trending overlain on magnetic interpretation. Note association between break and offsets in EM trends with the interpreted magnetic lineaments.

# RESULTS AND DISCUSSION

## Magnetic Data

The magnetic results indicate a generally higher magnetic mineral content in the southern portion of the survey area and lower to the north. This elevated response in the south is consistent with geologic information provided to the author identifying the presence of granodiorite in the south and sediments and volcanics in the north. The contact between the volcanics and the granodiorite appears to be mapped well in the magnetic data. 0

However, there are several exceptions. For example, there are several small (100-200m diameter) interpreted magnetic blocks approximately 300 m northeast of the Pellaire deposit and within the geologically mapped granodiorite (or near the mapped contact). This disjointed series of magnetic highs persist eastward across the survey area. These anomalous areas may represent different phases in the granodiorite, which have increased magnetite content due to a different phase of intrusion and/or alteration.

Several of the interpreted magnetic bodies appear to be cross-cut by subtle magnetic lineaments which can suggest faulting. Some of these bodies have a very weak EM response (Figure 8B), but nothing that would suggest discrete zones of mineralization. As the mapped boundaries of the bodies were qualitatively interpreted there is some uncertainty to the true shape and extent of the bodies. The contact lineaments (blue-dashed lines) may be used to aid in the determination of the probable extent and shape of the units at the surface.

The relatively quiescent nature of the total field and analytic signal response in the north is likely reflecting lower magnetite concentrations of the sedimentary rocks of the Taylor Creek Group and weakly anomalous area may be reflecting intermediate to mafic volcanic units. Several smaller and lower amplitude anomalous magnetic highs have been mapped in this area by the red-hatched polygons. Two of these indicated areas have clear associated EM-responses as discussed later.

The magnetic interpretation maps show that the dominant magnetic trends in the survey area are NW-SE (~ $120^0$) and NE-SW (~ $60^0$). The NW-SE trend is defined primarily by larger-scale magnetic sources and therefore is interpreted to be reflecting the main lithologic trend. Several of the NW-SE trends show a close association to topographic lineaments, which give further evidence of their geological significance (i.e. Figure 9). The SW-NE trend is more defined by truncation and/or offset of the individual lithogeologic features, so is interpreted to be reflecting a dominant structural fabric.

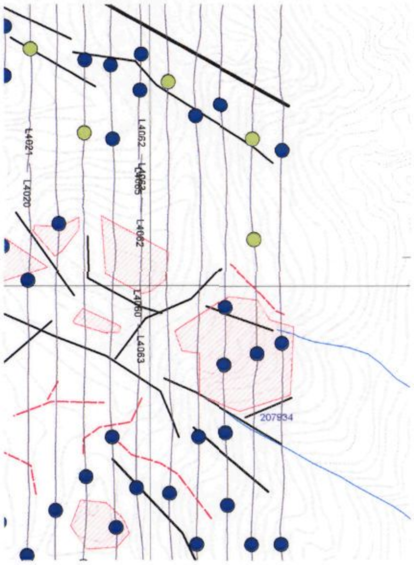


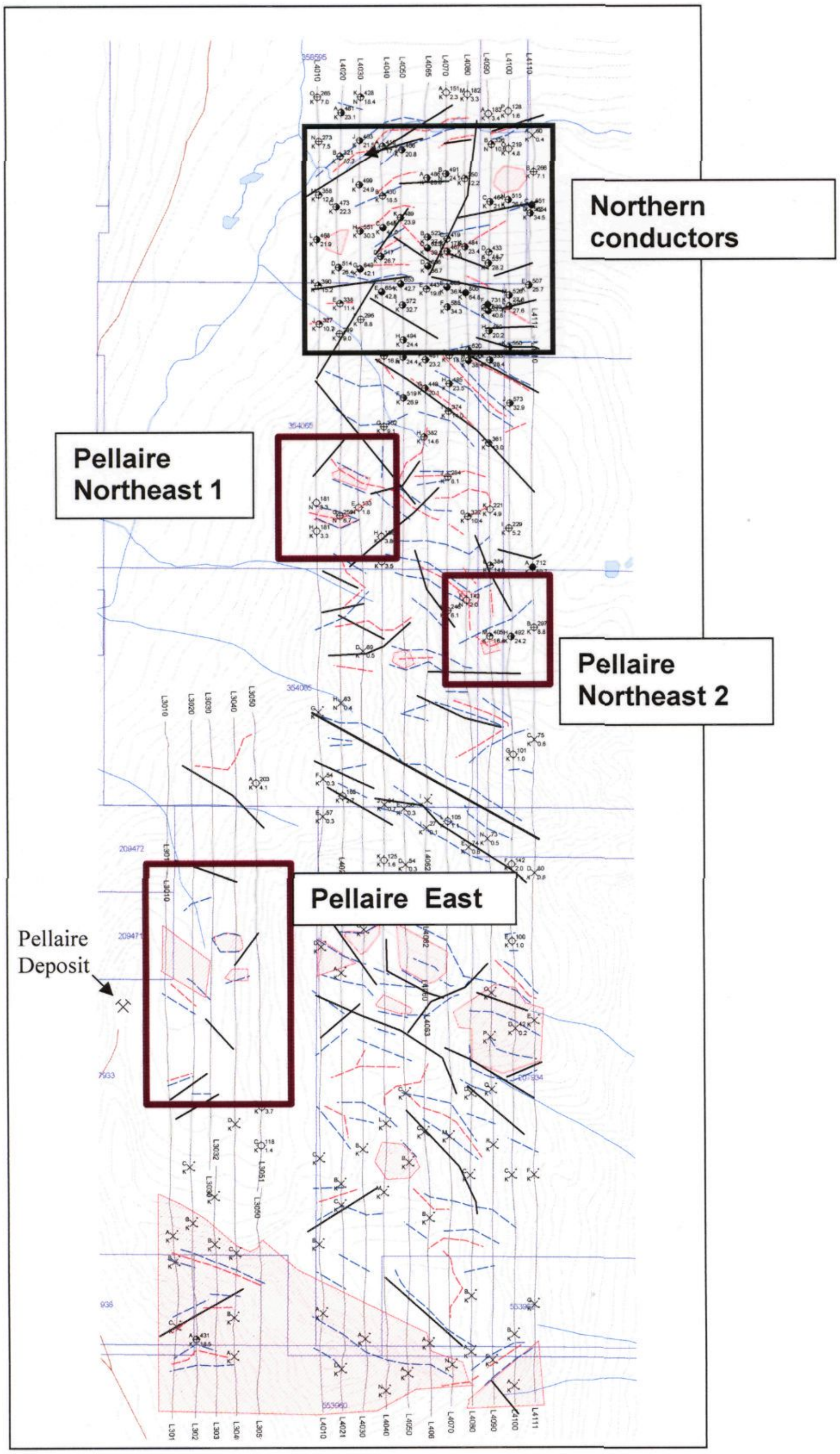
Figure 9. Close-up of the interpretation map in the east portion of the block. Note the correlation of the river valleys and (solid blue lines) and interpreted magnetic lineaments (solid black lines). Circle symbols indicate EM anomalies.

## Electromagnetic Data

The EM data has been aggressively interpreted to show all EM sources. These are shown as colour symbols on the figures and as black target symbols on the 1:10,000 map plates (classified according to conductance). It is likely that many of the more weakly conductive anomalies have surficial sources. Nevertheless, some of these responses can be reflective of bedrock features as many structures can have topographic expression. Where the EM responses correlate, or are associated with, magnetic trends or bodies, they have a much higher likelihood of a bedrock origin.

In the middle portion of the block (between 5661000N and 5662000N), there is a subtle, but broad EM trend that parallels several prominent magnetic lineaments. This EM trend is greatly enhanced by the AGC filtered zoff0 grid (Figure 8A). The shape of the EM response suggests a broad source which may or may not extend to depth. The possible sources would include weakly conductive lithology such as some sedimentary units, alteration, and even weakly conductive surficial cover. The fact that the EM response extends parallel to the magnetic trend and has no clear evidence of a surficial origin over its entire length (it extends across a saddle) suggests a bedrock source over at least a portion of its length.

Other areas that warrant further investigation and follow-up based on the geophysical data are presented below. Figure 10, shows the location of the four areas discussed.



Northern conductors
Pellaire Northeast 1
Pellaire Northeast 2
Pellaire East
Pellaire Deposit

Figure 10. Overview map of the recommended follow-up areas.

## Pellaire East

Just east of the Pellaire deposit we interpret 3 magnetic sources (Figure 11). In addition, there are SE and NE trending structures. This is clearly a complex geological area. Due to the close proximity to the known deposit, an understanding of the geology in this area and their accompanying geophysical signature is crucial for prioritising new targets. In particular the analytic signal anomalies (red-hatched areas) mapped just east of the mine near the granodiorite contact should be explained geologically (Figure 11). Ground follow-up in this area would be useful. Coordinates for magnetic units are 457748E / 5661112N and continue SE to 457875E / 5661031N. If no clear change in lithology at surface is evident it is possible that the source or change in magnetic mineral content is at depth. The magnetism of the rocks hosting the Pellaire veins should be investigated to see if an elevated host rock response is associated with the deposit. If a clear magnetic association exists, all mapped magnetic bodies in the area may have significant exploration interest.

Not many clear magnetic lineaments could be identified in this area, but those that have been, may aid in the structural understanding of the area (Figure 11).

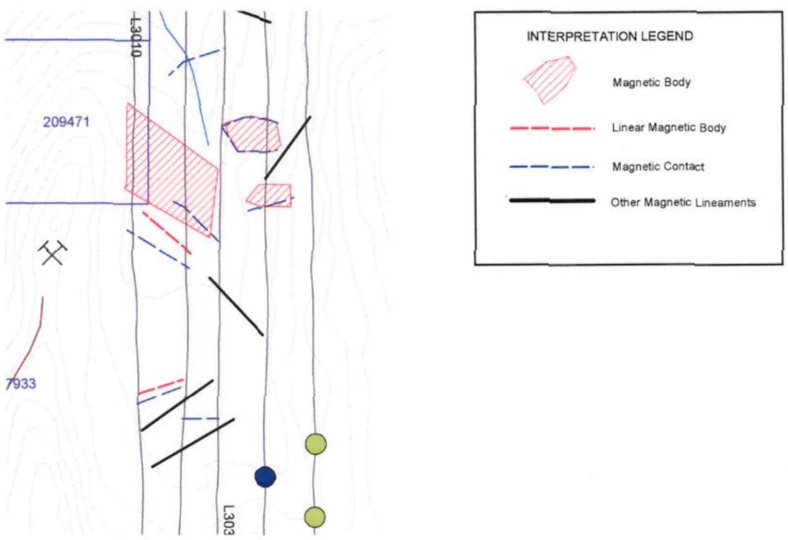



Figure 11. Geophysical Interpretation from the four lines of data just east of Pellaire deposit.

## Pellaire Northeast 1

This area shows a three-line EM bedrock response directly correlated with an interpreted magnetic body. Figure 12 shows the interpreted top edge of the EM conductor with a green-dashed line. The source is near surface, of low to moderate conductance, and is steeply dipping southwest. The anomaly should be ground-checked at 458568E / 5663138N. (NAD83) to see if favourable geology is present. If outcrop is not available at this point, transects should be made across the axis of the conductor top edge. The top edge strikes SW with co-ordinates defined by Table 1. Note that the down-dip heart of the EM source is interpreted to be approximately 100 m to the south of the top-edge axis..

| Point | Easting (NAD83) | Northing (NAD83) |
|---|---|---|
| 1 | 458458E | 5663193N |
| 2 | 458568E | 5663138N |
| 3 | 458656E | 5663165N |

Table 1. Points defining the top edge of EM conductor axis in Pellaire NE Area 1.

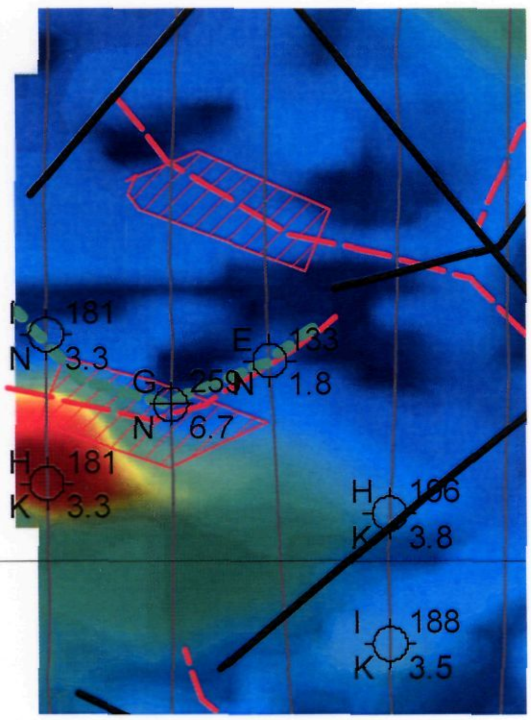



Figure 12. Northeast Area 1 – EM colour map (AGC zoff0), overlain with EM anomaly symbols and magnetic interpretation. Refer to Figure 10 for location.

## Pellaire Northeast 2

This is another area showing several co-incident magnetic and EM responses which should be ground checked for favourable geology. In particular, the EM conductor L4090M (anomaly M, Figure 13) indicates the centre of a north dipping conductor. The interpreted position where the conductor is near to surface (not indicated on the map) is at 459266E / 5662527, which directly correlates with an anomalous analytic signal response. This conductor has strike extent to the east (Anomalies, H, B, Figure 13). Conductor L10470F, (anomaly F, Figure 13) should also be ground-checked due to the correlating magnetic response. It is interpreted to be closest to surface at 459157E / 5662760N (NAD83).

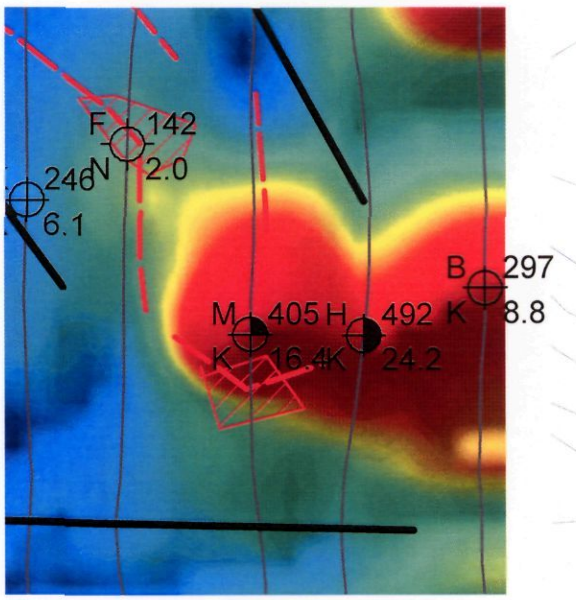



Figure 13. Northeast Area 1 – EM colour map (AGC zoff0), overlain with EM anomaly symbols and magnetic interpretation. Refer to Figure 10 for location.

## Northern Conductors

In contrast to the southern portion of the block, most of the northern portion of the block shows high amplitude and conductive EM responses. The sources of this response are generally interpreted to be related to conductive horizons within the Taylor Creek Group sedimentary rocks. The EM response is formational in nature, with high time-slice amplitudes and x-component responses typical of several closely spaced and shallow dipping (or flat lying) conductors.

The area is of interest since there are significant horizons of gosson visible from the air, therefore some responses in this area may be attributable to massive sulphide mineralisation. In addition, the large number of structural lineaments identified in this zone make this a favourable area for structurally related mineralisation. The ZOFF0 AGC product (Figure 8A, Figure 14) highlights an anomalously conductive zone in this region (for location refer to Figure 10).

The ACTA conductor trending map (Figure 8B, Figure 15), shows the apparent conductor axes within this area of elevated conductive response. Note how several of the magnetic structural lineaments correspond to break and offsets in the ACTA gird (arrows). This suggests that many of the mapped magnetic lineaments may be representative of faults which cut and displace the conductive horizons.

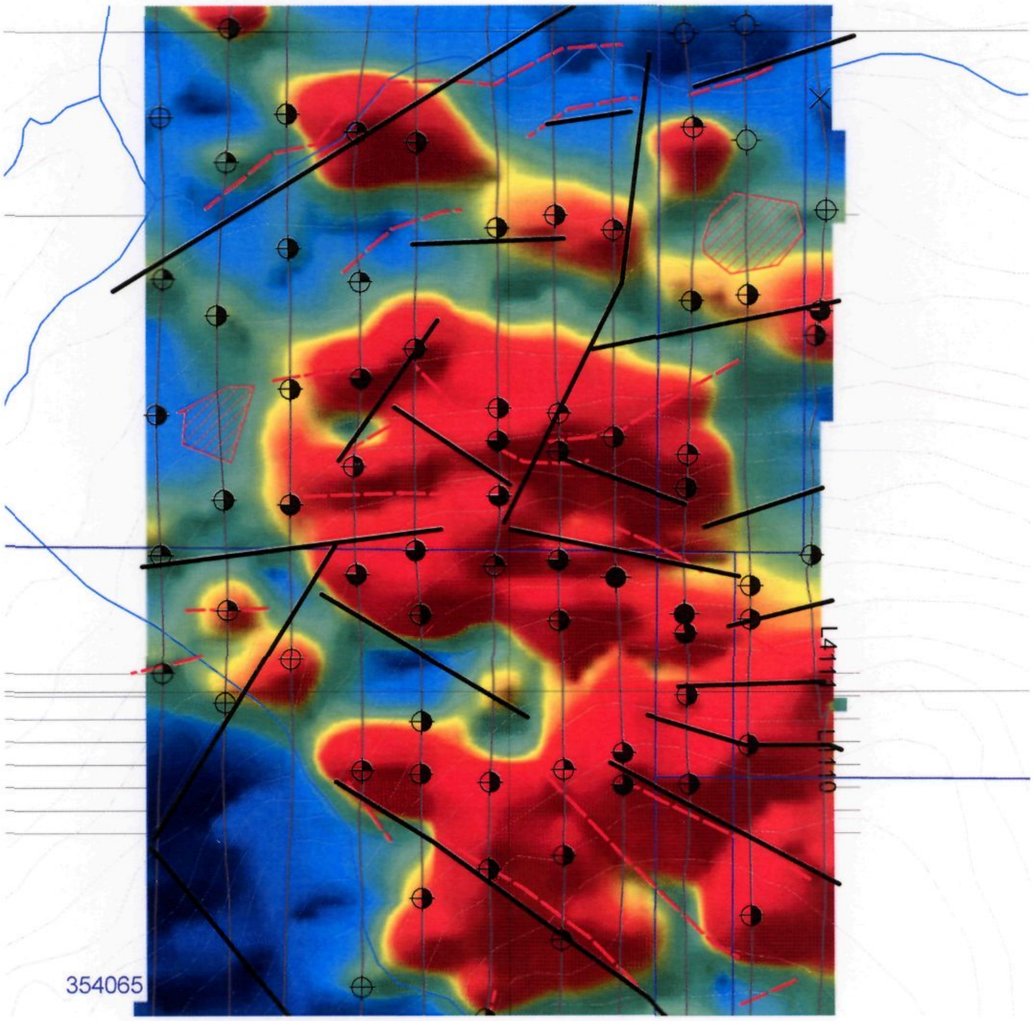



Figure 14.Northern Conductor Area – Zoff0 AGC grid overlain with classified EM anomaly symbols and magnetic interpretation. Blacker symbols indicate higher conductance. Grey lines are topographic contours for reference.

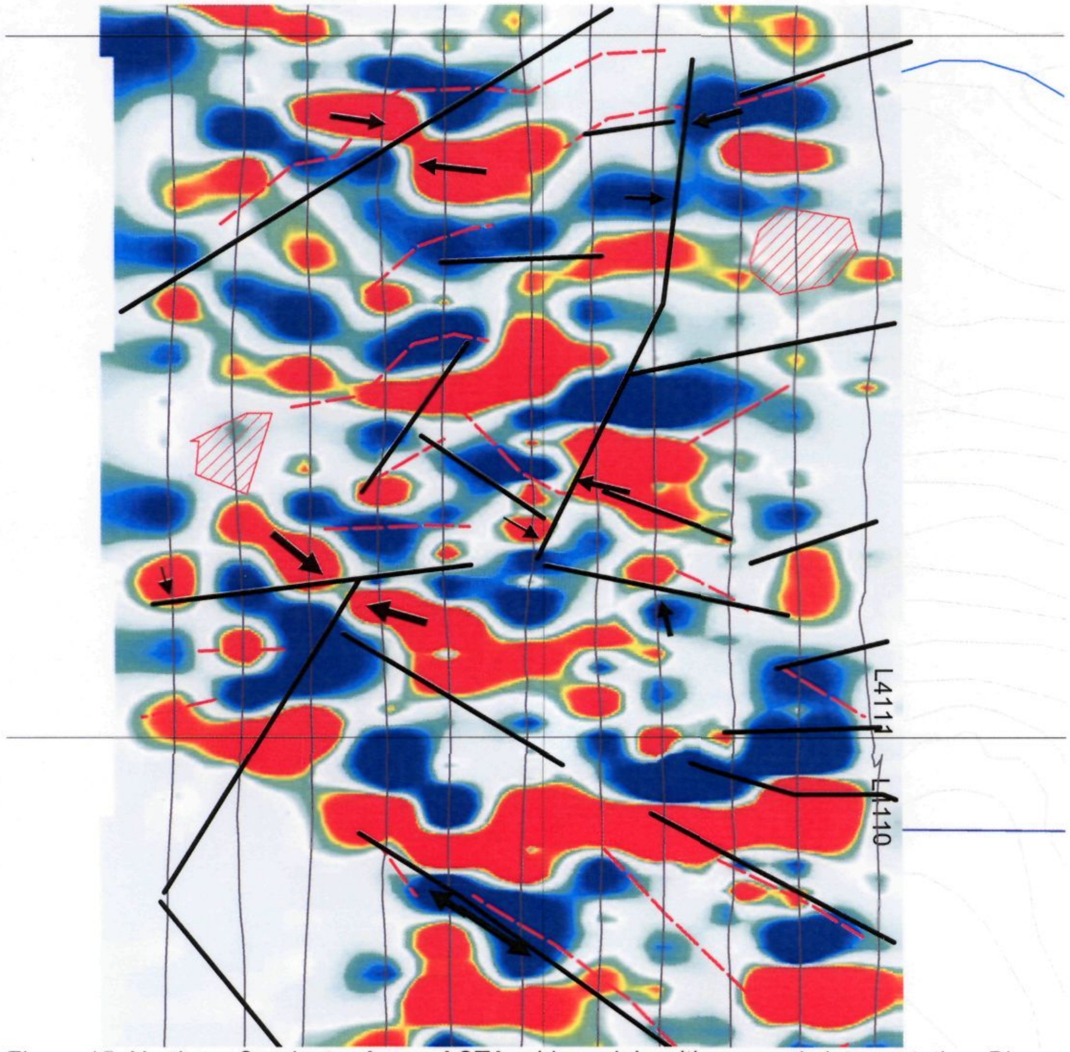



Figure 15. Northern Conductor Area - ACTA grid overlain with magnetic interpretation. Blue areas indicate top edges of EM conductors, Red indicates source centres at depth.. Note the association of break and offsets in some EM trends (arrows) with identified magnetic lineaments.

# RECOMMENDATIONS

Specific recommendations are as follows:

- Determine the geological source of the anomalous magnetic highs east of the Pellaire deposit near the granodiorite contact. Specifically, check for magnetic outcrop along the magnetic anomaly closest to the Pellaire deposit (457748E / 5661112N and continue SE to 457875E / 5661031N).
- Ground check the EM responses discussed in Northeast area 1. Check for outcrop at 458568E / 5663138N. (NAD83). Traverse the top edge of the southwest trending conductor which is defined in Table 1.
- Ground check the EM responses discussed in Northeast area 2. Best location based on the response is at 459266E / 5662527, which directly correlates with an anomalous analytic signal response. Another weaker response to the NW should also be ground checked at 459157E / 5662760N.
- Further information is required in the Northern portion of the block in order for a confident interpretation of the EM responses. Currently, the interpretation favours a formational origin. However an attempt should be made to correlate the top-edge of the EM conductor axes (presented in the ACTA maps as blue zones) with gossan occurrences, sedimentary horizons, or anomalous volcanic units.

In addition, the general follow-up strategy should involve the correlation of the detailed digital interpretation products with the known geology and geochemistry, and physical rock property data using GIS software. The interpretation products may also be used to aid in future geological maps and models. Since a clear topographic association of some lineaments exits, additional structural information may be gained by identifying lineaments from satellite imagery. Airborne gamma-ray spectrometry data would also aid in the identification of alteration zones associated with hydrothermal alteration.

Although specific 'Pellaire style' prospects could not be confidently interpreted due to lack of a geophysical signature (known to the authors), the litho-structural interpretation identified several magnetic and EM features that should aid in the understating of the area. All responses that remain high priority after geological analysis should be subjected to numerical modeling prior to drill testing to determine the probably geometry of the source.

Respectfully Submitted,

Matt Pozza, M.Sc.,

# APPENDIX # A4:

## PELLAIRE GEOCHEMICAL SAMPLING RESULTS

### I. SAMPLE ANALYSIS

9 **1. Acme labs #A706970(a) & A706970(b)**

~~24~~ samples analyzed for 53 elements on 15g by ICP/ES & MS, Sept. 17, 2007; 1 standard, 1 control & 1 repeat sample.

Pellaire: 9 rock samples as the +40 fraction:

**Peel JH1-07;** Ag= +100g, Au=+100g, Bi & Te

**Peel 2-07;** Cu=+1%, Ag=8.5g, Au=0.349, U=5/Th=2, P=0.069%, K=0.29% Al=2%, Cs=0.33, Rb=5.9, Y=11, Ce=19 & Li=19

**Peel 3-07;** Ag=+100g, Au=89g, Bi & Te=28

**Peel 4-07;** Pb=71, Ag=+100g, Au=+100g, Bi=33, Hg=3.9g, Te=121.

**Peel 5-07;** Mo=27, Cu=0.17%, Pb=+1%, Cd, U=3.6/Th-, Ag=60g, Au=4.3g, Sb, Bi=63, S, Se=10, Te=29, In=0.18.

**Peel 6-07;** Mo=19, Cu=0.3%, Pb=+1%, Zn-Cd, Ag=+100g, U=8.9/Th-, Au=14.6g, Sb, S, Se=18, Bi=73, Te=78.

**Peel 7-07;** Mo=40, Cu=0.67%, Pb=+1%, Zn-Cd-As, U=21/Th-, Ag=+100g, Au=27g, Sb=14, Bi=169, S=0.3%, Hg, Se=27, Te=140, Y=2, In=0.8.

**Clay JH-06;** Pb=948, Ag=7.8g, Au=0.83, Bi, Ba, K=0.39%, S=0.4%, Te, Cs=0.8, Hf, Rb=7, Zr=2, Ce=14.

**Clay 2JH-06;** Pb=0.23%, Ag=9.6g, Au=1g, Bi, S, Hg, Te, Cs=0.7, Hf, Rb, Sn, Y, Ce=13, Li.

**Conclusion:** Good control samples providing a better compositional understanding with the 53 elements analysis. A high variability in metal distribution & enrichment is a characteristic of this property.

Samples 1 to 4 are mainly quartz containing gold-silver from bismuth tellurides.

Samples 5 to 7 are igneous related to a side vein connecting with V4 main alteration zone; it has galena & tetrahedrite enrichment.

The two clay samples reflect heavy contaminants from wall rock, therefore are difficult to use as control samples.

The variety of clay (alteration products) compositions reflects the various hydrothermal events and the dissolved wall rocks.

**2. Acme labs #A001610**

7 samples analyzed for 30 elements on 0.5g by ICP/ES & 1 A.T. for silver, gold, platinum & palladium. June 9, 2000; 1 standards & 1 repeat samples.

Pellaire: 7 rock/clay samples

**PEL CL-10-35;** Mo-Cu, Pb, Ag=114-Au=2g & Ag=3.3oz/t, Au=0.08oz/t
**PEL CL-10-80;** Mo-Cu, Pb, Ag=110-Au=4g & Ag=3.4oz/t, Au=0.14oz/t
**CLAY S2-35;** Mo-Cu, Pb, Ag=116-Au=5g & Ag=3.8oz/t, Au=0.16oz/t
**CLAY S2-80;** Mo-Cu=305ppm, Pb=69ppm, Ag=165-Au=12g & Ag=5.3oz/t, Au=0.26oz/t
**CLAY S1-JH;** Mo-Cu=262, Pb=127, Ag=102-Au=16g, Bi=25, La=13, Al & Ag=3.2oz/t, Au=0.41oz/t
**CLAY S2-JH;** Mo-Cu=296, Pb=127, Ag=56-Au=6g, Bi=12, Al & Ag=1.6oz/t, Au=0.14oz/t

**Conclusion:** The clays are mixed with heavy fines giving high metal content contracting with the two control samples coming from suspension clays with less contaminant. The term clays reflect several alteration minerals resulting from different processes; as by-products they reflect the nature of the host rock, and of the leaching fluids, their pressure, composition and temperature.

3. **Acme labs #** A004793

15 samples analyzed for 37 elements on 15g by ICP/ES & MS, 1 A.T. for silver, gold. Dec. 8, 2000; 1 standards & 1 repeat samples.
Pellaire: 14 rock samples

**P610 C1;** Mo=22, Pb=61, Ag=14g, Au=2.7g, Ag=12g/t, Au=3.0g/t, Sb-Bi, W=11, Te=31ppm.
**P610 C2;** Mo=14, Pb=68, Ag=3.5g, Au=0.41g, Ag=4g/t, Au=0.51g/t Bi=22, Ba, K=0.28%, W, S=0.3%, Se, Te=22.
**P610 C3;** Mo=14, Pb=63, Ag=6.1g, Au=0.51g, Ag=5.8g/t, Au=0.58g/t Bi=10, K=0.13%, Na, W=13, S=0.1%, Te=15.
**P610 C4;** Mo=10, Pb, Ag=8.7g, Au=0.77g, Ag=8.6g/t, Au=1.2g/t Bi, Al=0.5%, K=0.18%, Na, W, Te=10.
**P610 C5;** Mo=12, Pb=51, Ag=8.3g, Au=2.89g, Ag=7.6g/t, Au=1.2g/t Bi, Al, K=0.15%, Na, W=10, Te=32.
**P610 C6;** Mo=24, Pb=40, Ag=36g, Au=23.5g, Ag=36g/t, Au=28.3g/t Bi=13, U, Al, K=0.13%, Na, W=5, Hg, Te=39.
**P3612C;** Mo=13, Pb, Ag=9.3g, Au=0.86g, Ag=9.6g/t, Au=1.16g/t Bi, Al, W=12, Te=9.
**P3613C;** Mo=14, Pb, Ag=2.3g, Au=0.36g, Ag=2.4g/t, Au=0.4g/t Bi, W=6, Te=16ppm.
**P3614C;** Mo=13, Pb=62, Ag=8g, Au=1.1g, Ag=13g/t, Au=1.48g/t Bi=9, K=0.1%, W=11, Te=20ppm.
**P3615C;** Mo=16, Pb=295, Ag=26g, Au=4.2g, Ag=23g/t, Au=4.9g/t Bi=18, Al, K=0.12%, W, Te=34ppm.

**Conclusion:** Low grade silver & gold bismuth tellurides within alteration product from wall rock with crushed quartz veins along a shear or thrust zone.

4. **Acme labs #** A100113

11 samples analyzed for 39 elements on 30g by ICP/ES & MS. Jan. 23, 2001; 1 standards & 1 repeat samples.
Pellaire: 9 rock samples
**P21-1R;** Mo=46, Cu=0.3%, Pb=2.6%-Cd-Ag=+100g, Au=3.5g, Sb, U, Bi=123, W=10, S=0.25%, Te=47ppm.
**P21-2R;** Mo, Cu=0.24%, Pb=2.5%Ag=+100g, Au=3.6g, Sb, U=5, Bi=228, W=10, Se=5, Te=77.
**P21-3R;** Mo=17, Cu=0.22%, Pb=2.6%-Cd=6.1-Ag=+100g, Au=3.5g, Sb, U, Bi=171, W=12, S=0.33%, Se=19, Te=77.
**P21-4R;** Mo=27, Cu=0.14%, Pb=2.6%-Cd-Ag=64.8g, Au=2.5g, Sb, U, Bi=107, W, K=0.12%, S=0.18%, Se=11, Te=47.
**P21-5R;** Mo=37, Cu=0.21%, Pb=2.6%-Cd-Ag=47g, Au=1.6g, Sb, U, Bi=70, W=10, Se=6, Te=26.
**P21-6R;** Mo, Pb=286, Ag=2.9g, Au=0.29g, Bi, Al, W=7, Se=6, Te=7.
**P21-7R;** Mo, Pb=167, Ag=4.0g, Au=0.38g, Bi=12, Al=0.4%, K=0.14%, W=9, Te=15.
**P21-8R;** Mo, Pb=42, Ag=1.8g, Au=0.15g, Bi, Al=0.2%, K=0.1%, W=7,
**Conclusion:** Samples 1R to 5R Galena-tetrahedrite rich quartz from vein #3 & 4 "boudin" south branch.
High sulphidation environment from volcano-genetic source as seen on the east ridge is the possible source of the mineralization..
Samples 6R to 8R reflect more the wall rock alteration gauge and precipitation of lighter elements.

## II. SAMPLE DESCRIPTION

A field description is provided to correlate the 2007 control samples with past assays and detail geochemical work.

- ### 1. 2007 Control samples

**Acme labs #A706970(a) & A706970(b)**

9 samples analyzed for 53 elements on 15g by ICP/ES & MS, Sept. 17, 2007; 1 standard, 1 control & 1 repeat sample.
Pellaire: 9 rock samples as the +40 fraction:

**Peel JH1-07;** White quartz vein from V4 location, large black smoky spots within the matrix; 5 Kg bag.

**Peel 2-07;** Similar quartz rocks with increase in black spots, possibly tellurides, some malachite staining, and abundant manganese on fractures. Intrusive as granodiorite wallrock contact.

**Peel 3-07;** Duplicate from #1 located next to altered intrusive with clays. Empty box work and vogues in the matrix.

**Peel 4-07;** As above #3 rock, but 1/3 altered & leached wall rock, 2/3 quartz some black spots as for tellurides.

**Peel 5-07;** Quartz vein #3, galena, and tetrahedrite, sample is located on the open cut side vein.

**Peel 6-07;** Quartz vein with ankerite, same mineralization as #5, 5o % quartz

**Peel 7-07;** Same as #6 but brown alteration from ankerite and galena cubes.

**Clay JH-06;** Altered intrusive with 1-5 % quartz, V#3 structure west side end of the mineralized structure.

**Clay 2JH-06;** 5% Quartz eyes, pyrophylite clays with talc like texture and located at the end of the trench.

- **2. Vein #4 rock descriptions**
- **3. V4 sample location with assays**
- **4. File #A001610 CLAYS** 2000
- **5. File #A004793 ROCKS** 2000
- **6. File #A100113 ROCKS** 2001

## II. VEIN #4 BOTTOM OF EXCAVATION

### Elevation 7200 feet

**File A004794**

**25 rock samples.**

a) 1g. Sample aquaregia leach for one hour. Analysis done by ICP/ES & MS for 37 elements

b) Gold, silver, platinum & palladium were analysed by fire assay on 1A.T weight

| | |
|---|---|
| **V4-92** | contact, gray granite wall rock, red alteration gauge |
| **V4-93** | +10m West same gray intrusive, 10% fines in alteration |

| | |
|---|---|
| **V4-94** | shear red mylonized intrusive dike with magnetite |
| **V4-95** | gray altered intrusive dike with magnetite |
| **V4-96** | fractured, altered intrusive with black minerals |
| **V4-97** | massive, mylonized intrusive dike, black minerals in fractures |
| **V4-98** | weathered granite with magnetite |
| **V4-99** | distinct banded zone in contact with intrusive / black-gray sediments/white mylonite at intrusive boundary |
| **V4-101** | altered 20" wide quartz vein, channel sample |
| **V4-101 JH** | same but highly mineralized |
| **V4-102** | same vein 10 feet west, black altered dogtooth in contact with intrusive rock |
| **V4-103** | silicified & altered granite above gray marker sediment |
| **V4-104** | above vein, black manganiferous intrusive dike |
| **V4-105** | barren quartz layer |
| **V4-106** | metasediment/granite assimilation zone |
| **V4-107** | same, was the marker horizon |
| **V4-108** | barren quartz layer |

**PGM Discovery zone:**

Red, yellow & white intensely altered shear zone, lowest part of pit as V4 center and extending for +40m to the west:

| | |
|---|---|
| **V4-P1 JH** | white clay alteration/dark gray granite |
| **V4-P2 JH** | gray metallic in metasediment/ granite wall rock |
| **V4-P3 JH** | same discovery zone/ shist contact |
| **V4-P4 JH** | composite fault gauge with metasediments |
| **V4-P5 JH** | red & white clayish altered conglomerate |
| **V4-P6 JH** | gray yellow clay within white shear zone in V4 |
| **V4-P7 JH** | weathered greenstone shist sheared at granite contact, white & black minerals within the altered zones |
| **V4-P8 JH** | altered intrusive in contact with meta-sediments? Black-gray minerals in sediments |
| **V4-P9 JH** | granite wall rock |
| **V4-P10.JH** | gray altered intrusive / metasediments, Mn & sulphides |

**File A004793**

**13 samples + 1 duplicate**

a) 15g. Sample aquaregia leach for one hour
Analysis done by ICP/ES & MS for 37 elements
b) Gold, silver analysed by fire assay on 1A.T

**Pile #2 camp stockpile, ½ inch rocks:**

| | |
|---|---|
| **P610 C1** | altered wall rock /granite, 5% massif white quartz, 80% vuggy quartz, 1% white clay + minor granite |
| **P610 C2** | 60% brown quartz, 20% white clay with leached quartz & 10% red conglomerate |
| **P610 C3** | 30% white quartz, 20% gray quartz, 30% brown quartz, 20% mixed conglomerate with white clay matrix |
| **P610 C4** | 30% white & 6o% brown quartz, 10% white clay |
| **P610 C5** | white & brown massif quartz |
| **P610 C6** | 10% white clay, 10% white & 70% brown quartz, quartz vein with +1% cpy & sulphides |

**Pile #3 unwashed rocks, brown quartz:**

| | |
|---|---|
| **P3612C-A2** | 85% brown quartz, 10% quartz |
| **P3613C-A3** | 80% brown quartz with black minerals |
| **P3614C-A4** | 60% brown quartz with vogues, 30% white quartz |
| **P3615C-A5** | wall rock: 30% dark brown quartz & 60% mafic? |
| **P361AC-A1** | 90% brown weathered quartz/ wall rock & vogues |

**File A100113**

**9 samples +1 duplicate**

30g. Sample aquaregia leach for one hour. Analysis done by ICP/ES & MS for 39 elements, including Pd & Pt.

**Bag #1, Galena rich quartz vein V4, tag #194021:**

| | |
|---|---|
| **P21-1R** | white quartz, speckled galena, mylonite & copper |
| **P21-2R** | broken quartz ledge tetrahedrite & copper minerals |
| **P21-3R** | flat quartz with tetrahedrite & galena |
| **P21-4R** | reject from 1,2,3R samples |
| **P21-5R** | white quartzite, sheared with sulphides |

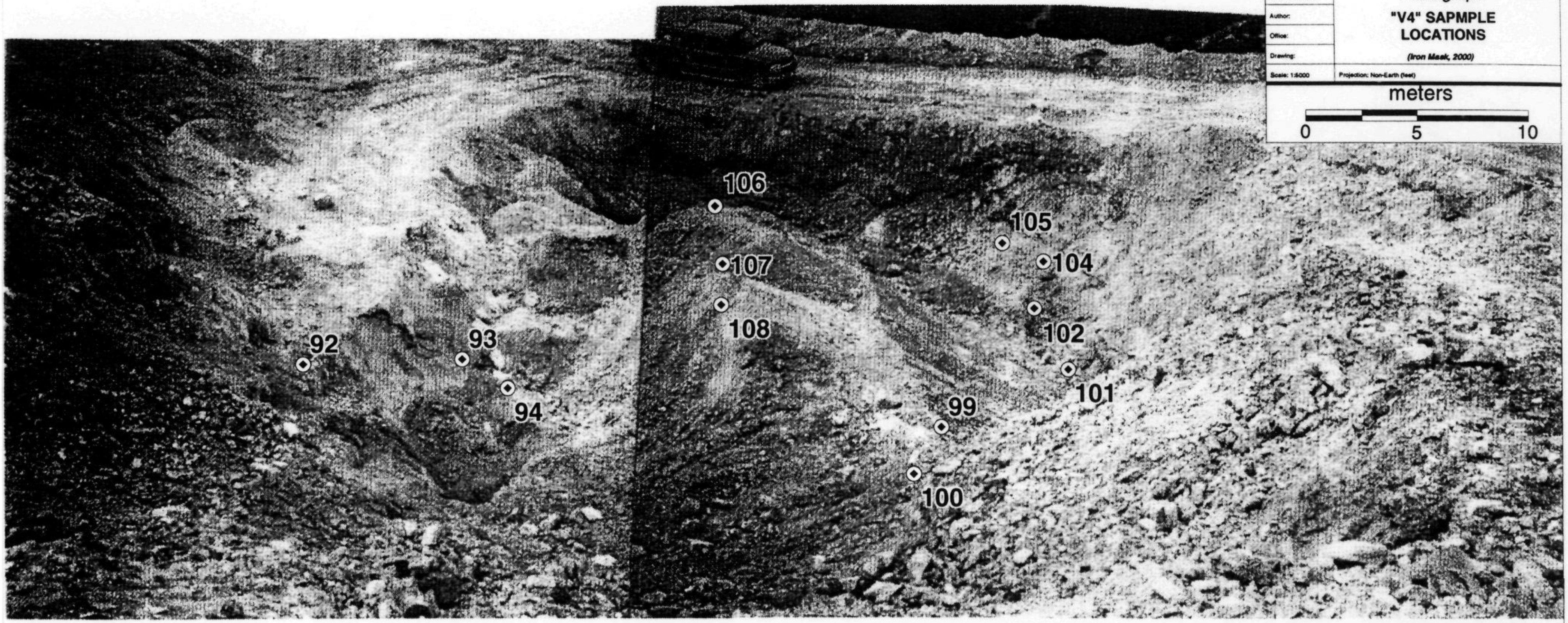
**Bag #2, V4 pit below haulage road, tag #194023:**

| | |
|---|---|
| **P21-6R** | rotten quartz 2" thick / wall rock contact |
| **P21-7R** | middle section of above vein |
| **P21-8R** | spotted quartz / wall rock |

**ZELON-VALOR GROUP**

***Pellaire Gold Property***

| | |
|---|---|
| Date: 15/1/2002 | *Photograph* |
| Author: | **"V4" SAPMPLE LOCATIONS** |
| Office: | |
| Drawing: | *(Iron Mask, 2000)* |
| Scale: 1:5000 | Projection: Non-Earth (feet) |




| Samples | Au_ppb | Ag_ppb | Cu | Zn | Ni | Co | Pb | U | Th | Mn | Bi | Hg ppb | Te | Mo |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| V4-92 | 7 | 260 | 78 | 98 | 40 | 24 | 1 | 1.3 | 0.2 | 738 | 0.1 | 33 | 0.1 | 1 |
| V4-93 | 7 | 60 | 20 | 84 | 30 | 23 | 1 | 0.4 | 2.0 | 1,969 | 0.1 | 9 | 0.1 | 3 |
| V4-94 | 13 | 295 | 227 | 83 | 49 | 61 | 5 | 2.5 | 2.0 | 1,712 | 0.1 | 67 | 0.2 | 3 |
| V4-95 | 21 | 490 | 14 | 84 | 11 | 9 | 6 | 0.3 | 2.3 | 983 | 0.2 | 24 | 0.3 | 2 |
| V4-96 | 14 | 418 | 28 | 78 | 13 | 12 | 3 | 0.6 | 1.8 | 567 | 0.2 | 13 | 0.2 | 2 |
| V4-97 | 3 | 2,519 | 22 | 68 | 12 | 9 | 1 | 0.4 | 1.8 | 682 | 0.2 | 13 | 0.1 | 2 |
| V4-98 | 185 | 1,299 | 20 | 61 | 9 | 12 | 14 | 0.3 | 1.9 | 703 | 0.6 | 15 | 1.0 | 3 |
| V4-99 | 18 | 495 | 67 | 494 | 11 | 9 | 38 | 0.6 | 2.1 | 1,307 | 1.0 | 365 | 0.1 | 5 |
| V4-101 | 223 | 3,163 | 30 | 7 | 4 | 4 | 5 | 1.3 | 0.1 | 108 | 6.4 | 105 | 12.9 | 10 |
| V4-101 JH | 65,709 | 53,000 | 459 | 4 | 4 | 1 | 80 | 4.5 | 0.1 | 37 | 19.4 | 3,015 | 92.9 | 66 |
| V4-102 | 4,407 | 879 | 37 | 6 | 4 | 3 | 4 | 1.1 | 0.1 | 89 | 7.3 | 188 | 17.2 | 13 |

values in ppm unless otherwise stated

## APPENDIX # A5:

## ACME ANALYTICAL REPORTS

1. **Acme Labs #A706970(a) & A706970(b)**

2. **Acme Labs #** #A001610

3. **Acme Labs #** A004793

4. **Acme Labs #** A100113

ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER BC V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716
(ISO 9001 Accredited Co.)

# GEOCHEMICAL ANALYSIS CERTIFICATE

## Zelon Chemicals Ltd. File # A706970 (a)

4440 Regency Pl., West Vancouver BC V7W 1B9 Submitted by: John Hajek

| SAMPLE# | Mo ppm | Cu ppm | Pb ppm | Zn ppm | Ag ppb | Ni ppm | Co ppm | Mn ppm | Fe % | As ppm | U ppm | Au ppb | Th ppm | Sr ppm | Cd ppm | Sb ppm |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G-1 | 1.11 | 3.00 | 3.00 | 43.0 | 8 | 9.4 | 3.9 | 496 | 1.87 | .3 | 2.1 | 3.6 | 4.0 | 64.7 | .02 | .04 |
| Peel JH 1-07 | 2.16 | 32.59 | 24.96 | 1.6 | >100000 | 1.3 | .7 | 20 | .39 | .8 | .1 | >100000 | .1 | 3.9 | .02 | 1.03 |
| Peel 2-07 | .79 | >10000 | 25.64 | 161.2 | 8507 | 14.4 | 15.5 | 727 | 2.64 | 2.2 | 5.7 | 349.9 | 2.3 | 8.3 | .71 | 2.67 |
| Peel 3-07 | 2.06 | 20.28 | 21.74 | 1.7 | >100000 | 1.7 | .8 | 22 | .44 | .5 | .2 | 89844.4 | <.1 | 4.3 | .03 | 1.00 |
| Peel 4-07 | 4.62 | 142.86 | 71.34 | 2.0 | >100000 | 1.4 | 8 | 34 | .61 | 1.2 | .2 | >100000 | .1 | 9.0 | .02 | .41 |
| Peel 5-07 | 26.78 | 1722.12 | >10000 | 76.2 | 60121 | 1.9 | 7 | 19 | 1.07 | .4 | 3.6 | 4359.8 | <.1 | 5.2 | 2.95 | 3.79 |
| Peel 6-07 | 19.19 | 3026.48 | >10000 | 132.1 | >100000 | 2.3 | .8 | 28 | 2.31 | .5 | 8.9 | 14601.0 | <.1 | 5.0 | 1.80 | 5.26 |
| Peel 7JH | 40.04 | 6750.70 | >10000 | 179.9 | >100000 | 3.8 | 1.5 | 22 | 3.38 | 6.2 | 21.8 | 27102.8 | <.1 | 10.0 | 3.86 | 14.39 |
| Clay JH-06 | 6.81 | 64.65 | 948.73 | 4.5 | 7894 | 1.4 | .9 | 69 | 2.19 | 2.9 | 1.1 | 862.6 | 1.2 | 33.1 | .06 | .22 |
| Clay 2JH-06 | 5.59 | 111.43 | 1349.38 | 7.8 | 9649 | 2.4 | 2.0 | 109 | 1.94 | 2.8 | 1.5 | 1012.0 | .9 | 18.9 | .12 | .43 |

| SAMPLE# | Bi ppm | V ppm | Ca % | P % | La ppm | Cr ppm | Mg % | Ba ppm | Ti % | B ppm | Al % | Na % | K % | W ppm | Sc ppm | Tl ppm | S % | Hg ppb | Se ppm | Te ppm | Ga ppm |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G-1 | .10 | 33 | .49 | .074 | 8.1 | 127.3 | .58 | 180.3 | .117 | 1 | 1.04 | .074 | .50 | .1 | 2.1 | .30 | <.02 | <5 | <.1 | <.02 | 4.9 |
| Peel JH 1-07 | 25.73 | <2 | .05 | .002 | <.5 | 45.0 | <.01 | 7.6 | .001 | 1 | .03 | .004 | .01 | <.1 | .1 | .05 | <.02 | 784 | .1 | 34.53 | .2 |
| Peel 2-07 | .49 | 30 | .25 | .069 | 6.7 | 10.9 | 1.18 | 70.9 | .009 | 3 | 2.05 | .020 | .29 | <.1 | 3.3 | .06 | .04 | 30 | .1 | .54 | 4.3 |
| Peel 3-07 | 9.46 | 2 | .02 | .002 | <.5 | 50.2 | <.01 | 18.0 | .001 | <1 | .03 | .003 | .02 | <.1 | .1 | <.02 | .02 | 743 | <.1 | 28.93 | .2 |
| Peel 4-07 | 33.39 | 2 | .02 | .004 | <.5 | 17.3 | .01 | 24.2 | .002 | <1 | .06 | .003 | .07 | <.1 | .2 | <.02 | .09 | 3959 | .4 | 121.53 | .3 |
| Peel 5-07 | 62.73 | 2 | .02 | .006 | <.5 | 45.9 | <.01 | 3.0 | <.001 | <1 | .09 | .002 | .01 | <.1 | .2 | <.02 | .25 | 148 | 10.8 | 29.54 | .2 |
| Peel 6-07 | 73.39 | <2 | .02 | .005 | 5 | 14.9 | <.01 | 2.7 | <.001 | <1 | .10 | .002 | .01 | <.1 | .2 | <.02 | .28 | 290 | 18.1 | 78.64 | .2 |
| Peel 7JH | 169.26 | 2 | .03 | .012 | .7 | 42.7 | <.01 | 2.3 | <.001 | <1 | .21 | .002 | .01 | .1 | .2 | <.02 | .33 | 629 | 27.5 | 140.99 | .3 |
| Clay JH-06 | 9.18 | 7 | .12 | .015 | 6.4 | 7.6 | .02 | 119.4 | .002 | 4 | .31 | .007 | .39 | <.1 | .4 | .10 | .40 | 783 | .6 | 8.04 | 1.4 |
| Clay 2JH-06 | 7.74 | 7 | .10 | .013 | 6.5 | 40.7 | .04 | 98.2 | .002 | 2 | .37 | .005 | .30 | <.1 | .5 | .06 | .24 | 720 | .5 | 7.13 | 1.4 |

ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER BC V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716
(ISO 9001 Accredited Co.)

GEOCHEMICAL ANALYSIS CERTIFICATE

## Zelon Chemicals Ltd. File # A706970 (b)

4440 Regency Pl., West Vancouver BC V7W 1B9 Submitted by: John Hajek

| SAMPLE# | Cs ppm | Ge ppm | Hf ppm | Nb ppm | Rb ppm | Sn ppm | Ta ppm | Zr ppm | Y ppm | Ce ppm | In ppm | Re ppb | Be ppm | Li ppm | Pd ppb | Pt ppb | Sample gm |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G-1 | 3.17 | .1 | .11 | .41 | 42.2 | .6 | <.05 | 1.7 | 5.83 | 17.6 | <.02 | <1 | .1 | 31.8 | <10 | <2 | 15 |
| Peel JH 1-07 | .04 | <.1 | <.02 | .03 | .4 | .3 | <.05 | .5 | .14 | .4 | <.02 | <1 | <.1 | .2 | <10 | <2 | 15 |
| Peel 2-07 | .33 | <.1 | .03 | .02 | 5.9 | .1 | <.05 | .8 | 11.44 | 19.1 | .02 | <1 | .6 | 19.9 | <10 | <2 | 15 |
| Peel 3-07 | .02 | <.1 | <.02 | .02 | .4 | .1 | <.05 | .6 | .12 | .2 | <.02 | <1 | <.1 | .1 | <10 | <2 | 15 |
| Peel 4-07 | .04 | <.1 | <.02 | .03 | .9 | .1 | <.05 | .3 | .15 | .8 | <.02 | <1 | <.1 | .2 | <10 | <2 | 15 |
| Peel 5-07 | .02 | <.1 | <.02 | .02 | .3 | .1 | <.05 | .4 | .74 | .7 | .18 | <1 | <.1 | .1 | <10 | <2 | 15 |
| Peel 6-07 | .02 | .1 | <.02 | .03 | .2 | .1 | <.05 | .2 | .58 | .8 | .28 | 1 | <.1 | .2 | <10 | <2 | 15 |
| Peel 7JH | .02 | .1 | <.02 | <.02 | .1 | .1 | <.05 | .3 | 2.32 | 1.5 | .83 | 2 | <.1 | .2 | <10 | <2 | 15 |
| Clay JH-06 | .81 | <.1 | .09 | <.02 | 7.5 | .3 | <.05 | 2.4 | .60 | 14.0 | .02 | 1 | <.1 | .7 | <10 | <2 | 15 |
| Clay 2JH-06 | .74 | <.1 | .06 | <.02 | 5.6 | .7 | <.05 | 2.6 | .89 | 13.9 | .03 | 2 | <.1 | 1.0 | <10 | <2 | 15 |

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(ISO 9002 Accredited Co.)

# ASSAY CERTIFICATE

**Zelon Chemicals Ltd.** File # A001610 Page 1
4440 Regency Pl., West Vancouver BC V7W 1B9 Submitted by: John Hajek

| SAMPLE# | Ag** oz/t | Au** oz/t | Pt** oz/t | Pd** oz/t |
|---|---|---|---|---|
| PEL CL-10 -35 | 3.35 | .082 | <.001 | <.001 |
| PEL CL-10 -80 | 3.44 | .147 | <.001 | <.001 |
| CLAY S2 -35 | 3.83 | .161 | <.001 | <.001 |
| CLAY S2 -80 | 5.31 | .263 | <.001 | <.001 |
| CLAY S1 JH | 3.22 | .417 | <.001 | <.001 |
| CLAY S2 JH | 1.68 | .147 | <.001 | <.001 |
| RE CLAY S2 JH | 1.69 | .145 | <.001 | <.001 |
| STANDARD R-1/FA-10R | 2.97 | .015 | .014 | .015 |

GROUP 6 - PRECIOUS METALS BY FIRE ASSAY FROM 1 A.T. SAMPLE, ANALYSIS BY ICP-ES.
- SAMPLE TYPE: PULP
Samples beginning 'RE' are Reruns and 'RRE' are Reject Reruns.

DATE RECEIVED: MAY 24 2000 DATE REPORT MAILED: June 9/00 SIGNED BY C. L.......D. TOYE, C.LEONG, J. WANG; CERTIFIED B.C. ASSAYERS

ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER BC V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716
(ISO 9002 Accredited Co.)

# GEOCHEMICAL ANALYSIS CERTIFICATE

**Zelon Chemicals Ltd.** File # A001610 Page 1
4440 Regency Pl., West Vancouver BC V7W 1B9 Submitted by: John Hajek

| SAMPLE# | Mo ppm | Cu ppm | Pb ppm | Zn ppm | Ag ppm | Ni ppm | Co ppm | Mn ppm | Fe % | As ppm | U ppm | Au ppm | Th ppm | Sr ppm | Cd ppm | Sb ppm | Bi ppm | V ppm | Ca % | P % | La ppm | Cr ppm | Mg % | Ba ppm | Ti % | B ppm | Al % | Na % | K % | W ppm |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PEL CL-10 -35 | 13 | 177 | 45 | 6 | 114.4 | 2 | 2 | 125 | 1.10 | 4 | <8 | 2 | <2 | 14 | <.2 | <3 | <3 | 3 | .05 | .007 | 3 | 7 | .02 | 37 | <.01 | 3 | .21 | .01 | .09 | <2 |
| PEL CL-10 -80 | 9 | 182 | 57 | 6 | 110.7 | 1 | 2 | 78 | .91 | 4 | <8 | 4 | <2 | 18 | <.2 | <3 | 4 | 2 | .07 | .007 | 5 | 1 | .01 | 15 | <.01 | 5 | .14 | <.01 | .02 | <2 |
| CLAY S2 -35 | 15 | 272 | 57 | 9 | 116.5 | 2 | 4 | 224 | 1.49 | 6 | <8 | 5 | <2 | 15 | <.2 | <3 | 4 | 5 | .04 | .011 | 2 | 10 | .02 | 52 | <.01 | <3 | .25 | .01 | .12 | <2 |
| CLAY S2 -80 | 14 | 305 | 69 | 9 | 165.7 | 2 | 3 | 147 | 1.46 | 8 | <8 | 12 | <2 | 21 | <.2 | <3 | 5 | 4 | .06 | .013 | 3 | 1 | .01 | 22 | <.01 | <3 | .14 | .01 | .03 | <2 |
| CLAY S1 JH | 13 | 262 | 127 | 28 | 102.5 | 2 | 2 | 118 | 1.48 | 6 | <8 | 16 | 2 | 51 | <.2 | <3 | 25 | 7 | .21 | .016 | 13 | 4 | .07 | 53 | <.01 | 4 | .54 | .01 | .15 | <2 |
| CLAY S2 JH | 20 | 296 | 127 | 26 | 56.0 | 4 | 3 | 167 | 2.58 | 10 | <8 | 6 | 2 | 57 | .2 | <3 | 12 | 11 | .26 | .034 | 10 | 3 | .06 | 64 | <.01 | <3 | .55 | .03 | .15 | <2 |
| RE CLAY S2 JH | 20 | 290 | 122 | 25 | 54.7 | 4 | 3 | 164 | 2.54 | 8 | <8 | 6 | 2 | 56 | .2 | <3 | 10 | 11 | .26 | .033 | 10 | 4 | .06 | 63 | <.01 | 4 | .54 | .03 | .15 | <2 |
| STANDARD C3 | 26 | 66 | 40 | 165 | 5.5 | 38 | 11 | 789 | 3.44 | 58 | 19 | 2 | 20 | 30 | 24.5 | 16 | 24 | 79 | .59 | .088 | 18 | 169 | .62 | 153 | .10 | 27 | 1.92 | .04 | .16 | 16 |

GROUP 1D - 0.50 GM SAMPLE LEACHED WITH 3 ML 2-2-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR, DILUTED TO 10 ML, ANALYSED BY ICP-ES.
UPPER LIMITS - AG, AU, HG, W = 100 PPM; MO, CO, CD, SB, BI, TH, U & B = 2,000 PPM; CU, PB, ZN, NI, MN, AS, V, LA, CR = 10,000 PPM.
- SAMPLE TYPE: PULP Samples beginning 'RE' are Reruns and 'RRE' are Reject Reruns.

DATE RECEIVED: MAY 24 2000 DATE REPORT MAILED: June 9/00 SIGNED BY C. L.......D. TOYE, C.LEONG, J. WANG; CERTIFIED B.C. ASSAYERS

ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER BC V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716
(ISO 9002 Accredited Co.)

# GEOCHEMICAL ANALYSIS CERTIFICATE

## Zelon Chemicals Ltd. File # A004793

4440 Regency Pl., West Vancouver BC V7W 1B9 Submitted by: John Hajek

| SAMPLE# | Mo ppm | Cu ppm | Pb ppm | Zn ppm | Ag ppb | Ni ppm | Co ppm | Mn ppm | Fe % | As ppm | U ppm | Au ppb | Th ppm | Sr ppm | Cd ppm | Sb ppm | Bi ppm | V ppm |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| P610 C1 | 22.11 | 121.06 | 61.44 | 14.2 | 14472 | 4.7 | 4.1 | 131 | 2.42 | 5.0 | 1.4 | 2743.9 | .4 | 12.8 | .07 | 4.13 | 17.63 | 13 |
| P610 C2 | 14.50 | 45.04 | 68.39 | 6.6 | 3522 | 6.2 | 2.0 | 61 | 2.59 | 3.4 | 1.0 | 413.2 | .5 | 21.0 | .02 | .23 | 22.21 | 8 |
| P610 C3 | 14.34 | 63.71 | 12.26 | 9.4 | 6151 | 4.2 | 2.3 | 104 | 1.98 | 2.6 | .8 | 512.5 | .3 | 11.3 | .04 | .89 | 10.56 | 7 |
| P610 C4 | 10.84 | 81.06 | 36.00 | 28.6 | 8737 | 10.4 | 5.7 | 222 | 1.93 | 3.0 | 1.1 | 772.6 | .5 | 13.5 | .10 | .39 | 4.17 | 15 |
| P610 C5 | 12.70 | 85.99 | 51.68 | 19.8 | 8377 | 5.2 | 3.2 | 121 | 1.75 | 3.1 | 1.1 | 2898.0 | .5 | 10.3 | .06 | .68 | 5.31 | 11 |
| P610 C6 | 24.86 | 122.10 | 40.70 | 21.3 | 36336 | 6.1 | 3.3 | 136 | 3.54 | 7.6 | 2.7 | 23577.9 | .6 | 16.3 | .09 | .71 | 13.59 | 22 |
| P3612C | 13.72 | 29.51 | 17.05 | 18.6 | 9301 | 5.8 | 2.7 | 95 | 1.98 | 3.4 | 1.5 | 876.5 | .2 | 5.6 | .03 | .17 | 3.83 | 13 |
| P3613C | 14.27 | 57.86 | 38.59 | 4.7 | 2275 | 5.1 | 1.3 | 55 | 1.53 | 3.0 | .9 | 369.3 | .2 | 7.6 | .04 | .25 | 6.56 | 7 |
| RE P3613C | 13.86 | 57.89 | 38.73 | 4.4 | 2312 | 5.0 | 1.3 | 56 | 1.55 | 3.0 | .9 | 361.5 | .2 | 7.1 | .04 | .26 | 6.48 | 7 |
| P3614C | 13.25 | 50.60 | 62.84 | 10.7 | 8058 | 4.2 | 2.9 | 74 | 1.83 | 3.3 | 1.5 | 1154.7 | .5 | 19.5 | .06 | .36 | 9.00 | 7 |
| P3615C | 16.40 | 96.32 | 295.57 | 17.5 | 26287 | 7.4 | 3.3 | 135 | 1.76 | 3.2 | 1.3 | 4263.0 | .6 | 11.4 | .10 | .52 | 18.87 | 10 |
| P361AC | 26.17 | 143.40 | 46.61 | 24.5 | 7383 | 7.1 | 10.0 | 178 | 3.22 | 9.0 | 2.4 | 372.5 | .4 | 9.5 | .10 | .42 | 17.12 | 18 |
| PO JUL 04 | 36.66 | 1191.31 | 143.11 | 5.9 | 99999 | 7.8 | 6.6 | 33 | 3.07 | 9.1 | 6.3 | 44416.2 | .2 | 17.0 | .17 | .99 | 22.98 | 31 |
| SP 11B DH | 29.26 | 638.84 | 107.80 | 12.6 | 34423 | 4.3 | 5.6 | 62 | 3.06 | 16.1 | 5.2 | 5436.6 | .4 | 10.3 | .10 | 1.58 | 21.03 | 41 |
| STANDARD DS2/R-1/AU-1 | 13.90 | 124.52 | 32.76 | 156.5 | 252 | 36.5 | 12.1 | 793 | 3.00 | 62.5 | 18.0 | 190.0 | 3.6 | 28.0 | 10.05 | 9.02 | 10.69 | 73 |

| SAMPLE# | Ca % | P % | La ppm | Cr ppm | Mg % | Ba ppm | Ti % | B ppm | Al % | Na % | K % | W ppm | Sc ppm | Tl ppm | S % | Hg ppb | Se ppm | Te ppm | Ga ppm | Ag** gm/mt | Au** gm/mt |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| P610 C1 | .06 | .031 | 2.2 | 24.4 | .07 | 39.4 | .004 | 1 | .27 | .009 | .09 | 11.2 | .7 | .02 | .04 | 174 | .4 | 31.95 | 1.1 | 12.3 | 3.04 |
| P610 C2 | .05 | .027 | 1.7 | 20.8 | .06 | 97.3 | .010 | <1 | .25 | .009 | .28 | 5.1 | .5 | .03 | .30 | 90 | 1.0 | 22.25 | 1.1 | 4.2 | .51 |
| P610 C3 | .05 | .021 | 2.0 | 30.2 | .07 | 44.4 | .003 | 2 | .22 | .013 | .13 | 13.2 | .5 | .02 | .10 | 115 | .3 | 15.14 | .9 | 5.8 | .58 |
| P610 C4 | .13 | .028 | 3.9 | 25.9 | .21 | 59.2 | .012 | 2 | .54 | .010 | .18 | 4.4 | 1.1 | .03 | .05 | 91 | .2 | 10.17 | 1.8 | 8.6 | 1.28 |
| P610 C5 | .07 | .024 | 2.8 | 27.1 | .11 | 49.6 | .004 | 2 | .37 | .009 | .15 | 10.5 | .7 | .02 | .07 | 82 | .1 | 32.71 | 1.4 | 7.6 | 1.22 |
| P610 C6 | .04 | .042 | 2.9 | 24.0 | .07 | 66.0 | .004 | 1 | .43 | .006 | .13 | 5.2 | 1.0 | .02 | .05 | 672 | .4 | 39.63 | 1.4 | 36.6 | 28.33 |
| P3612C | .04 | .024 | 1.3 | 33.3 | .12 | 30.8 | .003 | 1 | .36 | .007 | .07 | 12.4 | 1.0 | <.02 | .01 | 58 | .1 | 9.97 | 1.3 | 9.6 | 1.16 |
| P3613C | .02 | .018 | 1.1 | 26.8 | .02 | 28.4 | .002 | <1 | .11 | .004 | .06 | 6.2 | .3 | <.02 | .03 | 53 | .2 | 16.56 | .5 | 2.4 | .41 |
| RE P3613C | .02 | .019 | 1.2 | 27.7 | .02 | 29.6 | .002 | <1 | .11 | .004 | .05 | 6.0 | .3 | <.02 | .03 | 51 | .1 | 16.40 | .5 | 2.5 | .41 |
| P3614C | .05 | .023 | 2.2 | 32.3 | .04 | 57.5 | .002 | 1 | .23 | .005 | .11 | 11.7 | .5 | .02 | .03 | 81 | .2 | 20.73 | .8 | 13.0 | 1.48 |
| P3615C | .11 | .025 | 2.5 | 26.5 | .12 | 46.1 | .003 | 2 | .35 | .007 | .12 | 5.4 | .7 | .02 | .04 | 112 | .4 | 34.52 | 1.2 | 23.8 | 4.95 |
| P361AC | .04 | .041 | 1.7 | 32.3 | .07 | 35.7 | .002 | <1 | .28 | .004 | .07 | 13.8 | .9 | <.02 | .03 | 111 | .3 | 26.10 | 1.3 | 7.4 | .43 |
| PO JUL 04 | .02 | .032 | 1.5 | 24.2 | .01 | 55.9 | .008 | 1 | .24 | .004 | .10 | 5.2 | .6 | <.02 | .10 | 2497 | 1.9 | 115.07 | 1.0 | 166.5 | 55.81 |
| SP 11B DH | .06 | .027 | 2.6 | 28.0 | .04 | 53.3 | .008 | 1 | .32 | .004 | .10 | 14.5 | .7 | .02 | .03 | 2171 | .5 | 37.55 | 3.1 | 32.2 | 6.30 |
| STANDARD DS2/R-1/AU-1 | .52 | .089 | 16.9 | 159.6 | .58 | 150.9 | .091 | 2 | 1.67 | .028 | .16 | 6.8 | 2.8 | 1.85 | .01 | 228 | 2.2 | 1.84 | 6.0 | 98.9 | 3.49 |

GROUP 1F15 - 15.00 GM SAMPLE, 90 ML 2-2-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR AND IS DILUTED TO 300 ML, ANALYSIS BY ICP/ES & MS.
UPPER LIMITS - AG, AU, HG, W, SE, TE, TL, GA, SN = 100 PPM; MO, CO, CD, SB, BI, TH, U, B = 2,000 PPM; CU, PB, ZN, NI, MN, AS, V, LA, CR = 10,000 PPM.
AG** & AU** BY FIRE ASSAY FROM 1 A.T. SAMPLE.
- SAMPLE TYPE: ROCK R150 60C Samples beginning 'RE' are Reruns and 'RRE' are Reject Reruns.

DATE RECEIVED: NOV 29 2000 DATE REPORT MAILED: Dec 8/00 SIGNED BY. C. Leong D. TOYE, C.LEONG, J. WANG; CERTIFIED B.C. ASSAYERS

**ACME ANALYTICAL LABORATORIES LTD.** 852 E. HASTINGS ST. VANCOUVER BC V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716
(ISO 9002 Accredited Co.)

# GEOCHEMICAL ANALYSIS CERTIFICATE

## Zelon Chemicals Ltd. File # A100113

4440 Regency Pl., West Vancouver BC V7W 1B9 Submitted by: John Hajek

| SAMPLE# | Mo ppm | Cu ppm | Pb ppm | Zn ppm | Ag ppb | Ni ppm | Co ppm | Mn ppm | Fe % | As ppm | U ppm | Au ppb | Th ppm | Sr ppm | Cd ppm | Sb ppm | Bi ppm | V ppm | Ca % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| P21-1R | 46.36 | 3076.45 | 26661.59 | 34.7 | 99999 | 7.7 | <.1 | 41 | .63 | 3.2 | 3.0 | 3568.5 | .3 | 6.5 | 4.96 | 17.45 | 123.23 | 2 | <.01 |
| P21-2R | 5.22 | 2485.71 | 25817.41 | 8.1 | 99999 | 5.6 | <.1 | 40 | .44 | 3.1 | 5.4 | 3603.5 | .4 | 11.2 | .36 | 11.21 | 228.29 | 3 | <.01 |
| P21-3R | 17.88 | 2225.81 | 26888.73 | 5.9 | 99999 | 5.6 | <.1 | 52 | .48 | .7 | 1.9 | 3536.9 | .4 | 14.9 | 6.14 | 3.84 | 171.18 | <2 | <.01 |
| P21-4R | 27.68 | 1479.75 | 26278.05 | 27.1 | 64865 | 4.5 | <.1 | 37 | .69 | 2.2 | 2.3 | 2508.8 | .4 | 9.3 | 2.94 | 4.71 | 107.76 | 4 | <.01 |
| P21-5R | 37.51 | 2128.68 | 26554.44 | 18.2 | 47188 | 5.3 | <.1 | 41 | .52 | 1.6 | 2.8 | 1675.4 | .3 | 2.9 | 1.79 | 3.93 | 70.87 | <2 | <.01 |
| P21-6R | 6.42 | 21.44 | 286.00 | 6.8 | 2937 | 4.9 | 4.1 | 94 | 1.77 | 4.3 | 1.0 | 298.9 | .3 | 10.4 | .05 | .23 | 7.36 | 5 | .02 |
| P21-7R | 8.90 | 22.78 | 167.76 | 13.6 | 4082 | 5.5 | 4.0 | 160 | 2.63 | 3.2 | 1.3 | 383.4 | .6 | 13.1 | .05 | .16 | 12.71 | 11 | .07 |
| P21-8R | 5.89 | 13.51 | 42.36 | 7.6 | 1801 | 5.4 | 2.8 | 98 | 1.74 | 3.5 | 1.2 | 156.8 | .5 | 17.7 | .04 | .17 | 2.64 | 5 | .03 |
| 4043 R | 13.41 | 6.78 | 57.05 | 2.9 | 6979 | 3.8 | 1.8 | 53 | .79 | 1.3 | .7 | 452.0 | <.1 | 2.3 | .02 | .30 | 1.49 | <2 | <.01 |
| RE 4043 R | 12.10 | 7.47 | 63.20 | 2.5 | 6257 | 3.5 | 1.6 | 52 | .78 | 1.3 | .7 | 401.5 | <.1 | 2.0 | .02 | .28 | 1.50 | 2 | <.01 |
| STANDARD DS2 | 14.25 | 125.55 | 33.37 | 152.6 | 251 | 35.6 | 11.6 | 788 | 2.97 | 57.0 | 18.1 | 201.6 | 3.6 | 28.6 | 10.00 | 11.00 | 10.66 | 72 | .51 |

| SAMPLE# | P % | La ppm | Cr ppm | Mg % | Ba ppm | Ti % | B ppm | Al % | Na % | K % | W ppm | Sc ppm | Tl ppm | S % | Hg ppb | Se ppm | Te ppm | Ga ppm | Pd ppb | Pt ppb | Sample gm |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| P21-1R | .010 | <.5 | 50.8 | <.01 | 1.9 | <.001 | <1 | .08 | .008 | .02 | 10.9 | <.1 | <.02 | .25 | 541 | 17.7 | 47.43 | .2 | <10 | <2 | 30 |
| P21-2R | .011 | 1.1 | 36.5 | .01 | 17.8 | <.001 | <1 | .18 | .009 | .09 | 7.2 | .1 | <.02 | <.01 | 155 | 5.7 | 77.65 | .3 | <10 | 2 | 30 |
| P21-3R | .010 | .5 | 57.1 | <.01 | 16.3 | .001 | <1 | .11 | .004 | .07 | 12.5 | .1 | <.02 | .33 | 221 | 19.6 | 77.38 | .2 | <10 | 2 | 30 |
| P21-4R | .006 | 2.2 | 43.1 | .01 | 40.2 | .002 | <1 | .18 | .005 | .12 | 7.0 | .1 | <.02 | .18 | 143 | 11.4 | 47.31 | .3 | <10 | <2 | 30 |
| P21-5R | .004 | <.5 | 44.3 | <.01 | 8.0 | .001 | <1 | .11 | .003 | .04 | 10.6 | <.1 | <.02 | <.01 | 39 | 6.5 | 26.79 | .2 | <10 | <2 | 30 |
| P21-6R | .021 | 1.3 | 24.4 | .02 | 44.6 | .002 | 3 | .19 | .006 | .09 | 7.0 | .3 | <.02 | .04 | 109 | .1 | 7.98 | .5 | <10 | <2 | 30 |
| P21-7R | .034 | 3.1 | 28.5 | .06 | 65.8 | .002 | 2 | .41 | .005 | .14 | 9.4 | .5 | <.02 | .02 | 203 | .3 | 15.50 | 1.7 | <10 | <2 | 30 |
| P21-8R | .026 | 2.0 | 26.6 | .02 | 50.7 | .001 | 1 | .20 | .008 | .11 | 7.9 | .4 | <.02 | .06 | 52 | <.1 | 2.80 | .5 | <10 | <2 | 30 |
| 4043 R | .005 | <.5 | 36.3 | <.01 | 5.9 | <.001 | 1 | .05 | .005 | .02 | 14.5 | .1 | <.02 | <.01 | 74 | .2 | 1.95 | .2 | <10 | <2 | 30 |
| RE 4043 R | .005 | <.5 | 36.5 | <.01 | 5.7 | <.001 | 1 | .05 | .005 | .02 | 13.4 | .1 | <.02 | .01 | 74 | .1 | 1.76 | .2 | <10 | <2 | 30 |
| STANDARD DS2 | .087 | 16.7 | 156.6 | .57 | 159.8 | .090 | 2 | 1.66 | .028 | .15 | 7.1 | 2.7 | 1.75 | .02 | 221 | 2.2 | 1.82 | 6.0 | <10 | <2 | 30 |

GROUP 1F30 - 30.00 GM SAMPLE, 180 ML 2-2-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR AND IS DILUTED TO 600 ML, ANALYSIS BY ICP/ES & MS.
UPPER LIMITS - AG, AU, HG, W, SE, TE, TL, GA, SN = 100 PPM; MO, CO, CD, SB, BI, TH, U, B = 2,000 PPM; CU, PB, ZN, NI, MN, AS, V, LA, CR = 10,000 PPM.
- SAMPLE TYPE: ROCK R200 60C Samples beginning 'RE' are Reruns and 'RRE' are Reject Reruns.

**DATE RECEIVED:** JAN 12 2001 **DATE REPORT MAILED:** Jan 23/2001 **SIGNED BY** .D. TOYE, C.LEONG, J. WANG; CERTIFIED B.C. ASSAYERS

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Mineral Titles

Mineral Claim Exploration and Development Work/Expiry Date Change

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# Mineral Titles Online

## Mineral Claim Exploration and Development Work/Expiry Date Change

**Confirmation**

**Recorder:** HAJEK, JOHN HENRY (110734) **Submitter:** HAJEK, JOHN HENRY (110734)
**Recorded:** 2008/MAR/01 **Effective:** 2008/MAR/01
**D/E Date:** 2008/MAR/01

**Your report is due in 90 days. Please attach a copy of this confirmation page to the front of your report.**

**Event Number:** 4199295

**Work Start Date:** 2007/JUL/10 **Total Value of Work:** $ 15000.00
**Work Stop Date:** 2007/SEP/20 **Mine Permit No:**

**Work Type:** Technical and Physical Work
**Physical Items:** Labour, Preparatory Surveys, Reclamation, Supply costs, Transportation / travel expenses
**Technical Items:** Geochemical, Geological, Geophysical, PAC Withdrawal (up to 30% of technical work performed), Preparatory Surveys

**Summary of the work value:**

| Tenure # | Claim Name/Property | Issue Date | Good To Date | New Good To Date | # of Days For-ward | Area in Ha | Work Value Due | Sub-mission Fee |
|---|---|---|---|---|---|---|---|---|
| 354065 | HAMILTON | 1997/mar/02 | 2008/mar/01 | 2009/mar/01 | 365 | 500.00 | $ 3999.97 | $ 200.00 |
| 553960 | TILL | 2007/mar/09 | 2008/mar/09 | 2009/mar/09 | 365 | 507.64 | $ 2030.55 | $ 203.06 |
| 553961 | GLACIER | 2007/mar/09 | 2008/mar/09 | 2009/mar/09 | 365 | 487.44 | $ 1949.75 | $ 194.97 |
| 518194 | SHORE | 2005/jul/22 | 2008/jul/22 | 2009/jul/22 | 365 | 40.58 | $ 162.30 | $ 16.23 |
| 207933 | LORD #1 | 1979/jul/19 | 2009/jul/19 | 2010/jul/19 | 365 | 500.00 | $ 4000.00 | $ 200.00 |
| 517937 | SOURCE | 2005/jul/17 | 2008/jul/17 | 2009/jul/17 | 365 | 40.62 | $ 162.46 | $ 16.25 |
| 519012 | PARTIAL | 2005/aug/13 | 2008/aug/13 | 2009/aug/13 | 365 | 20.29 | $ 81.18 | $ 8.12 |
| 559462 | MRAINE | 2007/may/30 | 2008/may/30 | 2009/may/30 | 365 | 304.71 | $ 1218.82 | $ 121.88 |
| 510824 | | 2005/apr/15 | 2008/aug/15 | 2009/aug/15 | 365 | 81.22 | $ 433.46 | $ 32.49 |
| 529756 | HAM2 | 2006/mar/08 | 2008/mar/08 | 2009/mar/08 | 365 | 344.93 | $ 1379.73 | $ 137.97 |
| 207934 | LORD #2 | 1979/jul/19 | 2009/jul/19 | 2010/jul/19 | 365 | 500.00 | $ 4000.00 | $ 200.00 |
| 514694 | | 2005/jun/17 | 2009/aug/24 | 2010/aug/24 | 365 | 101.51 | $ 812.07 | $ 40.60 |

**Total required work value:** $ 20230.29

**PAC name:** VALOR RESOURCES
**Debited PAC amount:** $ 5230.29
**Credited PAC amount:** $ 0.00

**Total Submission Fees:** $ 1371.57

**Total Paid:** $ 1371.57

The event was successfully saved.

Please use ***Back*** button to go back to event confirmation index.

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**REPORT OF PHYSICAL EXPLORATION AND DEVELOPMENT**
**Section 15 - Mineral Tenure Act Regulation**

| | | |
|---|---|---|
| **1. Event number: 4199295** | **2. Tenure number(s): 207933-34, 510824, 514694, 517937, 518194, 519012, 529756,354065,553960-61, 559462.** | **3. Type of Tenure:** ox Mineral, or o Placer |
| **4. Recorded holder: Valor Resources Ltd.** | **4440 Regency Place, West Vancouver, B.C V7W 1B9** | **Phone:604-926-0593** |
| **5. Operator: Zelon Chemicals Ltd.** | **Address: Same** | **Phone:604-926-1401** |
| **6. Report author: J. Hajek** | **Same** | **Phone:604-926-0593** |
| **7. Qualifications of operator:** | **Geochemist** | |

| | |
|---|---|
| **8. Brief summary of work activity on claim(s) in recent years:** | **Ground Geophysics, geochemistry and bulk sampling** |

**NEW WORK** (Attach additional sheets if more space is required)

| | |
|---|---|
| **9. Start date: July 10, 2007**<br><br>**Stop date: Sept. 20, 2007** | **10. Tenure number(s) of claim(s) that work was performed on:**<br><br>**207933, 207934, 354065, 529756** |
| **11. Detailed written description of the work activity and results obtained:** (If ground control or survey work is being claimed please attach plan(s) as required by Section 15 of the Regulations) | **Geophysical AEROQUEST survey data enhancement with airborne geological interpretation, geochemical assays on ore grade vein materiel, road clearing of land slide rocks.** |
| **12. Metric dimensions of workings:** (Open cuts, adits, pits, shafts, trenches) | |
| **13. Amount of material excavated and tested or processed:** (metric units) | **300 kilograms of #3 vein hand processed** |
| **14. Geographic location of work sites:** (access description, map numbers, map coordinates) | **220 kilometers west of Williams Lake, 98 Km. from Hanceville, BC, going S-W on Nemiah road; than, 60 Km. S. on old Pellaire mining road to the Falls river camp and bridge. The Pellaire site is 7 Km. south and east along a mining access road at an elevation of 7300 feet.** |

| Attach 1:10,000 scale MTO map | "4199235" |
|---|---|



| **15. Was GPS used to map work sites?**<br>If yes, specify make and model: Garmin | **16. Work site(s) marking (flagging, cut lines, other): Flagging and cut lines** |
|---|---|
| **17. Are photographs of work sites attached?**<br>**yes** | **18. Was Notice of work filed?**<br>Permit number: No |

**COST STATEMENT**

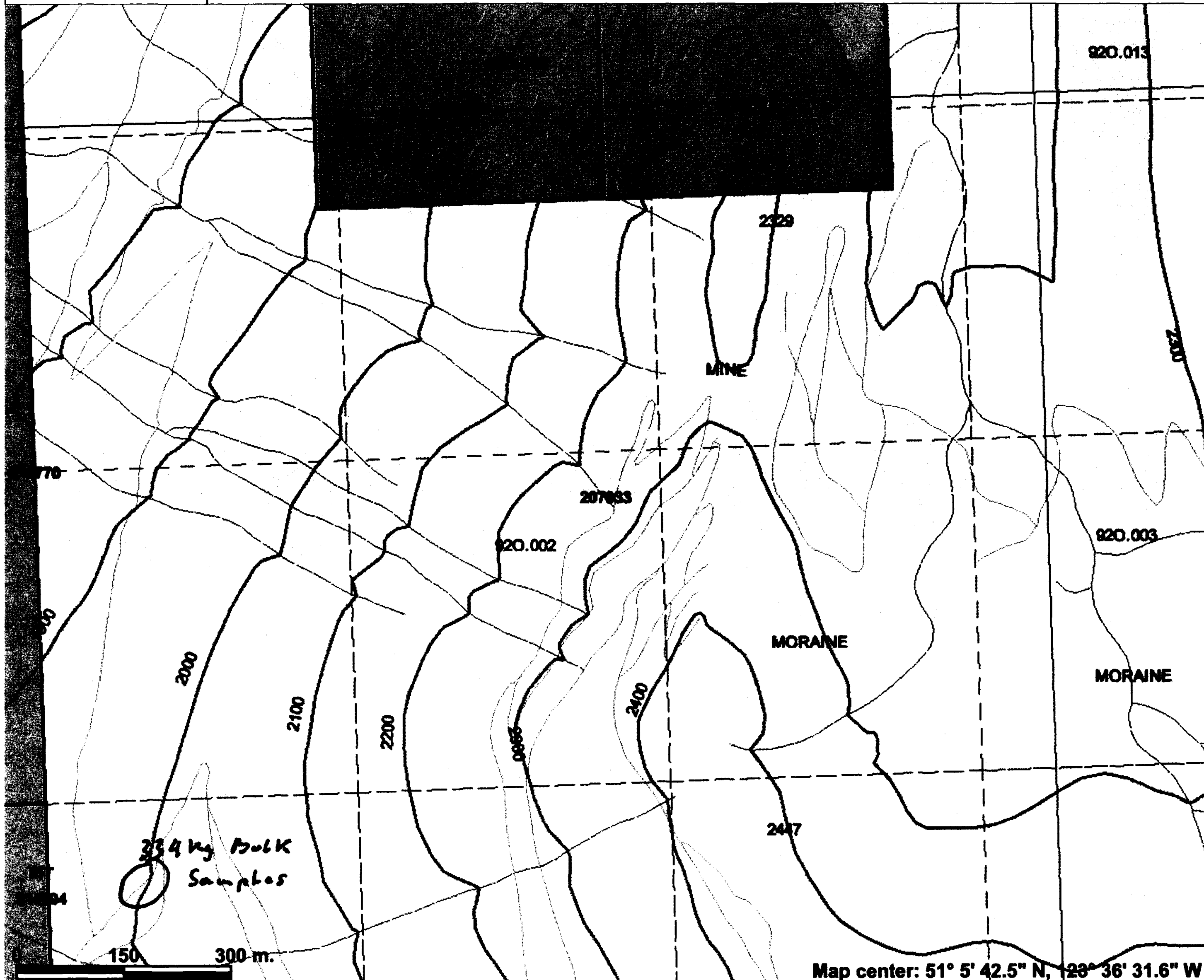
| **19. Expense(s):** | **Total Hours** | **Hourly Rate** | **Daily Rate** | **Total(s) ($)** |
|---|---|---|---|---|
| **Labor cost:** (specify type) J. Hajek, sampling | 4 days | | $350 | $1,400 |
| D.hajek, sampling | 8 days | | $300 | $2,400 |
| R. Woolsey | 6 days | | $250 | $1,500 |
| S. Pierce, first aid | 8 days | | $200 | $1,600 |
| **Equipment & Machinery cost:** (specify type) | | | | |
| Back hoe | 12 hours | $150/h | | $1,800 |
| | | | | |
| | | | | |

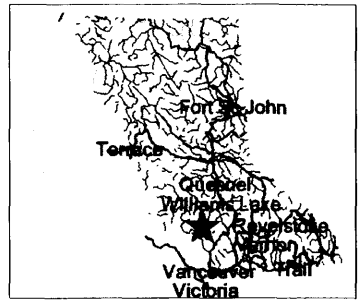
| **20. Transportation:**<br>(specify type) | **Rate(s)** | **Days / Distance** | **Total(s) ($)** |
|---|---|---|---|
| **2 trucks 4x4 for [illegible] days** | **$80/day x 2 x 4** | **10 days** | **$1,600** |
| **J. Hajek report & reproduction** | | | **$2,500** |
| **Lodging :3 men** | **$60/day/man** | **26 men day** | **$1,560** |
| **Food : 3 men** | **$60/day/man** | **26 men days** | **$1,560** |
| **Other:** (specify) ACME ASSAYS | | | **$250** |
| **Aeroquest report & evaluation** | | | **$7,950** |
| **Field Supplies** | | | **$ 1,050** |
| | | **Total costs:** | **$26,160** |
| | | **Amount claimed for assessment:** | **$15,000** |

[signature]
*(Signature of Recorded Holder / Agent)*

March 28, 2008
*(Date)*

# PELLAIRE GOLD MINE , EVENT # 4199295




Legend

- Indian Reserves
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- Parks
- MTO Grid (MTO)
- Mineral Tenure (current)
- Mineral Claim
- Mineral Lease
- Mineral Reserves (current)
- Placer Claim Designation
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- No Staking Reserve
- Conditional Reserve
- Release Required Reserve
- Surface Restriction
- Recreation Area
- Others
- Integrated Cadastral Fabric
- Survey Parcels
- BCGS Grid
- Contours (TRIM)
- Contour - Index
- Contour - Index.Indefinite
- Contour - Index.Depression
- Contour - Index.Depression Indefinite
- Contour - Intermediate
- Contour - Intermediate.Indefinite
- Contour - Intermediate.Depression
- Contour - Intermediate.Depression Indefinite
- Areaof Exclusion
- Areaof Indefinite Contours
- Annotation (1:20K)
- Transportation - Points (TRIM)

N

Scale: 1:8,436

This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

Notes: PHYSICAL SAMPLING OF QUARTZ ROCKS

5 Bulk Samples, Total 334 Kg see Table #6.

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Mineral Titles

# Mineral Titles Online

**Mineral Claim Exploration and Development Work/Expiry Date Change**

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- View Coal Tenures
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## Mineral Claim Exploration and Development Work/Expiry Date Change

**Confirmation**

**Recorder:** HAJEK, JOHN HENRY (110734) **Submitter:** HAJEK, JOHN HENRY (110734)
**Recorded:** 2008/MAR/02 **Effective:** 2008/MAR/02
**D/E Date:** 2008/MAR/02

**Your report is due in 90 days. Please attach a copy of this confirmation page to the front of your report.**

**Event Number:** 4199369

**Work Start Date:** 2007/JUN/15 **Total Value of Work:** $ 17500.00
**Work Stop Date:** 2007/SEP/30 **Mine Permit No:**

**Work Type:** Technical and Physical Work
**Physical Items:** Labour, Preparatory Surveys, Reclamation, Supply costs, Transportation / travel expenses
**Technical Items:** Geochemical, Geological, Geophysical, PAC Withdrawal (up to 30% of technical work performed), Preparatory Surveys

**Summary of the work value:**

| Tenure # | Claim Name/Property | Issue Date | Good To Date | New Good To Date | # of Days For-ward | Area in Ha | Work Value Due | Sub-mission Fee |
|---|---|---|---|---|---|---|---|---|
| 354065 | HAMILTON | 1997/mar/02 | 2009/mar/01 | 2010/mar/01 | 365 | 500.00 | $ 4000.00 | $ 200.00 |
| 209473 | HI #4 | 1965/may/03 | 2009/may/03 | 2010/may/03 | 365 | 25.00 | $ 200.00 | $ 10.00 |
| 553960 | TILL | 2007/mar/09 | 2009/mar/09 | 2010/mar/09 | 365 | 507.64 | $ 2030.55 | $ 203.06 |
| 553961 | GLACIER | 2007/mar/09 | 2009/mar/09 | 2010/mar/09 | 365 | 487.44 | $ 1949.75 | $ 194.97 |
| 518194 | SHORE | 2005/jul/22 | 2009/jul/22 | 2010/jul/22 | 365 | 40.58 | $ 324.60 | $ 16.23 |
| 207933 | LORD #1 | 1979/jul/19 | 2010/jul/19 | 2011/jul/19 | 365 | 500.00 | $ 4000.00 | $ 200.00 |
| 517937 | SOURCE | 2005/jul/17 | 2009/jul/17 | 2010/jul/17 | 365 | 40.62 | $ 324.92 | $ 16.25 |
| 519012 | PARTIAL | 2005/aug/13 | 2009/aug/13 | 2010/aug/13 | 365 | 20.29 | $ 162.35 | $ 8.12 |
| 209470 | HI #1 | 1965/may/03 | 2009/may/03 | 2010/may/03 | 365 | 25.00 | $ 200.00 | $ 10.00 |
| 559462 | MRAINE | 2007/may/30 | 2009/may/30 | 2010/may/30 | 365 | 304.71 | $ 1218.82 | $ 121.88 |
| 208501 | LORD #5 | 1988/sep/02 | 2010/sep/02 | 2011/sep/02 | 365 | 100.00 | $ 800.00 | $ 40.00 |
| 510824 | | 2005/apr/15 | 2009/aug/15 | 2010/aug/15 | 365 | 81.22 | $ 649.74 | $ 32.49 |
| 209471 | HI #2 | 1965/may/03 | 2009/may/03 | 2010/may/03 | 365 | 25.00 | $ 200.00 | $ 10.00 |
| 529756 | HAM2 | 2006/mar/08 | 2009/mar/08 | 2010/mar/08 | 365 | 344.93 | $ 1379.73 | $ 137.97 |
| 209472 | HI #3 | 1965/may/03 | 2009/may/03 | 2010/may/03 | 365 | 25.00 | $ 200.00 | $ 10.00 |
| 207934 | LORD #2 | 1979/jul/19 | 2010/jul/19 | 2011/jul/19 | 365 | 500.00 | $ 4000.00 | $ 200.00 |
| 514694 | | 2005/jun/17 | 2010/aug/24 | 2011/aug/24 | 365 | 101.51 | $ 812.07 | $ 40.60 |

**Total required work value:** $ 22452.53

**PAC name:** ZELON CHEMICALS
**Debited PAC amount:** $ 4952.53
**Credited PAC amount:** $ 0.00

**Total Submission Fees:** $ 1451.57

**Total Paid:** $ 1451.57

The event was successfully saved.

# REPORT OF PHYSICAL EXPLORATION AND DEVELOPMENT
## Section 15 - Mineral Tenure Act Regulation

| | | |
|---|---|---|
| **1. Event number: 4199369** | **2. Tenure number(s): 209470-71-72-73, 207933-34 208501, 510824, 514694, 517937, 518194, 519012, 529756,354065,553960-61,559462.** | **3. Type of Tenure:** oX Mineral, or o Placer |
| **4. Recorded holder: Valor Resources Ltd.** | **4440 Regency Place, West Vancouver, B.C V7W 1B9** | **Phone:604-926-0593** |
| **5. Operator: Zelon Chemicals Ltd.** | **Address: Same** | **Phone:604-926-1401** |
| **6. Report author: J. Hajek** | **Same** | **Phone:604-926-0593** |
| **7. Qualifications of operator:** | **Geochemist** | |

| | |
|---|---|
| **8. Brief summary of work activity on claim(s) in recent years:** | **Ground Geophysics, geochemistry and bulk sampling** |

**NEW WORK** (Attach additional sheets if more space is required)

| | |
|---|---|
| **9. Start date: June 15, 2007**<br><br>**Stop date: Sept. 30, 2007** | **10. Tenure number(s) of claim(s) that work was performed on:**<br><br>**208501, 207933, 207934, 354065, 529756** |
| **11. Detailed written description of the work activity and results obtained:** (If ground control or survey work is being claimed please attach plan(s) as required by Section 15 of the Regulations) | **Geological sampling, Geophysical AEROQUEST survey, road clearing of land slide rocks.** |
| **12. Metric dimensions of workings:** (Open cuts, adits, pits, shafts, trenches) | |
| **13. Amount of material excavated and tested or processed:** (metric units) | |
| **14. Geographic location of work sites:** (access description, map numbers, map coordinates) | **220 kilometers west of Williams Lake, 98 Km. from Hanceville, BC, going S-W on Nemiah road; than, 60 Km. S. on old Pellaire mining road to the Falls river camp and bridge. The Pellaire site is 7 Km. south and east along a mining access road at an elevation of 7300 feet.** |

| Attach 1:10,000 scale MTO map | EVENT 4153365 |
|---|---|



| 15. Was GPS used to map work sites? If yes, specify make and model: Garmin | 16. Work site(s) marking (flagging, cut lines, other): Flagging and cut lines |
|---|---|
| **17. Are photographs of work sites attached?** **yes** | **18. Was Notice of work filed?** Permit number: No |

**COST STATEMENT**

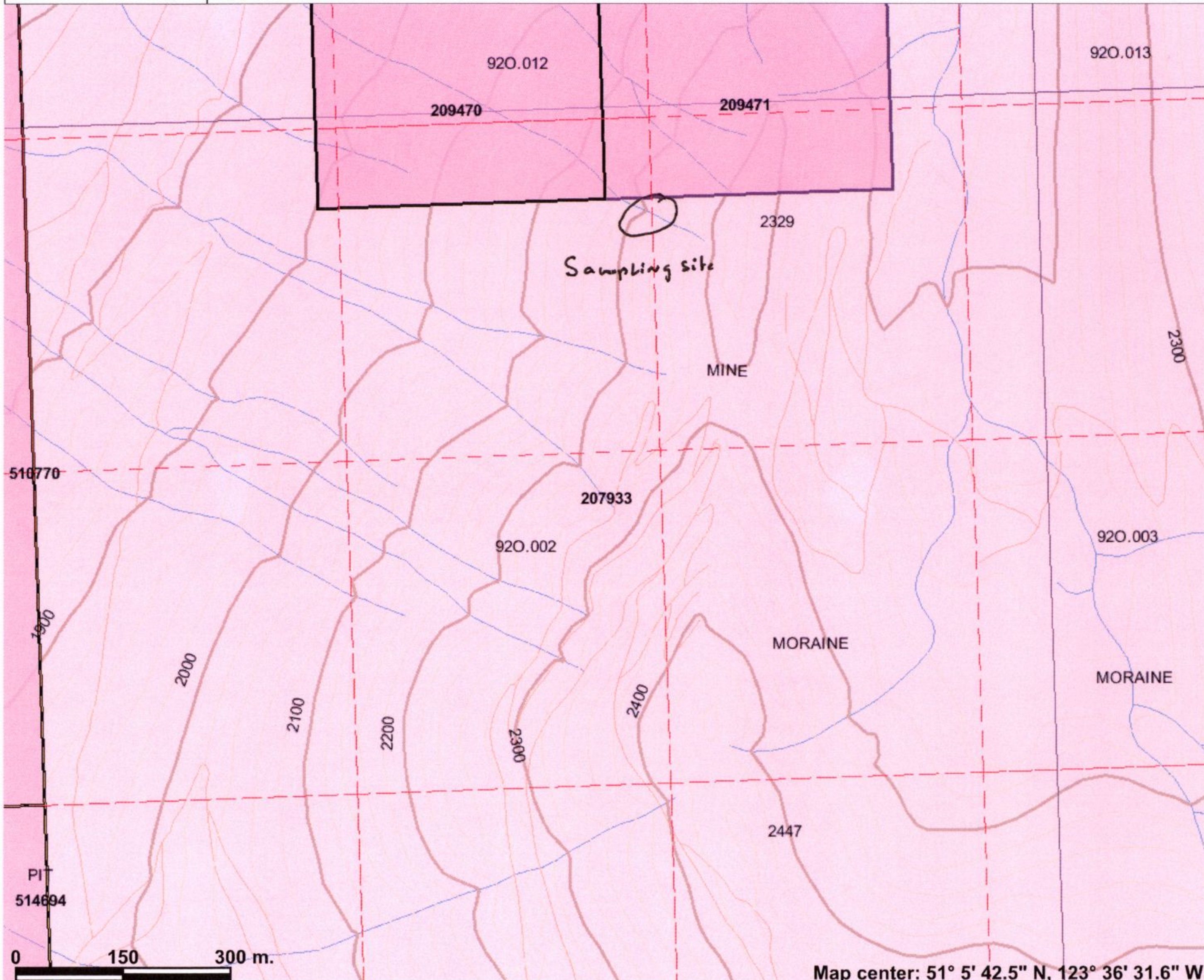
| **19. Expense(s):** | **Total Hours** | **Hourly Rate** | **Daily Rate** | **Total(s) ($)** |
|---|---|---|---|---|
| **Labor cost:** (specify type) | | | | |
| J. Hajek, sampling | 3 days | | $300 | 900 |
| D.hajek, sampling | 3days | | $250 | 750 |
| S. Pierce, first aid | 3days | | $200 | 600 |
| **Equipment & Machinery cost:** (specify type) | | | | |
| AEROQUEST GEOPHYSICAL SURVEY | | | | $15,000 |
| Helicopter fuel & mobilization | | | | $2000 |
| 2 chain saw rental | 2 days | | $40 | $160 |

| **20. Transportation:** (specify type) | **Rate(s)** | **Days / Distance** | **Total(s) ($)** |
|---|---|---|---|
| **2 trucks 4x4 for 4 days** | **$80/day x 2 x 4** | | **$640** |
| | | | |
| **Lodging :3 men** | **$60/day/man** | **9 men day** | **$540** |
| **Food : 3 men** | **$60/day/man** | **9 men days** | **$540** |
| **Other:** (specify) | | | |
| | | | |
| **Field Supplies** | | | **$ 150** |
| | | **Total costs:** | **$21,280** |
| | | **Amount claimed for assessment:** | **$17,500** |

(Signature of Recorded Holder / Agent)

March 28, 2008
(Date)

# PELLAIRE GOLD MINE EVENT 4199369





## Legend

- Indian Reserves
- National Parks
- Parks
- MTO Grid (MTO)
- Mineral Tenure (current)
- Mineral Claim
- Mineral Lease
- Mineral Reserves (current)
- Placer Claim Designation
- Placer Lease Designation
- No Staking Reserve
- Conditional Reserve
- Release Required Reserve
- Surface Restriction
- Recreation Area
- Others
- Integrated Cadastral Fabric
- Survey Parcels
- BCGS Grid
- Contours (TRIM)
- Contour - Index
- Contour - Index.Indefinite
- Contour - Index.Depression
- Contour - Index.Depression Indefinite
- Contour - Intermediate
- Contour - Intermediate.Indefinite
- Contour - Intermediate.Depression
- Contour - Intermediate.Depression Indefinite
- Areaof Exclusion
- Areaof Indefinite Contours
- Annotation (1:20K)
- Transportation - Points (TRIM)

N

Scale: 1:8,436



Notes: PHYSICAL SAMPLING OF QUARTZ ROCKS

Samples: Pec 2 to 7, Clay JH12 2,

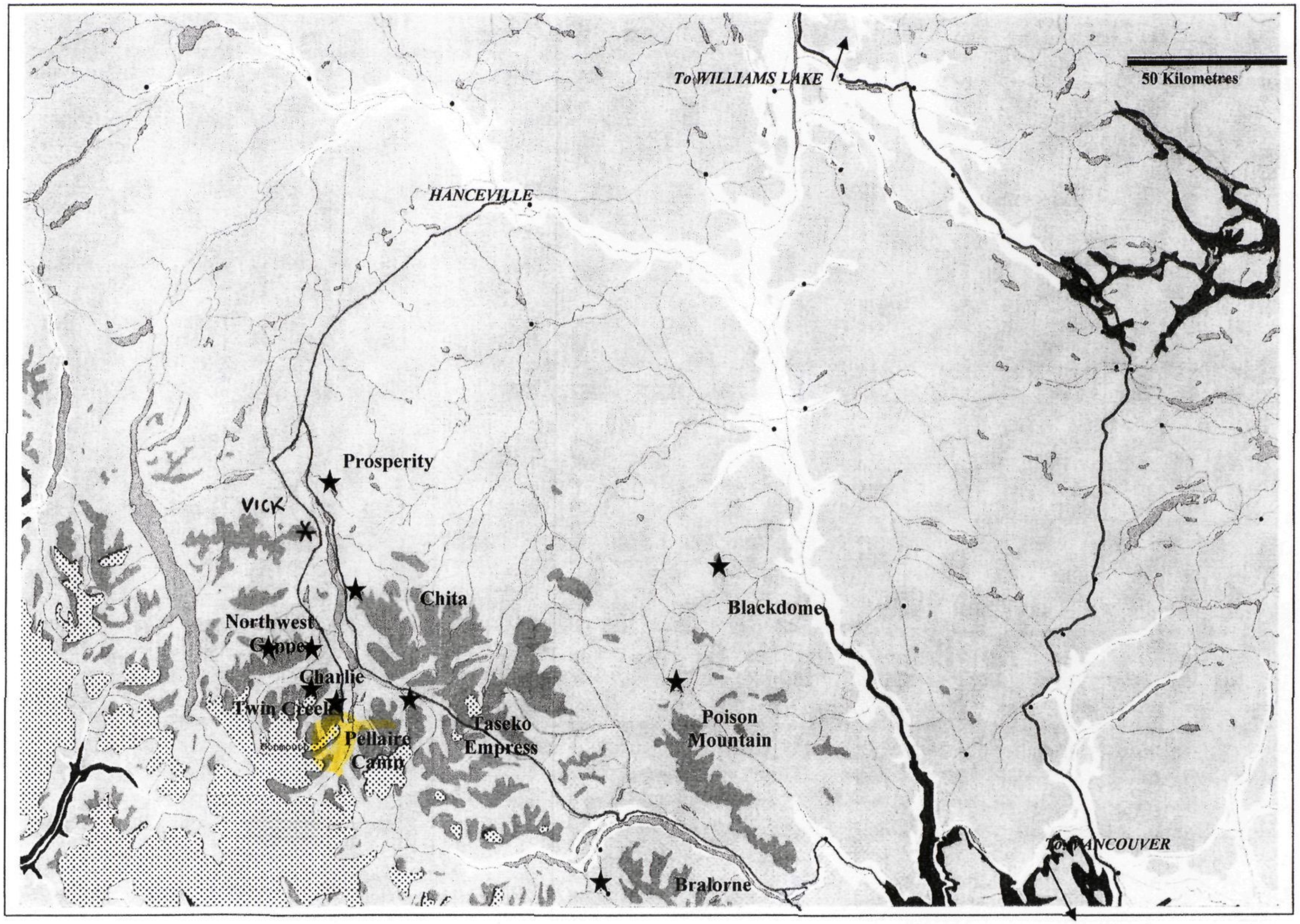
Quartz Samples.

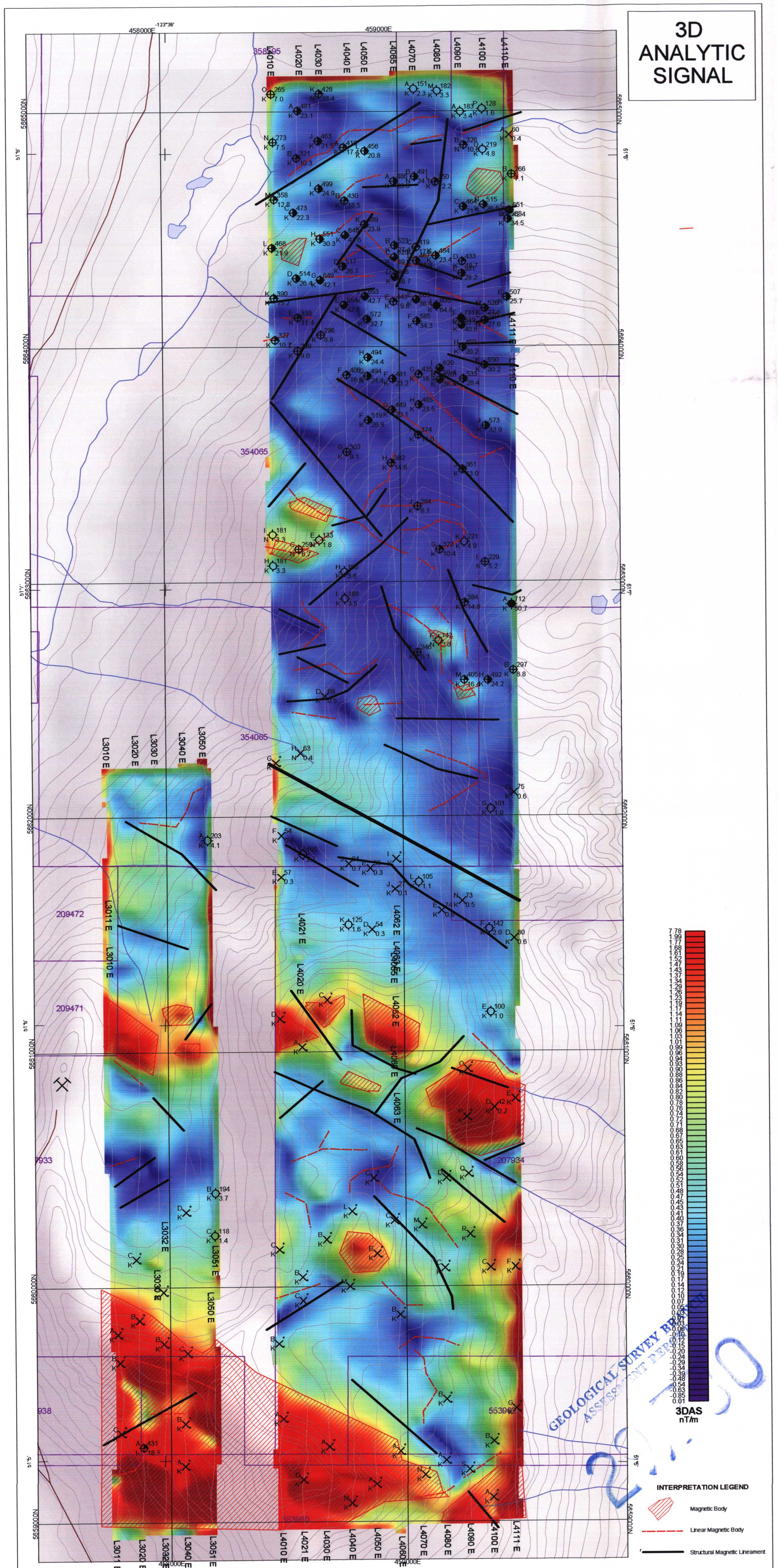

Bismuth - Tellurides in Quarts (V3 & V4)

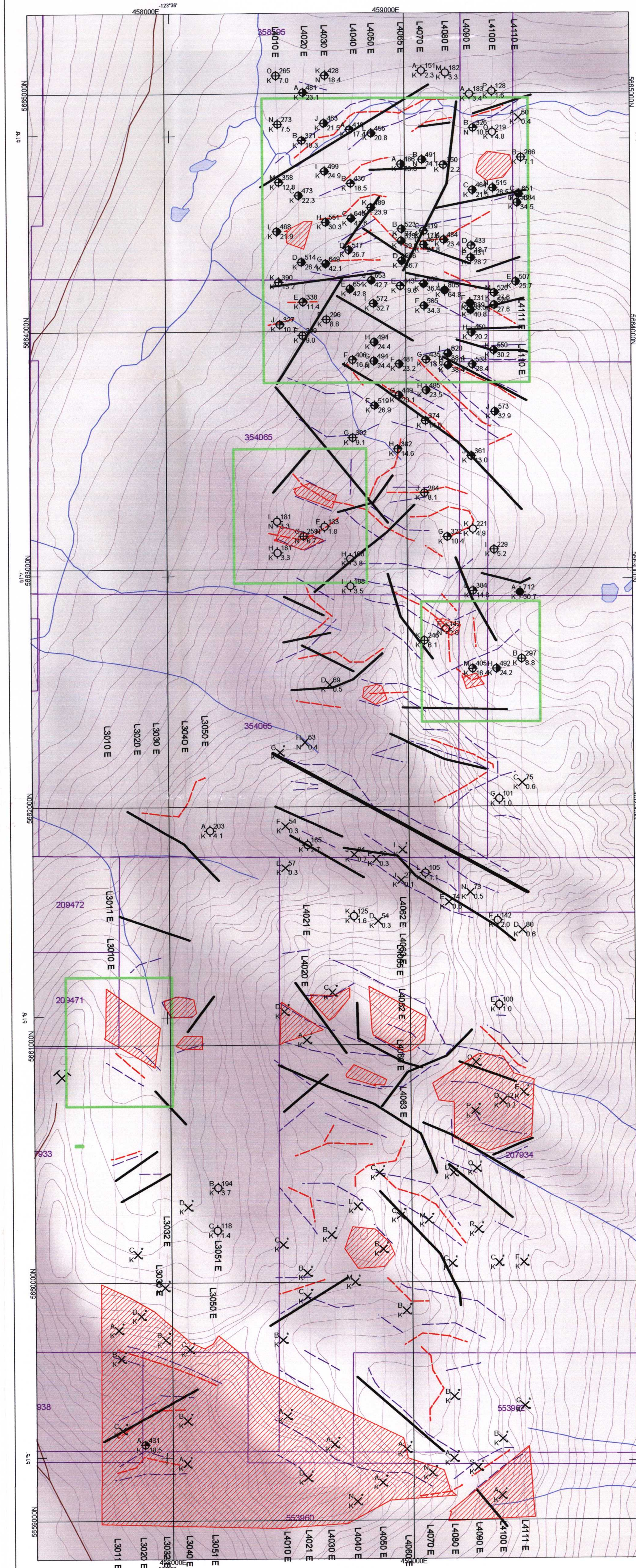
AERO TEM 2007.


Testing Site + Camp

Deposits in the Pellaire Gold Project Area






**Off-Time Anomaly Symbols**

>50S ........................
35-50S ........................
20-35S ........................
10-20S ........................
5-10S ........................
1-5S ........................
<1S ........................
Cultural Sources.....

anomaly label A 125 decay constant (μs)
thicK/thiN source K 36 off-time conductance (S)

SURVEY SPECIFICATIONS:
- Survey flown: June 8 to 26, 2007
- Traverse line spacing: 100 metres
- Traverse line direction: 0° Azimuth (N-S)
- Nominal EM bird height: 30 metres
- Aircraft: Aerospatiale A-Star 350B2 (C-FPTG)

INSTRUMENTATION:
- Data acquisition: ADAS & RMS DGR-33
- Magnetometer: Geometrics G-823A cesium vapour
  - Installation: On EM bird
  - Sensitivity: .001 nanoTesla
- Electromagnetics: AeroTEM II System (BRAVO)
  - Configuration: Towed bird

NAVIGATION:
- Navigation: Differential Global Positioning System (DGPS)
- Navigation equipment: AGNAV with MID-TECH RX400p receiver
- Radar Altimeter: Terra TRA3000/TRI-30

DATA PROCESSING
- Magnetics: diurnal, tieline and micro-leveling corrections

POSITIONING
- Datum: NAD83
  - Major Axis: 6378137.000
  - Eccentricity: 0.081819191

MAP PROJECTION
- Projection: Universal Transverse Mercator
- Central Meridian: 123°W (Zone 10)
- Central Scale Factor: 0.9996
- False Easting/Northing: 500,000m/0m

scale 1:10,000

200 0 200 400 600
metres
NAD83 / UTM zone 10N

**INTERPRETATION LEGEND**
- Magnetic Body
- Linear Magnetic Body
- Magnetic Contact
- Structural Magnetic Lineament
- Recommended Follow-up Areas

## Galore Resources
Mount Taseko Area, British Columbia

# AEROTEM DATA - PLATE 1

## Pellaire Block
NTS 092O04

Survey flown by:

AEROQUEST INTERNATIONAL
ADVANCED AIRBORNE GEOPHYSICS
7687 Bath Road
Mississauaga, Ont., CANADA L4T 3T1
Tel: (905) 672-9129 Fax: (905) 672-7083
www.aeroquest.ca

September 2007

Pellaire Block

PLATE 1A.

# TOTAL MAGNETIC INTENSITY (RTP)

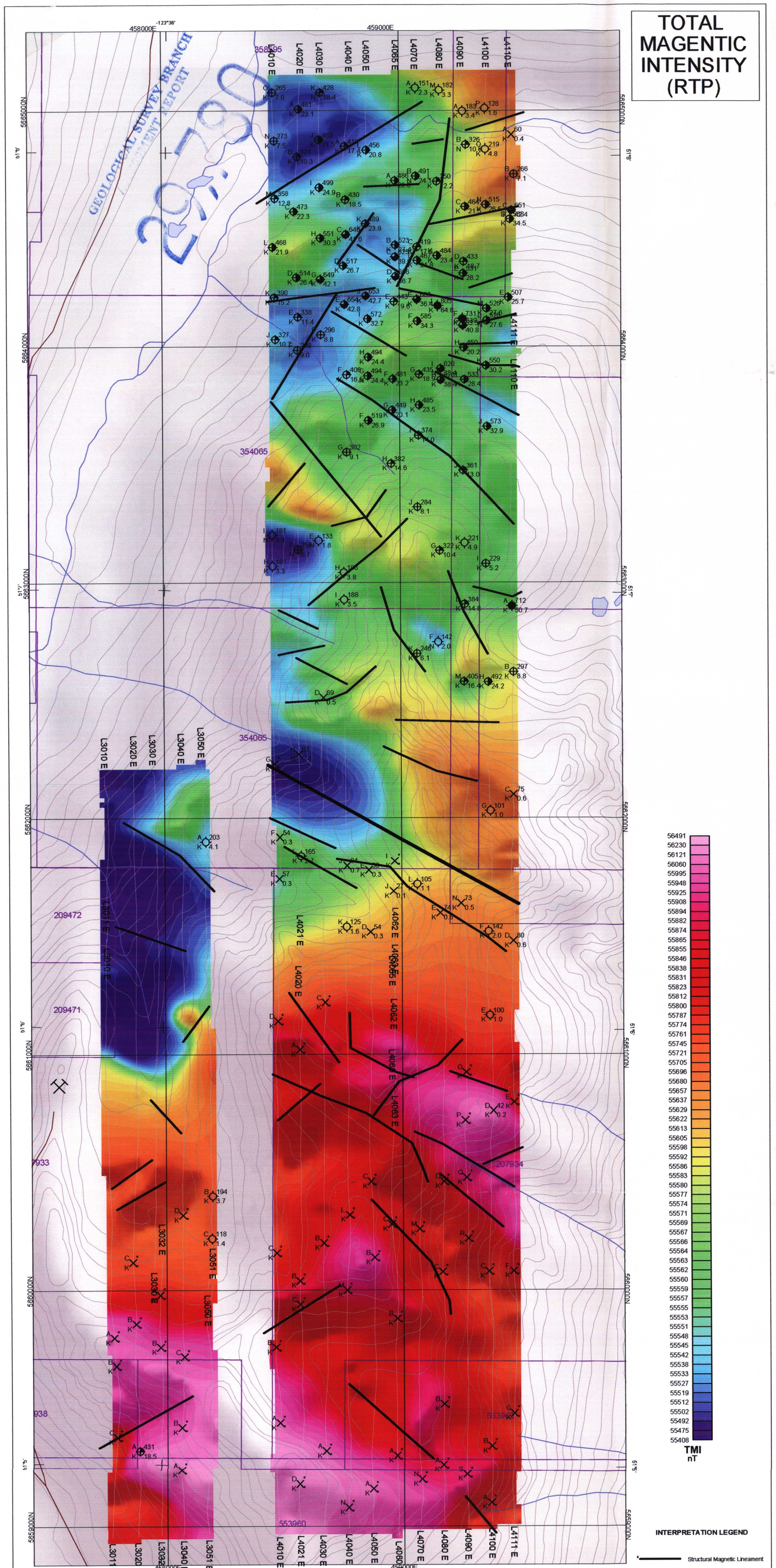
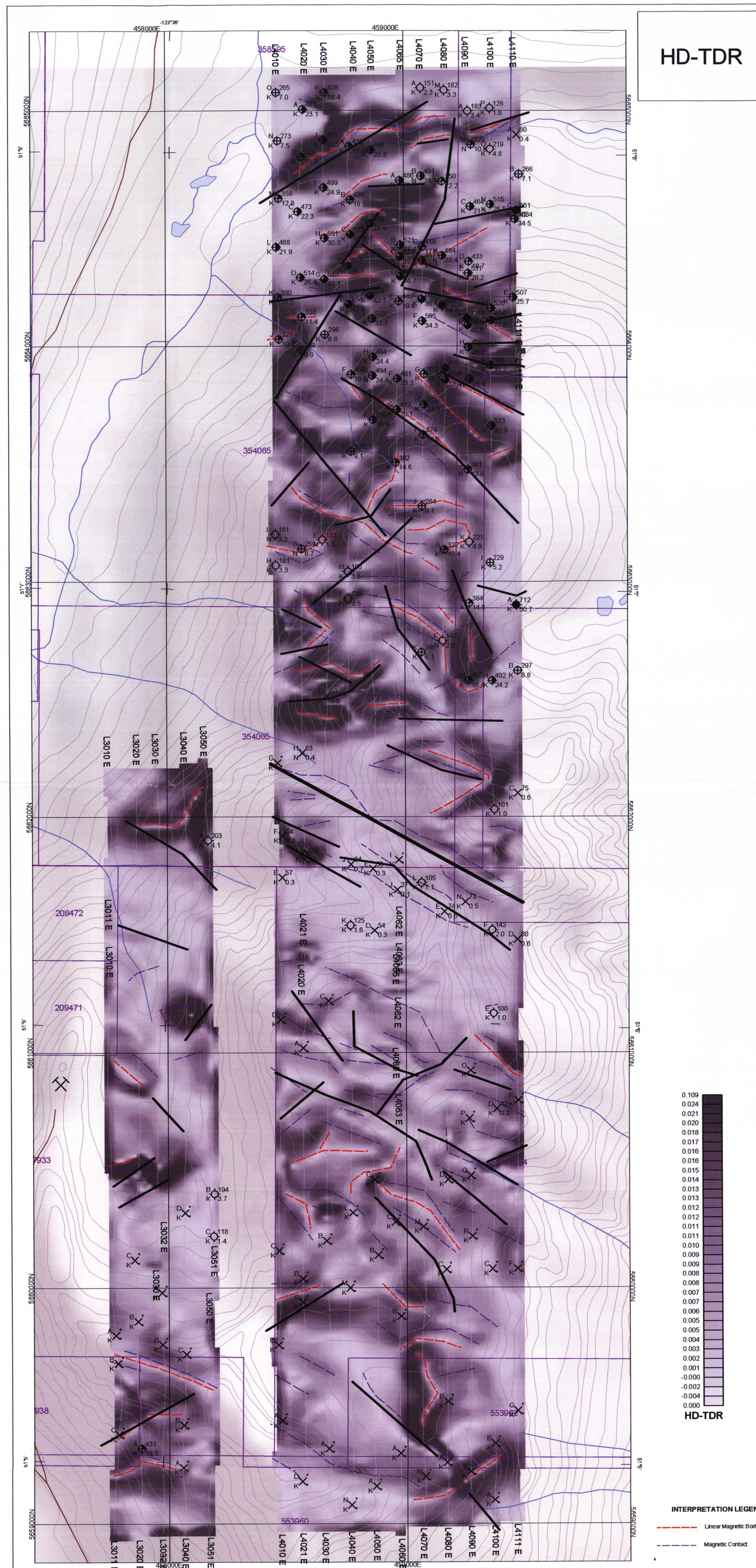



PLATE 1B.

# HD-TDR

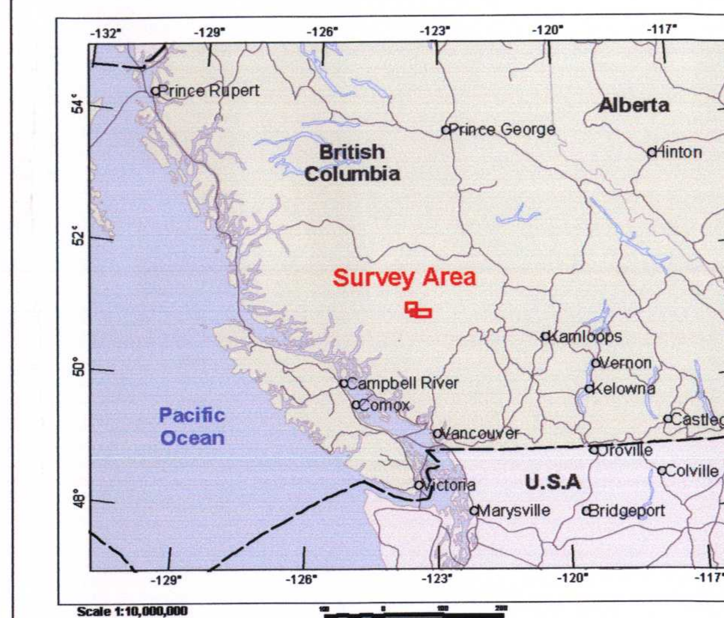


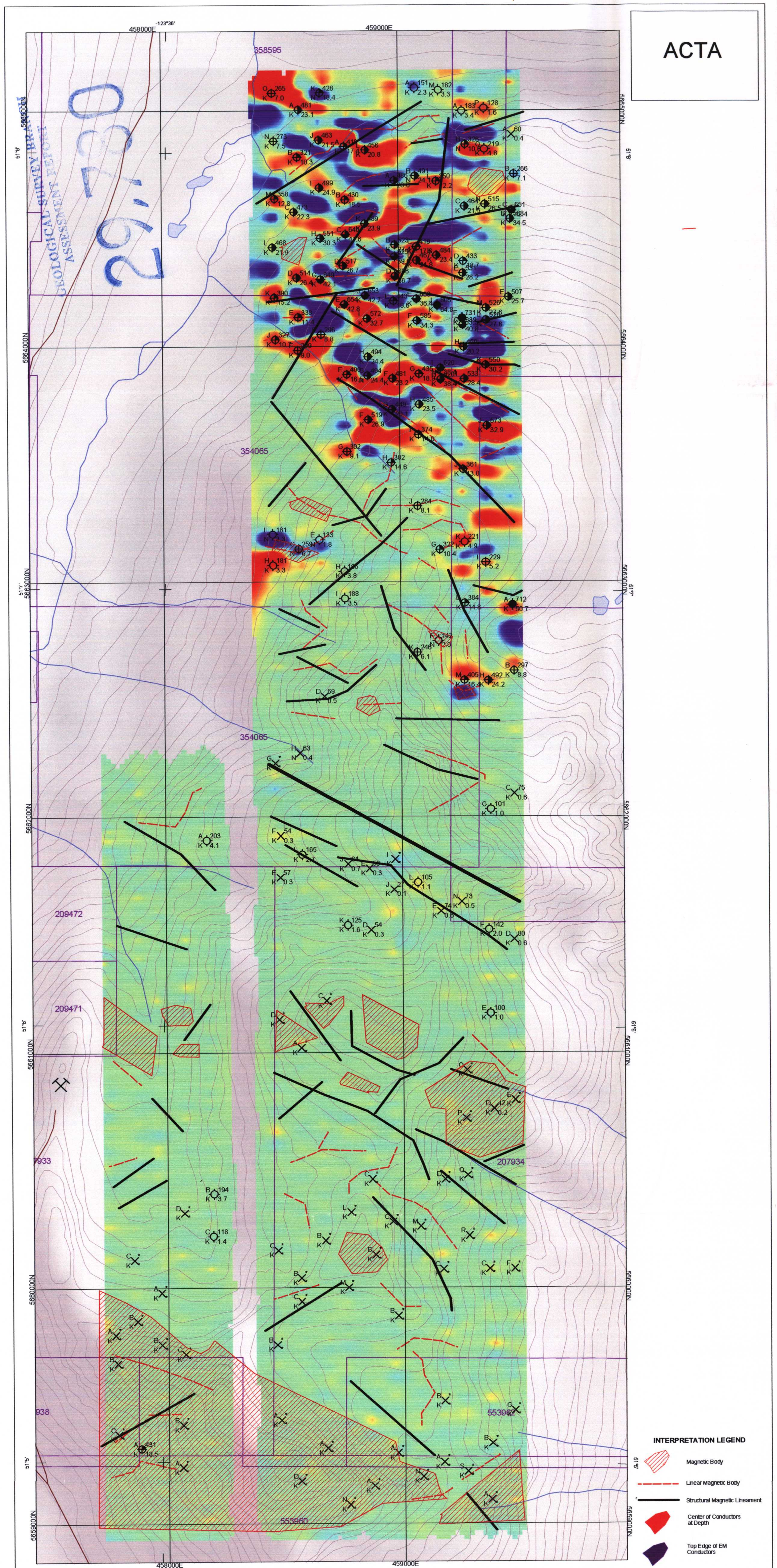

Grid North
NAD83 - Zone 10

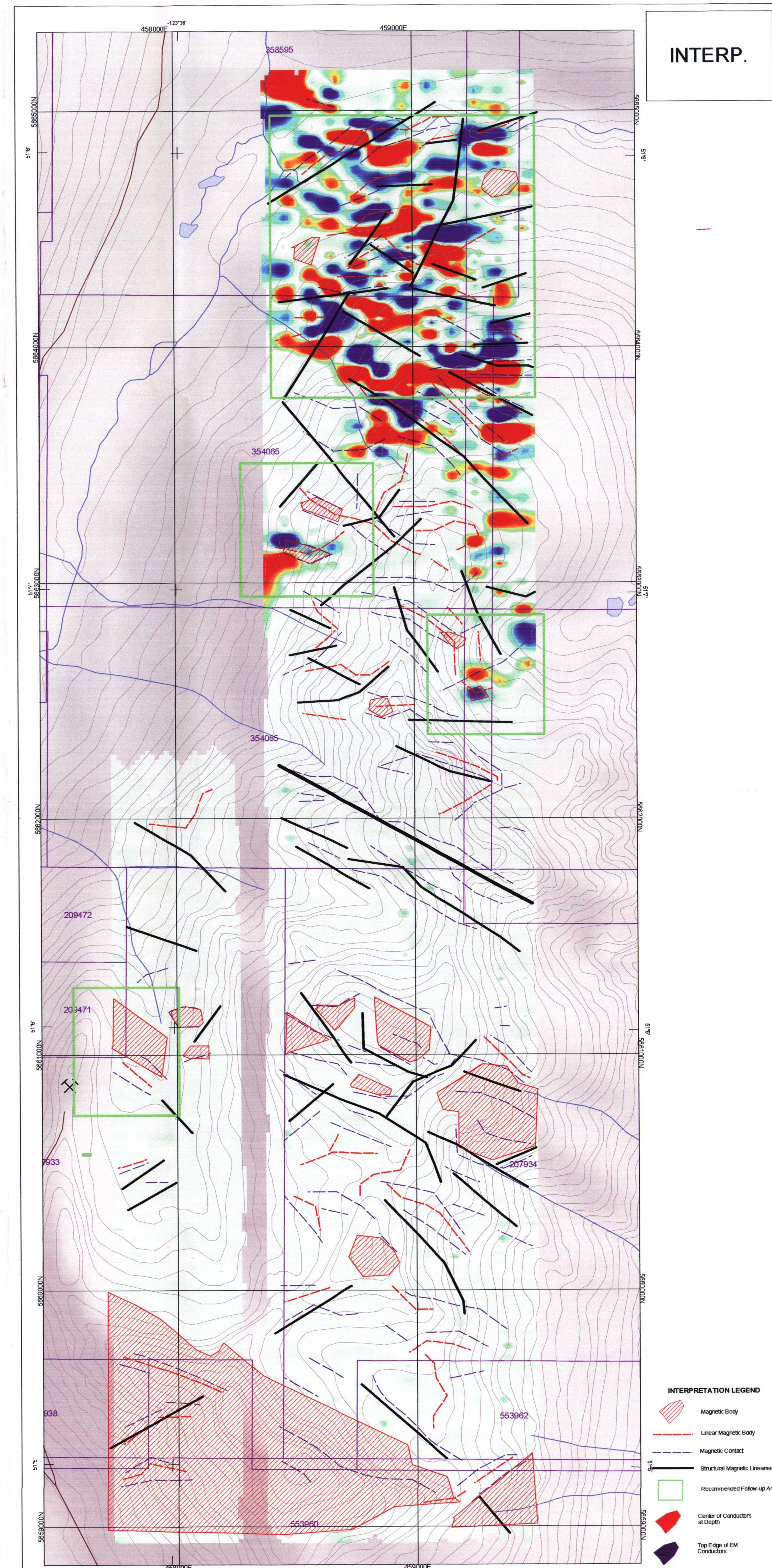
The topographic data base was derived from 1:50000 NRC (Natural Resources Canada) National Topographic Data Base data.

Inset data derived from Natural Resources Canada 'Atlas of Canada Base Maps'

This map accompanies the technical report entitled 'Report on a Helicopter-Borne Magnetic and Electromagnetic Survey, Pellaire Project Mount Taseko Area, British Columbia', by Aeroquest Limited, September 2007.



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Sensitivity: .001 nanoTesla
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Datum: NAD83
Major Axis: 6378137.000
Eccentricity: 0.081819191
MAP PROJECTION
Projection: Universal Transverse Mercator
Central Meridian: 123°W (Zone 10)
Central Scale Factor: 0.9996
False Easting/Northing: 500,000m/0m

scale 1:10,000

200 0 200 400 600
metres
NAD83/UTM zone 10N

## Galore Resources
Mount Taseko Area, British Columbia

# AEROTEM DATA - PLATE 2
## Pellaire Block
NTS 092O04

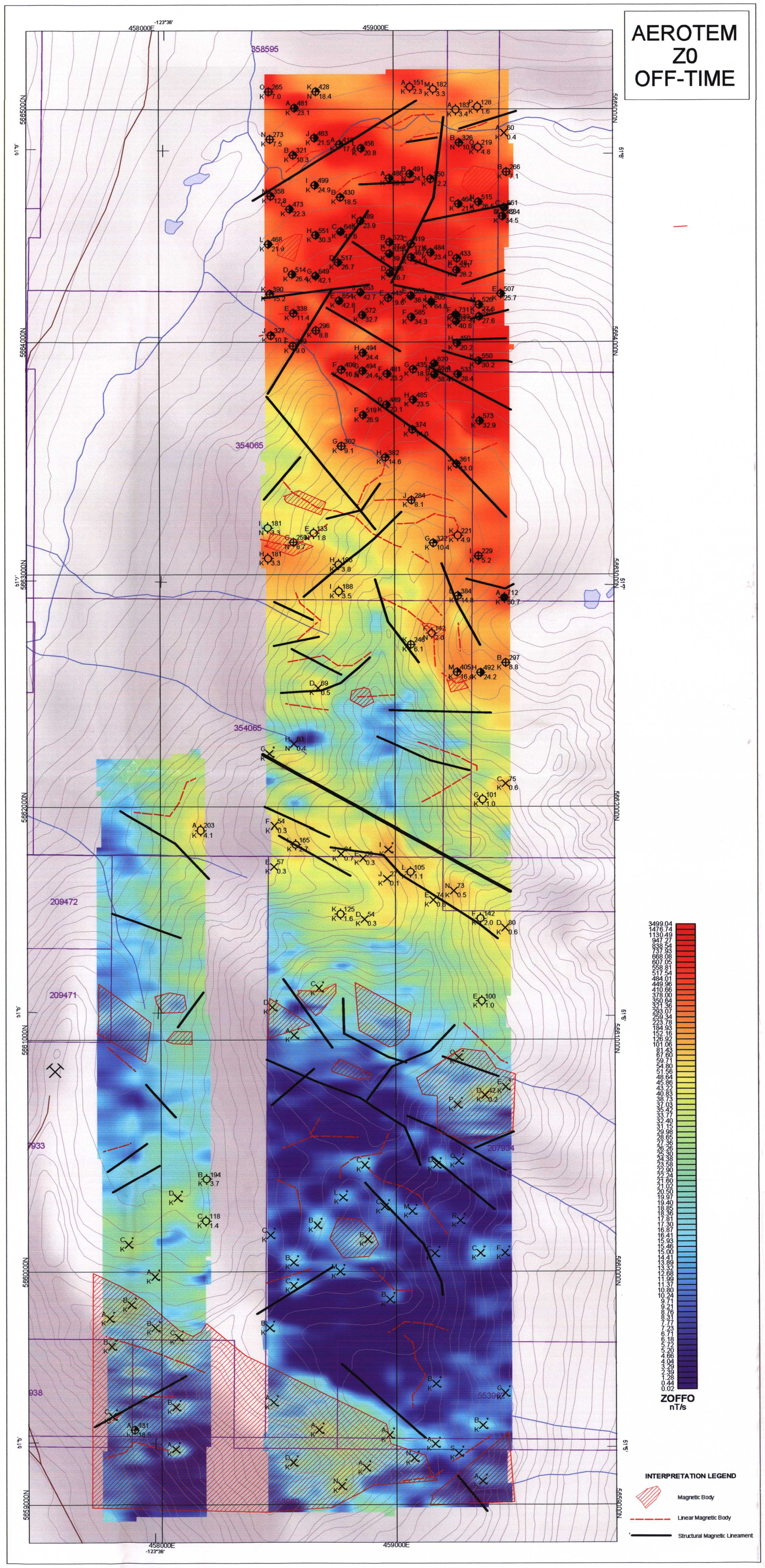
Survey flown by:

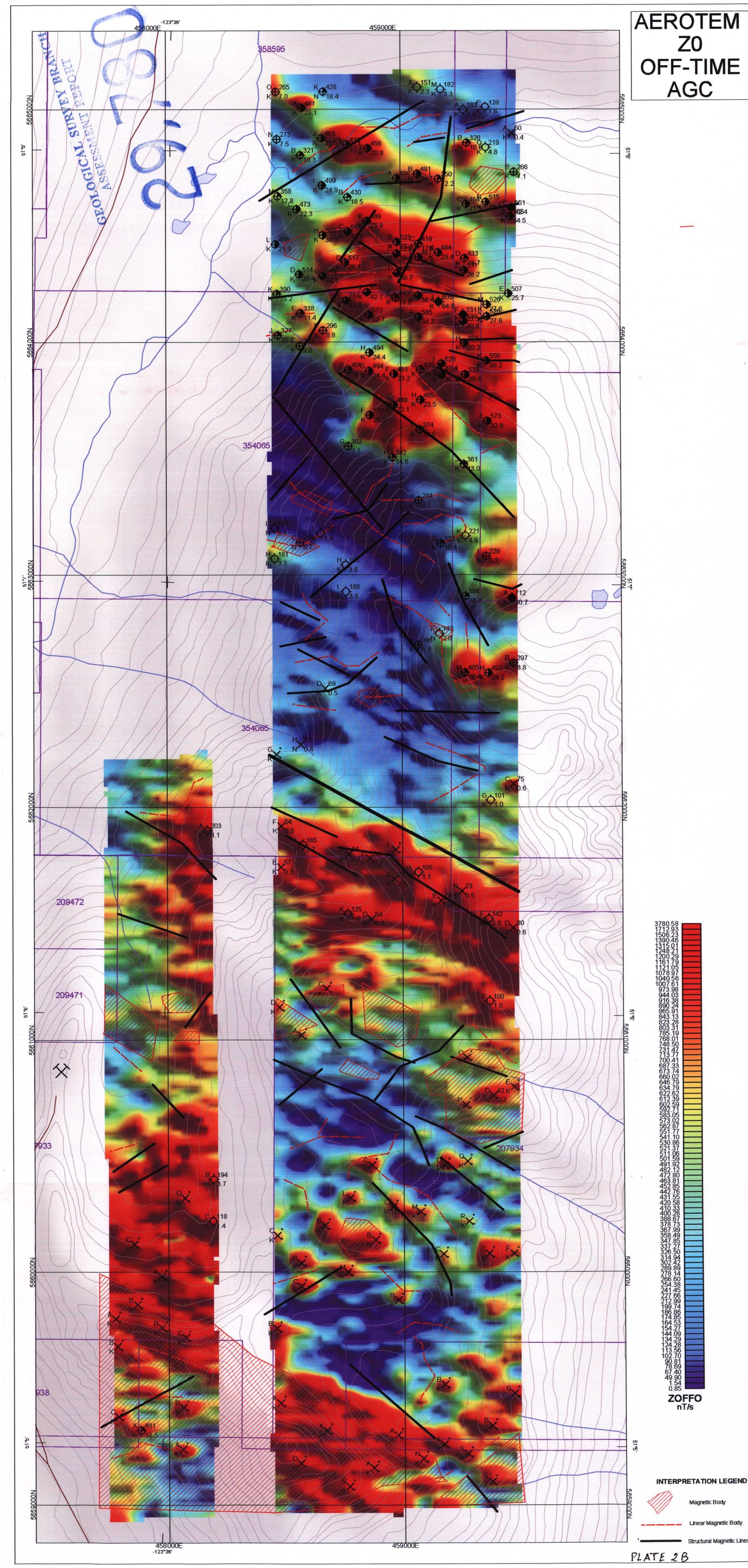
AEROQUEST INTERNATIONAL
ADVANCED AIRBORNE GEOPHYSICS
7687 Bath Road
Mississauaga, Ont., CANADA L4T 3T1
Tel: (905) 672-9129 Fax: (905) 672-7083
www.aeroquest.ca

September 2007

Pellaire Block

PLATE 2.

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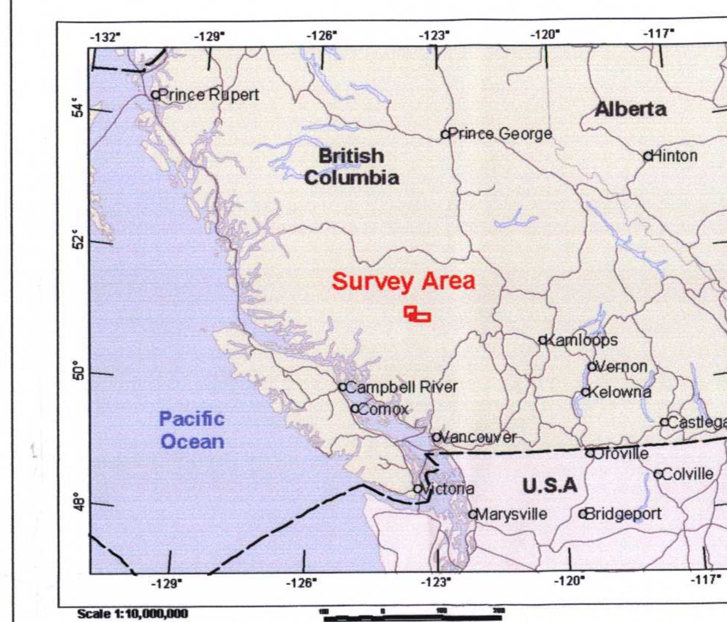


PLATE 2B