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BC Geological Survey

Assessment Report
Title Page and Summary

TYPE OF REPORT [type of survey(s)]: NI 43-101Technical Report, Metallurgical Testing

TOTAL COST: $108,408

AUTHOR(S): Robert Baldwin

SIGNATURE(S):

NOTICE OF WORK PERMIT NUMBER(S)/DATE(S): N/A

YEAR OF WORK: 2011

STATEMENT OF WORK - CASH PAYMENTS EVENT NUMBER(S)/DATE(S): Event Number: 4982850 / August 12th 2011

PROPERTY NAME: Banks Island Mineral Property

CLAIM NAME(S) (on which the work was done): 514644, 514646, 603539, 603540, 603543

COMMODITIES SOUGHT: Gold

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN: 103G024, 103G025, 103G026

MINING DIVISION: Skeena

NTS/BCGS: 103G08/103G.040

LATITUDE: 53 ° 22 ' 00 " LONGITUDE: 130 ° 09 ' 00 " (at centre of work)

OWNER(S):

1) Selkirk Metals Corp.

2)

MAILING ADDRESS:

200-580 Hornby Street, Vancouver BC V6C 2B6

OPERATOR(S) [who paid for the work]:

1) Banks Island Gold Ltd

2)

MAILING ADDRESS:

3964 Dillman Road, Campbell River BC V9H 1G9

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

Intrusion Related Gold Pyhrotite Veins

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS:

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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	Heavy Liquid , Pressure Oxidation	514644	10698
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:	

TECHNICAL REPORT
ON THE
BANKS ISLAND MINERAL PROPERTY

Located on Banks Island, BC

53°22'N, 130°09'W

NTS 103G/8E

BCGS 103G040

Skeena Mining Division

Mineral Tenures: 514644, 514646, 603539, 603540, 603543

Assessment work includes: *Compilation of previous exploration work, NI 43-101 compliant Resource Calculation, Metallurgical Testing, and Exploration Recommendations*

Operator: Banks Island Gold Ltd.

Owner: Selkirk Metals Corp.

Prepared by: Robert Baldwin, P.Eng.

Effective Date: September 1 , 2011

Report Submitted: September 25, 2011

DATE AND SIGNATURE

The undersigned prepared the foregoing Technical Report entitled *Technical Report Banks Island Mineral Property*. The effective date of this Technical Report is September 1, 2011. The format and content of this report are intended to conform to form 43-101F1 of National Instrument 43-101 of the Canadian Securities Administrators.

Signed:

“Signed and Sealed”

Robert Baldwin, P.Eng.
Independent Consultant
September 1st, 2011

CERTIFICATE OF AUTHOR

I, Robert D. Baldwin, P.Eng., do hereby certify that:

1. I am an Independent Mining Consultant located at 341 Candy Lane, Campbell River, BC V9W 7Y8.
2. This certificate applies to the Technical Report entitled "Technical Report on the Banks Island Mineral Property" dated September 1, 2011.
3. I am a graduate of the University of British Columbia (1993) with a B.A.Sc. degree in Geological Engineering. I have practiced in the fields of mine engineering, geological engineering, mine geology, and resource estimation in my profession continuously for 18 years since my graduation.
4. I am a Professional Engineer registered with the Association of Professional Engineers and Geoscientists of the Province of British Columbia (#30610) and Professional Engineers Ontario (#100039779).
5. I have not received, nor do I expect to receive, any interest, directly or indirectly, in the subject property or securities of Banks Island Gold Ltd.
6. I have read the definition of "qualified person" set out in *National Instrument 43-101* and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I am a "qualified person" for the purposes of NI 43-101.
7. I visited the Banks Island Mineral Property project site on the 28th of January 2011.
8. I am responsible for the entirety of the Technical Report entitled "Technical Report on the Banks Island Mineral Property" dated September 1, 2011.
9. I am independent of the issuer, Banks Island Gold Ltd, as described in Section 1.5 of NI 43-101.
10. I have not had any prior involvement with the Banks Island Mineral Property.
11. I have read NI 43-101, including Form 43-101F1, and this Technical Report has been prepared in compliance with that Instrument.
12. As of the date of this certificate, to the best of my knowledge, information and belief, this Technical Report contains all scientific and technical information that is required to be disclosed to make this Technical Report not misleading.
13. I consent to the filing of this Technical Report with any stock exchange or other regulatory authority, and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of this Technical Report.

Dated this 1st day of September, 2011.

"Signed and sealed"

Robert Baldwin, P.Eng.
Independent Consultant

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BANKS ISLAND GOLD LTD.

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1.0 SUMMARY

1.1 INTRODUCTION

This Technical Report was prepared for Banks Island Gold Ltd. to provide a technical summary of the Banks Island Mineral Property and an independent mineral resource estimate. Resource estimation work was undertaken in compliance with National Instrument 43-101, Standards of Disclosure for Mineral Projects.

The purpose of the report is to consolidate all historical documents and information, provide guidance for an exploration program, and support the disclosure of mineral resources estimation for Banks Island Gold Ltd. This Technical Report is intended to be supporting documentation to be filed with the British Columbia Securities Commission and support an application by Banks Island Gold Ltd. to seek a listing on the Toronto Stock Exchange (TSX-V).

Mr. Robert Baldwin, P.Eng., served as the Independent Qualified Person responsible for preparation and supervision of the Technical Report, preparation of mineral resource estimates, and recommendations. Mr. Baldwin visited the Property on the 28th of January 2011.

1.2 PROPERTY DESCRIPTION

The Banks Island Mineral Property is located on Banks Island in northwestern British Columbia. The Property is located on the Hecate Straight approximately 110 km south of the City of Prince Rupert. Adjacent communities include Hartley Bay, which is located 55 km to the east and Kitkatla, which is located 55 km to the north.

The Banks Island Mineral Property consists of 26 mineral claims totaling 12,025 hectares. Five original mineral claims comprise what is known as the Yellow Giant Gold Property. 21 additional mineral claims surround the original Yellow Giant claims, which together are referred to as the Banks Island Mineral Property. Known mineralized zones are located within the claims that constitute the historic Yellow Giant Gold Property. As such, the names Yellow Giant Gold Property and Banks Island Mineral Property have been used interchangeably within the present Report.

1.3 OWNERSHIP

Banks Island Gold Ltd. has had an active interest in the Banks Island Mineral Property and presently holds an option agreement with Selkirk Metals Corp., a subsidiary of Imperial Metals Corporation. Subject to certain details, Banks Island Gold Ltd. must carry out $3,250,000 in exploration work on the Property by the 31st of December 2014 and must issue to Selkirk Metals Corp. 5% of the fully diluted share capital of Banks Island Gold Ltd. upon closing.

Future production from the Banks Island Mineral Property is subject to a 1.5% Net Smelter Return royalty payable to Advanced Primary Minerals Corp. and a 2.0% Net Smelter Return royalty calculated and payable to Selkirk Metals Corp.

1.4 GEOLOGY AND MINERALIZATION

Banks Island is located along the western edge of the Coast Plutonic Complex which is mainly Jurassic to Cretaceous in age. The geology of the Yellow Giant Gold Property is characterized by two long belts of marine sedimentary rocks with a northwesterly strike. Known mineralized zones are concentrated near two major faults known as the Arseno and Helper Faults, which are central to the two metasedimentary belts. The gold mineralization at Yellow Giant is structurally controlled.

Known mineralized zones with calculated resources on the Banks Island Mineral Property include the Tel Zone, Discovery Deposit, and Bob Deposit. Additional mineralized zones include Kim Zone along with many other showings.

The gold mineralization at Yellow Giant is tentatively assigned to the British Columbia Geological Survey's (BCGS) mineral deposit profile I02: Intrusion-related Au Pyrrhotite Veins. These types of deposit are sometimes described as mesothermal veins or sub-volcanic shear hosted gold deposits.

Gold mineralization at Yellow Giant occurs in massive sulphide veins with quartz/carbonate gangue. Gold is closely associated with pyrite but typically is non-refractory. Mineralized veins are steeply dipping with widths varying from 0.5m to 5.0m. High grade shoots with strike lengths of approximately 50m and known depths up to and exceeding 150m are present within mineralized zones.

1.5 EXPLORATION

All exploration work on the Yellow Giant Gold Property is historic and has been performed by previous operators. To date Banks Island Gold Ltd. has not performed any exploration work on the Yellow Giant Gold Property.

Banks Island has an extensive history of exploration work completed between 1960 and 1988 by various operators. Historic exploration on the Yellow Giant Gold Property consisted of surface prospecting, soil geochemistry, detailed geological mapping, hand and backhoe trenching, airborne geophysical surveys, ground geophysics, surface and underground diamond drilling, and underground drifting.

The extensive exploration by previous operators has lead to partial delineation of several gold deposits on the Yellow Giant Gold Property.

Banks Island Gold Ltd. plans to implement an Exploration Program in the fall of 2011.

1.6 MINERAL RESOURCE ESTIMATE

Mr. Robert Baldwin, Professional Engineer and experienced mine geologist has prepared the mineral resource modeling, calculations, and estimations presented in this Report. The mineral resources for the Banks Island Mineral Property were estimated in conformity with generally accepted Canadian Institute of Mining, Metallurgy, and Petroleum "Estimation of Mineral Resources and Mineral Reserves Best Practices" guidelines and are reported in accordance with Canadian Securities Administrators' National Instrument 43-101.

Based on a *Method of Sections* estimation methodology, the *Inferred Mineral Resource* at Yellow Giant has been calculated and is presented in Table 1-1. Only gold values have been used in resource calculations. The three mineralized zones included in the resource estimation are the Tel, Discovery, and Bob Zones. The mineral resources for all three zones have been categorized as *Inferred*. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Table 1-1 Yellow Giant Inferred Resource

Zone	Tonnes	Grade (g/t) Au
Tel	47,000	24.0
Bob	55,000	20.9
Discovery	13,000	25.3
Total	115,000	22.7

Mineral reserve estimates are not possible at Yellow Giant at this time. *Inferred* Mineral Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves.

1.7 INTERPRETATIONS & CONCLUSIONS

The Yellow Giant Gold Property is an advanced exploration gold property and a mineral property of merit. Important mineralized zones containing high gold values are present on the property. Further exploration and development work is warranted and recommended on the Property.

1.8 RECOMMENDATIONS

Two phases of work are proposed based on the results of this report. Phase II is contingent on the success of Phase I.

1.8.1 PHASE I – MINERAL RESOURCE AND MINE PLAN CONFIRMATION

Recommendations for Phase I of the project consist of diamond drilling, airborne geophysics, and environmental studies. Upgrading of a significant portion of current *Inferred* Resource at the Tel Zone to an *Indicated* category will be the primary criteria and decision point for moving forward with Phase II recommendations. The Phase I cost is estimated at $875,000, as detailed in Table 1-2.

Table 1-2 Phase I Cost Estimate

DIAMOND DRILLING	$475,000
AIRBORNE GEOPHYSICS	$300,000
ENVIRONMENTAL STUDIES	$100,000
TOTAL PHASE I COST	**$875,000**

1.8.2 PHASE II –MINERAL INVENTORY EXPANSION AND ENGINEERING STUDIES

Phase II consists of a program with the goal of mineral Inventory expansion as well as engineering studies envisioned to support a preliminary economic assessment. Phase II cost is estimated at $2,400,000 as detailed in Table 1-3.

Table 1-3 Phase II Cost Estimate

GEOLOGY STUDIES	$250,000
DIAMOND DRILLING	$1,929,000
PROJECT ENGINEERING	$221,000
TOTAL PHASE II COST	**$2,400,000**

2.0 INTRODUCTION

2.1 INTRODUCTION

This Technical Report was prepared for Banks Island Gold Ltd. to provide a review on the Banks Island Mineral Property (Property). Resource estimation work was undertaken in compliance with Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Mineral Resource and Mineral Reserve definitions that are referred to in National Instrument (NI) 43-101 Standards of Disclosure for Mineral Projects. This Technical Report has been prepared in compliance with the requirements of Form 43-101.F1.

The purpose of the report is to consolidate all historical documents and information (listed in the Section 22: References of this report), provide guidance for an exploration program, and support the disclosure of mineral resources estimation by Banks Island Gold Ltd. This Technical Report is intended to be supporting documentation to be filed with the British Columbia Securities Commission and support an application by Banks Island Gold Ltd. to seek a listing on the Toronto Stock Exchange (TSX-V). Banks Island Gold Ltd. plans to implement an Exploration Program in the summer or fall of 2011.

All units in this report are based on the International System of Units (SI), except for some units which are deemed industry standards such as troy ounces (oz) and historical values for which the units are stated accordingly.

2.2 TERMS OF REFERENCE

Mr. Robert Baldwin, P.Eng. served as the Independent Qualified Persons (QP) responsible for overall supervision of the Technical Report, preparation of mineral resource estimates, and recommendations.

All historical data and records were provided by Banks Island Gold Ltd. The mineral resource estimate was prepared by Mr. Baldwin. Mr. Baldwin visited the property on the 28th of January 2011.

2.3 GLOSSARY

This report uses many abbreviations and acronyms common in the mining industry, most of which are defined in the body of the text. Further explanations are listed in the following glossary.

arsenic	As
cubic feet per minute	cfm
Canadian institute of Mining, Metallurgy, and Petroleum	CIM
copper	Cu
dense media separation	DMS
Canadian dollar	$
feet	ft
gold	Au
grams	g
heavy liquid separation	HLS
hectare	ha
hour / hours	hr / hrs
Internal Rate of Return	IRR
iron	Fe
kilometre	km
kilowatt	kW
kilowatt hour	kWhr
lead	Pb
load haul dump	LHD
life of mine	LOM
megapascal	MPa
metre	m
metric tonne (1000 kg)	t
National Topographic System	NTS
Net Smelter Return	NSR
Net Present Value	NPV
parts per billion	ppb
potential acid-generating	PAG
pounds	lbs
qualified persons	QP
rock quality designation	RQD
silver	Ag
specific gravity	SG
sulphur	S
ton (2000 lbs)	ton
Tonne(2204.6 lbs or 1000kg)	T
tonnes per day	tpd
Troy ounce	oz
Universal Transverse Mercator	UTM
zinc	Zn

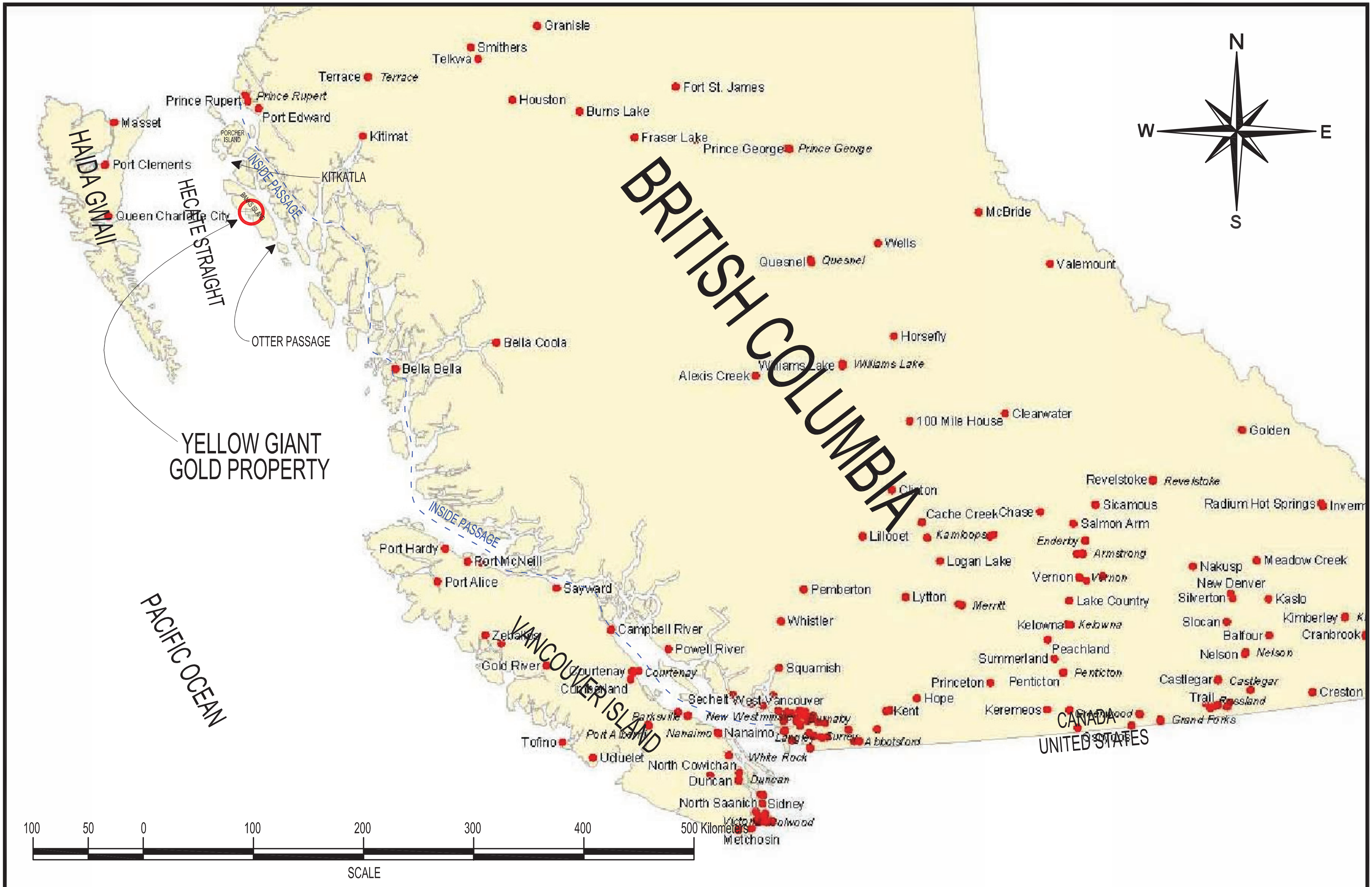
3.0 RELIANCE ON OTHER EXPERTS

Mr. Robert Baldwin, P.Eng. utilized the database of historical data and reports for the Yellow Giant Gold Property in conducting the technical review. The information and technical documents listed in Section 20: References of this report were utilized during the preparation of this report. Specific references are included throughout the text of this report. The author of the Technical Report carefully reviewed all the available information and exercised reasonable diligence in checking, confirming, and reviewing this information. For the purposes of this report, information and data contained in the historical database is considered reliable by the author.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 PROJECT LOCATION

The 12,025 hectare Banks Island Mineral Property is located in the Skeena Mining Division on Banks Island in northwestern British Columbia, as shown on the overview map and regional map in Figure 4-1 and Figure 4-2, respectively. The Property is located approximately 110 km south of the City of Prince Rupert (54°18’44”N, 130°19’38”W) and 120 km southwest of the town of Kitimat (54°03’17”N, 128°39’28”W). The Property, on NTS map sheet 103G/8E and 103H/05W and BCGS map sheet 103G040 and 103H031, is centred on 53°22’N, 130°09’W. Additionally, the UTM coordinates are 5,914,000N, 423,600E in Zone 9 (NAD 83).



YELLOW GIANT GOLD PROPERTY

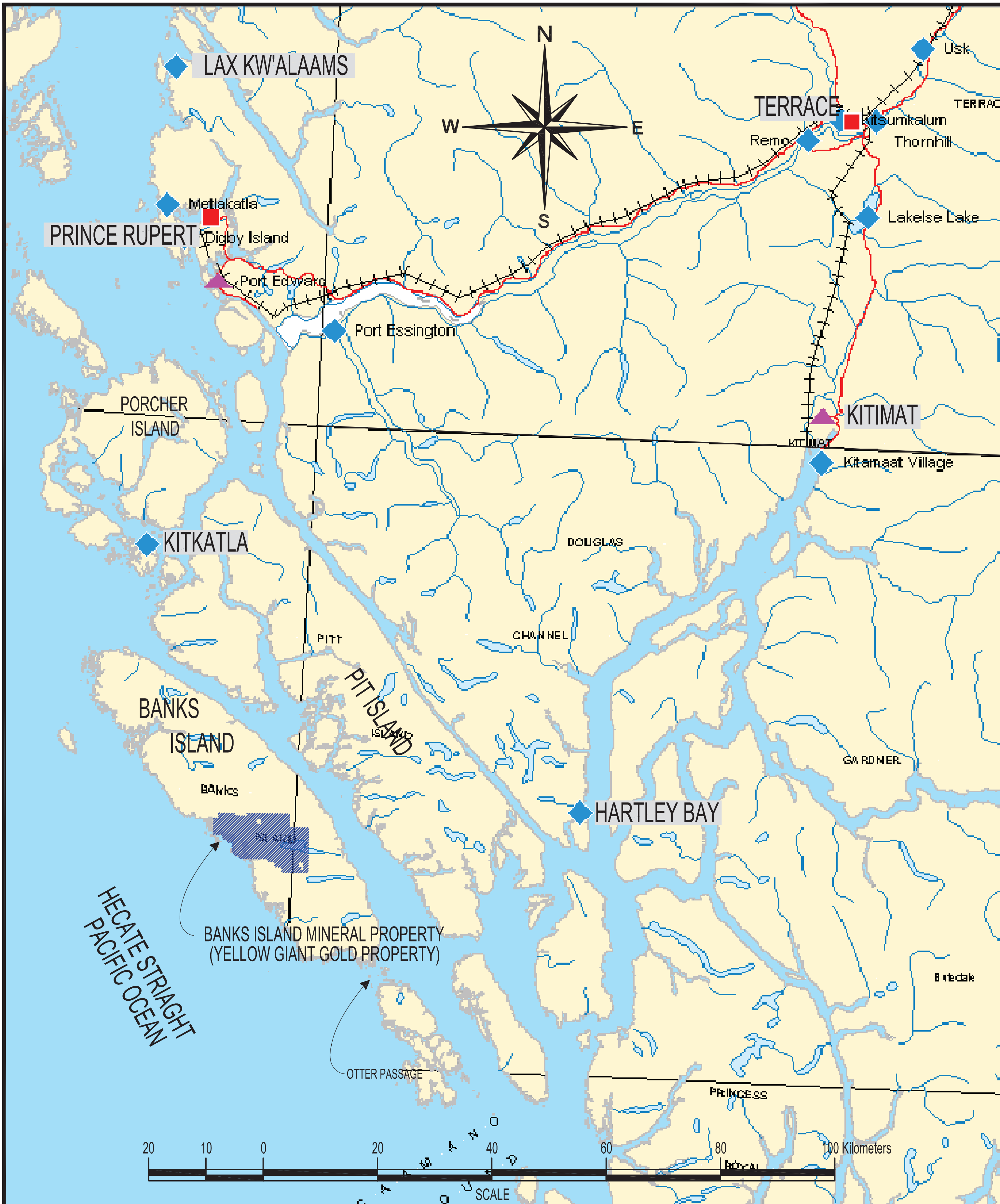
Banks Island, BC

TITLE: **PROPERTY LOCATION**

OVERVIEW

FIGURE 4-1

Drawn by:	ROBERT BALDWIN	Scale:	NTS
Date:	2011/03/14	Approval:	Date:
File:			



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

TITLE: BANKS ISLAND MINERAL CLAIM LOCATION

INCLUDING YELLOW GIANT GOLD PROPERTY

FIGURE 4-2

Drawn by:	ROBERT BALDWIN/BEN MOSSMAN	Scale:	NTS
Date:	2011/03/14	Approval:	Date:
File:			

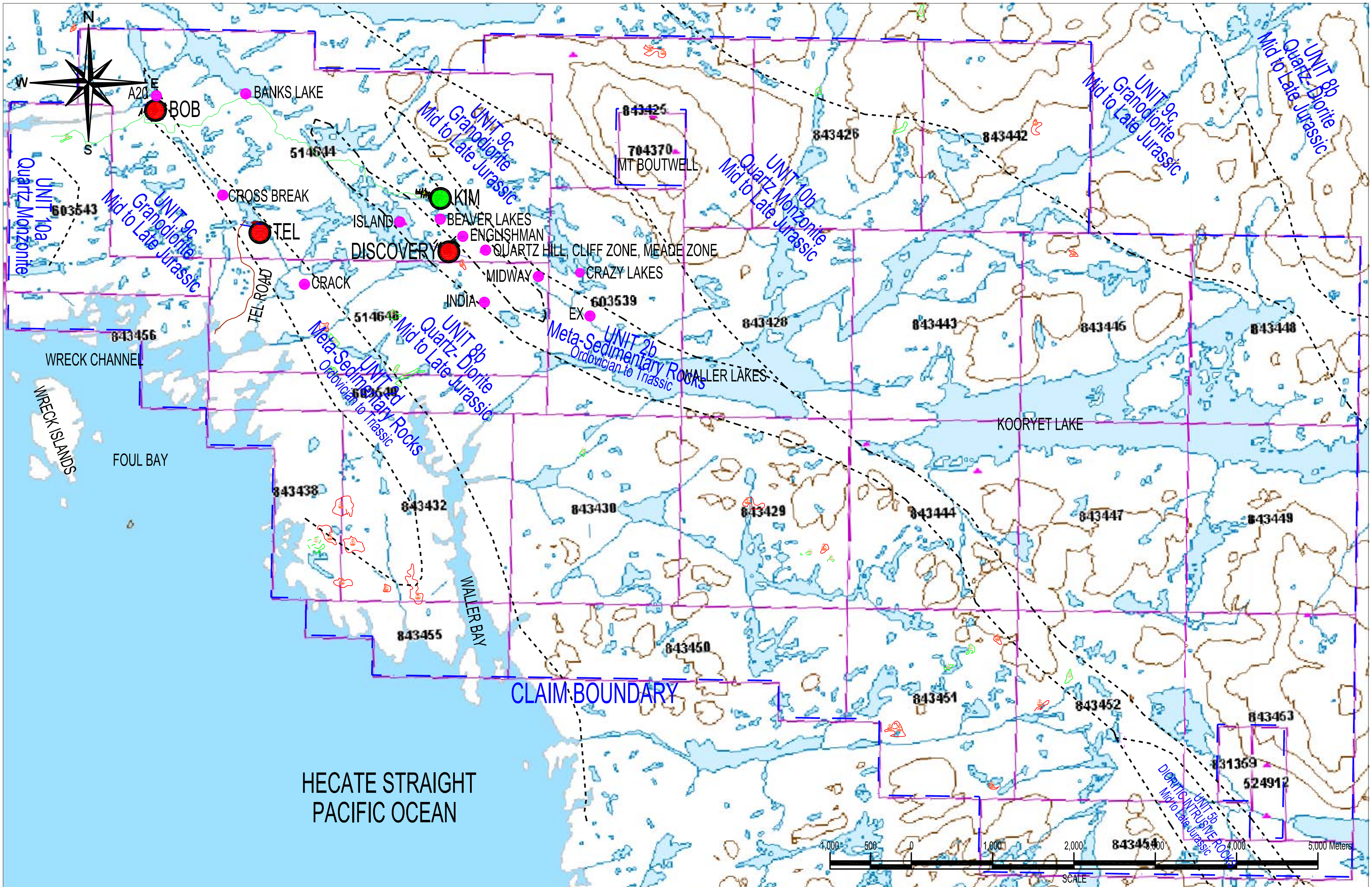
4.2 PROPERTY DESCRIPTION

The Banks Island Mineral Property consists of 26 mineral claims (623 cells) totaling 12,025 hectares as shown in Figure 4-3 and detailed in Table 4-1. The original mineral claims that comprised the Yellow Giant Gold Property include claims with Tenure No. 514644, 514646, 603539, 603540, and 603543. On the 18th of January 2011, Selkirk Metals Corp. staked 21 additional mineral claims surrounding the original Yellow Giant claims, which together are referred to as the Banks Island Mineral Property. The recorded owner of the claims is Selkirk Metals Corp. The property boundaries are located along claim limits as determined by the BC map staking system.

The original Yellow Giant mineral claims were staked at different times throughout the 1960s by various companies as described in detail in Section 6: History of this report. Through various agreements since the original staking, there has been a succession of ownership of the mineral claims.

The original Yellow Giant mineral claims are in good standing until the 31st of August 2011, while the remaining mineral claims (Claims B1 through B21) are in good standing until the 18th of January 2012. Under the BC Mineral Tenure Act, Banks Island Gold Ltd. can maintain the located mineral claims in good standing by filing assessment work in the amount of $4.00 per hectare per year for recently staked claims and $8.00 per hectare per year for older claims.

No significant factors or risk are known to exist which would affect access, title, or the right or ability to perform work on the property.



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 4-3

TITLE: CLAIM BOUNDRY & SHOWINGS Banks Island Mineral Property	
Drawn by:	Scale: NTS
Date: 2011/02/19	Approval: Date:
File:	

Table 4-1 Banks Island Property Mineral Tenures

BANKS ISLAND PROPERTY MINERAL TENURES					
OWNER:	Selkirk Metals Corp.	**BC Client No.** 231261			
MINING DIVISION:	Skeena				
LOCATION:	West side of Banks Island 105 km south of Prince Rupert and 120 km southwest of Kitimat				
MAP NO.	**NTS:**	103G/08E, 103H/05W	**GEOGRAPHIC COORDINATES:**	53° 22.2' N	130° 08.9' W
	BCGS:	103G040, 103H031	**UTM COORDINATES (NAD 83, ZONE 9):**	5 914 000 N	423 600 E

Tenure No.	Tenure Type	Claim Name	% Held	Map No.	Record Date	Good To Date	Cells	Area (ha)	Work Requirement
514644	Mineral*		100%	103G040	17-Jun-2005	31-Aug-2011	73	1,408.10	$11,264.82
514646	Mineral*		100%	103G040	17-Jun-2005	31-Aug-2011	30	578.92	$4,631.35
603539	Mineral*		100%	103G040	28-Apr-2009	31-Aug-2011	24	463.11	$1,852.44
603540	Mineral*		100%	103G040	28-Apr-2009	31-Aug-2011	10	193.01	$772.04
603543	Mineral*		100%	103G040	28-Apr-2009	31-Aug-2011	18	347.25	$1,389.00
843425	Mineral	B1	100%	103G040	18-Jan-2011	18-Jan-2011	24	462.89	$1,851.56
843426	Mineral	B2	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.21	$1,928.84
843428	Mineral	B3	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.44	$1,929.76
843429	Mineral	B4	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.67	$1,930.68
843430	Mineral	B5	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.67	$1,930.68
843432	Mineral	B6	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.67	$1,930.68
843438	Mineral	B7	100%	103G040	18-Jan-2011	18-Jan-2011	12	231.67	$926.68
843442	Mineral	B8	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.21	$1,928.84
843443	Mineral	B9	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.44	$1,929.76
843444	Mineral	B10	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.67	$1,930.68
843445	Mineral	B11	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.44	$1,929.76
843447	Mineral	B12	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.67	$1,930.68
843448	Mineral	B13	100%	103H031	18-Jan-2011	18-Jan-2011	25	482.44	$1,929.76
843449	Mineral	B14	100%	103H031	18-Jan-2011	18-Jan-2011	25	482.67	$1,930.68
843450	Mineral	B15	100%	103G040	18-Jan-2011	18-Jan-2011	22	424.90	$1,699.60
843451	Mineral	B16	100%	103G040	18-Jan-2011	18-Jan-2011	23	444.27	$1,777.08
843452	Mineral	B17	100%	103G040	18-Jan-2011	18-Jan-2011	25	482.90	$1,931.60
843453	Mineral	B18	100%	103H031	18-Jan-2011	18-Jan-2011	25	482.91	$1,931.64
843454	Mineral	B19	100%	103G040	18-Jan-2011	18-Jan-2011	17	328.49	$1,313.96
843455	Mineral	B20	100%	103G040	18-Jan-2011	18-Jan-2011	10	193.13	$772.52
843456	Mineral	B21	100%	103G040	18-Jan-2011	18-Jan-2011	10	192.98	$771.92
TOTAL	**26**						**623**	**12,024.73**	**$56,047.02**

* Original Yellow Giant Mineral Claims staked in 1960s

4.3 AGREEMENTS

Banks Island Gold Ltd. has had an active interest in the Banks Island Mineral Property since the beginning of 2011 and presently holds an option agreement with Selkirk Metals Corp., a subsidiary of Imperial Metals Corporation. The *Mineral Property Exploration & Option Agreement* (Option Agreement) dated the 1st of March, 2011, outlines the obligations that Banks Island Gold Ltd. must fulfill to earn 100% interest in the Property. Subject to certain details, Banks Island Gold Ltd. must carry out $3,250,000 in exploration work on the Property by the 31st of December 2014 and must issue to Selkirk Metals Corp. 5% of the fully diluted share capital of Banks Island Gold Ltd. upon closing.

4.4 PERMITS

An Exploration Activities and Reclamation Permit, with reference to a Notice of Work document, under Section 10 of the *Mines Act* is required prior to execution of anticipated exploration work. Submission of the permit application is anticipated to occur in the spring of 2011 to the approving authority, the British Columbia Ministry of Energy, Mines and Petroleum Resources.

4.5 ROYALTIES

Future production from the Banks Island Mineral Property is subject to a 1.5% Net Smelter Return (NSR) royalty payable to Advanced Primary Minerals Corp. pursuant to the Advanced Primary Minerals Agreement dated the 17th of April, 2009 between Selkirk Metals Corp. and Advanced Primary Minerals Corp. Additionally, a 2.0% NSR royalty is payable to Selkirk Metals Corp. as defined in the Option Agreement.

As per the Option Agreement there is a “Royalty Purchase Option” whereby Banks Island Gold Ltd. has the option to purchase one-half (1.0% NSR) of the Selkirk Royalty from Selkirk for the price of $1,000,000. In addition, Banks Island Gold Ltd. has the right at any time to buy back one-third (0.5% NSR) of the Advanced Primary Minerals Royalty from Advanced Primary Minerals Corp. for the price of $300,000.

At any time after which Banks Island Gold Ltd. has completed the obligations of the Option Agreement and prior to succeeding in securing financing and commencing commercial production work, Selkirk Metals Corp. has the right to reacquire a 51% interest in the Property (“Back-In Option”) whereby a Joint Venture Agreement will be exercised with Selkirk as the operator. Consequently, Selkirk will fund 100% of the subsequent Exploration Work until Selkirk has provided 2.5 times the monies expended on the Property by Banks Island Gold Ltd., and the Selkirk Royalty will no longer be a charge upon the Property.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 ACCESSIBILITY

The Banks Island Mineral Property is situated on the west side of Banks Island, a coastal island located on the Hecate Straight approximately 110 km south of Prince Rupert and 120 km southwest of Kitimat. The location of the mineral claims with relation to the surrounding centres and communities is shown in Figure 4-2. Adjacent communities include Hartley Bay, which is located 55 km to the east on the mainland, and Kitkatla, which is located 55 km to the north on Dolphin Island.

Banks Island is uninhabited and presently the only access to Banks Island is by air or by boat. Access is easiest by float-plane or helicopter, which can be chartered from Prince Rupert. Barges and boats can access the island through the inland passage along the coast of British Columbia, as shown in Figure 4-1, and then around the outside of the island to Survey Bay or Wreck Bay on the west side of Banks Island. Survey Bay and Wreck Bay are the most suitable landing locations for barges servicing the Banks Island Mineral Property.

A few short roads were built on Banks Island during the exploration and development programs that were completed over the past couple decades. The pre-existing roads include short haul roads from barge landings at Survey Bay and Wreck Bay to the Bob and Tel Deposits, respectively. From many years of inactivity the roads have become overgrown with alders as shown in the aerial photo of the road to the Tel Deposit (Figure 5-1) taken during the January 2011 site visit. Reconstruction of the roads would be required for them to be operational.

Figure 5-1 Existing Road to Tel Deposit and Typical Banks Island Landscape, January 2011 Site Visit

5.2 CLIMATE

Situated along the coast of British Columbia, the Yellow Giant Gold Property is located in the Coastal Western Hemlock Zone of the British Columbia's Ministry of Forests and Range Biogeoclimatic Ecosystem Classification (BC Ministry of Forests, 1995). The climate of Banks Island is characterized by high levels of precipitation, storms accompanied by strong winds, cool summers, and mild winters due to the influence of the Pacific Ocean. The average temperatures range from 4°C in the winter to 14°C in the summer. Banks Island has an average annual precipitation of 2120 mm, which is mainly rainfall. The weather statistics are representative of the past 30 years from the weather station at Bonilla Island located approximately 35 km northwest of the Yellow Giant Property (Weather Network, 2011)

The exploration season is year-round at Banks Island which is evident from past exploration activity that has occurred from summer months through to January.

5.3 PHYSIOGRAPHY

Banks Island is a coastal lowland area. Topographic elevations on the Yellow Giant Gold Property range from 25 m to a maximum elevation of 400 m at Mount Boutwell, towards the northeast. The property is mainly hummocky coastal plain containing abundant shallow lakes and wetlands (particularly bogs), which are bisected by streams. Previous glaciation from the northeast has left exposed bedrock on ridges and deposited glacial till in some valleys. The landscape of the area is dominated by shallow organic and morainal surficial materials. Characteristic vegetation includes coastal muskeg and stunted coniferous forests of western hemlock, western red cedar, yellow cedar, amabilis fir, and shore pine. Figure 5-1 displays the typical landscape on Banks Island. The flat areas are typically underlain by intrusive rocks, which are characterized by coniferous muskeg. Moderately thick coniferous forests govern regions underlain by sedimentary rocks (Fersen, 2002).

5.4 INFRASTRUCTURE

Currently there are no facilities on the Yellow Giant Gold Property. Previous camps used for exploration on the Property were reclaimed in 1998 by Doublestar Resources Ltd. The Ministry of Energy and Mines, Northwest Region, acknowledged the reclamation work completed in May 1998 on the Yellow Giant Gold Property (Graff, 1998).

Surface rights are owned by the Crown; permits are required to perform exploration work and a mining lease from the Crown would be required for mining operations.

Grid electric power is not available on Banks Island.

Water is available from streams or lakes adjacent to the Yellow Giant Gold Property.

Some exploration and supporting personnel may be recruited from the adjacent communities. Skilled professionals not available in local communities could be transported from more distant centres to the Property.

There are abundant level locations within the Yellow Giant Gold Property that can act as rock storage locations. If tailings facilities are considered in the future, detailed studies will be required to determine disposal methods and suitable locations for such a facility.

6.0 HISTORY

6.1 YELLOW GIANT PROPERTY

Banks Island has a rich history of exploration work completed between 1960 and 1988 by various operators. The information presented here within has drawn from the history previously described in multiple geologic reports of the Property.

Gold mineralization was originally discovered in 1960 when geologically favorable contacts and the presence of limestone were identified during a routine reconnaissance by Ventures Ltd. (an exploration arm of Falconbridge Nickle Mines Ltd.) on the Yellow Giant Gold Property. Large quartz lodes in granite near Hepler Lake, in addition to the identified limestone, prompted the discovery of an auriferous vein (Bank vein) under a blanket of moss. Subsequently, Falconbridge staked 14 “Bank” claims to cover this showing, which is known as the Discovery Zone. By 1963 other companies learned of the Discovery showing on Banks Island. Additional staking by McIntyre Porcupine Mines Ltd., Banks Island Gold Mines (Torwest), Fort Reliance, and Silver Standard Syndicate were completed in 1963 around the original Falconbridge claims (McDougall, 1961).

Exploration on the Yellow Giant Gold Property from 1960 to 1988 consisted of surface prospecting, soil geochemistry, detailed geological mapping, hand and backhoe trenching, airborne geophysical surveys, ground geophysics (SP, IP and horizontal Loop EM), surface and underground diamond drilling, and underground drifting. The extensive exploration by Falconbridge, Hecate Gold, Sproatt Silver, McIntrye Porcupine Mines, and Trader Resources Corp. has lead to partial delineation of several gold deposits on the Yellow Giant Gold Property. Four important gold zones were identified along with some twenty other showings. The geological mode of occurrence is disseminated mineralization with bulk tonnage potential and high-grade gold veins (Fersen, 2002).

Exploration activities, in addition to significant events, are described chronologically for the important gold zones on the Yellow Giant Gold Property. Although not identified as a resource in this current report, the Kim Zone bears significant history throughout the development of the Yellow Giant Gold Property and therefore is also described.

6.1.1 DISCOVERY ZONE

1960 Discovery showing was identified during prospecting. Falconbridge Nickel Mines Ltd. (Ventures Ltd.) located the Banker 1 to 4 claims to cover the Discovery Zone (east of Hepler Lake). Falconbridge subsequently initiated an exploration program consisting of 11 packsack drill holes to investigate the topographic lineaments.

1963 Geochemical and geophysical (self-potential) surveys were completed at the Discovery Zone, along with 14 diamond drill holes.

1975 Limited self-potential (SP) and electromagnetic (EM) geophysical surveys and limited drilling completed on the Discovery Zone.

1984 Limited SP and EM geophysical surveys and limited drilling completed on the Discovery Zone (Payne, 1996).

6.1.2 TEL ZONE

1963 J.W. MacLeod staked the original Tel 23-32 two-post claims (West Group of Main Tel Zone) for McIntyre Porcupine Mines Ltd. to tie-on to the Falconbridge ground after high grade gold values were intersected by Falconbridge Nickel Mines Ltd. on the Discovery Zone. In addition, J.W. MacLeod staked the Tel 1-10 (North Group) and Tel 11-22 (East Group) claims to connect to the Falconbridge ground.

1963 Tel Main Zone was discovered by McIntyre Porcupine Mines Ltd. Tel deposit was mapped and surveyed with geophysics and geochemical identification.

1964 Trenching and drilling of 26 packsack drill holes totaling 537 m was completed on the Tel deposit.

1975 Tel claims were optioned by Sproatt Silver Mines Ltd. who subsequently drilled 300 m along the Tel Central and Tel Main Zone. In addition, Falconbridge completed limited orientation soil sampling in the area and samples were analyzed for zinc, silver, and arsenic, while White Geophysics conducted very low frequency (VLF) and induced polarization (IP) geophysical surveys.

1975 Outright sale of Tel 23, 24, 37, and 38 claims from McIntyre Porcupine Mines Ltd. to Sproatt Silver Mines Ltd. Sproatt Silver immediately completed 16 diamond drill holes in the Tel Zone totaling 998 m.

1977 Sproatt Silver Mines Ltd. changed its name to Hecate Gold Corporation.

1983 Trader Resource Corp, through United Mineral Services Ltd., concluded an option agreement with Host Venture Ltd. (successor company to Hecate Gold Corp.) for acquisition of the Tel claims. Under Trader Resource Corp. past exploration data was re-evaluated, the property was surveyed, and detailed geological mapping was completed. A major drill program was initiated following reinterpretation of the historical data.

1983 Trader Resource Corp. completed a comprehensive "Prefeasibility Study". International Geosystems Corporation (IGC) calculated ore reserves based on the 1964 and 1975 drill results for the Main Tel Zone (Shearer et al., 1987).

1983-86 Exploration program on the Tel Zone was executed to include a reconnaissance, detailed geochemical surveys, geological mapping, and 91 diamond drill holes totaling 10,265 m. It was noted that drilling required follow-up work because of uncertainty in true width and continuity of the ore lenses.

1986 Mineral inventories and various reserve calculations by different methods were undertaken by several independent parties including Wright Engineers Ltd., H.A. Simons Consulting Engineers Ltd., and Montgomery Consultants Ltd. (Shearer et al., 1987).

1987 Approximately 300 m of trenching in the Tel Zone exposed an ore-bearing vein.

1987 Drill program was executed for Trader Resource Corp. by TVW Engineering Ltd. which defined the Tel deposit at depth (Crawford & Vulimiri, 1988).

6.1.3 BOB ZONE

1963 Falconbridge prospectors discovered the Bob Zone and it was identified as an area with geologic potential.

1964-65 Exploration program for the Bob Zone was executed. Exploration included geological surveys, geophysical (SP) surveys, geological mapping, and 15 packsack drill holes were completed totaling 317 m.

1975 Geochemical survey was completed across the Bob Zone.

1976 Four diamond drill holes were drilled totaling 426 m.

1977-78 Hecate Gold Corp. optioned a portion of the Falconbridge ground and subsequently executed a major exploration program. Exploration included excavation of a 420 m decline along a major vein to a depth of 65 m below the ground surface. The decline was originally planned as a spiral from hanging wall to footwall and intersection of the mineralization zone would occur at multiple levels. In contrast, the first two legs of the decline were driven along the vein, which resulted in slow and costly development. Subsequently, seven diamond drill holes were drilled from underground totaling 100 m (Michell, 1986).

1984-85 Exploration program was completed by Trader Resource Corp., which included backhoe trenching, geological mapping, soil sampling, and seven diamond drill holes totaling 865 m.

1987 Seven diamond drill holes were drilled totaling 1313 m.

1987 Joint venture agreement between Trader Resource Corp. and Rampage Resources Ltd. was entered to explore a 4 km^2 area surrounding the Bob deposit (Seaphim, 1987).

6.1.4 KIM ZONE

1963 Falconbridge prospectors discovered the Kim Zone.

1963-64 Exploration program was executed which included geological mapping, trenching, and 63 diamond drill holes totaling 3651 m.

1984 Kim Zone was exposed by nine large trenches, the geology mapped, old drill holes were re-logged, and eight deep diamond drill holes were drilled totaling 1323 m.

6.2 HISTORICAL OWNERSHIP

Since 1988, activity on the Yellow Giant Gold Property has been limited to a survey program that was completed by Selkirk Metals Corp. in 2010. The control survey program was restricted to establishing UTM coordinate values for the old drill holes and facilities. During the interim, the following acquisitions and significant events related to the Yellow Giant Gold Property have occurred in chronological order:

1988 Gold prices begin to decline until approximately 2005.

1992 Royal Oak Mines Ltd. takes control of Trader Resource Corp.

1993 Trader Resource Corp. owns 90% of the Yellow Giant Property claims, while Falconbridge Nickel Mines Ltd. owns the remaining 10% of the claims.

1994 Trader Resource Corp. acquires Mountain Minerals Ltd. and Highwood Resources Ltd. and takes the name of Highwood Resources Ltd.

1996	Energex Minerals Ltd. acquires 51% of subject claims from Highwood Resources Ltd. (formerly Trader Resource Corp.).
1998	Doublestar Resources Ltd. acquired 51% of the subject claims previously held by Energex Minerals Ltd.
1998	Mr. Bruce Graff, P.Eng. of the Ministry of Energy and Mines – Northwest Region acknowledges and commends the reclamation work completed in May 1998 on the Yellow Giant Mineral Property in a letter addressed to Mr. Alan Savage of Doublestar Resources Limited on the 7th of July 1998 (Graff, 1998).
2000	Doublestar acquires Falconbride's portfolio of exploration properties in British Columbia which includes its 10% stake in Yellow Giant.
2002	Dynatec Corp. merges with Highwood Resources to form Beta Minerals Inc.
2007	Selkirk Metals Corp. (Selkirk) acquires 61% of Banks Island Property through acquisition of Doublestar Resources Ltd.
2009	Advanced Primary Minerals Corp. acquires 39% interest in the Property though the Reverse Takeover of Beta Minerals Inc.
2009	Advanced Primary Minerals Corp. entered into purchase agreement with Selkirk for the sale of 39% mineral interest in the Yellow Giant Gold Property, which gave Selkirk 100% mineral interest in the Property.
2009	Imperial Metals Corporation (Imperial) acquires all shares of Selkirk whereby Selkirk became a wholly-owned subsidiary of Imperial.

6.3 HISTORICAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

Historical resource calculations and estimates for the Tel, Bob, Discovery, and Kim zones are available in geological reports from previous operators. The historical resource calculations and the methodology employed vary widely. These historical mineral resource estimates were prepared before implementation of NI 43-101 and do not conform to the NI 43-101 standards.

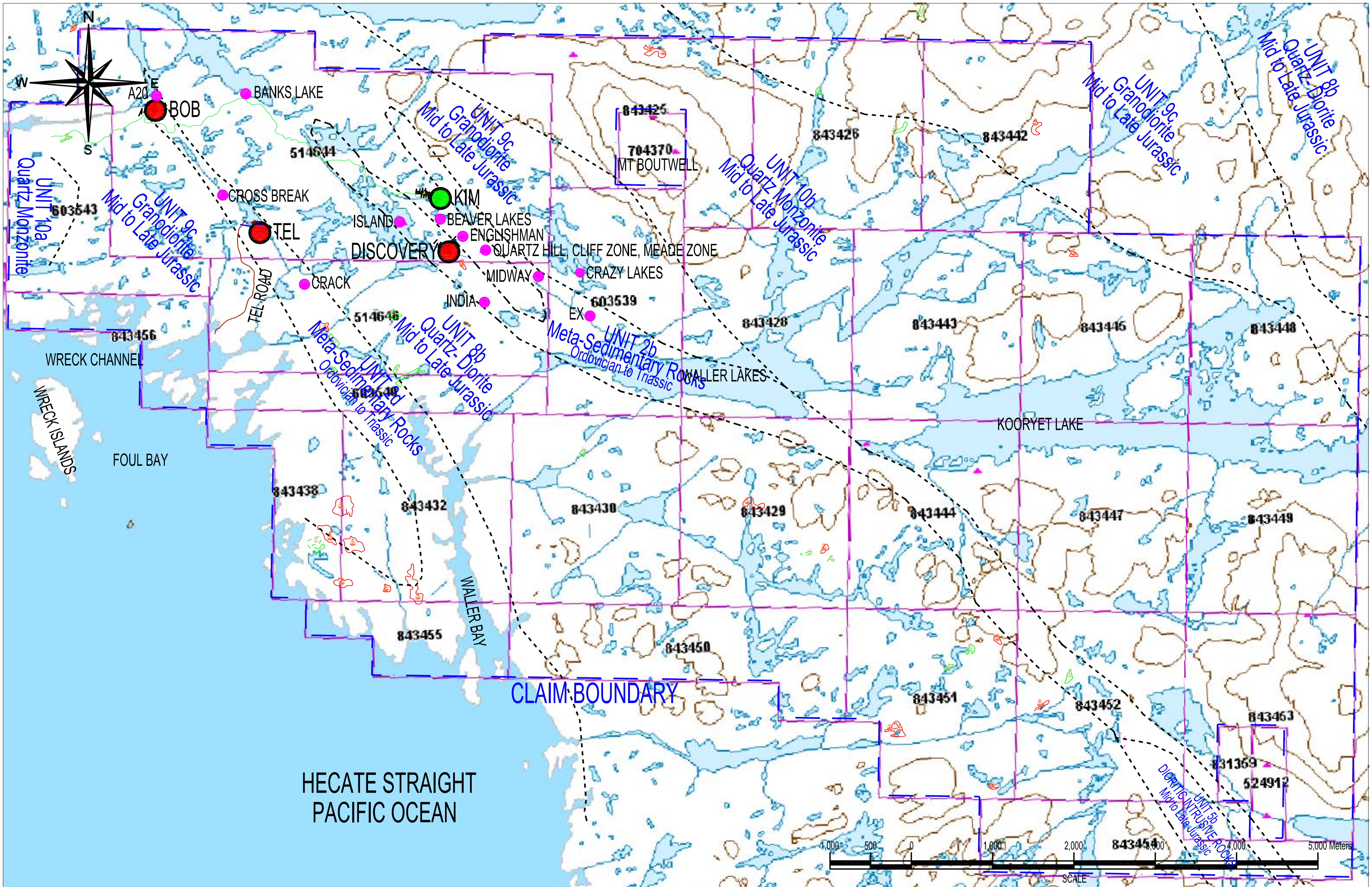
Historical resource estimates for the Tel, Bob, and Discovery zones are no longer relevant as they are replaced by the current estimates presented in this Report. Historical estimates for the Kim zone are not verifiable due to missing information on surface trench sampling and methodology used for calculations. Therefore no historical mineral resource estimates are reproduced in this technical report.

7.0 GEOLOGICAL SETTING AND MINERALIZATION

7.1 GEOLOGICAL SETTING

The Yellow Giant Property is on the western edge of the Tertiary-Jurassic Coast Plutonic Complex characterized by northwest trending granitic bodies, mainly granodiorite-quartz monzonite and quartz diorite, which are separated by narrow, persistent Permian or older metasedimentary belts, mainly crystalline limestone, quartzite, skarn and schist. Figure 7-1 displays the lithology of bedrock units on the Banks Island Mineral Property. Lithology mapping and descriptions are derived from GSC and BSGS bedrock mapping.

Known mineralized zones are concentrated near two major faults known as the Arseno and Hepler Faults, which strike at 310 degrees and are central to the two metasedimentary belts. Many secondary faults or structures are also present on the Property. Several orientations of these structures are present. The important mineralized zones located to date are hosted in east-west trending structures. Figure 7-2 displays the main structures and water cover over the Yellow Giant portion of the mineral claims. Structures are drawn from air photo lineaments and the Digital Elevation Model.



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 7-1

TITLE:	CLAIM BOUNDRY & SHOWINGS Banks Island Mineral Property
Drawn by:	Scale: NTS
Date: 2011/02/19	Approval: Date:
File:	

7.1.1 REGIONAL GEOLOGY

Banks Island is located along the western edge of the Coast Plutonic Complex which is mainly Jurassic to Cretaceous in age on the regional scale. The plutons on Banks Island consist of multi-phase coalescing stocks. Two reported dates associated to the plutons are 120 Ma for the Hepler Lake diorite and 124 Ma for sericite in the altered rocks of the Kim pluton in the Kim Zone.

Carboniferous, marine, metasedimentary rocks of the Alexander Terrane form long narrow northwest-trending belts, which are folded tightly to isoclinally. Linear features, characteristic of Banks Island, are enhanced by glacial scouring and in much of the property are marked by furrows, streams, lakes, bluffs, and ridges that are aligned, soil filled, or bare. Many contacts between the sedimentary rocks and plutonic rocks are present along northwest-trending linear features. The contacts are loci for right-lateral, strike-slip faults. Other major structural features include second-order northeast-trending fracture zones and east-west faults, which cut the northwest linear features at regular intervals. The offset of the faults has been interpreted as left-lateral or alternatively, right lateral with offsets of 200m to 300m. Related to the faults are third and fourth order tensional fractures and subsidiary shear zones. Regional joint sets are typically parallel to the prominent structures.

Many of the mineral deposits are centred on or adjacent to intersections of first and second order structures (commonly under water or under glacial deposits). In two different types of deposits, skarn deposits located on contacts of marble and plutonic rocks and hydrothermally altered shear zones in plutonic rocks, the host rocks have been cut by quartz veins containing variable amounts of massive sulfides. The massive sulphides are dominated by pyrite, commonly with minor native gold, minor arsenopyrite, and sometimes other base metal minerals (Payne, 1996).

7.1.2 PROPERTY GEOLOGY

The geology of the Yellow Giant Gold Property is characterized by two long belts of marine sedimentary rocks with a northwesterly strike that are likely carboniferous.

The Western Belt lies along the Bank Barge lineament, and varies in width from 30m to 1km. Rock types of the Western Belt include pyritic argillaceous quartzite, massive to finely banded marble, siltstone, calcareous siltstone, and pyritic graphitic shale. Regional metamorphism produced intense deformation and a prominent schistosity with an orientation that is mainly parallel to the bedding. Subsequently, contact metamorphism against the plutonic rocks produced hornblende-biotite hornfels in pelitic units and skarn in calcareous units. The skarn contains the main assemblage of epidote-quartz, garnet, and actinolite-zoisite-diopside.

The Eastern Belt consists of the main body of the Kim pluton along with two narrow flanking northwest-trending bands of metasedimentary rocks similar to those found in the Western Belt. The sedimentary rocks were folded into isoclinal to close folds with a northwesterly trend. Plutonic rocks of the Eastern Belt include Upper Jurassic quartz monzonite, granodiorite, diorite/quartz diorite, and the Kim quartz monzonite. Most of the plutonic rocks are variably foliated. Several areas, most notably the Bob Deposit, contain intrusive breccias with small to very large fragments of marble and greywacke in quartz diorite or diorite.

Regional strike-slip faults trend northwest and likely have a right-lateral offset. Closely associated with the strike-slip faults are conjugate northeast and east-west trending faults, which are dilational in character. Brecciation is also associated with these zones. East-west trending faults are loci for quartz-pyrite vein mineralization, which is most notable where they intersect northwest-trending belts of metasedimentary rocks and parallel faults. In addition, these deposits sometimes contain minor zones of skarn (Payne, 1996).

7.2 MINERALIZATION

Mineralization is structurally controlled and is found in different host rocks. The Bob and Kim Zones are hosted in an igneous quartz monzonite. The Tel Zone is hosted in a metasedimentary limestone/marble. The Discovery Zone is hosted in a metasedimentary limestone/marble/skarn.

Gold mineralization at Yellow Giant occurs in massive sulphide veins with quartz/carbonate gangue. Gold is closely associated with pyrite but typically is non-refractory. Mineralized veins are steeply dipping with widths varying from 0.5m to 5.0m, high grade shoots with strike lengths of approximately 50m and known depths up to and exceeding 150m are present within mineralized zones.

The three most important mineralized zones, Tel, Discovery, and Bob Zones, are discussed below.

7.2.1 TEL ZONE

The Tel Zone consists of two distinct zones, the Tel Central Zone and the Tel Main Zone. Both zones are structurally controlled gold-rich massive sulphide veins and are hosted in limestone/marble wall rocks. It is possible that these two zones are the same vein and have been subjected to post mineralization deformation; however, there is evidence that these zones have been formed in separate structural features and are separate veins. The two zones have steep but opposite dip directions, with the Tel Central Zone dipping south and the Tel Main Zone dipping north. The Tel

Main Zone has noticeably higher zinc content with values in the range 6% to 12% Zn, based on historic assays. Zinc content in the Tel Central Zone is much lower, commonly less than 1% Zn. The Tel Main Zone and Tel Central Zone differ in strike direction by approximately 20 degrees.

The Tel Main Zone is near surface and outcrops to surface at the centre of the block. It is steeply dipping at approximately 80 degrees. The Tel Main Zone contains a high grade shoot with a known strike length of 55m, a known vertical dimension of 30m, and an average true width of 2.0m.

The main shoot at Tel Central Zone has a relatively short strike length of approximately 55m compared to its vertical dimension of 135m. The Tel Central Zone is steeply dipping at approximately 85 degrees with an average true width of 1.6m.

The Tel Zones are located in a stratigraphic sequence in the northwest trending belt of metasedimentary rocks which dip at 55° to 80° to the northeast and evidence suggests that the belt may be overturned. From northeast to southwest the stratigraphic section is as follows: massive coarse marble, grey wispy banded marble, light brown silty marble, and light grey medium grained marble. It is intersected by many faults and shears with chloritic slickensides, graphite seams, and gouge. Garnet-actinolite skarn is developed variably in all metasedimentary units.

Gold occurs in banded, quartz-sulfide veins and breccias which crosscut the bedding in the Tel Zones. Sulphides present include pyrite, arsenopyrite, sphalerite, chalcopyrite, minor galena, and pyrrhotite. Gold values correlate with total sulphide, particularly with pyrite. The main vein varies in width from a few centimetres to several metres and has a lensey nature, with individual lenses averaging 20m to 100m in length and depth. Lenses cross bedding and may be en echelon in nature. In addition, abundant post mineralization faults occur in the hanging wall (Payne, 1996).

7.2.2 DISCOVERY ZONE

The Discovery Zone consists primarily of two parallel steeply dipping veins. The dips of the veins are approximately 80 degrees. The veins are gold enriched massive sulphides in a quartz gangue. The hanging wall vein is hosted in a skarn which is adjacent to intrusive rocks located further into the hanging wall. The rocks between the veins and in the footwall of the vein are composed of limestone/marble. It is possible that these parallel veins are due to a fault repetition of a single vein; however, this cannot be confirmed will current available information. The hanging wall vein is of significantly higher gold grade than the footwall vein. The hanging wall vein is described as massive sulphide, whereas the footwall vein is described as quartz/pyrite mineralization. The main Discovery Zone shoot has a strike length of 45m, a vertical dimension of 26m, and a combined average horizontal width of 5.1m which includes both veins and separating marble.

The Discovery Zone occurs between coarse, grey marble to the south and skarn to the northeast. Near the contact the skarn is green and compact, consisting of zoisite-actinolite-quartz. In the core of the skarn, the rock is coarser grained and consist of variations between dark green epidote-quartz skarn and deep red, almandine garnet-rich skarn. Additionally, there are scattered interstitial patches of medium to coarse grained quartz and/or calcite. Gold is associated with lenses and patches of massive sulfide dominated by pyrite, with less abundant pyrrhotite, arsenopyrite, sphalerite, and chalcopyrite (Payne, 1996).

7.2.3 BOB ZONE

The Bob Zone consists of a steeply dipping vein at approximately 80 degrees. The main shoot has a known strike length of 40m, a known vertical dimension of approximately 110m, and an average horizontal width of 3.7m. The Bob vein extends to a depth of at least 130m below surface.

The Bob Deposit is a vein system in a dilational fault, the Bob Fault, which has a trend of 090°. Near the surface, the host rock is mainly pelitic metasedimentary rocks and skarn. At depth, the host rock is a quartz diorite breccia containing numerous blocks of metasedimentary rocks and marble skarn, especially along the trace of the Banks Barge linear structure, 100m east of the deposit. The veins are quartz-rich with very coarsely banded fine and coarse grained pyrite with minor chalcopyrite and trace to minor arsenopyrite, galena, sphalerite, and molybdenum. Total sulfide content over widths of 10cm ranges from 5-75%.

Type 1 veins are characterized by fine grained pyrite with minor chalcopyrite and arsenopyrite and are most common near the footwall and as brecciated fragments. Assays from the 1987 exploration program range from 0.15-0.30 oz/t gold. Type 2 veins contain medium to very coarse grained pyrite, chalcopyrite, and traces of arsenopyrite, which are most common in hanging wall faults, alteration zones, and small veins away from the main zone. Locally, Type 2 veins cut those of Type 1, and may have formed in part by recrystallization of Type 1 veins. Erratic gold values are present in Type 2 veins and range from 0.2-10 oz/t. The footwall is typically sharp and defined by a dark, sulfide-rich mylonite against fresh, unaltered wall rocks. The hanging wall is commonly marked by a zone of bleached and altered diorite at least 1m in width. Thick high-grade Type 2 veins occur adjacent to angular xenoliths of marble and skarn in dilatent zones along the fault caused by the presence of the xenoliths. The marble xenoliths also would react with the hydrothermal fluids to produce skarn minerals, which could change the composition of the solutions sufficiently to cause deposition of sulfides and gold. Pods of high-grade gold are common where hanging wall veins intersect the main zone. The nature of the mineralization and associated alteration suggest a deep mesothermal formation environment. The high Cu / (Pb+Zn) ratio suggests a depth of about 1.5 km and a temperature over 2000^{o}C (Payne, 1996).

8.0 DEPOSIT TYPES

8.1 OVERVIEW

The gold mineralization at Yellow Giant is tentatively assigned to the British Columbia Geological Survey's (BCGS) mineral deposit profile I02: Intrusion-related Au Pyrrhotite Veins. These types of deposits are sometimes described as mesothermal veins or sub-volcanic shear hosted gold deposits.

The gold mineralization at Yellow Giant is structurally controlled. Detailed study of the structure at Yellow Giant is key to the exploration approach and the most important consideration to discovering new mineralization and understanding the existing mineralized zones. Faults and folds are important structures to investigate on the Property. Breccia zones, pipes, and other features may also be of local importance.

The Tel, Discovery, and Bob Zones are hosted in east-west trending faults. This orientation may be important as it is common in many mining districts for simple minor faults to be better hosts for mineralization due to a lower presence of fines or fault gouge compared to that of major structures. Many mining districts also have a favorable vein orientation where optimal vein widths and grade are observed; however, exceptions to these generalizations are noted in some mining districts. Intersection of mineralized faults, especially at low angles, are often good areas to explore as increased fractures and resulting permeability can allow larger auriferous veins to form. Areas where ore forming fluids can become trapped or "pond" are excellent exploration targets. Exploration targets could include crests of folds or intersecting fault planes and bedding.

Other types of deposits may also be present on the Banks Island Mineral Property. Similar vein type deposits hosting base metals rather than precious metals may be present. Porphyry (copper/molybdenum/gold) deposits can be associated with vein type deposits and the presence of such a deposit on the property should not be discounted. Skarn deposits should also be considered at or near the limestone and intrusive contacts throughout the property.

8.2 MINERAL DEPOSIT PROFILE

A summary of the BCGS mineral I02: Instrusion-related Au Pyrrhotite Vein mineral deposit profile is provided (Alldrick, 1996).

CAPSULE DESCRIPTION: Parallel tabular to cymoid veins of massive sulphide and/or bull- quartz-carbonate with native gold, electrum and chalcopyrite are emplaced in a set of en echelon fractures around the periphery of a subvolcanic pluton. Many previous workers have included these veins as mesothermal veins.

TECTONIC SETTINGS: Volcanic arcs in oceanic and continental margin settings. Older deposits are preserved in accreted arc terranes.

DEPOSITIONAL ENVIRONMENT / GEOLOGICAL SETTING: The subvolcanic setting for these deposits is transitional between the setting for subvolcanic porphyry copper systems and for subvolcanic epithermal systems.

AGE OF MINERALIZATION: Recognized examples of this 'new' deposit type are all Early Jurassic.

HOST/ASSOCIATED ROCK TYPES: Hostrocks are andesitic tuffs, turbidites or early intrusive phases around the periphery of phaneritic, locally porphyritic, granodiorite stocks and batholiths.

DEPOSIT FORM: At various deposits the form has been described as: planar, en echelon vein sets, shear veins, cymoid veins, cymoid loops, sigmoidal veins, extension veins, tension gashes, ladder veins, and synthetic Reidel shear veins. Veins vary in width from centimetres to several metres and can be traced up to hundreds of metres.

TEXTURE/STRUCTURE: Two vein types may occur independently or together. Veins may be composed of (i) massive fine-grained pyrrhotite and/or pyrite, or (ii) massive bull quartz with minor calcite and minor to accessory disseminations, knots and crystal aggregates of sulphides. These two types of mineralization may grade into each other along a single vein or may occur in adjacent, but separate veins. Some veins have undergone post-ore ductile and brittle shearing that complicates textural and structural interpretations.

ORE MINERALOGY (Principal and subordinate): Native gold, electrum, pyrite, pyrrhotite, sphalerite, galena, chalcopyrite, bornite, argentite, arsenopyrite, magnetite, ilmenite, tetrahedrite, tennantite, molybdenite, cosalite, chalcocite, tellurobismuthite, hessite, volynskite, altaite, native bismuth.

GANGUE MINERALOGY (Principal and subordinate): Quartz, calcite, ankerite, chlorite, sericite, rhodochrosite, k-feldspar, biotite.

ALTERATION MINERALOGY: Chlorite, sericite, pyrite, silica, carbonate, rhodochrosite, biotite, epidote, K-feldspar, ankerite. Alteration occurs as narrow (4 cm) vein selvages and as moderate alteration haloes extending up to several metres into the country rock.

ORE CONTROLS: Well defined faults and shears control the mineralization. Veins are peripheral to and spatially associated with porphyritic intrusive rocks which may host porphyry copper mineralization.

GENETIC MODEL: Mineralization is syn-intrusive and synvolcanic and formed along the thermally controlled 'brittle-ductile transition envelope' that surrounds subvolcanic intrusions. Late magma movement caused local shear stress, and resultant en echelon vein sets opened and were filled by sulphides and gangue minerals precipitating from circulating hydrothermal fluids. Subsequent shearing may have superimposed foliation or brecciation onto these early-formed veins.

ASSOCIATED DEPOSIT TYPES: Typical deposits of a volcanic arc, especially those in the subvolcanic setting: porphyry (Cu+/-Mo+/-Au), skarns, epithermal veins and breccias, 'transitional' deposits (volcanogenic Cu-As-Sb-Au-Ag), and surficial fumarolic hotspring and exhalative deposits.

9.0 EXPLORATION

9.1 INTRODUCTION

All exploration work on the Yellow Giant Gold Property is historic and has been performed by previous operators. To date Banks Island Gold Ltd. has not performed any exploration work on the Yellow Giant Gold Property.

A large amount of exploration work has been done on the Yellow Giant property since the 1960s. Exploration activities, by various operators, have been outlined in chronological order in the Section 6: History of this Report. Details on the most important mineralized zones, Tel, Discovery, and Bob are included throughout this report. Mineral resources have been calculated for those three zones and are presented in this Report. Important exploration work, and associated results, completed on the mineral property are summarized and presented in this section.

9.2 TEL, DISCOVERY, AND BOB ZONES

The Tel, Discovery, and Bob Zones have been explored by diamond drilling. These three mineralized zones are the subject of a mineral resource calculation presented in this Report. Information provided in those sections is not reproduced here; however, important drill intercepts by previous operators that are outside of the modeled mineral resource are discussed in the Section 10: Drilling.

9.3 SOIL GEOCHEMISTRY

Soil geochemistry work has been undertaken by previous operators.

Detailed maps of soil sampling conducted by Falconbridge in the 1960s are available. A graphical map showing the locations and values of the majority of over 10,000 soil samples taken is available. To date, several potentially important soil anomalies from that era have not been adequately explained.

Soil sample maps from the Trader era in the 1980s are of lesser quality and many maps are missing. However, a detailed map of gold values from a soil geochemistry survey over the Discovery Zone and Quartz Hill area is available.

From baseline surveys over known mineralization, Falconbridge determined the following guidelines for using soil geochemistry in exploration for gold mineralization on the Yellow Giant Gold Property:

1. Sampling of the 'A' Horizon is preferable as it is readily available and generally contains greater amounts of the elements analyzed (zinc, silver, arsenic, and mercury) than the ' B ' or ' C ' Horizons.
2. Arsenic and silver are more preferable indicators of gold mineralization than zinc and mercury. Mercury is abundant but too erratic to be useful.
3. Arsenic shows a strong positive correlation with gold values. Arsenic is a very useful and relatively inexpensive (compared to analyzing for gold itself) pathfinder for auriferous mineralization on Banks Island (Zastavnikovich, 1975).

In 1984 the western and eastern sedimentary belts were geochemically surveyed by Trader Resources.

9.3.1 EASTERN SEDIMENTARY BELT

Comprehensive soil surveys were conducted over the Kim and Discovery Zones along the Eastern Sedimentary Belt to establish optimum parameters for the geochemical detection of gold mineralization. The geochemical expression of the Kim-type disseminated gold mineralization and Discovery-type lode gold deposits in soil gives a wide and easily detectable anomaly for gold, arsenic, silver, zinc and copper.

Parts of the Yellow Giant Gold Property were covered with grid soil geochemistry by Falconbridge in 1975. Regional reconnaissance, with samples at 25ft intervals on lines 400ft apart, was carried out over a total area of approximately 9 km^2. These samples were analyzed for indicator elements (zinc, silver, and arsenic) which resulted in many anomalous values. Three areas showing a significantly high concentration of anomalies received follow-up sampling on lines 200 ft apart.

The soil cover in the granitic areas of the Eastern Sedimentary Belt is described as generally thin with patchy cover on the rocky slopes of small hills. The soil thickness ranges from 3 to 12 inches. The upper few inches of such soils consists of ‘A’ Horizon, in the form of dark-colored decomposed organic compost or loam. The ‘C’ Horizon usually occurred directly beneath the ‘A’ Horizon and it is sharply separated. A transitional zone (‘B’ Horizon) is seldom present. Threshold values for gold were determined to be 10 ppb for both ‘A’ and ‘C’ Horizon samples taken from granitic terrain and 10 ppb for ‘A’ Horizon and 25 ppb for ‘C’ Horizon samples underlain by metasediments. All soil samples were analyzed by fire assay pre-concentration of a 10 gram sample, followed by neutron activation determination. This technique yields anomalies with excellent contrast over a very low background (Shearer, 1985).

9.3.2 WESTERN SEDIMENTARY BELT

The Western Sedimentary Belt has a distinctly different geochemical expression than the Eastern Sedimentary Belt. In general the background values in the Western Belt soils are low and gold dispersion around the known mineralized zones is much more restricted than along the Eastern Belt.

Orientation soil sampling was conducted over the Bob Deposit in 1977. Slightly anomalous values in the 'B' and 'C' Horizon samples were obtained for arsenic and mercury. The 'A' Horizon gave highly anomalous results for zinc, silver, arsenic, and mercury. Special care was undertaken to eliminate as much organic material as possible, as the organic 'A' horizon regularly contained higher element concentration levels compared to the inorganic soils.

A full scale soil program over the Bob Deposit was conducted on lines 30m apart and samples were taken at 10m intervals. Several significant soil anomalies were found. Over the main Bob Deposit surface exposure as high as 3900 ppb Au was detected. Values drop off rapidly and samples greater than 20m away from the mineralization are similar to background levels. A 2320 ppb Au sample indicates continuity of the main Bob structure, a distance of 60m to the southwest. Between the West Bank Fault and the main Bob Deposit there are several high soil levels up to 515 ppb Au. One anomalous group correlates closely to the expected trace of the West Bank Fault, whereas others are probably due to pyritic quartz veins noted on surface and at the portal to the underground workings. Values up to 453 ppb Au obtained north of the rock dump suggest the presence of a new mineralized zone. This area is characterized by dry muskeg vegetation but the anomalous gold values extend into the adjacent woodlands. In addition, significant gold-in-soil anomalies were discovered southeast of the main Bob Deposit near the north end of the skarn and metasedimentary belt.

Soil sampling around the Tel Deposit showed four distinct areas of anomalous values. The Main Tel Zone is indicated by values up to 10,000 ppb Au. A 1600 ppb Au sample located 60m south of the known zone may suggest a continuity of structure to the south. The Central Tel showing has responded with a low order; two sample anomalies up to 45 ppb Au have been detected. Higher values, up to 640 ppb, are associated with the West Tel showing. Limited soil sampling completed in 1976 for arsenic, silver, and zinc on five lines, which also showed an anomalous response over the known Tel Zones. Isolated high arsenic values were found immediately west of the small pond south of Central Tel Zone (Shearer, 1985).

9.4 GEOPHYSICAL SURVEYS

Geophysical surveys conducted on the Yellow Giant Gold Property include self potential (SF), very low frequency (VLF) EM-16, induced polarization (IP), horizontal and vertical loop electromagnetic (EM), magnetometer and airborne electromagnetic (Dighem), and magnetic. In addition, E-SCAN induced polarization (IF) and resistivity surveys were conducted over the Tel Zone (Shearer, 1985).

Data records available are not of sufficient quality or in a suitable format to be utilized for planned future exploration. However, a review of the summaries of work conducted may aid in the selection of suitable geophysical methods that could be employed in the future on the Yellow Giant Gold Property. Special attention was made to the ability, of the various methods, to detect known mineralized zones at Yellow Giant.

Advances in computing power and sensor capability have been made since the historical geophysical work was completed. GPS technology and advances in general geophysical knowledge since that period may allow new exploration targets to be delineated on the Property.

9.4.1 SELF POTENTIAL (SP) SURVEYS

Extensive self-potential (SP) surveys were conducted in 1964 around most of the known mineralized zones and along the belt of favorable geology on the Yellow Giant Gold Property. The Bob showings, although in somewhat swampy and unpredictable ground, registered (in the 1964 survey) several large lows which coincide with the strike of known mineralization. Additional SP surveys were conducted in 1984 on the Bob Zone and the Crack area (Shearer, 1985).

9.4.2 GROUND INDUCED POLARIZATION

IP was conducted over the Kim area on lines spaced 30 m apart. Initial results show a well defined chargeability anomaly over the Central Subzone.

The Discovery Zone was found to not have any appreciable IP response (Shearer, 1985).

9.4.3 GROUND ELECTROMAGNETIC

A conventional, horizontal-loop ground electromagnetic (EM) survey using a transmitter-receiver spacing of 60m was completed at the Bob Zone in 1978. The Bob Deposit resulted in a strong response which characterized a pod-like body giving the geophysical expression of a flat lying very good conductor. The horizontal-loop anomalies were further tested using the vertical-loop method. From the vertical-loop survey, the main Bob Zone indicated that the top of the conductive zone was located at a depth of approximately 15m (Shearer, 1985).

9.4.4 AERIAL DIGHEM ELECTROMAGNETIC SURVEY

Airborne electromagnetic (Dighem), very low frequency (VLF) EM, and magnetic surveys were conducted over the entire Property in early 1984. Anomalous results are decidedly lacking over the Kim, Englishman, Quartz Hill, and Discovery Zones. Subtle anomalies from total field magnetics are situated near the Discovery Zone, north of the Kim Zone and east of Quartz Hill. A very weak Dighem anomaly occurs over the Bob Deposit. VLF anomalies are associated with major lineaments and faults and do not appear to be caused by sulfide mineralization. Resistivity anomalies are associated with metasedimentary rocks and several, but not all, are caused by pyritic, graphitic units (Shearer et al., 1987).

9.4.5 E-SCAN INDUCED POLARIZATION AND RESISTIVITY

Induced polarization (IP) and resistivity surveys over a 150m by 225m grid, centered on the known Tel Zones, were carried out in 1986. The survey was conducted on 15m grid spacing and was intended to determine whether the technique could discriminate between sulphide ore signatures and those of other non-ore rock units, such as the graphitic, pyritic argillite metasediments of the Banks-Barge lineament. E-SCAN induced polarization (IP) and resistivity surveys over the Tel Zone area were successful in detecting anomalous responses in six areas, in addition to mapping the signature of the known mineralized zone itself (Shearer et al., 1987).

9.5 OTHER MINERAL PROSPECTS AND SHOWINGS

A summary of showings explored on the Yellow Giant Gold Property is presented below. Information was summarized from various exploration reports and compiled in the 1996 Summary Report entitled *Geological Report on the Yellow Giant Claim Group* completed by John G. Payne Consultants Ltd. (Payne, 1996). The 1996 Report is largely drawn upon for the information presented in the following descriptions.

Numerous historical reports, drill logs, and summaries exist in the database with greater detail on these showings. Review and study of these showings in the field is required to prioritize them as exploration targets.

9.5.1 BANKS LAKE

In the Banks Lake zone at the north end of the main eastern linear structure, prospecting located high-grade gold mineralization in quartz-rich, altered quartz diorite boulders. Float assayed up to 85g/T Au. Narrow gold bearing quartz veins are present near the contact area between metasediments consisting of argillites and marble and plutonics consisting of quartz diorite and quartz monzonite. Samples from a trench below the water level in Banks Lake assayed 100 grams per tonne gold and 75.4 grams per tonne silver. Five diamond drill holes totaling 278 meters did not locate the source of mineralization.

9.5.2 ISLAND

In 1964 prospecting encountered pyrrhotite-chalcopyrite lenses in skarn and limey-argillite at the contact with plutonic rocks in the Island showing in Hepler Lake. A 1.2m sample assayed 2.06 grams per tonne gold, 0.37% zinc, and 1.73% copper. The aerial EM survey shows a strong anomaly just off the shore of the Hepler Lake Island. On Hepler Peninsula, soil anomalies and two well defined SP anomalies were located but have not been studied in detail.

9.5.3 INDIA

The India area, 500 metres southeast of the Discovery Zone, contains skarn along the margins of several large marble lenses in contact with the Kim pluton and to a much lesser extent on the contact with the Hepler Lake pluton. A few skarn samples containing abundant pyrrhotite and minor chalcopyrite contain trace values of gold. Soil and SP surveys have outlined anomalous gold zones which have not been further tested.

9.5.4 BEAVER LAKES

The Beaver Lakes lineament is 130 metres south of and parallel to those at the Kim zone with a similar strike length of 1300 metres. It is cut by similar tension fractures trending 045^{o} as in the Kim Deposit. The zone is in the Kim quartz monzonite. The area is mainly covered by overburden; however, there are a few outcrops of intense sericite-chlorite alteration. Float boulders containing good gold grades, up to 17g/T

Au, suggest that mineralization is a quartz vein stockwork similar to that at the Kim deposit. A wide expanse of biotite quartz monzonite around Gladys Lake is cut by several east-west lineaments. Erratic high silver values were found in reconnaissance soil samples.

9.5.5 CRAZY LAKES

In the early 1960s in the area around Crazy Lakes, packsack diamond drill holes sampled quartz stringer zones with scattered good gold values.

9.5.6 MIDWAY

In 1984 the Midway zone was discovered from strong anomalies in the aerial EM survey along a major lineament to the east (named Arseno-Waller Lineament) at or near its intersection with the Quartz Hill west-northwest lineament. Soil and ground SP surveys were followed by hand trenching, which uncovered pyritic quartz veins across a 5m width trending northwest for approximately 40m. A 2m sample assayed an average of 2.23 grams per tonne gold. The Midway area is characterized by siliceous, sericite-chlorite altered quartz monzonite in contact with meta-greywacke.

9.5.7 EX

The Ex zone contains sulfide-bearing skarn in float with low to high gold values. Random packsack drill holes in and around SP anomalies did not locate the source of the mineralization. An east-west fracture at Lily Pond intersects the north end of the Ex zone and this junction may be the source of the high-grade float boulders. The Ex area is partially swampy and covered with dense underbrush, making exploration difficult. The Ex Creek area is underlain by metasediments in contact with quartz monzonite. The metasediments, consisting of thin bedded siltstone and white medium crystalline marble, are altered to rusty quartz-rich silty hornfels and garnet actinolite skarn. Disseminated pyrite is common and gold occurs in quartz stringers. Numerous mineralized float specimens assayed up to 17.1 grams per tonne gold.

9.5.8 QUARTZ HILL

In 1960 a mass of white quartz 250m x 100m was prospected at Quartz Hill. Disseminated sulphide mineralization occurs throughout the area as sparse molybdenite, sphalerite, and pyrite. Galena containing up to 342 grams per tonne silver is occasionally present near vein contacts. In 1984 the zone was mapped in detail, several trenches excavated, and three holes drilled. The holes cut zones from 5m to 10m wide containing 1% to 4% pyrite-sphalerite-galena. Gold assays from surface and core samples are low grade.

9.5.9 CLIFF ZONE

Near Quartz Hill, trenching of the Cliff Zone exposed a heavily manganese oxide-stained contact between hornblende-biotite quartz monzonite and garnet-actinolite skarn with 10cm to 15cm widths of massive pyrite and lesser sphalerite. Samples assayed 3.4 grams per tonne gold, 27.4 grams per tonne silver, 2.0% zinc, and 0.71% lead. A 3m chip sample assayed 1.54 grams per tonne gold. It contains lenses up to 20 cm wide with up to 50% pyrite and sphalerite and gold values of 3 - 4 grams per tonne.

9.5.10 MEADE ZONE

The Meade vein 80m to the south of the Cliff Zone, assayed 34.3 grams per tonne gold from a 5cm to 13cm width over a 6.1m length. Geochemical and geophysical surveys located anomalies which have not been examined adequately. Deep overburden overlying the Kim pluton has hampered geological interpretation in the area from Quartz Hill to the Englishman zone.

9.5.11 ENGLISHMAN

The Englishman zone is similar in many respects to the Kim zone. It is poorly exposed and was located by high-grade float which assayed up to 137g/T Au. The zone contains a few pits and trenches. In addition, it was mapped, soil surveyed, and geophysically surveyed (SP). Ten diamond drill holes totaling 1548m had poor core recovery (25-65%) and cut a few wide zones of much lower grade than in the pits. A 2.44m drill intersection in the Main Englishman zone assayed 7.54 grams per tonne gold and 10.29 grams per tonne silver. A 4.0m intersection of the North Englishman zone assayed 4.8 grams per tonne gold. The east-west trend of the Englishman Zone is displaced by 045^{o} cross faults with up to 50m left-lateral displacements. The Main Zone strikes 380m, has a vertical depth of 90m, and a width up to 24m. The North Zone strikes a similar length, has a 40m vertical depth, and a width up to 4m. Both zones are open in length and depth.

9.5.12 CROSS BREAK

The Cross Break zone has been mapped, soil surveyed, and trenched. It occurs at the intersection of an east-west fracture with the Bank Barge lineament. Seven drill holes totaling 204m intersected generally low gold values. A 7m chip sample assayed 2.61 grams per tonne gold and a 2.3m drill intersection assayed 3.77 grams per tonne gold and 17.83 grams per tonne silver. Mineralization consists of gold associated with disseminated arsenopyrite and pyrite in a breccia that is in a strongly folded shale and limestone. Geophysical anomalies nearby have not been explained. Float samples in the area assayed up to 20g/T Au.

9.5.13 CRACK

The Crack zone was explored in 1963/64 with SP geophysical and soil surveys. In 1984 good gold values were found in felsic sills which had been folded with the enclosing metasedimentary rocks. Surface samples assayed up to 15.8 g/t gold. One drill hole cut 0.89 g/t gold over 6.1m.

9.5.14 A20

The A20 zone is a skarn zone on a marble contact at the collar of the Bob Decline 70m north of the Bob Deposit. Limited historical data is available. A longitudinal section is reported to show 19 drill holes and a few trenches over an area 90m long by 50m wide. The most anomalous gold values in separate holes are as follows: 6.8 g/t over 0.61m, 173 g/t over 0.30m, 305 g/t over 6.8m, 394 g/t over 7.3m, and 50 g/t over 14.3m. It is not reported whether the recorded intersections are core lengths or true widths. The information reported on the A20 zone is not in the Yellow Giant database and cannot be verified.

10.0 DRILLING

All diamond drilling on the Yellow Giant Gold Property has been done by previous operators. Banks Island Gold Ltd. has not performed any diamond drilling on the property to date.

10.1 HISTORICAL DRILLING

A detailed review of all data available for historical diamond drilling at Yellow Giant was performed. Data mining, grid manipulation, and careful transcription was undertaken to create a digital drilling database. This comprehensive data compilation work has allowed an accurate digital diamond drill hole database to be created for historical drilling at Yellow Giant in UTM coordinates.

10.2 DIAMOND DRILL HOLE LOGS

The diamond drill logs for most of the historical drilling are available in paper format. Diamond drill logs for the Bob, Tel, Discovery, and Kim Zones were reviewed in detail. Information from the drill logs including collar locations, dip and azimuth, lithology, assays, and down hole surveys. All information was input into a digital database.

10.3 COLLAR LOCATIONS

Collar locations for diamond drill holes from 1984 to 1987 were surveyed during that period by certified land surveyors on a grid established onsite, referred to as the McElhanney 1984 Grid. Although attempts were made to provide a unified grid system over the separate zones, there are noticeable differences from area to area. The relative coordinates of drill holes in the same zone are reliable; however, relative coordinates of holes in separate zones are inaccurate. A number of holes previous to 1984 were surveyed and tied into the McElhanney 1984 Grid; tabulated data was available for these holes with the surveyed coordinates. For older drill holes which were not tied into the McElhanney 1984 Grid, collar coordinates were taken from the drill logs. Several different grids were used by previous operators. Conversion of the drill locations on the various grid coordinates to the correct relative location in the McElhanney 1984 Grid was achievable. In some cases the correction of old transcription errors was also possible by review of all available data. A correction factor for elevations for certain grid sets was determined based on the Digital Elevation Model obtained from the BC Government.

In order to adjust the separate zones to UTM coordinates, topographic features present on drill plan maps were digitized and overlain onto current digital topographic maps. Using the best fit of multiple topographic features a conversion from the McElhanney 1984 Grid for each zone was determined.

Collar locations, length, azimuth, and hole dip for significant intercepts are displayed in Table 10-1.

Table 10-1 Collar Locations, Length, Azimuth, and Hole Dip for Significant Intercepts

Significant Intercepts in UTM (NAD83) Coordinates							
Zone	Hole	East	North	Elevation(m)	Length(m)	Azimuth	Dip
Tel	64-P1	422,720	5,913,553	26.0	7.3	50	-38
Tel	64-P14	422,676	5,913,577	28.8	15.4	6	-60
Tel	64-P2	422,717	5,913,556	24.8	7.6	50	-37
Tel	64-P26	422,715	5,913,574	25.1	27.4	218	-45
Tel	64-P3	422,727	5,913,561	23.6	16.5	230	-45
Tel	64-P4	422,729	5,913,563	21.9	17.5	230	-48
Tel	64-P6	422,718	5,913,567	24.0	18.3	230	-49
Tel	75-B11	422,736	5,913,566	21.2	56.1	224	-70
Tel	75-B12	422,736	5,913,566	21.3	79.3	224	-85
Tel	75-B13	422,748	5,913,558	20.7	56.1	230	-85
Tel	75-B5	422,705	5,913,545	26.3	76.2	45	-45
Tel	75-B6	422,704	5,913,545	26.4	48.5	23	-58
Tel	75-B7	422,728	5,913,581	21.0	61.0	231	-62
Tel	75-B9	422,728	5,913,581	21.2	76.2	234	-46
Tel	85-007	422,816	5,913,559	20.3	216.7	268	-60
Tel	85-010	422,817	5,913,559	20.4	303.9	267	-66
Tel	85-012	422,728	5,913,581	21.1	146.9	266	-43
Tel	85-013	422,728	5,913,581	21.1	123.1	265	-53
Tel	85-017	422,729	5,913,580	21.0	215.5	265	-59
Tel	85-018	422,728	5,913,581	21.1	212.5	277	-42
Tel	86-002	422,728	5,913,581	21.2	278.0	277	-51
Tel	86-005	422,729	5,913,581	20.9	294.7	271	-60
Tel	86-007	422,729	5,913,580	21.1	206.4	261	-67
Tel	86-009	422,729	5,913,580	21.1	208.2	266	-75
Tel	86-015	422,729	5,913,580	21.0	225.6	245	-62
Tel	86-017	422,729	5,913,579	21.1	163.1	233	-43
Tel	86-019	422,730	5,913,579	21.2	185.9	233	-52
Tel	86-020	422,700	5,913,580	25.2	95.4	266	-56
Tel	86-021	422,730	5,913,580	21.3	195.1	232	-68
Tel	86-022	422,700	5,913,580	25.5	65.2	269	-44

Tel	86-023	422,708	5,913,605	20.2	155.5	232	-41
Tel	86-025	422,709	5,913,605	20.1	184.4	233	-50
Tel	86-026	422,689	5,913,592	26.5	43.9	228	-60
Tel	86-027	422,709	5,913,605	20.0	178.0	237	-61
Tel	86-028	422,705	5,913,614	21.2	185.9	223	-42
Tel	86-029	422,705	5,913,614	21.0	195.4	224	-56
Tel	86-030	422,706	5,913,614	21.0	163.7	219	-67
Tel	86-034	422,676	5,913,600	25.6	75.9	230	-46
Tel	86-035	422,686	5,913,637	20.7	193.6	230	-42
Tel	86-036	422,687	5,913,638	20.7	231.7	230	-54
Tel	86-038A	422,676	5,913,600	25.7	87.9	228	-60
Tel	87-023	422,660	5,913,556	32.2	47.2	15	-44
Tel	87-024	422,660	5,913,555	32.0	65.5	12	-61
Tel	87-026	422,685	5,913,553	31.4	86.9	14	-64
Tel	87-027	422,702	5,913,525	30.3	61.9	15	-45
Tel	87-029	422,728	5,913,522	27.7	62.2	18	-44
Tel	87-037	422,628	5,913,538	27.2	93.0	26	-58
Tel	87-038	422,649	5,913,518	26.6	161.5	16	-49
Tel	87-039	422,649	5,913,518	26.7	132.6	18	-59
Tel	87-068	422,629	5,913,444	28.3	215.2	14	-45
Discovery	86-001	425,024	5,913,240	30.1	76.5	223	-78
Discovery	86-006	425,049	5,913,226	29.8	76.2	229	-81
Discovery	63-LY-2	425,011	5,913,243	29.9	88.4	222	-75
Discovery	63-LY-3	425,011	5,913,243	29.9	89.9	222	-90
Discovery	63-LY-4	425,048	5,913,244	29.9	68.6	222	-65
Discovery	63-B5	425,011	5,913,243	30.1	45.6	220	-55
Discovery	63-B6	425,048	5,913,244	31.1	89.3	220	-44
Discovery	63-B8	425,077	5,913,234	30.9	88.1	220	-65
Discovery	63-B9	425,077	5,913,234	31.1	65.8	220	-40
Discovery	63-B12	425,063	5,913,261	36.6	99.4	220	-61
Bob	76-1	421,445	5,915,013	28.9	107.3	182	-52
Bob	76-2	421,476	5,914,976	32.6	66.1	178	-61
Bob	76-3	421,414	5,914,986	27.7	64.3	180	-48
Bob	76-4	421,441	5,915,076	21.1	189.3	182	-48
Bob	78-1	421,450	5,915,003	20.1	85.7	238	-15
Bob	78-2	421,450	5,915,004	20.1	89.3	10	-15
Bob	78-3	421,451	5,915,002	20.1	7.3	218	2
Bob	78-4	421,449	5,914,999	20.1	20.3	133	2
Bob	78-5	421,513	5,914,943	-23.3	79.3	70	2
Bob	78-6	421,513	5,914,944	-23.3	39.6	48	2
Bob	78-7	421,375	5,914,961	-2.0	20.0	228	2
Bob	84-017	421,417	5,914,989	28.7	137.5	134	-68
Bob	84-018	421,416	5,914,989	28.7	102.4	184	-72

Bob	84-019	421,414	5,914,989	28.9	145.4	236	-64
Bob	63-BL18	421,444	5,914,942	32.3	36.3	360	-68
Bob	63-BL22	421,445	5,914,971	29.2	39.0	180	-40
Bob	63-BL23	421,445	5,914,971	29.2	56.7	180	-74
Bob	87-002	421,457	5,914,975	-116.5	1.5	0	0
Bob	87-005	421,415	5,914,969	-83.5	4.8	0	0
Bob	87-006	421,419	5,914,974	-106.5	0.7	0	0
Bob	87-007	421,386	5,914,970	-84.5	0.7	0	0

10.4 ASSAYS

Assay certificates in paper format are available for the 1984, 1985, 1986, and 1987 drill holes. Where assay certificates were available, assay values were input into the database directly from the certificate. In earlier exploration years, assay certificates are not available. For drill holes without assay certificates the assay values written in the drill logs were input into the database. Where duplicate assays were taken the lower of the two assays was used in the database. Operators in most years assayed only mineralized intercepts. In 1984, 1985, and 1986 the entire length of diamond drill holes were commonly assayed.

10.5 DOWN HOLE SURVEYS

Down hole survey information exists for drilling completed in 1984, 1985, 1986, and 1987. A Sperry Sun instrument was used for the bulk of down hole surveys, while acid tests were performed in some cases. The down hole survey data was reviewed and used in most cases. Obvious survey errors were either adjusted or not utilized.

10.6 SAMPLING METHOD AND APPROACH

Information on sampling methods of previous operators is limited. Drill hole logging and sampling was completed by trained and experienced geologists; however, records of specific sampling procedure are not available. In most cases sample intervals appear to have been appropriately selected. Core recovery information is generally available in the drill logs. Overall, core recovery of mineralized intercepts is adequate to allow reliance on assay values.

10.7 TEL, DISCOVERY, AND BOB ZONES

The Tel, Discovery, and Bob Zones have been explored in detail by diamond drilling. These three mineralized zones are the subject of a mineral resource calculation presented in Section 14 of this Report. Information provided in those sections is not reproduced here within; however, important drill intercepts by previous operators that are outside of the modeled mineral resource are discussed.

10.8 TEL ZONE – DRILL HOLES USED IN CURRENT RESOURCE ESTIMATE

Forty historic diamond drill holes were utilized for the Tel resource calculation presented in Section 14.

Drillhole assays were composited based on mineralized zone shape interpretation and lithological information from drill holes logs. True widths for each composite were estimated from the mineralized zone interpretation.

Drillhole composites can sometimes contain significantly higher grade intervals within a lower grade intersection which have a large effect on the overall grade of the composite. The intervals that make up the composite are displayed to show the effect of high grade intervals on overall composite grades.

The mineralized diamond drill intercepts that were used in the current Tel Zone resource are detailed in Table 10-2.

Table 10-2 Tel Zone Resource Mineralized Drill Intercepts

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
64-P26	A	24.99	25.60	0.6	6.9	No Assay
COMPOSITE OF INTERCEPT				**0.6**	**6.9**	**-**
TRUE WIDTH ESTIMATED AT 0.6m						
Hole ID	**Section**	**From (m)**	**To (m)**	**Intercept Length (m)**	**Au(g/T)**	**Zn(%)**
75-B9	A	37.03	37.64	0.6	8.6	1.3
75-B9	A	37.64	38.10	0.5	26.7	5.7
75-B9	A	38.10	39.32	1.2	0.0	3.1
75-B9	A	39.32	39.44	0.1	3.8	No Assay
COMPOSITE OF INTERCEPT				**2.4**	**7.4**	**-**
TRUE WIDTH ESTIMATED AT 2.0m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-015	A	48.82	49.5	0.7	42.6	1.7
86-015	A	49.50	50.29	0.8	3.2	2.5
COMPOSITE OF INTERCEPT				**1.5**	**21.4**	**2.1**
TRUE WIDTH ESTIMATED AT 1.2m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-017	A	35.49	36	0.5	1.7	0.1
86-017	A	36.00	36.4	0.4	0.2	0.2
86-017	A	36.40	37.19	0.8	14.9	3.7
86-017	A	37.19	38	0.8	15.5	4.4
86-017	A	38.00	38.54	0.5	21.3	2.3
86-017	A	38.54	39	0.5	0.4	0.1
86-017	A	39.00	39.4	0.4	0.0	0.1
86-017	A	39.40	39.93	0.5	11.0	6.3
COMPOSITE OF INTERCEPT				**4.4**	**9.7**	**2.5**
TRUE WIDTH ESTIMATED AT 3.3m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-019	A	40.20	41	0.8	13.2	1.3
86-019	A	41.00	41.6	0.6	1.9	0.8
COMPOSITE OF INTERCEPT				**1.4**	**8.4**	**1.1**
TRUE WIDTH ESTIMATED AT 1.1m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
64-P6	B	14.33	15.70	1.4	22.6	4.1
COMPOSITE OF INTERCEPT				**1.4**	**22.6**	**4.1**
TRUE WIDTH ESTIMATED AT 1.0m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
75-B6	B	33.83	35.36	1.5	12.3	3.5
75-B6	B	35.36	36.88	1.5	59.0	2.9
75-B6	B	36.88	38.40	1.5	78.9	3.2
75-B6	B	38.40	39.93	1.5	15.1	6.1
75-B6	B	39.93	41.45	1.5	169.4	3.5
75-B6	B	41.45	42.49	1.0	129.6	0.6
75-B6	B	42.49	43.28	0.8	17.1	2.5
75-B6	B	43.28	45.11	1.8	0.1	0.3
75-B6	B	45.11	46.63	1.5	5.5	1.1
75-B6	B	46.63	48.16	1.5	34.6	3.4
COMPOSITE OF INTERCEPT				**14.3**	**50.2**	**2.7**
TRUE WIDTH ESTIMATED AT 2.7m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
75-B7	B	44.78	45.11	0.3	13.4	5.7
COMPOSITE OF INTERCEPT				**0.3**	**13.4**	**5.7**
TRUE WIDTH ESTIMATED AT 0.2m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
87-027	B	45.82	46.85	1.0	15.3	1.1
87-027	B	46.85	47.16	0.3	0.5	0.8
87-027	B	48.16	49.07	0.9	0.1	0.1
87-027	B	49.07	49.99	0.9	1.4	0.1
87-027	B	49.99	51.03	1.0	2.3	0.1
87-027	B	49.99	51.03	1.0	2.3	0.1
COMPOSITE OF INTERCEPT				**5.3**	**4.2**	**0.3**
TRUE WIDTH ESTIMATED AT 2.7m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
64-P1	C	3.05	4.27	1.2	52.1	13.3
COMPOSITE OF INTERCEPT				**1.2**	**52.1**	**13.3**
TRUE WIDTH ESTIMATED AT 1.0m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
64-P2	C	1.22	2.74	1.5	69.9	12.3
64-P2	C	2.74	3.35	0.6	20.6	6.3
64-P2	C	3.35	3.90	0.5	69.9	14.7
64-P2	C	3.90	4.27	0.4	0.7	0.0
64-P2	C	4.27	4.57	0.3	32.2	0.0
64-P2	C	4.57	5.39	0.8	4.1	0.0
64-P2	C	5.39	5.94	0.5	49.4	1.4
COMPOSITE OF INTERCEPT				**4.7**	**41.9**	**6.7**
TRUE WIDTH ESTIMATED AT 3.8m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
64-P3	C	5.94	6.71	0.8	48.0	3.0
64-P3	C	6.71	7.53	0.8	31.5	21.0
64-P3	C	7.53	7.80	0.3	11.0	4.7
64-P3	C	7.80	8.84	1.0	35.7	10.3
64-P3	C	8.84	9.75	0.9	26.1	6.1
64-P3	C	9.75	10.45	0.7	15.1	2.6
COMPOSITE OF INTERCEPT				**4.5**	**30.3**	**8.6**
TRUE WIDTH ESTIMATED AT 2.8m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
64-P4	C	11.73	12.19	0.5	42.5	25.9
64-P4	C	12.19	12.44	0.2	0.7	0.0
64-P4	C	12.44	12.77	0.3	6.9	**3.1**
64-P4	C	12.77	13.23	0.5	63.1	7.7
64-P4	C	13.23	13.53	0.3	42.5	40.2
64-P4	C	13.53	14.02	0.5	56.2	9.4
COMPOSITE OF INTERCEPT				**2.3**	**39.9**	**14.5**
TRUE WIDTH ESTIMATED AT 1.6m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
75-B5	C	30.48	33.07	2.6	49.7	No Assay
75-B5	C	33.07	33.38	0.3	172.8	No Assay
COMPOSITE OF INTERCEPT				**2.9**	**62.7**	**-**
TRUE WIDTH ESTIMATED AT 1.3m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
75-B11	D	25.39	26.21	0.8	12.7	**2.5**
75-B11	D	26.21	28.65	2.4	25.0	1.5
75-B11	D	28.65	30.18	1.5	47.0	8.0
75-B11	D	30.18	31.24	1.1	56.2	8.5
75-B11	D	31.24	32.16	0.9	4.5	0.8
COMPOSITE OF INTERCEPT				**6.8**	**30.6**	**4.1**
TRUE WIDTH ESTIMATED AT 3.0m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
87-029	E	48.25	49.25	1.0	4.1	0.1
87-029	E	49.25	49.34	0.1	67.9	2.5
87-029	E	49.34	49.88	0.5	0.3	0.1
87-029	E	49.88	50.61	0.7	148.2	3.1
COMPOSITE OF INTERCEPT				**2.4**	**50.2**	**1.1**
TRUE WIDTH ESTIMATED AT 3.0m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
75-B13	E	26.06	27.43	1.4	37.7	0.4
75-B13	E	27.43	30.48	3.0	32.2	4.1
75-B13	E	30.48	32.92	2.4	39.8	No Assay
75-B13	E	32.92	33.53	0.6	30.9	6.9
75-B13	E	33.53	35.05	1.5	21.3	0.3
COMPOSITE OF INTERCEPT				**9.0**	**33.2**	**-**
TRUE WIDTH ESTIMATED AT 3.0m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-034	W	53.04	53.5	0.5	4.0	1.0
86-034	W	53.50	54	0.5	21.2	2.5
86-034	W	54.00	54.5	0.5	54.7	2.8
86-034	W	54.50	55	0.5	58.6	0.5
86-034	W	55.00	55.5	0.5	46.6	0.9
86-034	W	55.50	56	0.5	38.9	1.2
86-034	W	56.00	56.5	0.5	126.0	1.1
86-034	W	56.50	57.18	0.7	121.2	0.9
86-034	W	57.18	57.6	0.4	2.0	0.4
COMPOSITE OF INTERCEPT				**4.6**	**56.6**	**1.3**
TRUE WIDTH ESTIMATED AT 1.5m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-038A	W	79.74	80.46	0.7	26.4	0.4
86-038A	W	80.46	81	0.5	34.3	0.5
86-038A	W	81.00	81.5	0.5	145.1	0.8
86-038A	W	81.50	82.38	0.9	105.3	0.4
86-038A	W	82.38	83	0.6	1.9	0.2
COMPOSITE OF INTERCEPT				**3.3**	**62.5**	**0.4**
TRUE WIDTH ESTIMATED AT 0.9m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
87-037	W	75	76.00	1.0	19.2	3.8
87-037	W	76	77.00	1.0	12.4	2.0
87-037	W	77	78.00	1.0	4.0	0.6
87-037	W	78	78.60	0.6	6.2	0.2
COMPOSITE OF INTERCEPT				**3.6**	**10.9**	**1.8**
TRUE WIDTH ESTIMATED AT 1.7m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
64-P14	X	11.73	12.31	0.6	53.5	3.6
COMPOSITE OF INTERCEPT				**0.6**	**53.5**	**3.6**
TRUE WIDTH ESTIMATED AT 0.3m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
85-012	X	59.03	60.00	1.0	57.4	No Assay
85-012	X	60	60.88	0.9	16.1	No Assay
85-012	X	60.88	61.57	0.7	26.7	No Assay
85-012	X	61.57	62.00	0.4	28.0	No Assay
85-012	X	62	63.00	1.0	3.7	No Assay
85-012	X	63	64.62	1.6	6.7	No Assay
85-012	X	64.62	65.36	0.7	24.1	No Assay
85-012	X	65.36	66.00	0.6	5.3	No Assay
85-012	X	66	67.00	1.0	6.5	No Assay
85-012	X	67	68.00	1.0	7.5	No Assay
85-012	X	76.81	78.33	1.5	79.2	No Assay
85-012	X	78.33	79.00	0.7	28.1	No Assay
85-012	X	79	79.58	0.6	15.3	No Assay
85-012	X	79.58	79.86	0.3	77.8	No Assay
85-012	X	79.86	81.38	1.5	59.9	No Assay
85-012	X	81.38	82.34	1.0	1.9	No Assay
COMPOSITE OF INTERCEPT				**14.5**	**28.5**	**-**
TRUE WIDTH ESTIMATED AT 1.5m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
85-013	X	81.7	82.74	1.0	15.6	0.2
85-013	X	82.74	84.00	1.3	0.7	0.0
85-013	X	84	87.48	3.5	11.9	0.1
85-013	X	87.48	90.53	3.1	7.4	0.1
85-013	X	90.53	93.00	2.5	1.8	0.0
85-013	X	104.55	105.16	0.6	0.6	2.3
85-013	X	105.16	106.00	0.8	0.1	0.0
85-013	X	106	107.29	1.3	0.0	0.0
85-013	X	107.29	107.80	0.5	0.1	No Assay
85-013	X	107.8	108.36	0.6	3.2	No Assay
85-013	X	108.36	109.70	1.3	5.1	No Assay
COMPOSITE OF INTERCEPT				**16.5**	**5.8**	**-**
TRUE WIDTH ESTIMATED AT 2.1m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
85-017	X	131	132.00	1.0	1.3	No Assay
85-017	X	132	132.59	0.6	0.8	0.3
85-017	X	132.59	133.00	0.4	3.1	0.4
85-017	X	133	133.50	0.5	55.0	0.7
85-017	X	133.5	134.00	0.5	151.1	4.3
85-017	X	134	134.42	0.4	90.5	4.2
85-017	X	134.42	135.00	0.6	113.7	1.9
85-017	X	135	135.50	0.5	77.7	0.1
85-017	X	135.5	136.25	0.8	101.6	0.0
85-017	X	136.25	137.05	0.8	0.9	0.0
85-017	X	137.05	138.00	0.9	8.2	1.4
85-017	X	138	138.60	0.6	0.7	1.2
85-017	X	138.6	139.18	0.6	0.9	0.6
85-017	X	139.18	139.65	0.5	22.1	5.4
85-017	X	139.65	140.00	0.3	1.0	0.2
COMPOSITE OF INTERCEPT				**9.0**	**38.4**	**1.2**
TRUE WIDTH ESTIMATED AT 1.2m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-007	X	111.00	111.86	0.9	1.6	0.2
86-007	X	111.86	113	1.1	8.1	0.1
86-007	X	113.00	114	1.0	31.0	0.0
86-007	X	114.00	114.91	0.9	1.5	0.1
86-007	X	114.91	116.5	1.6	50.7	0.1
86-007	X	116.50	117.96	1.5	1.4	0.2
86-007	X	117.96	119.18	1.2	7.8	0.2
86-007	X	119.18	119.48	0.3	11.1	2.0
86-007	X	119.48	120	0.5	2.2	0.3
86-007	X	135.94	136.25	0.3	13.4	2.8
86-007	X	136.25	136.86	0.6	18.9	0.1
86-007	X	136.86	137.54	0.7	20.7	0.2
86-007	X	137.54	138.23	0.7	23.7	4.8
86-007	X	138.23	138.84	0.6	21.1	1.0
86-007	X	138.84	139.6	0.8	86.7	0.3
86-007	X	139.60	140.41	0.8	55.0	0.2
86-007	X	140.41	141	0.6	0.5	0.0
COMPOSITE OF INTERCEPT				**14.1**	**22.0**	**0.5**
TRUE WIDTH ESTIMATED AT 1.2m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-022	X	43.00	43.5	0.5	88.5	0.2
86-022	X	43.50	44	0.5	0.3	0.0
86-022	X	44.00	44.5	0.5	538.1	0.0
86-022	X	44.50	45.07	0.6	3.3	0.0
86-022	X	45.07	46	0.9	0.1	0.0
86-022	X	46.00	47.1	1.1	0.0	0.1
86-022	X	47.10	47.95	0.9	0.2	0.8
86-022	X	47.95	48.4	0.4	67.3	3.1
86-022	X	48.40	49.07	0.7	3.5	4.4
86-022	X	49.07	49.67	0.6	0.8	3.5
86-022	X	49.67	50.3	0.6	0.3	1.7
86-022	X	50.30	50.9	0.6	4.3	1.8
86-022	X	50.90	51.5	0.6	2.9	2.8
86-022	X	51.50	52.12	0.6	2.2	1.9
86-022	X	52.12	53.04	0.9	1.9	2.4
86-022	X	53.04	53.64	0.6	5.4	3.8
86-022	X	53.64	54	0.4	3.4	2.2
86-022	X	54.00	54.86	0.9	1.6	1.4
86-022	X	54.86	55.47	0.6	0.6	0.7
86-022	X	55.47	56	0.5	4.2	6.3
86-022	X	56.00	56.69	0.7	2.3	5.5
86-022	X	56.69	57.08	0.4	2.6	0.7
86-022	X	57.08	58.22	1.1	2.9	0.5
COMPOSITE OF INTERCEPT				**15.2**	**24.4**	**1.8**
TRUE WIDTH ESTIMATED AT 3.3m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-023	X	56.00	57	1.0	1.0	**0.5**
86-023	X	57.00	57.5	0.5	2.1	**1.8**
86-023	X	57.50	58	0.5	2.5	**1.5**
86-023	X	58.00	58.5	0.5	2.4	**0.7**
86-023	X	58.50	59	0.5	2.4	**1.0**
86-023	X	59.00	59.5	0.5	3.6	**1.2**
86-023	X	59.50	60	0.5	1.0	**2.2**
86-023	X	60.00	60.5	0.5	0.3	**1.0**
86-023	X	60.50	61	0.5	6.0	**2.1**
86-023	X	61.00	61.5	0.5	24.8	**2.4**
COMPOSITE OF INTERCEPT				**5.5**	**4.3**	**1.4**
TRUE WIDTH ESTIMATED AT 2.7m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-025	X	70.40	71.02	0.6	7.1	0.2
86-025	X	71.02	72	1.0	1.9	0.3
86-025	X	72.00	73	1.0	15.3	1.9
86-025	X	73.00	73.76	0.8	13.1	2.0
86-025	X	73.76	74.5	0.7	1.1	0.5
86-025	X	74.50	75.2	0.7	13.6	1.5
86-025	X	75.20	76	0.8	4.2	0.4
COMPOSITE OF INTERCEPT				**5.6**	**8.1**	**1.0**
TRUE WIDTH ESTIMATED AT 1.1m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-027	X	121.52	122.22	0.7	30.6	0.8
86-027	X	122.22	123	0.8	0.5	2.3
86-027	X	123.00	123.5	0.5	0.1	0.8
86-027	X	123.50	124.09	0.6	24.8	0.2
86-027	X	124.09	124.6	0.5	64.8	0.1
COMPOSITE OF INTERCEPT				**3.1**	**22.6**	**0.9**
TRUE WIDTH ESTIMATED AT 1.0m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-028	X	63.96	64.5	0.5	1.2	No Assay
86-028	X	64.50	65	0.5	0.7	No Assay
86-028	X	65.00	65.5	0.5	1.4	No Assay
86-028	X	65.50	66	0.5	1.4	No Assay
86-028	X	66.00	66.5	0.5	2.3	No Assay
86-028	X	66.50	67	0.5	4.7	No Assay
86-028	X	67.00	67.5	0.5	56.0	No Assay
86-028	X	67.50	68	0.5	65.7	No Assay
86-028	X	68.00	68.43	0.4	10.3	No Assay
COMPOSITE OF INTERCEPT				**4.5**	**15.9**	**-**
TRUE WIDTH ESTIMATED AT 2.6m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-029	X	95.56	96.01	0.5	2.6	No Assay
86-029	X	96.01	97	1.0	5.9	0.6
86-029	X	97.00	98	1.0	2.9	0.2
86-029	X	98.00	99	1.0	5.8	0.1
86-029	X	99.00	99.67	0.7	8.8	0.2
86-029	X	99.67	100.28	0.6	8.8	3.8
86-029	X	100.28	101.8	1.5	0.6	0.1
86-029	X	101.80	102.72	0.9	0.7	0.1
86-029	X	102.72	104.55	1.8	69.3	0.3
86-029	X	104.55	106.37	1.8	8.8	0.4
COMPOSITE OF INTERCEPT				**10.8**	**15.8**	**0.5**
TRUE WIDTH ESTIMATED AT 1.9m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-030	X	139.50	140	0.5	53.1	0.1
86-030	X	140.00	140.51	0.5	45.5	0.3
86-030	X	140.51	141	0.5	207.6	**0.8**
86-030	X	141.00	141.5	0.5	48.1	1.5
86-030	X	141.50	142	0.5	8.2	0.9
86-030	X	142.00	142.5	0.5	3.3	5.5
86-030	X	142.50	143	0.5	8.2	5.0
86-030	X	143.00	143.5	0.5	5.7	7.4
86-030	X	143.50	144	0.5	2.5	2.9
COMPOSITE OF INTERCEPT				**4.5**	**42.1**	**2.7**
TRUE WIDTH ESTIMATED AT 1.2m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
87-023	X	35.14	35.54	0.4	264.0	**0.5**
87-023	X	35.54	36.44	0.9	1.4	0.4
87-023	X	36.44	37.40	1.0	0.2	0.0
87-023	X	37.4	38.05	0.6	5.2	0.6
COMPOSITE OF INTERCEPT				**2.9**	**37.9**	**0.3**
TRUE WIDTH ESTIMATED AT 2.1m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
87-024	X	48.04	48.80	0.8	33.1	3.7
87-024	X	48.8	49.66	0.9	46.8	3.9
87-024	X	49.66	50.43	0.8	5.8	3.5
87-024	X	50.43	51.81	1.4	2.1	1.8
87-024	X	51.81	52.40	0.6	0.7	1.9
87-024	X	52.4	53.34	0.9	3.5	1.8
87-024	X	53.34	54.34	1.0	22.0	0.7
87-024	X	54.34	55.17	0.8	0.6	0.1
COMPOSITE OF INTERCEPT				**7.1**	**13.9**	**2.1**
TRUE WIDTH ESTIMATED AT 3.1m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
87-038	X	90.48	91.44	1.0	6.6	0.1
87-038	X	91.44	92.35	0.9	0.4	0.0
87-038	X	92.35	93.28	0.9	2.9	0.2
COMPOSITE OF INTERCEPT				**2.8**	**3.4**	**0.1**
TRUE WIDTH ESTIMATED AT 1.3m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
87-039	X	118.77	119.35	0.6	84.0	0.2
87-039	X	119.35	120.35	1.0	12.5	0.3
87-039	X	120.35	121.35	1.0	9.0	0.6
COMPOSITE OF INTERCEPT				**2.6**	**27.2**	**0.4**
TRUE WIDTH ESTIMATED AT 1.2m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
87-068	X	206.64	207.44	0.8	0.7	0.9
87-068	X	207.44	207.99	0.6	178.5	**1.5**
87-068	X	207.99	208.34	0.3	20.2	0.5
COMPOSITE OF INTERCEPT				**1.7**	**62.2**	**1.0**
TRUE WIDTH ESTIMATED AT 1.1m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-009	Y	174.50	176	1.5	43.2	0.1
86-009	Y	176.00	176.48	0.5	1.0	0.0
86-009	Y	176.48	177	0.5	1.3	0.0
COMPOSITE OF INTERCEPT				**2.5**	**26.4**	**0.1**
TRUE WIDTH ESTIMATED AT 0.9m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-020	Y	34.02	35	1.0	13.8	3.6
86-020	Y	35.00	35.9	0.9	38.3	1.0
86-020	Y	35.90	37	1.1	1.4	4.7
86-020	Y	37.00	37.49	0.5	238.0	**0.6**
86-020	Y	37.49	38	0.5	116.2	0.8
86-020	Y	38.00	38.5	0.5	261.3	**0.2**
86-020	Y	38.50	39	0.5	79.3	1.3
86-020	Y	39.00	39.5	0.5	25.0	**8.5**
86-020	Y	39.50	40	0.5	25.3	6.5
86-020	Y	40.00	40.5	0.5	2.6	**8.5**
86-020	Y	40.50	41	0.5	1.9	2.1
86-020	Y	41.00	41.5	0.5	3.7	**4.9**
86-020	Y	41.50	42	0.5	4.1	9.6
86-020	Y	42.00	42.5	0.5	1.4	**7.4**
COMPOSITE OF INTERCEPT				**8.5**	**50.4**	**4.1**
TRUE WIDTH ESTIMATED AT 3.1m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
87-026	Z	68.55	68.93	0.4	74.0	0.4
87-026	Z	68.93	70.07	1.1	38.3	2.0
87-026	Z	70.07	70.87	0.8	3.2	0.4
87-026	Z	70.87	71.62	0.8	27.1	0.7
87-026	Z	71.62	72.60	1.0	14.1	0.7
COMPOSITE OF INTERCEPT				**4.1**	**26.7**	**1.0**
TRUE WIDTH ESTIMATED AT 2.1m						

10.9 TEL ZONE – DRILL HOLES OUTSIDE OF CURRENT RESOURCE ESTIMATE

A number of mineralized intercepts which are outside the mineral resource defined in Section 14 of this Report were obtained by previous operators at the Tel Zone.

Intercepts indicate that mineralization continues beyond the current resource at depth; however, further drilling is required to determine the extent and quality of this mineralization. Due to the very poor angle that these holes were drilled in relation to the Tel Zone it is impossible to determine the true width of the ore intercepts or if they represent the same vein which comprises the Tel Zone resource.

The mineralized diamond drill intercepts that are outside of the current Tel Zone resource are detailed in Table 10-3 and displayed in Figure 10-1.

Table 10-3 Mineralized Drill Intercepts Outside of Current Tel Resource

Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
86-002	242	242.50	0.50	2.33	0
86-002	242.5	242.93	0.43	0.14	0
86-002	242.93	243.66	0.73	26.23	0.1
86-002	243.66	244.08	0.42	0.69	0
86-002	244.08	244.63	0.55	0.27	0
86-002	244.63	245.20	0.57	1.03	0
86-002	245.2	245.77	0.57	1210.77	1.2
86-002	245.77	246.50	0.73	4.53	0
86-002	246.5	247.00	0.50	1.17	0
COMPOSITE OF INTERCEPT			**5.0**	**143.1**	**0.2**
TRUE WIDTH UNKNOWN					

Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
85-018	201.24	202.00	0.76	11.90	0.1
85-018	202	202.69	0.69	1.17	0
85-018	202.69	203.10	0.41	6.58	0
85-018	203.1	204.00	0.90	2.81	0
85-018	204	205.00	1.00	5.42	0
85-018	205	205.74	0.74	14.74	0
85-018	205.74	206.50	0.76	13.20	No Assay
85-018	206.5	207.00	0.50	1.23	No Assay
85-018	207	208.00	1.00	1.51	No Assay
85-018	208	209.00	1.00	0.55	No Assay
85-018	209	210.00	1.00	2.81	No Assay
85-018	210	211.00	1.00	4.05	No Assay
COMPOSITE OF INTERCEPT			**9.8**	**5.2**	-
TRUE WIDTH UNKNOWN					

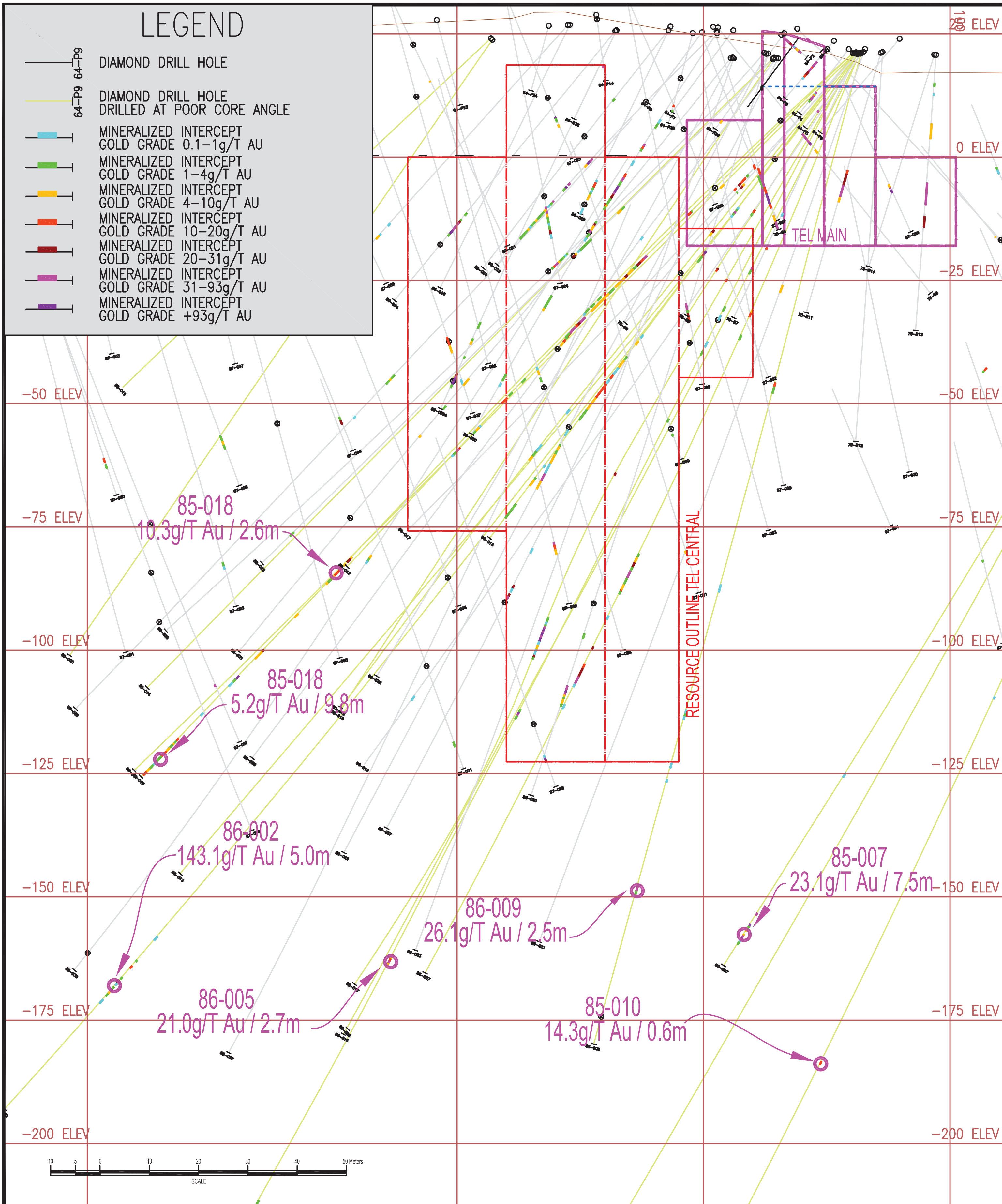
Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
85-018	175.42	176.00	0.58	23.07	5.4
85-018	176	176.50	0.50	5.42	0.6
85-018	176.5	177.00	0.50	9.19	0.7
85-018	177	178.00	1.00	5.90	0.5
COMPOSITE OF INTERCEPT			**2.6**	**10.3**	**1.7**
TRUE WIDTH UNKNOWN					

Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
86-005	206	206.50	0.50	22.66	0.6
86-005	206.5	207.00	0.50	5.07	0.4
86-005	207	207.50	0.50	16.70	0
86-005	207.5	208.00	0.50	74.88	0
86-005	208	208.70	0.70	7.54	0.4
COMPOSITE OF INTERCEPT			**2.7**	**24.1**	**0.3**
TRUE WIDTH UNKNOWN					

Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
86-009	174.50	176	1.50	43.20	No Assay
86-009	176.00	176.48	0.48	1.03	No Assay
86-009	176.48	177	0.52	1.30	No Assay
COMPOSITE OF INTERCEPT			**2.5**	**26.4**	-
TRUE WIDTH UNKNOWN					

Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
85-010	223.72	224.35	0.63	14.26	No Assay
COMPOSITE OF INTERCEPT			**0.6**	**14.3**	-
TRUE WIDTH UNKNOWN					

Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
85-007	204.01	204.47	0.46	39.09	3.4
85-007	204.47	205.00	0.53	0.27	0.7
85-007	205	205.50	0.50	0.14	0
85-007	205.5	206.00	0.50	0.00	0
85-007	206	206.73	0.73	0.00	0
85-007	206.73	207.23	0.50	128.64	0.1
85-007	207.23	207.87	0.64	1.10	0.1
85-007	207.87	208.36	0.49	5.07	0.1
85-007	208.36	209.15	0.79	0.48	2.3
85-007	209.15	209.50	0.35	7.68	3.4
85-007	209.5	210.00	0.50	49.78	9
85-007	210	210.54	0.54	106.39	9.6
85-007	210.54	211.00	0.46	0.96	0.1
85-007	211	211.50	0.50	3.43	0.2
COMPOSITE OF INTERCEPT			**7.5**	**23.1**	**2.0**
TRUE WIDTH UNKNOWN					



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 10-1

TITLE: MINERALIZED DRILL INTERCEPTS

Outside of Tel Resource

LONGSECTION CENTRAL TEL

Drawn by: Rob Baldwin/Ben Mossman		Scale: 1:1000	
Date: 2011/02/14		Approval:	Date:
File:			

10.10 DISCOVERY ZONE – DRILL HOLES USED IN CURRENT RESOURCE ESTIMATE

Six historic diamond drill holes were utilized for the Discovery resource calculation presented in Section 14.

Drillhole assays were composited based on mineralized zone shape interpretation and lithological information from drill holes logs. True widths for each composite were estimated from the mineralized zone interpretation.

Drillhole composites can sometimes contain significantly higher grade intervals within a lower grade intersection which have a large effect on the overall grade of the composite. The intervals that make up the composite are displayed to show the effect of high grade intervals on overall composite grades.

The mineralized diamond drill intercepts that were used in the current Discovery Zone resource are detailed in Table 10-4.

Table 10-4 Discovery Zone Resource Mineralized Drill Intercepts

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
63-B5	B	24.99	25.91	0.9	6.9	No Assay
63-B5	B	25.91	27.43	1.5	2.1	No Assay
COMPOSITE OF INTERCEPT				**3.0**	**3.1**	**-**
TRUE WIDTH ESTIMATED AT 1.8m						
Hole ID	**Section**	**From (m)**	**To (m)**	**Intercept Length (m)**	**Au(g/T)**	**Zn(%)**
63-LY2	B	30.48	32.00	1.5	16.5	No Assay
63-LY2	B	32.00	33.53	1.5	67.2	No Assay
63-LY2	B	33.53	35.05	1.5	76.1	No Assay
COMPOSITE OF INTERCEPT				**4.6**	**53.3**	**-**
TRUE WIDTH ESTIMATED AT 2.0m						
Hole ID	**Section**	**From (m)**	**To (m)**	**Intercept Length (m)**	**Au(g/T)**	**Zn(%)**
63-LY2	B	38.10	39.62	1.5	13.7	0.9
63-LY2	B	39.62	41.15	1.5	26.1	2.3
63-LY2	B	41.15	42.67	1.5	6.2	2.5
63-LY2	B	42.67	44.20	1.5	24.7	2.2
63-LY2	B	44.20	45.72	1.5	15.1	1.1
COMPOSITE OF INTERCEPT				**7.6**	**17.1**	**1.8**
TRUE WIDTH ESTIMATED AT 3.2m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
63-LY3	B	80.77	83.82	3.0	0.7	No Assay
63-LY3	B	83.82	85.65	1.8	19.2	No Assay
COMPOSITE OF INTERCEPT				**4.9**	**7.6**	**-**
TRUE WIDTH ESTIMATED AT 1.1m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-001	C	37.50	38.37	0.9	2.1	No Assay
86-001	C	38.37	39.00	0.6	9.8	No Assay
86-001	C	39.00	39.70	0.7	0.0	No Assay
86-001	C	39.70	40.00	0.3	145.5	No Assay
86-001	C	40.00	40.50	0.5	174.3	No Assay
86-001	C	40.50	41.00	0.5	115.2	No Assay
86-001	C	41.00	41.70	0.7	74.7	No Assay
86-001	C	41.70	42.50	0.8	1.0	No Assay
COMPOSITE OF INTERCEPT				**5.0**	**49.9**	**-**
TRUE WIDTH ESTIMATED AT 2.1m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
86-001	C	46.50	47.24	0.7	18.2	No Assay
86-001	C	47.24	47.85	0.6	23.9	No Assay
86-001	C	47.85	48.46	0.6	7.4	No Assay
86-001	C	48.46	49.07	0.6	33.5	No Assay
86-001	C	49.07	49.68	0.6	2.9	No Assay
86-001	C	49.68	50.29	0.6	0.7	No Assay
86-001	C	50.29	50.99	0.7	2.9	No Assay
COMPOSITE OF INTERCEPT				**4.5**	**12.8**	**-**
TRUE WIDTH ESTIMATED AT 1.9m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
63-B6	D	40.23	41.76	1.5	1.4	No Assay
63-B6	D	41.76	42.67	0.9	0.7	No Assay
COMPOSITE OF INTERCEPT				**2.4**	**1.1**	**-**
TRUE WIDTH ESTIMATED AT 1.3m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
63-LY4	D	48.77	50.29	1.5	39.1	No Assay
63-LY4	D	50.29	51.82	1.5	35.7	0.1
63-LY4	D	51.82	53.34	1.5	29.5	No Assay
COMPOSITE OF INTERCEPT				**3.0**	**32.6**	**-**
TRUE WIDTH ESTIMATED AT 3.1m						

10.11 DISCOVERY ZONE – DRILL HOLES OUTSIDE OF CURRENT RESOURCE ESTIMATE

A number of mineralized intercepts which are outside the mineral resource defined in Section 14 of this Report were obtained by previous operators at the Discovery Zone.

Intercepts indicate that mineralization continues beyond the current resource at depth and to the east; however, further drilling is required to determine the extent and quality of this mineralization. Intercepts are generally of lower width and grade than the current Discovery resource.

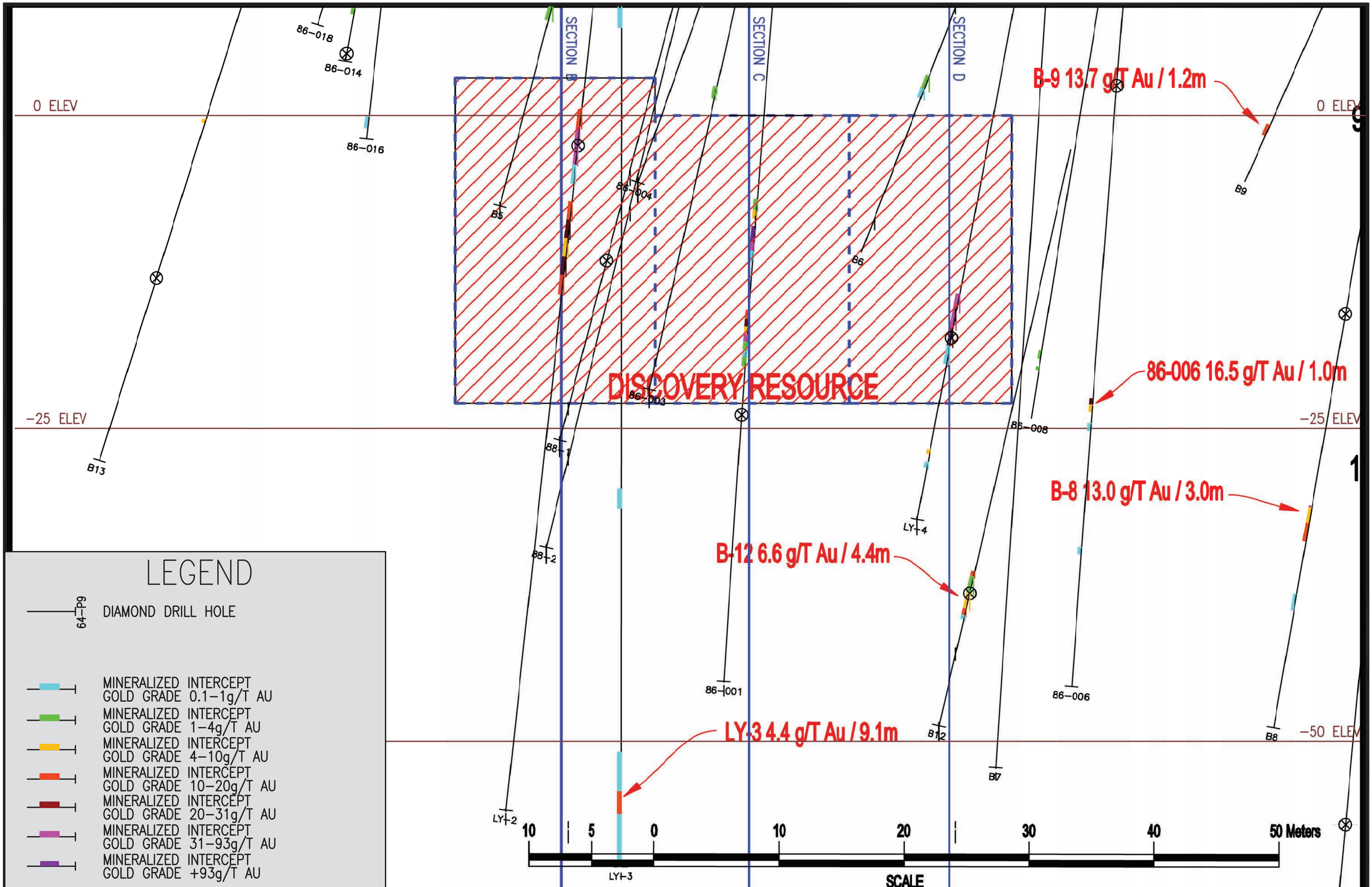
The mineralized diamond drill intercepts that are outside of the current Discovery Zone resource are detailed in Table 10-5 and displayed in Figure 10-2.

Table 10-5 Mineralized Drill Intercepts Outside of Current Discovery Resource

Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
63-LY3	80.77	83.82	3.05	0.69	No Assay
63-LY3	83.82	85.65	1.83	19.20	No Assay
63-LY3	85.65	89.92	4.27	0.69	No Assay
COMPOSITE OF INTERCEPT			**9.1**	**4.4**	-
TRUE WIDTH ESTIMATED AT 5.3m					
Hole ID	**From(m)**	**To(m)**	**Intercept Length (m)**	**Au (g/T)**	**Zn(%)**
63-B12	84.89	85.34	0.46	13.71	No Assay
63-B12	85.34	86.87	1.52	3.43	No Assay
63-B12	86.87	88.39	1.52	4.80	No Assay
63-B12	88.39	89.00	0.61	16.46	No Assay
63-B12	89.00	89.31	0.30	0.69	No Assay
COMPOSITE OF INTERCEPT			**4.4**	**6.6**	-
TRUE WIDTH ESTIMATED AT 2.9m					
Hole ID	**From(m)**	**To(m)**	**Intercept Length (m)**	**Au (g/T)**	**Zn(%)**
86-006	53.00	53.50	0.50	28.46	No Assay
86-006	53.50	54.00	0.50	4.46	No Assay
COMPOSITE OF INTERCEPT			**1.0**	**16.5**	-
TRUE WIDTH ESTIMATED AT 0.5m					

Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
63-B8	68.58	68.73	0.15	58.97	No Assay
63-B8	68.73	70.10	1.37	8.57	No Assay
63-B8	70.10	71.63	1.52	12.34	No Assay
COMPOSITE OF INTERCEPT			**3.0**	**13.0**	-
TRUE WIDTH ESTIMATED AT 1.9m					

Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
63-B9	49.68	50.90	1.22	13.71	No Assay
COMPOSITE OF INTERCEPT			**1.2**	**13.7**	-
TRUE WIDTH ESTIMATED AT 1.1m					



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 10-2

DISCOVERY ZONE MINERALIZED DRILL INTERCEPTS

Outside of Discovery Resource

Looking North

Drawn by: Rob Baldwin		Scale: 1:400	
Date: 2011/02/12		Approval:	Date:
File:			

10.12 BOB ZONE – DRILL HOLES USED IN CURRENT RESOURCE ESTIMATE

Six historic diamond drill holes were utilized for the Bob resource calculation presented in Section 14.

Drillhole assays were composited based on mineralized zone shape interpretation and lithological information from drill holes logs. True widths for each composite were estimated from the mineralized zone interpretation.

Drillhole composites can sometimes contain significantly higher grade intervals within a lower grade intersection which have a large effect on the overall grade of the composite. The intervals that make up the composite are displayed to show the effect of high grade intervals on overall composite grades.

The mineralized diamond drill intercepts that were used in the current Bob Zone resource are detailed in Table 10-6.

Table 10-6 Bob Zone Resource Mineralized Drill Intercepts

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
64-BL23	J	45.72	47.24	1.5	4.1	No Assay
64-BL23	J	47.24	48.77	1.5	115.2	No Assay
64-BL23	J	48.77	50.29	1.5	506.1	No Assay
64-BL23	J	50.29	52.73	2.4	11.0	No Assay
COMPOSITE OF INTERCEPT				7.0	**139.8**	**-**
TRUE WIDTH ESTIMATED AT 3.3m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
64-BL22	J	25.91	26.67	0.8	21.9	No Assay
COMPOSITE OF INTERCEPT				0.8	**21.9**	-
TRUE WIDTH ESTIMATED AT 0.8m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
64-BL18	J	23.62	24.38	0.8	1.4	No Assay
64-BL18	J	24.38	25.15	0.8	4.1	No Assay
64-BL18	J	25.15	25.91	0.8	104.2	No Assay
64-BL18	J	25.91	26.67	0.8	9.6	No Assay
64-BL18	J	26.67	27.43	0.8	14.4	No Assay
64-BL18	J	27.43	27.74	0.3	65.8	No Assay
64-BL18	J	27.74	28.96	1.2	39.8	No Assay
64-BL18	J	28.96	29.57	0.6	76.1	No Assay
64-BL18	J	29.57	30.48	0.9	41.1	No Assay
64-BL18	J	30.48	31.70	1.2	47.3	No Assay
64-BL18	J	31.70	32.61	0.9	26.7	No Assay
64-BL18	J	32.61	33.83	1.2	28.1	No Assay
64-BL18	J	33.83	34.44	0.6	28.1	No Assay
64-BL18	J	34.44	35.36	0.9	11.0	No Assay
64-BL18	J	35.36	35.66	0.3	10.3	No Assay
COMPOSITE OF INTERCEPT				12.0	**33.3**	-
TRUE WIDTH ESTIMATED AT 1.7m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
84-017	J	82.00	82.50	0.5	18.8	No Assay
84-017	J	82.50	83.00	0.5	0.8	No Assay
84-017	J	83.00	84.00	1.0	3.6	No Assay
84-017	J	84.00	85.00	1.0	0.1	No Assay
84-017	J	85.00	86.00	1.0	0.1	No Assay
84-017	J	86.00	87.00	1.0	1.1	No Assay
84-017	J	87.00	87.50	0.5	0.1	No Assay
84-017	J	87.50	88.24	0.7	11.1	No Assay
84-017	J	88.24	88.94	0.7	0.7	No Assay
84-017	J	88.94	89.50	0.6	3.8	No Assay
84-017	J	89.50	90.00	0.5	23.3	No Assay
84-017	J	90.00	90.50	0.5	6.9	No Assay
84-017	J	90.50	91.00	0.5	352.7	No Assay
84-017	J	91.00	92.00	1.0	7.6	No Assay
COMPOSITE OF INTERCEPT				10.0	**22.5**	-
TRUE WIDTH ESTIMATED AT 4.4m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
76-4	J	153.47	153.92	0.5	2.8	No Assay
76-4	J	153.92	156.36	2.4	0.2	No Assay
76-4	J	156.67	157.89	1.2	0.1	No Assay
76-4	J	157.89	158.50	0.6	102.9	No Assay
COMPOSITE OF INTERCEPT				4.7	**13.7**	-
TRUE WIDTH ESTIMATED AT 4.0m						

Hole ID	Section	From (m)	To (m)	Intercept Length (m)	Au(g/T)	Zn(%)
76-1	J	85.19	85.65	0.5	1.4	No Assay
76-1	J	85.65	86.11	0.5	39.1	No Assay
76-1	J	86.11	87.02	0.9	0.7	No Assay
76-1	J	87.02	87.48	0.5	0.1	No Assay
76-1	J	87.48	88.09	0.6	0.7	No Assay
76-1	J	88.09	88.54	0.5	35.3	No Assay
76-1	J	88.54	88.85	0.3	6.5	No Assay
76-1	J	88.85	89.76	0.9	0.9	No Assay
76-1	J	89.76	90.53	0.8	3.0	No Assay
76-1	J	90.53	91.29	0.8	65.8	No Assay
76-1	J	91.29	92.20	0.9	7.2	No Assay
COMPOSITE OF INTERCEPT				7.0	**13.9**	-
TRUE WIDTH ESTIMATED AT 4.1m						

10.13 BOB ZONE – DRILL HOLES OUTSIDE OF CURRENT RESOURCE ESTIMATE

A number of mineralized intercepts which are outside the mineral resource defined in Section 14 of this Report were obtained by previous operators at the Bob Zone.

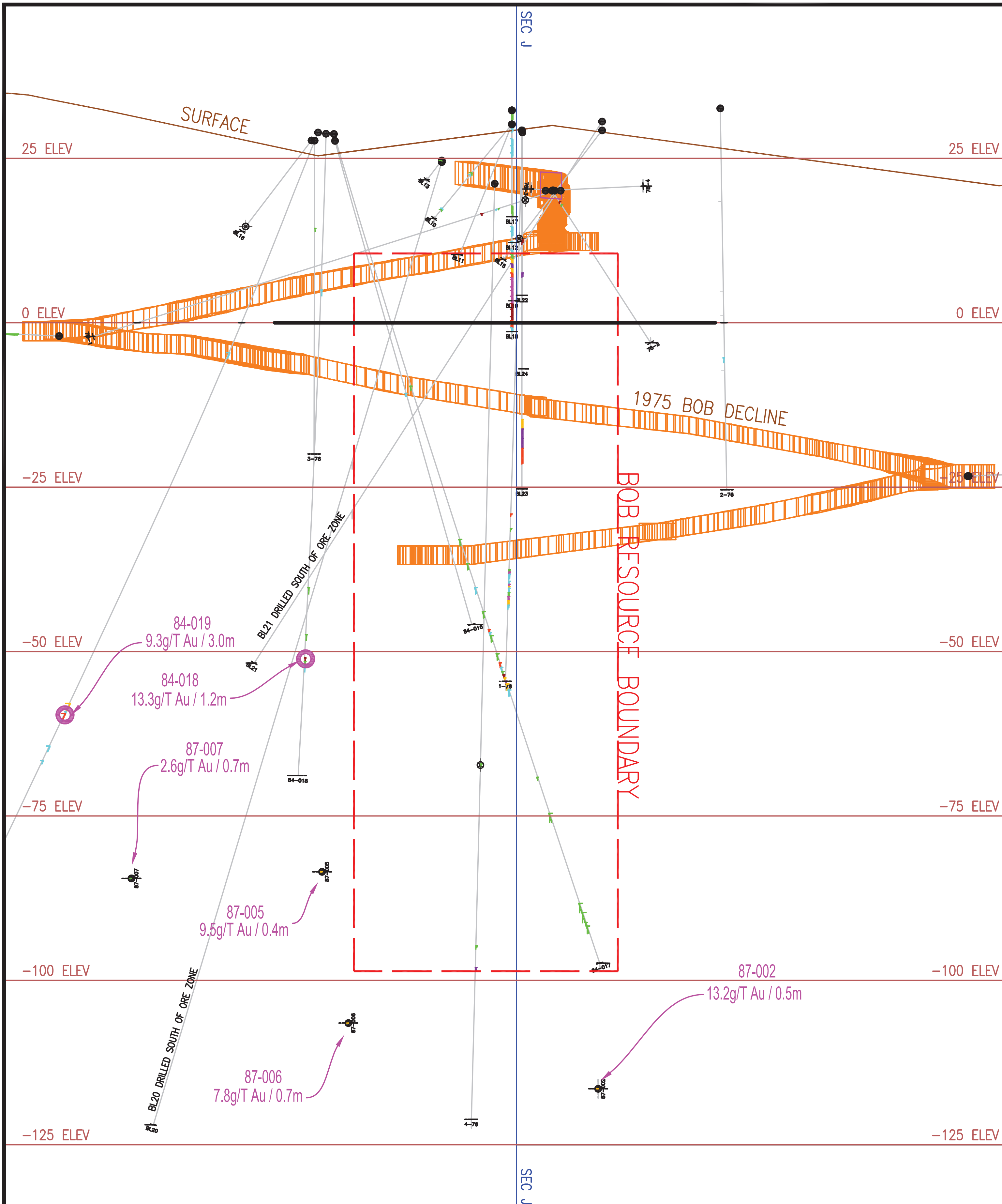
Intercepts indicate that mineralization continues beyond the current resource at depth but the mineralization narrows sharply. Vein pinching and swelling are anticipated in this type of deposit; however, further drilling is required as the structure may open at depth. To the west several mineralized intercepts, Hole No. 84-018 and 84-019, show a potential extension of the Bob resource but further drilling is required to determine the extent and quality of this mineralization.

Drill logs from the diamond drill holes completed in 1987 at Bob do not exist in the records. The 1987 intercepts were taken from a historic long section drawing. The intercepts from these drill holes are displayed and tabulated in true width.

The mineralized diamond drill intercepts that are outside of the current Bob Zone resource are detailed in Table 10-7 and displayed in Figure 10-3.

Table 10-7 Mineralized Drill Intercepts Outside of Current Bob Resource

Hole ID	From(m)	To(m)	Intercept Length (m)	Au (g/T)	Zn(%)
84-019	96.72	98.15	1.43	7.54	No Assay
84-019	98.15	98.45	0.30	0.55	No Assay
84-019	98.45	99.67	1.22	13.51	No Assay
COMPOSITE OF INTERCEPT			**3.0**	**9.3**	-
TRUE WIDTH ESTIMATED AT 2.1m					
Hole ID	**From(m)**	**To(m)**	**Intercept Length (m)**	**Au (g/T)**	**Zn(%)**
84-018	83.70	84.25	0.55	25.58	No Assay
84-018	84.25	84.88	0.63	2.54	No Assay
COMPOSITE OF INTERCEPT			**1.2**	**13.3**	-
TRUE WIDTH ESTIMATED AT 0.6m					
Hole ID	**From(m)**	**To(m)**	**Intercept Length (m)**	**Au (g/T)**	**Zn(%)**
87-007	0.00	0.74	0.74	14.26	No Assay
COMPOSITE OF INTERCEPT			**0.7**	**14.3**	-
TRUE WIDTH ESTIMATED AT 0.7m					
Hole ID	**From(m)**	**To(m)**	**Intercept Length (m)**	**Au (g/T)**	**Zn(%)**
87-005	0.00	0.39	0.39	9.46	No Assay
COMPOSITE OF INTERCEPT			**0.4**	**9.5**	-
TRUE WIDTH ESTIMATED AT 0.4m					
Hole ID	**From(m)**	**To(m)**	**Intercept Length (m)**	**Au (g/T)**	**Zn(%)**
87-006	0.00	0.70	0.70	7.82	No Assay
COMPOSITE OF INTERCEPT			**0.7**	**7.8**	-
TRUE WIDTH ESTIMATED AT 0.7m					
Hole ID	**From(m)**	**To(m)**	**Intercept Length (m)**	**Au (g/T)**	**Zn(%)**
87-002	0.00	0.48	0.48	13.17	No Assay
COMPOSITE OF INTERCEPT			**0.5**	**13.2**	-
TRUE WIDTH ESTIMATED AT 0.5m					



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 10-3

TITLE: MINERALIZED DRILL INTERCEPTS

Outside Bob Resource

LONGSECTION LOOKING NORTH

Drawn by:	ROB BALDWIN/BEN MOSSMAN	Scale:	1:250
Date:	2011/02/17	Approval:	Date:
File:			

10.14 KIM ZONE

The Kim Zone is an advanced prospect within the Yellow Giant Gold Property. The zone has been explored by diamond drilling with 75 holes totaling 5,350 m. The bulk of the drilling at Kim was completed from 1963 to 1964 by Falconbridge. Approximately 50 rock pits and trenches were dug along the Kim mineralized zone in 1963/64. A limited drill campaign in 1984 added little to the understanding of the Kim Zone due to poor angles used in hole alignment.

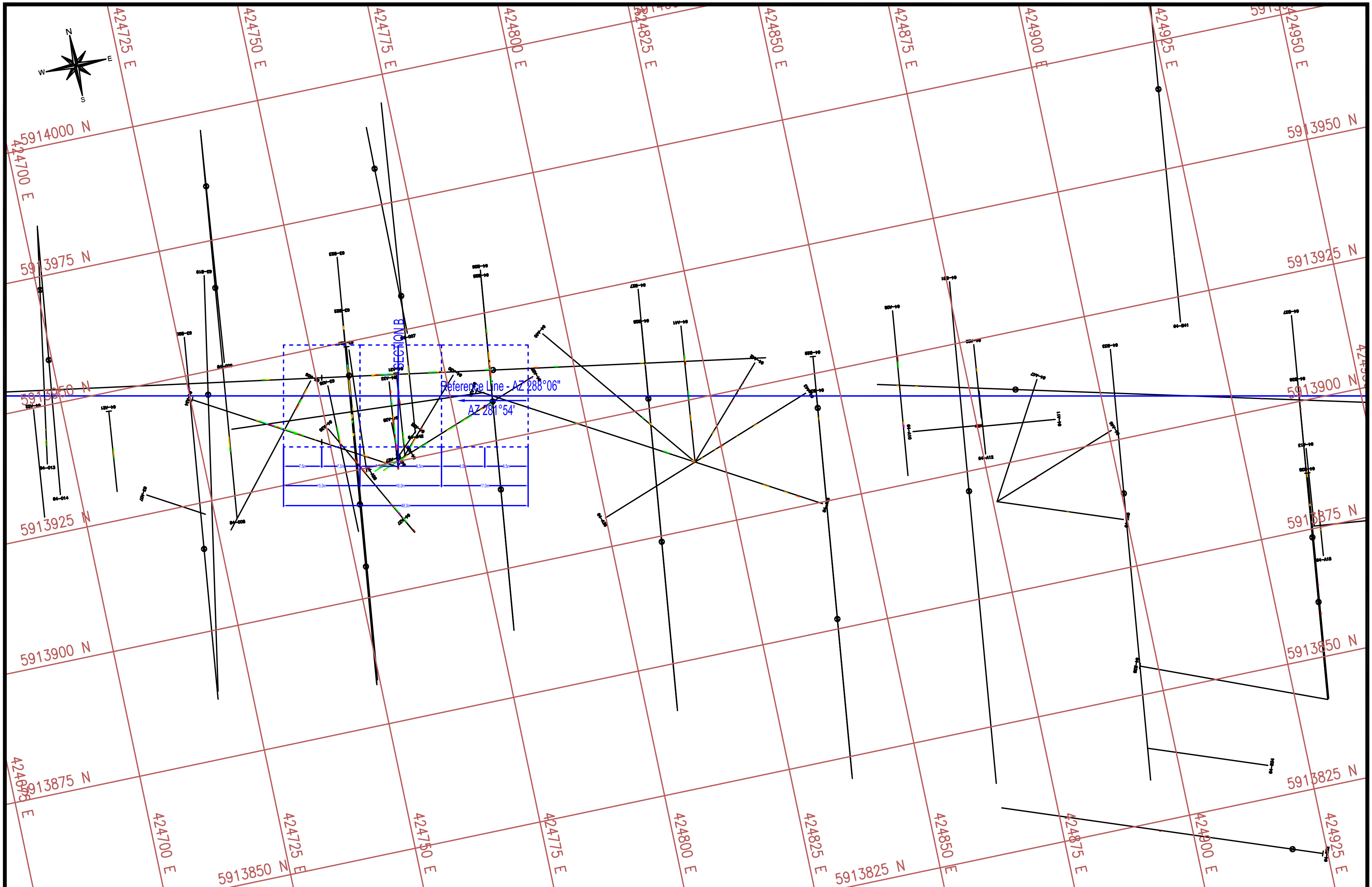
The Kim zone is complex stock work of sulfide-bearing quartz veins and lenses of massive and more disseminated sulfides in a strongly altered fracture system in quartz monzonite. Much of the altered zone is beneath shallow lakes in the Kim area.

Drill holes were plotted in AutoCAD with important mineralized intercepts plotted and displayed in Figures 10-4, 10-5, and 10-6. There are some interesting drill intercepts in the Kim Central Zone where it appears that a stockwork zone is present, as well as a steeply dipping vein similar to that found in the Bob Zone. Core drilling density and core angles are not adequate to determine the shape and size of the mineralized zone at Kim. Definition drilling in the Kim Central Zone may allow additional resources at Yellow Giant to be defined.

An informative geological report completed in 1965 by the Falconbridge geologist who supervised the drilling of the Kim Zone. Conclusions presented in the 1965 report entitled *Report on Banks Island Gold* (McDougall, 1965) are summarized as follows:

- Drilling in the Kim Zone indicated the presence of a 20ft to 60ft wide mineralized zone through a minimum area of 1000ft horizontal by 300ft vertical.
- The mineralized zone covers an area in which surface assays are appreciable. Ten surface samples were collected along this zone and assay results were between 0.1 oz/ton and 3.44 oz/ton gold with an average of 0.70 oz/ton.
- The mineralized zone continues 500 ft to the east and 1200ft to the west; however, the lack of appreciable surface assays (0.25^{+}oz/ton) and the lack of drill holes to test these extensions at depth has not allowed determination of the extent and quality of mineralization.
- In the deepest drill hole, mineralization was intersected at an approximate depth of 350ft (265ft below sea level) and no attempt was made to explore deeper.

- Drilling to the east and west of the Kim Zone indicated erratic, but occasionally substantial mineralized sections such as 6.0ft at 1.21 oz/ton Au, 1.0 oz/ton Ag at a vertical depth of 340ft, which may be important individually but are not part of a recognizable lode.
- There is no indicated surface enrichment and only on one occasion was oxidation evident more than few feet below surface.
- A small amount of molybdenite, up to 0.048% across 52ft, has been noted in the siliceous sections, which is generally near but seldom with the better sulphides.
- Scheelite was occasionally detected (McDougall, 1965).

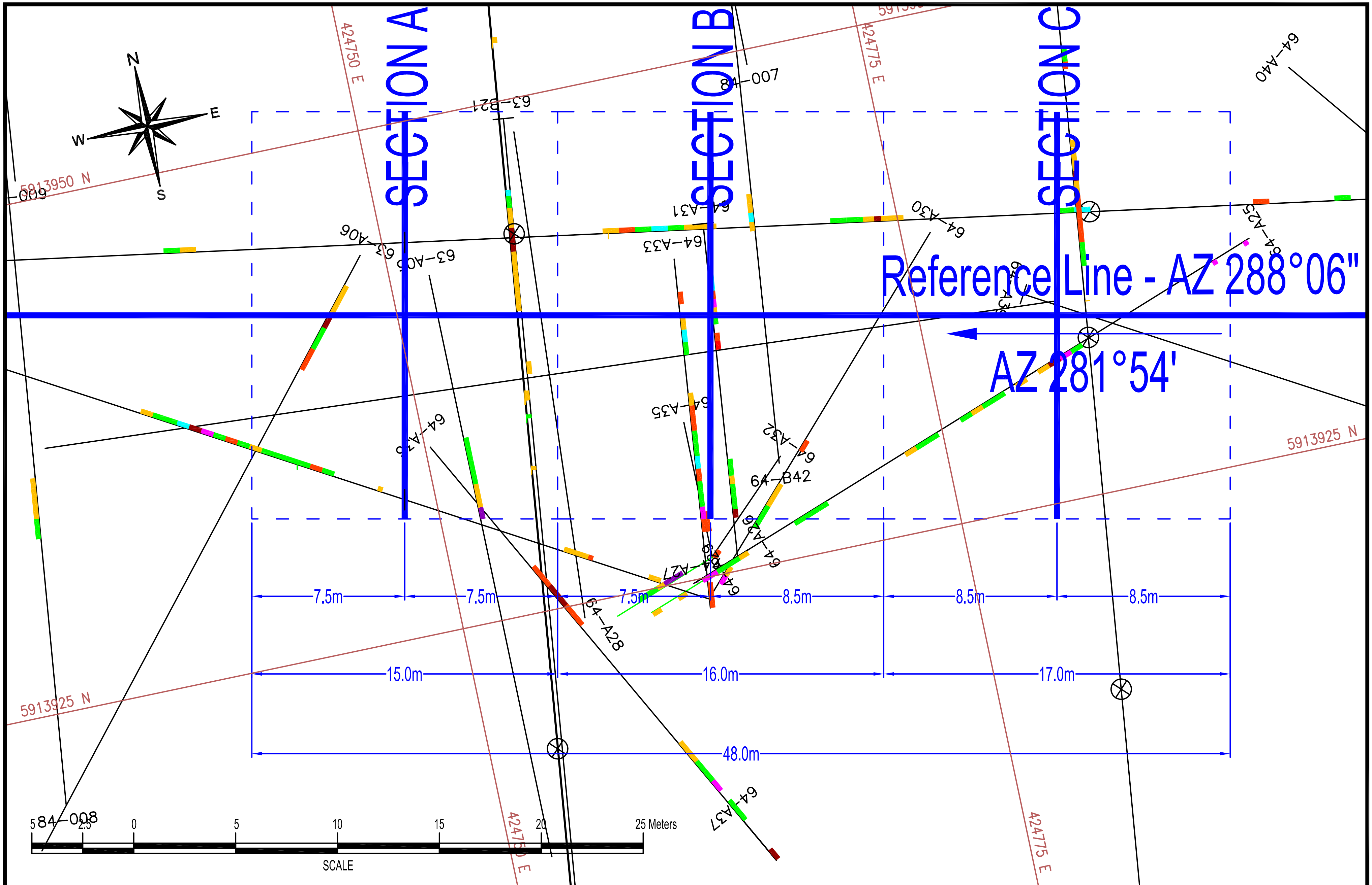


YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 10-4

TITLE:	PLAN VIEW Kim Zone Drill Intercepts OVERVIEW		
Drawn by:		Scale:	1:500
Date:	2011/02/18	Approval:	Date:
File:			



YELLOW GIANT GOLD PROPERTY

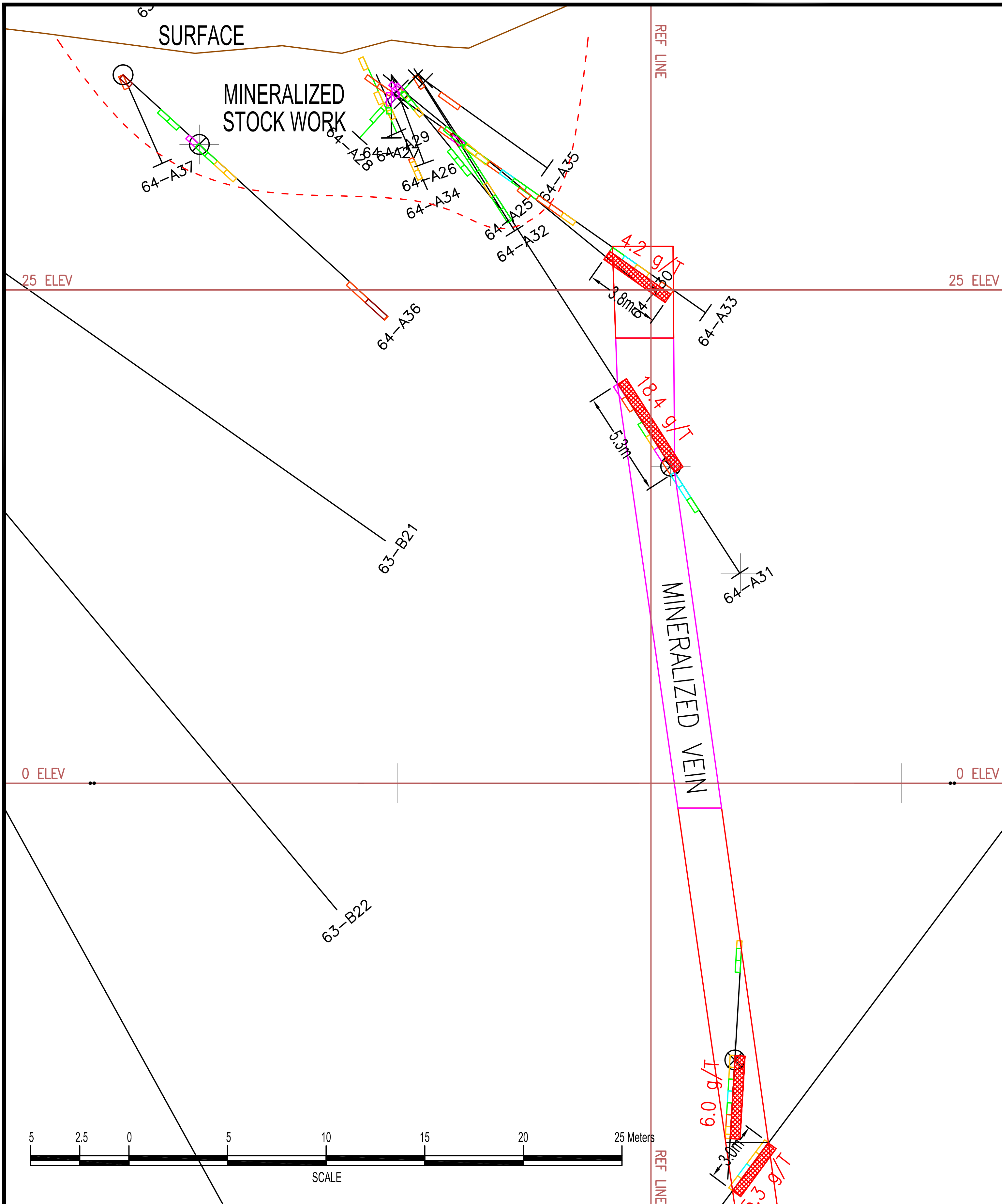
Banks Island, BC

FIGURE 10-5

TITLE:

Kim Zone Drill Intercepts
Central Kim Plan View

Drawn by:		Scale: 1:250	
Date: 2011/02/19		Approval:	Date:
File:			



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 10-6

TITLE:	SECTION B Kim Zone Drill Intercepts		
Drawn by:	ROB BALDWIN/BEN MOSSMAN	Scale:	1:250
Date:	2011/02/19	Approval:	Date:
File:			

11.0 SAMPLE PREPARATION, ANALYSES, AND SECURITY

11.1 HISTORICAL

Information on assay procedures for the 1984, 1985, 1986, and 1987 drilling is available as it was included with the assay certificates for those years. Fire Assay was used for determination of gold. From review of assay certificates and procedures, assay work was completed to professional standards by reputable companies.

Information on assay procedures for drilling prior to 1984 is limited. It is assumed that fire assay methods were used in previous years for assay of precious metals. In early exploration (1960s), assaying was likely completed in Falconbridge's lab.

Based on information available on assay certificates for the 1980s, most of which are original signed copies by numerous professionals engineers and geologists involved in the project over the many years of exploration and the involvement of Falconbridge throughout the project, it is the author's opinion that sample preparation, analyses, and security at Yellow Giant is adequate and in general reliable.

12.0 DATA VERIFICATION

12.1 HISTORICAL DATA VERIFICATION

A large amount of material is available in paper form from previous operators. There is some material missing, but for the most part all significant exploration completed on the property is discussed and illustrated by available reports, maps, and drill logs. All available geological and engineering reports were reviewed in detail and scanned into an electronic database. Important geological maps including bedrock mapping and soil geochemistry data were scanned, digitized, and translated to UTM coordinates.

Limited quality control data exists for the historical diamond drill hole sample data. Due to the poor condition of the drill core at site, re-sampling of historic drill core was not attempted. However, on review of all available data and insight gained from the 2011 site visit, it is the author's opinion that drill core data available from previous operators is adequately reliable to allow for resource calculations. Due to the limited ability to verify historical information any resource calculations based on historical drilling data should be categorized as *Inferred*, regardless of data density.

12.2 2011 SITE VISIT

A site visit to the Banks Island Mineral Property was performed on the 28th of January 2011. Mr. Robert Baldwin, P.Eng., Mr. Benjamin Mossman, P.Eng., Ms. Laura Battison, MSc (Geology), and Ms. Tessa Brinkman, BASc were present at the 2011 site visit. Access to the property was obtained by way of helicopter from Prince Rupert, BC.

The Bob area was visited, as shown in Figure 12-1, and a reconnaissance of the area was completed. An attempt to locate the Bob decline portal was made; however, it was not located due to poor quality of maps with UTM coordinates available at the time. The Bob portal has been located previously and photographed by Selkirk Metals Corp on the 3rd of August 2010.

Figure 12-1 Site Visit Group at Bob Zone Area

Due to time constraints, the group subsequently completed a reconnaissance of the Tel Zone. A portion of the gravel road built by Trader Resources in 1988, which is now overgrown with alder as shown in Figure 5-1, was followed to a core storage rack containing drill core from the 1987 Tel drilling. The 1987 Tel drill core is shown in Figure 12-2. Core was briefly examined. Ore intercepts from the 1987 Tel drilling are believed to have been removed for metallurgical testing. Split core was not located in the core racks. The core rack is exposed to weather and is in poor condition; the core boxes have rotted and the core rack structure has deteriorated.

Figure 12-2 1987 Tel Drill Core Storage Rack at Tel Zone

The group inspected the trenching completed across the Tel West and Tel Central Zones. Exposed ore and wall rocks were inspected and photographed by Robert Baldwin and Laura Battison, as shown in Figures 12-3 and 12-4. Diamond drill hole collars were noted throughout the area.

Figure 12-3 Trench at Central Tel Zone

Figure 12-4 Mineralized Vein Exposed at Tel Trench

After inspection of the Tel trench, the group located the ore outcrop of the Tel Main Zone as shown in Figure 12-5. Ore grade material, which had been loosened by blasting of previous operators, was inspected. A 20 kg sample was collected for Heavy Liquid Separation testing.

Figure 12-5 Ore Outcrop at Tel Main Zone

The group moved from the Tel Zone to the main core storage area located near the Kim Zone, as shown in Figure 12-6. Core boxes are generally in poor condition. A number of ore intercepts were inspected as displayed in Figure 12-7. Due to the poor condition of the core, since oxidation of the mineralization zones has occurred, there were no attempts to resample core was attempted.

Figure 12-6 Core Storage Racks near Kim Zone

Figure 12-7 Oxidized Ore Intercepts in Core at Kim Zone Core Storage

After inspection of core at the Kim Zone, the group hiked to the Discovery Zone. The location of the Helper Lake camp was inspected on route and evidence of that camp was located but was found to have been reclaimed and is now overgrown. The Discovery zone trenching was located and drill collars and casing were noted at the site. The Discovery Zone trench and a drill casing are displayed in Figure 12-8.

Figure 12-8 Trench and Drill Casing at Discovery Zone

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 INTRODUCTION

Historical reports that date from 1973 to 1988 and relate to mineral processing and metallurgical testing of the Yellow Giant Gold Property are available. Information contained in this section has been drawn from the most comprehensive of the historical reports along with any recent metallurgical testing that has been completed. The notable historical reports, of which the information has been reproduced in the following section, are the 1988 *Banks Island Mineralogy* Report (Henrioulle & Bacon, 1988a), 1988 *Bank Island Metallurgical Investigations* Report (Henrioulle & Bacon, 1988b), 1987 Report entitled *Banks Island Deposits Report No. 1 Metallurgical Scoping Tests* (Marchant, 1987), 1986 Report entitled *Progress Report #3 – Metallurgical Investigation of Tel Deposit* (Hawthorn, 1986a) and 1973 Report entitled *An Investigation of the Recovery of Gold and Silver from Samples of Banks Island Ore* (Scobie, Bigg, & Irwin, 1973).

Metallurgical tests have been done on samples from several of the separate mineralized zones. Results have generally been consistent over the separate mineralized zones. To the extent known, the test samples used in metallurgical sampling are representative of the various types and styles of mineralization known on the Banks Island Mineral Property.

Based on current testwork, the extraction of gold and silver from the mineralized zones by commercial methods appears viable with good metallurgical recoveries possible. The most important deleterious element in the mineralized zones is Arsenic which will require consideration should a commercial operation be contemplated. Arsenic content in gold ores is present in other deposits throughout the world and current technology is quite robust in the processing and disposal of arsenic compounds in an environmentally sustainable manner.

13.2 MINERALOGICAL OBSERVATIONS

Bacon, Donaldson & Associates Ltd. (BD&A) was retained by Canadian Mine Development in 1988 to complete a mineralogical and metallurgical investigation for the Tel, Discovery, and Kim Deposits. The 1988 Report entitled *Banks Island Mineralogy* (Henrioulle & Bacon, 1988a) is a detailed account of the mineralogical observations of the three deposits. A basic mineralogical investigation was completed to determine the gold associations and determine the reasons for less than 100% recovery of gold by the cyanidation process.

13.2.1 SAMPLE PREPARATION

Three samples of each ore type (Tel, Discovery, and Kim) were tested and polished samples were produced. The flotation concentrate and "head" samples have the chemistry as shown in Table 13-1 (Henrioulle & Bacon, 1988a).

Table 13-1 Chemistry of Head and Flotation Concentrate Samples (Henrioulle & Bacon, 1988a)

POLISHED SECTION	ASSAY						
	Au oz/ton	Ag oz/ton	Fe %	S %	As %	Cu %	Zn %
TEL HEAD	1.176	2.491	17.7	17.0	3.85	0.30	6.32
DISCOVERY HEAD	0.756	1.050	15.4	12.9	2.61	0.07	1.59
KIM HEAD	0.339	0.588	7.4	7.4	2.04	0.07	1.07
TEL FLOT. CONC (A)	4.296	8.572	38.0	43.5	3.64	0.72	-
DISCOVERY FLOT. CONC (H)	3.808	4.658	44.4	45.8	4.40	0.22	-
KIM FLOT. CONC (M)	2.040	3.582	39.0	43.0	5.52	0.35	-

Optical and scanning electron microscopy with energy dispersive spectroscopy (SEM-EDS) was used for analysis of the ore samples. Due to higher concentration of ore minerals in the flotation concentrate versus the head samples, microscopy of the flotation concentrate was more effective to determine gold associations.

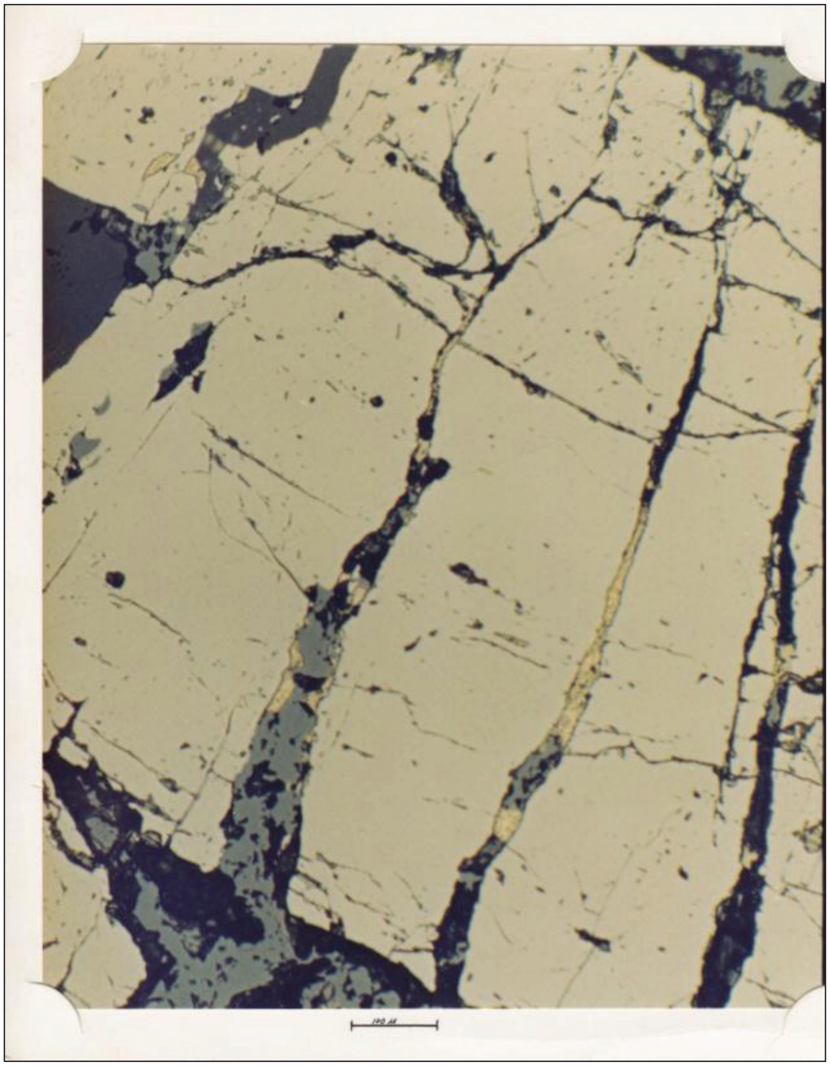
13.2.2 RESULTS

Gold electrum particles typically occur from fine (>1 micron) to coarse sizes (>40 micron) with occurrences of much larger particle sizes as shown in the 1986 Micrograph images in Figures 13-1, 13-2, 13-3, and 13-4 below. Through the use of microscopy, it is determined that gold is mainly associated with sulphides, predominantly pyrite. There have also been observations that gold is sometimes associated with arsenopyrite. Descriptions of the gold occurrences in the various samples are detailed in Table 13-2 (Henrioulle & Bacon, 1988a).

Table 13-2 Description of Gold Occurrences for Various Sample Types (Henrioulle & Bacon, 1988a)

Sample Type	Gold Occurrence Description
Tel Flotation Concentrate	• Typically gold is electrum in pyrite or in a matrix. • Very fine veinlets (0.1 to 0.2 microns in width) of electrum also observed. • Gold within the narrow veinlets will typically not cyanide even with fine grinding.
Discovery Flotation Concentrate	• Gold often occurs as fine electrum particles of which some are middlings with pyrite and arsenopyrite. • Veinlets of gold are also observed, see micrograph in Figure 16-1.
Kim Flotation Concentrate	• Gold typically occurs as coarse particles, which are easily cyanidable electrum particles. • Gold is mainly associated with pyrite; see micrograph in Figure 16-2 and Figure 16-3. • Minimal occurrence of gold in small veinlets that is not conducive to cyanidation.
Tel & Kim Cyanidation Residue	• SEM-EDS microscopy did not reveal occurrences of gold.
Discovery Cyanidation Residue	• Very fine gold particle (non-electrum) contained within a gangue particle observed with SEM-EDS (one occurrence observed). • Particle was too fine to be liberated by grinding.

Figure 13-1 Discovery Deposit - Gold with Sphalerite and Chalcopyrite Veinlets in Pyrite (1986 Micrograph)



The mineralogical observations support that flotation results in high gold recoveries. Gold that is not a free electrum predominantly occurs as middlings with easily floated sulphides. The mineralogical observations also support the slightly lower cyanidation results. The small percentage of very fine occluded gold and electrum particles in sulphide and gangue matrices are unavailable for cyanide dissolution and thus are not conducive to recovery through cyanidation processes. Conclusions were also drawn that finer grinding would not improve the recovery through cyanidation processes of the very fine occluded gold and electrum particles (Henrioulle & Bacon, 1988a).

Figure 13-2 Kim Deposit – Gold Interstitial to Pyrite and Arsenopyrite, Largest Gold Grain = 110 Microns (1986 Micrograph)

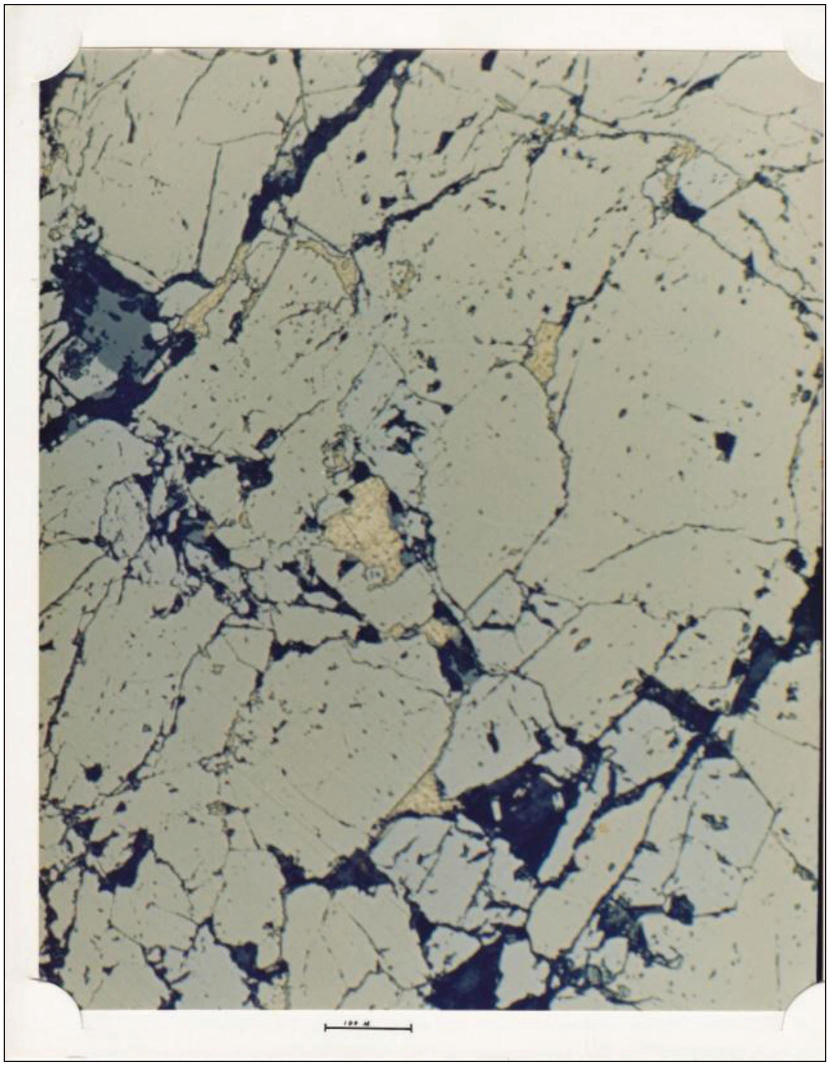


Figure 13-3 Kim Deposit - Coarse Gold (480 Microns) on Contact of Pyrite and Quartz (1986 Micrograph)

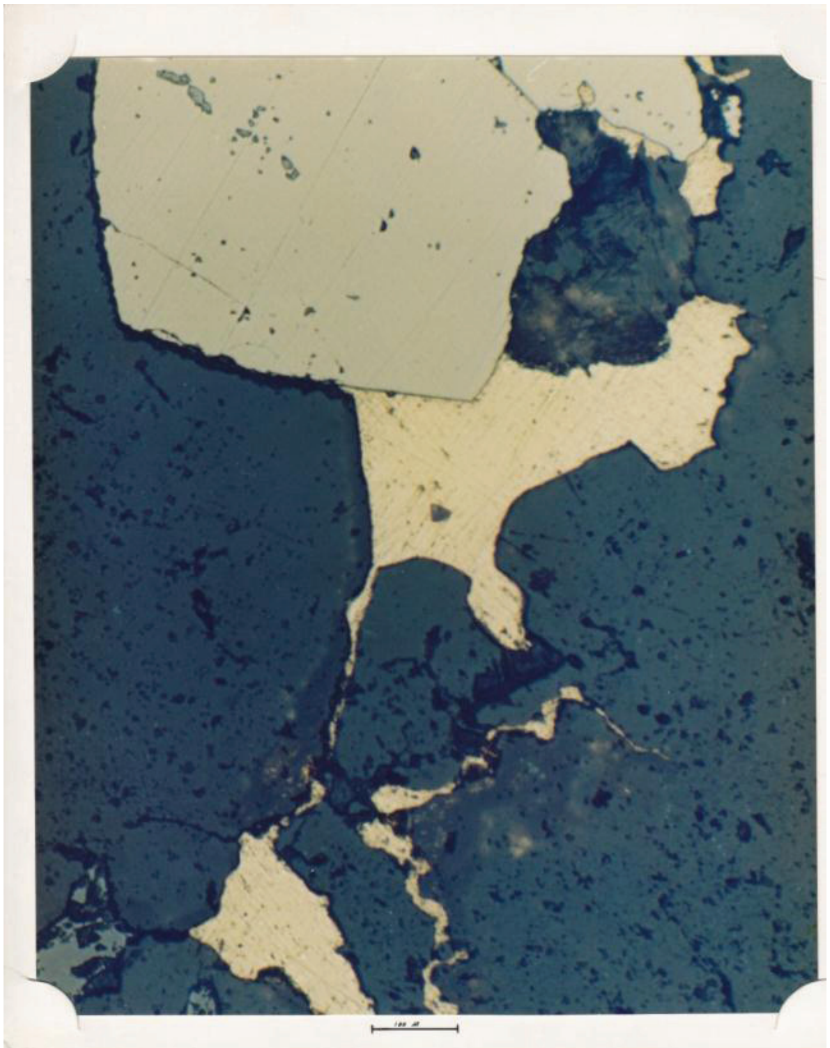
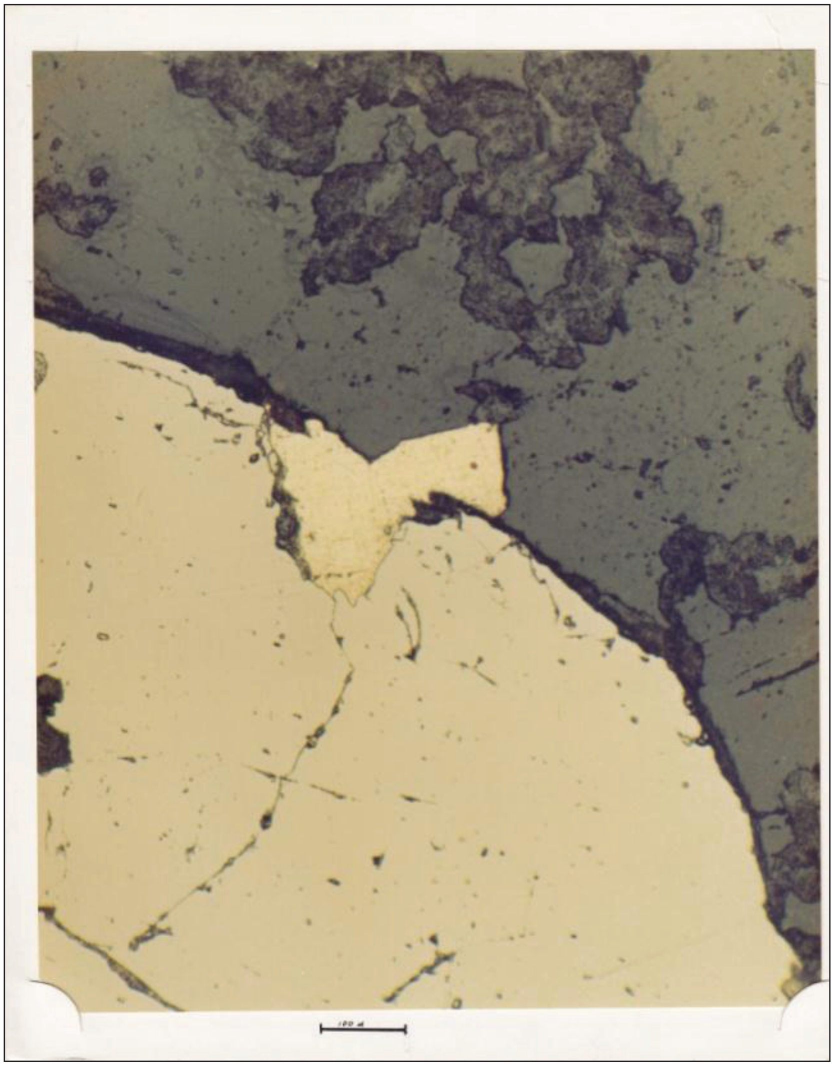


Figure 13-4 Bob Deposit - 270 Micron Grain of Gold on Contact of Pyrite and Quartz (1986 Micrograph)



13.3 CYANIDATION TEST – 1973 METALLURGICAL TEST PROGRAM

Lakefield Research of Canada Limited (Lakefield) was retained by Falconbridge Nickel Mines Ltd. to complete preliminary cyanidation tests to determine the recovery of gold and silver for both the Bob Zone and Discovery Zone in 1973. The 1973 Report entitled *An Investigation of the Recovery of Gold and Silver from Samples of Banks Island Ore* (Scobie et al., 1973) is a detailed account of the cyanidation tests undertaken.

13.3.1 SAMPLE PREPARATION

To complete the requested tests, a total weight of 500lbs of ore samples was sent to Lakefield, which included two samples of minus 6” fragmented rock. One sample was representative of the Bob Zone and the other sample was representative of the Discovery Zone; each zone was tested separately. Sample preparation included the following steps:

1. Samples were jaw-crushed to minus 3/8”. Half of the samples were removed by riffling and stored.
2. Remaining sample halves were cone-crushed to minus 1/4”. A quarter of the original sample size was removed for storage.
3. The final sample quarters of each zone was roll-crushed to minus 10 mesh and riffled into 1 kg charges for testwork.

13.3.2 TEST RESULTS

Metallurgical assay results for both the Bob Zone and Discovery Zone are presented in Table 13-3. The results are average head (calculated) assay values based on two tests completed for each zone.

Table 13-3 Average Assay Results (Scobie et al., 1973)

	Au	Ag
BOB ZONE	0.32 oz/ton	0.28 oz/ton
DISCOVERY ZONE	0.68 oz/ton	1.27 oz/ton

A reagent balance was completed to determine the amenability of the ore to cyanidation. Cyanidation test results, detailed in Table 13-4, indicated recoveries of over 90% gold and 70% silver for both the Bob Zone and Discovery Zone. For all tests cyanide consumption was high.

Table 13-4 Cyanidation Results (Scobie et al., 1973)

TEST NO.	ZONE	NaCN CONSUMPTION lb/ton of feed	% Recovery	
			Au	Ag
CY-1	BOB	10.5	90.8	71.6
CY-2	BOB	6.8	87.1	71.5
CY-3	DISCOVERY	5.64	92.4	75.6
CY-4	DISCOVERY	4.68	92.0	68.5

13.4 GRAVITY CONCENTRATION TEST – 1986 METALLURGICAL TEST PROGRAM

Gary W. Hawthorn – Consulting Mineral Processing Engineer (Hawthorn) was retained by TRM Engineering Ltd. in 1986 to complete a metallurgical investigation for the Tel Deposit of the Yellow Giant Gold Property. The 1986 Report entitled *Progress Report #3 – Metallurgical Investigation of Tel Deposit* (Hawthorn, 1986a) is important in determining the response of the mineralization to the recovery of gold by a gravity concentration process.

13.4.1 SAMPLE PREPARATION

The analysis of the composite sample (Sample #1A) used for the gravity concentration testwork is detailed in Table 13-5.

Table 13-5 Composite Sample #1A Analysis Results (Hawthorn, 1986b)

	Au	Ag	Ag:Au	S.G.
SAMPLE #1A	1.47 oz/ton	1.8 oz/ton	1.3:1	4.2 (estimate)

13.4.2 RESULTS

Completion of a gravity concentration test confirmed that a minimum of 60% of the gold is free and can be concentrated in a gravity circuit. The testwork indicated that the gravity concentrate recovered large percentages of Au, Ag, and As, but minimal Cu. Microscopy completed by Harris Exploration confirms the test data that majority of gold is free particles and indicates that the processing flowsheet should include gravity concentration (Hawthorn, 1986a). Details of the gravity concentration test results are summarized in Table 13-6 and Table 13-7.

Table 13-6 Metallurgical Calculations of Gravity Concentrate and Gravity Tailings (Hawthorn, 1986a)

PRODUCT	WT (%)	ASSAY (oz/t)		ASSAY (%)				
		Au	Ag	Cu	Zn	Fe	As	S
CONCENTRATE	10.4	9.04	8.87	0.04	1.04	36.5	31.2	-
TAILINGS	89.6	0.601	0.5	-	-	-	4.2	-
FEED (CALCULATED)	100	1.48	1.37	-	-	-	7	-

Table 13-7 Metallurgical Distribution of Gravity Concentrate and Gravity Tails (Hawthorn, 1986a)

PRODUCT	DISTRIBUTION (%)						
	Au	Ag	Cu	Zn	Fe	As	S
CONCENTRATE	63.6	67.3	-	-	-	46.3	-
TAILS	36.4	32.7	-	-	-	53.7	-
FEED	100	100	-	-	-	100	-

13.5 GRAVITY SCALPING – 1987 METALLURGICAL TEST PROGRAM

Coastech Research Inc. (Coastech) was retained by Trader Resource Corp. in 1987 to complete a metallurgical investigation for the Tel Deposit and the Kim Deposit of the Yellow Giant Gold Property. The 1987 Report entitled *Banks Island Deposits Report No. 1 Metallurgical Scoping Tests* (Marchant, 1987) details the testwork and results of gravity scalping.

13.5.1 SAMPLE PREPARATION

Gravity scalping was conducted with the use of a riffled gold pan and one cleaning step to produce three products: gravity concentrate, mids, and tailings (Marchant, 1987). The head assay results for the Tel Deposit and Kim Deposit samples used for the gravity scalping testwork are detailed in Table 13-8.

Table 13-8 Tel and Kim Deposit Samples - Head Assay Results (Marchant, 1987)

SAMPLE	ASSAY							
	Au oz/ton	Au g/Tonne	Ag oz/ton	Ag g/Tonne	Fe %	Cu %	S %	Zn %
TEL - HEAD A	2.083	71.4	2.33	79.8	13.95	0.185	6.25	1.42
TEL - HEAD B	1.044	35.8	2.05	70.2	13.00	0.182	6.90	1.45
KIM - HEAD A	0.087	2.98	0.79	27.0	3.20	0.04	3.95	0.81
KIM - HEAD B	0.100	3.42	0.58	20.0	3.42	0.038	4.30	0.69

13.5.2 RESULTS

The gravity pre-concentration completed is similar to a sulphide scalping exercise. Completion of the gravity scalping tests indicated that gravity / tailings cyanidation is an effective gold recovery process. The results for the Tel Deposit indicate that a 96% combined gold recovery and an 80% silver recovery is achievable (see Table 13-9 for Tel Deposit results). Testing determined that the Kim Deposit had similar gravity scalping results to the Tel Deposit (see Table 13-10 for Kim Deposit results). Coastech recommends further testing to determine the cyanidation parameters for the gravity concentrate (Marchant, 1987).

Table 13-9 Gravity Concentrate Metallurgical Test Results for the Tel Deposit (Marchant, 1987)

SAMPLE	WT (%)	ASSAY				% DISTRIBUTION			
		Au g/t	Ag g/t	Cu %	Fe %	Au	Ag	Cu	Fe
PAN CONCENTRATE	11.6	204.00	162.00	0.27	25.80	52.6	27.5	18.8	28.6
PAN MIDO	35.2	25.20	55.00	0.12	8.24	19.7	28.3	26.1	27.7
PAN TAILS	53.1	23.60	57.00	0.17	8.65	27.8	44.2	55.2	43.8
HEAD (CALCULATED)	-	45.16	68.50	0.17	10.50	-	-	-	-

Table 13-10 Gravity Concentrate Metallurgical Test Results for the Kim Deposit (Marchant, 1987)

SAMPLE	WT (%)	ASSAY				% DISTRIBUTION			
		Au g/t	Ag g/t	Cu %	Fe %	Au	Ag	Cu	Fe
PAN CONCENTRATE	6.9	38.20	104.00	0.18	25.10	66.8	25.0	28.7	42.6
PAN MIDO	12.5	2.00	16.40	0.03	2.30	6.4	7.2	9.1	7.1
PAN TAILS	80.6	1.31	24.10	0.03	2.52	26.9	67.9	62.2	50.3
HEAD (CALCULATED)	-	3.93	28.60	0.04	4.04	-	-	-	-

13.6 1988 METALLURGICAL TEST PROGRAM

Subsequent to the 1988 Report entitled *Banks Island Mineralogy* (BD&A, 1988 a), Bacon, Donaldson & Associates Ltd. prepared an additional report entitled *Bank Island Metallurgical Investigations* (Henrioulle & Bacon, 1988b) for Canadian Mine Development. The detailed metallurgical investigation was completed to develop a flowsheet suitable for treatment of the three ore types (Tel, Discovery, and Kim) as well as blends of ore. Testwork included an investigation of the following processes:

1. Flotation of a Bulk Suphide Concentrate
2. Cyanidation of the Bulk Flotation Concentrate
3. Whole Ore Cyanidation
4. Bond Mill Grindability Index
5. Solid / Liquid Separations

Each process along with the associated recovery is subsequently described in the following sections. A combination of drill core composites and trench core composites where used for the Tel Deposit and Discovery Deposit samples, while a trench sample composite was used for the Kim Deposit sample (Henrioulle & Bacon, 1988b). Head analysis results of the composites used in the 1988 metallurgical investigation are detailed in Table 13-11.

Table 13-11 Head Assay Results for 1988 Composite Ore Samples (Henrioulle & Bacon, 1988b)

ORE	AVERAGE ASSAY						
	Au oz/ton	Ag oz/ton	Fe %	S %	As %	Cu %	Zn %
TEL COMPOSITE	1.176	2.491	17.70	17.00	3.85	0.30	6.32
DISCOVERY COMPOSITE	0.756	1.050	15.40	12.97	2.61	0.07	1.59
KIM COMPOSITE	0.339	0.588	7.40	7.42	2.04	0.07	1.07

13.6.1 FLOTATION OF A BULK SULPHIDE CONCENTRATE

Various flotation tests were performed on composite samples from the Tel, Discovery, and Kim Deposits. The grind-recovery relationship determined by varying laboratory grind time and thus particle size is shown in Table 13-12. Both the coarse grind and the fine grind yield approximately the same gold recovery values.

Table 13-12 Grind-Recovery Relationship for Various Flotation Tests (Henrioulle & Bacon, 1988b)

COMPOSITE	GRIND % -200 M	Recovery Au (%)
TEL	56.3	95.3
	56.9	96.5
	75.2	95.0
	85.6	96.2
DISCOVERY	38.0	93.5
	41.5	93.7
	44.3	94.8
	83.9	94.3
	94.2	92.7
KIM	51.0	98.6
	53.4	98.2
	65.9	98.1
	79.7	97.9

A xanthate investigation was completed for the TEL composite sample. The tests determined that flotation is not improved with the use of sodium ethyl xanthate. In addition, it was determined that the rate of recovery slowed with high pH levels (Henrioulle & Bacon, 1988b).

13.6.2 WHOLE ORE CYANIDATION

Whole ore cyanidation is the most successful metallurgical process tested in 1988 by Bacon, Donaldson & Associates Ltd. Tests were completed on the Tel, Discovery, and Kim Deposits and the parameters investigated include grind, retention time, cyanide strength, and percentage solids and one test was completed to test a higher pH level. The optimal conditions for successful cyanidation include:

- 70-80% - 200 mesh grind
- 48 hour retention time
- 1 gpl sodium cyanide concentration
- 50% solids
- pH $\geq$11.0 with lime

Under the above listed optimal cyanidation conditions, the expected cyanide and lime consumption levels are shown in Table 13-13, although this may change depending on water quality available. Test results indicated that both cyanide and lime consumption increased with fineness of the grind (Henrioulle & Bacon, 1988b).

Table 13-13 Expected Cyanide and Lime Consumption under Optimal Cyanidation Conditions (Henrioulle & Bacon, 1988b)

ORE	CONSUMPTION	
	NaCN (kg/t)	Lime (kg/t)
TEL	2.5	5
DISCOVERY	1.6	5
KIM	1.3	2.5

The anticipated recovery for optimal whole ore cyanidation conditions is presented in Table 13-14.

Table 13-14 Anticipated Recovery for Whole Ore Cyanidation Process (Henrioulle & Bacon, 1988b)

ORE	EXTRACTION %	RECOVERY %
TEL	91.2	90.2
DISCOVERY	92.5	91.5
KIM	93.4	92.4

The pregnant solutions contain relatively high grade gold and therefore it is recommend by BD&A that Merril-Crowe be used for gold recovery. Thickening followed by filtration will also be necessary and Percol 156 (an ionic flocculant) will aid in the thickening and filtration process. Additionally, the work index for the three ore types ranges from 12 kwh to 13 kwh per tonne (Henrioulle & Bacon, 1988b).

13.6.3 CYANIDATION OF THE BULK FLOTATION CONCENTRATE

The purpose of the cyanidation tests was to determine an overall recovery (extraction) for each ore type (Tel, Discovery, and Kim) if a flotation concentrate cyanidation flowsheet were to be applied to the Yellow Giant Mineral Deposits. The test involved flotation of a bulk concentrate and subsequently cyanidation of the bulk concentrate. The process does not require a fine grind for flotation recovery but regrind is required for high extractions. The overall metallurgical performance for cyanidation of bulk flotation concentrate (as shown in Table 13-15) is similar to whole ore cyanidation; however, the operating and capital costs for a plant would be higher. Flotation concentrate cyanidation is the second choice of process options of the 1988 metallurgical processes tested (Henrioulle & Bacon, 1988b).

Table 13-15 Flotation / Cyandiation Overall Gold Extraction (Henrioulle & Bacon, 1988b)

ORE	FLOTATION Au RECOVERY(%)	CYANIDATION Au EXTRACTION (%)	OVERALL Au EXTRACTION (%)	OVERALL Au RECOVERY (%)
TEL	96.5	92.6	89.4	88.4
DISCOVERY	94.8	95.4	90.4	89.4
KIM	98.2	95.2	93.5	92.5

13.6.4 BOND MILL GRINDABILITY INDEX

The Bond Grindability test was completed for the Tel, Discovery, and Kim ore types. The completed tests were based on 80% passing size for a 200 mesh. The calculated Bond Work Indexes are detailed in Table 13-16.

Table 13-16 Calculated Bond Work Indexes (Henrioulle & Bacon, 1988b)

TEL DEPOSIT	12.11
DISCOVERY DEPOSIT	12.78
KIM DEPOSIT	12.68

13.6.5 SOLID / LIQUID SEPARATIONS

The purpose of the separation tests was to provide data for settling and filtration characteristics of the leached slurry. Twenty-one settling tests were conducted on samples from the Yellow Giant Mineral Property. Settling testwork results indicated that:

- Of the flocculant types tested, Percol 156 produces slightly better results for the three ore types.
- Tests with flocculant settled much quicker than tests with no flocculant.
- Settling rates for the Kim Zone improved when the pH was raised to 11.5 (from a pH of 10.3). All mineralized zones settled quickly at a pH of 11.5.
- The amount of flocculant used had only minor effects on the settling rate, although lower flocculant addition resulted in slightly slower settling rates.
- All flooculated tests completed at a pH level of 11.5 produced clear supernatent quickly. Usually supernatent was produced after compression had begun (Henrioulle & Bacon, 1988b).

Three leaf tests, a standard filtration test, were performed on underflow samples from the slurries. A filtration summary is presented in Table 13-17.

Table 13-17 Filtration Summary (Henrioulle & Bacon, 1988b)

COMPOSITE	AVERAGE CYCLE (sec)	AVERAGE CAKE MOISTURE (%)	CALCULATED FILTRATION AREA (tonne/m^2.hr)
TEL	21.8	16.8	28.4
DISCOVERY	6.0	19.0	114.5
KIM	19.2	22.4	17.3

13.7 HEAVY LIQUID SEPARATION TESTING – 2011 METALLURGICAL TEST PROGRAM

Recent testwork was conducted by SGS Minerals Services at the request of Banks Island Gold Ltd. with the purpose of evaluating the amenability of the sample to pre-concentration using Dense Media Separation (DMS). The SGS report entitled *An Investigation into Heavy Liquid Separation on One Sample from the Tel Deposit* (Legault-Seguin & Imeson, 2011), dated the 18th of March, 2011, details the results of Heavy Liquid Separation testwork completed on a sample from the Tel Deposit. The sample was taken at coordinates UTM(NAD83) 422,720E, 5,913,553N. The location of the sample is shown in Figure 13-5. The sample taken from the Tel Zone Outcrop was comprised primarily of massive sulphide mineralization and included pyrite, sphalerite, galena, and arsenopyite. Gange minerals consisted of marble and quartz.

13.7.1 SAMPLE PREPARATION

A single sample of approximately 20 kg from the Tel outcrop was sent to SGS Lakefield site for testing. The sample was stage crushed to various sizes, screened, and samples were split at each crushing stage. The –1/2” + 20 mesh and –1/4” + 20 mesh fractions were utilized for HLS testing (Legault-Seguin & Imeson, 2011). The head assay results for the sample taken from the Tel Deposit is detailed in Table 13-18; only the elements of interest are presented in the table. The results indicate that the sample is a massive sulphide (S > 30%) with high grades of gold, silver, and zinc.

Table 13-18 Tel Deposit Sample - Head Assay Results (Legault-Seguin & Imeson, 2011)

SAMPLE	ASSAY							
	Au g/t	Ag g/t	Cu %	Zn %	Pb %	As %	Fe %	S %
TEL SHOWING	40.8	57.6	0.28	10.5	0.03	6.07	28.90	30.7

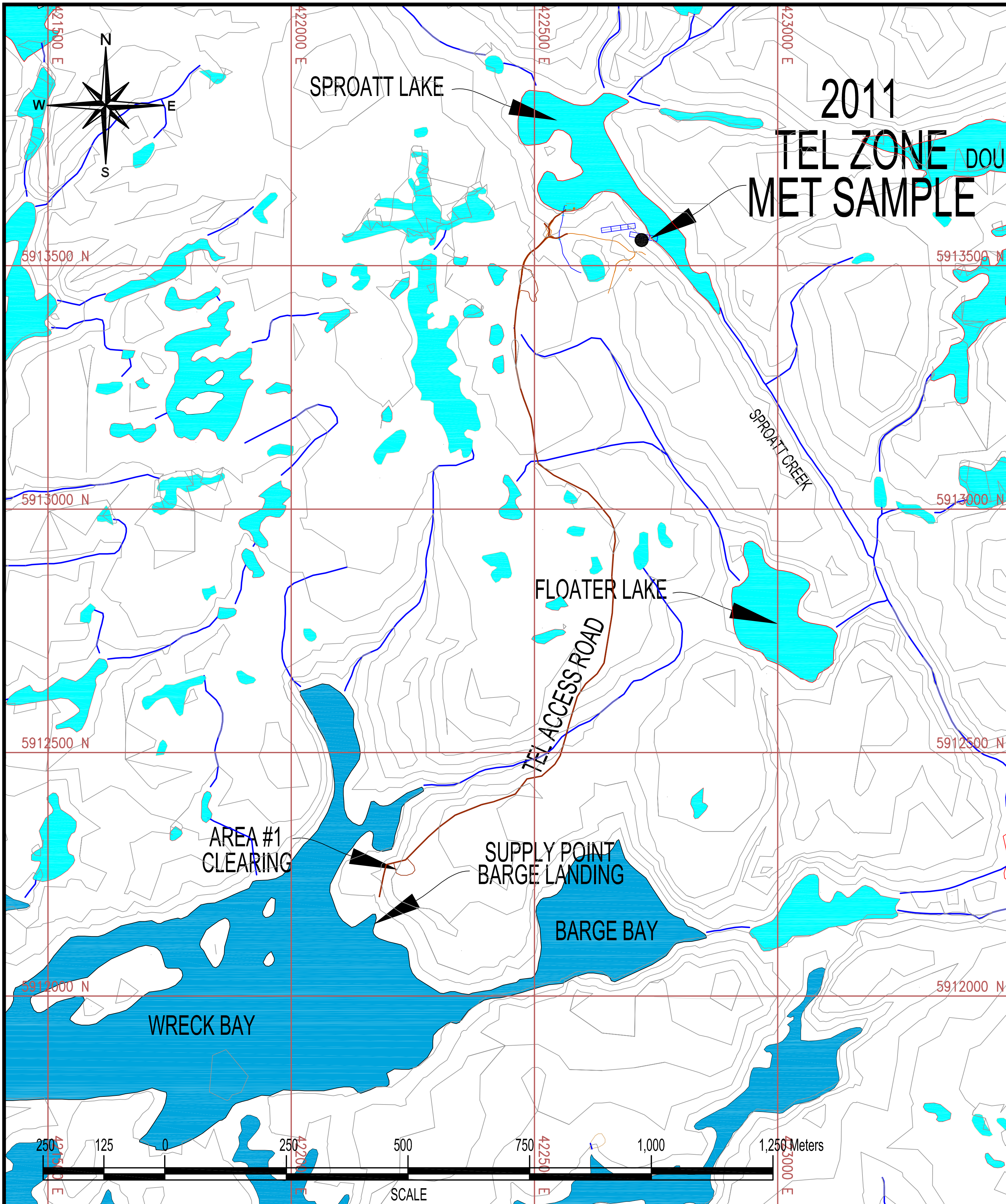


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FIGURE 13-5

TITLE: 2011 TEL METALLURGICAL SAMPLE LOCATION	
Drawn by: BIG	Scale: 1:250
Date: 2012/08/20	Approval: Date:
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13.7.2 *RESULTS*

HLS testing involved placing the solid –1/2” + 20 mesh and –1/4” + 20 mesh fraction samples in a solution of methylene iodide diluted in acetone. The testing further involved several stages where the sinks (particles heavier than the solution SG) were retained and the floats (particles lighter than the solution SG) were repassed at successive lower solution SG. The initial SG was 3.3, which subsequently decreased to 3.1, 2.9, and 2.7 at each respective stage. The optimum recovery occurred with a 2.9 SG sink solution and the results for the –20 mesh fines for both samples are summarized in Table 13-19. Recoveries of Au, Ag, and As were reduced by 0.9%, 0.6%, and 0.3% respectively for the –1/4” sample compared to the –1/2” sample (Legault-Seguin & Imeson, 2011).

Table 13-19 Metallurgical Summary for Combination of 2.9 SG Sinks and -20 Mesh Fines (Legault-Seguin & Imeson, 2011)

SAMPLE		ASSAY								Distribution							
	Wt. %	Au	Ag	Cu	Zn	Pb	As	Fe	S	Au	Ag	Cu	Zn	Pb	As	Fe	S
		g/t	g/t	%	%	%	%	%	%	%	%	%	%	%	%	%	%
-1/4" SAMPLE	90.3	39.8	59.2	0.3	12.2	0.0	7.2	32.0	31.7	97.9	98.2	99.6	99.5	97.4	98.0	98.9	99.8
-1/2" SAMPLE	91.2	37.7	58.3	0.3	12.7	0.0	7.4	30.8	31.3	98.8	98.8	99.5	99.5	98.2	98.3	98.9	99.8

Mass rejections of 9.7% and 8.8% were achieved from the –1/4% and –1/2” samples, respectively. The low mass rejection and upgrading is due to the absence of hanging wall dilution and high concentration of sulphides. At a mass rejection of 8.8% (-1/2” sample), greater than 98% of all metals were recovered by retaining the 2.9 SG sink and –20 mesh fines (Legault-Seguin & Imeson, 2011).

13.8 PRESSURE OXIDATION AND CYANIDATION TESTING – 2011 METALLURGICAL TEST PROGRAM

Recent testwork was conducted by SGS Minerals Services at the request of Banks Island Gold Ltd. with the purpose of evaluating the amenability of the sample to pressure oxidation. The SGS report entitled *An Investigation into the Pressure Oxidation and Cyanidation of a Heavy Liquid Concentrate Produced from a Tel Deposit Sample*(Legault-Seguin & Hendry, 2011), dated the 28th of July, 2011, details the results of the pressure oxidation and cyanidation testwork completed on a sample from the Tel Deposit.

13.8.1 *SAMPLE PREPARATION*

The feed for this study was a combined heavy liquid separation (HLS) concentrate produced in previous testing. The HLS concentrate was prepared by combining the 3.3,3.1, and 2.9 SG sink fractions. These were crushed to minus 10 mesh and combined and blended with the minus 20 mesh rejects. The head sample, POX 1 Feed, was submitted for assay with results displayed in table 13-20.

Table 13-20 Tel Deposit Sample - Head Assay Results (Legault-Seguin & Hendry, 2011)

SAMPLE	ASSAY								
	Au(avg) g/t	Ag(avg) g/t	Cu %	Zn %	Pb %	As %	Fe %	$S_{(T)}$ %	$S^{=}$ %
POX 1 Feed	39.8	54.7	0.29	11.4	0.039	7.73	33.4	34.9	31.4

13.8.2 RESULTS

The results of the pressure oxidation test under conditions of 225®C, 100 psi oxygen over-pressure, and 2 hrs of autoclaving indicated the following;

- Copper extractions were 97%
- Zinc extractions were 97%
- Complete sulphide oxidation was achieved.
- Acid consumption was fairly low at 35.7 kg/t H_2SO_4

The washed oxidized residue from the pressure oxidation test was pulped to 25% solids with fresh water and neutralized with hydrated lime to pH 10.5-11. Activated carbon was added to 10g/L and NaCN was added to 0.5 g/L. After 24 hours the carbon was screened from the pulp and the sample was filtered collecting a barren leach solution. The carbon and barren solution were submitted for assay. The results of the Carbon in Leach (CIL) indicated the following;

- Gold and Silver extractions of 99% and 94% respectfully, were achieved by pressure oxidation followed by CIL of the HLS sample.
- Lime consumption in the cyanide leach was high at 61.8kg CaO/t feed to CIL.
- NaCN consumption was low at 0.49 kg NaCN/t feed to CIL.

A discrepancy between direct gold and silver head grades and the calculated head grades from the CIL test was noted. This is most likely due to the presence of Chloride or some other element present that was interfering with the chemistry of gold and silver dissolution during the pressure oxidation.

Only one test has been completed on the sample, confirmatory tests should be completed to verify results.

14.0 MINERAL RESOURCE ESTIMATES

14.1 INTRODUCTION

Mr. Robert Baldwin, Professional Engineer and experienced mine geologist has prepared the mineral resource modeling, calculations, and estimations presented in this Report. Mr. Baldwin is independent of the project owner, Banks Island Gold Ltd.

There are no known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other issues which will materially affect the mineral resource calculations that are presented in this Report.

Consideration to potential mining methods and metallurgical processes was used in preparation of this mineral resource estimate. Specific zones included in this estimate were considered for their viability of applying underground mining methods. Infrastructure and other relevant factors relating to the ability of the resource to potentially be exploited were considered as part of the resource calculations.

14.2 DATABASE

Compilation, digitization, correction, and transformation to UTM coordinates of historic drilling data were performed. The resulting diamond drilling database was formatted to allow the data to be imported into commercial and industry acceptable mining and geology software. The Yellow Giant drilling data was imported into AutoCAD 2011 using Promine software.

14.3 MINERILZED ZONE MODELING AND SECTION PREPARATION

An iterative process was used to prepare a model of the mineralized zones within the Yellow Giant Gold Property. Inspection of mineralized intercepts allowed the preparation of cross section views where interpretation was made. Upon completion of modeling on cross sections, elevation sections were prepared to determine if cross sections were cut perpendicular to the strike of the mineralized zone. Cross sections were adjusted based on this comparison.

Mineralized zones showing continuity on a sectional view and between sections were modeled. Mineralized zones modeled included only areas with adequate density of drill information.

In the Tel Zone a number of holes were drilled parallel to the mineralized zone or at angles close to the dip to the mineralized zone. It was recognized that very small deviations in azimuth or dip of these drill holes would cause difficulty in interpretation. These holes were ignored when modeling mineralized zone shapes. Where it could be determined that they had intersected the mineralized zone, the grades for those holes were used in resource calculations.

In some cases, down hole survey data was not present or was deemed inaccurate. In some cases, holes that were not aligned with the modeled mineralized zone were assumed to have deviated from the indicated azimuth and dip and subsequently were not allowed to overly influence the modeled mineralized zone shape.

14.4 RESOURCE ESTIMATION METHOD

A traditional *Method of Sections* was used to estimate mineral resources. This method is particularly suited to deposits with sharp contacts and relatively uniform shape, such as the structurally controlled vein deposits present at Yellow Giant. A great strength of the *Method of Sections* is the strong geological control to be imposed on resource inventory calculations (Sinclair & Blackwell, 2006). Calculations using this method were confined to areas where assay information produces a fairly systematic data array.

Procedures used for calculations using the *Method of Sections* included the following:

1. Sections for calculations were cut through areas with concentrations of drill intercepts at variable spacing.
2. Drill intercepts were composited based on mineralized zone interpretation, lithology, and gold assays. Continuity between sections and consideration to applicable mining methods were used to determining proper composites.
3. Areas of influence for each composite on a section were calculated using the mineralized zone model and equal distance between composites. These areas of influence or resource blocks were tabulated with the area of influence and grade of the composite.
4. Where multiple drill holes were present in the same area, the average of the composites was used to represent the grade of that area.
5. In cases where resource blocks ended at a point not equidistant between composites, linear interpolation was used to determine the grade of the resource block.
6. In cases where adjacent sections indicated continuity of the mineralized zone at the upper or lower boundary of the mineralized zone, but no assay information was available, the grade of the adjacent section was used for calculation of the resource block grade.
7. After resource blocks for each section were compiled with area of influence and assigned block grade, a strike length was assigned to each section. The strike length was equal to half the distance to the adjacent section, or where no

adjacent section was present a conservative strike length (5m to 10m) was assumed considering the drilling outside the modeled mineralized zone.

8. The area of each composite was multiplied by the strike length assigned to the section to calculate a volume. The Specific Gravity for the zone was then used to calculate a tonnage for each resource block.

14.4.1 TEL ZONE

The Tel Zone consists of two distinct zones, the Tel Central Zone and the Tel Main Zone. Both are structurally contained gold rich massive sulphide veins and are hosted in limestone/marble wall rocks. It is possible that these two zones are the same vein and have been subjected to post mineralization deformation. However, there is evidence that these zones have been formed in separate structural features and are separate veins. The two zones have steep but opposite dip directions, with the Tel Central Zone dipping south and the Tel Main Zone dipping north. The Tel Main Zone has noticeably higher zinc content with values in the range 6% - 12% Zn, based on historic assays. Zinc content in the Tel Central Zone is much lower, commonly less than 1% Zn. The Tel Main Zone and Tel Central Zone differ is strike direction by approximately 20 degrees.

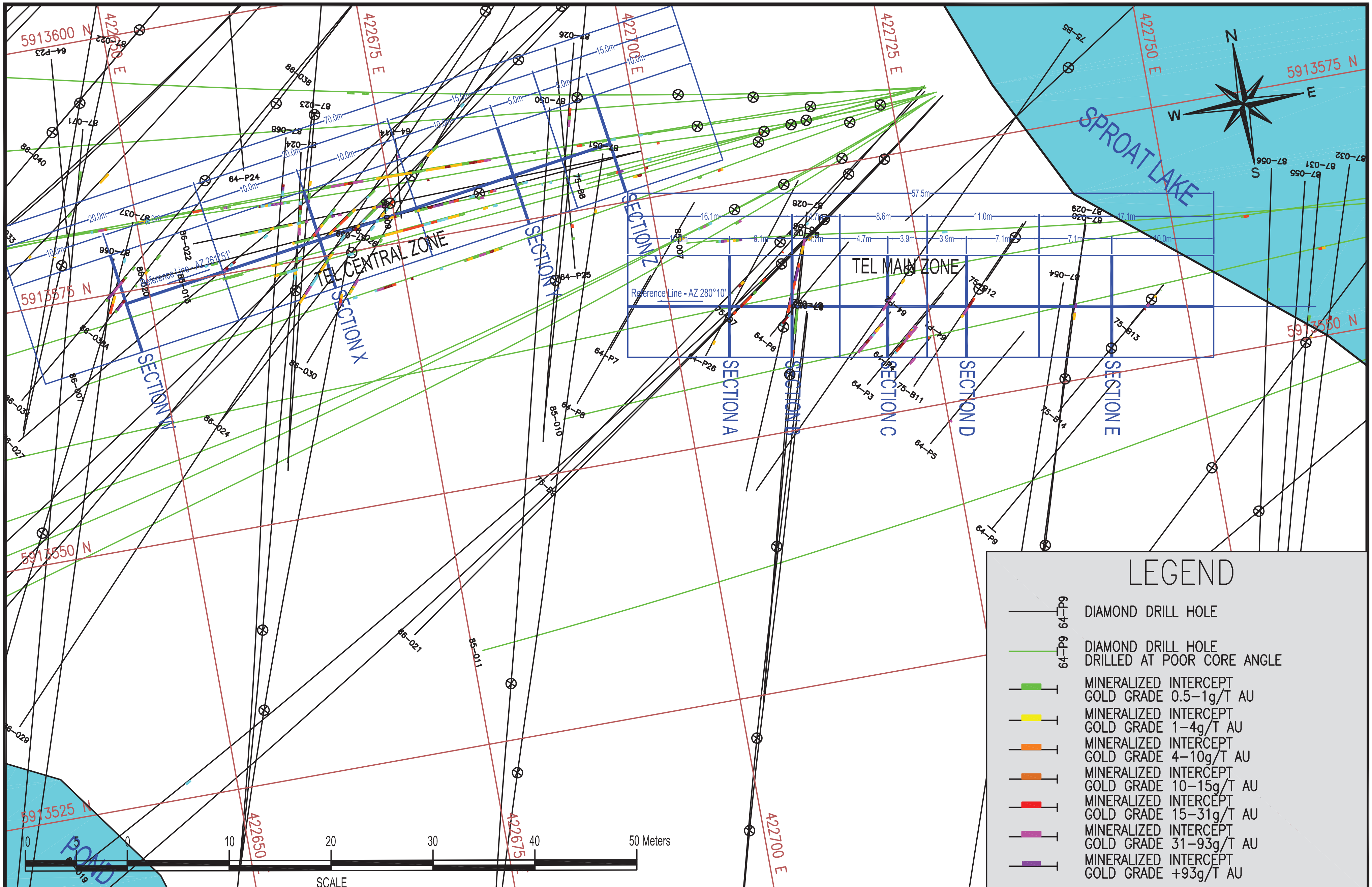
14.4.1.1 TEL CENTRAL ZONE

Many drill holes in the Tel Central Zone were drilled parallel to the mineralized zone or at angles close to the dip of the mineralized zone. These holes are of very little use for determining the shape of the mineralized zone and information (both positive and negative) provided from this poor angle drilling needs to be used with great caution. However, there are enough drill holes with acceptable core angles to allow a resource calculation to be made for Central Tel Zone. In fact, the resource blocks that were used for resource estimation are very densely drilled as graphically displayed in Figures 14-1 and 14-2. Holes drilled in 1987 were stopped very quickly after intercepting mineralization. Due to this policy there are untested areas beyond where these holes were terminated. For example, where the Tel Main Zone and Tel Central Zone overlap, holes drilled through the Tel Main Zone were stopped immediately after mineralization was encountered. If the holes had been pushed further they may have intercepted strike extensions of the Tel Central Zone.

Four sections, W, X, Y and Z were cut through the Tel Central Zone and were used in resource calculations. The upper portion of Section X is displayed in Figure 14-3. Based on diamond drill intercepts the Tel Central Zone appears to continue but narrows to the west at upper elevations. There are good grade intercepts at depth below the resource, but due to the very poor core angles it is unknown what dimensions these extensions may have at depth. The Tel Central Zone is untested to the east beyond the modeled resource.

14.4.1.2 TEL MAIN ZONE

Diamond drill holes in the Tel Main Zone are typically at much better angles then those drilled at the Tel Central Zone. Since drilling was completed in the Tel Main Zone by at least three different operators, the potential for inaccuracy of hole collar locations and directions exists. Despite the various exploration programs, the compiled data for the Tel Main Zone plots as a relatively uniform shaped vein deposit. Five Sections, A, B, C, D, and E were cut through the Tel Main Zone and used in resource calculations. Section C is displayed in Figure 14-4. Limited drilling to the east of the modeled resource shows that the vein continues but narrows at higher elevations. It is unknown how the Tel Main Zone intersects the Tel Central Zone to the west. The Tel Main Zone is untested at depth, except for a single hole 75-B12 on Section D which did not intersect mineralization but was drilled through the down dip projection of the vein.



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 14-1

TITLE:	TEL PLAN VIEW Tel Resource Calculations
Drawn by: ROBERT BALDWIN	Scale: 1:500
Date: 2011/02/14	Approval: Date:
File:	

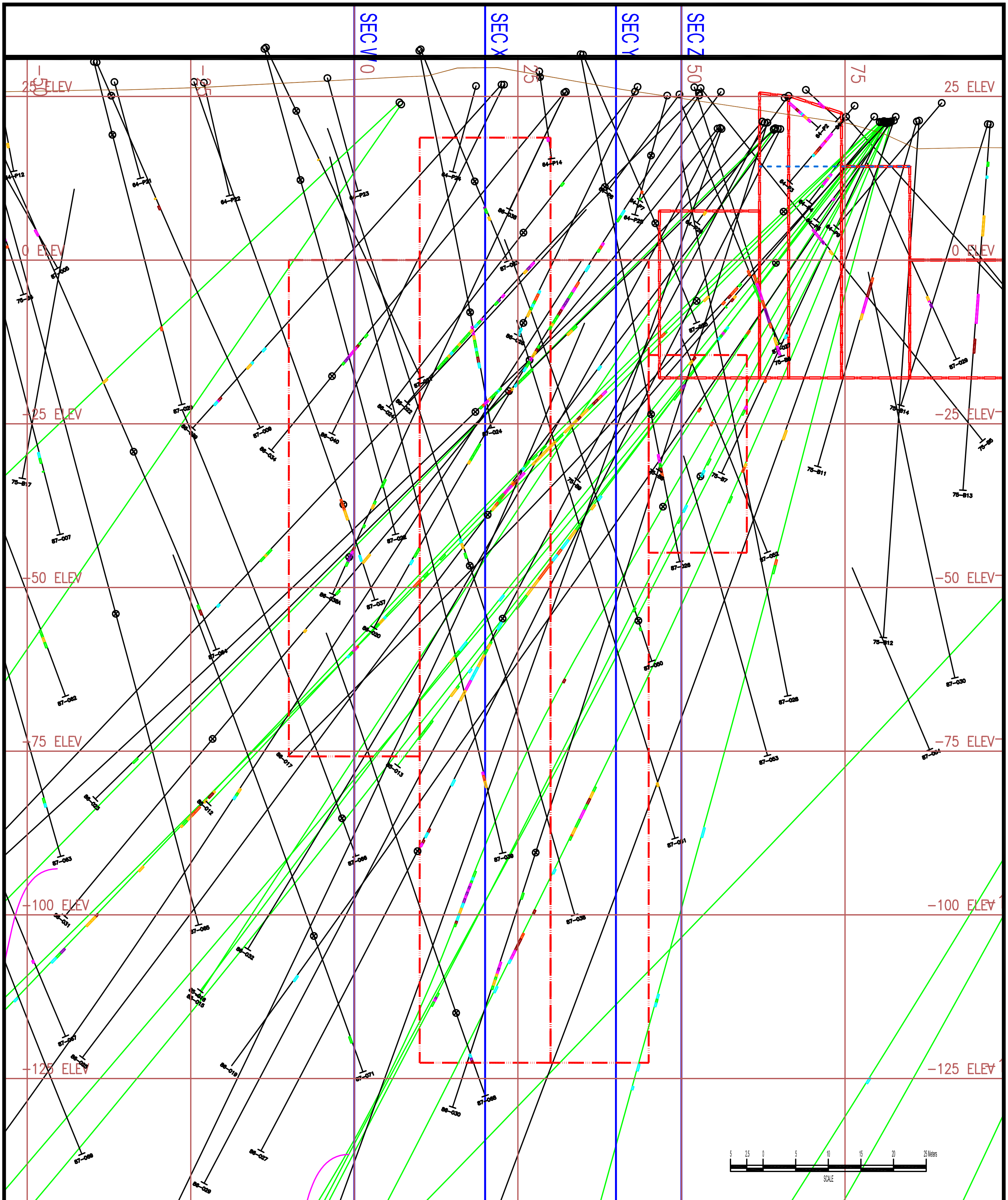


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FIGURE 14-2

TITLE:	LONGSECTION CENTRAL ZONE Tel Resource Calculations LOOKING NORTH	
Drawn by:	Scale: 1:750	
Date: 2011/02/14	Approval:	Date:
File:		

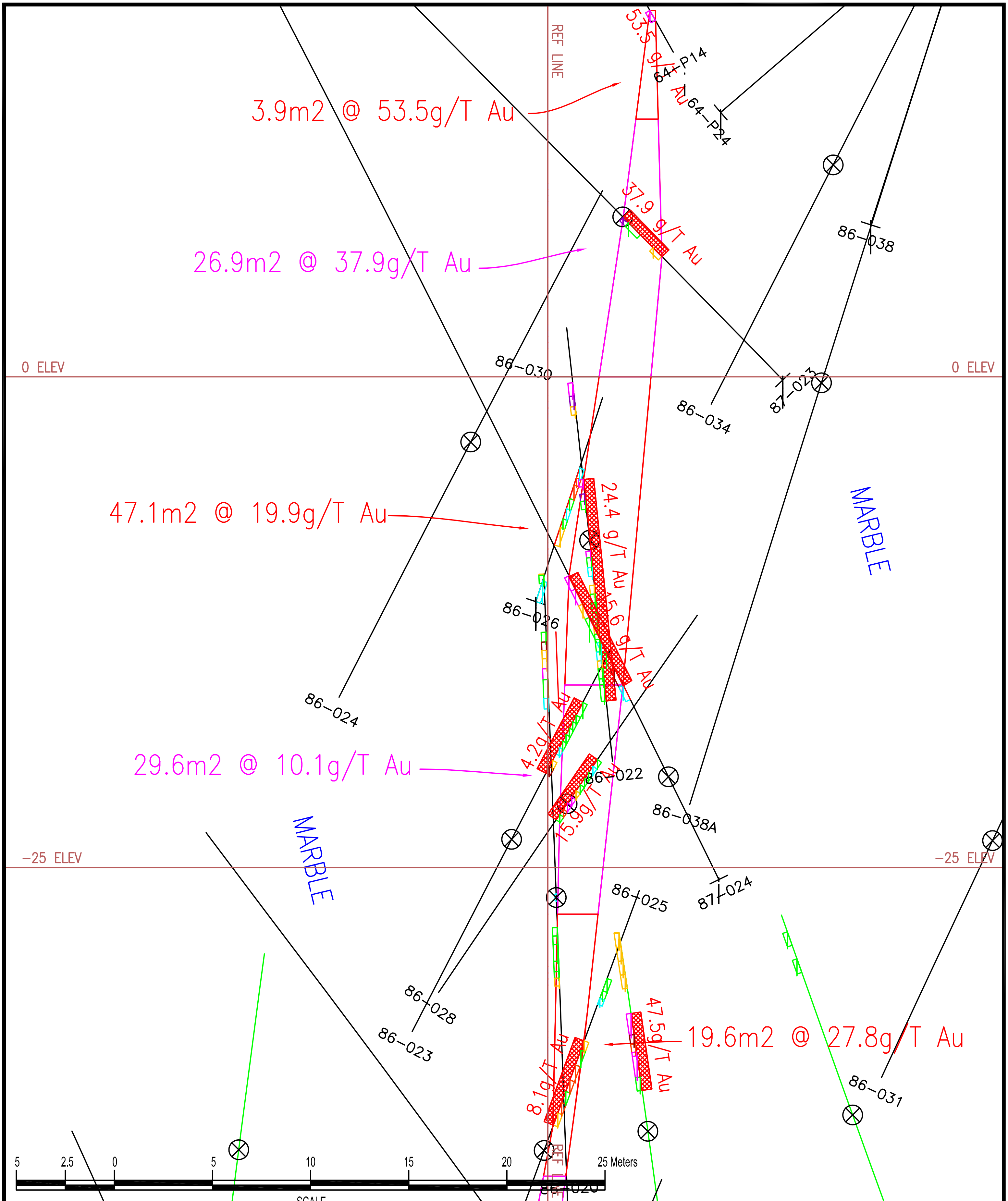

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FIGURE 14-3

TITLE:

Tel Resource Calculations
SECTION X UPPER

Drawn by:	Scale: 1:250
Date: 2011/02/14	Approval: Date:
File:	

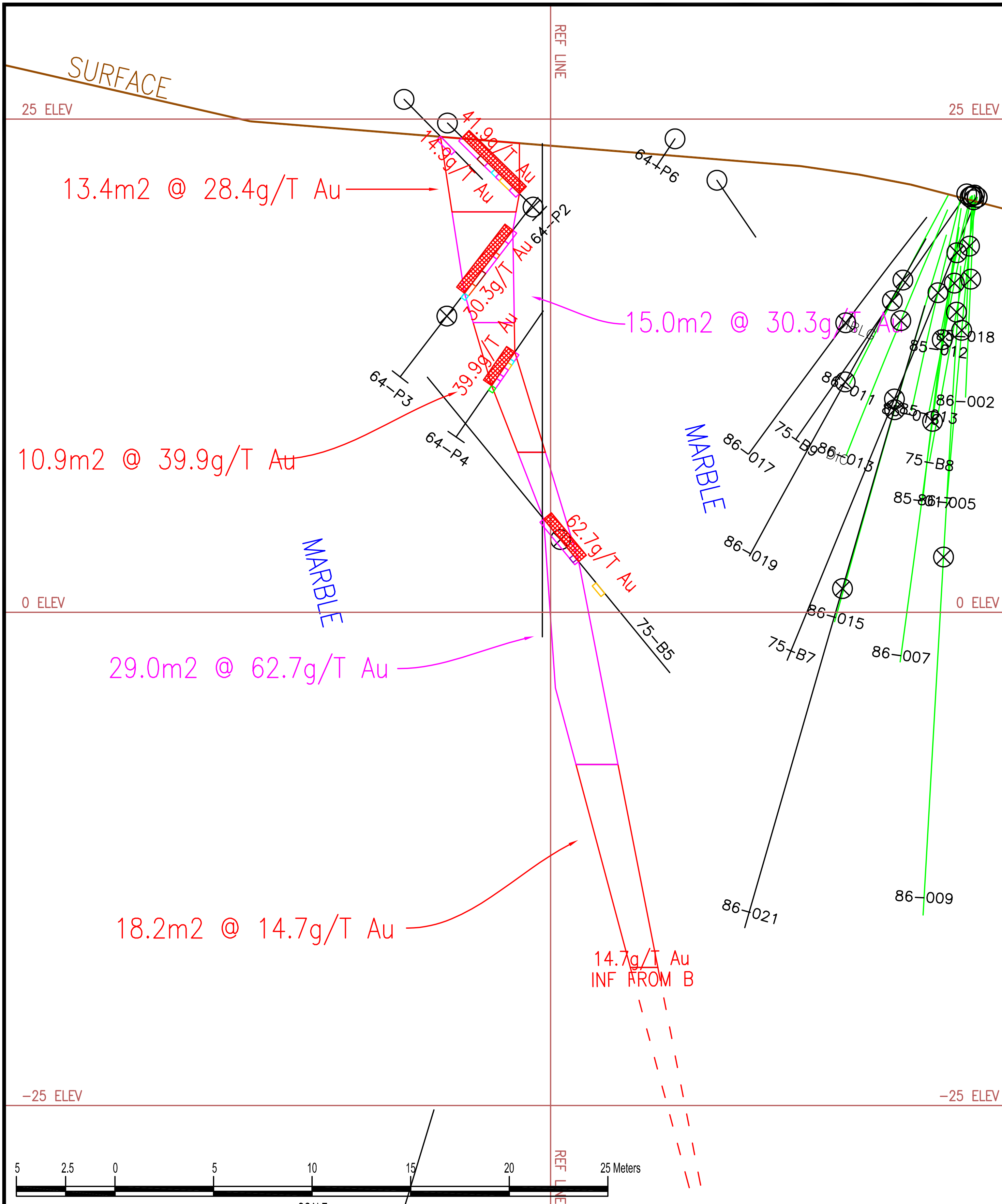

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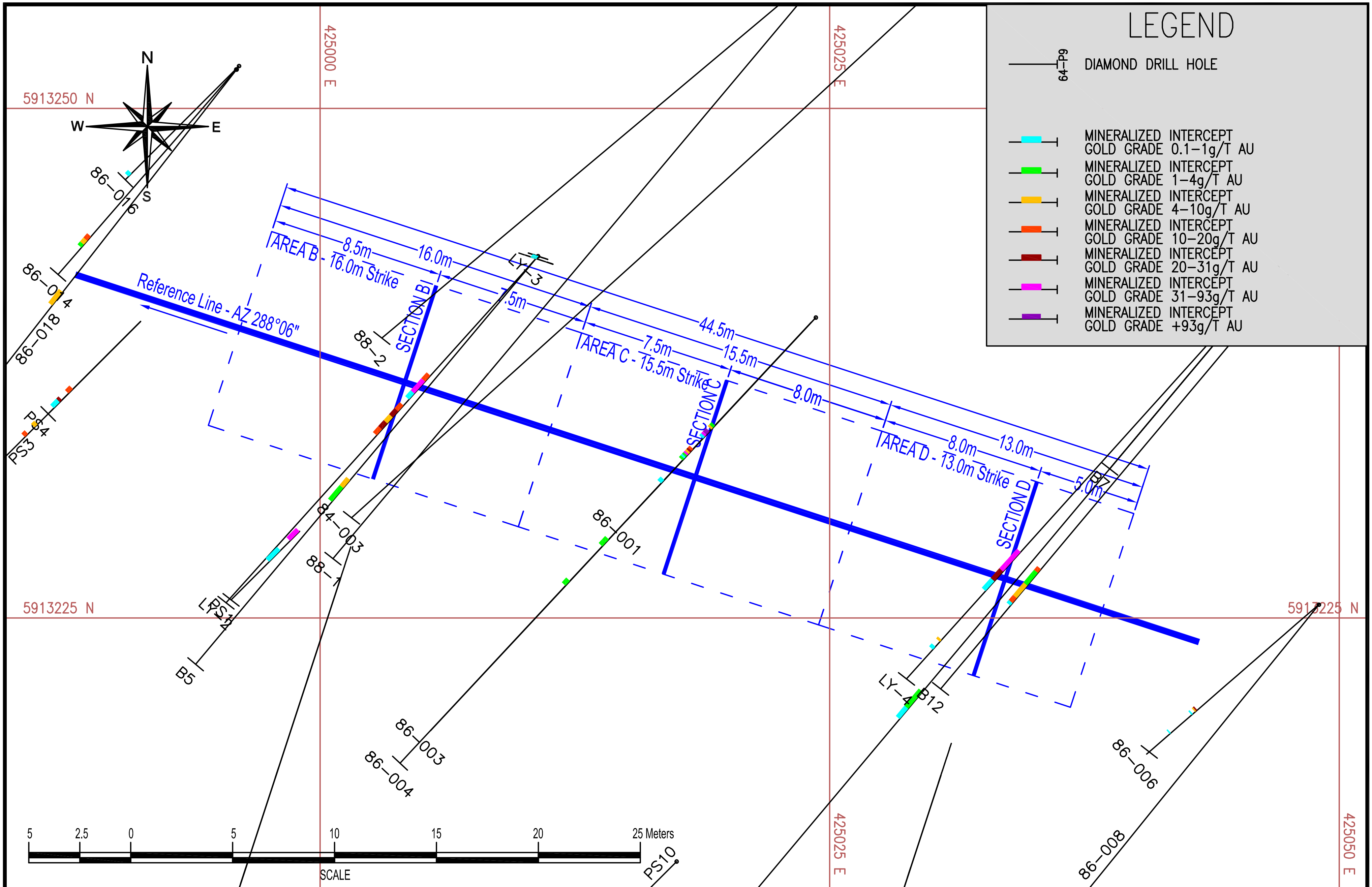
FIGURE 14-4

TITLE:	
Tel Resource Calculations SECTION C	
Drawn by:	Scale: 1:250
Date: 2011/02/14	Approval: Date:
File:	

14.4.2 DISCOVERY ZONE

The Discovery Zone consists primarily of two parallel steeply dipping gold rich massive sulphide veins. The hanging wall vein is hosted in a skarn which is adjacent to intrusive rocks further into the hanging wall. The rocks between the veins and in the footwall of the vein are composed of limestone/marble. It is possible that these parallel veins are due to a fault repetition of a single vein, but this cannot be confirmed will the current available information. The hanging wall vein is of significantly higher gold grade than the footwall vein. The hanging wall vein is logged as massive sulphide, whereas the footwall vein is logged as quartz/pyrite mineralization.

A plan view and longitudinal view of the resource blocks that were used for resource estimation are displayed graphically in Figure 14-5 and 14-6, respectively. Three sections, B, C, and D were cut and used to perform resource calculations. Section B is displayed in Figure 14-7, while Section D is displayed in Figure 14-8. Mineralized intercepts exist on all sides of the current resource but are not of sufficient density or quality to be added to the resource at this time. Two diamond drill holes, 88-1 and 88-2, were drilled to provide a metallurgical sample. These holes were not assayed, but review of drill logs indicate that they intercepted mineralization similar to the veins that have been modeled.



YELLOW GIANT GOLD PROPERTY

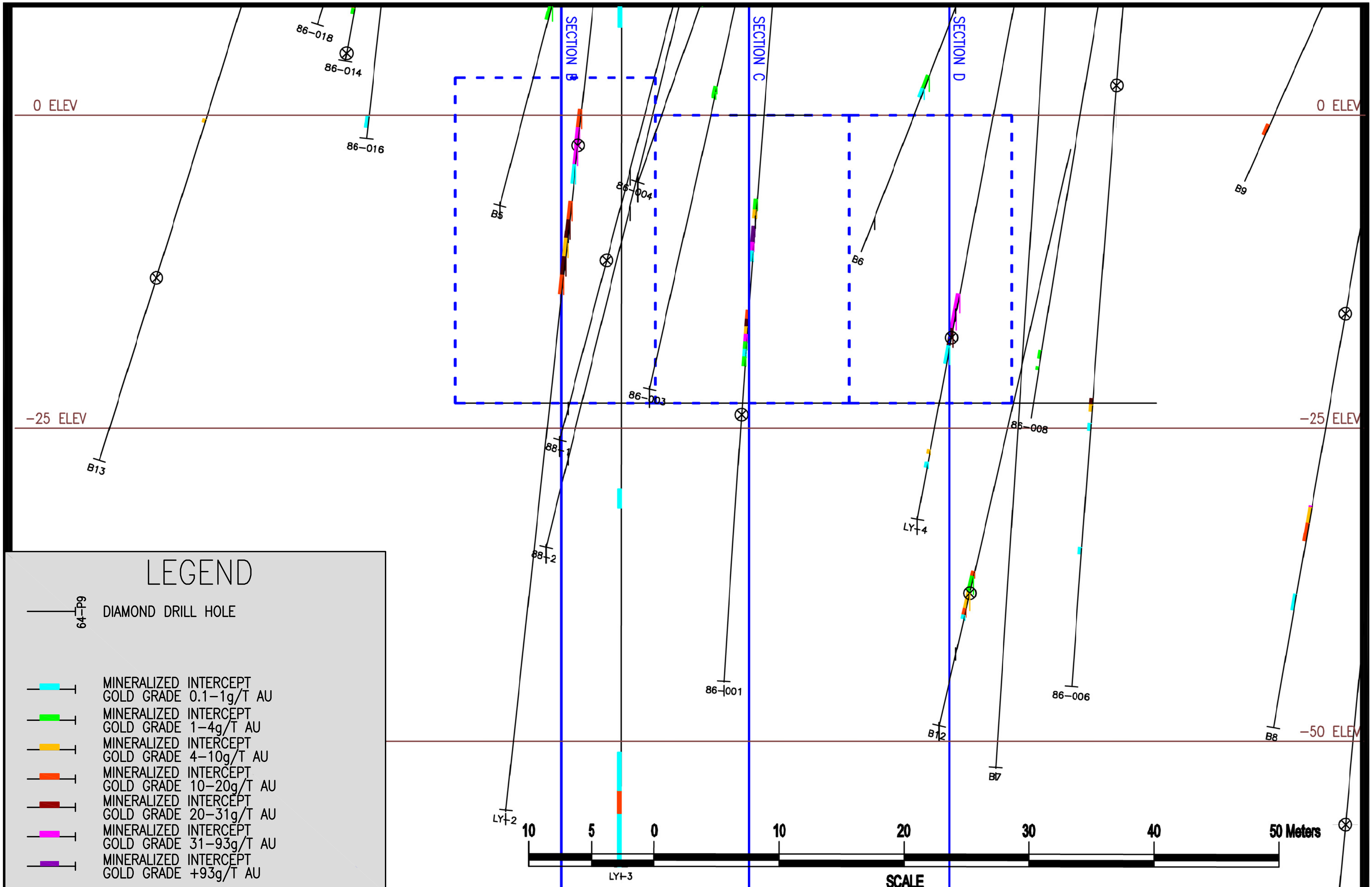
Banks Island, BC

FIGURE 14-5

TITLE: **PLAN VIEW**

Discovery Resource Calculations

Drawn by:	Rob Baldwin	Scale:	1:250
Date:	2011/02/12	Approval:	Date:
File:			



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

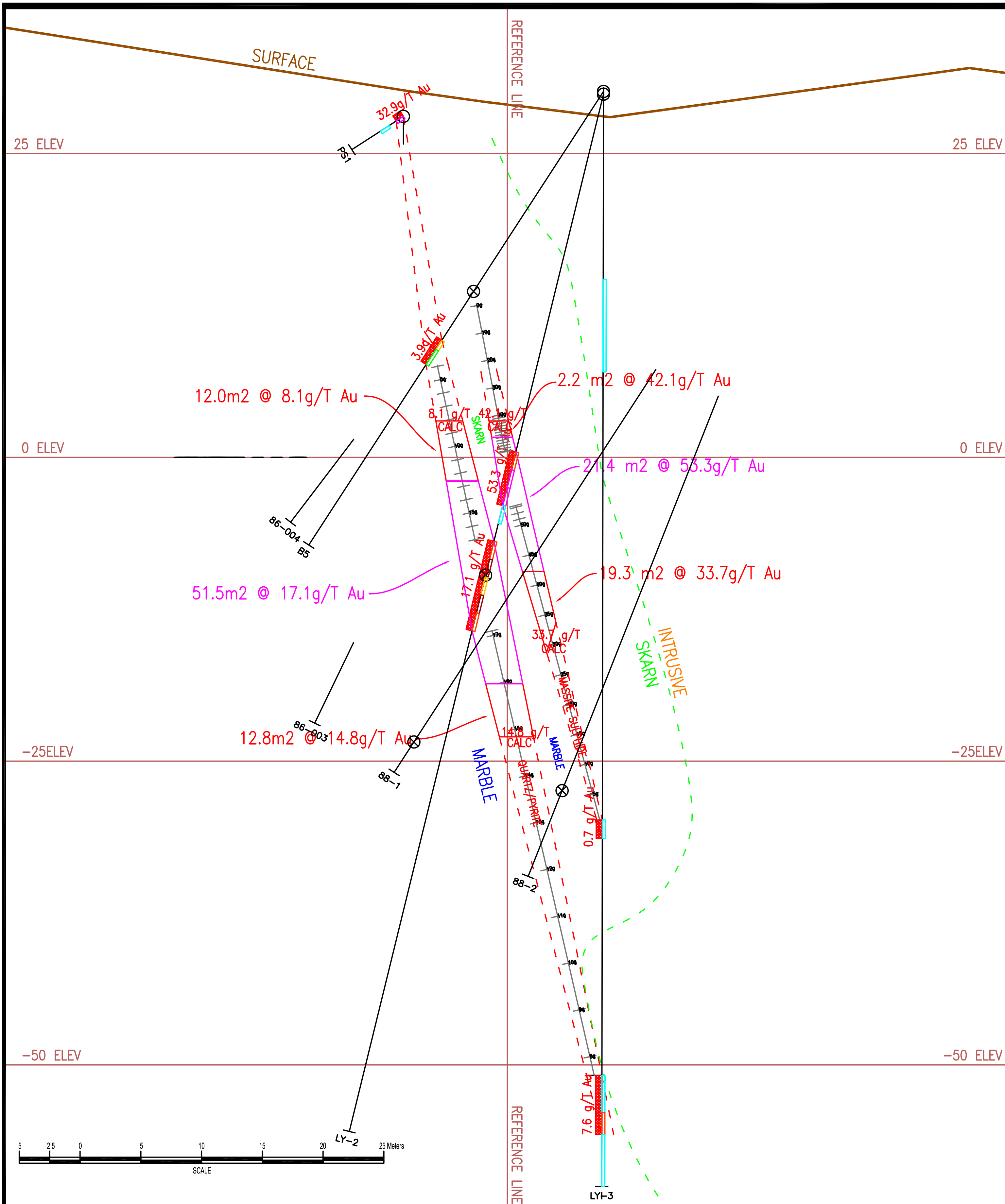
FIGURE 14-6

TITLE: **LONGSECTION THROUGH REF LINE**

Discovery Resource Calculations

Looking North

Drawn by:	Rob Baldwin/Ben Mossman	Scale:	1:400
Date:	2011/02/12	Approval:	Date:
File:			



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

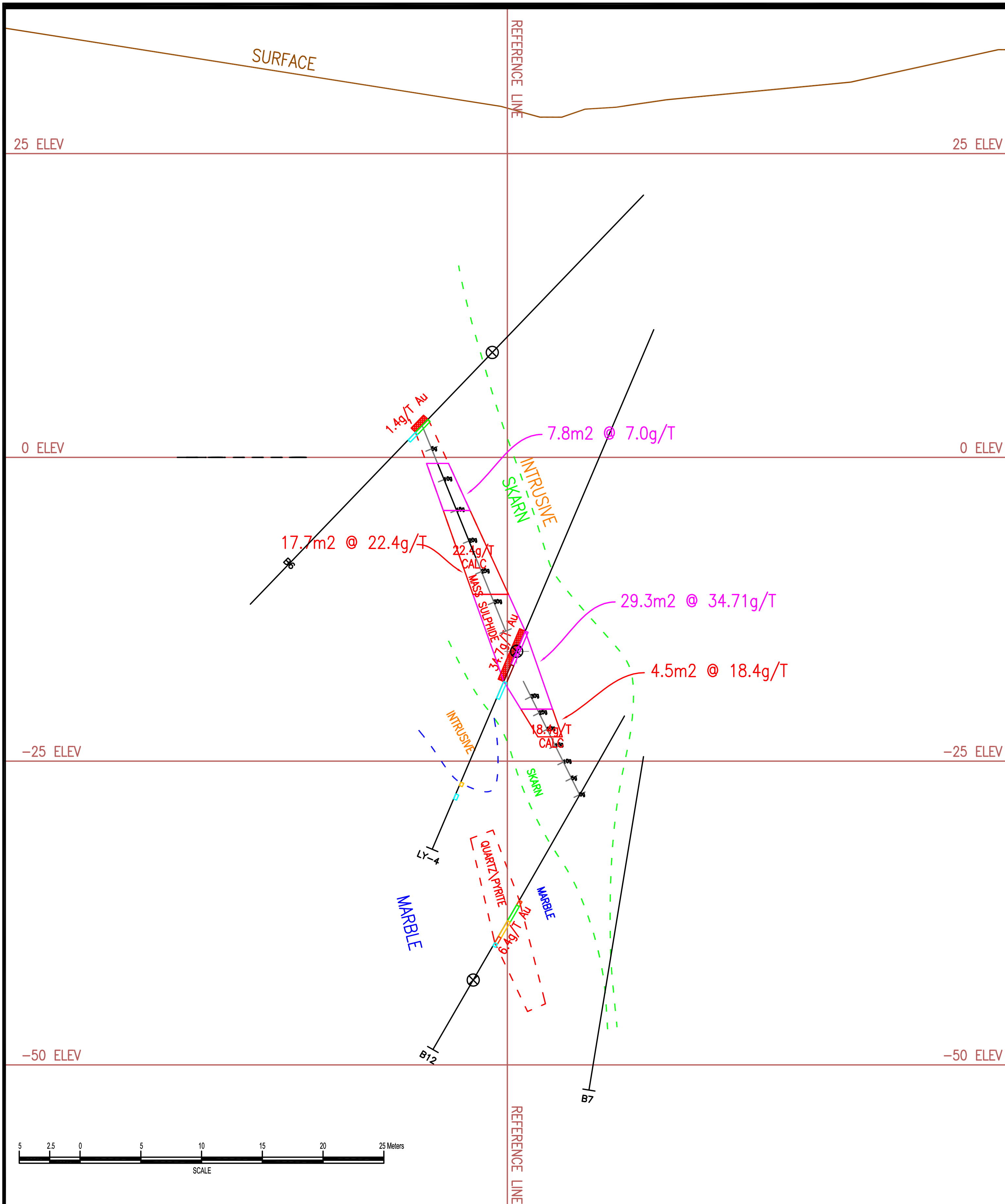
FIGURE 14-7

TITLE: **SECTION B**

Discovery Resouce Calculations

Looking West

Drawn by:	Rob Baldwin/Ben Mossman	Scale:	1:400
Date:	2011/02/12	Approval:	Date:
File:			



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 14-8

TITLE:	**SECTION D** Disccovery Resource Calculations Looking West
Drawn by: Rob Baldwin	Scale: 1:400
Date: 2011/02/12	Approval: Date:
File:	

14.4.3 BOB ZONE

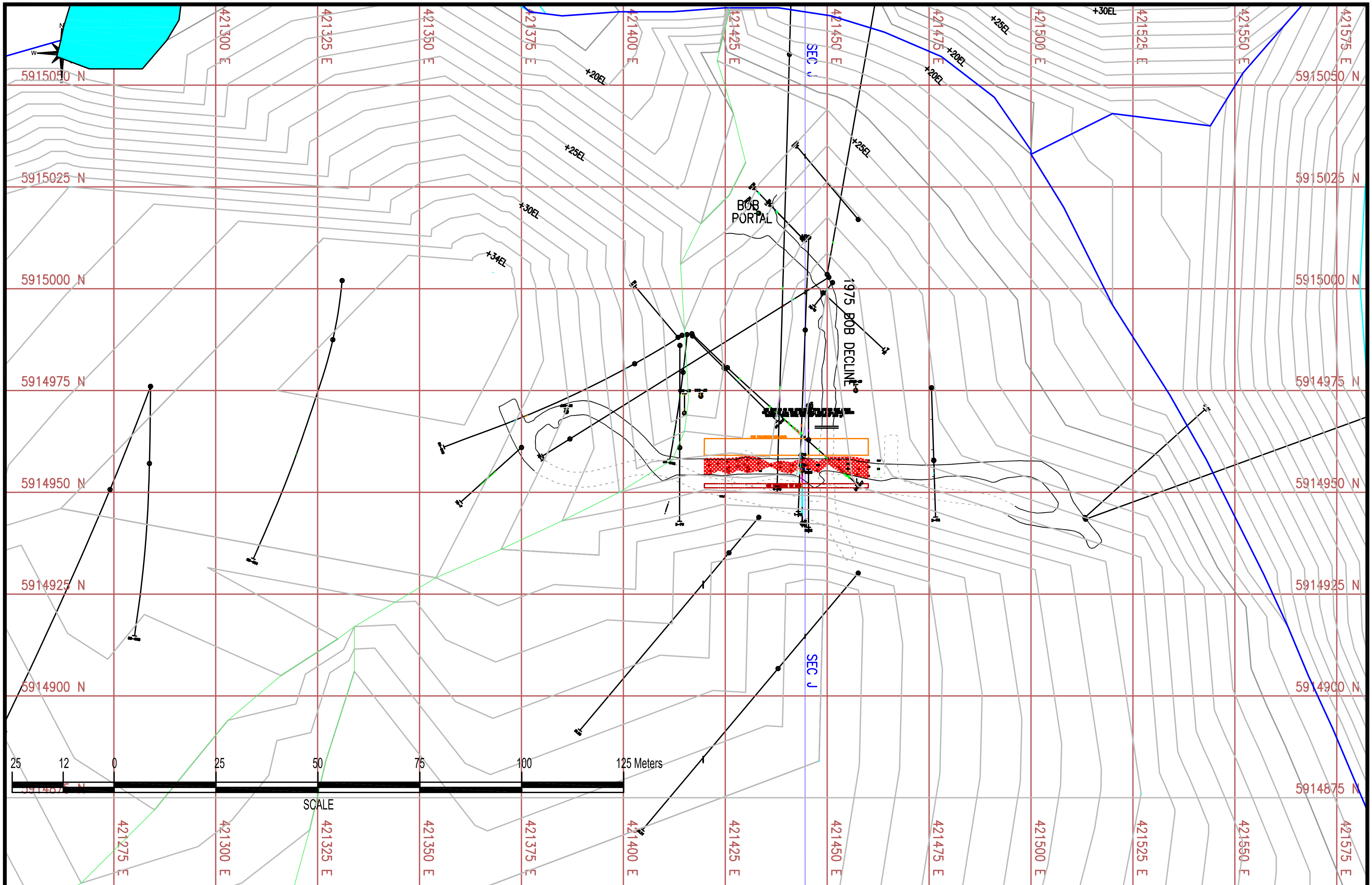
The Bob Zone is different from the Tel and Discovery Zones in that the mineralized zone has been explored by underground development in addition to diamond drilling. Details of the historic underground development are shown in Figure 14-9 and 14-10. The Bob Decline was driven in 1978 and intersected the mineralized zone on three levels. The first level crosscut the mineralized zone in two places, the second level was driven along the entire strike of the mineralized zone (see Figure 14-10), and the third level was driven in the footwall of the mineralized zone. Two crosscuts on the third level were driven into the mineralized Bob structure.

A longitudinal view of the resource block used for resource estimation is graphically displayed in Figure 14-11. A single section, Section J as displayed in Figure 14-12, was prepared for the Bob mineral resource estimate. This section is approximately in the centre of the strike length of the Bob mineralized zone. The strike length for the modeled resource is assumed based on the mapping and assays available from the second level drifting in 1978.

The cross sectional mineralized zone model prepared matches well with the actual elevation contours of the mineralized zone on second level. The sectional model indicates a mineralization width at the second level of 3.0m which is identical to the average mineralization width of the mineralization encountered on that level in 1978.

Historic chip sample assays are available for every face for the second level mining at Bob. Muck samples were also taken for every round. Accounting for mining dilution, the muck sample data almost exactly matches the chip sample data. This reinforces the reliability of the chip sample data available for the second level at Bob.

Based on information from underground drifting and diamond drilling, the Bob Zone narrows sharply along strike in both directions of the upper portion of the resource beyond the modeled resource. In the lower part of the resource, limited drilling indicates the mineralized zone continues to depth but narrows. There are several interesting mineralized drill intercepts to the west of the modeled resource in the lower portion of the mineralized zone and there is no drill information east of the modeled resource in the lower part of the mineralized zone.



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 14-9

TITLE:	BOB PLANVIEW Bob Resource Calculations OVERVIEW
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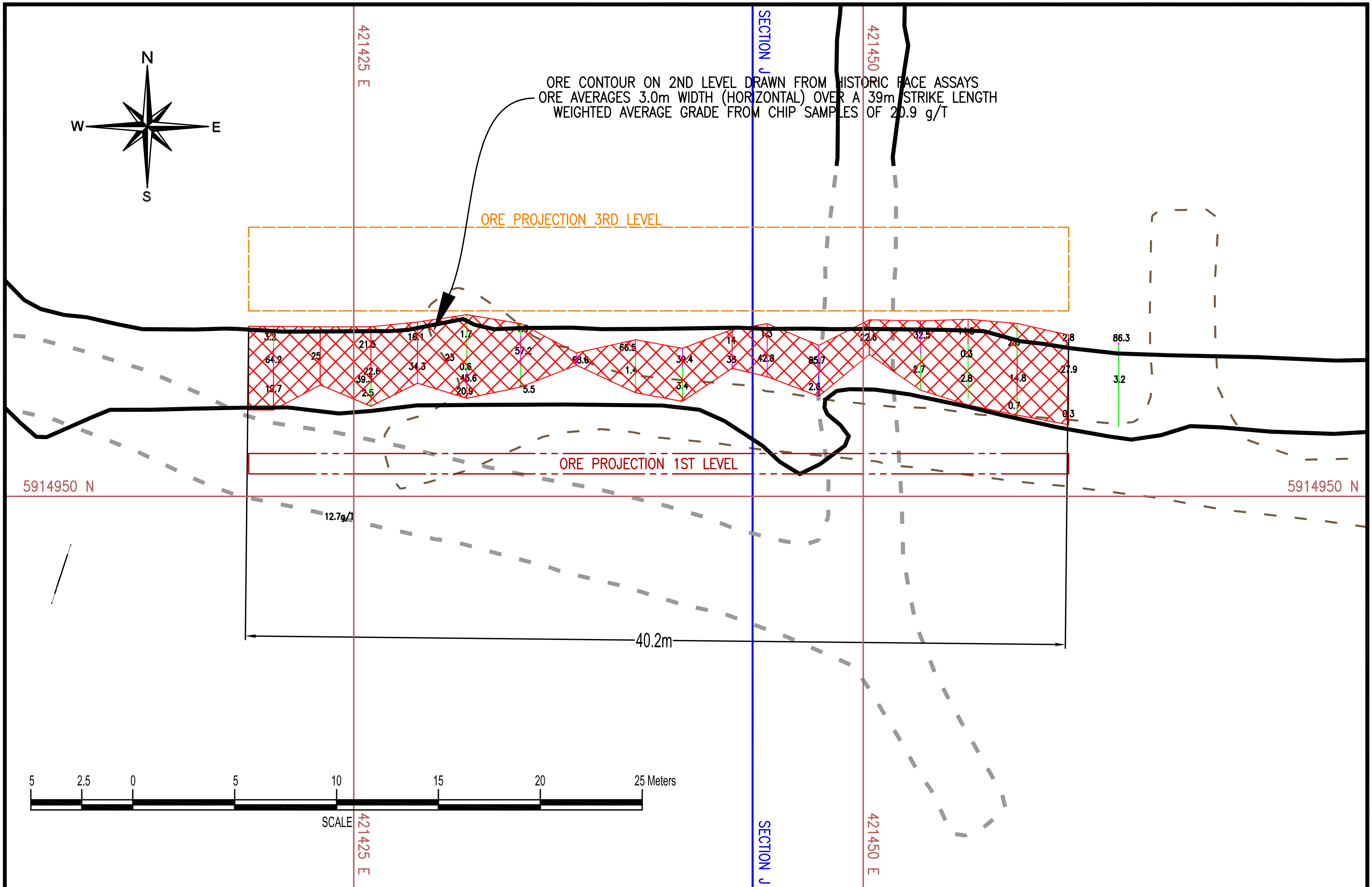
Date: 2011/02/17	Approval: Date:
File:	



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 14-10

TITLE:	BOB LEVEL 2 Bob Resource Calculations PLAN VIEW
Drawn by:	Scale: 1:250
Date: 2011/02/17	Approval: Date:
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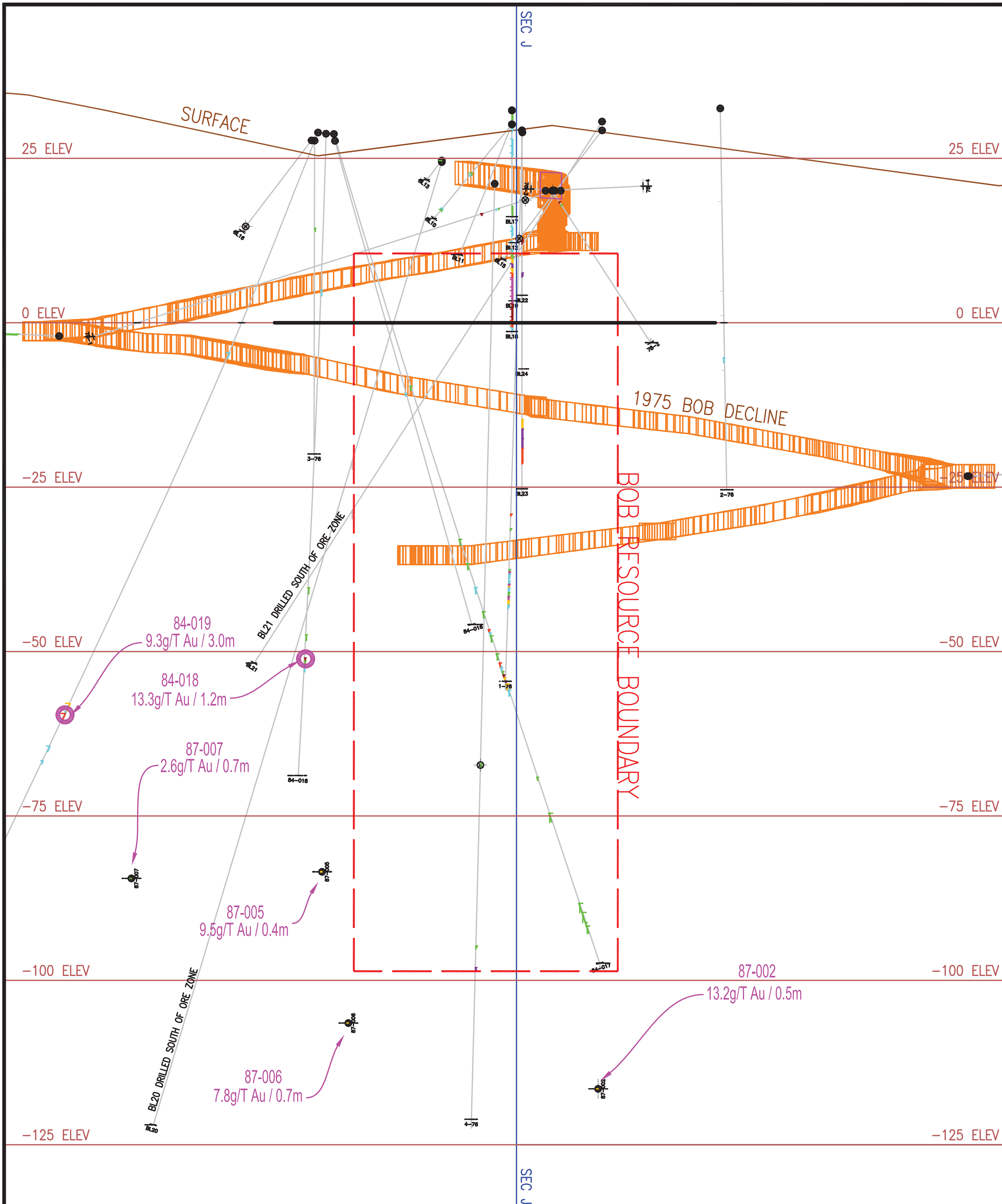

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 14-11

TITLE:	MINERALIZED DRILL INTERCEPTS Outside Bob Resource LONGSECTION LOOKING NORTH
Drawn by: ROB BALDWIN/BEN MOSSMAN	Scale: 1:250
Date: 2011/02/17	Approval: Date:
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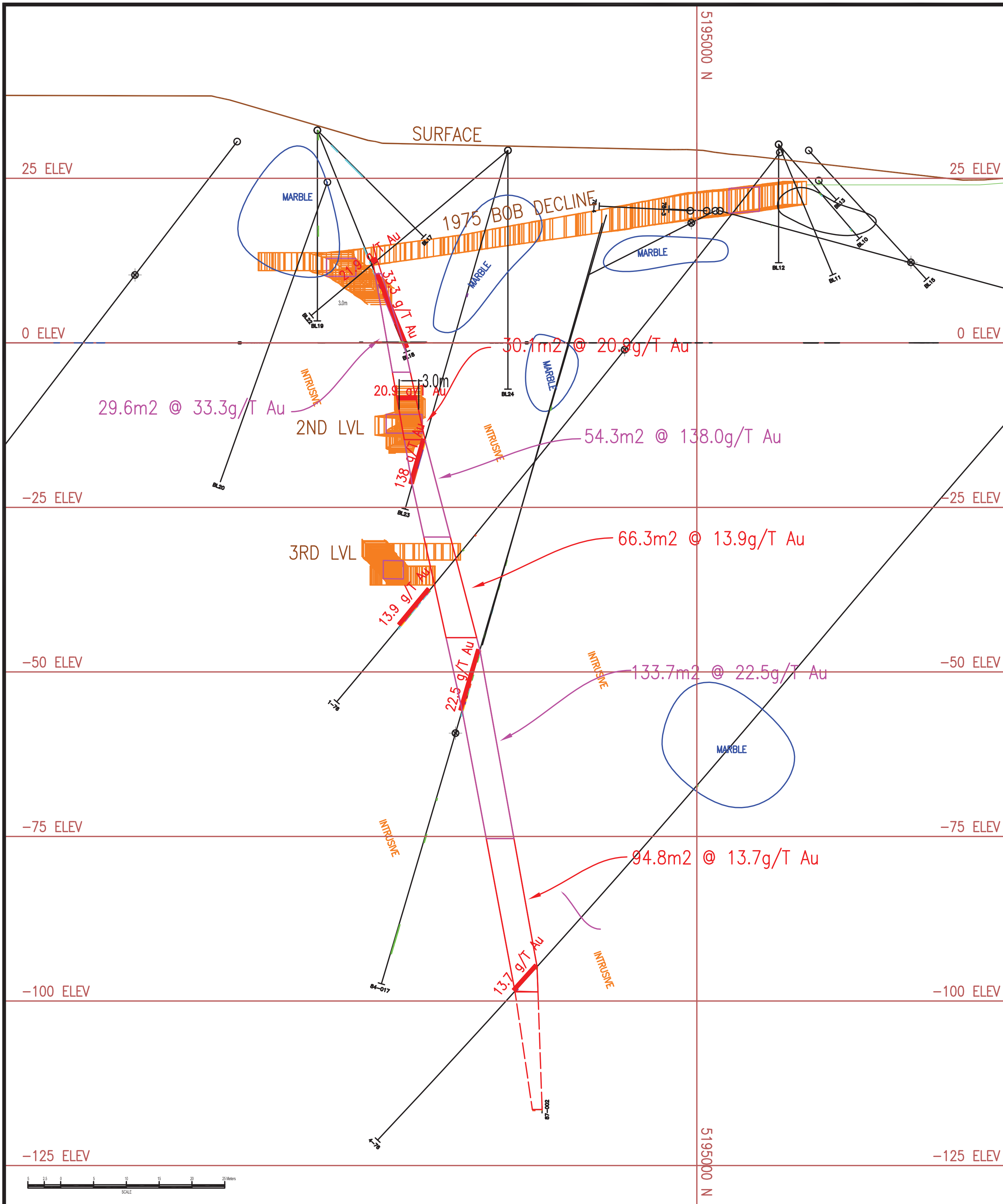

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

FIGURE 14-12

TITLE:	SECTION J Bob Resource Calculations Looking West
Drawn by:	Scale: 1:750
Date: 2011/02/17	Approval: Date:
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14.5 SPECIFIC GRAVITY

Limited information is available on specific gravity (SG) determinations on drill core for the Yellow Giant Gold Property. The only specific gravity measurements available were conducted in 1986 on samples from the Tel Zone. The 1986 measurements are shown below in Table 14-1.

Table 14-1 Specific Gravity Measurements - Tel Zone

Zone	Au Grade (g/T)	S.G.	
Tel Central	19.2g/T	3.1	T/m3
Tel Central	0g/T	3.0	T/m3
Tel Main	32g/T	4.2	T/m3

In order to estimate specific gravity, the metallurgical composite samples for the Tel Main Zone and Discovery Zone were utilized. Using the base metal assays, iron, and sulphur content of these composites a conversion to mineral content was made.

The Tel Main Zone is distinct from other zones on the property due to its high zinc content. Based on a conversion of assay to mineral content, as displayed in Table 14-2, an SG value of 3.6 has been derived for the Tel Main Zone.

Table 14-2 Tel Main Zone Specific Gravity Determination

Au(g/T)	Fe(%)	S(%)	Cu(%)	Zn(%)	As(%)
40.5	17.7	17	0.3	6.32	3.85

Mineral	Content%	SG
Pyrite	22.3%	5.0
Chalcopyrite	0.9%	4.2
Sphalerite	9.9%	4.1
Arsenopyrite	8.4%	6.1
Other	58.6%	2.7
Total	1.0	3.6

Metal ratios for the Discovery Zone are similar to that of the other zones, excluding the Tel Main Zone. Using the Discovery metallurgical composite and converting metal content to mineral content, as displayed in Table 14-3, an SG value of 3.4 was determined. This value was used for the Discovery, Tel Central, and Bob Zones.

Table 14-3 Discovery Zone Specific Gravity Determination

Au(g/T)	Fe(%)	S(%)	Cu(%)	Zn(%)	As(%)
26	15.4	12.99	0.07	1.59	2.61

Mineral	Content%	SG
Pyrite	20.6%	5.0
Chalcopyrite	0.2%	4.2
Sphalerite	2.5%	4.1
Arsenopyrite	5.7%	6.1
Other	71.0%	2.7
Total	100%	3.4

14.6 CAPPING

The cutting of high gold assays was performed before resource inventory calculations were made. To determine an acceptable criteria for cutting of high assays, all assays over 1 g/t gold were compiled for each zone and the 98th percentile of gold assays was calculated as shown in Table 14-4.

Table 14-4 98th Percentile of Assays over 1 Gram per Tonne Gold

Area	# of Samples	Samples in 98th Percentile	Value (g/t Au) of 98th Percentile
Overall	643	630	145
Tel	476	466	155
Bob	82	80	117
Discovery	85	83	115

Based on the calculated value of the 98th percentile for each zone, all assays above this value were cut to that value before composites for resource blocks were made.

The effect of the assay capping on the calculated resource is displayed in Table 14-5 and 14-6. The effect on the grade of the resource is most pronounced in the Bob zone where the resource grade drops from 35.4 g/t gold to 20.9 g/t gold when assays are cut to the 98th percentile. Overall, the resource grade drops from 30.3 g/t to 22.7 g/t with the use of assay capping. This is equal to a cut of 25% in gold grade.

Table 14-5 Yellow Giant Resource Calculation with Uncapped Assays

Zone	Tonnes	Grade (g/T) Au
Tel	47,000	25.7
Bob	55,000	35.4
Discovery	13,000	26.1
Total	115,000	30.3

Table 14-6 Yellow Giant Resource Calculation with Capped Assays

Zone	Tonnes	Grade (g/T) Au
Tel	47,000	24.0
Bob	55,000	20.9
Discovery	13,000	25.3
Total	115,000	22.7

14.7 CUT OFF GRADES

Due to the limitation of resource estimation to areas with dense sample information and higher grades, the use of cutoff grades to limit or expand the resource shape was not implemented. There are no resources included in the current estimate that can be reasonably excluded from the resource due to calculated block grade.

14.8 MINERAL RESOURCE CLASSIFICATION

All mineral resources have been categorized as *Inferred*. Uncertainties related to mineralization continuity exist, which are primarily due to the historical nature of the diamond drilling used to calculate the mineral resources in this report.

Transformation of the various coordinate systems, used by multiple previous operators, was successful. However, some uncertainty remains as to exact locations of mineralized intercepts due to the poor survey control implemented by previous operators. This is compounded by the poor angles which some of the historic holes were drilled relative to the mineralized zone. A limited amount of diamond drilling may demonstrate continuity of mineralized zones allowing the resource to be upgraded to an *Indicated* category.

14.9 CONSOLIDATED RESOURCE STATEMENT

Based on the methodology presented, the *Inferred Mineral Resource* at Yellow Giant has been calculated and is presented in Table 14-7. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Table 14-7 Yellow Giant *Inferred* Resource

Zone	Tonnes	Grade (g/t) Au
Tel	47,000	24.0
Bob	55,000	20.9
Discovery	13,000	25.3
Total	115,000	22.7

15.0 MINERAL RESERVE ESTIMATES

Mineral reserve estimates are not possible at Yellow Giant at this time. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Inferred Mineral Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves.

16.0 ADJACENT PROPERTIES

There are no adjacent properties considered relevant to the Banks Island Mineral Property for the purposes of this Technical Report.

17.0 OTHER RELEVANT DATA AND INFORMATION

No other data or information is deemed relevant to this technical report.

18.0 INTERPRETATION AND CONCLUSIONS

The Yellow Giant Gold Property is an advanced exploration gold property and a mineral property of merit. Important mineralized zones containing high gold values are present on the property. Further exploration and development work is warranted and recommended on the Property.

Although the exploration data and information included in this report is historical in nature, this data is not considered a significant risk or uncertainty. Drilling and underground sampling are at fairly dense spacing within the resource shapes; however, due to the historical nature of the information and limited ability to verify data the resource has been categorized as *Inferred*.

18.1 GEOLOGY AND EXPLORATION

Gold mineralization at Yellow Giant occurs in massive sulphide veins with quartz/carbonate gangue. Gold is closely associated with pyrite but typically is not refractory or in solid solution with pyrite. Veins are steeply dipping with widths varying from 0.5m to 5.0m. High grade shoots with strike lengths of approximately 50m and known depths up to and exceeding 150m are present within mineralized zones. The gold mineralization at Yellow Giant is tentatively assigned to the British Columbia Geological Survey's mineral deposit profile I02: Intrusion-related Au Pyrrhotite Veins. This type of deposit has also been referred to as mesothermal veins or shear hosted gold.

Mineralization is structurally controlled and is found in different host rocks. The Bob and Kim Zones are hosted in an igneous quartz-monzonite, the Tel Zone is hosted in a metasedimentary limestone/marble, and the Discovery Zone is hosted in a metasedimentary limestone/marble/skarn. The Yellow Giant Gold Property is on the western edge of the Tertiary-Jurassic Coast Plutonic Complex characterized by northwest trending granitic bodies, mainly granodiorite-quartz monzonite and quartz diorite, which are separated by narrow, persistent Permian or older metasedimentary belts, mainly crystalline limestone, quartzite, skarn, and schist. Known mineralized zones are concentrated near two major faults, striking at 310 degrees, central to the two metasedimentary belts known as the Arseno and Hepler Faults.

A large amount of exploration work has been completed by various operators from 1960 to 1988 on the Yellow Giant Gold Property. Most of the information is documented in files currently available. A digital database of all available reports, important maps, diamond drilling information, and underground development has been created for the use of future exploration work. Numerous showings and mineralized zones require follow up exploration. Important mineralized diamond drill intercepts also require follow up exploration work.

18.2 MINERAL RESOURCES

An *Inferred* Mineral Resource has been calculated to NI 43-101 standards for three of the mineralized zones on the Yellow Giant Gold Property. Only gold values have been used in resource calculations. The three zones included in the resource estimation are the Tel, Discovery, and Bob Zones. The NI 43-101 *Inferred* Resource is presented in Table 18-1.

Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves.

Table 18-1 Yellow Giant *Inferred* Resource

Zone	Tonnes	Grade (g/t) Au
Tel	47,000	24.0
Bob	55,000	20.9
Discovery	13,000	25.3
Total	**115,000**	**22.7**

19.0 RECOMMENDATIONS

Two phases of work are recommended. Phase II will build on the success of Phase I work and is contingent on the material success of Phase I.

19.1 PHASE I – MINERAL RESOURCE CONFIRMATION AND AIRBORNE GEOPHYSICS

Recommendations for Phase I of the project consist of diamond drilling, exploration geophysics and environmental studies. The upgrading of the current *Inferred* Resource at the Tel Zone and the determination of new exploration targets over the entire mineral property are the primary objectives of Phase I. Upgrading of a significant portion of current *Inferred* Resource at the Tel Zone to an *Indicated* category will be the primary criteria and decision point for moving forward with Phase II recommendations. The Phase I cost is estimated at $875,000, as detailed in Table 19-1.

Table 19-1 Phase I Cost

DIAMOND DRILLING	$475,000
AIRBORNE GEOPHYSICS	$300,000
ENVIRONMENTAL STUDIES	$100,000
TOTAL PHASE I COST	**$875,000**

19.1.1 DIAMOND DRILLING

A limited amount of diamond drilling is required to upgrade the current *Inferred* Mineral Resource at the Tel Zone at Yellow Giant to an *Indicated* category. An all-inclusive cost of $200 per drilled meter has been used for budgetary purposes. This cost includes direct drilling costs, core cutting, logging, assaying, permitting, and crew logistics. Table 19-2 displays Phase I diamond drilling quantities.

The goals of the Phase I drilling campaign are as follows:

1. Upgrade the current *Inferred* Resource to an *Indicated* category at the Tel Zone. This will allow the calculation of minable resources in future economic studies.
2. The drilling program will allow the collection of geotechnical data.

Table 19-2 Phase I Diamond Drilling

ZONE	DIAMOND DRILLING (m)	UNIT COST ($/m)	TOTAL COST
TEL	2,375	$200	$475,000
TOTAL	**2,375**		**$475,000**

19.1.2 AIRBORNE GEOPHYSICS

Helicopter aerial geophysics may provide new exploration targets on the Banks Island Mineral Property. The use of aerial geophysics would allow the property to be covered uniformly and ideally will allow the investigation of a significant amount of ground at Yellow Giant that is covered with water and swamp. An electro-magnetic time domain system has been selected for use in Phase I. The survey should cover known mineralized zones at Yellow Giant to understand the geophysical signature of the known mineralized zones.

19.1.3 ENVIRONMENTAL STUDIES

Certain environmental studies such as water quality sampling and hydrogeology require a year or more of data for mine permit applications. Other studies such as groundwater hydrogeology can be completely most efficiency while exploration diamond drilling is underway. A modest budget has therefore been allocated to Phase I in order to collect some preliminary environmental data during exploration activities.

19.2 PHASE II – MINERAL INVENTORY EXPANSION AND ENGINEERING STUDIES

Recommendations for Phase II of the project are contingent on positive results and the material success of the Phase I objectives. Phase II consists of two main program components. A program with the goal of mineral inventory expansion including geological field work and diamond drilling is recommended. Engineering studies envisioned to support a preliminary economic assessment study should be undertaken. These studies would include further metallurgical testing and environmental engineering. The Phase II cost is estimated at $2,400,000 as detailed in Table 19-3.

Table 19-3 Phase II Cost

GEOLOGY STUDIES	$250,000
DIAMOND DRILLING	$1,929,000
PROJECT ENGINEERING	$221,000
TOTAL PHASE II COST	**$2,400,000**

19.2.1.1 GEOLOGICAL FIELD WORK AND STUDIES

Geological field work in Phase II should increase bedrock and structural mapping in the Yellow Giant area. The use of consultant geological experts in these fields should be employed.

19.2.1.2 DIAMOND DRILLING

A moderate diamond drilling program is budgeted to expand mineral resources near the current *Inferred* Mineral Resource at Yellow Giant. Drilling of Tel, Bob, and Discovery Zones at depth is recommended. The Kim Central Zone has high potential to support a mineral resource with a modest amount of drilling, which is included in Phase II drilling recommendations. An all-inclusive cost of $200 per drilled meter has been used for budgetary purposes. This cost includes direct drilling costs, core cutting, logging, assaying, crew logistics, and helicopter support. Table 19-4 displays Phase II diamond drilling by mineralogical zone.

Table 19-4 Phase II Diamond Drilling

ZONE	DIAMOND DRILLING (m)	UNIT COST ($/m)	TOTAL COST
TEL	4,835	$200	$967,000
BOB	1,510	$200	$302,000
DISCOVERY	1,620	$200	$324,000
KIM	1,680	$200	$336,000
TOTAL	**9,645**		**$1,929,000**

19.2.2 ENGINEERING STUDIES

A Preliminary Economic Assessment study should be undertaken to study possible mining scenarios for the Yellow Giant mineralized zones.

To support this assessment further metallurgical studies are required. There are many options to consider for the treatment of the ores at Yellow Giant; however, the necessity of dealing with arsenic content will be an overriding concern. Metallurgical testwork should include studies on gravity separation of gold with intense cyanidation, pressure oxidation, and bioleaching. Metallurgical testing should include flotation test work on the creation of separate copper, lead, and zinc concentrates.

Detailed environmental engineering will be required for application for permits if and when applications for permits for a commercial mining operation were to be made. Haul road and bridge design should be undertaken along with road reclamation planning. Ore and barren rock stockpiles, both temporary and permanent, require engineered designs. A professional acid rock drainage and metal leaching assessment would be required. A reclamation design and strategy for potential mining operations at Yellow Giant should also be prepared.

20.0 ITEMIZED COST STATEMENT

Banks Island Field Trip #1. Site Visit Jan 27-28 2011

	Units		Rate		Total Cost
Ben Mossman, P.Eng	2	days	$800	$/Day	$1,600
Tessa Brinkman	2	days	$600	$/Day	$1,200
Rob Baldwin, P.Eng	2	days	$1,000	$/Day	$2,000
Laura Battison	2	days	$1,100	$/Day	$2,200
Helicopter Charter	2	hours	$2,300	$/hr	$4,600
Travel to Price Rupert					$4,068
Misc Expenses					$163
					$15,831

Banks Island Field Trip #2. May 9-13 2011

	Units		Rate		Total Cost
Ben Mossman, P.Eng	4.8	days	$800	$/Day	$3,840
Tessa Brinkman	4.8	days	$600	$/Day	$2,880
Mark Williams	4.8	days	$377	$/Day	$1,809
Float Plane Charter	2	days	$1,165	$/Flight	$2,330
Fishing Boat Charter	4.8	days	$842	$/Day	$4,040
Travel to Price Rupert					$2,222
Misc Expenses					$46
					$17,166

Banks Island Geological database compilation Jan-April 2011

	Units		Rate		Total Cost
Laura Battison	6.3	days	$600	$/Day	$3,794
Ben Mossman, P.Eng	44.7	days	$800	$/Day	$35,760
Tessa Brinkman	6.6	days	$600	$/Day	$3,960
Maps & Charts					$762
Scanning & Copying					$584
Document Retrieval					$133
					$44,993

Metallurgical Testing Feb 2011

Sample Shipping	$168
SGS - Heavy Liquid Separation	$5,850
SGS - POX TESTING	$4,680
	$10,698

Geological, Engineering Studies & Report Writing - March-August 2011

	Units		Rate		Total Cost
Tessa Brinkman	21.4	days	$600	$/Day	$12,840
Rob Baldwin, P.Eng	8.6	days	$800	$/Day	$6,880
					$19,720
Total Expenses on Banks Island Mineral Property					**$108,408**

21.0 REFERENCES

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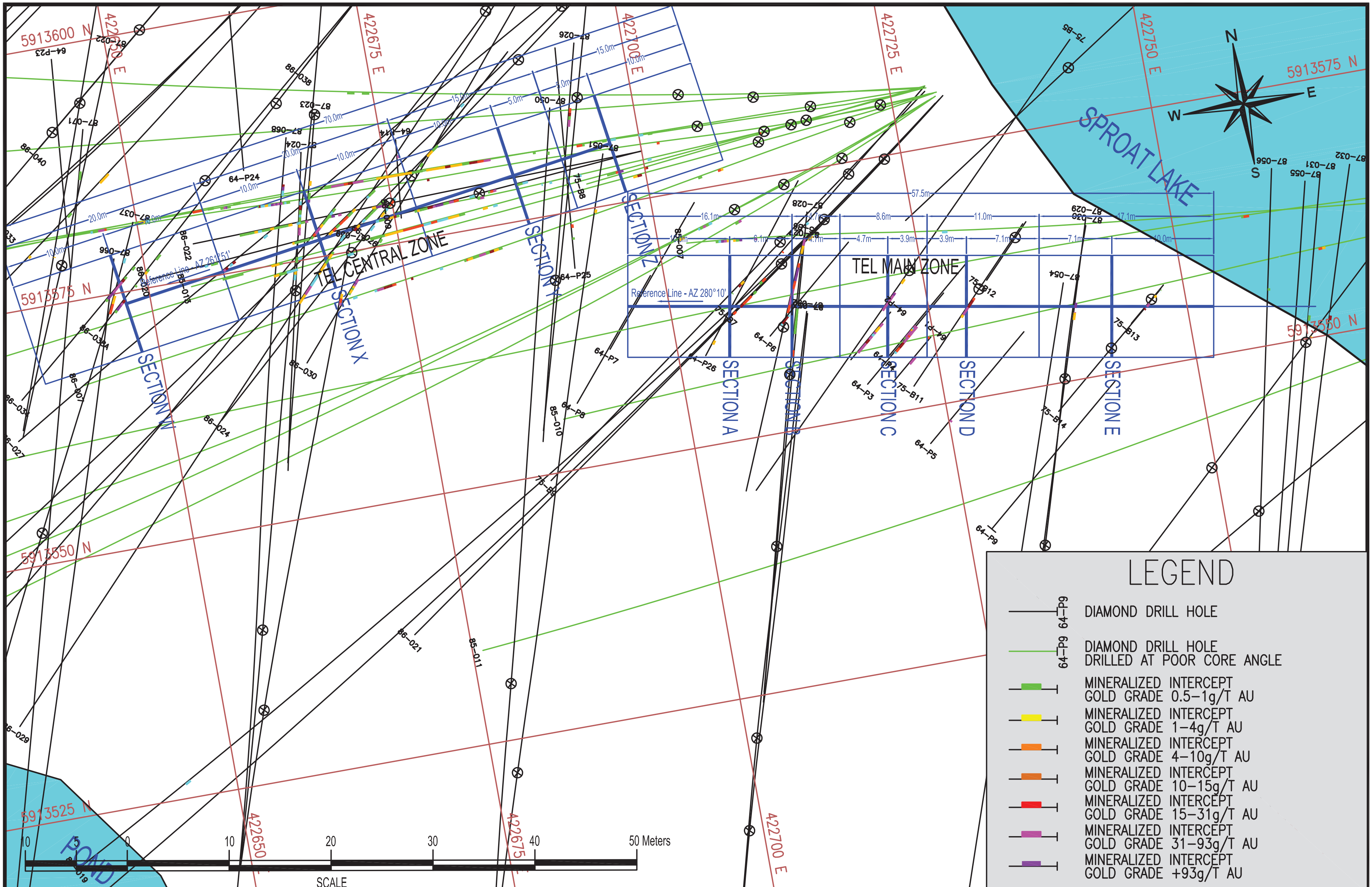
APPENDIX A

MINERAL RESOURCE CALCULATIONS, SECTIONS, & PLANS



YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

TITLE: **TEL PLAN VIEW**

Tel Resource Calculations

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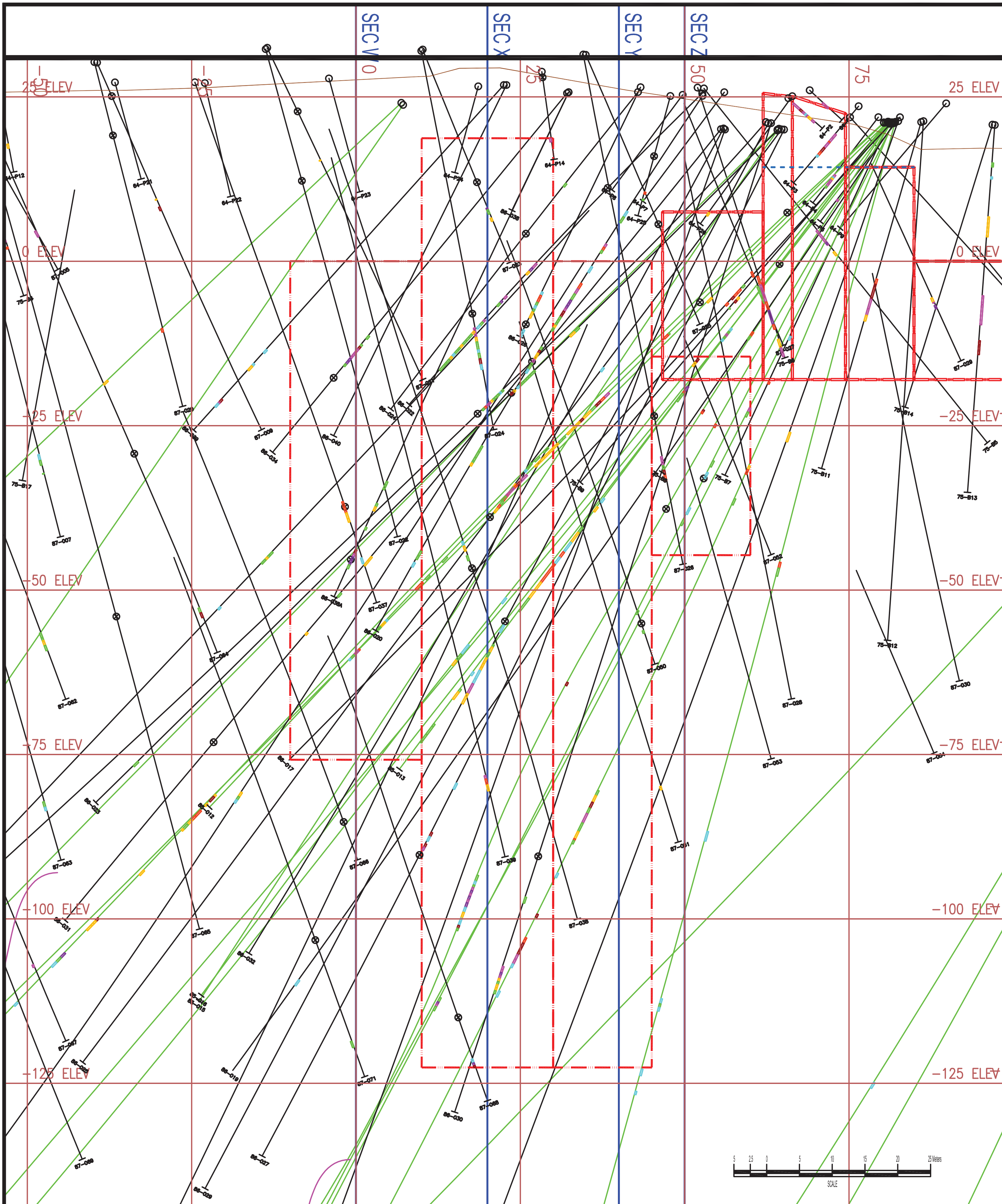

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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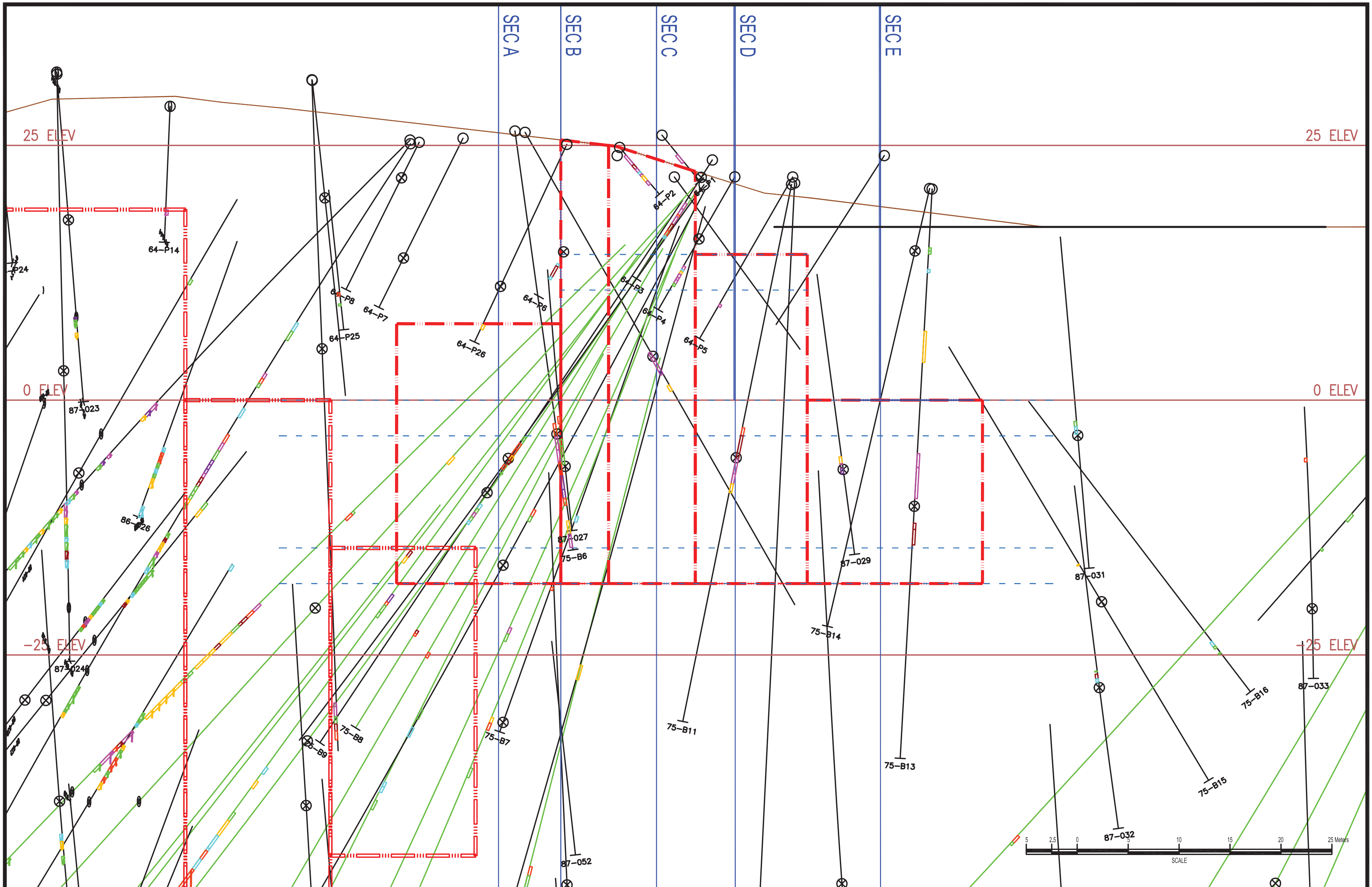

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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Tel Resource Calculations

Looking North

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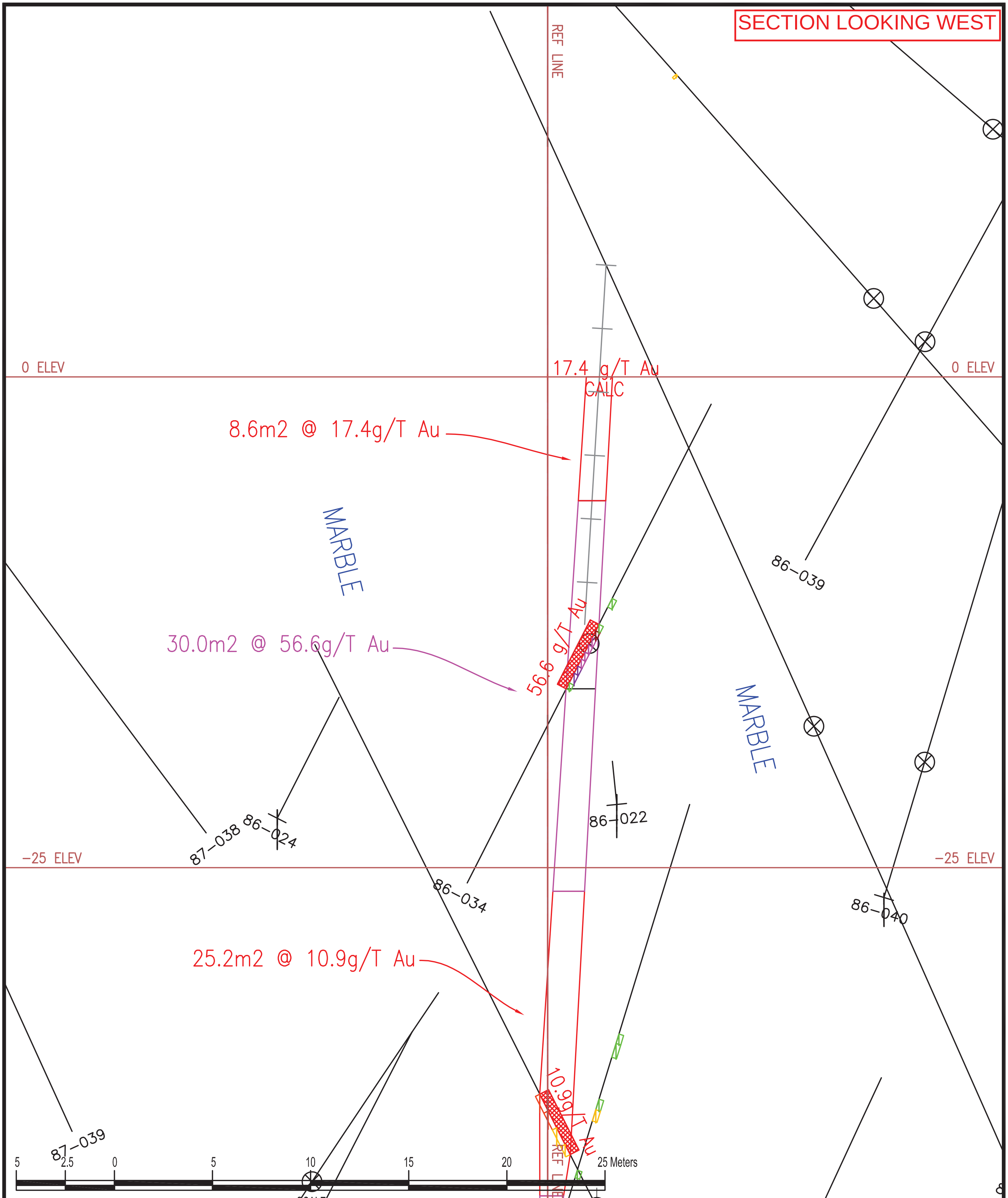

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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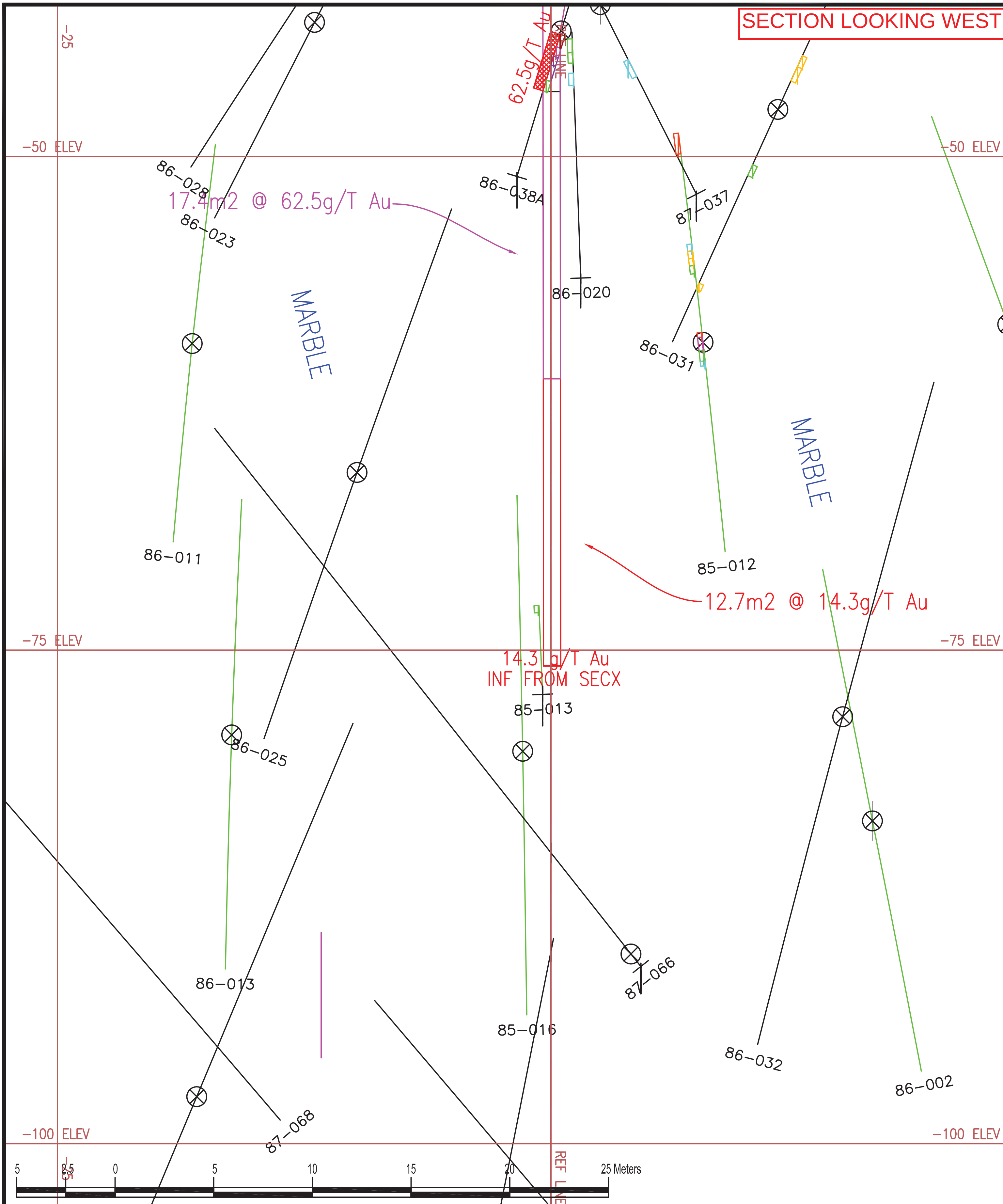

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

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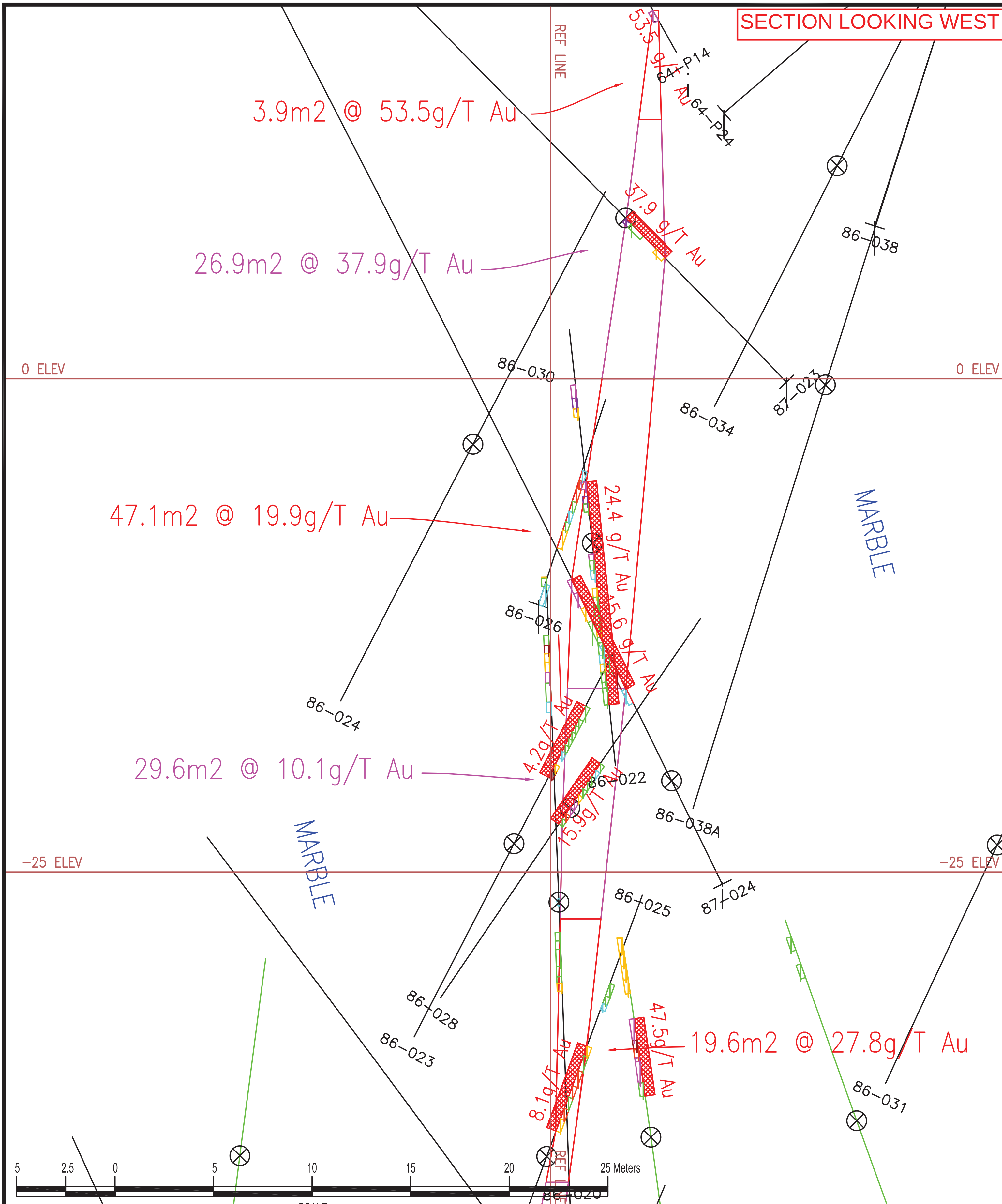

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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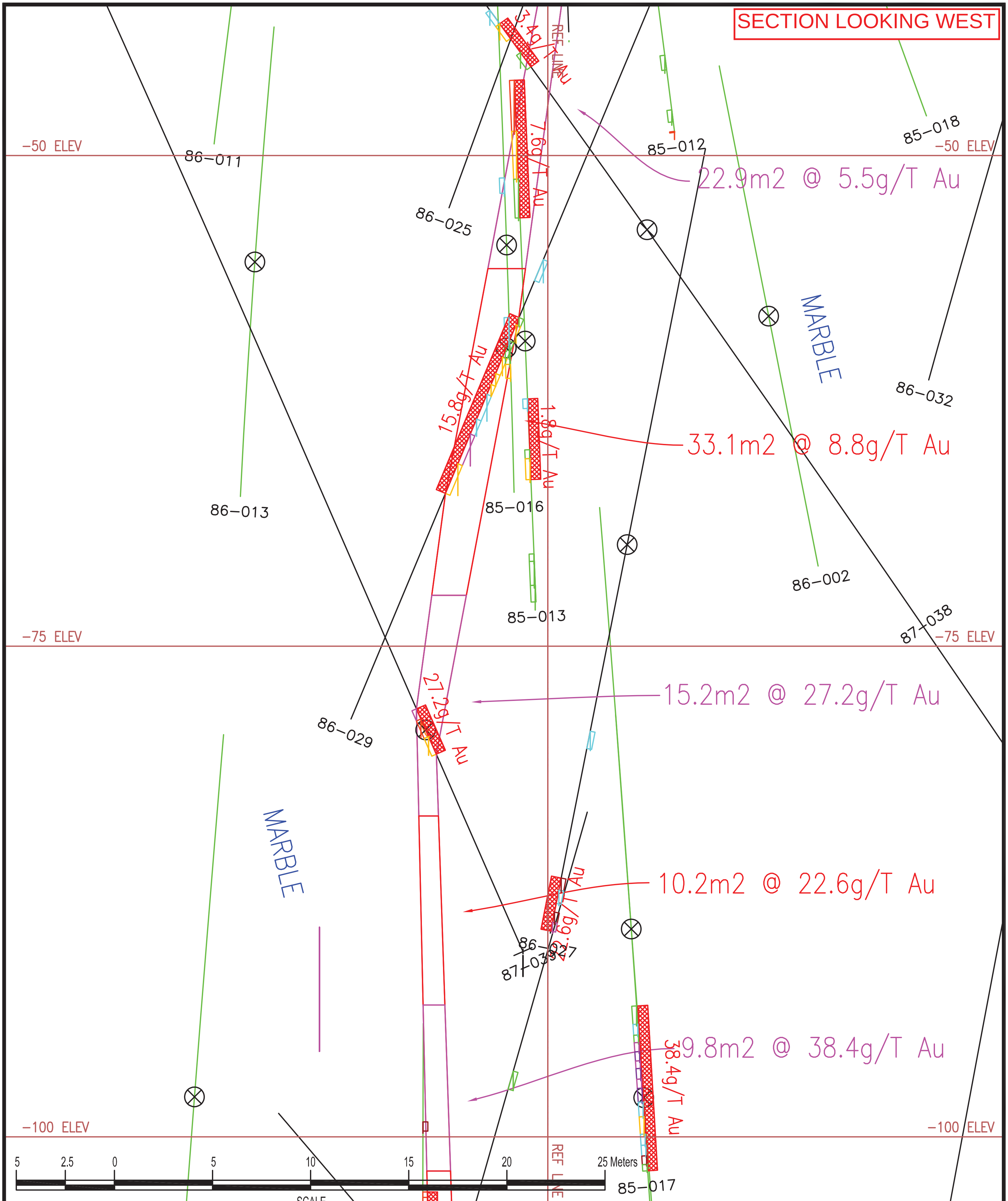

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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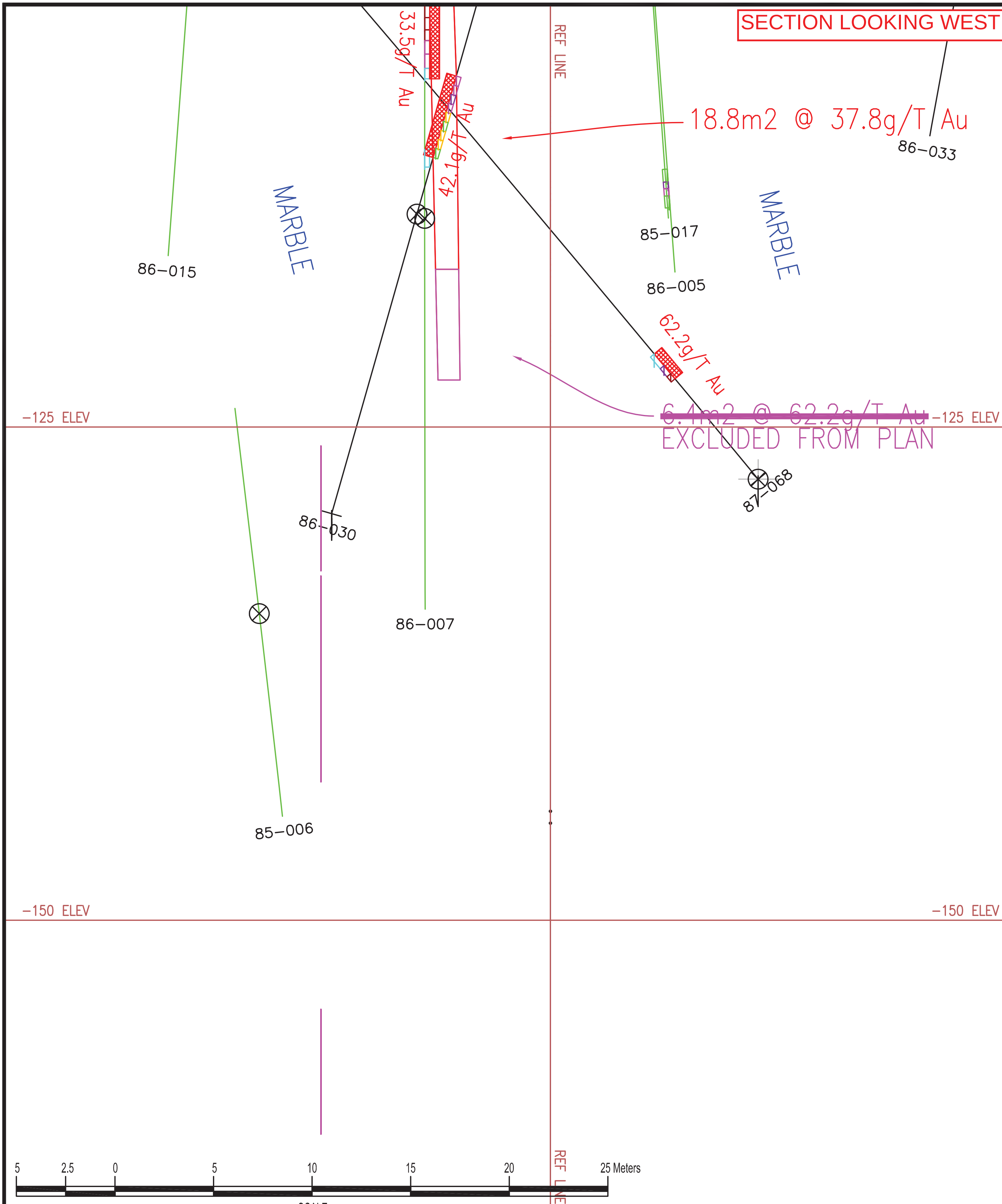

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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Tel Resource Calculations
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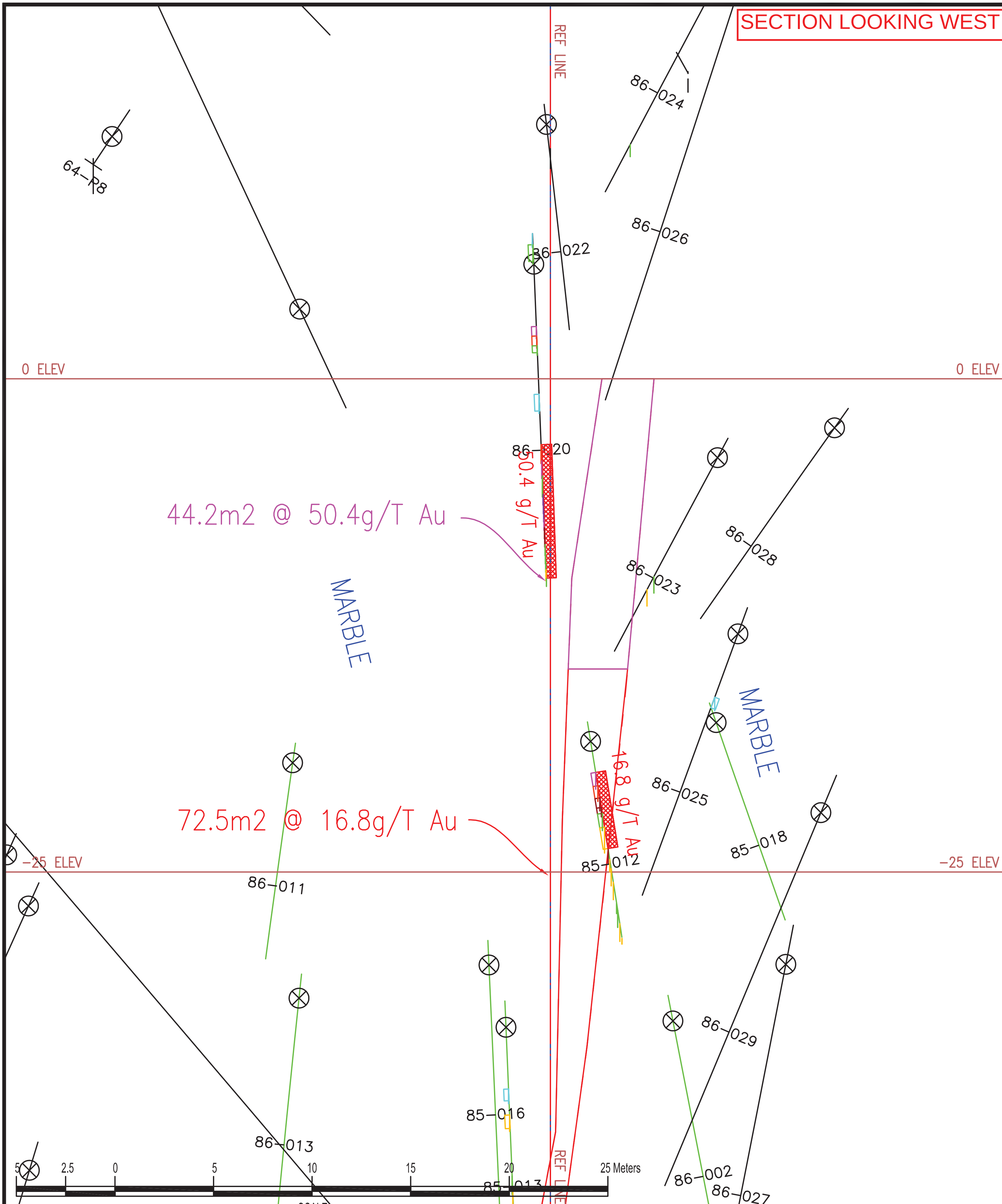

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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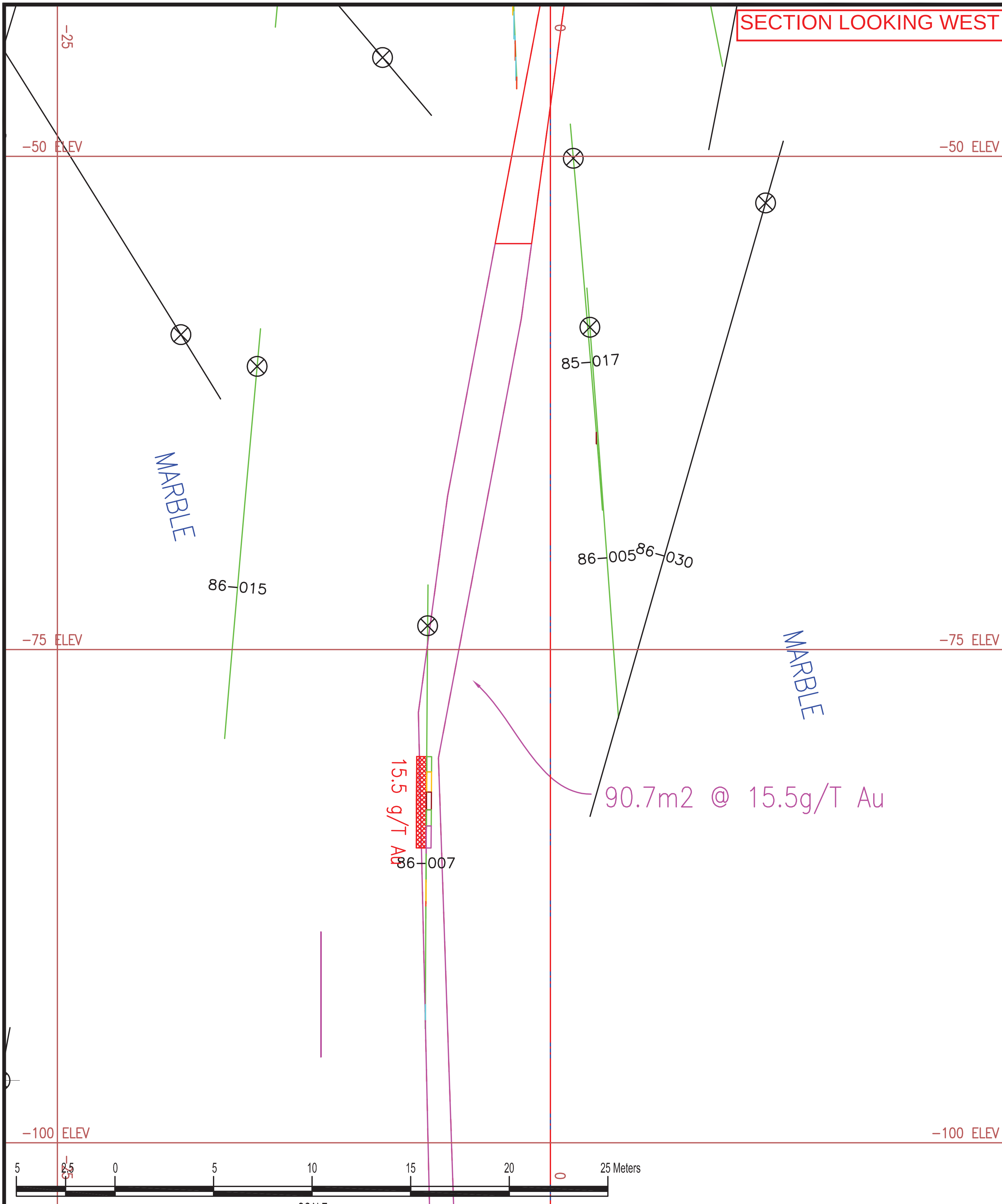

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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Tel Resource Calculations
SECTION Y MID

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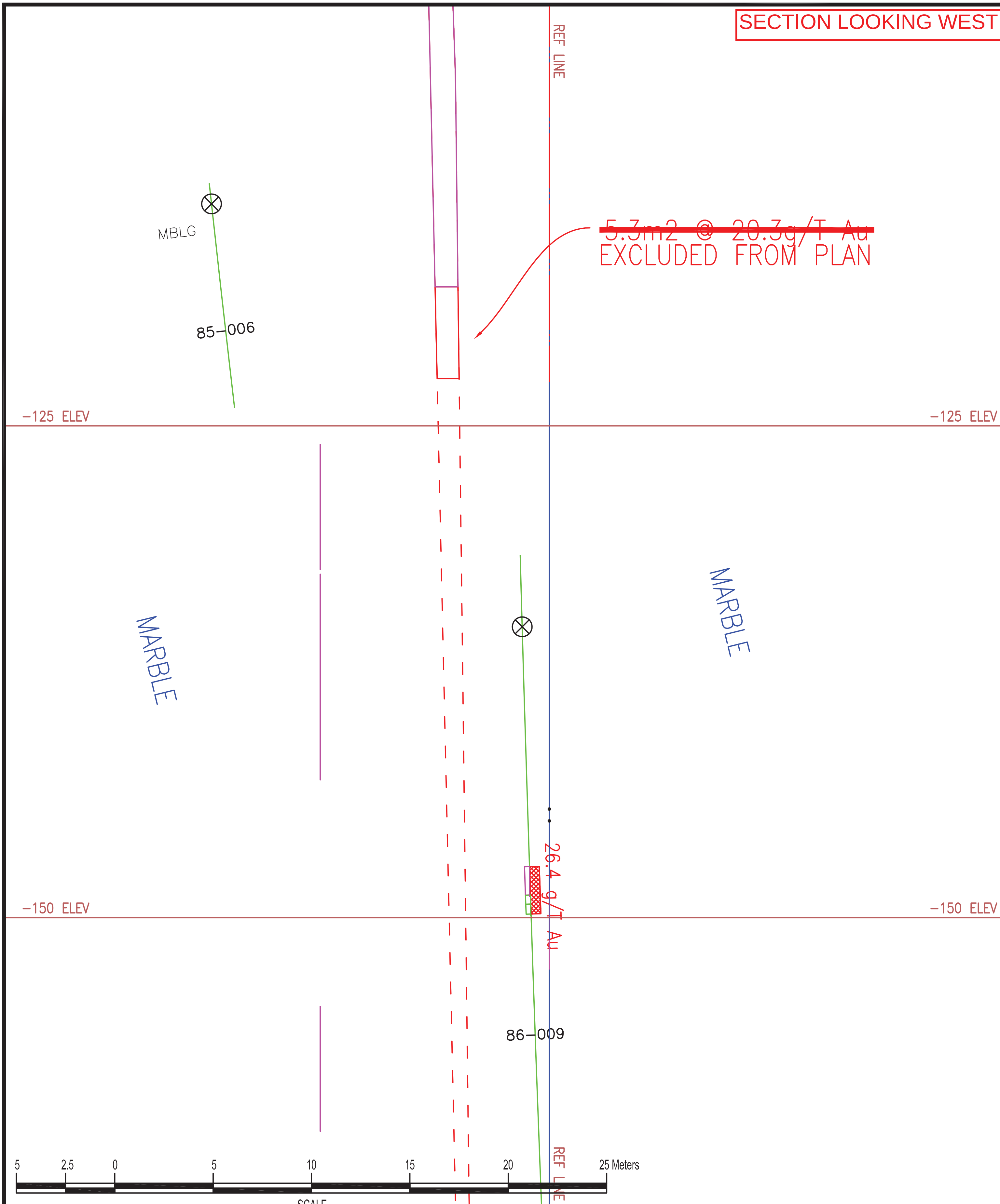

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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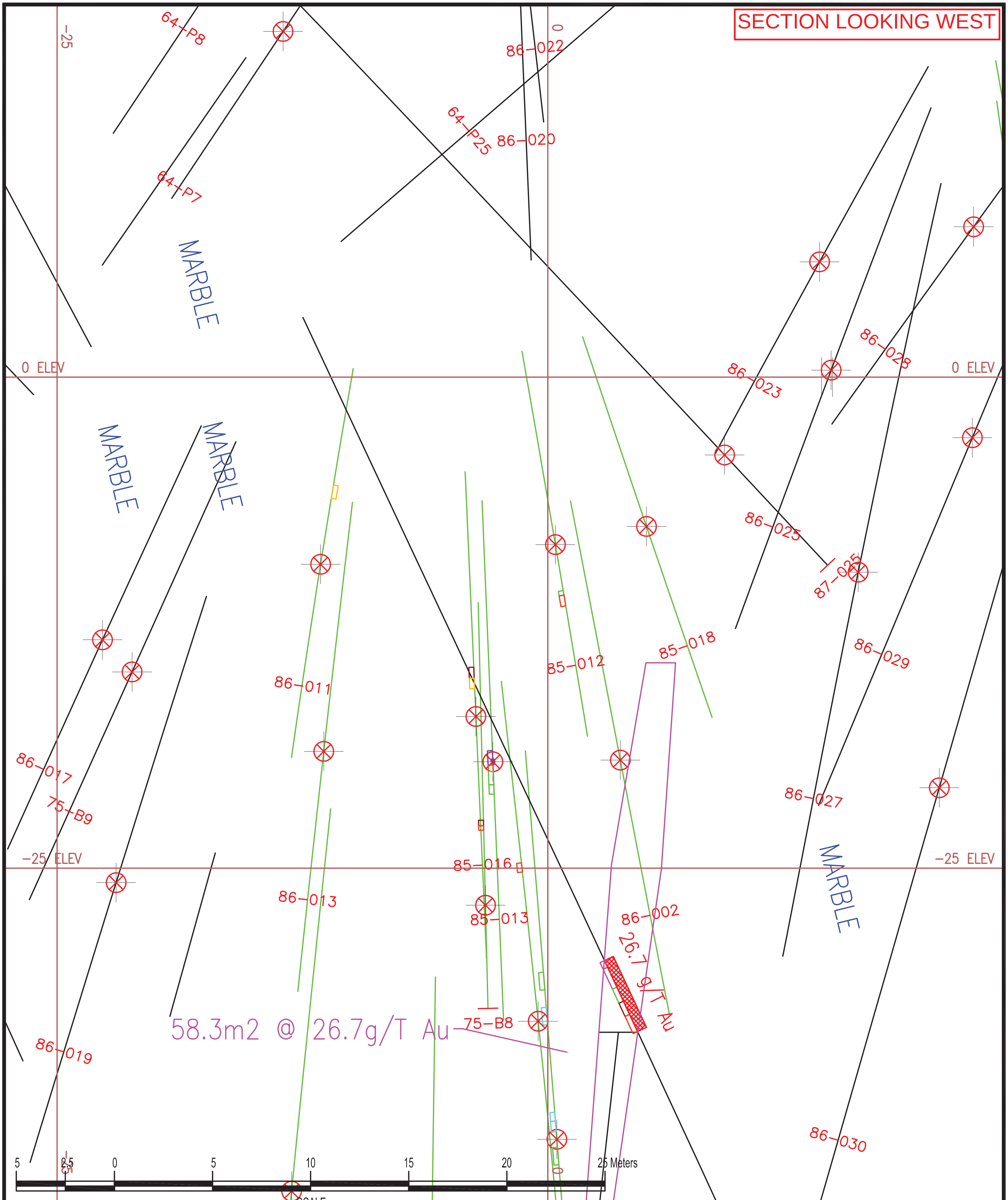

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Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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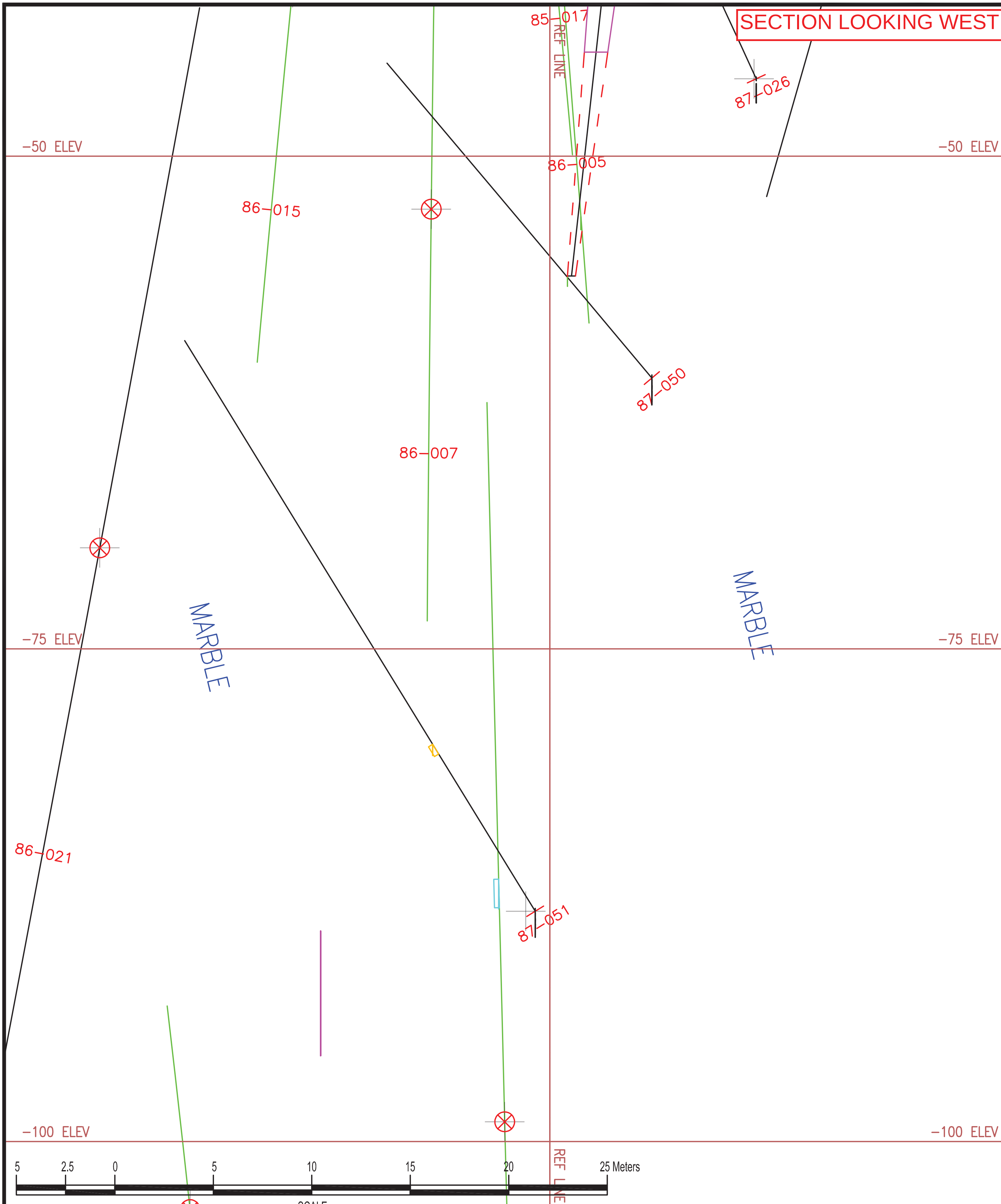

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Technical Report & Preliminary Economic Assessment, March, 2011

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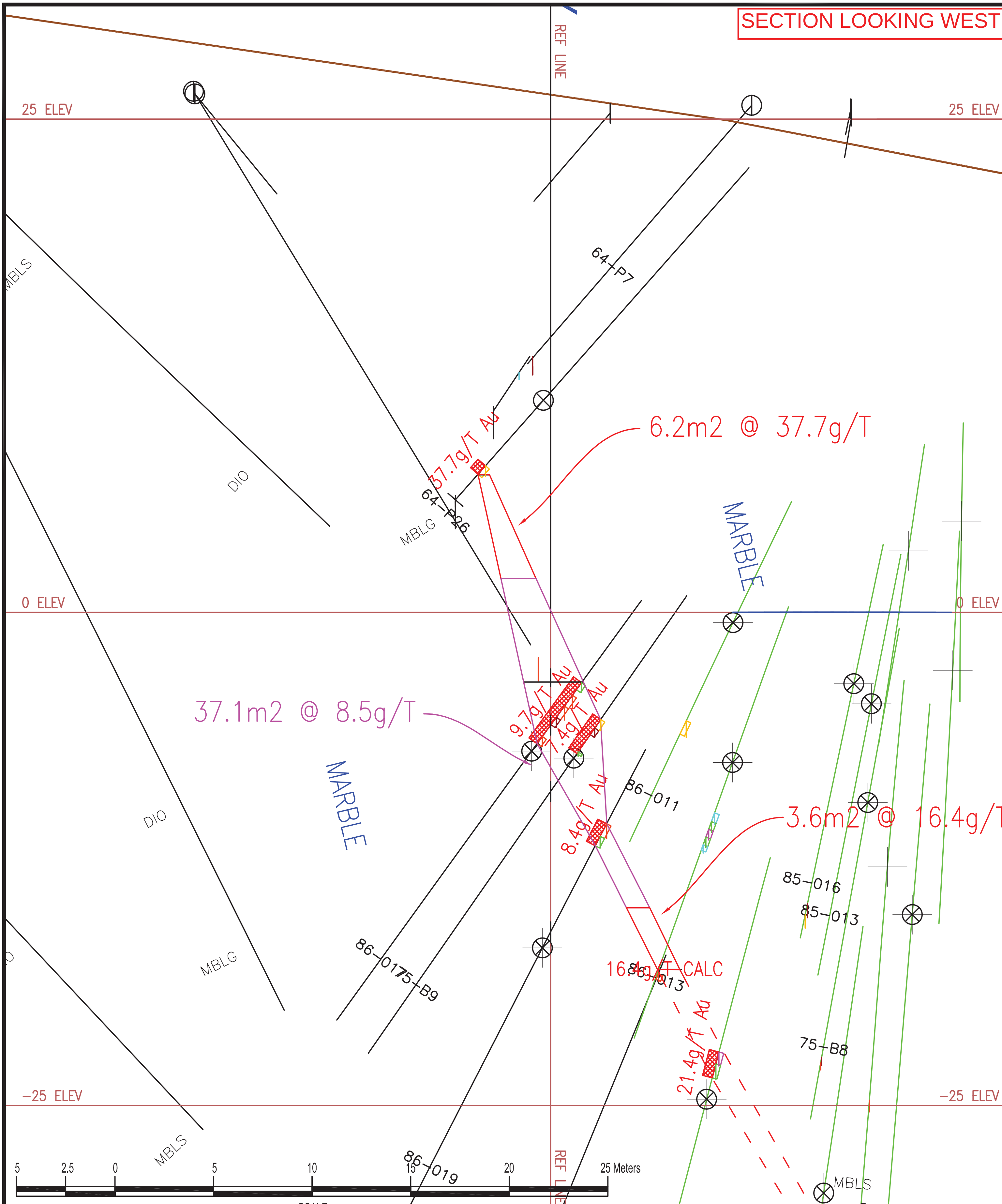

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Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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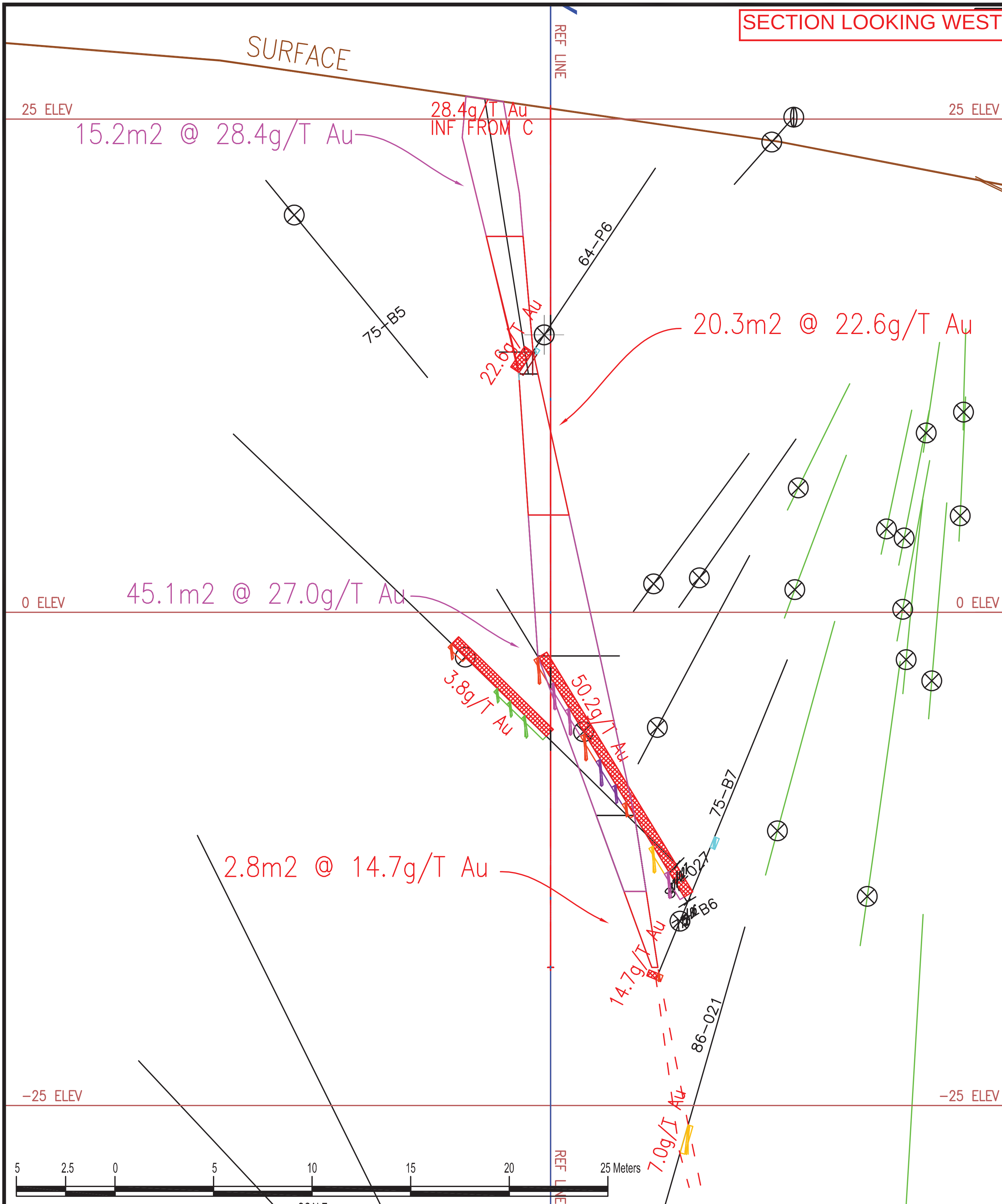

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Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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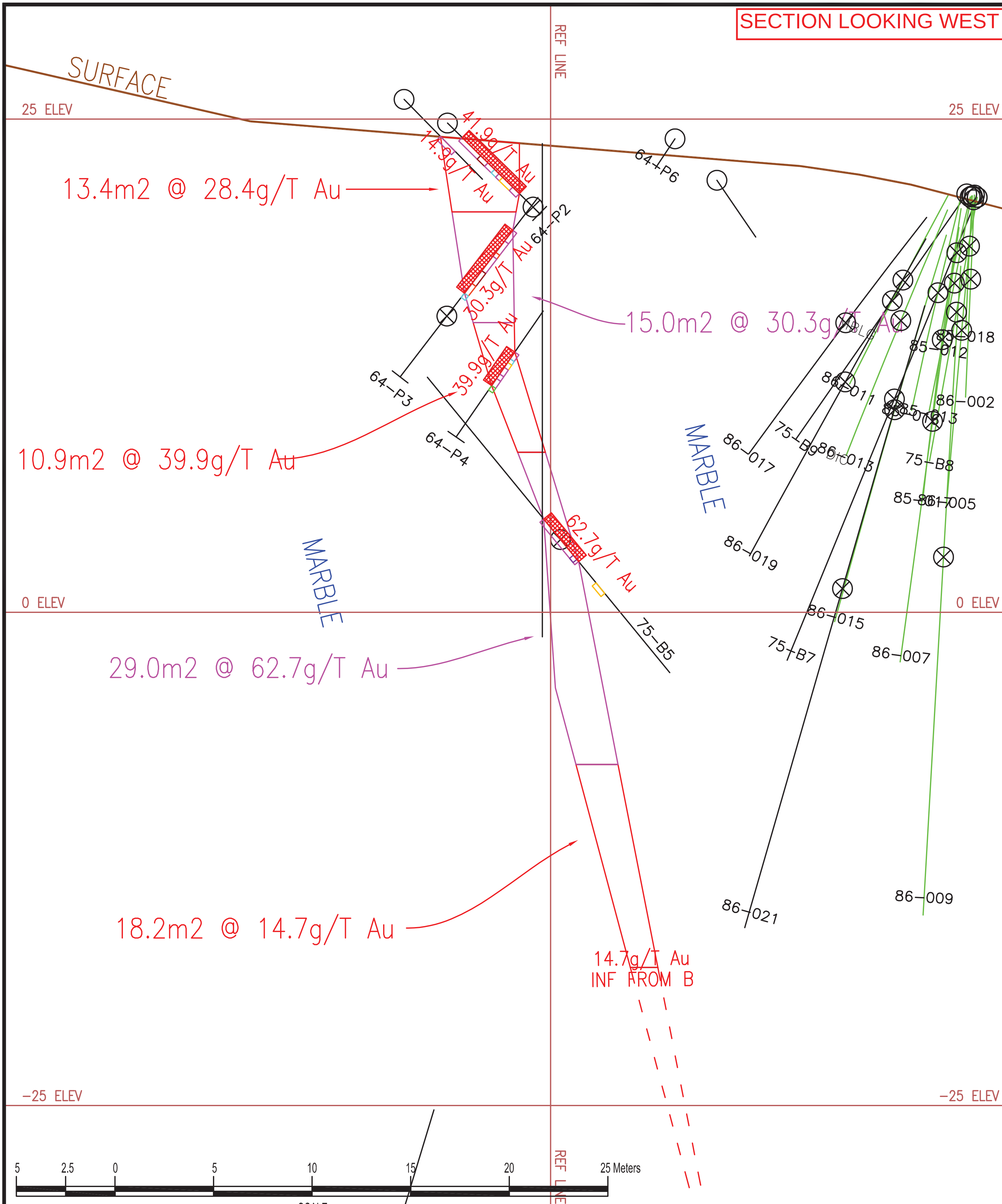

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Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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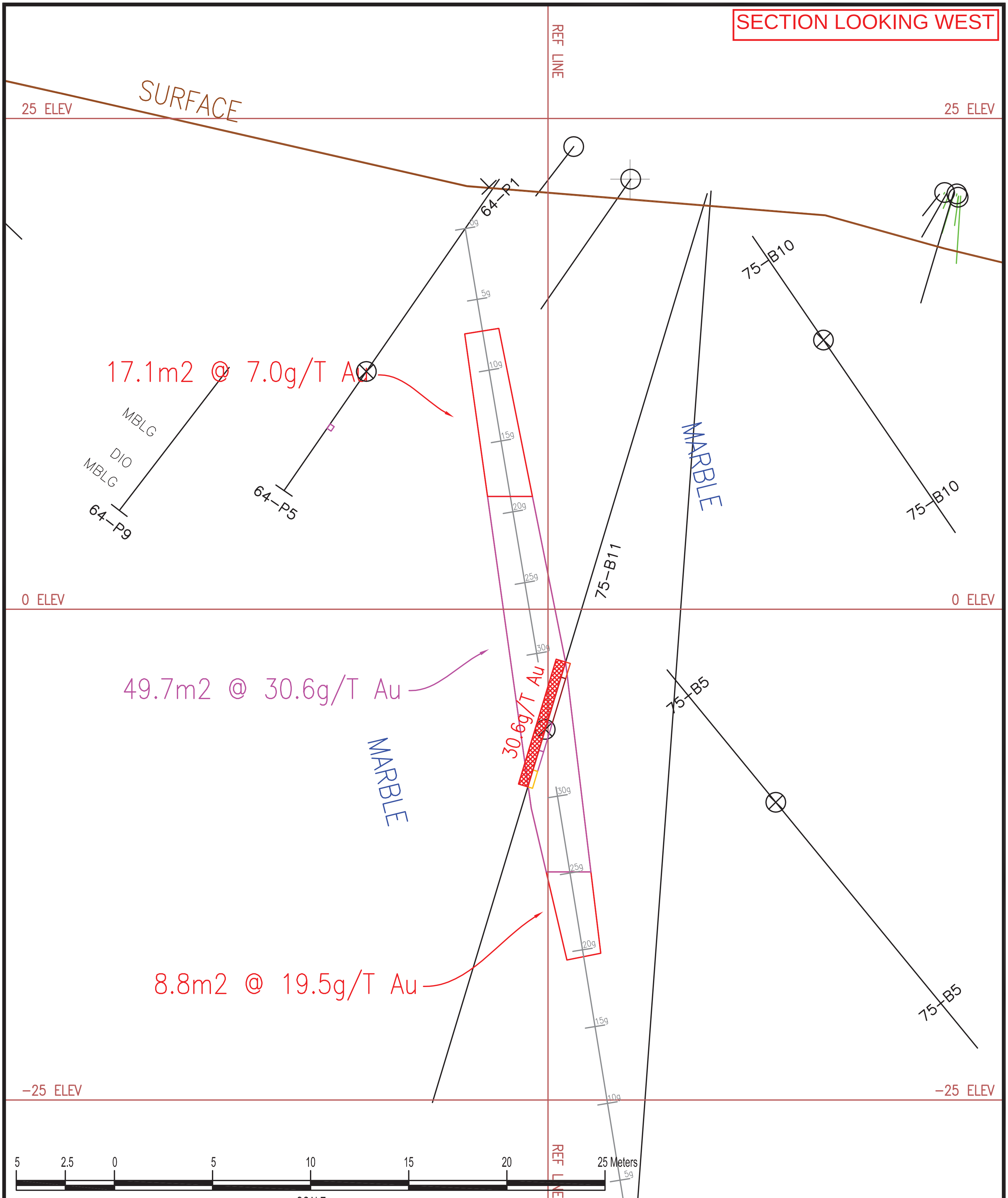

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Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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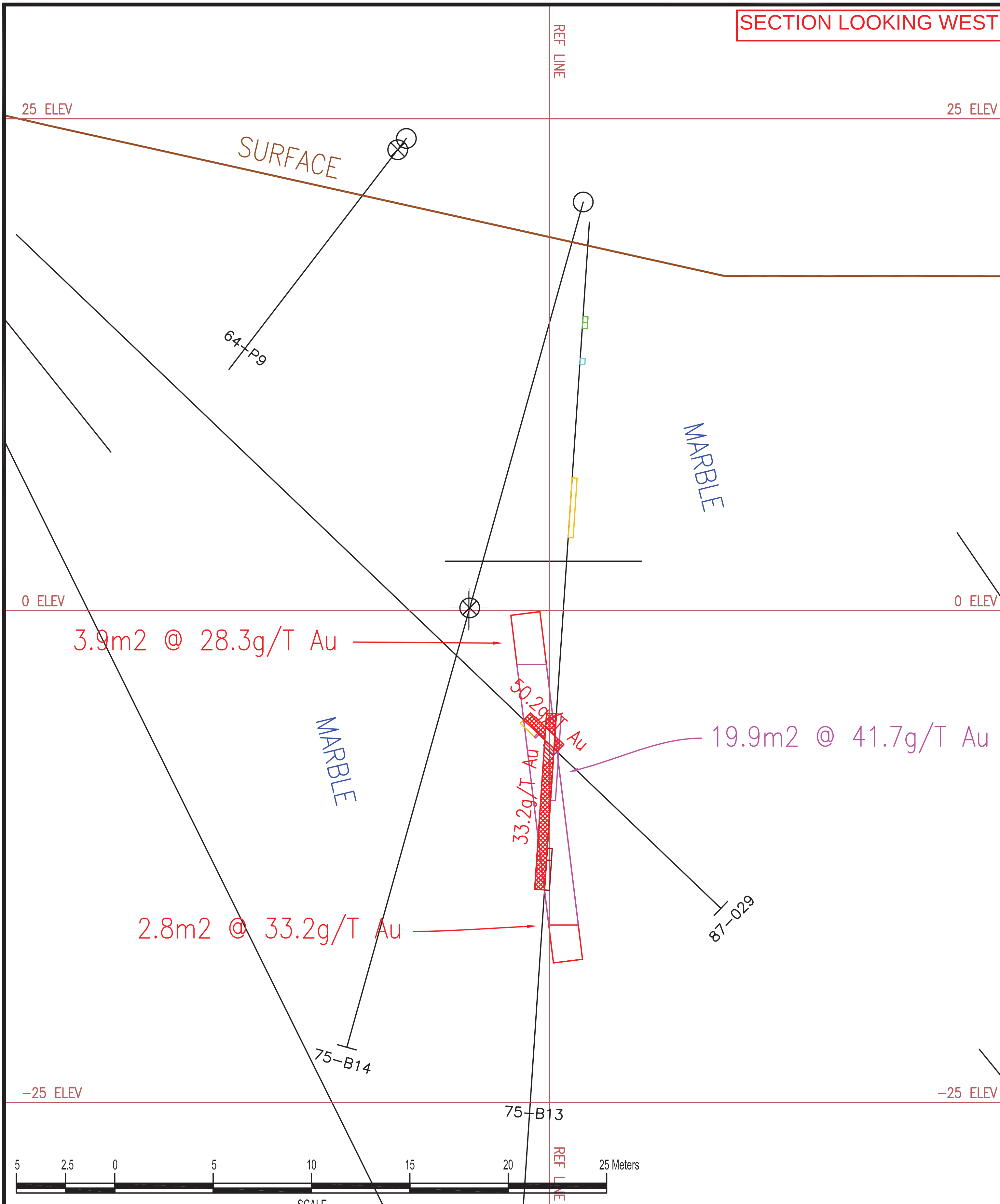

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Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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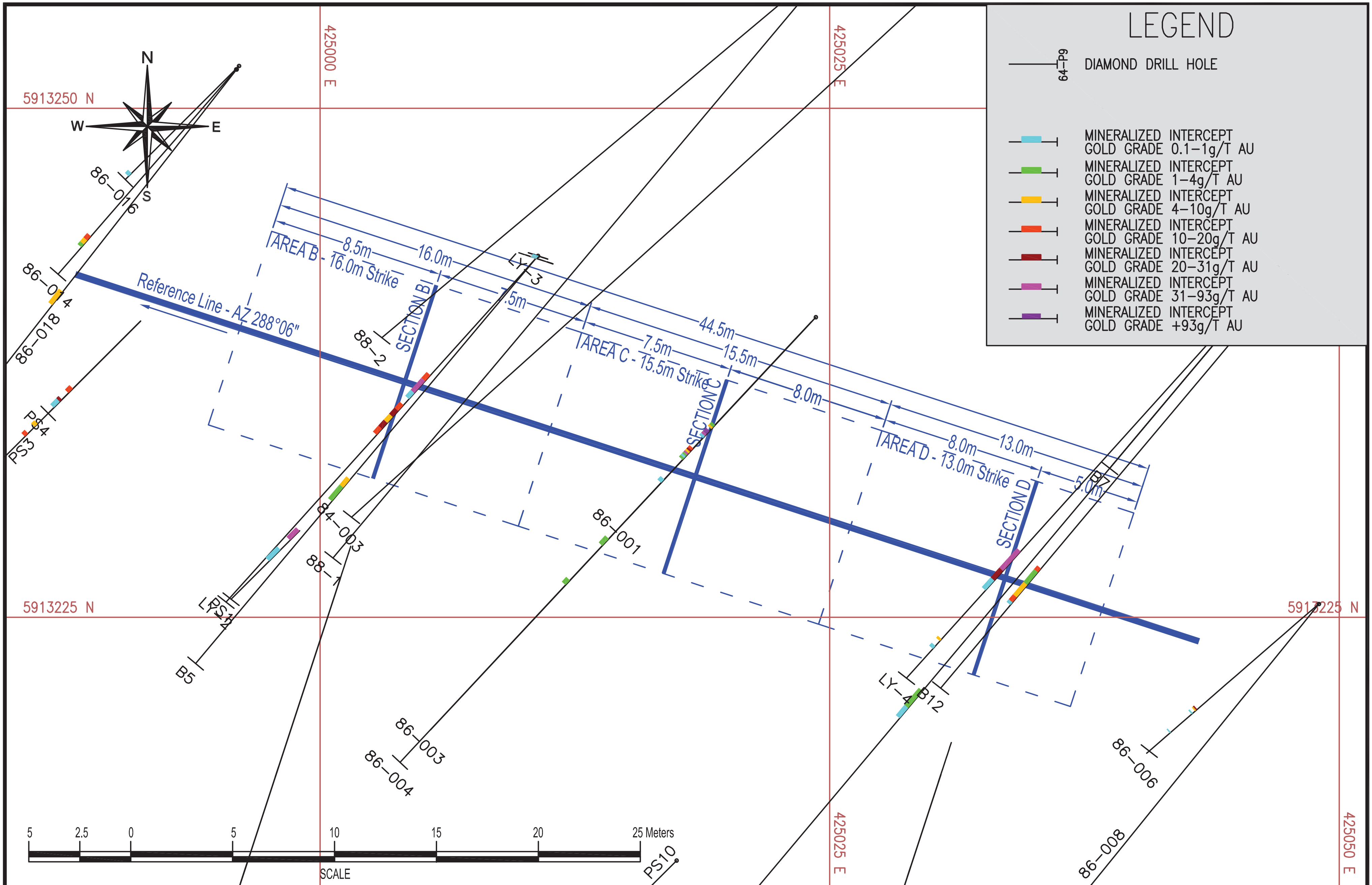

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Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

TITLE:

PLAN VIEW

Discovery Resource Calculations

Drawn by:	Rob Baldwin	Scale:	1:250
Date:	2011/02/12	Approval:	Date:
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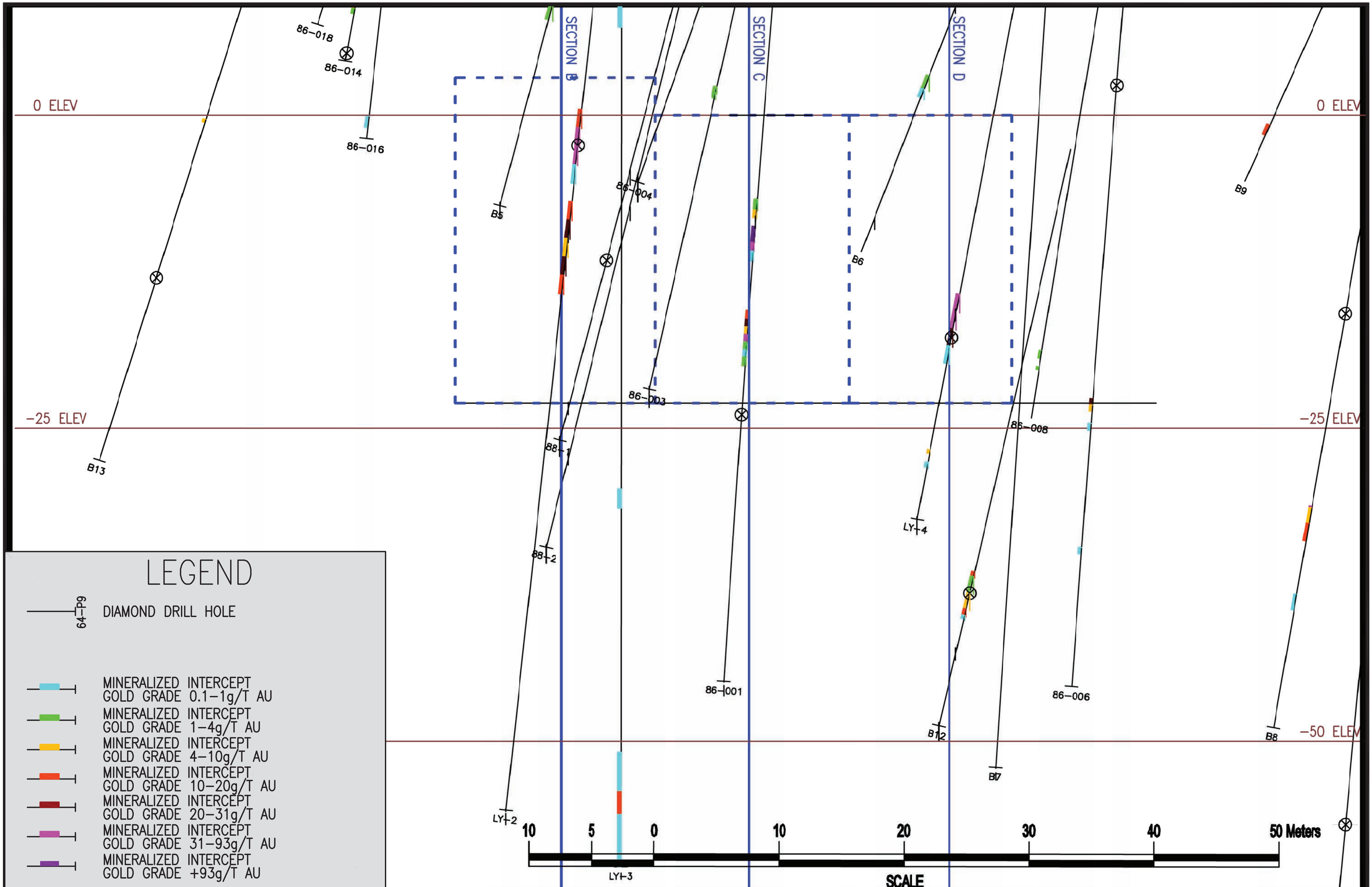

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Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

TITLE: **LONGSECTION THROUGH REF LINE**

Discovery Resource Calculations

Looking North

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Date:	2011/02/12	Approval:	Date:
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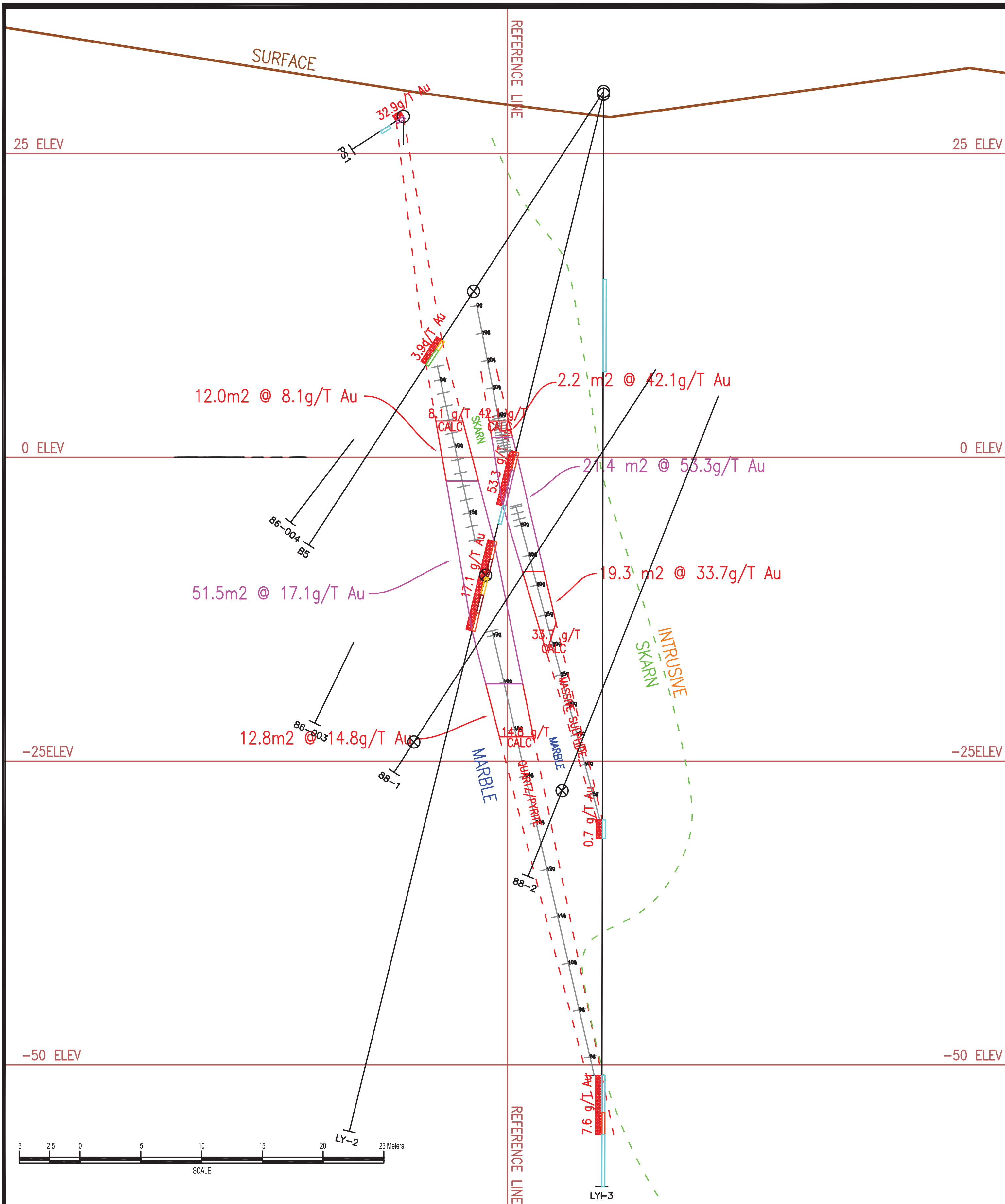

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Technical Report & Preliminary Economic Assessment, March, 2011

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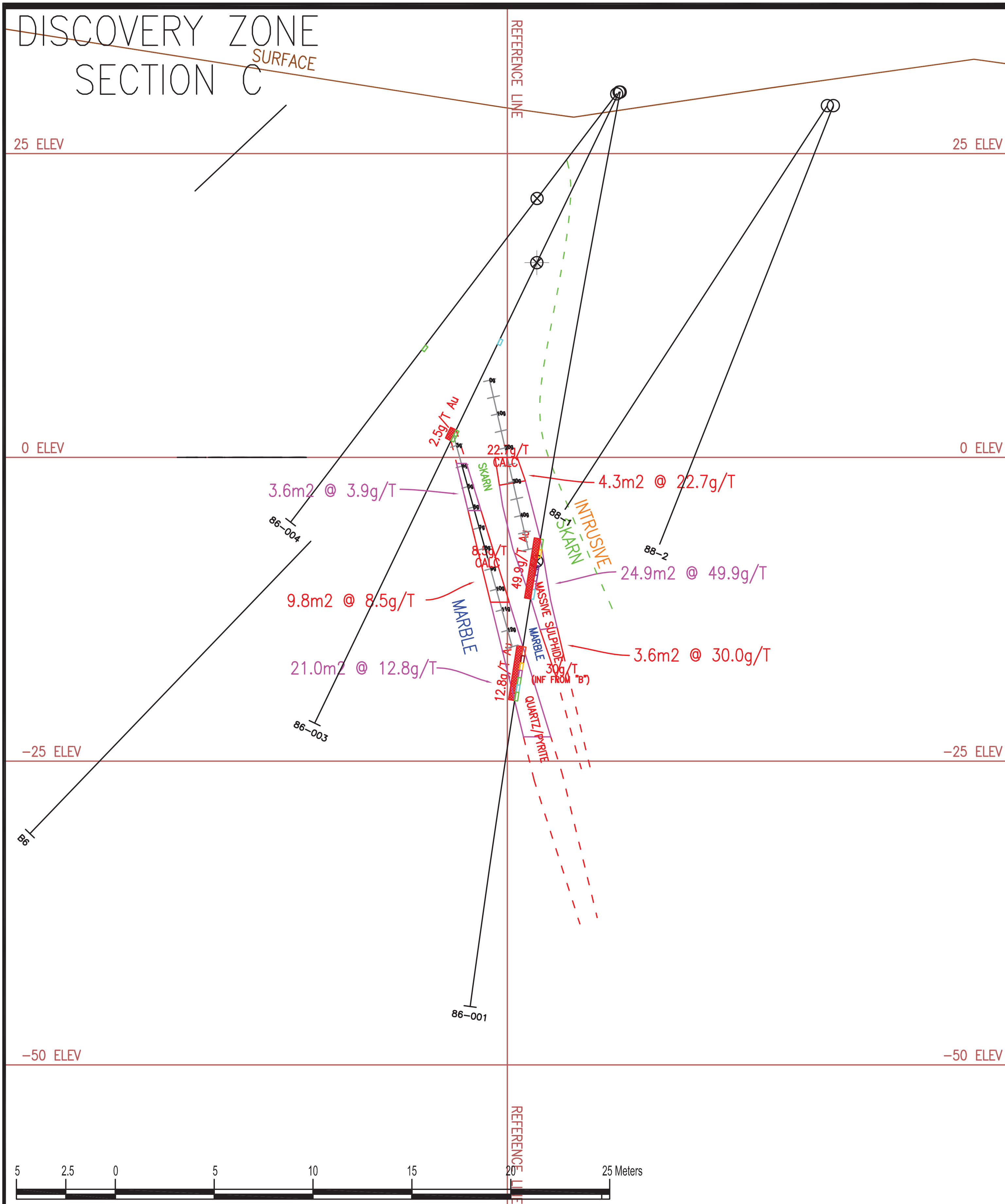

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Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

TITLE: **SECTION C**

Discovery Resource Calculations

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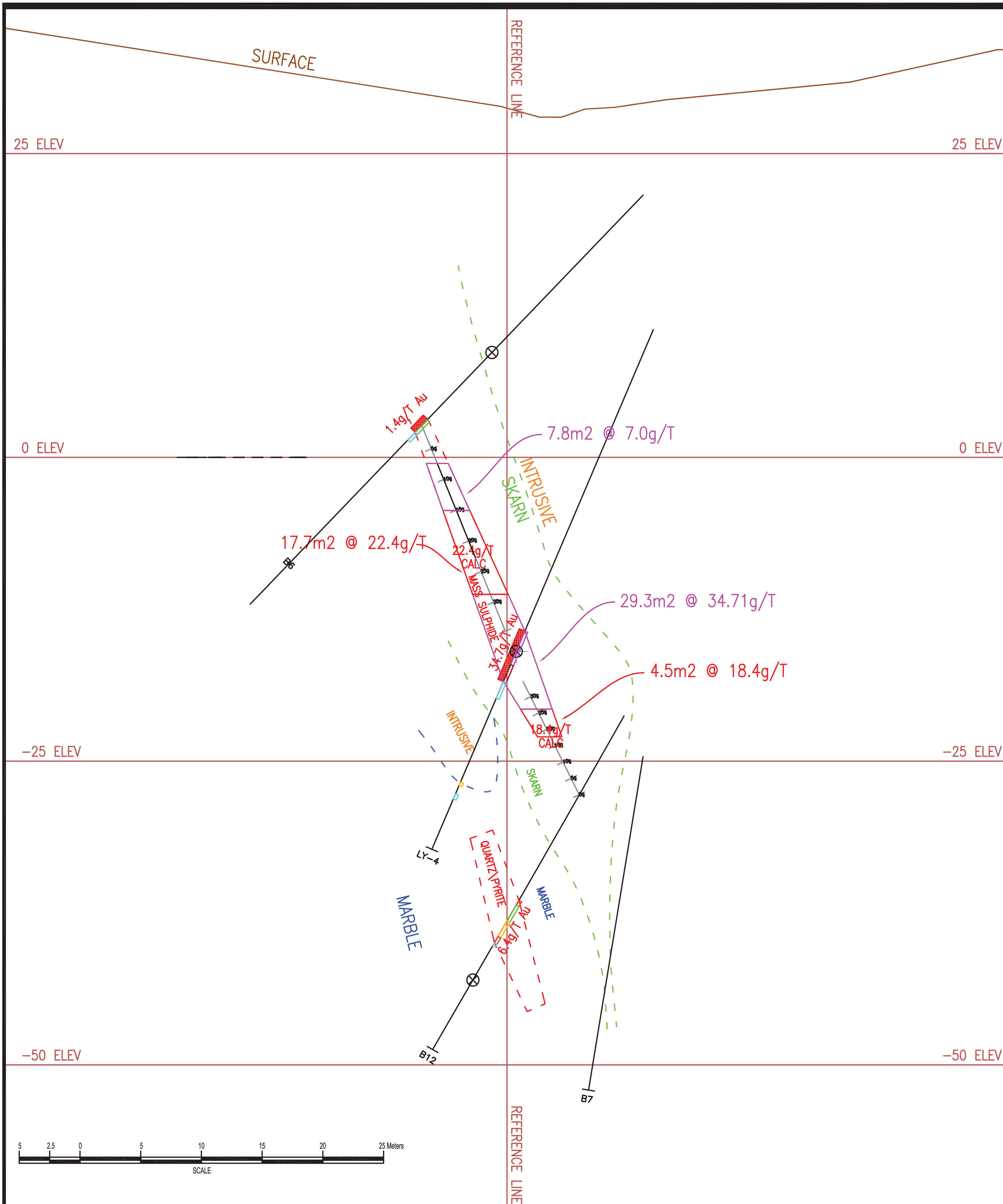

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Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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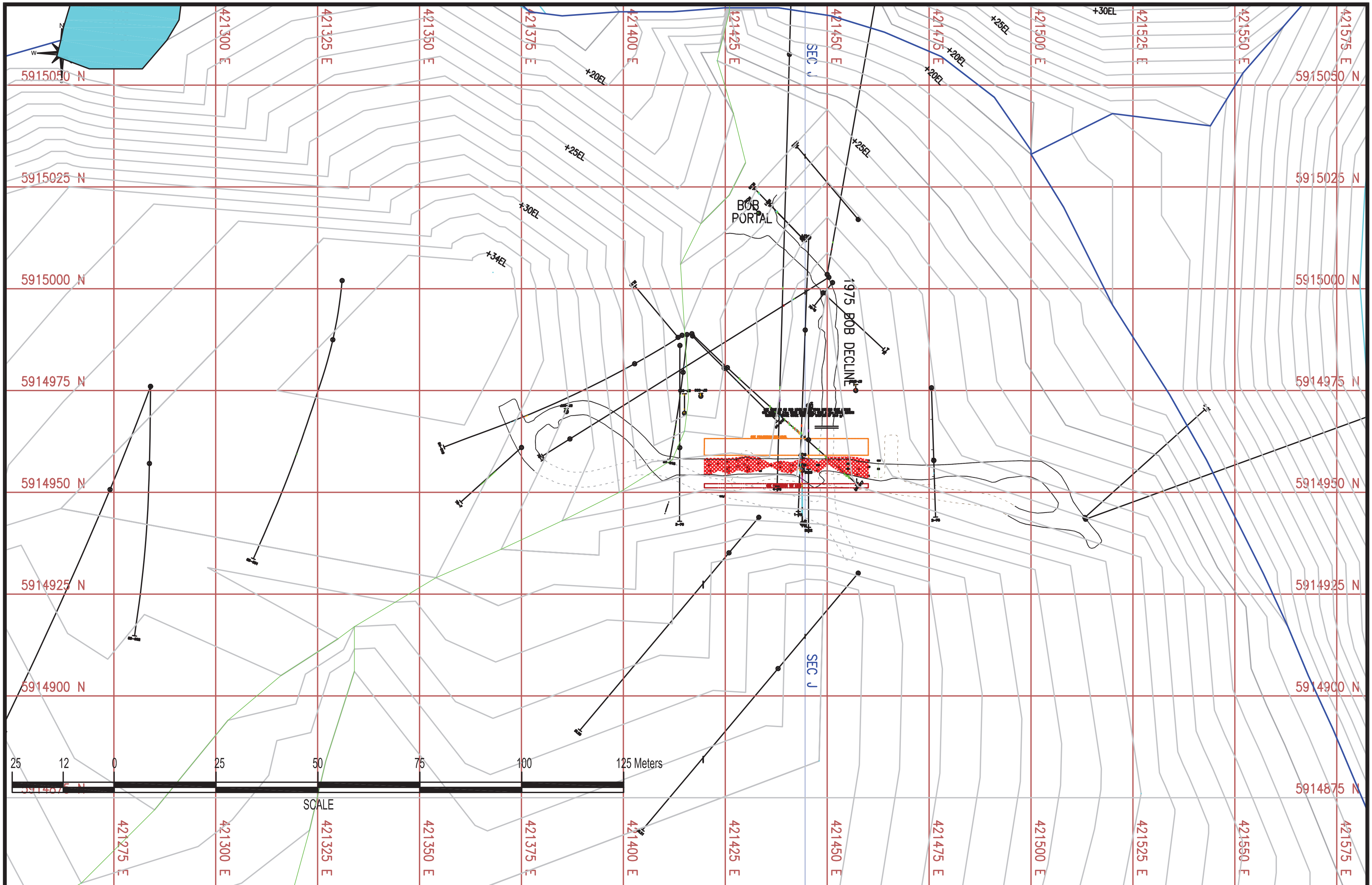

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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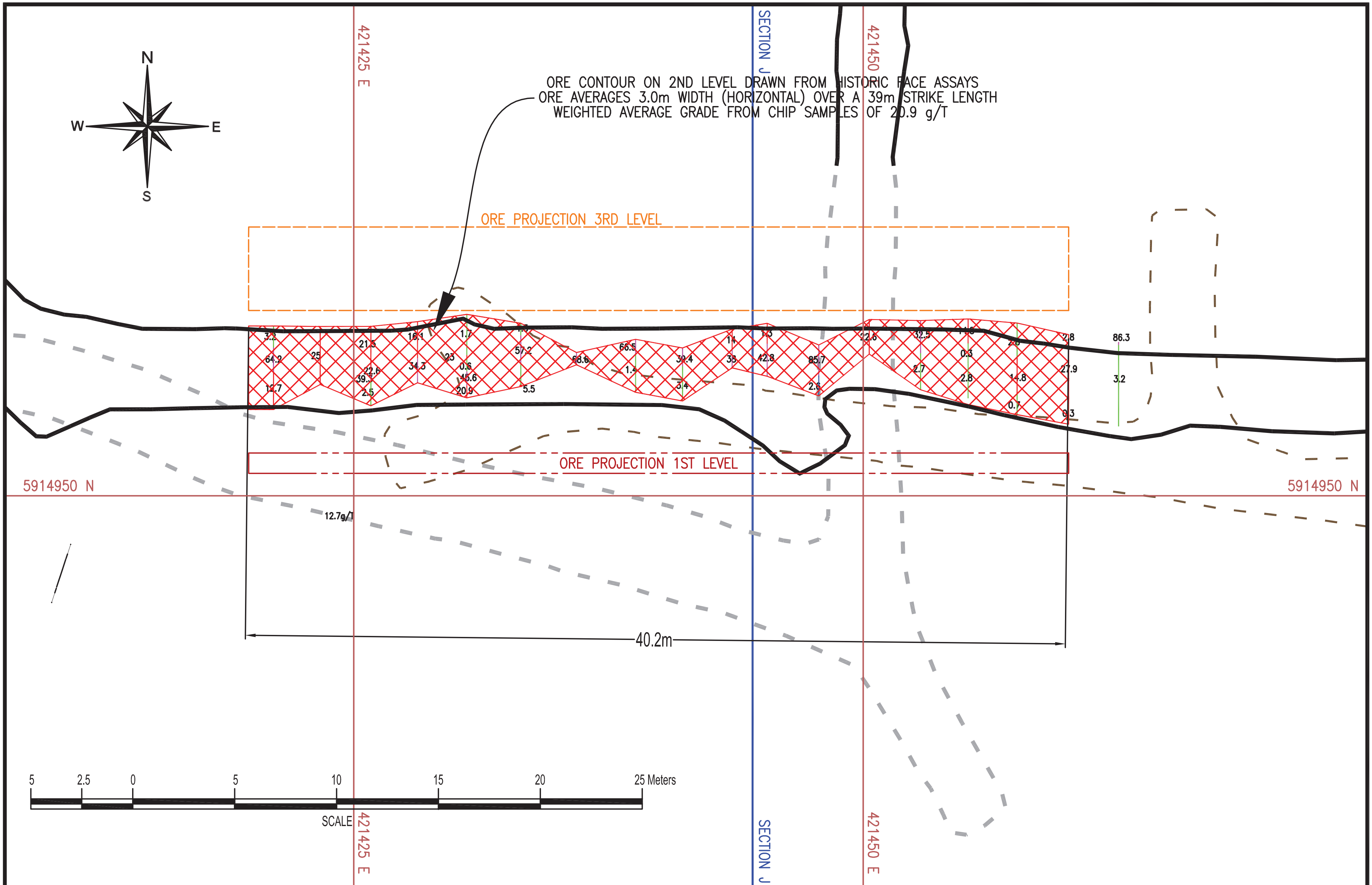

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

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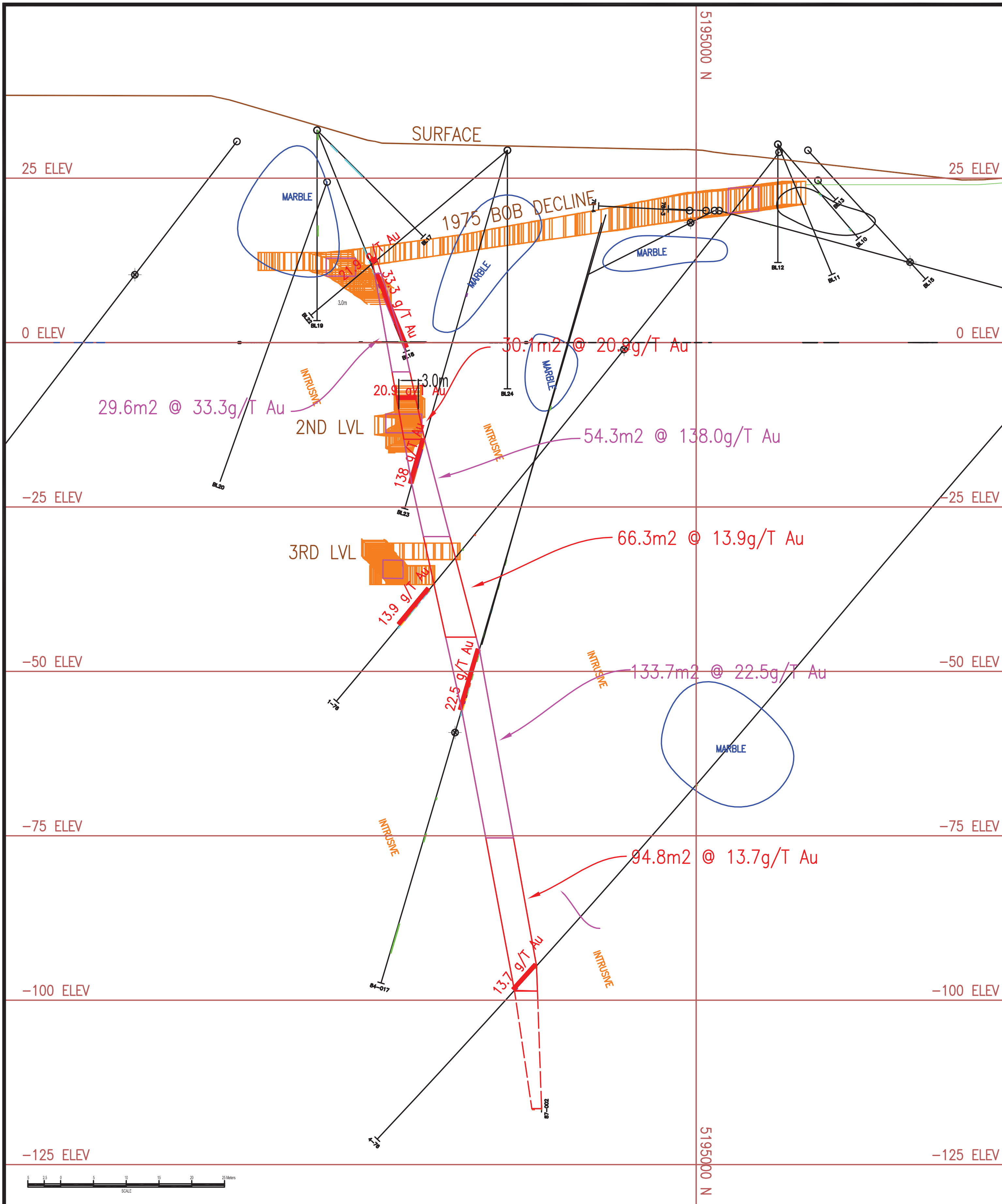

YELLOW GIANT GOLD PROPERTY

Banks Island, BC

Technical Report & Preliminary Economic Assessment, March, 2011

TITLE: SECTION J
Bob Resource Calculations
Looking West

Drawn by:	Scale: 1:750
Date: 2011/02/17	Approval: Date:
File:	

DISCOVERY RESOURCE CALCULATIONS

SECTION B						
AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au	
12	8.1	16	3.4	653	5,288	
51.5	17.1	16	3.4	2,802	47,907	
12.8	14.8	16	3.4	696	10,306	
2.2	42.1	16	3.4	120	5,039	
21.4	53.3	16	3.4	1,164	62,050	
19.3	33.7	16	3.4	1,050	35,382	
	25.6	16		6,484	165,971	
SECTION C						
AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au	
9.8	8.5	15.5	3.4	516	4,390	
3.6	3.9	15.5	3.4	190	740	
21	12.8	15.5	3.4	1,107	14,166	
4.3	22.7	15.5	3.4	227	5,144	
24.9	42.2	15.5	3.4	1,312	55,376	***Grade Cut on high Assay***
3.6	30.0	15.5	3.4	190	5,692	
	24.1	15.5		3,541	85,507	
SECTION D						
AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au	
17.7	22.4	13	3.4	782	17,524	
7.8	7.0	13	3.4	345	2,413	
29.3	34.7	13	3.4	1,295	44,952	
4.5	18.4	13	3.4	199	3,660	
	26.2	13		2,621	68,549	
TOTAL	**25.3**	**44.5**	**3.4**	**12,647**	**320,027**	

TEL RESOURCE CALCULATIONS

SECTION A

AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au	
6.2	6.7	16.1	3.6	359	2,408	
37.1	8.5	16.1	3.6	2,150	18,278	
3.6	16.4	16.1	3.6	209	3,422	
	8.9	16.1	3.6	2,718	24,107	

SECTION B

AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au	
15.2	28.4	4.7	3.6	257	7,304	
20.3	22.6	4.7	3.6	343	7,763	
45.1	26.2	4.7	3.6	763	19,993	***Grade Cut on high Assay***
2.8	14.7	4.7	3.6	47	696	
	25.3	4.7		1,411	35,756	

SECTION C

AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au	
18.2	14.7	8.55	3.6	560	8,235	
29	60.8	8.55	3.6	893	54,271	***Grade Cut on high Assay***
10.9	39.9	8.55	3.6	336	13,387	
15	30.3	8.55	3.6	462	13,990	
13.4	28.4	8.55	3.6	412	11,714	
	38.2	8.55		2,662	101,596	

SECTION D

AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au
17.1	7.0	11	3.6	677	4,740
49.7	30.6	11	3.6	1,968	60,224
8.8	19.5	11	3.6	348	6,795
	24.0	11		2,994	71,760

SECTION E

AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au
3.9	28.3	17	3.6	240	6,794
19.9	41.7	17	3.6	1,225	51,084
2.8	33.2	17	3.6	172	5,723
	38.8	17.1		1,637	63,601

SECTION W

AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au
8.6	17.4	20	3.4	585	10,176

30	36.6	20	3.4	2,040	74,562	
25.2	10.9	20	3.4	1,714	18,678	
17.4	62.5	20	3.4	1,183	73,950	
12.7	14.3	20	3.4	864	12,349	
	29.7	20		6,385	189,715	

SECTION X

AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au	
3.9	53.5	20	3.4	265	14,188	
26.9	18.2	20	3.4	1,829	33,291	***Grade Cut on high Assay***
47.1	13.7	20	3.4	3,203	43,878	***Grade Cut on high Assay***
19.3	8.2	20	3.4	1,312	10,762	
18.7	27.8	20	3.4	1,272	35,350	
22.9	5.5	20	3.4	1,557	8,565	
33.1	8.8	20	3.4	2,251	19,807	
15.2	27.2	20	3.4	1,034	28,114	
10.2	22.6	20	3.4	694	15,675	
9.8	38.4	20	3.4	666	25,590	
18.8	34.9	20	3.4	1,278	44,616	***Grade Cut on high Assay***
0	54.5	20	3.4	0	0	***Grade Cut on high Assay***
	18.2	20		15,361	279,837	

SECTION Y

AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au	
44.2	39.9	15	3.4	2,254	89,943	***Grade Cut on high Assay***
72.5	16.8	15	3.4	3,698	62,118	
90.7	15.5	15	3.4	4,626	71,698	
0	26.4	15	3.4	0	0	
	21.2	15		10,577	223,759	

SECTION Z

AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au
58.3	26.7	15	3.4	2,973	79,387
	26.7	15		2,973	79,387
TOTAL	**22.9**		**3.4**	**46,720**	**1,069,519**

BOB RESOURCE CALCULATIONS

SECTION J						
AREA	Au GRADE (gpt)	STRIKE	SG	TONNES	g Au	
29.6	33.3	40.2	3.4	4,046	134,723	
21.1	20.9	40.2	3.4	2,884	60,275	
54.3	60.2	40.2	3.4	7,422	446,788	***Grade Cut on high Assay***
66.3	13.9	40.2	3.4	9,062	125,960	
133.7	10.7	40.2	3.4	18,274	195,533	***Grade Cut on high Assay***
94.8	13.7	40.2	3.4	12,957	177,515	
	20.9	40.2		54,645	1,140,793	
TOTAL	**20.9**	**40.2**	**3.4**	**54,645**	**1,140,793**	

APPENDIX B

2011 SGS METALLURGICAL TESTING REPORTS

An Investigation into

HEAVY LIQUID SEPARATION ON ONE SAMPLE

FROM THE TEL DEPOSIT

prepared for

BANKS ISLAND GOLD LTD.

Project 13015-001 Final Report

March 28, 2011

SGS Canada Inc. | P.O. Box 4300, 185 Concession Street, Lakefield, Ontario, Canada K0L 2H0
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Member of the SGS Group (SGS SA)

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List of Tables

Introduction

This report outlines the results of heavy liquid separation testing on a single sample from the Tel deposit sent to the SGS Lakefield site. This report outlines and summarizes the results obtained during this test program.

Test results were sent to Ben Mossman of Banks Island Gold Ltd. as they became available.

Erin Legault-Seguin
Senior Metallurgist, Metallurgical Operations, Mineral Processing

Dan Imeson
Manager, Mineral Processing

Experimental work by: Mineralogy Dept.
Report preparation by: Erin Legault-Seguin
Reviewed by: Curtis Mohns, Dan Imeson

Testwork Summary

Testwork involved heavy liquid separation (HLS) on a single sample to evaluate the amenability of the sample to pre-concentration using dense media separation.

The main objective of this testwork was to evaluate the use of HLS for pre-concentrating the ore to improve the marketability and economics of shipping ore to an existing mill for processing.

1. Sample Receipt, Preparation and Characterization

A single sample of approximately 20 kg was received at the SGS Lakefield site and assigned the internal receipt number of 0057-FEB11. The sample was stage crushed to -1/2" and split. One half of the sample (10 kg) was saved for future use and is currently in freezer storage. The remainder of the sample was further split, with one half (-1/2") screened at 20 mesh and the other half stage crushed to -1/4" followed by screening at 20 mesh. A subsample was taken from the -1/4" sample and submitted for head assay of Au, Ag, Cu, Pb, Zn, As, S, Fe, ICP-OES scan and SG. The -20 mesh fractions from the -1/2" and -1/4" samples were submitted for assay of Au, Ag, Cu, Pb, Zn, As, Fe and S. Finally, the -1/2"+20 mesh and -1/4"+20 mesh fractions were submitted for HLS testing.

The head assay of the sample received is shown below in Table 1. As can be seen this sample is virtually massive sulphide (S > 30%) with high grades of Zn (10.5%), Au (40.8 g/t) and Ag (57.6 g/t). One significant concern of the ore maybe the high concentration of As (6.07%).

Table 1: Head Assay

Element	Assay	Element	Assay
Au g/t	40.8	Li g/t	< 30
Ag g/t	57.6	Mg g/t	1450
Cu %	0.28	Mn g/t	1130
Zn %	10.5	Mo g/t	< 20
As %	6.07	Na g/t	121
Fe %	28.9	Ni g/t	< 20
S %	30.7	P g/t	< 200
Pb %	0.032	Sb g/t	< 60
Al g/t	1120	Se g/t	< 30
Ba g/t	8.6	Sn g/t	< 20
Be g/t	< 0.03	Sr g/t	75.3
Bi g/t	< 20	Ti g/t	46.6
Ca g/t	37300	Tl g/t	< 30
Cd g/t	2210	U g/t	< 80
Co g/t	< 4	V g/t	< 4
Cr g/t	59	Y g/t	0.4
K g/t	268		

2. Heavy Liquid Separation Testing

The -1/2”+20 mesh and -1/4”+20 mesh samples were subjected to HLS testing. The HLS test involves placing the solid sample in a solution of methylene iodide diluted in acetone. The SG of the solution is adjusted by further dilution with acetone. The particles heavier than the solution SG sink to be bottom and are termed the sinks and the particles lighter than the solution float to the surface and are termed floats. The HLS testing for this project involved several stages where the sinks were retained and the floats were repassed at successively lower solution SG. The initial SG was 3.3 which decreased to 3.1, 2.9 and 2.7, respectively at each stage.

The HLS mass balances for the -1/4” and -1/2” samples are shown in Table 3 and Table 4 respectively located in Appendix A.

The optimum recovery appears to occur from combination of the 2.9 SG Sink and -20 mesh fines for both samples with results summarized in Table 2. Mass rejections of 9.7% and 8.8% was achieved from the -1/4” and -1/2” samples. Recoveries for Cu, Zn, As, Fe and S are virtually identical between the -1/4” and -1/2” samples. Recoveries of Au, Ag and As were reduced by 0.9%, 0.6% and 0.3% respectively for the -1/4” sample compared to the -1/2” sample.

Table 2: Metallurgical Summary from combination 2.9 SG Sinks and -20 mesh fines.

	Wt. %	Assay								Distribution							
		Au g/t	Ag g/t	Cu %	Zn %	Pb %	As %	Fe %	S %	Au (%)	Ag (%)	Cu %	Zn %	Pb %	As %	Fe %	S %
-1/4" Sample	90.3	39.8	59.2	0.30	12.2	0.034	7.22	32.0	31.7	97.9	98.2	99.6	99.5	97.4	98.0	98.9	99.8
-1/2" Sample	91.2	37.7	58.3	0.30	12.7	0.040	7.43	30.8	31.3	98.8	98.8	99.5	99.5	98.2	98.3	98.9	99.8

Mass rejection, and in turn upgrading, was low for both samples, and this can be expected due to the high concentration of sulphides and absence of hanging wall dilution in the sample as indicated by Ben Mossman of Nightfall Mining.

Conclusions and Recommendations

From the completed HLS testwork on the sample provided to SGS Lakefield, at a mass rejection of 8.8%, greater than 98% of all metals were recovered by retaining of the 2.9 SG sink and -20 mesh fines. The mass rejection and upgrading of this sample has shown to be low, but is expected to increase significantly with the inclusion of hanging wall dilution.

To confirm the assumptions made in this report, testing should be repeating using a sample containing an expected level of hanging wall dilution.

Appendix A – Details of Tests

Table 3: Mass balance of HLS test on -1/4” sample.

Sample	Wt. %	Assay								Distribution							
		Au g/t	Ag g/t	Cu %	Zn %	Pb %	As %	Fe %	S %	Au (%)	Ag (%)	Cu %	Zn %	Pb %	As %	Fe %	S %
3.3 SG Sink	62.6	37.1	56.2	0.31	12.0	0.029	8.12	35.2	34.1	63.2	64.6	70.4	68.1	57.5	76.4	75.5	74.4
3.1 SG Sink	2.51	122	151	0.27	12.0	0.038	6.02	12.9	12.4	8.33	6.96	2.46	2.73	3.02	2.27	1.11	1.08
2.9 SG Sink	3.33	63.8	79.4	0.11	5.66	0.020	5.30	10.7	6.39	5.79	4.86	1.33	1.71	2.11	2.66	1.22	0.74
2.7 SG Sink	8.67	6.45	8.09	0.010	0.55	0.007	1.08	3.16	0.72	1.52	1.29	0.31	0.43	1.92	1.41	0.94	0.22
2.7 SG Float	0.99	20.8	30.5	0.014	0.35	0.023	3.71	4.84	0.55	0.56	0.55	0.05	0.03	0.72	0.55	0.16	0.02
-20M Fines	21.9	34.5	54.0	0.32	13.6	0.050	5.06	28.1	30.8	20.6	21.7	25.4	27.0	34.7	16.7	21.1	23.5
Head (Calc)	100.0	36.7	54.4	0.28	11.0	0.032	6.65	29.2	28.7	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Head (dir)		40.8	57.6	0.28	10.5	0.032	6.07	28.9	30.7								
3.3 Sinks	62.6	37.1	56.2	0.31	12.0	0.029	8.12	35.2	34.1	63.2	64.6	70.4	68.1	57.5	76.4	75.5	74.4
3.3 Sinks + -20M	84.5	36.4	55.6	0.31	12.4	0.034	7.33	33.4	33.2	83.8	86.3	95.8	95.1	92.2	93.1	96.6	97.9
3.1 Sinks + -20M	87.0	38.9	58.4	0.31	12.4	0.035	7.29	32.8	32.6	92.1	93.3	98.3	97.8	95.2	95.4	97.7	99.0
2.9 Sinks + -20M	90.3	39.8	59.2	0.30	12.2	0.034	7.22	32.0	31.7	97.9	98.2	99.6	99.5	97.4	98.0	98.9	99.8
2.7 Sinks + -20M	99.0	36.9	54.7	0.28	11.1	0.032	6.68	29.4	29.0	99.4	99.4	99.9	100.0	99.3	99.4	99.8	100.0

Table 4: Mass balance of HLS test on -1/2” sample.

Sample	Wt. %	Assay								Distribution							
		Au g/t	Ag g/t	Cu %	Zn %	Pb %	As %	Fe %	S %	Au (%)	Ag (%)	Cu %	Zn %	Pb %	As %	Fe %	S %
3.3 SG Sink	69.7	36.2	57.0	0.31	12.8	0.039	8.17	33.2	33.2	72.5	73.8	78.5	76.6	73.8	82.5	81.3	80.7
3.1 SG Sink	2.9	89.2	113	0.27	12.6	0.024	6.24	12.8	11.7	7.36	6.03	2.82	3.10	1.87	2.59	1.29	1.17
2.9 SG Sink	3.6	59.4	73.0	0.092	5.41	0.025	5.12	10.6	6.41	6.12	4.86	1.20	1.66	2.43	2.66	1.33	0.80
2.7 SG Sink	8.1	3.79	5.98	0.014	0.72	0.006	1.06	3.50	0.78	0.88	0.90	0.41	0.50	1.32	1.24	0.99	0.22
2.7 SG Float	0.7	14.7	21.9	0.020	0.30	0.026	5.00	5.87	0.51	0.29	0.28	0.05	0.02	0.49	0.50	0.14	0.01
-20M Fines	15.1	29.7	50.2	0.31	14.0	0.049	4.82	28.2	32.4	12.9	14.1	17.0	18.1	20.1	10.5	15.0	17.1
Head (Calc)	100.0	34.8	53.8	0.28	11.6	0.037	6.9	28.5	28.7	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Head (dir)		40.8	57.6	0.28	10.5	0.032	6.07	28.9	30.7								
3.3 Sinks	69.7	36.2	57.0	0.31	12.8	0.039	8.17	33.2	33.2	72.5	73.8	78.5	76.6	73.8	82.5	81.3	80.7
3.3 Sinks + -20M	84.8	35.0	55.8	0.31	13.0	0.041	7.57	32.3	33.1	85.4	87.9	95.5	94.7	93.9	93.0	96.2	97.8
3.1 Sinks + -20M	87.6	36.8	57.7	0.31	13.0	0.040	7.53	31.7	32.4	92.7	94.0	98.3	97.8	95.8	95.6	97.5	99.0
2.9 Sinks + -20M	91.2	37.7	58.3	0.30	12.7	0.040	7.43	30.8	31.3	98.8	98.8	99.5	99.5	98.2	98.3	98.9	99.8
2.7 Sinks + -20M	99.3	34.9	54.0	0.28	11.7	0.037	6.92	28.6	28.9	99.7	99.7	99.9	100.0	99.5	99.5	99.9	100.0

An Investigation into the

PRESSURE OXIDATION AND CYANIDATION OF A HEAVY LIQUID SEPARATION CONCENTRATE PRODUCED FROM A TEL DEPOSIT SAMPLE

prepared for

BANKS ISLAND GOLD LTD.

Project 13015-001 – Report 2
July 28, 2011

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Member of the SGS Group (SGS SA)

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Executive Summary

The feed for this study was a combined heavy liquid separation (HLS) concentrate that was produced during a previous study at SGS and reported in "An Investigation into Heavy Liquid Separation on One Sample from the Tel Deposit prepared for Banks Island Gold Ltd. – Project 13015-001 Final Report – March 28, 2011". The HLS concentrate was prepared by combining the 3.3, 3.1 and 2.9 SG (-1/4 and -1/2 inch) sink fractions, crushing them to minus 10 mesh and then combining and blending them with the minus 20 mesh (-1/4 and -1/2 inch) rejects. A representative sample was submitted for chemical analysis which is summarised in Table i.

Table i. Chemical Analysis of HLS Concentrate Sample

Element		POx 1 Feed
Au, avg	g/t	39.8
Ag, avg	g/t	54.7
Cu	%	0.29
Zn	%	11.4
Pb	%	0.039
As	%	7.73
Fe	%	33.4
S	%	34.9
$S^{=}$	%	31.4

The sample was subjected to a single pressure oxidation test followed by a carbon-in-leach of the washed autoclave discharge for the recovery of Cu, Zn, Au and Ag.

The pressure oxidation was carried out at 225°C, 100 psi oxygen over-pressure for 2 hours. The washed autoclave discharge was cyanide leached at 25% solids pulp density, pH 10.5-11, 0.5 g/L NaCN for 24 hours. The results from the tests are shown in Table ii.

Table ii. Summary of Test Results

Oxidation Conditions			Dissolution to POx Solution (%)				S^{2-} Oxidation	Precious Metal Rec'y after CIL (%)	
Temp (°C)	O_2 Over (psi)	POX Time (min)	As	Cu	Fe	Zn	(%)	Au	Ag
225	100	120	14.7	97.3	22.0	96.5	99.9	98.9	94.0

The copper and zinc extractions in the pressure oxidation test were 97%. Complete sulphide oxidation was achieved. The acid consumption was fairly low at 35.7 kg H_2SO_4/t feed to POx.

Gold and silver extractions of 99% and 94%, respectively, were achieved by pressure oxidation followed by CIL of the HLS Sink sample. Lime consumption in the cyanide leach was high at 61.8 kg CaO/t feed to CIL. NaCN consumption was low at 0.49 kg NaCN/t feed to CIL.

Introduction

This report presents the results of pressure oxidation followed by carbon-in-leach treatment of a heavy liquid separation concentrate (sink fraction) that was produced during a previous study at SGS. The heavy liquid separation test results are reported under separate cover in "An Investigation into Heavy Liquid Separation on One Sample from the Tel Deposit – Project 13015-001 Final Report – March 28, 2011".

The results were reported, as they became available, to Mr. Ben Mossman of Banks Island Gold Ltd.

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Reviewed by: Rene Jackman, Inna Dymov

Testwork Summary

1. Sample Preparation and Chemical Analysis

The feed for this study was a combined heavy liquid separation (HLS) concentrate that was produced during a previous study at SGS and reported in "An Investigation into Heavy Liquid Separation on One Sample from the Tel Deposit prepared for Banks Island Gold Ltd. – Project 13015-001 Final Report – March 28, 2011". The HLS concentrate was prepared by combining the 3.3, 3.1 and 2.9 SG (-1/4 and -1/2 inch) sink fractions. These were crushed to minus 10 mesh and then combined and blended with the minus 20 mesh (-1/4 and -1/2 inch) rejects. The sample was then riffled into the required test charges, labelled as POx 1 Feed, a representative sample cut out for chemical analysis and the remainder stored in a freezer until needed for the testwork program.

The head sample was submitted for Au, Ag, Cu, Zn, Pb, As, Fe, $S_{(T)}$ and $S^{=}$ analysis. The results are shown in Table.

Table 1 POx 1 Feed Chemical Analysis

Element		POx 1 Feed
Au, 1	g/t	41.4
Au, 2	g/t	41.6
Au, 3	g/t	37.9
Au, 4	g/t	38.1
Au, avg	**g/t**	**39.8**
Ag, 1	g/t	58.3
Ag, 2	g/t	51.1
Ag, avg	**g/t**	**54.7**
Cu	%	0.29
Zn	%	11.4
Pb	%	0.039
As	%	7.73
Fe	%	33.4
S	%	34.9
$S^{=}$	%	31.4

2. Metallurgical Testwork

The metallurgical testwork program consisted of a single pressure oxidation test on the HLS concentrate followed by carbon-in-leach of the washed autoclave discharge.

2.1. Pressure Oxidation Test

The heavy liquid separation sample was pulped to 9% solids with deionized water in a 2 L titanium Parr pressure vessel and pre-conditioned with sulphuric acid at pH 1.8 for 30 minutes to allow any carbonate minerals to decompose before the oxidation process was started. The conditions for the pressure oxidation test were 225°C, 100 psi oxygen over-pressure and 2 hours of autoclaving. The oxidised pulps were filtered and the solids washed before they were submitted for cyanide leaching. The POx leach solution was assayed for Fe, Fe^{2+}, Cu, Zn, Pb, As and Free Acid. The results from the pressure oxidation test are summarised in Table 2.

Table 2 Pressure Oxidation Conditions and Results Summary

Test	POX Feed g	Pre-Acidulation Conditions: Grind Size K_{80} (µm)	Pulp Density (% solids)	pH	Retention Time (min)	Acid Addition (kg/t)	POX Conditions: Temp (°C)	O_2 Over (psi)	POX Time (min)	POX PLS: EMF AgCl (mV)	Free Acid (g/L)	Assays (mg/L): As	Cu	Fe	Zn	Pb	Fe^{2+}
POX 1	225	98	9	1.8	30	8.8	225	100	**120**	585	50	1170	336	7450	12500	8	58

Test	Wt. Loss (%)	POX Residue Assays (%): S^{2-}	S(t)	As	Cu	Fe	Zn	S^{2-} Oxidation %	% Extraction: As	Cu	Fe	Zn	Calculated Head (%): As	Cu	Fe	Zn
POX 1	7.0	0.06	7.14	8.84	0.01	34.4	0.60	99.9	14.7	97.3	22.0	96.5	7.6	0.33	32.6	12.5

The results indicated the following;

- Copper extractions were 97%.
- Zinc extractions were 97%.
- Complete sulphide oxidation was achieved.
- Acid consumption was 35.7 kg/t H_2SO_4.

2.2. Carbon-in-leach (CIL) Test

The washed oxidised residue was pulped to 25% solids with fresh water in a 2.5 L glass bottle. The pulp was neutralised with hydrated lime to pH 10.5 – 11. Activated carbon was added to 10 g/L and NaCN was added to 0.5 g/L. The bottle was placed on rollers for 24 hours. The pH and cyanide levels were maintained throughout the duration of the leach. After 24 hours the carbon was screened from the pulp, and the sample was filtered collecting a barren leach solution. The carbon and barren solution were submitted for Au, Ag, Zn and Cu analysis. The residue was washed several times and submitted for Au, Ag, Cu, Zn, Pb, As, Fe, S and $S^{=}$ analysis. The results are summarised in Table 3.

Table 3 CIL Leach Results Summary

Test No	Feed	Reagent Cons (kg/t)		Extraction (%)				Assays (g/t)							
								Residue				Calc Head			
		NaCN	CaO	Au	Ag	Cu	Zn	Au	Ag	Cu	Zn	Au	Ag	Cu	Zn
CIL 1	POX 1 residue	0.49	61.8	98.9	94.0	7.2	2.8	0.35	2.8	0.012	0.65	26.6	42.4	0.012	0.60

The gold extraction was 99% and the silver extraction was 94%. The sodium cyanide and lime consumptions were 0.49 kg/t and 61.8 kg/t respectively based on feed to the CIL.

Conclusions and Recommendations

- Gold and silver extractions of 99% and 94%, respectively, were achieved by pressure oxidation followed by CIL of the HLS Sink sample.
- Acid consumption was fairly low at 35.7 kg H_2SO_4/t feed to POx.
- Lime consumption in the cyanide leach was high at 61.8 kg CaO/t feed to CIL.
- NaCN consumption was low at 0.49 kg NaCN/t feed to CIL.

It should be noted here that there was a discrepancy between the direct gold and silver head grades and the calculated head grades from the CIL test. This is most likely due to the presence of chloride (10 ppm in the POx PLS) or some other element present that was interfering with the chemistry of gold and silver dissolution during the pressure oxidation. Only one test has been completed on this sample, confirmatory tests should be completed to verify these results.

Appendix A – Test Details

Date: May 5 / 2011

Test: **POX 1** **13015-001** **Technologist:** D. Matthews

Purpose: **To conduct a baseline pressure oxidation test on a received heavy liquid separation concentrate sample.**

Sample: **Combined HLS Concentrate** **Grind:** as received K80 ~98 micron

Procedure:

The feed sample was pulped to the desired density with DI water in an autoclave vessel.
The pulp was mixed with a mechanical stirrer.
The pulp was adjusted to **pH 1.8 and maintained for 30 minutes** with concenrated sulphuric acid.
The vessel was then sealed and heat up began.
A pressure of 35 psi of oygen was added at the start of the test to cut down on the formation of H_2S during the heat-up stage.
Once the sample was at temperature the total oxygen over pressure was applied.

The autoclave was then cooled and then opened.
The final POX pulp was also filtered.
The filtrate collected and combined with the sub-sample filtrate submitted for assays.
The filtercake was displacement washed 1X ~200 mL with 10 g/L sulphuric acid solution..
The filtercake was then displacement washed 2X ~200 mL with fresh water.
The washed residue was forwarded to cyanidation.

Conditions:

Feed Weight (wet) (g):	133.98		
Feed Weight (dry) (g):	**120**		
Solution Volume (mL):	**1213**		
before acid pH:	**7.7**		
98% H2SO4 Acid (g):	**4.4**	pH 1.8 for 30 minutes	35.7 kg/t
Pulp Density (% solids **w/w**):	**9.0**	(w/w) before acid addition	
Temperature (°C):	**225**		
O_2 Over Pressure (psi):	**100**		
Time (at temperature) (min):	**120**		
Time (heat-up) (min):	**43**		

Autoclave Leach Data:

Elapsed Time	D time	Temp	Pressure (psi)				Off-Gas		Remarks
		°C	Total	Steam	Over	O_2	Flow	O_2	
min			meas	calculated			mL/min	%	
0		22	35	-	-	-	-	-	Start Heating
48/0	0.0	225	455	**355**	**100**		250		Start Test
10	10.0	225	455	**355**	**100**	**89**	250	89	
20	10.0	225	455	**355**	**100**	**93**	250	93	
30	10.0	224	455	**348**	**107**	**101**	250	95	
40	10.0	225	455	**355**	**100**	**96**	250	96	
50	10.0	225	455	**355**	**100**	**96**	250	96	
60	10.0	224	455	**348**	**107**	**102**	250	96	
75	15.0	225	455	**355**	**100**	**96**	250	96	
90	15.0	225	455	**355**	**100**	**96**	250	96	
105	15.0	225	455	**355**	**100**	**97**	250	97	
120	15.0	225	455	**355**	**100**	**97**	250	97	End Test
AVG. 0:120	**120**	**225**	**455**	**354**	**101**	**96**	**250**	**95**	

Date: May 5 / 2011

Test: **POX 1** **13015-001** **Technologist:** D. Matthews

Purpose: **To conduct a baseline pressure oxidation test on a received heavy liquid separation concentrate sample.**

Sample: **Combined HLS Concentrate** **Grind:** as received K80 ~98 micron

POX Results:

	Final Pulp
Total Final Pulp Weight (g):	1332.7
Measured PLS Vol (mL):	1090
PLS pH:	<1
PLS emf (mV):	585
PLS sg (mg/mL):	1.077
Wet Residue Weight (g):	123.7
Residue Colour:	pinkish red

Filtration was medium to fast

POX Assays

Product	Amount	Assays (mg/L, %)						Free Acid
	mL, g	As	Cu	Fe	Fe^{+2}	Zn	Pb	g/L
POX PLS	1156	1170	336	7450	58	12500	8	**50**
Residue	88.4	8.84	0.012	34.4	…	0.60	0.029	….
Head (calc)	120.0	7.64	0.33	32.6	…	12.5	0.029	
Head (dir)	120.0	7.73	0.29	33.4	…	11.4	0.039	

Note : Residue weight and assays back calculated from cyanidation test

Product	Distribution %				
	As	Cu	Fe	Zn	Pb
POX PLS	14.7	97.3	22.0	96.5	26.5
Residue	85.3	2.7	78.0	3.5	73.5
	100.0	100.0	100.0	100.0	100.0

Other Assays:

Product			
	S^{2-}	S(t)	
Residue	0.06	7.14	
Head (dir)	31.4	34.9	…

Weight Loss:	7%
S^{2-} Oxidation	99.9 %

Note: Residue weight and assays are back calculated from the cyanidation residue

CIL-1 **13015-001** **GT** **May 11 2011**

Purpose: To determine the extraction of Au, Ag, Cu and Zn from a pressure oxidised HLS concentrate.

Procedure:
The POX residue was bottled and adjusted to 25% solids.
The pulp was neutralized and adjusted to pH 10.5-11 with lime.
Carbon and NaCN were added at specific concentrations.
The NaCN concentration and pH were maintained for the duration of the test
At the end of the leach, the pulp was filtered and the carbon screened out.
The filtrate and carbon were collected and submitted for Au, Ag, Zn, and Cu analysis.
The filter cake was washed several times and the wash water was discarded.
The residue was submitted for analysis of Au, Ag, Cu, Zn, Pb As, Fe, S, S= and size.

Feed: 120 g of POX 1 Residue

Solution Volume: 360 mL

Pulp Density: 25 % solids — Actual Pulp Density: 20.0 % solids

Sol'n Composition: 0.5 g/L NaCN maintained — pH Range: 10.5-11.0 maintained with lime

Retention Time: 24 hours — Carbon: 10g/L

Final Solution and Carbon: Au, Ag, Zn, Cu — Leach Residue Assay: Au, Ag, Cu, Zn, Pb As, Fe, S, S=

P_{80} =

Reagent Addition (kg/t of cyanide feed) NaCN: 2.38 CaO: 61.9
Reagent Consumption (kg/t of cyanide feed) NaCN: 0.49 CaO: 61.8

Time	Added, Grams				Residual		Consumed		pH	Bottle
	Actual		Equivalent		Grams		Grams			Tare
hours	NaCN 95%	$Ca(OH)_2$	NaCN	CaO	NaCN	CaO	NaCN	CaO		520
Pre-aeration									2.4	Gross
0-2.5		10.9							12.0-10.7	
Cyanidation:										Wt.
0-1	0.19	0.93	0.18	0.69	0.13		0.05		12.3-8.5	1049.0
1-5	0.05	1.93	0.05	1.43	0.18		0.00		12.0-9.3	1052.0
5-8	0.00	2.64	0.00	1.95	0.18		0.00		12.4-9.9	1056.0
8-24	0.00	3.58	0.00	2.65	0.18		0.00		12.3-12.3	1064.0
24-31.5	0.00	0.00	0.00	0.00	0.15		0.03		12.3-11.7	1064.0
31.5-48	0.03	0.00	0.03	0.00	0.21	0.01	-0.03		11.7-11.6	1065.0
Total	0.27	19.95	0.26	6.71	0.21	0.01	0.05	6.70		

Final Titration: 25.37 mL 2.41 mL $AgNO_3$ 0.7 mL Oxalic Acid

Cyanidation Results:

Product	Amount	Assays, mg/L, g/t				% Extraction			
	g, mL	Au	Ag	Cu	Zn	Au	Ag	Cu	Zn
48 h Barren Solution	433	0.02	0.27	2.33	47.60	0.3	2.3	7.2	2.8
Loaded Carbon	3.34	943	1396	0.010	0.13	98.5	91.7	0.0	0.0
Final Residue	108	0.35	2.8	0.012	0.65	1.2	6.0	92.8	97.2
Head (calc.)	120	26.6	42.4	0.012	0.60	100.0	100.0	100.0	100.0
Head (dir.)	120								

Note: Residue is average of two assays

Residue A (g/t)	0.44
Residue B (g/t)	0.25
Residue C (g/t)	0.37

Additional Assays	Fe,%	Pb,%	As,%	S,%	S=,%
Final Residue	28.1	0.029	7.21	7.14	0.06