

**Ministry of Energy & Mines**  
Energy & Minerals Division  
Geological Survey Branch

**ASSESSMENT REPORT  
TITLE PAGE AND SUMMARY**

TITLE OF REPORT [type of survey(s)]	TOTAL COST
-------------------------------------	------------

AUTHOR(S) \_\_\_\_\_ SIGNATURE(S) \_\_\_\_\_

NOTICE OF WORK PERMIT NUMBER(S)/DATE(S) \_\_\_\_\_ YEAR OF WORK \_\_\_\_\_

STATEMENT OF WORK - CASH PAYMENT EVENT NUMBER(S)/DATE(S) \_\_\_\_\_

PROPERTY NAME \_\_\_\_\_

CLAIM NAME(S) (on which work was done) \_\_\_\_\_

COMMODITIES SOUGHT \_\_\_\_\_

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN \_\_\_\_\_

MINING DIVISION \_\_\_\_\_ NTS \_\_\_\_\_

LATITUDE \_\_\_\_\_° \_\_\_\_\_' \_\_\_\_\_" LONGITUDE \_\_\_\_\_° \_\_\_\_\_' \_\_\_\_\_" (at centre of work)

OWNER(S)

1) \_\_\_\_\_ 2) \_\_\_\_\_

MAILING ADDRESS

OPERATOR(S) [who paid for the work]

1) \_\_\_\_\_ 2) \_\_\_\_\_

MAILING ADDRESS

PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude):

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS \_\_\_\_\_

TYPE OF WORK IN THIS REPORT	EXTENT OF WORK (IN METRIC UNITS)	ON WHICH CLAIMS	PROJECT COSTS APPORTIONED (incl. support)
GEOLOGICAL (scale, area)			
Ground, mapping			
Photo interpretation			
GEOPHYSICAL (line-kilometres)			
Ground			
Magnetic			
Electromagnetic			
Induced Polarization			
Radiometric			
Seismic			
Other			
Airborne			
GEOCHEMICAL (number of samples analysed for ...)			
Soil			
Silt			
Rock			
Other			
DRILLING (total metres; number of holes, size)			
Core			
Non-core			
RELATED TECHNICAL			
Sampling/assaying			
Petrographic			
Mineralographic			
Metallurgic			
PROSPECTING (scale, area)			
PREPARATORY/PHYSICAL			
Line/grid (kilometres)			
Topographic/Photogrammetric (scale, area)			
Legal surveys (scale, area)			
Road, local access (kilometres)/trail			
Trench (metres)			
Underground dev. (metres)			
Other			
			TOTAL COST

# ASSESSMENT REPORT

on the

Induced Polarization – Magnetic  
Geophysical Survey

BC Geological Survey  
Assessment Report  
31767

## Murphy Lake Property

CARIBOO and CLINTON MINING DIVISIONS

BCGS 92P.094, 93A.004, 005, 006, 014, 015

**Property:** exploration on 547339, 547342, 547343, 547344, 547345

**Assessment Property:** work filed on 108 MTO mineral claims (includes 78 claims on the Murphy Lake Property and 30 claims on the Timothy Lake Property) – see Table 1 in report

NTS:	92P/14, P/15, 93A/2, A/3
LATITUDE:	52° 09' 58" to 52° 13' 25" N
LONGITUDE:	121° 18' 37" to 121° 24' 03" W
OWNER:	Candorado Operating Company Ltd.
OPERATOR:	Candorado Operating Company Ltd.
CONSULTANT:	Discovery Consultants
AUTHOR:	A. Koffyberg, PGeo
DATE:	November 15, 2010

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## **1.0 SUMMARY**

An induced polarization and magnetic survey was conducted on the north part of the Murphy Lake property ("Property"). The geophysical survey was conducted on a cut-line grid, which covered 51.5 line-kilometres of north-south lines at 400-metre spacing. The total cut-line grid including the base line was 58.5 line-km of grid. The Property is 100% owned by Candorado Operating Company Ltd. The geophysical survey was performed by Peter E. Walcott & Associates Ltd. of Vancouver, BC, from June 30 to July 26, 2010. Prior to the commencement of the geophysical survey, the survey grid was line-cut by personnel from Discovery Consultants, of Vernon, BC.

The Property is situated within the Cariboo Plateau in central BC, and is located north of Lac La Hache and east of Williams Lake. It extends 32 km north-south and 21 km east-west, to cover an area of 25,971 hectares. Access to the general area of the Property can be gained by all weather gravel roads from 150 Mile House, Horsefly, Lac La Hache and Forest Grove. Many of these logging roads are not regularly maintained and a 4-wheel drive vehicle is necessary to gain access to this area. The survey area is about 40 km north of the town of Lac La Hache, 15 km south of Horsefly and about 50 km east from Williams Lake.

Geologically, the Property lies within the Quesnel Trough, which in this area consists of Nicola Group marine sediments and arc-derived volcanic rocks with associated high-level, coeval alkalic intrusions. The Quesnel Trough hosts many alkalic porphyry copper-gold occurrences, deposits and producing mines (Copper Mountain, Afton, Mount Polley, Mount Milligan) and is of regional metallogenic significance.

Locally, the Property is underlain by Nicola metavolcanic rocks and metasediments. The western edge of the Takomkane batholith covers parts of the northeast part of the Property. It also occurs north of Moffat Creek in the far north end of the Property. It consists of various zoned phases comprising granodiorite to monzonite to syenodiorite. Extensive glacial overburden covers much of the Property, reaching thicknesses of up to tens of metres.

Because of the reconnaissance nature of the IP survey, it was decided use a 200 m dipole and measurements of separations of one-half to four, using the pole-dipole technique. Peter E. Walcott and Associates Ltd carried out the geophysical survey. The objective was to explore for calc-alkalic copper-gold-molybdenum porphyry mineralization similar to the Southeast Zone and for alkali copper-gold porphyry Takom, Megabuck and Deerhorn Zones on the adjacent Woodjam property to the north. A similar reconnaissance IP survey led to the discovery of the Southeast Zone in 2007.

The grid was divided into an east and a west grid. The majority of the east grid has an overall high apparent resistivity, which likely reflects the underlying Takomkane intrusive rocks. The north part of the west grid also has a relatively high resistivity, which may reflect the presence of Takomkane-like intrusive rocks.

The large IP chargeability anomaly (at 5 mV/V) that encloses the Southeast Zone on the Woodjam property, north of Candorado's property, is closed off at about 13300 E and 16000 N on the survey grid.

Areas of anomalous IP chargeability occur in the southern part of the west grid. Due to the reconnaissance nature of the survey (400-m line spacing) the full extent and orientation of the anomalous response cannot be determined. The resistivities in this area are also variable.

The magnetic response on the property has resulted in several, possibly isolated anomalies in the east grid and two anomalies in the west grid. One of the latter remains open to the northwest.

Further work is recommended to follow up the IP anomalies on the west grid. This would involve a geophysical survey of smaller dipole size of 100 m and measurements using eight separations.



## **2.0 INTRODUCTION**

This assessment report was prepared at the request of Kirk Reed, president of Candorado Operating Company Ltd ("Candorado"). The report describes the results of an induced polarization ("IP") and magnetic geophysical survey conducted on the northern part of the Murphy Lake Property ("Property") by Peter E. Walcott & Associates Ltd. of Vancouver, BC. The geophysical work took place from June 30 to July 26, 2010. Line cutting was done prior to the geophysical survey by personnel of Discovery Consultants of Vernon, BC from May 17 to June 25, 2010. Overall supervision of the program was provided by Discovery Consultants.

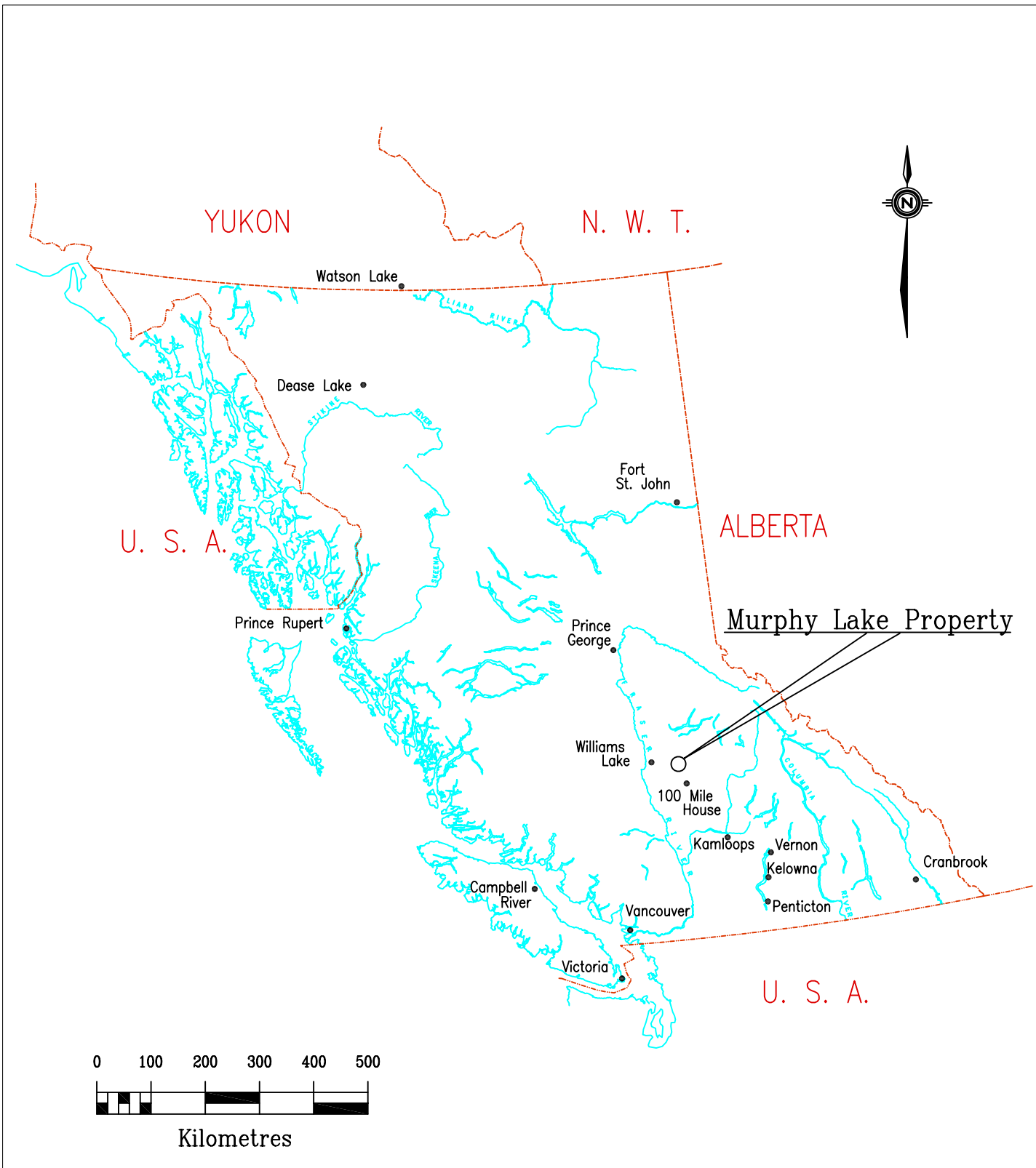
The main objective was to evaluate the potential of the Property to host copper-gold mineralization. The use of an IP geophysical survey by the Fjordland Exploration Inc. and Cariboo Rose Resources Ltd joint venture was successful in discovering the Southeast Zone of the Woodjam property under deep overburden, located 1 km north of the Property. Also on the Woodjam property, IP and magnetic surveys have identified the Takom, Megabuck and Deerhorn copper-gold alkalic porphyry zones.

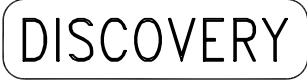
## **3.0 LOCATION AND ACCESS**

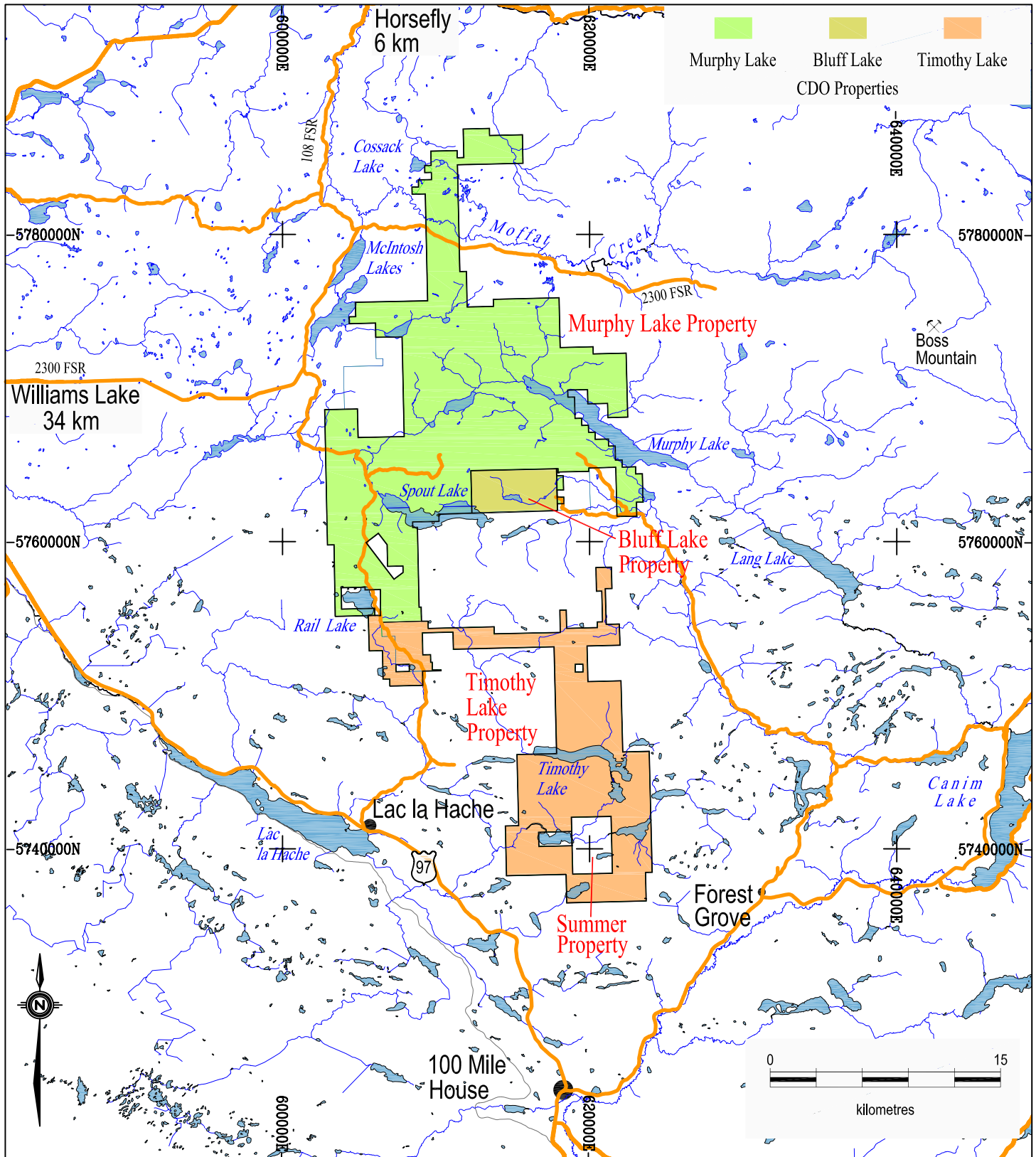
The Property is centred west of Murphy Lake, also referred to as Eagle Lake, and extends 32 km north-south and 21 km east-west, to cover an area of 25,971 hectares (Figures 2 and 3).

The area of the geophysical survey extends from latitude 52° 09' 58" to 52° 13' 25" N and longitude 121° 18' 37" to 121° 24' 03" W, which is physiographically within the Cariboo Plateau in central British Columbia. The survey area is about 40 km north of the town of Lac La Hache, 15 km south of Horsefly and about 50 km east from Williams Lake (Figures 1 and 2).

The survey was completed on five claims in the northern part of Property, which forms an inverted L-shaped claim block. This area can be accessed from 150 Mile House, driving east on the 2300 FSR for about 54 km, then heading north on the 2500 FSR across Moffat Creek, then northwest along the 4600 FSR and other forestry roads north of the creek. Alternatively, the northwest corner of the surveyed area can be accessed from the community of Horsefly, heading south along the 108 North FSR or the Walters Lake road and smaller forestry roads to the area of Cossack Lake, for a driving distance of about 24 km. Many of the secondary logging roads are not regularly maintained and a 4-wheel drive vehicle is necessary to gain access to the Property.



 Discovery Consultants		Candorado Operating Company Ltd.	
Murphy Lake Property		Property Location	
Date: November 5, 2010	Project: 696	Scale: 1:10,000,000	N.T.S.: 092P+093A
Mining Div: Cariboo		Figure: 1	



**DISCOVERY** Consultants

Candorado Operating Company Ltd.

Murphy Lake Property

Regional Location

## **4.0 TOPOGRAPHY**

The region is characterized by rolling uplands and hills of the Fraser Plateau. The area of the Property covered by the geophysical survey is bounded on the south by Moffat Creek, which is a fast flowing river during the spring to summer months. Moffat Creek drains west, then north, eventually reaching Quesnel Lake.

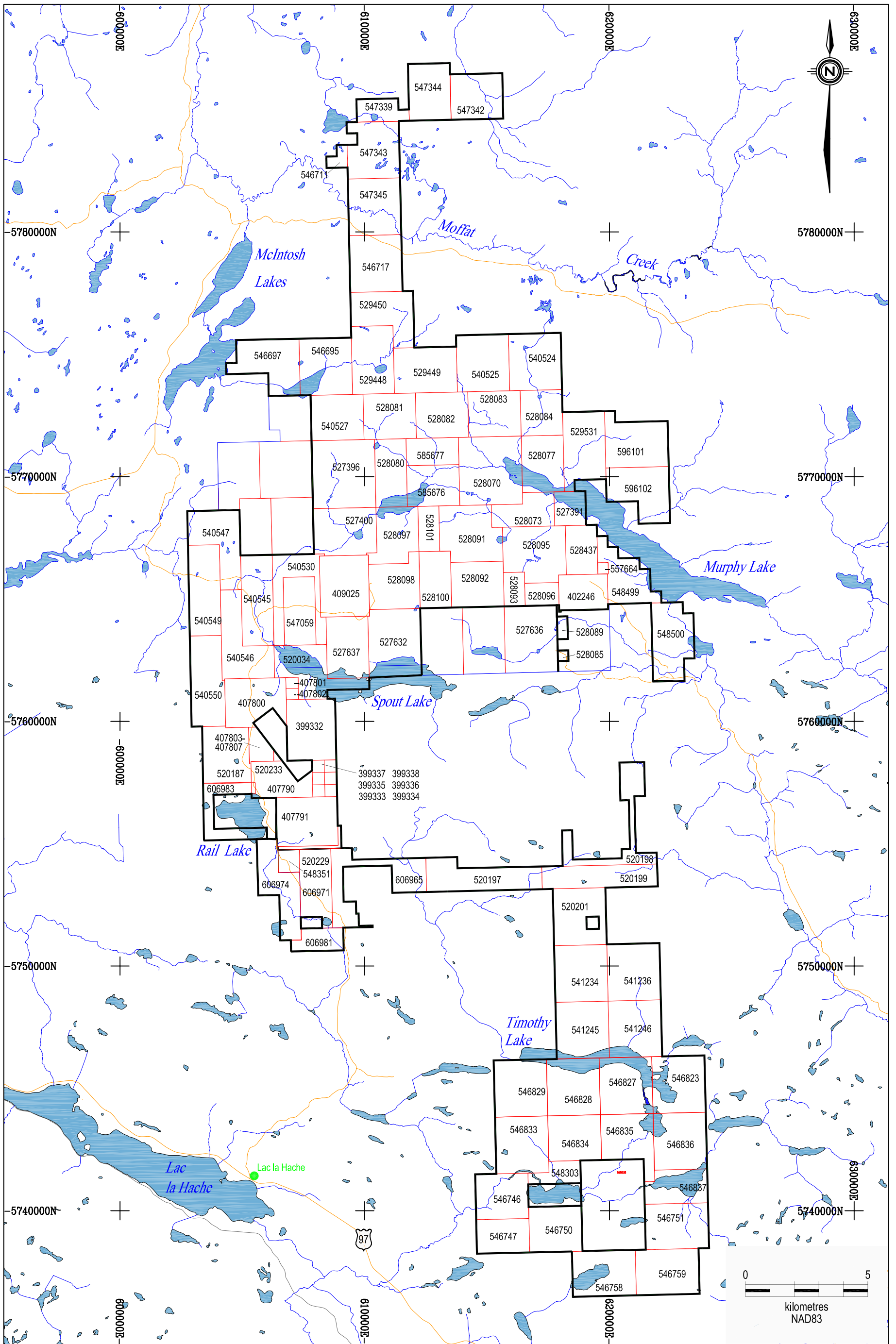
Relief within the survey area ranges from 1,050 m along Moffat Creek to 1,230 m on an unnamed hill in the northeast on claim 547344. Glacial till and fluvial-glacial outwash cover most of this area, which has disrupted drainage patterns and created many swampy areas. Large parts of the area are covered by a mature forest of spruce and pine, and by clear-cuts. Most of the pine trees are dead, due to pine beetle infestation. Several areas have undergone logging in recent years, and combined with dead trees, has resulted in considerable windfall in various parts of the survey area.

## **5.0 PROPERTY DESCRIPTION**

The Property consists of 78 Mineral Titles Online (MTO) mineral claims, for a total of 25,971 hectares. For assessment purposes, the claims on the contiguous Timothy Lake property to the south have also been filed for assessment. This property consists of 30 mineral tenures. All 108 mineral tenures are recorded in the name of Candorado, except for two claims, which are recorded under the name of Ronald McMillan. These two claims are part of an amended option agreement dated June 3, 2009. Table 1 lists the details of the claim tenures. Figure 3 shows the location of the claims.

Assessment work for the 108 claims has been filed under three events: #4682152 dated June 10, 2010; #4748891 dated July 14, 2010; and #4782215 dated August 31, 2010.

Private surface ownership of two lots on the north bank of Moffat Creek is held by two individuals. One of these lots is under agricultural cultivation, although no exploration was carried out this land. Permission to work on the lots was granted by the land-owners, who were notified before any work was performed.



**DISCOVERY** Consultants

Candorado Operating Company Ltd.

Murphy Lake Property

**Claim Locations**

**Table 1: Tenure Description**

\* Claim on which work was done

\*\* Good to date is dependent on the acceptance of this report

Tenure Number	Area (ha)	Registered Owner	Good to Date**
<b>Murphy Lake</b>			
399332	500.00	Candorado Operating Company Ltd.	2012.06.25
399333	25.00	"	2012.06.25
399334	25.00	"	2012.06.25
399335	25.00	"	2012.06.25
399336	25.00	"	2012.06.25
399337	25.00	"	2012.06.25
399338	25.00	"	2012.06.25
402246	300.00	Ronald McMillan	2012.06.25
407790	375.00	Candorado Operating Company Ltd.	2012.06.25
407791	500.00	"	2012.06.25
407800	500.00	"	2012.06.25
407801	25.00	"	2012.06.25
407802	25.00	"	2012.06.25
407803	25.00	"	2012.06.25
407804	25.00	"	2012.06.25
407805	25.00	"	2012.06.25
407806	25.00	"	2012.06.25
407807	25.00	"	2012.06.25
409025	500.00	"	2012.06.25
520034	497.54	"	2012.06.25
520187	497.87	"	2012.06.25
520233	59.75	"	2012.06.25
527391	178.89	"	2012.06.25
527396	715.31	"	2012.06.25
527400	556.63	"	2012.06.25
527632	596.92	"	2012.06.25
527637	477.53	"	2012.06.25
528070	715.31	"	2012.06.25
528073	298.15	"	2012.06.25
528077	397.38	"	2012.06.25
528080	357.66	"	2012.06.25
528081	397.23	"	2011.08.15
528082	397.23	"	2011.08.15
528083	397.23	"	2011.08.15
528084	317.78	"	2011.08.15
528085	19.90	"	2012.06.25
528089	39.79	"	2012.06.25
528091	536.76	"	2012.06.25
528092	397.76	"	2012.06.25
528093	119.33	"	2012.06.25

528095	556.73	"	2012.06.25
528096	159.12	"	2012.06.25
528097	397.60	"	2012.06.25
528098	417.65	"	2012.06.25
528100	298.31	"	2012.06.25
528101	159.03	"	2012.06.25
528437	298.25	Ronald McMillan	2012.06.25
529448	476.45	Candorado Operating Company Ltd.	2011.08.15
529449	476.50	"	2011.08.15
529450	436.58	"	2011.08.15
529531	496.66	"	2011.08.15
540524	496.33	"	2012.06.25
540525	496.33	"	2012.06.25
540527	397.22	"	2011.08.15
540530	437.55	"	2012.06.25
540545	477.36	"	2012.06.25
540546	497.43	"	2012.06.25
540547	457.25	"	2012.06.25
540549	477.32	"	2012.06.25
540550	477.67	"	2012.06.25
546695	496.32	"	2011.08.15
546697	496.30	"	2011.08.15
546711	59.46	"	2011.08.15
546717	495.91	"	2011.08.15
547059	358.05	"	2012.06.25
547339 *	178.31	"	2011.08.15
547342 *	396.21	"	2011.08.15
547343 *	475.66	"	2011.08.15
547344 *	396.19	"	2011.08.15
547345 *	495.70	"	2011.08.15
548499	397.75	"	2012.06.25
548500	497.45	"	2012.06.25
557664	19.89	"	2012.06.25
585676	397.43	"	2012.06.25
585677	198.66	"	2012.06.25
596101	496.65	"	2011.08.15
596102	476.96	"	2011.08.15
606983	278.94	"	2012.06.25
<b>Total:</b>	<b>25,971.09</b>		
<b>Timothy Lake</b>			
520197	498.39	Candorado Operating Company Ltd.	2011.09.30
520198	498.17	"	2011.09.30
520199	438.59	"	2011.09.30
520201	498.56	"	2011.09.30
520229	139.50	"	2012.06.25
541234	498.79	"	2011.09.30
541236	498.78	"	2011.09.30
541245	499.02	"	2011.09.30

541246	499.01	"	2011.09.30
546746	399.76	"	2011.09.30
546747	299.92	"	2011.09.30
546750	399.87	"	2011.09.30
546751	479.83	"	2011.09.30
546758	480.02	"	2011.09.30
546759	480.01	"	2011.09.30
546823	499.24	"	2011.09.30
546827	499.24	"	2011.09.30
546828	499.25	"	2011.09.30
546829	499.25	"	2011.09.30
546833	499.49	"	2011.09.30
546834	399.57	"	2011.09.30
546835	439.54	"	2011.09.30
546836	499.48	"	2011.09.30
546837	339.77	"	2011.09.30
548303	159.88	"	2011.09.30
548351	79.73	"	2012.06.25
606965	498.39	"	2012.06.25
606971	378.79	"	2012.06.25
606974	438.61	"	2012.06.25
606981	179.51	"	2012.06.25
<b>Total:</b>	<b>12,517.90</b>		

## **6.0 EXPLORATION HISTORY**

The exploration history of the area west of Murphy Lake has involved many different companies working on various properties in the area since the 1960s. However, no previous exploration is known from the area of the geophysical survey, likely due to the presence of thick overburden. Table 2, summarizing the exploration history in the area of the Property before 2006, has been compiled by Page (2007).

In 2004 and 2005, Candorado obtained ownership of the Property primarily through MTO filing, and through option agreements for several claims near the Murphy Lake showing.

An airborne geophysical survey was flown over much of the Property in 2006, but not over the area of this report's survey. This work was part of a larger gamma-ray spectrometric and magnetic survey conducted by the Geological Survey of Canada over the central Cariboo region (GSC Open Files 5493, 5496). Later that year, part of the Property lying east of Murphy Lake was prospected for its porphyry copper potential, as part of a regional evaluation of the Murphy Lake claim block by Candorado (Page 2007).



**Table 2: Compilation of Exploration in area of the Property**

Author	Year	Reference	Company	Area	Exploration work
Janes, R. H.	1966	AR 949	Coranex	North of Spout and Bluff Lakes	386 soil & silt samples
Allen, A. R.	1968	AR 1704	Monte Christo Mines Ltd. NPL	Area surrounding Bluff Lake and extending to the east end of Spout Lake.	> 2,000 soil samples
Mitchell, J. A.	1969	AR 2074	Monte Christo Mines Ltd. NPL	Area surrounding Bluff Lake and extending to the east end of Spout Lake.	69 soil samples, magnetometer survey - 51 line-km
Kirwan, G. L.	1971	AR 3387	Nitro Development Inc.	North of Cleo Lake, east of Two Mile Lake, Southwest of NW tip of Murphy Lake	1404 soil samples, magnetometer survey
Vollo, N. B.	1973	AR 4,97	Craigmont Mines Limited	North and east of Bluff Lake up to Two Mile Lake	2,437 soil samples, magnetometer and VLF-EM survey
BCGS	1974	BC GEM 1974	Craigmont Mines Limited	Southwest of Bluff Lake	one drill hole - 94 m
Woods, D. V.	1989	AR 18347	Tide Resources Ltd.	Area surrounding and north of Bluff Lake extending past the north end of Murphy Lake.	airborne magnetometer and VLF-EM survey - 580 line-km, 200 m spacing
Seywerd, M. B.	1989	AR 19515	Armstrong Mountain Gold Corp.	Area north of Spout Lake	reprocessing of 1400 line-km of airborne survey
Aulis, R. J.	1992	AR 22504	Cominco	Area north of Spout Lake and west of Murphy Lake	IP - 65 line-km
Aulis, R. J.	1993	AR 23089	GWR Resources Inc.; Regional Resources Ltd.	Area north of Spout Lake and west of Murphy Lake	85 silt, 275 soil and 40 rock samples
Klit, D. A.	1994	AR 23382	GWR Resources Inc.; Regional Resources Ltd.	Three recce lines west of Murphy Lake and a small grid NW of Two Miles Lake.	IP - 15 line-km
Klit, D. A.	1994	AR 23490	GWR Resources Inc.; Regional Resources Ltd.	Line extensions west of Murphy Lake, and 7.0 line km in 8 lines south of Bluff Lake.	IP - 18 line-km
Cornock, S. J. A., Lloyd, J.	1995	AR 23920	Regional Resources Ltd. GWR Resources Inc.	Southwest of Murphy Lake	IP and magnetometer survey - 27 line-km
von Guttenberg, R.	1996	AR 24428	Regional Resources Ltd. GWR Resources Inc.	West of Murphy Lake	drilling
Caron L.	1999	AR 26,221	Chelsea Mercantile Bank Corporation	Nemrud Skarn + Murphy Lake showing	
McMillan, R. H.	2003	AR 27325		West of Murphy Lake	magnetometer and VLF-EM survey - 22 line-km
Ostler, J.	2004		Candorado Operating Company Ltd.	West of Murphy Lake	drilling
Walcott, P.	2004		Candorado Operating Company Ltd.	North of Bluff Lake	IP and magnetometer survey - 18 line-km
Ostler, J.	2005	AR 27712A	Regional Resources Ltd.	West of Murphy Lake	Nine drill holes, 1,603 m

The 2007 exploration program was focussed in a large area west of Murphy Lake and was largely based on the geophysical targets generated from the 2006 airborne geophysical survey (Koffyberg, 2008). Field examination of nine interpreted geophysical targets was done and soil sampling on four separate grid-based soil surveys was conducted. In addition, two diamond drill holes totalling 637 m were drilled in the area of a weak potassic centre, west of Murphy Lake, that had been explored by 1995 and 2004 drill programs.

## **7.0 GEOLOGY**

### **7.1 Regional Geology**

The Property is located in the Quesnel Terrane (commonly referred to as the Quesnel Trough) of the Intermontane Belt, a northwest-trending belt of marine sediments and volcanics measuring about 40 to 50 km wide and traceable for over 1,000 km through central BC. The Quesnel Trough is a marine basin that formed at the Triassic continental margin. Arc-related volcanism and related coeval intrusives appeared in the Triassic and became a dominant feature of the Quesnel Trough in the Jurassic. To the west of the Quesnel Trough is the Cache Creek Terrane, whose boundary is marked by the major Pinchi Fault system. The Omineca Crystalline Belt lies to the east and formed in Early to Middle Jurassic time as a result of the accretion of the Intermontane Superterrane onto the continental margin of North America and the closing of the intervening arc-basin (Logan and Mihalynuk, 2005).

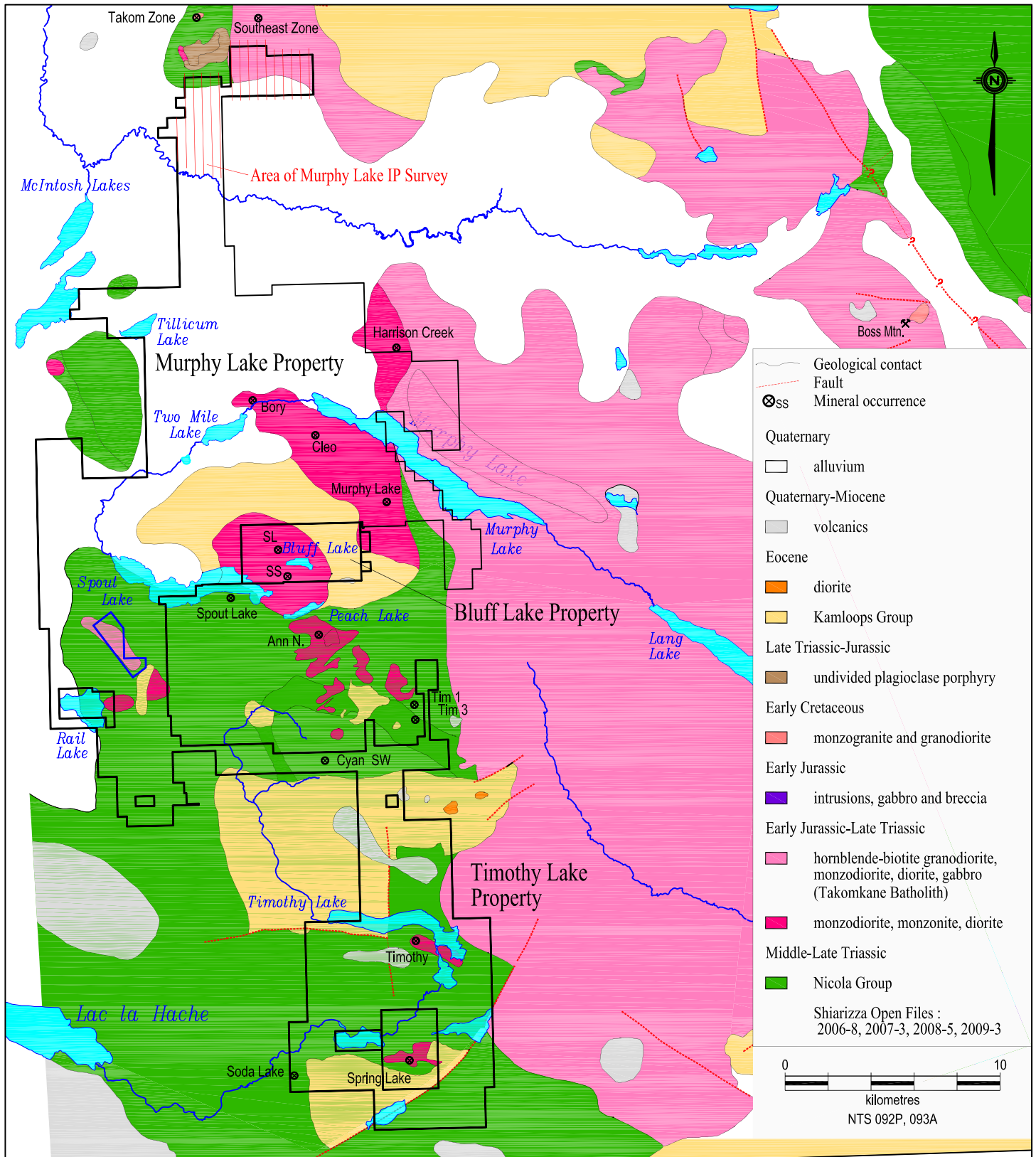
The sediments and volcanics occupying the Quesnel Trough are assigned to the Triassic to Early Jurassic Nicola Group. The composition of the Nicola Group varies widely throughout its length, but in general, the basal marine sequence consists of shale, siltstone, greywacke, argillite and limestone. This basal sequence is more commonly exposed in the eastern part of Quesnellia (Eastern Belt of the Nicola Group). The basal sequence is succeeded by a considerable thickness of submarine alkalic volcanics, mainly augite and plagioclase phyric basaltic flows and associated breccias, which in turn are succeeded by an easterly facing succession of calc-alkaline, mainly plagioclase-phyric andesite flows and breccias, with lenses/beds of limestone and volcanoclastic rocks. Late Triassic to Early Jurassic volcanic centres with high-level alkalic cores of syenite to monzonite composition host the porphyry copper-gold deposits in the Quesnel Trough, along with several gold-rich skarn deposits.

The accretion onto the North American craton of the Intermontane Superterrane (Columbian Orogeny) and the resulting calc-alkaline plutonism created a large number of Middle Jurassic to Cretaceous intrusions of intermediate composition. This includes the Takomkane Batholith (193

ma) east of Murphy Lake and a younger quartz monzonite intrusion which hosts the Boss Mountain molybdenum deposit about 50 km northeast of Murphy Lake.

Eocene Kamloops Group volcanic and sedimentary rocks overlie and are in fault contact with the Triassic-Jurassic rocks. Miocene to Pliocene basaltic flows and related sediments of the Chilcotin Group and Quaternary volcanic flows are also present but less extensive.

Figure 4 shows the regional geology of the Property, based on recent mapping by Schiarizza et al. (2009) of the British Columbia Geological Survey ("BCGS"). Mapping to the south, east and north of the Property has also been published by the BCGS in: Schiarizza et al. (2008); Schiarizza and Macauley (2007); and Logan et al. (2007), respectively.



**DISCOVERY**

Consultants

Candorado Operating Company Ltd.

Murphy Lake Property

2010 IP Survey  
**Regional Geology**

## 7.2 Property Geology

The oldest rocks in the property area are meta-volcanics and meta-sedimentary rocks of the Late Triassic age Nicola Group. They are similar to those of the Central Belt mapped in the southern Quesnel Terrane (Preto, 1979), consisting of fine-grained andesite and basalt flows with minor breccia, tuffs, argillites, greywackes and limestone. Low grade metamorphism caused a chlorite-epidote-amphibole-carbonate mineral assemblage as well as the presence of carbonate, quartz and epidote veinlets. These rocks are exposed in the southeast and northwest part of the Property, near Murphy Lake and west of Two Mile Lake. The units are often intruded by co-magmatic stocks of monzonite, syenite and diorite containing epidote, potassium feldspar and magnetite alteration (Aulis, 1993). Monzonitic stock occurs in the Bluff Lake – Spout Lake area.

The Early Jurassic Takomkane batholith outcrops along the northeast margin of the Property north and east of Murphy Lake. It also occurs north of Moffat Creek in the far north end of the Property. It consists of various zoned phases comprising granodiorite to monzonite to syenodiorite.

Eocene Kamloops Group volcanic and sedimentary rocks overlie and are in fault contact with the Triassic-Jurassic rocks. Miocene to Pliocene basaltic flows and related sediments of the Chilcotin Group and Quaternary volcanic flows are also present but less extensive.

Extensive glacial overburden covers much of the Property, reaching thicknesses of up to tens of metres.

The northern boundary is adjacent to the Woodjam South property jointly held by Fjordland Exploration Inc. and Cariboo Rose Resources Ltd. It is currently under option by Gold Fields Horsefly Exploration Corp. This property is host to the Southeast Zone, which is a large-scale calc-alkalic copper-gold-molybdenum porphyry deposit. It occurs within dioritic to monzonitic intrusive rocks of the Takomkane batholith (Fjordland Exploration website). The occurrence was discovered in 2007 during a reconnaissance-scale IP survey. The chargeability anomaly measured 1,500 m across and has since been drill tested in 2007 and 2008. The occurrence lies 1 km north of the north boundary of the Property.

## **8.0 GEOPHYSICALWORK PROGRAM**

### **8.1 Geophysical Method and Approach**

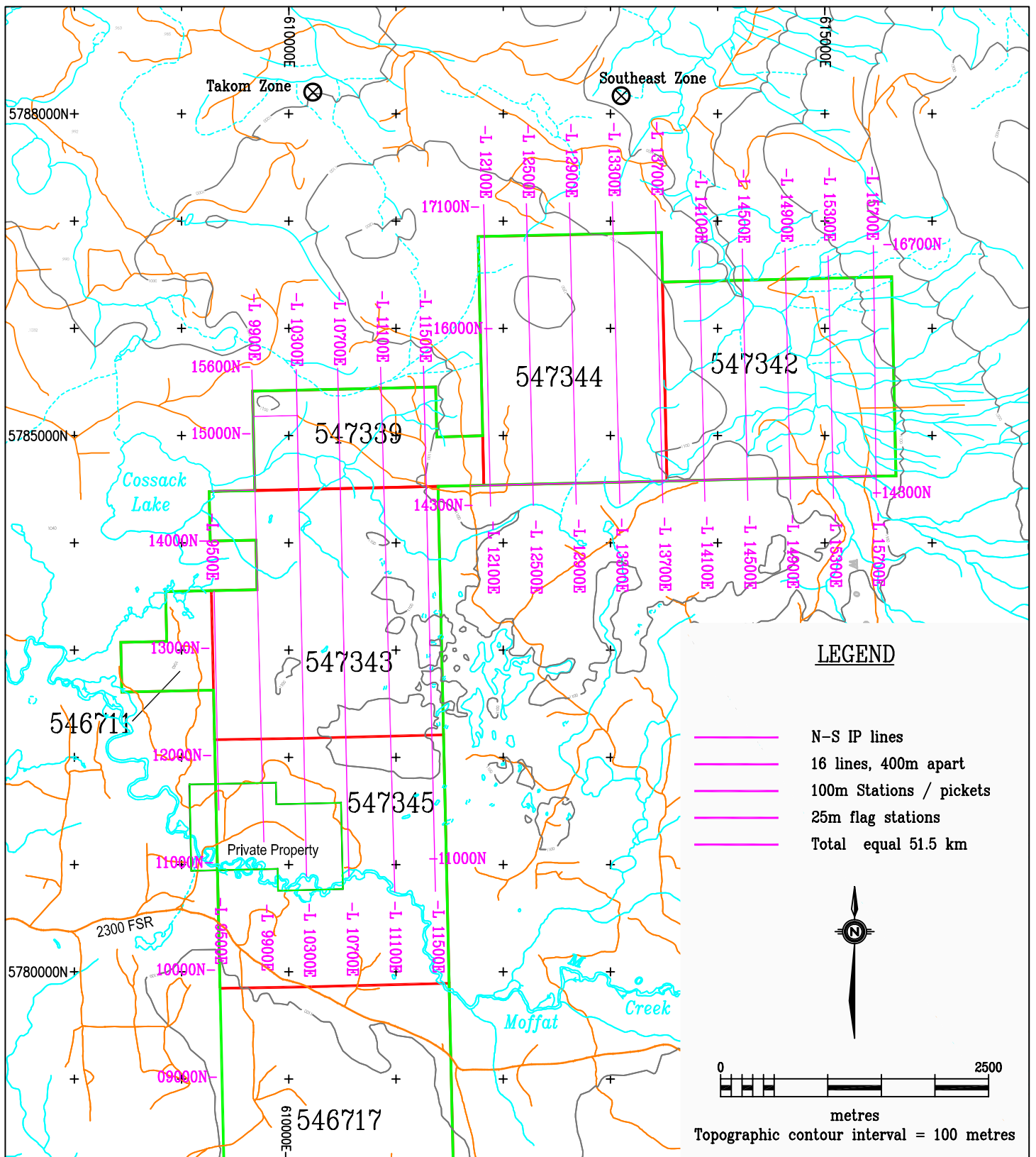
A reconnaissance induced polarization (IP) survey was conducted over the northern part of the Property from June 30 to July 26, 2010. A magnetic survey was performed at the same time. The area of the survey is shown on Figures 4 and 5.

The objective is to explore for copper-gold and copper-gold-molybdenum mineralization similar to the alkalic Takom, Megabuck and Deerhorn Zones, and the calc-alkalic Southeast Zone on the adjacent Woodjam property to the north. A similar reconnaissance IP survey was successful in discovering in 2007 the Southeast Zone of the Woodjam property under deep overburden, located 1 km north of the Property. Also on the Woodjam property, IP and magnetic surveys have identified the Takom, Megabuck and Deerhorn copper-gold alkalic porphyry zones.

Prior to the commencement of the geophysical survey, a survey grid of cut line, pickets and flagging was installed by personnel from Discovery Consultants of Vernon, BC. A 58.5 line-kilometer grid was established, having a 6.2 km east-west baseline and 16 north-south lines. Survey lines were flagged using compass and GSP, followed by line cutters clearing brush, cutting windfall and widening a trail to about 1 metre in width, followed by picketing the stations at 100 m intervals using a hip-chain and flagged, labeled wooden pickets. Stations at 25 m intervals were also established. Line cutting was slow going in many areas because of abundant windfall. This work took place from May 17 to June 25, 2010.

The geophysical work was contracted to Peter E. Walcott & Associates Ltd. ("Walcott") of Vancouver, BC, with Peter Walcott, geophysicist, acting as party chief. Line spacing was at 400 metres, with a 600 m space between the eastern and west parts of the grid. Magnetometer readings were taken every 25 m along the lines. The total distance surveyed was 51.5 km.

Because of the orientation-type nature of the IP survey, it was decided use a 200 m dipole and measurements of separations of one-half to four, using the pole-dipole technique. Peter E. Walcott and Associates Ltd. provided the equipment for the ground geophysical survey.



**DISCOVERY** Consultants

Candorado Operating Company Ltd.

Murphy Lake Project

Ground Geophysics IP Grid

Date: November 5, 2010	Project: 696	Scale: 1:50,000	N.T.S.: 093A.014,024	Mining Div: Cariboo	Figure: 5
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## 8.2 Survey Equipment

Based on Walcott's report, the equipment used on the geophysical survey consisted of the following:

### Magnetic Survey

The magnetic survey was carried out using a GSM 19 proton precession magnetometer, manufactured by GEM Instruments of Richmond Hill, Ontario. This instrument measures variations in the total intensity of the earth's magnetic field to an accuracy of plus or minus one nanotesla (nT). Corrections for daily variations in the earth's field - the diurnal - were made by comparison with a similar instrument set up at a fixed location - the base - where recordings were made at 10 second intervals.

### IP Survey

The IP survey was conducted using a pulse type system, the principal components of which were manufactured by Hunttec Limited of Metropolitan Toronto, Canada and Iris Instruments of Orleans, France.

The system consists of three units, a receiver (Iris), transmitter (Hunttec) and a motor generator (Hunttec). The transmitter, which provides a maximum of 7.5 kw d.c. to the ground, obtains its power from a 7.5 kw 400 c.p.s. three phase alternator driven by a Honda 20 h.p. gasoline engine. The cycling rate of the transmitter is 2 seconds "current-on" and 2 seconds "current-off" with the pulses reversing continuously in polarity. The data recorded in the field consists of careful measurements of the current (I) in amperes flowing through the current electrodes  $C_1$  and  $C_2$ , the primary voltages (V) appearing between any two potential electrodes,  $P_1$  through  $P_7$ , during the "current-on" part of the cycle.

The apparent chargeability (Ma) is presented as a direct readout in millivolts per volt (mV/V) using a 200 millisecond delay and a 1000 millisecond sample window by the receiver. The receiver is a digital receiver that is controlled by a micro-processor. The sample window is actually the total of ten individual windows of 100 millisecond widths.

The apparent resistivity in ohm-metres (ohm-m) is proportional to the ratio of the primary voltage and the measured current, the proportionality factor depending on the geometry of the array used.

The survey was carried out using the "pole-dipole" method of surveying. In this method, the current electrode,  $C_1$  and the potential electrodes,  $P_1$  through  $P_7$ , are moved in unison along



the survey lines at a spacing of "a" (the dipole) apart, while the second current electrode,  $C_2$ , is kept constant at "infinity". The distance, "na" between  $C_1$  and the nearest potential electrode generally controls the depth to be explored by the particular separation, "n", traverse.

On this survey, 200 metre dipoles were employed and one half to fourth separation readings were obtained. In all, some 59 kilometres of IP and some 59 kilometres of magnetic traversing were completed.

### **Vertical Control**

The elevations of the stations were recorded using an ADC Summit altimeter manufactured by Brunton of Wyoming, USA. This instrument measures elevations using barometric pressures to an accuracy of  $\pm 3$  metres. Corrections for errors due to variations in atmospheric pressure were made by comparison to readings obtained on a similar instrument, held stationary at one location - the base station, at ten-minute intervals.

### **Horizontal Control**

The horizontal position of the stations were recorded using a WAAS equipped GPDMAP60Cx unit manufactured by Garmin of Kansas, USA.

### **Data Editing, Filtering and Compiling**

Data compilation including editing and filtering, quality control, and final data processing was performed by Walcott. All maps are shown at a scale of 1:10,000 and are given in the Appendix.

The IP data is presented as plan maps showing the apparent resistivity and chargeability at  $n=2$ , as well as individual pseudo-section plots of apparent chargeability and resistivity along each grid line. A 2D inversion of the IP data was performed on lines 11100E and 11500E to highlight anomalous zones.

The magnetic data is presented as profiles of the total field intensity on a plan map of the grid. The base line is set to 56,750 nT. Values higher than 56,750 nT are shown to the right of the baseline.

### **8.3 Results**

The grid is divided into two main areas – an east grid from lines 12100E to 15700E and a west grid from lines 9500E to 11500E. Several general observations can be made:

#### **East grid**

The IP response in this area shows a chargeability background of 2 to 3 mV/V, with one area between lines 12500 E and 13300 E on the northern boundary having values of 4 to 6 mV/V.

The resistivities in the eastern part of the grid show a broad resistivity high of 300 to 700 ohm-m trending northwest to southeast, reflecting the underlying Takomkane intrusive rocks.

The magnetic profiles on the plan map show many small high magnetic responses on several lines. Continuity across lines at distances of 400 m or more are difficult to trace. Lines 12900E, 13700E and 14100E all have isolated magnetic highs of about 57,250 nT; 57,150 nT and 57,200 nT, respectively, in addition to a few more smaller isolated magnetic anomalies.

#### **West grid**

The IP response in the western part of the grid is more variable. A chargeability high of 8 to 12 mV/V trends across the grid from northwest to southeast, crossing 5 lines from 9900E to 11500E.

The resistivity on the north part is similar but less pronounced to the resistivity on the eastern grid, having a broad high response of 200 to 400 ohm-m. Further south, the resistivities are low to moderate.

The magnetic profiles indicate a magnetic anomaly in the northeast portion of the grid, in the 57,400 nT range on line 10700E for about 100 m along the line. A second magnetic high occurs on line 9900E, for about 500 m along the line and reaches a value of about 57,000 nT. This anomaly appears to continue to the northwest, crossing the line 9500E and reaching a value of 57,050 nT. It remains open to the northwest.

## **9.0 DISCUSSION AND CONCLUSIONS**

The majority of the east grid has an overall high apparent resistivity, which likely reflects the underlying Takomkane intrusive rocks.

The north part of the west grid also has a relatively high resistivity, which may reflect the presence of Takomkane-like intrusive rocks.

The large IP chargeability anomaly (at 5 mV/V) that encloses the Southeast Zone on the Woodjam property, north of Candorado's property, is closed off at about 13300 E and 16000 N on the survey grid.

Areas of anomalous IP chargeability occur in the southern part of the west grid. Due to the reconnaissance nature of the survey (400-m line spacing) the full extent and orientation of the anomalous response cannot be determined. The resistivities in this area are also variable.

The magnetic response on the property has resulted in several, possibly isolated anomalies in the east grid and two anomalies in the west grid. One of the latter remains open to the northwest.

## **10.0 RECOMMENDATION**

The following work is recommended:

- The area of the IP chargeability anomaly in the south part of the grid should be further defined with in-fill lines, a smaller dipole spacing of 100 m and measurements using eight separations.
- Prospecting in areas having high priority geophysical targets, which occur within previously un-explored areas of the Property.
- Geophysical targets would be evaluated by drilling.

**Respectfully submitted,**

---

**A. Koffyberg, PGeo**  
Discovery Consultants  
Vernon, BC  
November 15, 2010

## **11.0 REFERENCES**

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- Schiarizza, P., Bligh, J., Bluemel, B. and Tait, D. (2008): Geology of the Timothy Lake Area, NTS 92P/14, BC MEMPR Open File 2008-5, 1:50 000 scale
- Schiarizza, P., Bell, K. and Bayliss, S. (2009): Geology of the Murphy Lake area, NTS 93A/03; BC MEMPR Open File 2009-3, 1:50 000 scale.

## 12.0 STATEMENT OF COSTS

### 1. Professional Services

W.R. Gilmour, PGeo			
Program Plannin, Supervision, Report Editing			
4.5 days @	\$700 per day	\$3,150.00	
A. Koffyberg, PGeo			
Report Writing			
48.5 hrs @	\$90 per hr	4,365.00	
		-----	\$7,515.00

### 2. Personnel

Field			
Grid Establishment			
C. Barker	May 29 - 31, June 01 - 22		
25.0 days @	\$520 per day	13,000.00	
R. Szalanski	May 17 - June 22, 24 & 25		
39.0 days @	\$440 per day	17,160.00	
D. Wu	June 15 - 18		
27.8 hrs @	\$55 per hr	1,526.25	
C. Tadashore	May 17 - 31, June 01		
16.0 days @	\$400 per day	6,400.00	
G. Heizmann	May 17 - June 24		
39.0 days @	\$400 per day	15,600.00	
J. Walters	May 17 - June 25		
40.0 days @	\$400 per day	16,000.00	
N. Morris	May 21 - June 26		
37.0 days @	\$375 per day	13,875.00	
C. Pelchat	May 17 - June 18, 21 - 25		
38.0 days @	\$315 per day	11,970.00	
W. Yahnke	May 22 - June 23, 25		
34.0 days @	\$350 per day	11,900.00	
J. McNally	June 03 - 19		
17.0 days @	\$315 per day	5,355.00	
R. Chisholm	June 14 - 26		
12.5 days @	\$285 per day	3,562.50	
		-----	116,348.75
Office			
Drafting		1,705.00	
Data Compilation		82.50	
Field Support		3,355.00	
Secretarial		1,636.25	
		-----	6,778.75

3. Expenses				
	Communications		146.08	
	Maps & Publications		131.00	
	Equipment Rental	saws, safety equip & sat phone	2,967.53	
	Field Supplies		2,805.43	
	Lodging & Meals		15,187.61	
	Fuel for saw		1,050.00	
	Office		172.51	
	Sub-Contracting	- Peter E. Walcott & Associates Ltd.	101,926.73	
	Travel		1,439.55	
	Discovery Consultants Management Fee		3,835.29	
			-----	129,661.73
				-----
			<b>Exploration Expenditures:</b>	\$260,304.23
4. Transportation				
	2 - 4x4 trucks	79 days @	\$45 per day	3,555.00
	Mileage	13174 km @	50 ¢ per km	6,587.00
	Rental			2,123.35
	fuel			2,491.34
			-----	14,756.69
				-----
				\$275,060.92
5. Corporate Management Fee	@ 10%			27,506.09
				-----
			<b>Total Exploration Expenditures:</b>	<b><u>\$302,567.01</u></b>

## **13.0 STATEMENT OF QUALIFICATIONS**

**I, Agnes Koffyberg, PGeo,** of Discovery Consultants, 201-2928 29<sup>th</sup> Street, Vernon, BC,

DO HEREBY CERTIFY that:

1. I am a geologist in mineral exploration and am employed by Discovery Consultants, Vernon, BC.
2. I graduated with a B.Sc. degree in combined Geological Sciences/Chemistry from Brock University in 1987. In addition, I have obtained a M.Sc. in Geology from the University of Alberta in 1994.
3. I am a member of the Association of Professional Engineers and Geoscientists of BC, registration number 31384.
4. I have worked as a geologist for a total of 13 years since graduation from university.
5. This report is based upon knowledge of the Property gained from a review of existing industry and government reports.

**Signed and dated this fifteenth day of November, 2010 in Vernon, BC**

---

**Agnes Koffyberg, PGeo**

Discovery Consultants



# **APPENDIX I**

**Report by Peter E. Walcott and Associates Ltd.:**

**An Assessment Report on**

**Magnetic & Induced Polarization Surveying**

**Murphy Lake Property**

**for Candorado Operating Company**

**November 2010**

**AN ASSESSMENT REPORT**

**ON**

**MAGNETIC & INDUCED POLARIZATION SURVEYING**

**Murphy Lake Property  
Cariboo M.D. , B.C.  
52° 13'N, 121° 22'W  
NTS: 93A/03**

**Claims Surveyed: 547339, 42, 43, 44, & 45  
Survey Dates: June 28<sup>th</sup> – July 25<sup>th</sup>, 2010**

**For**

**Owner/Operator: CANDORADO OPERATING COMPANY**

**Kelowna, B.C.**

**BY**

**PETER E. WALCOTT & ASSOCIATES LIMITED**

**Vancouver, B.C.**

**NOVEMBER 2010**

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Property Location & Access	4
Previous Work	5
Geology	6
Purpose	7
Survey Specifications	8
Discussion of Results	11
Summary, Conclusions & Recommendations	13

### APPENDIX

Cost of Survey  
 Personnel Employed on Survey  
 Certification

### ACCOMPANYING MAPS

### MAP POCKET

Grid Location Map	1:20,000
Profiles of Total Magnetic Intensity	1:10,000
Contours of Apparent Chargeability N=2	“
Contours of Apparent Resistivity N=2	“
IP Pseudo Sections	1:10,000
Lines 9500, 9900, 10300, 10700, 11100, 11500, 12100, 12500, 12900, 13300, 13700, 14100, 14500, 14900, 15300 & 157000E	
Inverted IP Sections – Lines 11100 & 11500E	1:10,000

## **INTRODUCTION.**

Between June 28<sup>th</sup> and July 25<sup>th</sup>, 2010, Peter E. Walcott & Associates Limited undertook magnetic and induced polarization (I.P.) surveying over the northernmost part of the large Murphy Lake property, located some 12 kilometres south of the settlement of Horsefly, British Columbia, for the Candorado Operating Company.

The survey was carried out over sixteen north trending lines spaced 400 metres apart, which were established by linecutters contracted by Candorado.

Readings of the earth's total magnetic field were recorded using a GSM 19 proton magnetometer on the magnetic survey, while measurements – half to fourth separation – of apparent chargeability – the I.P. response parameter – and resistivity were made on each of the line traverses using the pole – dipole technique with a 200 metre dipole.

In addition the elevations and horizontal locations of the line stations were measured using a Brunton altimeter and a Garmin GPS unit respectively.

The I.P. data are presented as individual pseudo sections at a scale of 1:10,000, while the magnetic data is shown as profiles on a plan map of the respective grid. In addition the second separation chargeability and resistivity results are shown in contour form on a plan map of the grid at a scale of 1:10,000 for comparative purposes.

**PROPERTY, LOCATION & ACCESS.**

The Murphy Lake property is located in the Cariboo Mining Division of British Columbia. It is situated south of Horsefly and east of Williams Lake. The northern portion where the 2010 work was performed was located some 12 kilometres south of Horsefly and some 45 kilometres east northeast of Williams Lake.

Access to the grid is readily obtainable via a network of logging roads emanating from the settlement of Horsefly, where the crew was housed for the survey, or by a similar set from the town of Williams Lake.

### **PREVIOUS WORK**

Numerous airborne surveys, ground geophysical and geochemical surveys, geological prospecting and diamond drill programmes have been carried out in the immediate area of the 2010 work, the results of which are documented in the numerous reports filed with the mines branch of the B.C. government. However little work has been done on the work area itself save for some minor exploration by Placer Development in the early 80's.

For further information the reader is referred to the B.C. Ministry of Energy, Mines and Petroleum Reserves ARIS archive.

## **GEOLOGY.**

The property is located within the Quesnel Trough – Quesnellia Terrane –, a Mesozoic island arc terrane juxtaposed against the ancestral North American continental margin.

The Quesnel Trough is bounded on the west by older rocks of the Cache Creek Terrane across high angle strike-dip faults probably the extension of the Pinchi Fault system, and to the east across the Eureka Thrust by metamorphic rocks of the Omineca Belt, dominantly Late Precambrian to Early Paleozoic in age. Here the rocks of the trough are composed of strata assigned to the Nicola Group.

The grid area is mostly covered by glacial till with local areas of probable lacustrine clays with little or no outcrop.

**PURPOSE.**

The purpose of the survey was to explore for porphyry gold-copper mineralization of similar type to that found on the Fjordland-Cariboo Rose property immediately adjoining to the north, and to that noted on the GWR Resources' Lac La Hache property to the south. These types occur associated with diorite, monzodiorite and syenite plugs and stocks and coeval andesitic volcanic rocks and are generally associated with strong airborne magnetic anomalies and large copper-gold stream sediment anomalies.



## **SURVEY SPECIFICATIONS.**

### *Magnetic Survey.*

The magnetic survey was carried out using a GSM 19 proton precession magnetometer manufactured by GEM Instruments of Richmond Hill, Ontario. This instrument measures variations in the total intensity of the earth's magnetic field to an accuracy of plus or minus one nanotesla. Corrections for daily variations in the earth's field – the diurnal – were made by comparison with a similar instrument set up at a fixed location – the base – where recordings were made at 10 second intervals.

### *The Induced Polarization Survey.*

The induced polarization (I.P.) survey was conducted using a pulse type system, the principal components of which were manufactured by Hunttec Limited of Metropolitan Toronto, Canada and Iris Instruments of Orleans, France.

The system consists basically of three units, a receiver (Iris), transmitter (Hunttec) and a motor generator (Hunttec). The transmitter, which provides a maximum of 7.5 kw d.c. to the ground, obtains its power from a 7.5 kw 400 c.p.s. three phase alternator driven by a Honda 20 h.p. gasoline engine. The cycling rate of the transmitter is 2 seconds “current-on” and 2 seconds “current-off” with the pulses reversing continuously in polarity. The data recorded in the field consists of careful measurements of the current (I) in amperes flowing through the current electrodes C<sub>1</sub> and C<sub>2</sub>, the primary voltages (V) appearing between any two sequential potential electrodes, P<sub>1</sub> through P<sub>n+1</sub>, during the “current-on” part of the cycle, and the apparent chargeability, (M<sub>a</sub>) presented as a direct readout in millivolts per volt using a 200 millisecond delay and a 1000 millisecond sample window by the receiver, a digital receiver controlled by a micro-processor – the sample window is actually the total of ten individual windows of 100 millisecond widths.

The apparent resistivity ( $\rho_a$ ) in ohm metres is proportional to the ratio of the primary voltage and the measured current, the proportionality factor depending on the geometry

## **SURVEY SPECIFICATIONS cont'd**

of the array used. The chargeability and resistivity are called apparent as they are values which that portion of the earth sampled would have if it were homogeneous. As the earth sampled is usually inhomogeneous the calculated apparent chargeability and resistivity are functions of the actual chargeability and resistivity of the rocks.

The survey was carried out using the “pole-dipole” method of surveying. In this method the current electrode,  $C_1$ , and the potential electrodes,  $P_1$  through  $P_{n+1}$ , are moved in unison along the survey lines at a spacing of “a” (the dipole) apart, while the second current electrode,  $C_2$ , is kept constant at “infinity”. The distance, “na” between  $C_1$  and the nearest potential electrode generally controls the depth to be explored by the particular separation, “n”, traverse.

On this survey 200 metre dipoles were employed and half to fourth separation readings were obtained. In all some 50 kilometres of I.P. and magnetic traversing were completed.

### *Vertical control.*

The elevations of the stations were recorded using an ADC Summit altimeter manufactured by Brunton of Wyoming, USA. This instrument measures elevations using barometric pressures to an accuracy of plus or minus 3 metres. Corrections for errors due to variations in atmospheric pressure were made by comparison to readings obtained on a similar instrument, held stationary at one location – the base -, at 10 minute intervals.

### *Horizontal control.*

The horizontal position of the stations were recorded using a WAAS equipped GPDMAP60Cx unit manufactured by Garmin of Kansas, USA.

## **SURVEY SPECIFICATIONS cont'd**

### *Data Presentation.*

The I.P. data are presented as individual pseudo section plots of apparent chargeability and resistivity at a scale of 1:10,000. Plots of the 21 point moving filter – illustrated on the pseudo section – for the above are also displayed in the top window to better show the location of the anomalous zones.

The anomalous chargeability zones are outlined on the respective pseudo sections.

The ground magnetics are profiled on a plan map of the grid at a scale of 1:10,000.

The second separation readings of chargeability and resistivity are shown in contour form on a plan map of the grid at a scale of 1:10,000 for comparison with the magnetics.

Two dimensional smooth model inversion of the resistivity and chargeability was carried out using the Geotomo RES2DINV Algorithm, an algorithm developed by Loke et-al. This algorithm uses a 2-D finite element method and incorporates topography in modeling resistivity and I.P. data. Nearly uniform starting models are generated by running broad moving-average filters over the respective lines of data. Model resistivity and chargeability properties are then adjusted iteratively until the calculated data values match the observed as closely as possible, given constraints which keep the model section smooth. The smooth chargeability and resistivity models were then imported into Geosoft format for presentation at the same scale of 1:5,000 on the topographic profile. A slight discrepancy can be observed between the measured and modeled plots as the former are processed in Geosoft which assumes horizontal distances for the station separation.

The inversion was only carried out on two lines where anomalous conditions existed.

## **DISCUSSION OF RESULTS.**

For discussion the data will be divided into two sets, those from Lines 12000 to 15700 E, the eastern grid, and those from Lines 9500 to 11500 E, the western grid.

The eastern grid exhibits a low chargeability background – 2 to 3 millivolts/volt – above which elevated values in the 5 to 6 mV/V range are discernible on or near the Fjordland property boundary on Lines 12900 and 13300 E as seen on the respective pseudosections and on the contour plan of the second separation measurements.

Resistivity values in the 300 to 700 ohm-metre range are fairly consistent throughout the pseudosections with occasional lower resistivities on shallower spacings reflecting underlying barren Takomkane intrusive rocks.

As seen from the magnetic profiles the magnetic survey showed a lot of high frequency response across the entire grid, maybe reflecting the occurrence of some basaltic rocks as noted in the 1984 Placer Development report.

Two broad areas of higher magnetic relief are clearly discernible from the profile plot. One, undefined for the most, is seen in the northeastern corner of the grid, while the other strikes northwesterly through the grid from L14900 E to L12900 E.

The northern end of the western block exhibits the same chargeability and resistivity characteristics as the eastern block.

The resistivity results show the centre of the grid to exhibit low to moderate resistivities with a pronounced resistivity low trending northwestwards across it from Line 11100 E to L9500 E as shown on the respective pseudosections and on the second separation plot – low only on the larger separations of L 11100 E.

This low is associated with higher chargeability readings and is believed to have carbonaceous sedimentary rocks as its causative source.

It should be noted that the low resistivities resulted in very low signals with poor decay

## **DISCUSSION OF RESULTS cont'd**

curves obtained on the chargeability measurements in places and the discarding of those readings.

To the north of this feature a complex zone of elevated chargeability, some 600 to 1000 metres in width, can be seen trending across the grid as illustrated on the second separation chargeability plot.

A perusal of the respective pseudosections shows this zone to exhibit stronger responses with depth on the three most easterly lines, and to be associated with lower resistivities in places.

Whether this zone is continuous across the grid or is constituted by two or more anomalous zones would need to be the subject of infill surveying.

The magnetic survey showed the profiles to exhibit less high frequency response and be much smoother on this grid.

A broad response striking across the grid from Line 9500 E to Line 10700 E circa 13500 N can be observed on the profile plot above the west to east downward gradient.

Another high – single line – is seen on Line 10300 E centred around 12200 N, while a dyke-like feature is observed crossing the northern portion of the grid between L 10700 E and L 12100 E on the adjoining eastern grid.

The broad magnetic feature and the smaller responses noted on the profiles on L's 11100 and 11500 E appear to be somehow associated with the aforementioned chargeability zone.

2D inversion carried out on Line 11100 E showed a similar pattern on the inverted section to that of the pseudosection and suggested the depth of burial of the causative source to be in the order of 150 metres and associated with a resistivity low. A similar depth was indicated by the inversion on Line 11500 E with no resistivity low association. However it should be noted that 2D inversion is only valid if the body is two dimensional and there is insufficient evidence to date to validate this conclusion.

## **SUMMARY, CONCLUSIONS & RECOMMENDATIONS**

Between June 28<sup>th</sup> and July 25<sup>th</sup>, 2010, Peter E. Walcott and Associates Limited undertook magnetic and induced polarization traversing over northern part of the Murphy Lake property for the Candorado Operating Company.

The property is located in the Cariboo area of British Columbia some 12 kilometres south of Horsefly.

The survey was carried out over sixteen widely spaced lines that trended northwards.

The I.P. survey failed to detect any meaningful anomalous chargeabilities in the northern part of the grid adjoining the Fjordland property. It did however detect a large zone of complex response trending across the grid in the southern part of the grid.

2D inversion carried out on the two most easterly lines suggested a depth of burial of some 150 metres of the causative source of the above.

Further work on infill lines would be necessary to properly define the anomaly (ies). A 100 metre dipole with measurements up to eight separations would be the preferred choice with an eye to performing 3D inversion on the data.

Geochemical work could be tried if not already done but the overburden cover could prove a severe obstacle.

Respectfully submitted,

**PETER E. WALCOTT & ASSOCIATES LIMITED**

**Peter E. Walcott, P.Eng.  
Geophysicist**

**Vancouver, B.C.  
November 2010**

**Peter E. Walcott & Associates Limited  
Geophysical Services**

**Magnetic & Induced Polarization Surveying  
Murphy Lake Property**

**APPENDIX**

**COST OF SURVEY.**

Peter E. Walcott & Associates Limited undertook the survey on a daily basis providing an IP system, altimeters, GPS unit, truck along with a six man crew for \$3,150.00 per day. A four man mag crew was also furnished for \$1,750.00 per day along with three magnetometers. Mobilization costs of \$6,000.00 were incurred while reporting was done at a cost of \$6,000.00, and accommodation at cost for a total of \$101,926.73



**PERSONNEL EMPLOYED ON SURVEY.**

<b><u>Name</u></b>	<b><u>Occupation</u></b>	<b><u>Address</u></b>	<b><u>Dates</u></b>
Peter E. Walcott	Geophysicist	Peter E. Walcott & Associates Limited 608 – 1529 W. 2 <sup>nd</sup> Ave., Vancouver, B.C. V6J 1H2	Aug. 20 <sup>th</sup> , Nov 1 <sup>st</sup> – 3 <sup>rd</sup> , 2010
Alexander Walcott	“	“	Nov1 <sup>st</sup> - 4 <sup>th</sup> , 2010
John Cornock	"	"	Jun.28 <sup>th</sup> –July7 <sup>th</sup> , 2010
B. DuPreez	“	“	July 7 <sup>th</sup> -25 <sup>th</sup> , 2010
A. Harris	Geophysical Operator	"	Jun. 28 <sup>th</sup> - July25 <sup>th</sup> , 2010
P. Charlie	“	“	July 10 <sup>th</sup> -20 <sup>th</sup> , 2010
T .Scott	“	“	Jun. 28 <sup>th</sup> – July 10 <sup>th</sup> , 2010
W . Ogden	Geophysical Assistant	"	Jun. 28 <sup>th</sup> – July 20 <sup>th</sup> , 2010
M. Kleinsorge	"	"	Jun. 28 <sup>th</sup> – July 20 <sup>th</sup> , 2010
P. Novakowski	"	"	“

**Peter E. Walcott & Associates Limited  
Geophysical Services**

**Magnetic & Induced Polarization Surveying  
Murphy Lake Property**

**CERTIFICATION.**

I, Peter E. Walcott of 605 Rutland Court, Coquitlam, British Columbia, hereby certify that:

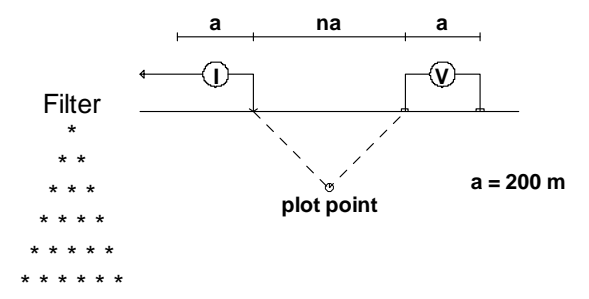
1. I am a graduate of the University of Toronto in 1962 with a B.A.Sc. in Engineering Physics, Geophysics Option.
2. I have been practicing my profession for the last forty eight years.
3. I am a member of the Association of Professional Engineers of British Columbia and Ontario.
4. I hold no interest, direct or indirect in the Candorado Operating Company, nor do I expect to receive any.

**Peter E. Walcott, P.Eng.**

**Vancouver, B.C.  
November 2010**

95+00 E





Pole-Dipole Array

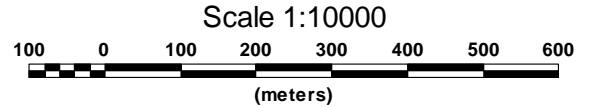


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 Operators: B.D., P.C.

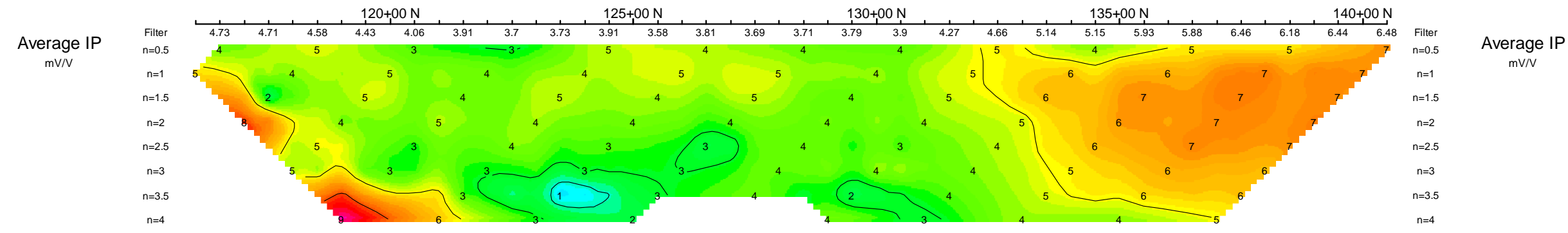
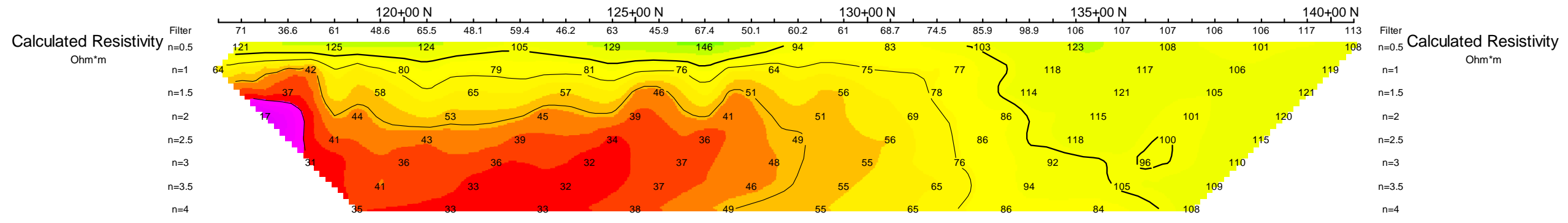
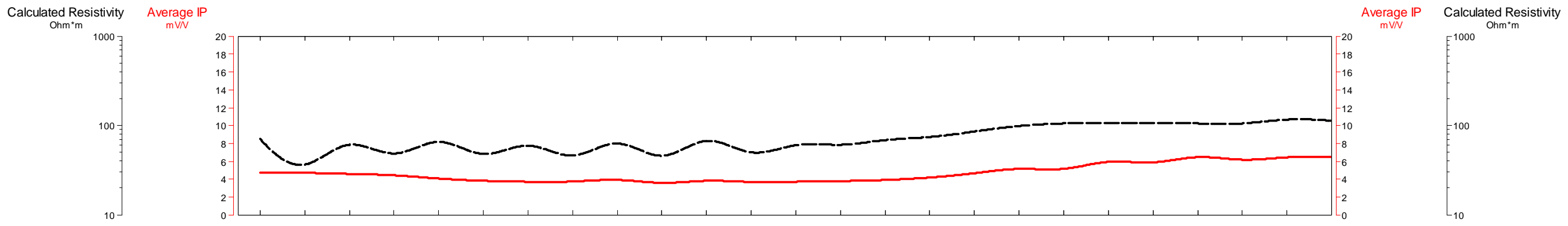
Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10, ...

INTERPRETATION

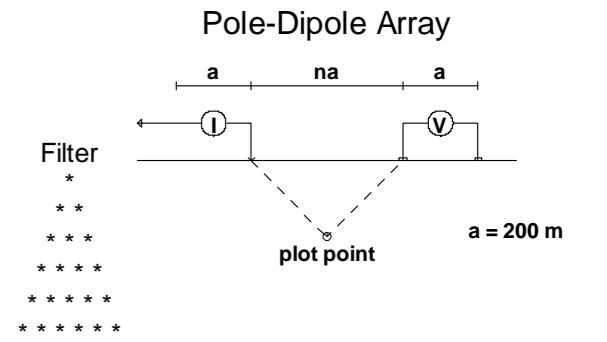
-  Well defined, strong increase in polarization with or without marked decrease in resistivity.
-  Fairly well defined moderate increase in polarization.
-  Fairly well defined weak increase in polarization.
-  Resistivity feature.



CANDORADO OPERATING COMPANY  
 INDUCED POLARIZATION SURVEY  
 MURPHY LAKE PROPERTY  
 Date: JULY 2010  
 PETER E. WALCOTT & ASSOCIATES LIMITED



99+00 E



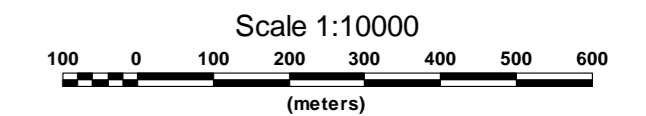
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Frequency: 0.125 Hz.  
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Operators: B.D., P.C.

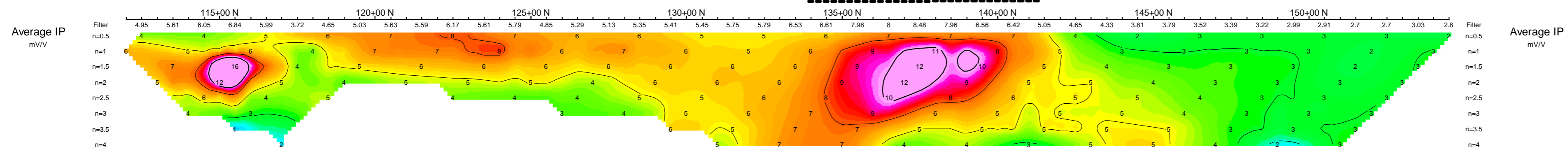
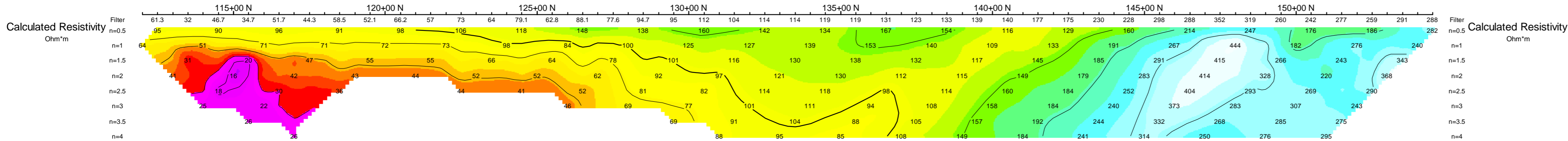
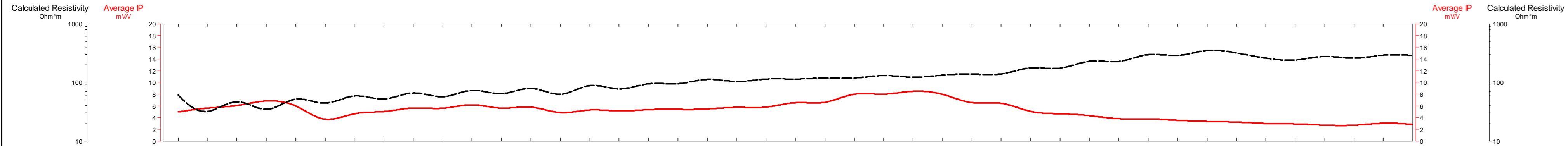
Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10, ...

**INTERPRETATION**

- Well defined, strong increase in polarization with or without marked decrease in resistivity.
- Fairly well defined moderate increase in polarization.
- Fairly well defined weak increase in polarization.
- Resistivity feature.

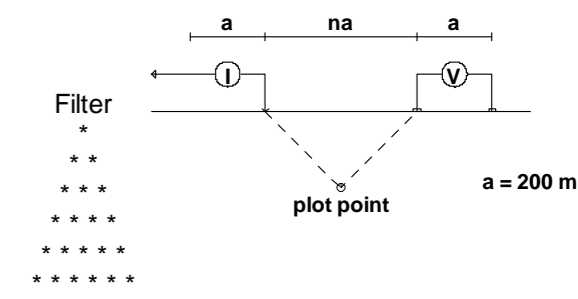


CANDORADO OPERATING COMPANY  
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MURPHY LAKE PROPERTY  
Date: JULY 2010  
PETER E. WALCOTT & ASSOCIATES LIMITED



103+00 E

Pole-Dipole Array



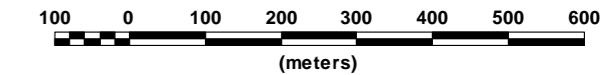
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Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10, ...

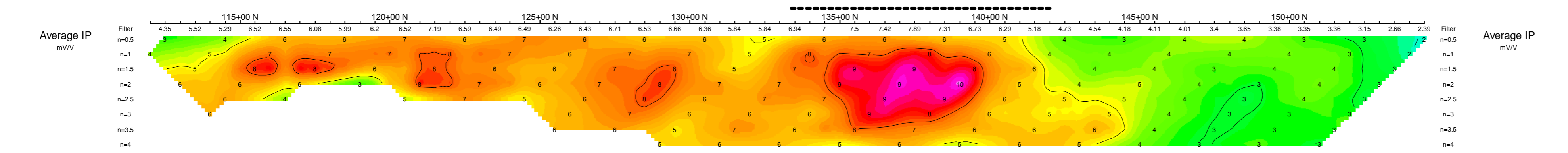
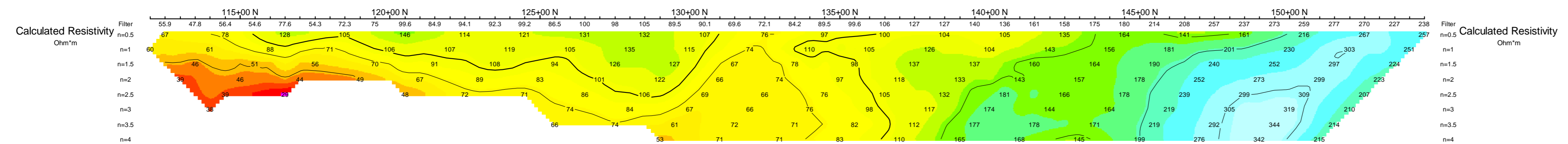
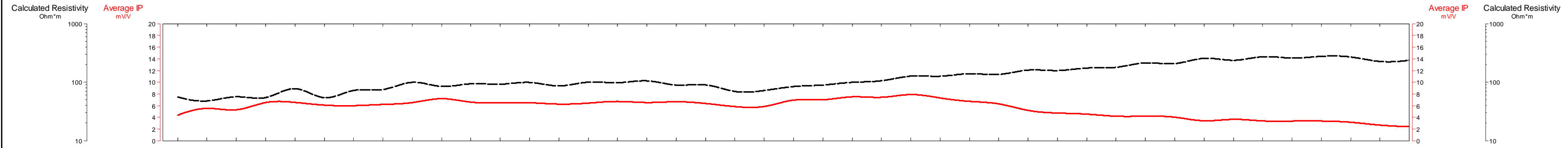
INTERPRETATION

- Well defined, strong increase in polarization with or without marked decrease in resistivity.
- Fairly well defined moderate increase in polarization.
- Fairly well defined weak increase in polarization.
- Resistivity feature.

Scale 1:10000

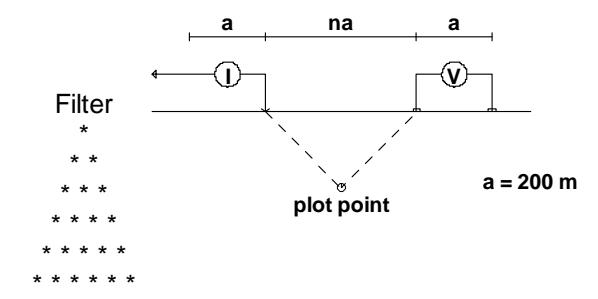


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107+00 E

Pole-Dipole Array

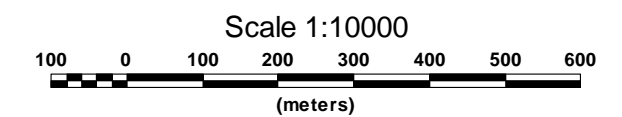


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 Operators: B.D., P.C.

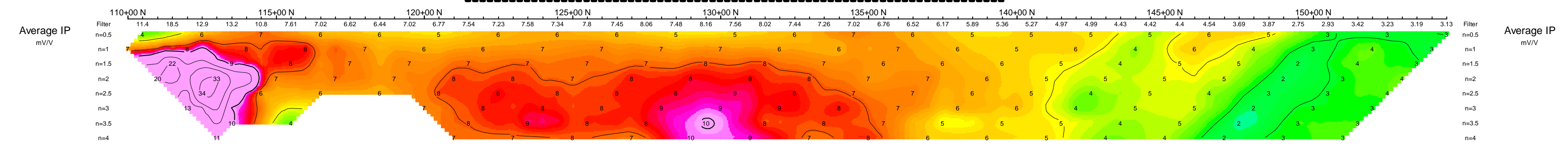
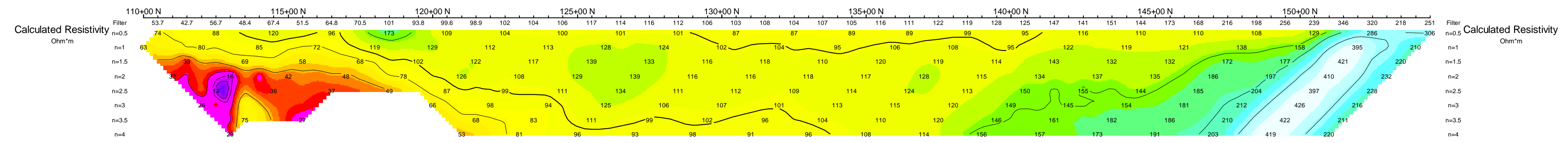
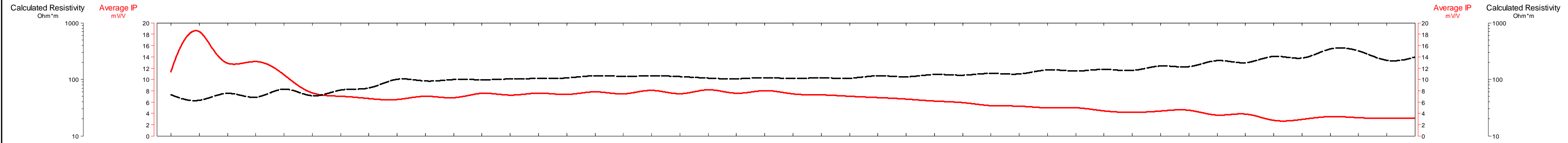
Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10, ...

INTERPRETATION

- Well defined, strong increase in polarization with or without marked decrease in resistivity.
- Fairly well defined moderate increase in polarization.
- Fairly well defined weak increase in polarization.
- Resistivity feature.

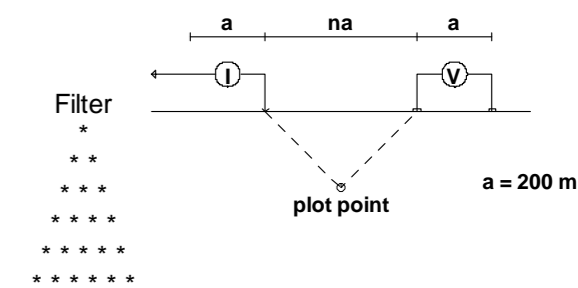


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111+00 E

Pole-Dipole Array



Instruments: Huntect 7.5KW Tx, GDD GRx-8 Rx

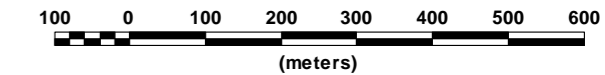
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Operators: B.D., P.C.

Logarithmic Contours, 1.5, 2, 3, 5, 7.5, 10,...

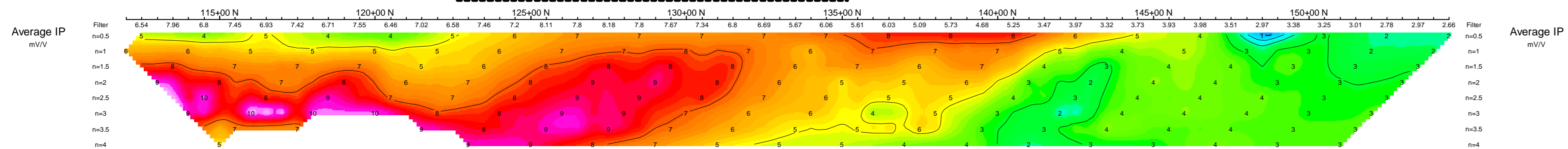
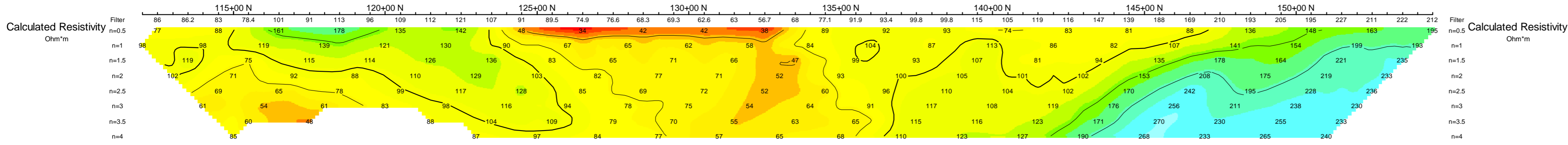
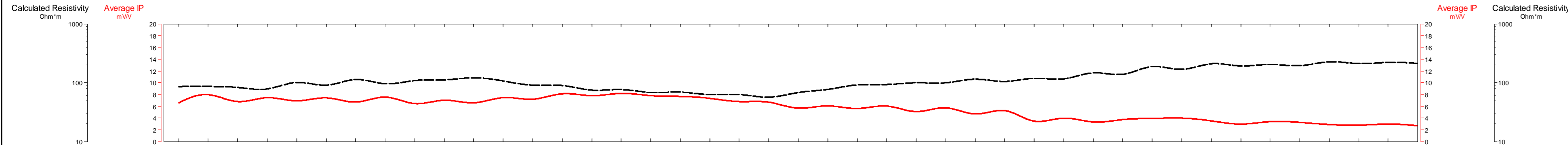
INTERPRETATION

- Well defined, strong increase in polarization with or without marked decrease in resistivity.
- Fairly well defined moderate increase in polarization.
- Fairly well defined weak increase in polarization.
- Resistivity feature.

Scale 1:10000

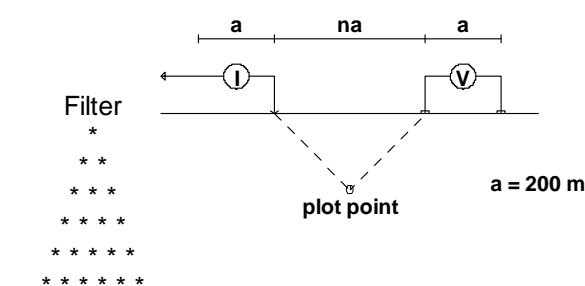


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115+00 E

Pole-Dipole Array



Instruments: Huntex 7.5KW Tx, GDD GRx-8 Rx

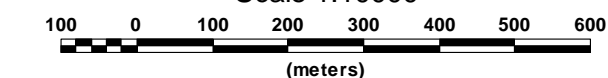
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Operators: B.D., P.C.

Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10,...

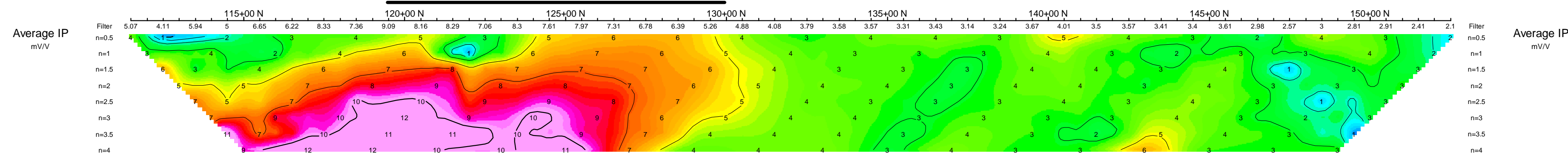
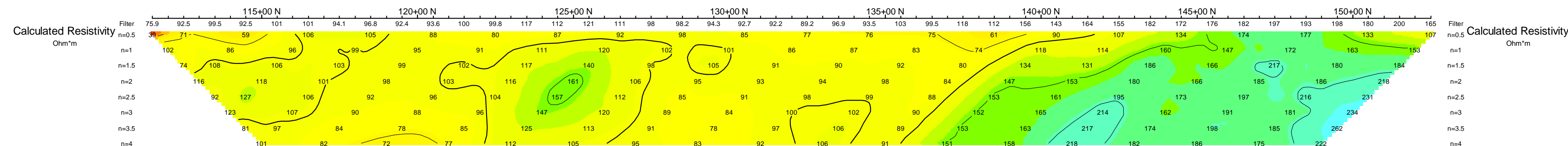
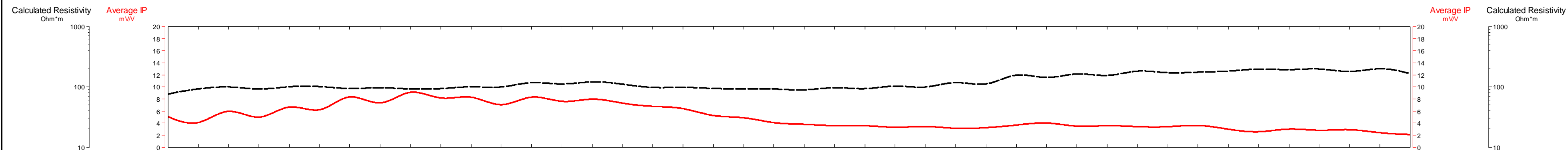
INTERPRETATION

- Well defined, strong increase in polarization with or without marked decrease in resistivity.
- Fairly well defined moderate increase in polarization.
- Fairly well defined weak increase in polarization.
- Resistivity feature.

Scale 1:10000



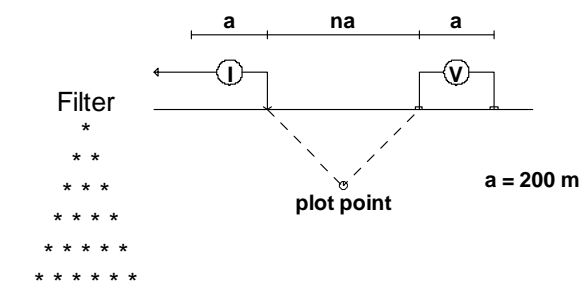
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INDUCED POLARIZATION SURVEY  
MURPHY LAKE PROPERTY  
Date: JULY 2010  
PETER E. WALCOTT & ASSOCIATES LIMITED





120+00 E

Pole-Dipole Array







Instruments: Hunttec 7.5KW Tx, GDD GRx-8 Rx

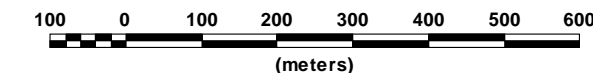
Frequency: 0.125 Hz.  
Windows Delay 200 ms, 20\*50 ms  
Operators: B.D., P.C.

Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10,...

INTERPRETATION

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-  Fairly well defined moderate increase in polarization.
-  Fairly well defined weak increase in polarization.
-  Resistivity feature.

Scale 1:10000

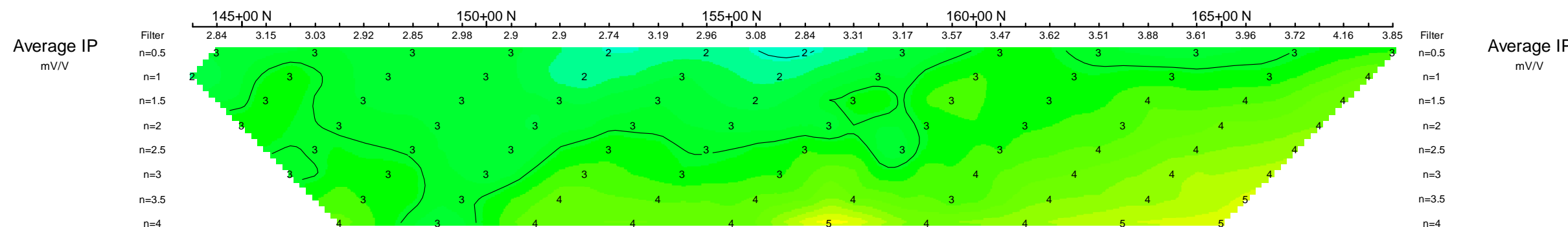
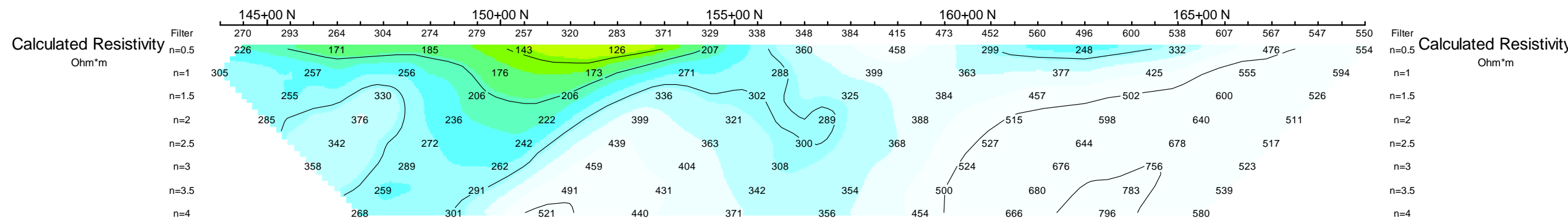
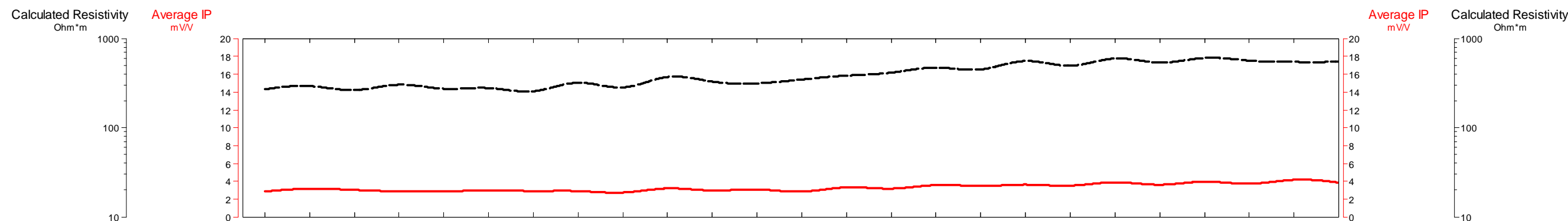


CANDORADO OPERATING COMPANY

INDUCED POLARIZATION SURVEY  
MURPHY LAKE PROPERTY

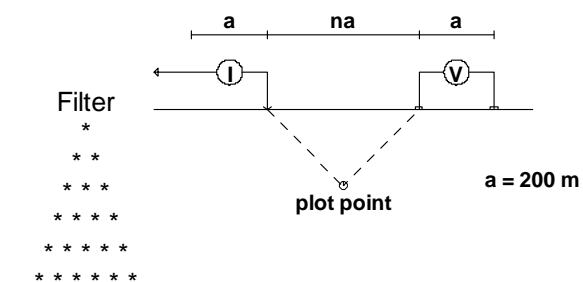
Date: JULY 2010

PETER E. WALCOTT & ASSOCIATES LIMITED



125+00 E

Pole-Dipole Array







Instruments: Hunttec 7.5KW Tx, GDD GRx-8 Rx

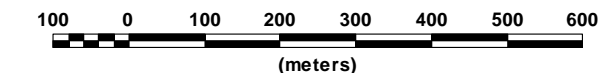
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Windows Delay 200 ms, 20\*50 ms  
Operators: B.D., P.C.

Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10,...

INTERPRETATION

-  Well defined, strong increase in polarization with or without marked decrease in resistivity.
-  Fairly well defined moderate increase in polarization.
-  Fairly well defined weak increase in polarization.
-  Resistivity feature.

Scale 1:10000

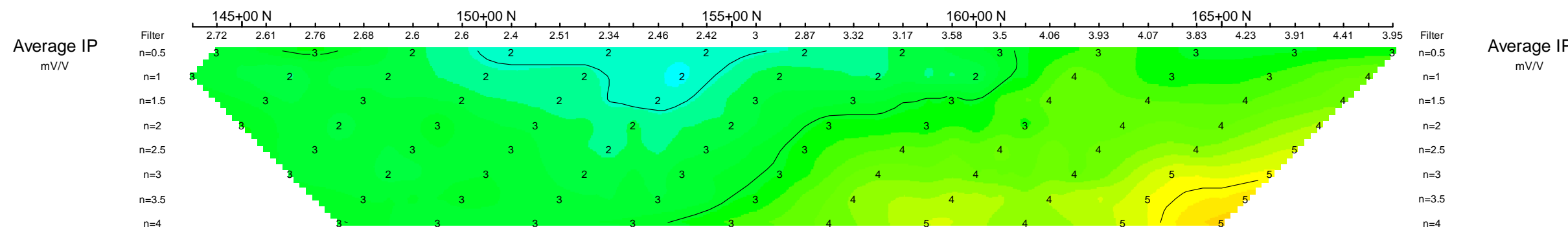
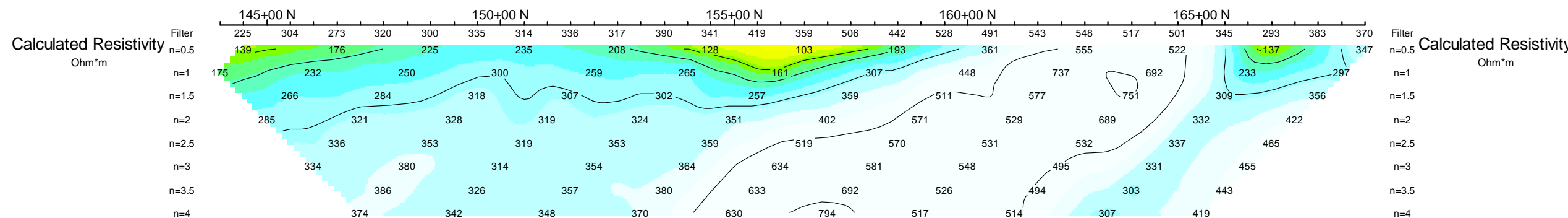
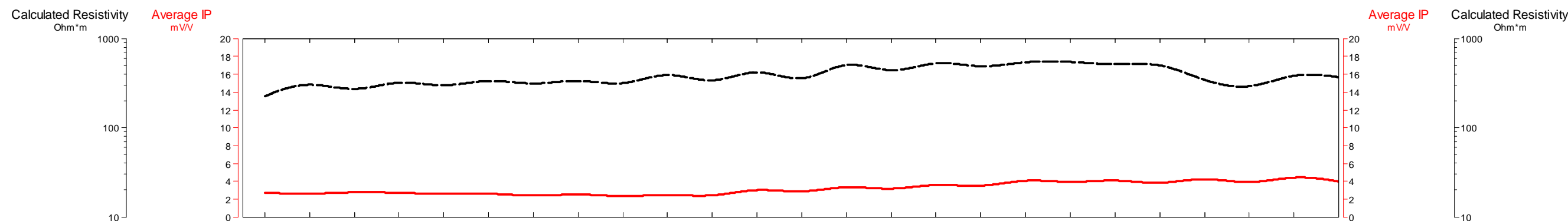


CANDORADO OPERATING COMPANY

INDUCED POLARIZATION SURVEY  
MURPHY LAKE PROPERTY

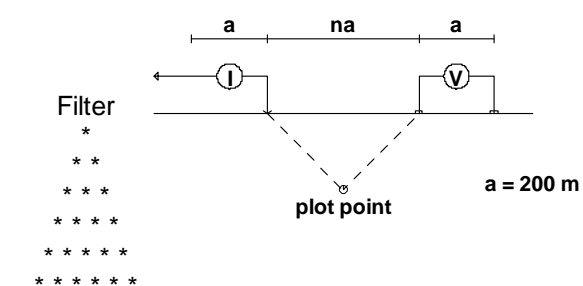
Date: JULY 2010

PETER E. WALCOTT & ASSOCIATES LIMITED



129+00 E

Pole-Dipole Array







Instruments: Hunttec 7.5KW Tx, GDD GRx-8 Rx

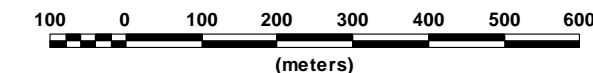
Frequency: 0.125 Hz.  
Windows Delay 200 ms, 20\*50 ms  
Operators: B.D., P.C.

Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10, ...

INTERPRETATION

-  Well defined, strong increase in polarization with or without marked decrease in resistivity.
-  Fairly well defined moderate increase in polarization.
-  Fairly well defined weak increase in polarization.
-  Resistivity feature.

Scale 1:10000

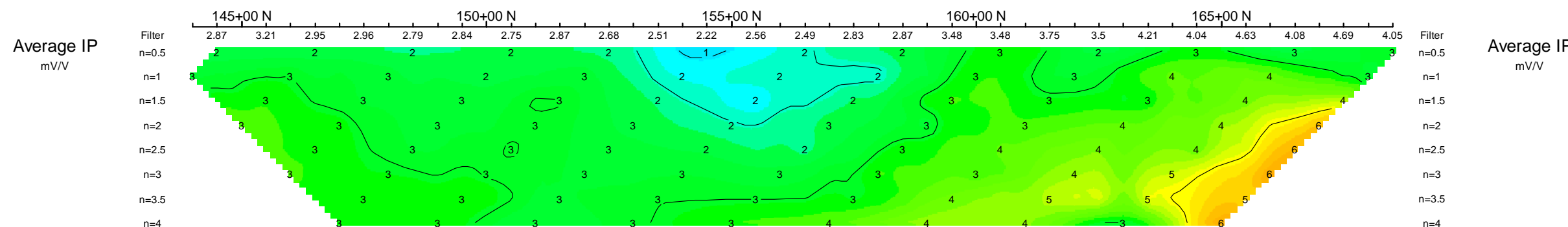
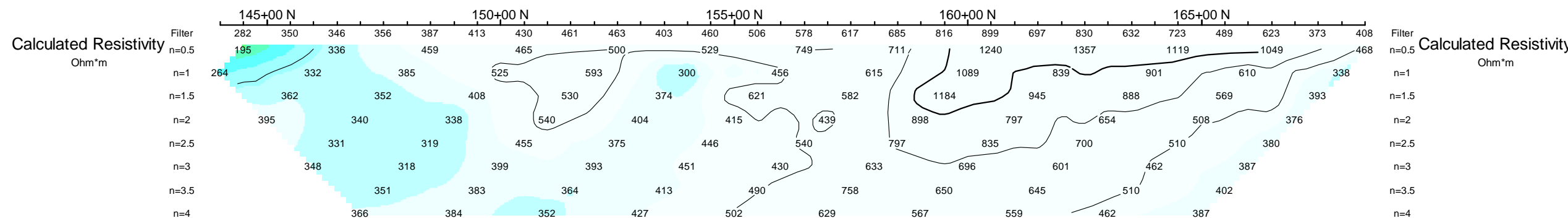
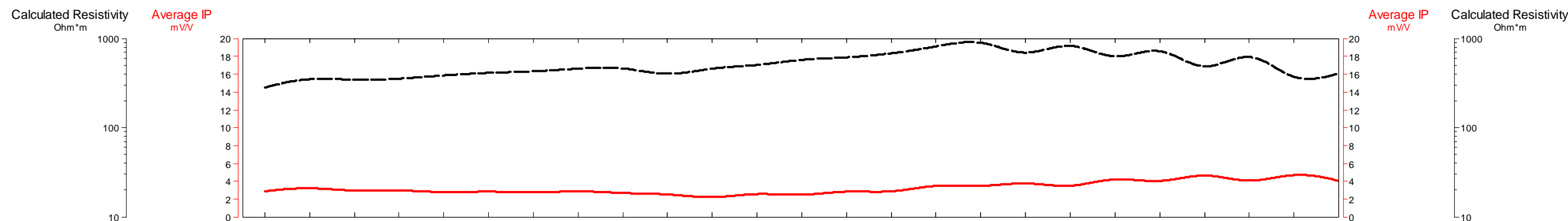


CANDORADO OPERATING COMPANY

INDUCED POLARIZATION SURVEY  
MURPHY LAKE PROPERTY

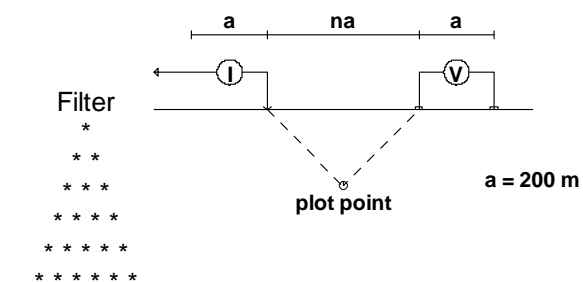
Date: JULY 2010

PETER E. WALCOTT & ASSOCIATES LIMITED



133+00 E

Pole-Dipole Array







Instruments: Hunttec 7.5KW Tx, GDD GRx-8 Rx

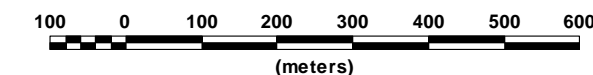
Frequency: 0.125 Hz.  
Windows Delay 200 ms, 20\*50 ms  
Operators: B.D., P.C.

Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10, ...

INTERPRETATION

-  Well defined, strong increase in polarization with or without marked decrease in resistivity.
-  Fairly well defined moderate increase in polarization.
-  Fairly well defined weak increase in polarization.
-  Resistivity feature.

Scale 1:10000

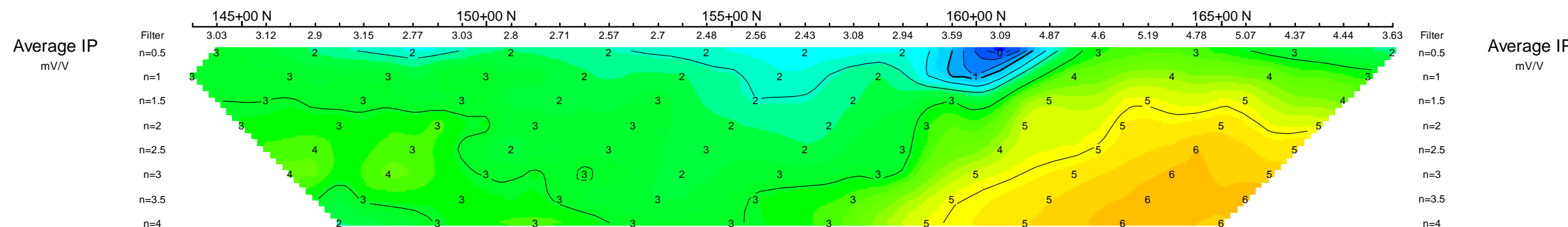
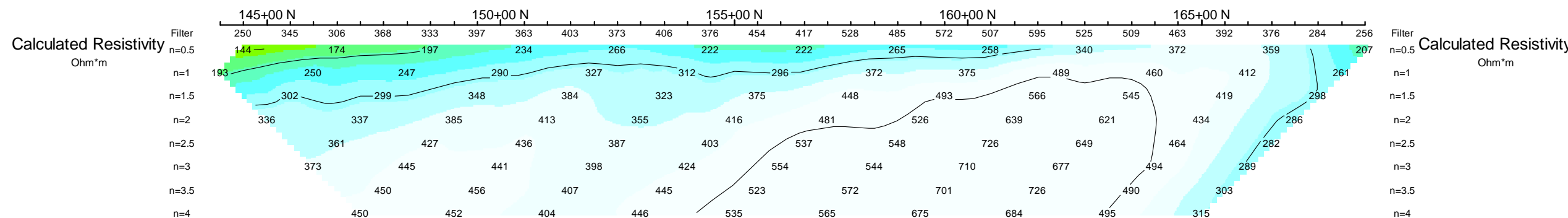
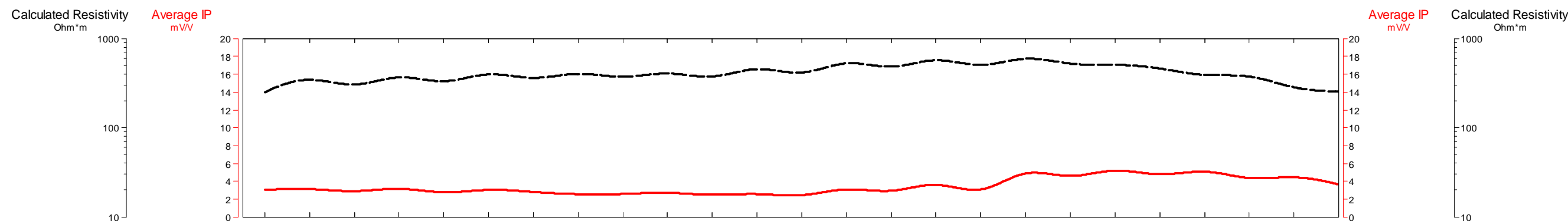


CANDORADO OPERATING COMPANY

INDUCED POLARIZATION SURVEY  
MURPHY LAKE PROPERTY

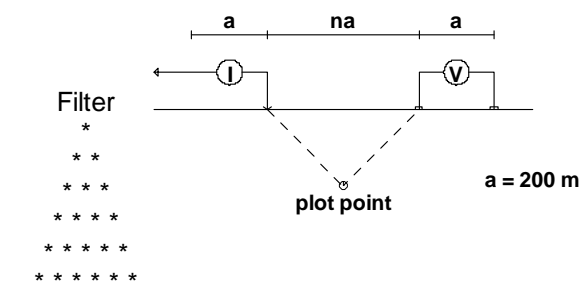
Date: JULY 2010

PETER E. WALCOTT & ASSOCIATES LIMITED



137+00 E

Pole-Dipole Array







Instruments: Hunttec 7.5KW Tx, GDD GRx-8 Rx

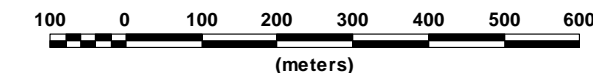
Frequency: 0.125 Hz.  
Windows Delay 200 ms, 20\*50 ms  
Operators: B.D., P.C.

Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10, ...

INTERPRETATION

-  Well defined, strong increase in polarization with or without marked decrease in resistivity.
-  Fairly well defined moderate increase in polarization.
-  Fairly well defined weak increase in polarization.
-  Resistivity feature.

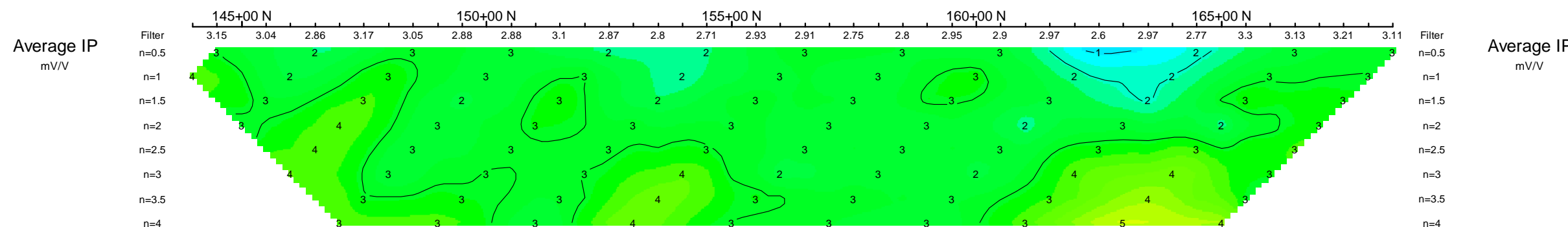
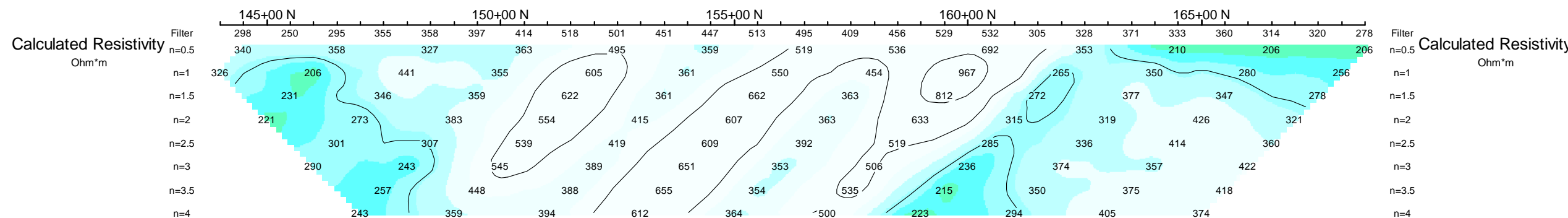
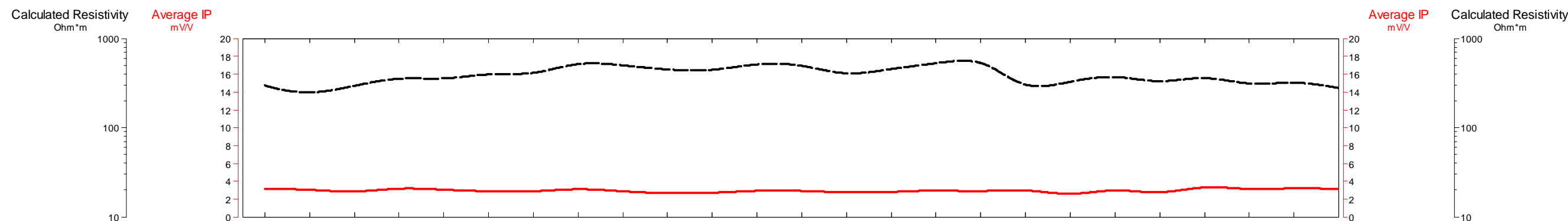
Scale 1:10000



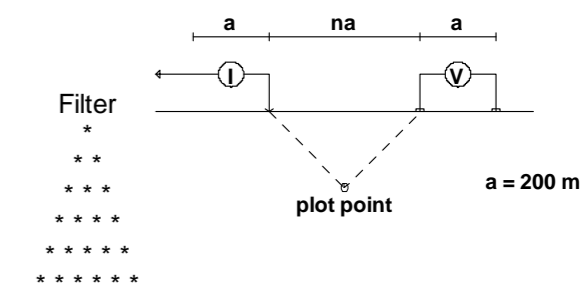
CANDORADO OPERATING COMPANY  
INDUCED POLARIZATION SURVEY  
MURPHY LAKE PROPERTY

Date: JULY 2010

PETER E. WALCOTT & ASSOCIATES LIMITED







Pole-Dipole Array

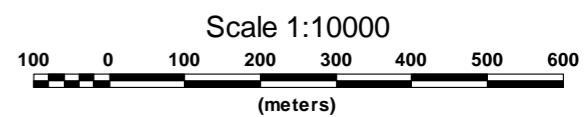


Instruments: Hunttec 7.5KW Tx, GDD GRx-8 Rx  
 Frequency: 0.125 Hz.  
 Windows Delay 200 ms, 20\*50 ms  
 Operators: B.D., P.C.

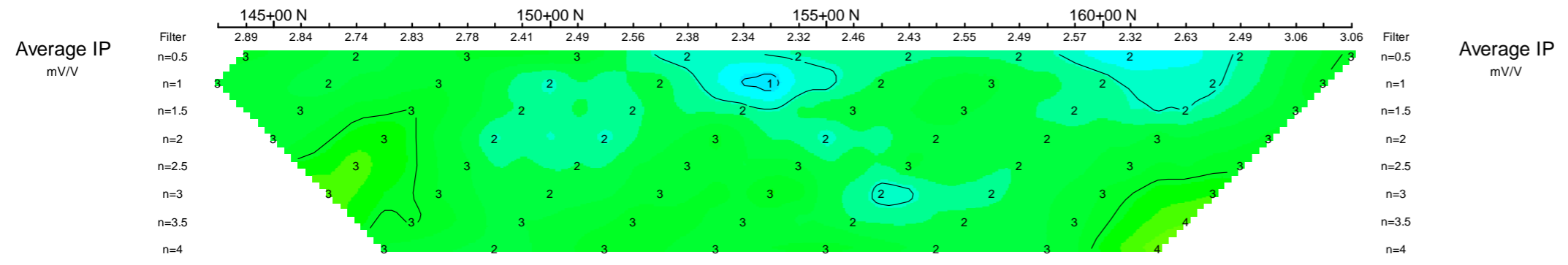
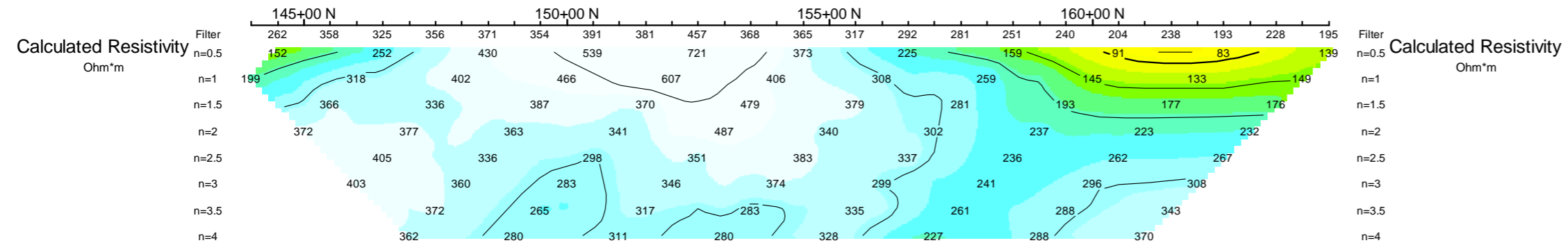
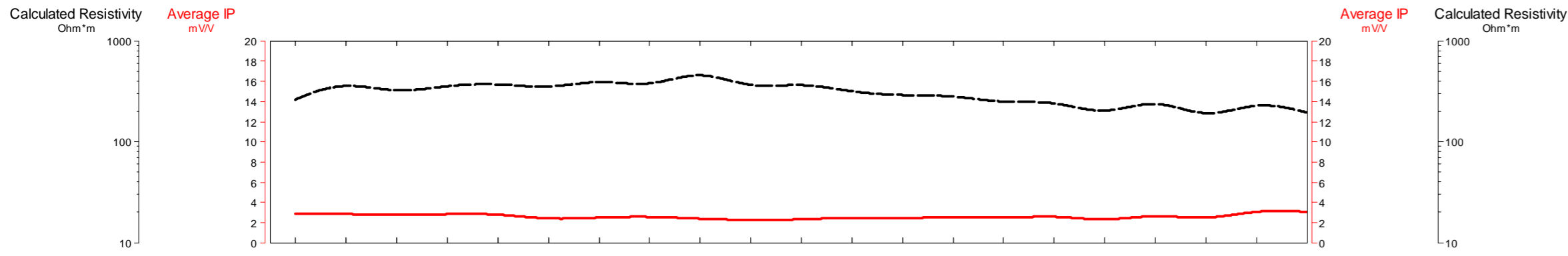
Logarithmic Contours  
 1, 1.5, 2, 3, 5, 7.5, 10, ...

INTERPRETATION

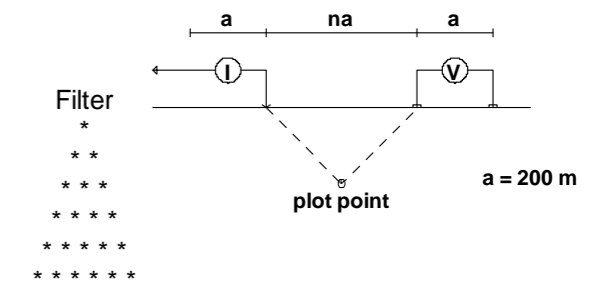
-  Well defined, strong increase in polarization with or without marked decrease in resistivity.
-  Fairly well defined moderate increase in polarization.
-  Fairly well defined weak increase in polarization.
-  Resistivity feature.



CANDORADO OPERATING COMPANY  
 INDUCED POLARIZATION SURVEY  
 MURPHY LAKE PROPERTY  
 Date: JULY 2010  
 PETER E. WALCOTT & ASSOCIATES LIMITED



Pole-Dipole Array



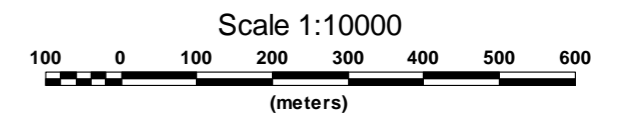
Instruments: Hunttec 7.5KW Tx, GDD GRx-8 Rx

Frequency: 0.125 Hz.  
Windows Delay 200 ms, 20\*50 ms  
Operators: B.D., P.C.

Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10, ...

INTERPRETATION

- Well defined, strong increase in polarization with or without marked decrease in resistivity.
- Fairly well defined moderate increase in polarization.
- Fairly well defined weak increase in polarization.
- Resistivity feature.

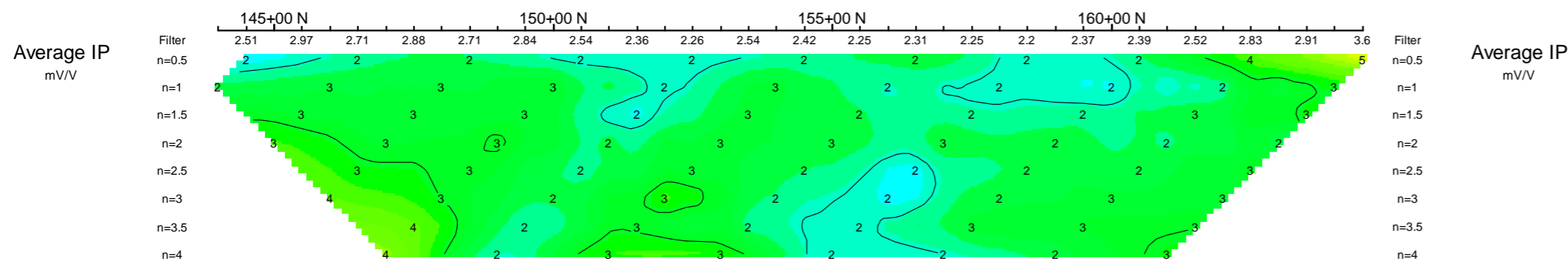
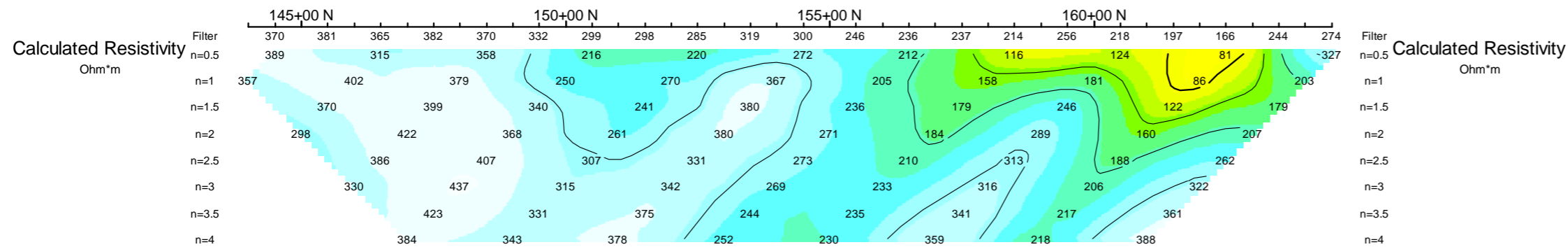
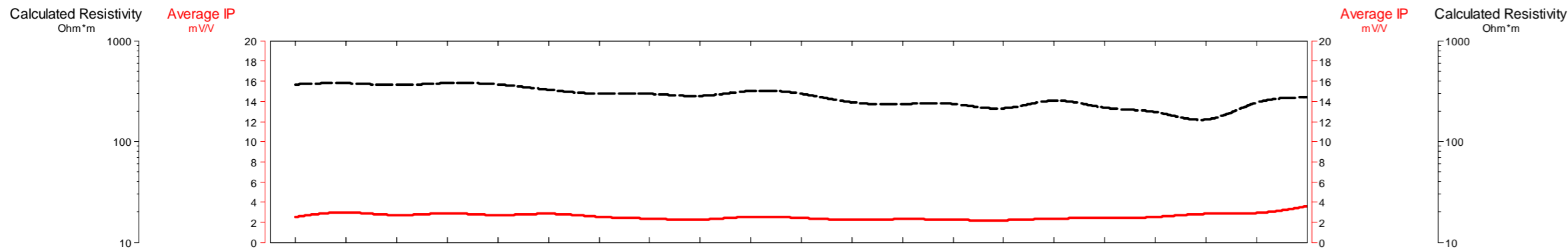


CANDORADO OPERATING COMPANY

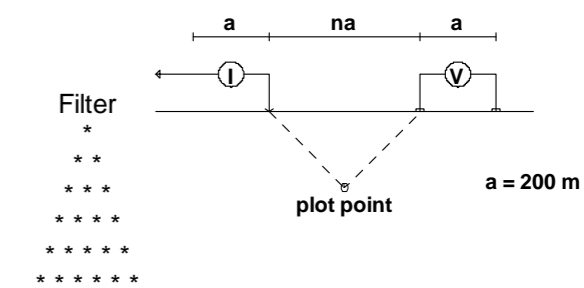
INDUCED POLARIZATION SURVEY  
MURPHY LAKE PROPERTY

Date: JULY 2010

PETER E. WALCOTT & ASSOCIATES LIMITED



Pole-Dipole Array

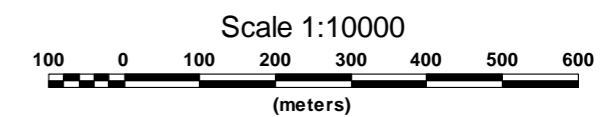


Instruments: Hunttec 7.5KW Tx, GDD GRx-8 Rx  
 Frequency: 0.125 Hz.  
 Windows Delay 200 ms, 20\*50 ms  
 Operators: B.D., P.C.

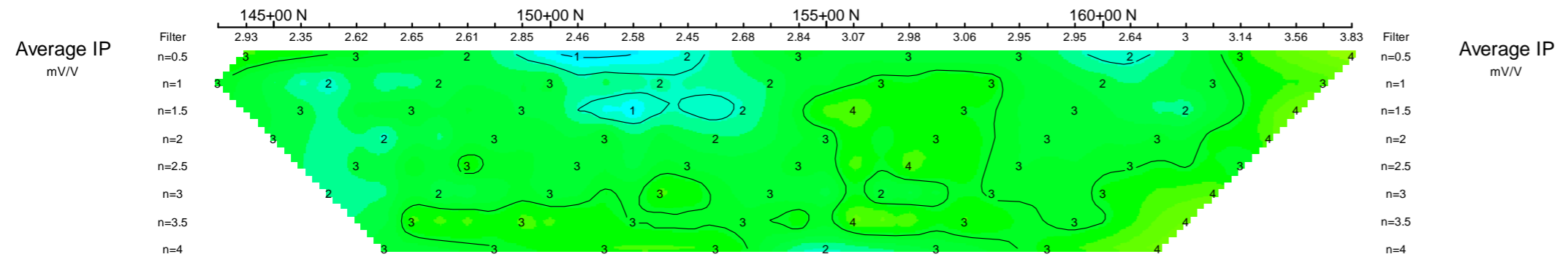
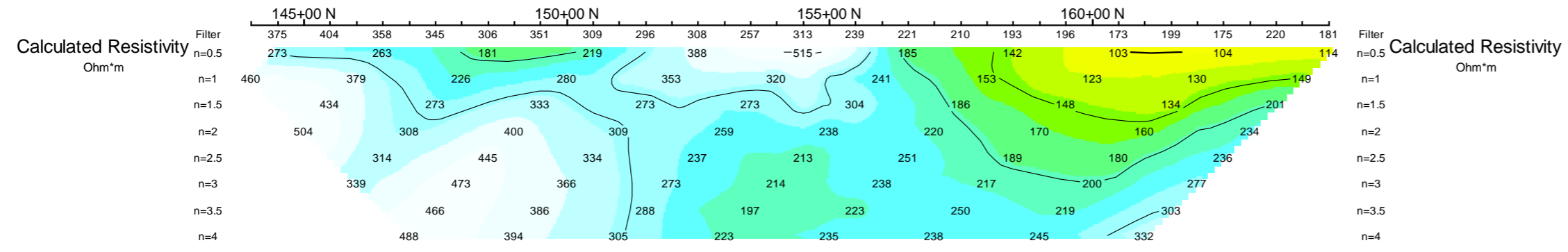
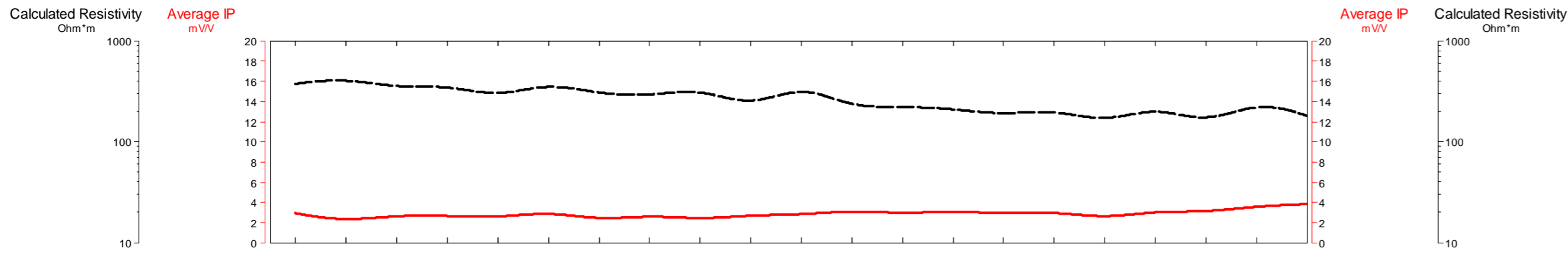
Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10,...

INTERPRETATION

- Well defined, strong increase in polarization with or without marked decrease in resistivity.
- Fairly well defined moderate increase in polarization.
- Fairly well defined weak increase in polarization.
- Resistivity feature.

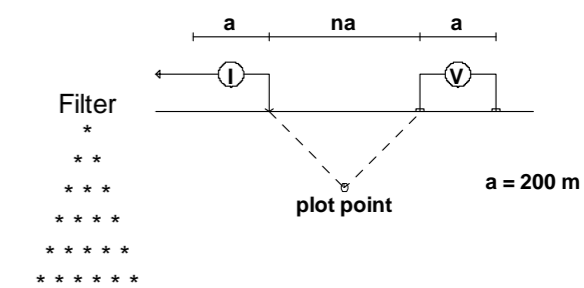


CANDORADO OPERATING COMPANY  
 INDUCED POLARIZATION SURVEY  
 MURPHY LAKE PROPERTY  
 Date: JULY 2010  
 PETER E. WALCOTT & ASSOCIATES LIMITED





Pole-Dipole Array







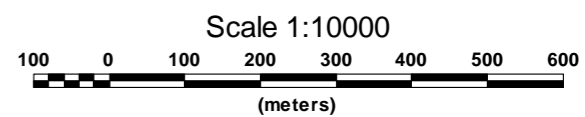
Instruments: Hunttec 7.5KW Tx, GDD GRx-8 Rx

Frequency: 0.125 Hz.  
 Windows Delay 200 ms, 20\*50 ms  
 Operators: B.D., P.C.

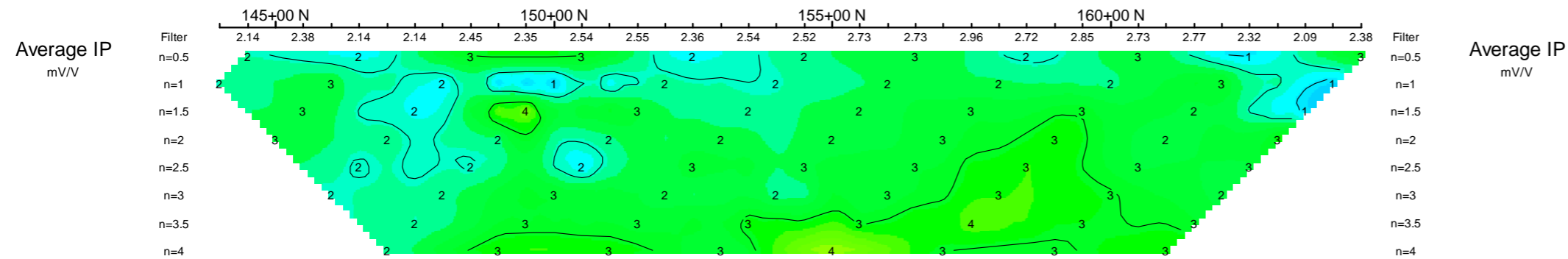
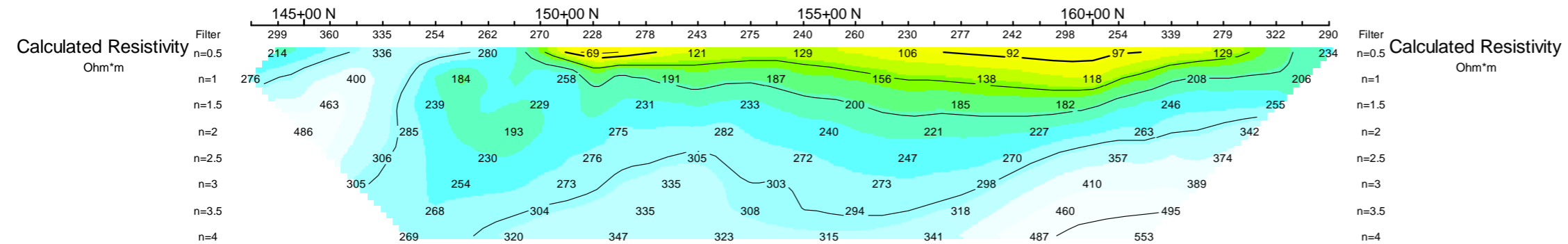
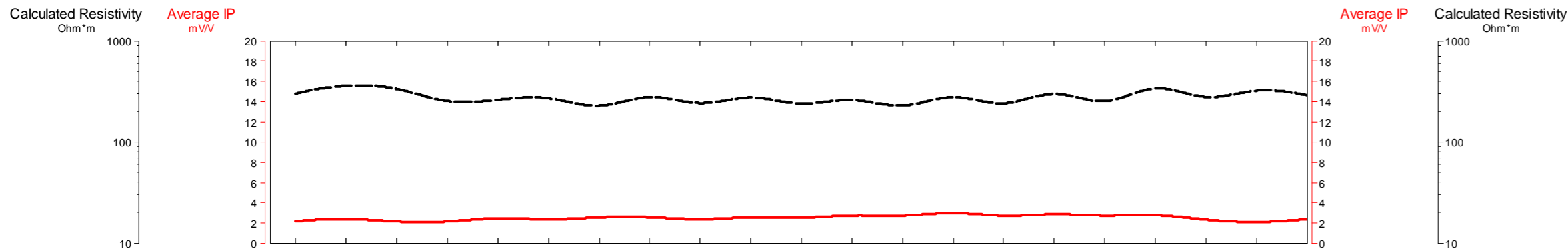
Logarithmic Contours: 1.5, 2, 3, 5, 7.5, 10, ...

INTERPRETATION

-  Well defined, strong increase in polarization with or without marked decrease in resistivity.
-  Fairly well defined moderate increase in polarization.
-  Fairly well defined weak increase in polarization.
-  Resistivity feature.

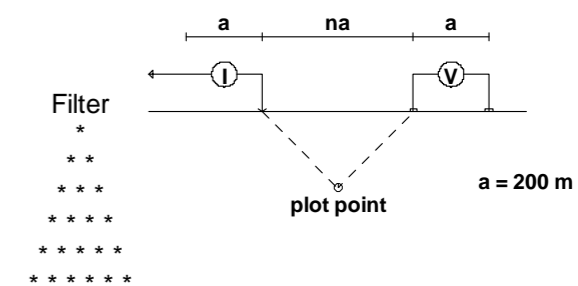


CANDORADO OPERATING COMPANY  
 INDUCED POLARIZATION SURVEY  
 MURPHY LAKE PROPERTY  
 Date: JULY 2010  
 PETER E. WALCOTT & ASSOCIATES LIMITED



157+00 E

Pole-Dipole Array







Instruments: Hunttec 7.5KW Tx, GDD GRx-8 Rx

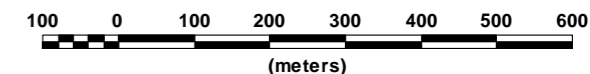
Frequency: 0.125 Hz.  
Windows Delay 200 ms, 20\*50 ms  
Operators: B.D., P.C.

Logarithmic Contours  
1, 1.5, 2, 3, 5, 7.5, 10, ...

INTERPRETATION

-  Well defined, strong increase in polarization with or without marked decrease in resistivity.
-  Fairly well defined moderate increase in polarization.
-  Fairly well defined weak increase in polarization.
-  Resistivity feature.

Scale 1:10000

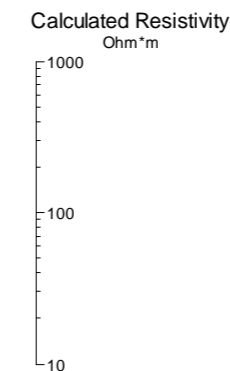


CANDORADO OPERATING COMPANY

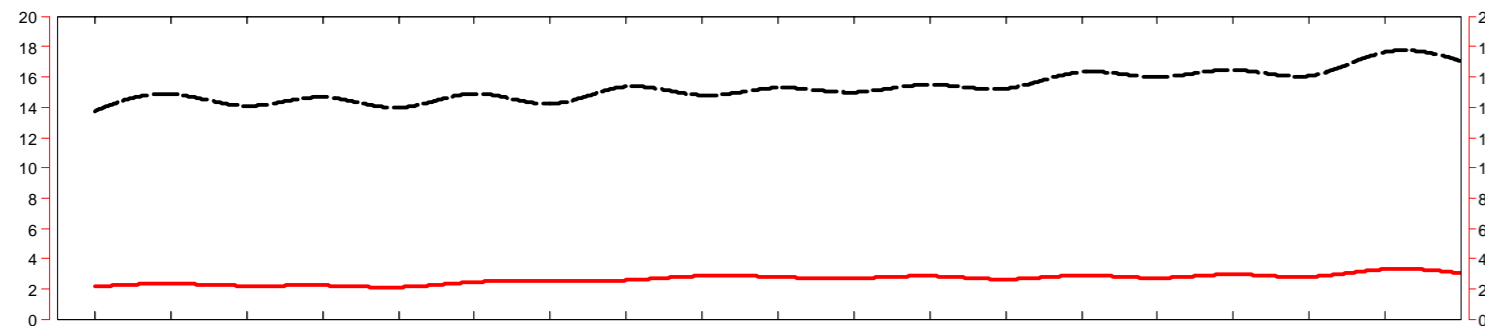
INDUCED POLARIZATION SURVEY  
MURPHY LAKE PROPERTY

Date: JULY 2010

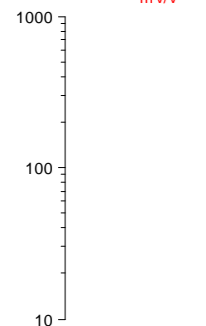
PETER E. WALCOTT & ASSOCIATES LIMITED



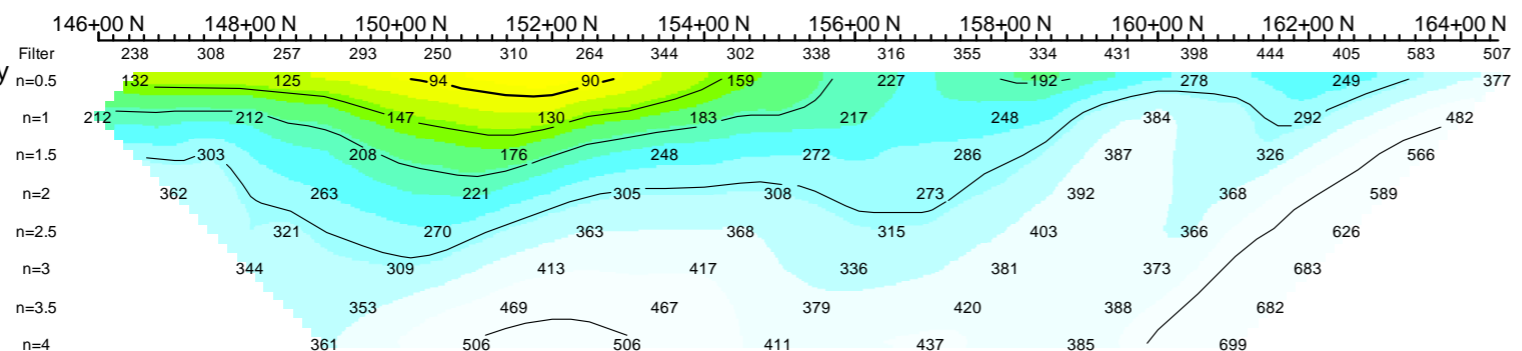
Average IP  
mV/V



Average IP  
mV/V



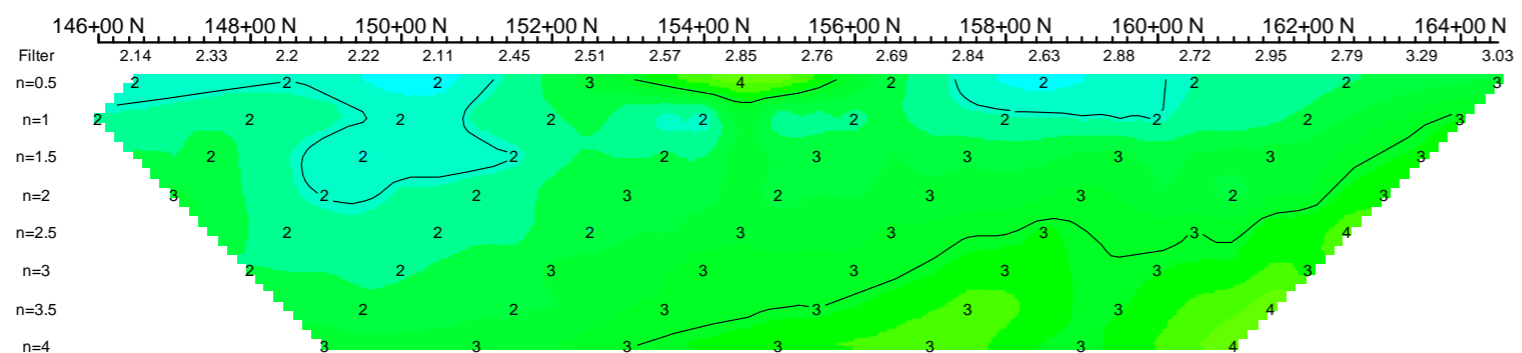
Calculated Resistivity  
Ohm\*m



Calculated Resistivity  
Ohm\*m

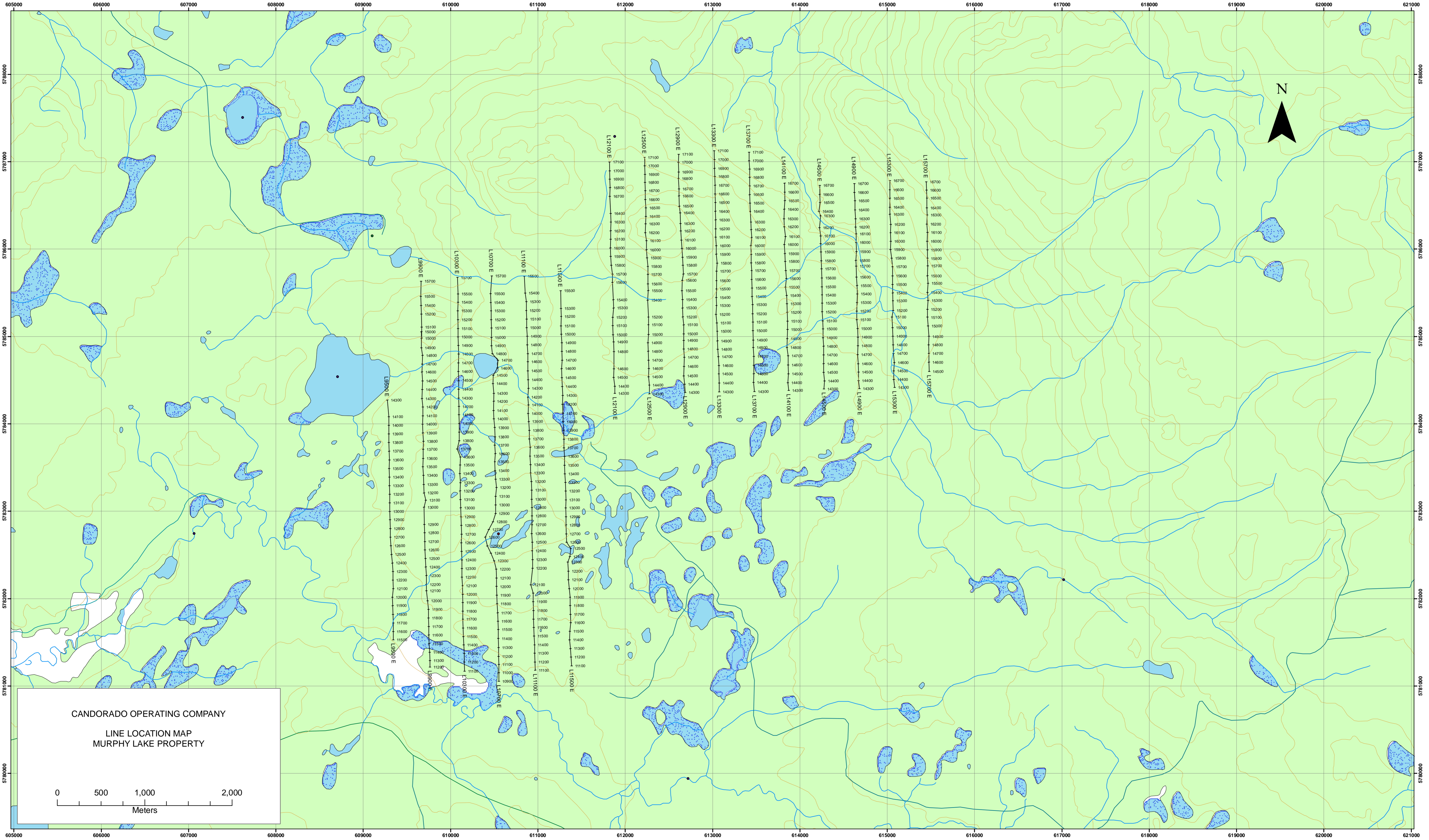
Filter  
n=0.5  
n=1  
n=1.5  
n=2  
n=2.5  
n=3  
n=3.5  
n=4

Average IP  
mV/V

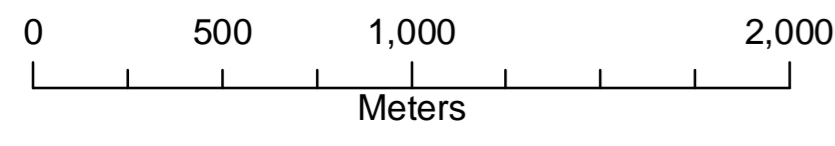


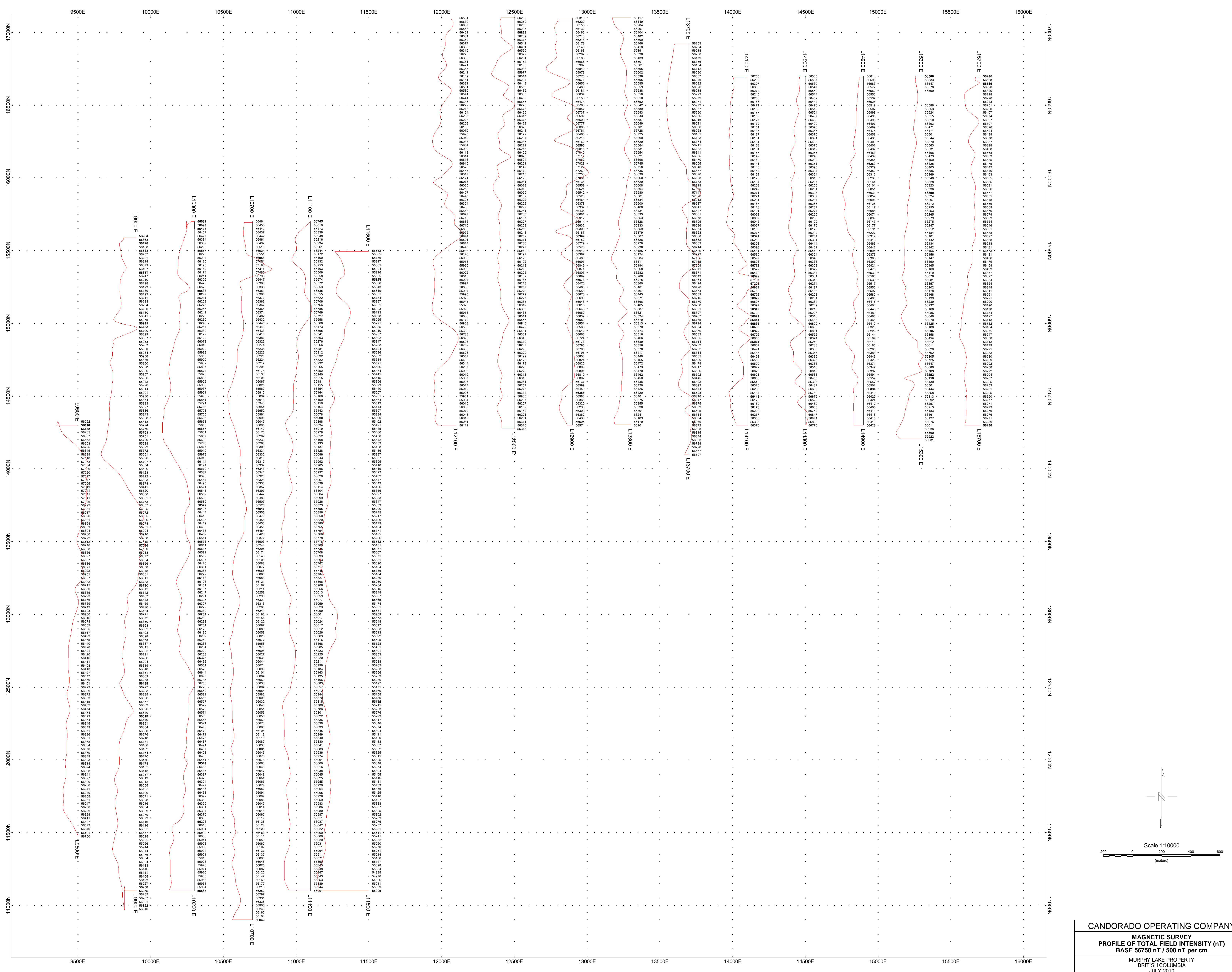
Average IP  
mV/V

Filter  
n=0.5  
n=1  
n=1.5  
n=2  
n=2.5  
n=3  
n=3.5  
n=4

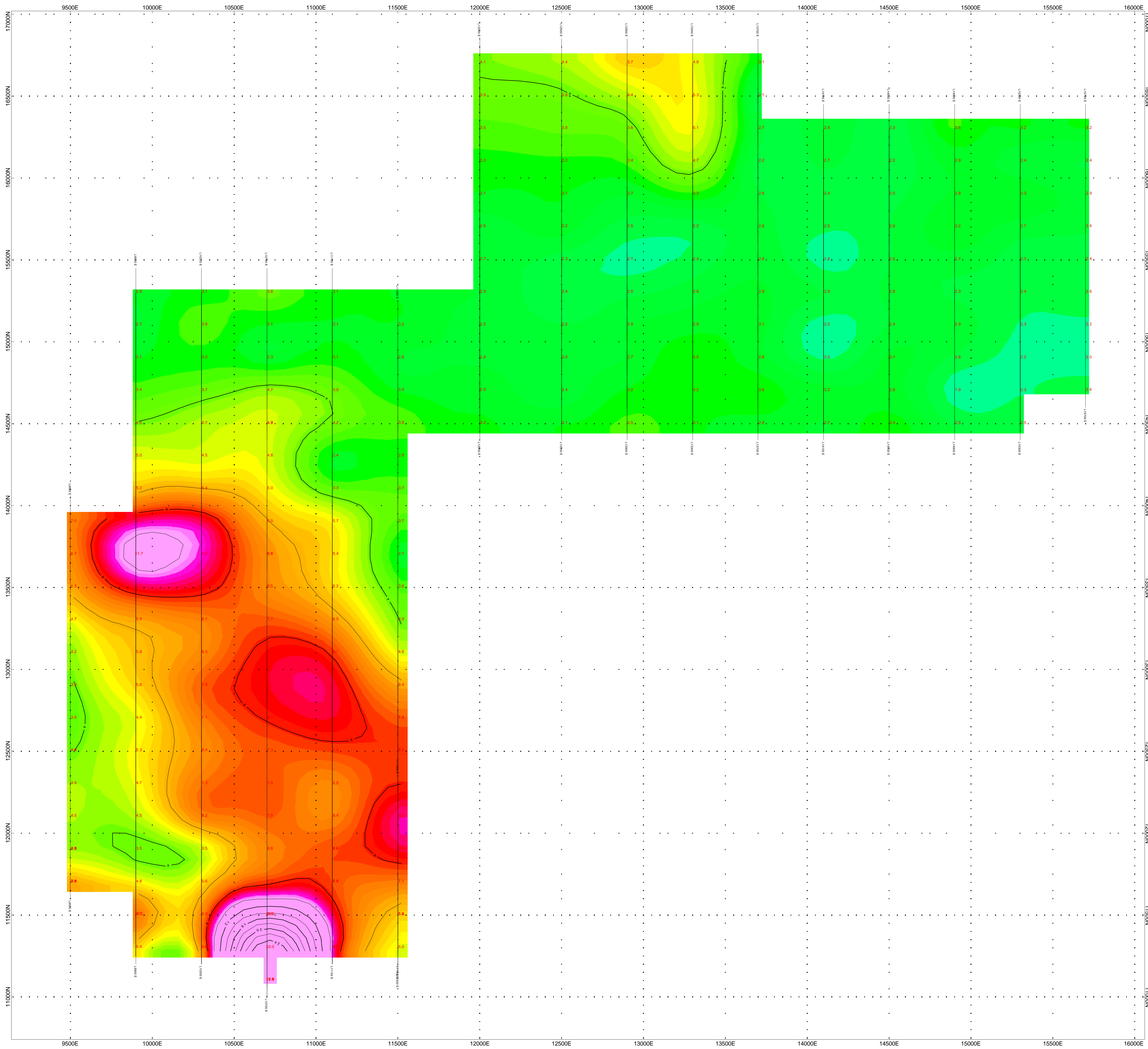


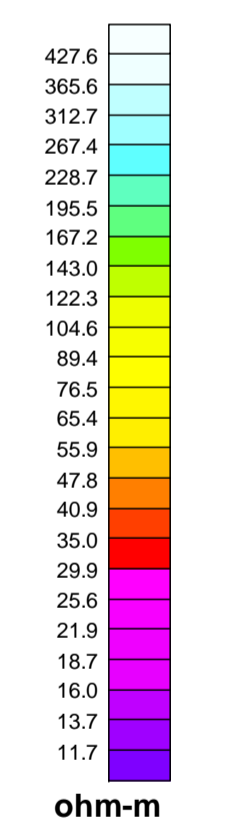
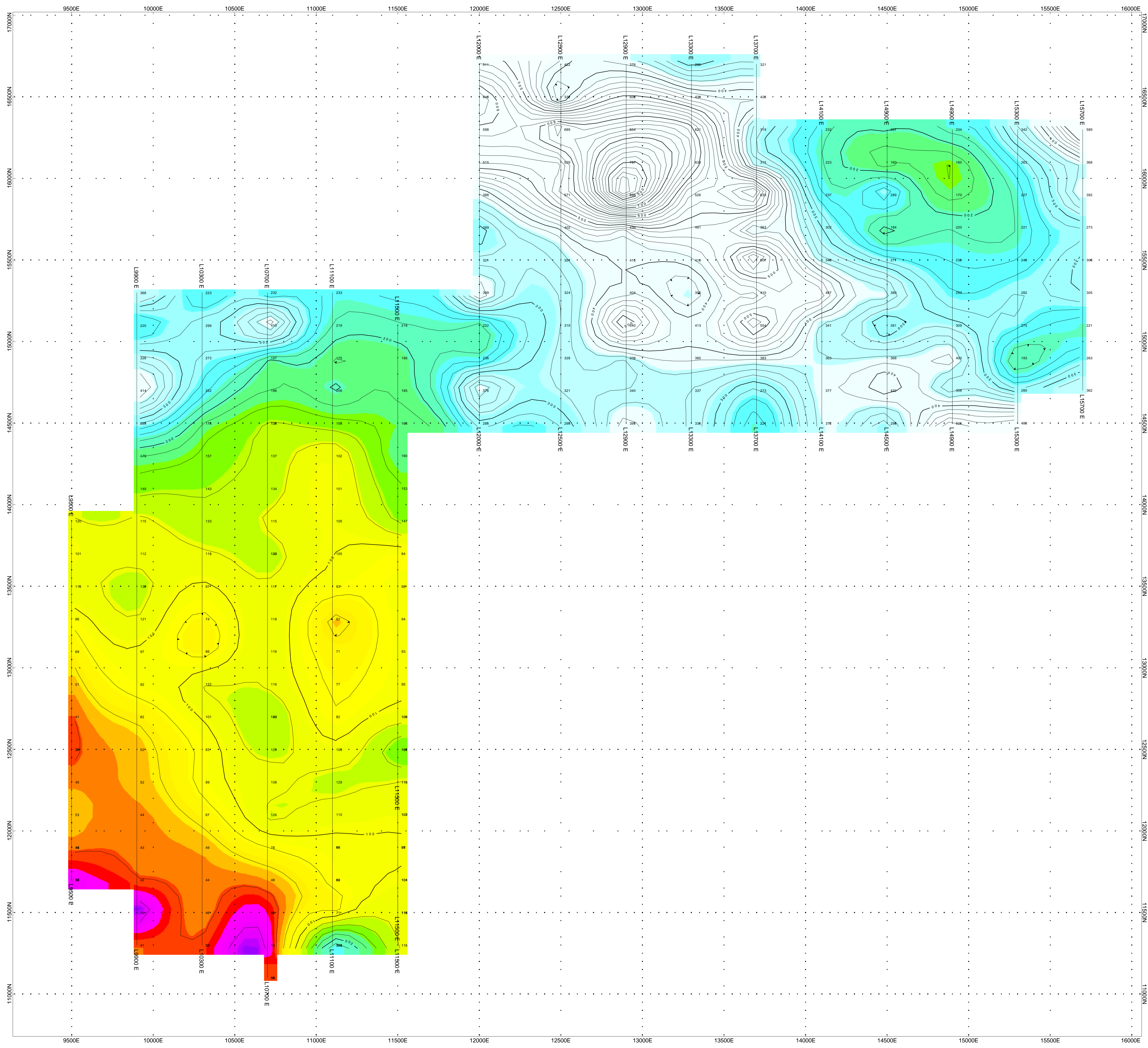
CANDORADO OPERATING COMPANY  
LINE LOCATION MAP  
MURPHY LAKE PROPERTY



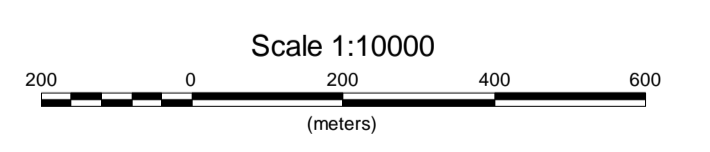
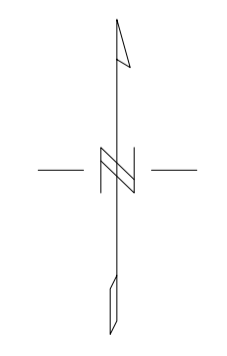


CANDORADO OPERATING COMPANY  
MAGNETIC SURVEY  
PROFILE OF TOTAL FIELD INTENSITY (nT)  
BASE 56750 N / 500 nT per cm  
MURPHY'S PROPERTY  
BRITISH COLUMBIA  
JULY 2010  
PETER E. WALCOTT & ASSOCIATED LIMITED



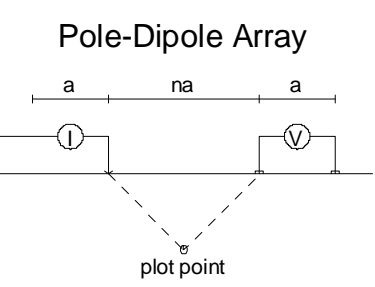


ohm-m

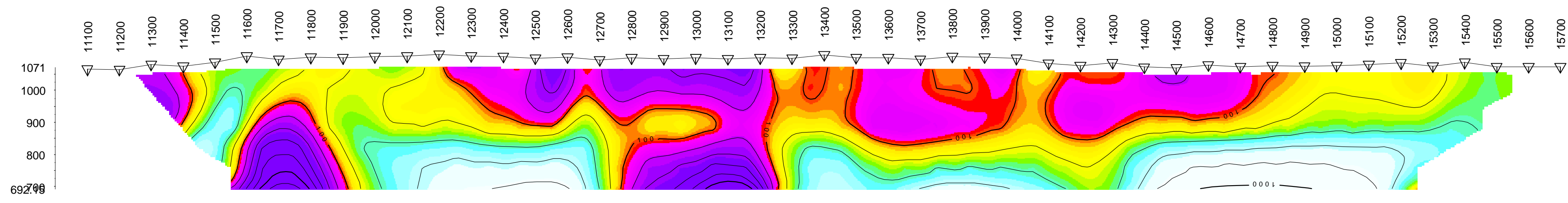


CANDORADO OPERATING COMPANY  
 INDUCED POLARIZATION SURVEY  
 CONTOURS OF APPARENT RESISTIVITY (ohm-m)  
 N=2  
 MURPHY LAKE PROPERTY  
 BRITISH COLUMBIA  
 JULY 2010  
 PETER E. WALCOTT & ASSOCIATED LIMITED

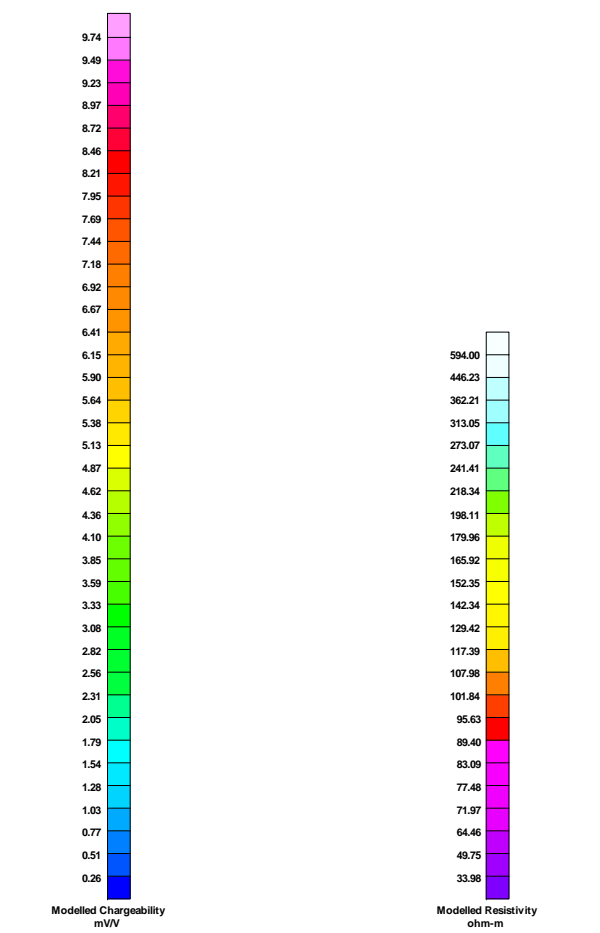
Line 11100



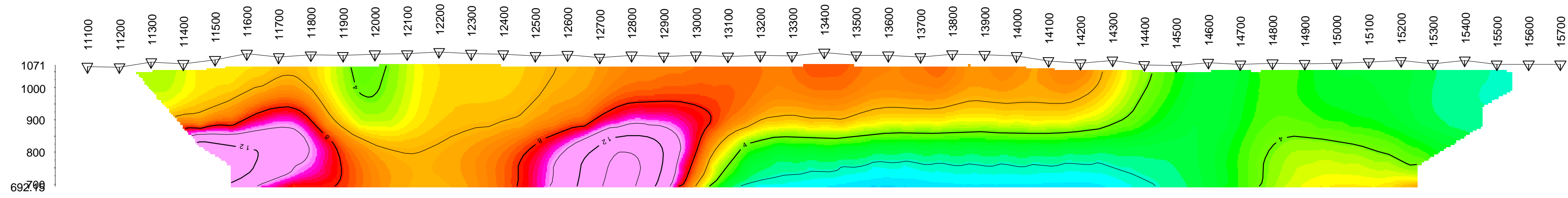
Modelled Resistivity (Ohm-m)



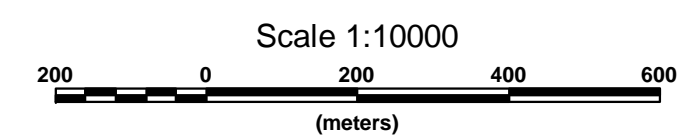
Elevation (metres)



Modelled Chargeability (mV/V)



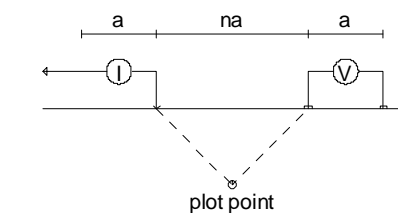
Elevation (metres)



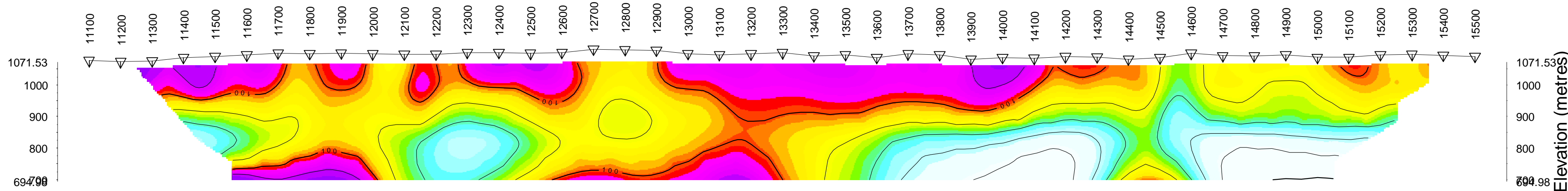
**CANDORADO OPERATING COMPANY**  
 INDUCED POLARIZATION SURVEY  
 MURPHY LAKE PROJECT  
 BRITISH COLUMBIA  
 INVERSION DATE: NOVEMBER 2010, RES2DINV  
 PETER E. WALCOTT & ASSOCIATES LIMITED

Line 11500

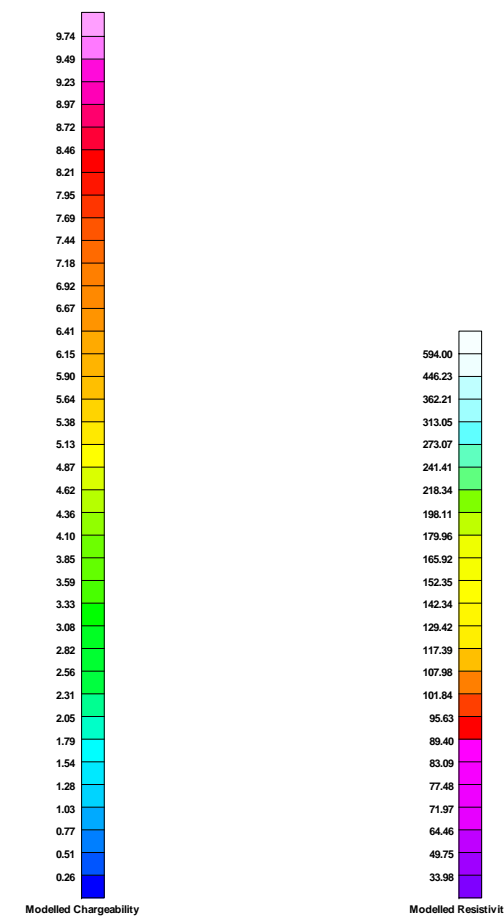
Pole-Dipole Array



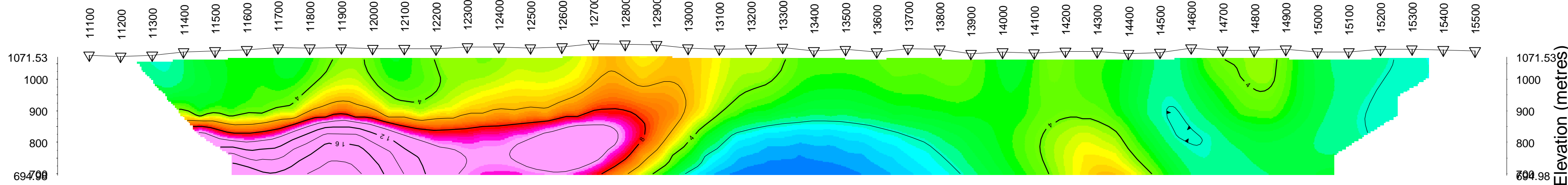
Modelled Resistivity (Ohm-m)



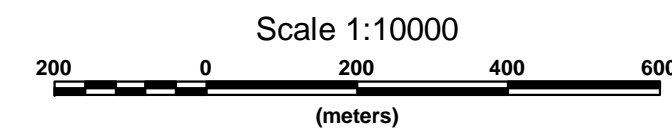
Elevation (metres)



Modelled Chargeability (mV/V)



Elevation (metres)



**CANDORADO OPERATING COMPANY**  
 INDUCED POLARIZATION SURVEY  
 MURPHY LAKE PROJECT  
 BRITISH COLUMBIA  
 INVERSION DATE: NOVEMBER 2010, RES2DINV  
 PETER E. WALCOTT & ASSOCIATES LIMITED