BRITISH COLUMBIA

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

ASSESSMENT REPORT
TITLE PAGE AND SUMMARY

TITLE OF REPORT [type of survey(s)]	TOTAL COST
2011 Assessment Report on the Swift Katie Project	CDN$ 31,633.60

AUTHOR(S) Brian McGrath and Brigitte Baker SIGNATURE(S)

NOTICE OF WORK PERMIT NUMBER(S)/DATE(S) MX-5-621 YEAR OF WORK 2011

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

PROPERTY NAME Swift Katie

CLAIM NAME(S) (on which work was done) 507490, 508207

COMMODITIES SOUGHT Cu, Au, Ag

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN 082FSW290, 082FSW291, 082FSW350

MINING DIVISION Nelson NTS 082F/03

LATITUDE 49° 09' " LONGITUDE 117° 20' " (at centre of work)

OWNER(S)

1) Valterra Resource Corporation 2)

MAILING ADDRESS

OPERATOR(S) [who paid for the work]

1) Valterra Resource Corporation 2)

MAILING ADDRESS

1100 - 1199 West Hastings Street

Vancouver, BC V6E 3T5

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

The Swift Katie Cu-Au-Ag property in south-eastern BC is underlain by subaqueous volcanic and volcaniclastic rocks assigned to the Archibald, Elise and Hall formations. These rocks are a part of the Lower Jurassic Rossland Group situated in the most southerly portion of the Quesnel Terrane. The Elise Formation hosts the chalcopyrite- and pyrite-dominant, alkaline intrusion-related(?), mineralization within a bimodal, intercalated sequence of andesitic and felsic rocks with minor clastic sediments. The layered rocks are homoclinally-east-dipping, locally overturned, isoclinally folded and sandwiched by voluminous, post accretionary intrusions. The main deposit dimensions as currently delineated strikes west-northwest, plunges shallowly to the northeast and covers an estimated mineralized area of 500m length x 70-135m true width.

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS

8258,14933,14934,15561,15781,16567,16901,17296,18990,20193,20331,21704,22200,28334,29774,30494,30943,32551

(OVER)

TYPE OF WORK IN THIS REPORT	EXTENT OF WORK (IN METRIC UNITS)	ON WHICH CLAIMS	PROJECT COSTS APPORTIONED (incl. support)
GEOLOGICAL (scale, area)			
Ground, mapping			
Photo interpretation			
GEOPHYSICAL (line-kilometres)			
Ground			
Magnetic			
Electromagnetic			
Induced Polarization			
Radiometric			
Seismic			
Other			
Airborne			
GEOCHEMICAL (number of samples analysed for ...)			
Soil			
Silt			
Rock			
Other			
DRILLING (total metres; number of holes, size)			
Core			
Non-core			
RELATED TECHNICAL			
Sampling/assaying			
Petrographic			
Mineralographic			
Metallurgic			
PROSPECTING (scale, area)			
PREPARATORY/PHYSICAL			
Line/grid (kilometres)			
Topographic/Photogrammetric (scale, area)	1:2,500 DEM Planimetric/Topo Surface		$5,000.00
Legal surveys (scale, area)			
Road, local access (kilometres)/trail			
Trench (metres)			
Underground dev. (metres)			
Other	Differential GPS Survey (52 of 72 collars surveyed)		$2,060.42
		TOTAL COST	$31,633.60

2011 ASSESSMENT REPORT
ON THE
SWIFT KATIE PROJECT

NELSON MINING DIVISION

BRITISH COLUMBIA

49°09'N 117°20'W

NTS 1:50,000 MAP SHEET - 82F/03

NAD 83, ZONE 11

474700E 5442700N

PREPARED FOR:

VALTERRA RESOURCE CORPORATION

OF

MANEX RESOURCE GROUP

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SUBMITTED: APRIL 2012

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1.0 Summary

The Swift Katie Cu-Au-Ag property is located in the Nelson Mining Division near the village of Salmo, in south-eastern British Columbia, Canada. The deposits represent the south-eastern-most significant example of Late Triassic-Early Jurassic alkaline intrusion-associated copper-gold deposits in the Quesnel arc.

The area is underlain by sequences of volcanic, volcaniclastic, and sedimentary rocks assigned to the Archibald, Elise, and Hall formations of the Lower Jurassic Rossland Group. The Elise hosts the bulk of the mineralization on the property and has been subdivided into four informal lithofacies: a dacite-rhyolite sequence, an augite-phyric andesite flow and breccia package, and a sequence of fine grained to feldspar- and hornblende-phyric andesite tuffs and breccias. Minor clastic sedimentary rocks of uncertain Formation assignment are spatially associated with the three volcanogenic packages.

The stratigraphic sequence is interpreted as a subaqueous vent-distal volcanic environment related to dominantly andesitic marine arc volcanism with local dacite to rhyolite magmatic centres that may be flows, lava domes or shallow intrusions. These packages have been intruded by dyke-like to stock-like, northwest-trending hornblende diorites, pyroxene diorites, feldspar porphyritic intrusions, and monzonites to quartz monzodiorites as well as biotite gabbros.

The layered rocks are largely homoclinally-east-dipping, locally overturned, and isoclinally folded with steeply-dipping axial surfaces, and fold hinges that are shallowly north-northeast-plunging. The structural architecture of the area suggests that the shallowly plunging, northwest-trending Cu-Au-Ag deposits may have originally been pipe-shaped vertical bodies that were subsequently tilted during periods of shortening.

The region has undergone a prolonged and often highly productive mining history that dates to the early 1900s. Key advantages associated with this area include: the favourable geology and metallogeny, a well established transportation network, proximity to power generating infrastructure, and a well educated and skilled local workforce.

The property is within a metallogenic belt that historically has hosted several important gold and base-metal mining camps. The property includes three mineral showings called the Katie (or Jim), Swift (Gus) and Ace in the Hole, which were for many years explored separately in claims with different ownership. Subsequently, the Swift Katie property was amalgamated into a contiguous land package which now covers 8,395.39 hectares. As of December 31st 2011, Valterra Resource Corporation has earned a 100% interest (subject to a 3% NSR) by completing a series of cash payments, issuing shares, and satisfying various work commitments on the property.

To date, there have been numerous geological, geochemical, and geophysical surveys completed on the Swift Katie property. Property-wide the drilling has totalled 80 holes and 19,743 metres; 53 drill holes intersected portions of the Katie deposit (13,929 metres), six holes intersect portions of the West zone (1,521 metres), 12 holes drilled in

the 17 zone area (3,042 metres), a single hole intersects the Roaring zone (359 metres), and eight drill holes (892 metres) intersected portions of the Swift prospect.

In early 2011, Valterra retained Micon International Limited of Vancouver to conduct a review of exploration programs including an in-house Cu-Au-Ag mineral resource estimate on the main mineralized deposits (Main, West, and 17).

In June 2011, in order to facilitate accurate resource reporting, Valterra commissioned Eagle Mapping Limited from Coquitlam BC to complete a 1:2,500 scale digital map for the main mineralized zones covering an area of approximately 110 hectares. The mapping would be crucial to establishing an accurate base map for plotting the drill collars etc., and included both planimetric and topographic bases with a 2.5-metre contour which was generated from existing 1:30,000 colour photos flown in 2004.

From July 2-8th 2011, Valterra also dispatched a geological crew to conduct a field program which included historical and recent diamond drill collar location, identification, and marking. The positioned collars (52 located out of 72 drilled) were then surveyed by SEL Survey and Design, based in Nelson BC. The surveyor employed a Topcon Legacy-E RTK GPS system and a Rinex position file was logged. The log file was processed via the NRC CSRS online database giving a position of +/- 0.139m, +/- 0.259m and +/- 0.325m accuracy for easting, northing and elevation, respectively. Individual holes were each located via RTK rover using differential correction from the base station giving sub-centimetre accuracy for each hole dependent on GPS solution of available satellites at the time of the survey.

In October 2011, Micon’s Independent Qualified Person (QP), Mr. David Makepeace, M.Eng., P.Eng., visited the property as part of the verification/due-diligence process. The evaluation included ground-truthing and GPS recording of several of the drill collars and reviewing the core facilities in Salmo BC.

By January 2012, an in-house, resource report was completed by Micon following NI 43-101 regulations and CIMM guidelines for mineral resource estimation.

Cautionary Statement: The resource report prepared by Micon was not in compliance with National Instrument NI 43-101 Standards of Disclosure for Mineral Projects. The majority of the Swift Katie database is historical in nature and Valterra has not completed sufficient exploration to verify the quality and accuracy of the historical sampling and drilling results, and it should not be relied upon. The reports mandate was to review the historical work and table future verification sampling protocols and outline infill/expansion drilling programs.

A combination of 72 diamond drill holes were used to interpolate a 15 x 15 x 15 metre block model of the Cu-Au-Ag mineralization within the Katie properties three main zones. It assumes that the deposit(s) would be mined by the open pit method using 15 metre benches. The interpolation used an inverse distance squared (ID^2) method to estimate the tonnage and grade. The three zones appear to cover an aggregate area measuring approximately 1,900 metres of overall strike length by 900 metres width, and up to 600 metres depth; being open in several directions.

There are numerous recommendations to advance the Katie property. The two most important recommendations tabled by Micon are:

- The core storage facility needs to be moved, rehabilitated and re-sampled.
- An in-fill drilling program of the Main Zone (Priority 1) should be initiated to improve the tonnage and possibly the grade of the zone for both Indicated and Inferred categories.

These two programs would cost approximately CDN$ 650,000.

Additionally, further drilling plans (Priority 2) may include boundary delineation of the deposits attempting to increase the tonnage of the deposits which may lead to the amalgation of the main zones into one or two larger deposits. The program would be based on 100-metre centres outside, but with respect to, the current drill pattern.

Finally, a third drill program (Priority 3) is recommended upon the successful completion of the Priority 2 definition drill program. This program would infill any gaps remaining within the historic, Priority 1 and Priority 2 drilling programs. The goal of this drilling is to increase the tonnage and possibly the grade of the deposit(s). It would also increase the mineralization confidence of the deposits and upgrade the mineral resource categories.

Overall, the majority of the project results previously returned remain very encouraging and necessitate further exploration. Valterra has drilled Swift Katie in excess of 4,850 metres since 2007 and is actively planning for future verification sampling of historical core, conducting further diamond drilling programs (infill/expansion), and investigating further geophysical and engineering studies in an effort to advance the project.

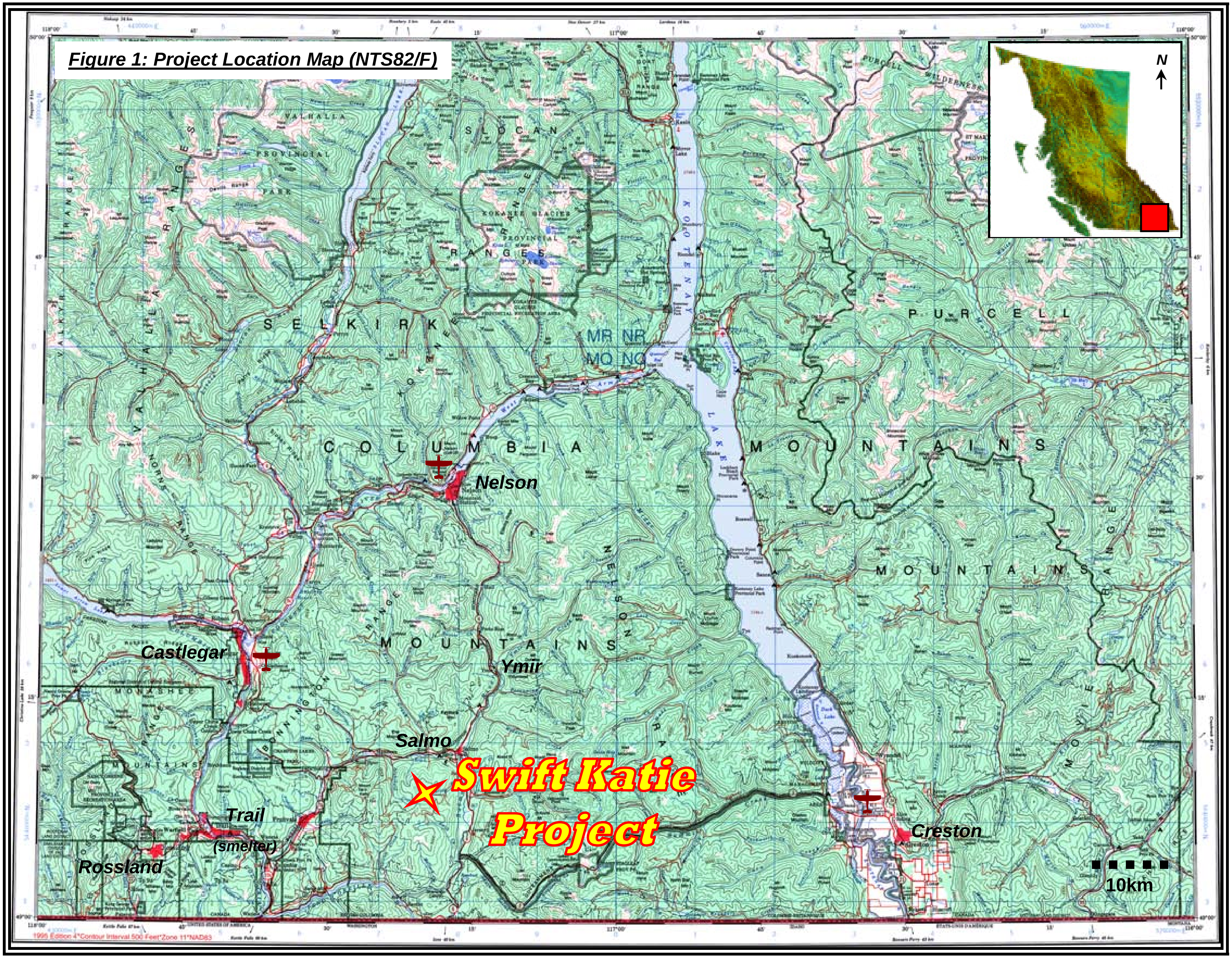
2.0 Introduction

The Swift Katie Cu-Au-Ag project is located in the Nelson Mining Division approximately seven kilometres southwest of Salmo in south-eastern British Columbia. The property is centred at 49^{o} 09’ N latitude and 117^{o} 20’ W longitude, and is located within NTS 1:250,000 map sheet 82F (Figure 1).

The deposit is hosted in the Lower Jurassic Elise Formation of the Rossland Group that forms the easternmost part of the Quesnel Terrane. This geological setting is similar to that of the alkaline suite of porphyry copper deposits defined by Barr *et al.* (1976) and includes Copper Mountain, Afton, Mount Milligan, and Mount Polley. The Katie deposit includes drill-defined, Cu-Au mineralized zones in the north-central part of the property and is considered the most south-easterly significant example of this deposit class found to date in the Canadian Cordillera (Naciuk and Hawkins, 1995).

Previous exploration programs have divided the Katie Cu-Au deposits into three main zones: the Main zone, the 17 zone, and the West zone. The Main zone strikes northwest, has a true thickness ranging from 70 to 135 metres, and is a minimum of 500 metres in length. The 17 zone strikes west-northwest, has a true thickness of 90 metres,

Figure 1: Project Location Map (NTS82/F)



and is a minimum of 300 metres in length. The zones are defined by grades that typically exceed 0.2% copper and 0.25 g/t gold (Naciuk and Hawkins, 1995).

The Swift zone, located three kilometres southwest of the Katie deposits is under explored, although encouraging gold-silver mineralization was intersected during a 1987 drilling campaign (Clemmer, 1988). The Katie claim area and the adjoining Swift property have since been combined into a single coherent 8,395 hectare exploration property.

Previous geologic work focused on the Main zone and addressed the style of mineralization, and deposit-specific geology (Cathro *et al.*, 1993; Naciuk and Hawkins, 1995).

This report summarizes the results of encouraging activities conducted in 2011 on the Swift Katie project. Future exploration is warranted and recommendations include resource calculation studies, provisions for advancing the resource work into a NI 43-101 compliant resource (QA/QC, historical re-sampling/verification), and diamond drilling (expansion and infill).

3.0 Location, Access and Infrastructure

The Swift Katie project is located in the Nelson Mining Division approximately seven kilometres southwest of Salmo in south-eastern British Columbia. The property is centred at 49° 09' N latitude and 117° 20' W longitude, and is located within NTS 1:50,000 scale map sheet 82F/03.

Access to the property via the Crowsnest Pass, Provincial Highway Number 3 is excellent. A brief two kilometre highway drive south of Salmo leads to the main access road on Hellroaring Creek. Overall, the forestry logging roads provide for a well established network of gravel-surfaced roads to much of the property. The main showing is easily accessed by following the main artery for approximately 6.5 kilometres paralleling Hellroaring Creek and its northern tributary. During winter months, vehicular travel to some areas may be limited by snow, unless roads are ploughed. Beaumont Timber Company Ltd. has locked gates on some roads, but ongoing access agreements are in place.

PLATE 1 - GRAVEL ACCESS ROAD NETWORK: View of a typical gravel-surfaced road found in the Swift Katie project area. Overall, the access is good to excellent and the property benefits from having several kilometres of forest service roads that lead to numerous exploration localities.

The village of Salmo (population 1,007) provides adequate accommodation, catering, and general supply outlets. The town is strategically located near larger service-oriented centres such as the City of Nelson (population 9,258) a 20 minute drive to the north, the City of Castlegar (population 7,259) 40 kilometres drive to the northwest, and the City of Trail (population 7,237) to the west (2006 Census). Socio-economically, the area is suitably positioned to provide a population base that is well educated, skilled, and knowledgeable.

In addition to the well established highways, forest service road system, and population centres outlined above, the property also has the added advantage of existing rail, and power capacity. Several Canadian Pacific Railway branch lines run through the region and the local rail lines connect with the trans-continental lines established in the mid-1800s, which lead eventually westward to the Vancouver ports. Three-phase power is available along the Crowsnest Pass corridor and a main power transmission line is located three kilometres south of the claims. Moreover, a natural gas pipeline runs through the southern portion of the property.

Daily commercial flights connecting with either Vancouver or Calgary can be arranged from the Castlegar and Trail airports. There is also a paved airstrip that can accommodate small aircraft traffic located within the City of Nelson.

4.0 Physiography, Climate and Vegetation

The properties physiography is dominated by a transitional, rounded mountain area with wide, glacially-sculpted valleys that are marked by incised creeks that have cut steep valleys into the ridges and highlands. The elevation ranges from 950 metres above sea level at the northernmost property area to 1,770 metres on the highest peaks in the centre of the claims. The relief is moderate on the flanks of Swift Katie ridge and flat to moderate along the ridge itself.

Soil development ranges from moderately well-developed podzols below 1,500 metres to regosol in the higher elevations (Clemmer, 1988). Organic-rich soils are confined to low-lying areas and around creeks. There is extensive glacial overburden that limits the amount of outcrop on the property.

Ecosystem classification by the provincial Ministry of Environment positions the claims within the Selkirk-Bitteroot Foothills Ecoregion of the Southern Interior Mountains Ecoprovince (Demarchi, 1996). The conditions are dominated by moist, cool to cold, temperate climates in a mountainous setting, where the majority of peaks are higher than 1,000 metres. Significant total annual snow accumulation of one to three metres depth is common in the area between December and March with the drainage basins receiving the majority of the snow. Exploration can be conducted year round; however conditions that are most favourable and cost-effective usually persist from May to October.

The Swift Katie property is in the Arrow Boundary Forest District where forest cover consists of spruce, balsam, and alder. Approximately 40-50% of the claim group has been clear-cut logged and replaced by second growth timber that is currently in various stages of maturation. The western portion of the Katie deposit has been recently burned resulting in rapid second growth vegetation.

Surface forest rights coincident with the mineral claims are shared by two forest companies. Beaumont Timber Company Ltd. owns the surface rights to more than half of the southern portion of the property and utilizes it as a forest plantation. Atco Lumber Ltd. has a timber license on the Crown land in the northern portion of the claims.

5.0 Mineral Claims

The Swift Katie property is comprised of 16 mineral tenure claim blocks that total 8,395.39 hectares. On July 21, 2006 Valterra acquired the option to earn an interest in the Swift Katie claim group and by December 31, 2012 Valterra achieved a 100% ownership interest (subject to a 3% NSR). The claim statistics are listed below in Table 1 and their layout is illustrated in Figure 2.

Table 1: Claim Tenure Status

Tenure Number	Type	Claim Name	Good Until (yyyy/mm/dd)	Area (ha)
321700	Mineral	MIKE 1	2018/01/31	25.0
507490	Mineral	-	2018/01/31	1669.332
508207	Mineral	SWIFT GROUP	2018/01/31	2114.524
510330	Mineral	NEW SWIFT	2018/01/31	253.843
510347	Mineral	NEW SWIFT 2	2018/01/31	148.08
551388	Mineral	ROARING ONE	2018/01/31	443.531
551389	Mineral	ROARING TWO	2018/01/31	781.944
568360	Mineral	ROARING NORTH	2018/01/31	422.55
568362	Mineral	ROARING SOUTH	2018/01/31	169.071
569438	Mineral	SWIFT CREEK	2018/01/31	507.473
569955	Mineral	KATIE LATE ONE	2018/01/31	105.616
569957	Mineral	KATIE LATE TWO	2018/01/31	126.738
569958	Mineral	KATIE LATE THREE	2018/01/31	295.873
843101	Mineral	SK ONE	2014/01/31	528.3703
843102	Mineral	SK TWO	2014/01/31	507.3983
853784	Mineral	SK THREE	2014/01/31	296.0410
			Total Area (ha)	***8,395.39***

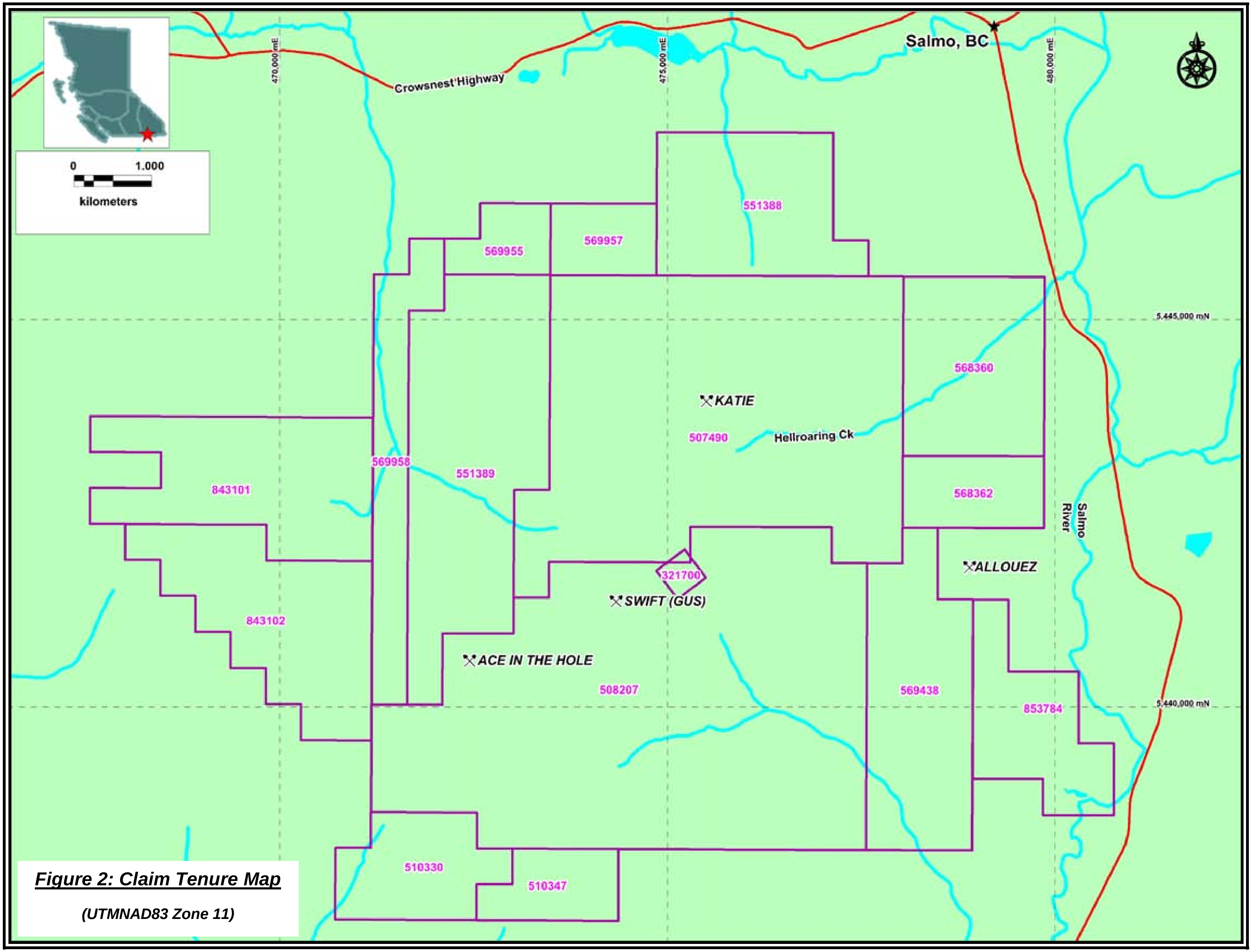


Figure 2: Claim Tenure Map

(UTMNAD83 Zone 11)

6.0 Exploration History

The early mining history of this area of the province started ca. 1865 with placer operations that were active until the 1890s when lode gold operations became dominant in the Sheep Creek camp. Over the next half century, numerous hardrock mine developments at Rossland (Le Roi), Ymir-Nelson area (Yankee Girl), Slocan (Mammoth), Sheep Creek (Reno, Nugget, Queen) and Salmo (Jersey, HB mine, Reeves MacDonald, and Emerald Tungsten) began producing ores of gold, lead, zinc, molybdenite, and tungsten (Fyles and Hewlett, 1959).

With regard to the beginning of exploration on the current Swift Katie claim group, there are several collapsed trenches and pits on the Ace in the Hole occurrence that apparently date back to the early 1900s and likely record the earliest exploration history on the property.

During the 1950s, active placer gold mining operations are reported for Tillicum Creek on the southwest corner of the Swift claim block (Naciuk and Hawkins, 1995).

In 1969 and 1970, the first extensive exploration program was conducted over the property and included an airborne magnetic survey (MEMPR-GSC Map 8479G, 1973). This survey produced a kidney-shaped magnetic high anomaly in the north survey area that was coincident with the Katie deposit.

In 1977, The National Geochemical Reconnaissance Survey produced copper, zinc, nickel, and cobalt anomalies from silt collected in the creeks draining the claim block (Ballantyne *et al.*, 1978).

In 1980, the earliest recorded assessment work on the Katie property, a soil sampling program, was conducted by Amoco Canada Petroleum Company Ltd. while exploring for molybdenum, lead, and zinc. The company collected 390 samples but failed to locate any anomalies for Mo, Pb, or Zn and hence the claims were dropped. However, a centrally located zone, now referred to as Katie, was highlighted. Values of >100 ppm Cu were delineated over an area of approximately 1,200 metres length x 300 to 400 metres width. Within this broad zone there is also a higher grade area of >200 ppm Cu that covers approximately seven hectares and includes an individual sample of 1,220 ppm Cu (MacIssac, 1980).

From 1984 to 1986, Kidd Creek Mines Ltd. and Falconbridge Ltd. conducted 1:10,000 scale mapping, soil sampling, and geophysical surveys over the Swift and Gus claims to the south of Katie. Exploration at the time was focused primarily upon VMS associated Cu-Zn mineralization.

In 1986, local prospector Ken Murray, conducted a Cu-Au-Ag geochemical soil sampling survey on the Katie claims in order to evaluate the copper anomaly outlined previously by Amoco. A broad 400 x 500 metre zone was outlined that assayed between 200 ppm and 1,200 ppm Cu, and contained up to 34 ppb Au (Murray, 1987).

In 1987, 40 backhoe trenches totalling 1,946 metres in length were excavated, sampled, and mapped at 1:200 scale on the Swift-Gus and Ace in the Hole claims by Falconbridge Ltd. (von Fersen, 1987 and Bakker 1987). A combined total of 463 channel and grab samples were collected for Au-Ag +/- 17 element ICP and select whole rock analysis. The trenching successfully defined five bedrock areas at Swift-Gus with >1,000 ppb Au that each measured at least two metres in width. The trenching was followed by a diamond drill program on the Swift-Gus claim group consisting of eight, inclined NQ core holes totalling 891.80 metres. The best drill results were obtained from holes drilled directly under Trench 19. Drill hole 87-6 intersected 1.45 g/t Au over 5.40 metres and 1.83 g/t Au over 10.0 metres (Clemmer, 1988).

In 1988, Corona Corporation staked 1,131 units in 62 new claims covering a contiguous claim block area of 17 square kilometres. Concurrent with the staking, Corona completed a 114 sample heavy mineral and/or silt sampling program. Additionally, Aerodat Ltd. was contracted to conduct an extensive airborne Mag-EM geophysical survey covering 2,260 line-kilometres. The survey was successful in outlining 84 conductors with 12 of them being ranked as highest priority (Gaunt, 1989). This work was followed by a ground geochemical reconnaissance survey in the southern portion of the present mineral block in 1988. The results of these surveys outlined some weak Cu-Au soil anomalies on the Katie property.

In 1988, Stetson Resources Ltd. carried out ground-based VLF-EM and total field magnetic geophysical surveys on the Katie claims that identified four significant conductors and a “high magnetic structure” (McIntyre, 1990). Also in 1988, Baloil Lassiter Petroleum Ltd. undertook a geological and ground geophysical survey on the Katie claims.

During 1989, anomalous streams that were identified previously in 1988 were sampled at regular intervals upstream from the original sample locations. In addition, a 50.1 line-kilometre grid was established for mapping and soil sampling. A total of 1,443 “B” horizon soil samples were collected from the grid returning individual values up to 110 ppb Au (Gaunt, 1990). Baloil Lassiter Petroleum Ltd. also undertook exploration in 1989. Baloil completed a limited diamond drill program on the Katie deposit consisting of four holes totalling 305 metres. Three of the holes intersected mineralization. The best result was near surface in hole KT-89-4, which returned 0.24% Cu and 0.20 g/t Au over 6.0 metres (McIntyre, 1990).

In 1990, Yellowjack Resources Ltd. acquired the Katie portion of the claims. A new joint venture ensued between Brenda Mines Ltd. and Hemlo Gold Mines Inc. whereby they agreed to allow the operator of the joint venture to be Noranda Exploration Co. Ltd.

During 1990, Noranda conducted geological, geochemical, and ground geophysical surveys on the Katie property. Subsequently, in 1990 and 1991, they completed 34 diamond drill holes totalling over 8,652 metres at the Main, West, and 17 zones. The best results in 1990 came from hole NKT-90-9 (West) that averaged 0.16% Cu, 0.18 g/t

Au and 0.4 g/t Ag over 169 metres and included 16.71 metres of 0.538% Cu, 1.04 g/t Au and 1.30 g/t Ag. One of the best intercepts in 1991 was in hole NKT-91-13 (Main) with 0.277% Cu, 0.331 g/t Au and 4.44 g/t Ag over 83.05 metres (McIntyre, 1991).

Yellowjack Resources Ltd. became the operator of the property in 1992 and implemented a two-phased exploration approach that focused on previously drilled anomalies. Overall, the company drilled 18 holes totalling 4,477 metres that resulted in several encouraging results, especially in the Main Zone area. Holes YKT-92-40 to 43 produced several wide zones between 50 to 150 metres wide that averaged 0.12 - 0.36% Cu and 0.435 g/t Au (Wells, 1994).

Over the winter months of 1994 and 1995, Yellowjack completed two diamond drill holes totalling 606 metres on the Main Zone testing the north-easterly plunge potential of the deposit. The drilling intercepted two well mineralized sections highlighted by hole YKT-95-58 that returned 0.168% Cu and 0.20 g/t Au over 35.50 metres.

In 2001, John Chapman and Gerald Carlson staked the Katie claim block. They commenced a limited program in 2005 whereby the entire Swift core library was re-boxed and moved to Salmo, and selected portions of core were re-logged and re-sampled. Some of the historical Katie drill collars were re-located by GPS and the historical data was transformed into UTM NAD83 co-ordinates. In 2006, a digital drill hole database of the Katie deposit was created and an in-house, preliminary mineral resource estimate was generated looking at the mineral potential (Chapman, 2006).

In 2006, the Swift Katie property was amalgamated into one package when Chapman-Carlson joined with Ken Murray and Doublestar Resources Ltd. Also, three additional claims were added to the existing claim group. In March 2006, Valterra Resource Corp. optioned the entire amalgamated property and commenced to lay the ground work for future project exploration.

In 2007, Valterra compiled the historical data and an additional six mineral claims were added. Furthermore, Valterra conducted a month-long 1:5,000 scale reconnaissance property mapping program followed by a diamond drilling campaign on the Katie Main and 17 zones that totalled 1,126 metres in three holes. Hole VKT07-060 contained one of the best intercepts that graded 0.23% Cu and 0.27 g/t Au over 45.41 metres from 209.90 metres. This interval also included a higher grade zone of 0.39% Cu and 0.60 g/t Au over 14.98 metres (McGrath *et al.*, 2008).

Later in 2007 and early 2008, Fugro Airborne Surveys Corp. was contracted by Valterra to complete 505 line-kilometres of heli-borne DIGHEM electromagnetic-resistivity-magnetic geophysical surveying over the majority of the Swift Katie claims (Farquhar *et al.*, 2008). The purpose of the survey was to detect zones of conductive mineralization, to locate any plug-like (porphyritic?) structures, and to provide specifics on an array of geological and structural features. From the resulting data, Fugro personnel concluded that the surveyed region contained many anomalous features, several of which are considered to be of moderate to high priority as exploration targets.

During 2008, Valterra conducted minor prospecting concurrent with the main diamond drilling program. The four-day prospecting targeted localized zones proximal to the drilling. Conducted in June, 44 rock chip samples were collected for fire assay Au and 41 element ICP analyses. All of the samples were dioritic and roughly 50% contained > 500ppm Cu. The best results came from two chip samples collected at the Katie Main zone and included 0.1028% Cu over 3.0 metres width (sample 767811), and 0.1006% Cu over 2.20 metres width (sample 767835). The best gold grade returned was 0.19 g/t Au over 3.0 metres in sample 767809 (McGrath, 2009a).

Diamond drilling was the focus of exploration during 2008 and the program was directed toward the Katie Main zone exclusively. The drilling entailed a series of ten holes totalling 2,954.21 metres and was conducted from June 23rd to August 18th 2008. The key objective was to intercept the main deposit area with a systematic approach trying to establish the foundation for future resource estimation development. The drilling successfully intercepted several broad Cu-Au zones both downdip and along strike of previous drill intercepts. Some of the best assay grades included 0.17% Cu and 0.25 g/t Au over 71.00 metres in hole VKT08-068 beginning at a downhole depth of 49.00 metres. Correspondingly, this intercept contained a higher grade zone of 0.21% Cu and 1.25 g/t Au over 7.90 metres. Furthermore, hole VKT08-071 contained 48.07 metres of 0.20% Cu and 0.36 g/t Au from a near surface downhole depth of 19.00 metres. In addition, this intersection included an anomalous gold zone grading 1.73 g/t over 7.07 metres from 60.00 to 67.07 metres.

In August 2009, the property was optioned to Tosca Mining Corp. (formerly JRTL) who had rights to earn a 60% interest in the property from Valterra through a combination of annual cash payments, issuance of shares, and work commitments. Field operations involved a single day of reclamation earthworks only.

During 2010, with Valterra acting as operator for Tosca, a modest diamond drilling program was conducted focusing on one of the best intercepts from the historical drilling (17 zone), and also targeting recently enhanced anomalies from re-interpretation studies on the historical ground and airborne geophysical data (Roaring zone). The drilling included two holes totalling 786.25 metres; being conducted from August 1st to August 8th 2010. However, significant bulk-tonnage results were not returned as potential fault(s) offset the mineralization at the 17 zone drill hole. The Roaring zone hole contained abundant pyrrhotite mineralization throughout. The mineralization averaged between 1-3% pyrrhotite-pyrite-chalcopyrite and was hosted in an intercalated to fold-repetitive sequence of andesite and argillite resulting in a significant change to the current understanding of the geological contacts mapped in that region (McGrath, 2011). By December 2010, Tosca elected to terminate the option agreement to pursue opportunities in the USA, hence the property was returned to Valterra.

7.0 Regional Geology

The Rossland Group volcanic succession is the most easterly exposed stratigraphic sequence of the Triassic-Jurassic Quesnel arc terrane (Figure 3). A few kilometres south of the property, the Lower Jurassic Rossland Group is juxtaposed against Paleozoic rocks of the Kootenay Terrane by the west-dipping Waneta thrust fault. In the Salmo area, the group comprises a basal succession of fine and coarse grained clastic sedimentary rocks assigned to the Archibald Formation; volcanic, volcaniclastic, and epiclastic rocks assigned to the Elise Formation; and overlying fine grained clastic sedimentary rocks of the Hall Formation (Höy and Andrew, 1990; Cathro *et al.*, 1993).

The earliest structures in the Katie area (ca. 180 Ma) are tight folds locally associated with penetrative mineral foliation, and intense shearing and thrusting (Höy and Andrew, 1990). These structures are more pronounced near the Waneta fault, where the overturned, and east-dipping Hellroaring Creek syncline exposes Hall Formation in its core, and sheared Elise Formation rocks in its limbs (Höy and Andrew, 1990). The compressional structures are sealed by Late Jurassic to Cretaceous intrusions such as the Wallack Creek stock (Höy and Andrew, 1990), exposed in the south-eastern corner of the property (Burge, 1986), suggesting a minimum age for the shortening.

8.0 Property Geology

The Swift Katie project is underlain by a sequence of volcanic, volcaniclastic, and sedimentary rocks that have been intruded by fine grained to porphyritic, and equigranular stocks and dykes (Figure 4 and Table 2). These rocks have been deformed by north-northeast-striking folds and shear zones as well as east-west to northwest-striking faults.

Mapping by Valterra in 2007, suggests that the northern part of the property is underlain predominantly by volcaniclastic breccias and clastic sedimentary rocks. The Katie Main zone area is underlain largely by andesite breccias. The Swift area is underlain by a sequence of augite-phyric andesites and andesitic lapilli tuffs, and the southern part of the mapped area is underlain by rhyolite and andesite. These rocks have been intruded by hornblende diorites, pyroxene diorites, monzonites to quartz monzodiorites, as well as biotite gabbros (McGrath *et al*., 2008).

The layered successions are assigned to the Archibald (**lJRA**), Elise (**lJRE**), and the Hall (**lJRH**) formations (Cathro *et al.*, 1993), consistent with the regional stratigraphic framework defined in the area by Hoy and Andrew (1990). The Archibald and Hall formations are dominantly fine grained clastic sedimentary sequences, and the Elise Formation consists largely of volcanic, volcaniclastic, and epiclastic rocks (Hoy and Andrew, 1990). Broadly similar sequences in both outcrop and drill core have been observed during the course of exploration. However, there remains uncertainty in the relationship between the lithofacies as the succession may be overturned. Moreover,

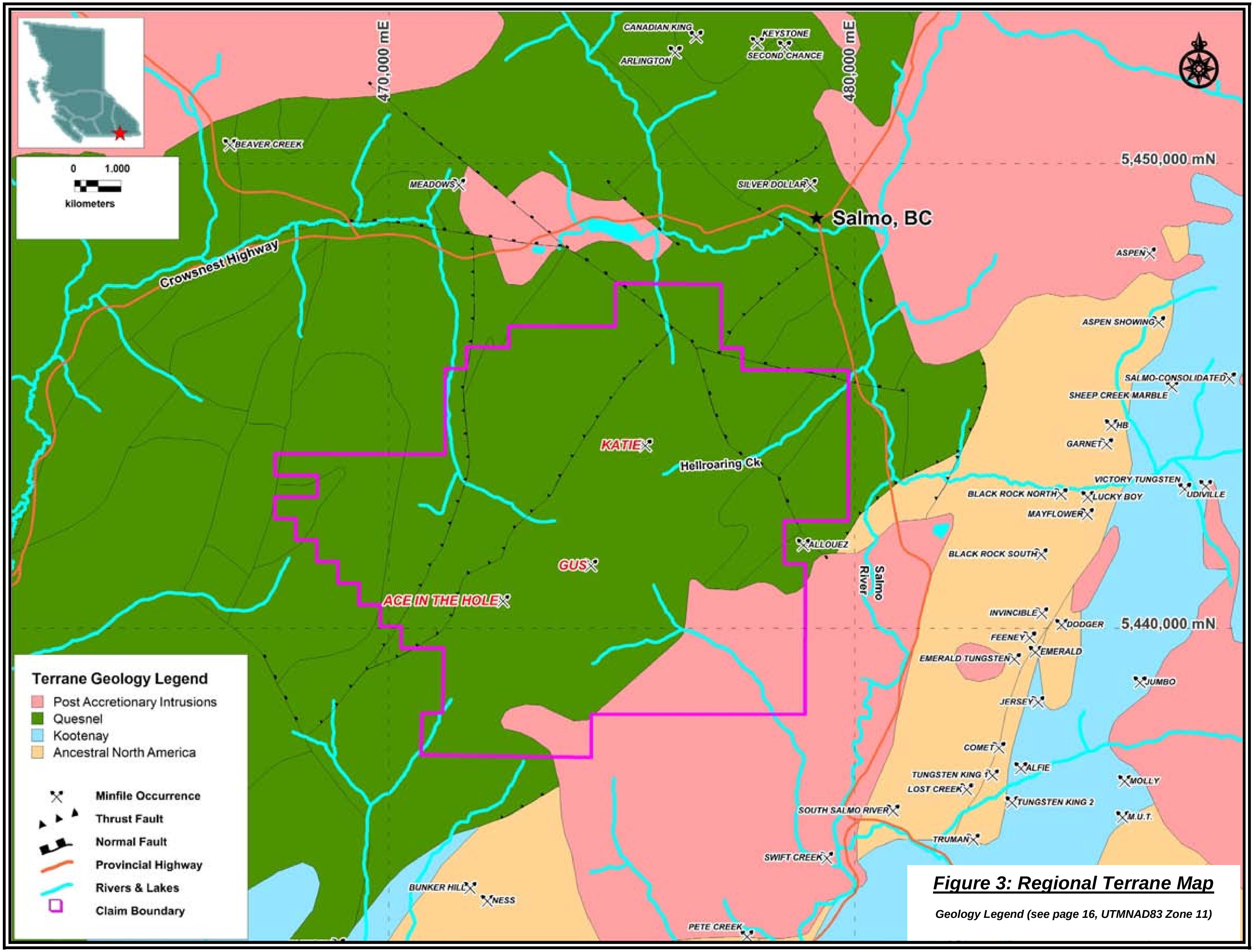


Figure 3: Regional Terrane Map

Geology Legend (see page 16, UTMNAD83 Zone 11)

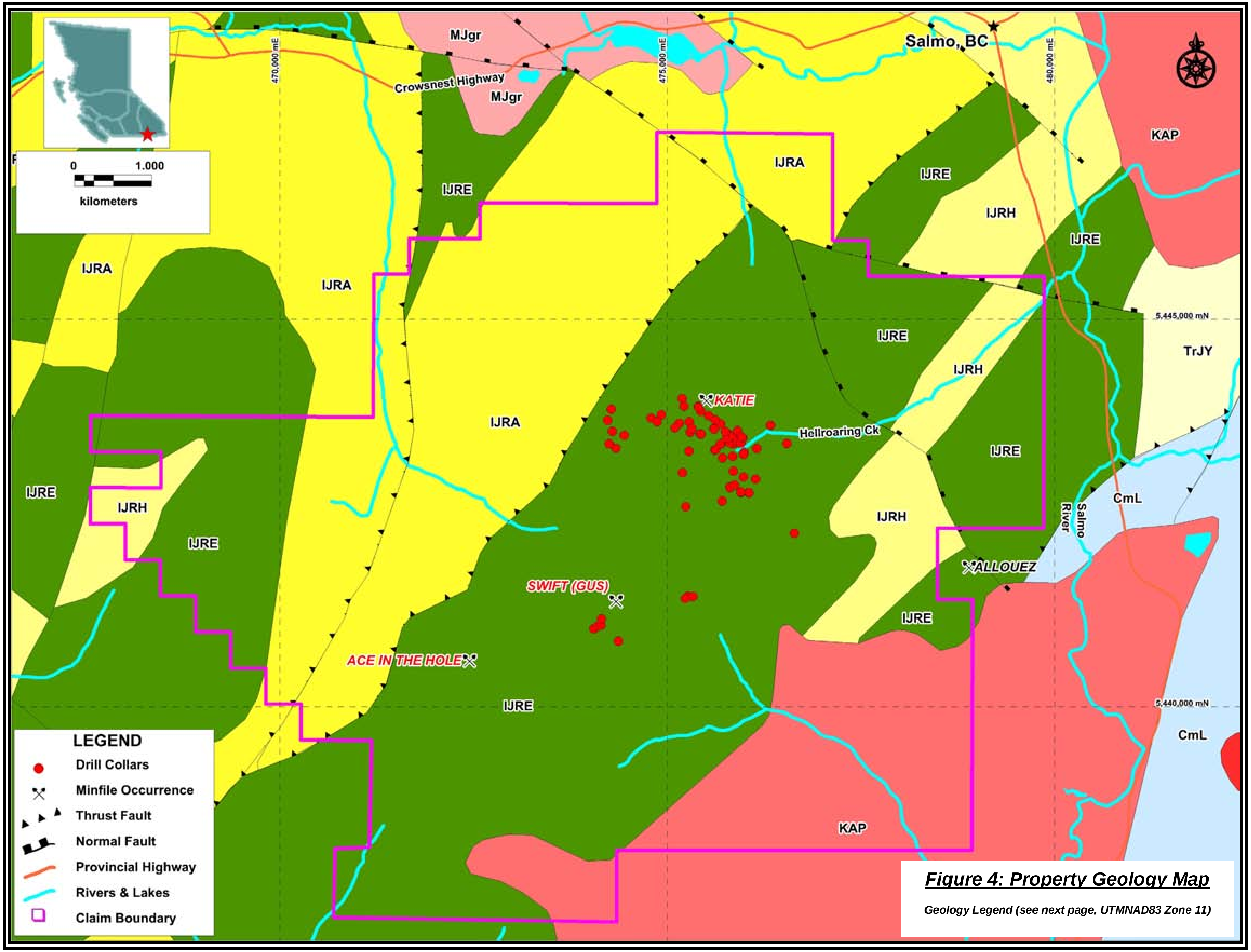


Figure 4: Property Geology Map

Geology Legend (see next page, UTMNAD83 Zone 11)

Table 2: Property Geology Legend *(Modified from Digital Geology Map of British Columbia, Massey et al., 2005)*

Era	Period	Age	Terrane	Belt	Map Unit	Group	Lithology
							Intrusive Rocks
Mesozoic	**Cretaceous**	**Early to Late Cretaceous (145.6-65 Ma)**	**Post Accretionary**	**Omenica**	**KAP**		**Wallack Creek Stock** Granodioritic intrusive rocks
	Jurassic	**Middle Jurassic (178-157.1 Ma)**			**MJgr**		Granite, alkali feldspar granite intrusive rocks (porphyritic granite, granodiorite, monzonite)
							Sedimentary & Volcanic Rocks
	Jurassic	**Lower Jurassic (208-178 Ma)**	**Quesnellia**	**Omenica**	**IJRH**	**Rossland Group**	**Hall Formation** Sedimentary rocks: argillite, carbonaceous siltstone; minor pebble conglomerate and carbonate
					IJRE		**Elise Formation** Volcanic rocks: mafic flows, pyroclastic breccia; mafic to intermediate tuffs, tuffites
					IJRA		**Archibald Formation** Sedimentary rocks: argillite, turbiditic siltstone, conglomerate and minor maroon siltstone
Paleozoic	**Cambrian**	**Lower Cambrian (570-510 Ma)**	**Kootenay**		**CmL**		**Laib Formation** Undivided sedimentary rocks: phyllite, argillite, schist, micaceous quartzite; Reeves (Badshot) limestone member

unit thicknesses are difficult to constrain due to the folding as well as the possibility of the repetition of strata due to faulting.

The most westerly rocks on the property were tentatively assigned to the Archibald Formation in 2007. These map units are in thrust fault contact with Elise Formation rocks to the east. Designating the westernmost units reflects both their position on the regional BCGS map and their lithological distinction when compared to the centrally dominant rocks of the Elise Formation. The northeast portion of the property area contains distinctive black shales that are assigned to the Hall Formation and these rocks also show a direct correlation with the regional government maps.

Intercalated crystal-lithic sandstones and banded shale-sandstone sequences that resemble rocks of the Archibald Formation are widely distributed throughout the map area. Importantly, these sediments were mapped adjacent to volcanic rocks normally assigned to the Elise Formation and therefore remain enigmatic with respect to their correct stratigraphic position within the Rossland Group.

The Elise Formation hosts the majority of mineralization on the property and has been subdivided by M[c]Grath *et al*. (2008) into four informal lithofacies: a dacite-rhyolite sequence (Lithofacies 1); an augite-phyric andesite flow and breccia sequence (Lithofacies 2); and a sequence of fine grained to feldspar- and hornblende-phyric andesite tuffs and breccias (Lithofacies 3). Minor clastic sedimentary rocks of uncertain Formation assignment comprise Lithofacies 4 and are spatially associated with the three volcanogenic packages (Figure 5).

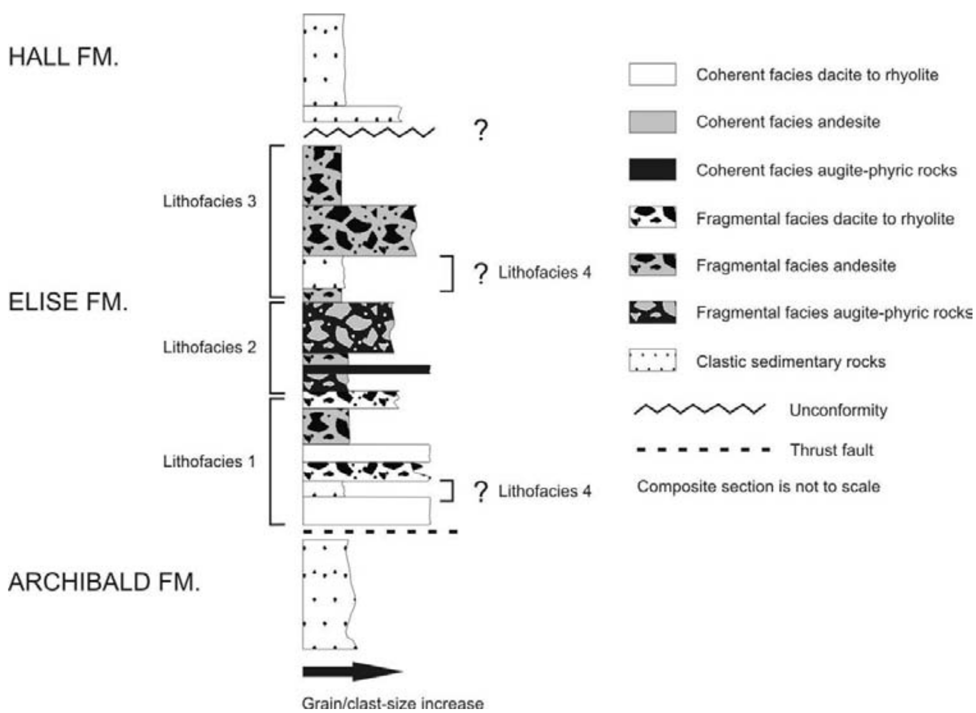


Figure 5: Proposed Stratigraphic Column (M[c]Grath et al., 2008)

A number of equigranular to porphyritic intrusions cut the supracrustal volcanic and sedimentary sequences in the region. These bodies are compositionally diverse and include mafic, mafic-alkaline, alkaline, and intermediate to felsic intrusions.

The Swift Katie property is characterized by largely homoclinal, north-northeast trending rocks and upright to steeply-dipping isoclinal folds. Bedding generally dips to the east and is locally overturned. Outcrop-scale fold hinges trend north-northeast and plunge shallowly to the northeast. Local intense zones of shearing were observed that dip steeply to the east and strike northeast. The property foliation is variable, although a dominant northeast-striking, east-dipping fabric is most common.

At least two styles of quartz veins were recognized on the property. The first group of quartz (+/- calcite) veins appear to be porphyry-related and are wriggly, light grey to white, glassy, and microcrystalline, and the second type are coarsely crystalline, locally cockscomb-textured, brecciated or banded veins that appear to be epithermal in origin.

The principal quartz vein orientations are east-west to northwest-striking and south dipping. Other trends were recorded such as northeast-striking and west dipping. Quartz-carbonate veins are also subject to local strain variation that is often attributable to small-scale shear zones. In summation, there are at least two discreet populations of veins noted whereby the open-space-bearing, epithermal veins strike east-west, and the microcrystalline porphyry-type veins tend to strike northwest.

9.0 2011 Exploration Program

During early 2011, Valterra engaged Micon International Limited of Vancouver to conduct a review of exploration programs including an in-house Cu-Au-Ag mineral resource estimate on the main mineralized deposits (Main, West, and 17).

Cautionary Statement: The resource report prepared by Micon was not in compliance with National Instrument NI 43-101 Standards of Disclosure for Mineral Projects. The majority of the Swift Katie database is historical in nature and Valterra has not completed sufficient exploration to verify the quality and accuracy of the historical sampling and drilling results, and it should not be relied upon. The reports mandate was to review the historical work and table future verification sampling protocols and outline infill/expansion drilling programs.

In June 2011, in order to facilitate more accurate resource reporting downstream, Valterra commissioned Eagle Mapping Limited from Coquitlam BC to complete a 1:2,500 scale digital map for the main mineralized zones covering an area of approximately 110ha. The mapping would be crucial to establishing an accurate base map for plotting the drill collars etc., and included both planimetric and topographic bases with a 2.5-metre contour which was generated from existing 1:30,000 colour photos flown in 2004.

From July 2-8th 2011, Valterra dispatched a field crew to locate, identify, and mark historical and recent diamond drill collars (Plates 2 to 5). The positioned collars (52 located out of 72 drilled) were then surveyed by SEL Survey and Design, based in Nelson BC. The surveyor employed a Topcon Legacy-E RTK GPS system and a Rinex position file was logged. The log file was processed via the NRC CSRS online database giving a position of +/- 0.139m, +/- 0.259m and +/- 0.325m accuracy for easting, northing and elevation, respectively. Individual holes were each located via RTK rover using differential correction from the base station giving sub-centimetre accuracy for each hole dependent on GPS solution of available satellites at the time of the survey (Figure 6).

PLATE 2: July 2011, Topcon Legacy-E RTK GPS system (base station and RTK rover) positioned on the Swift Katie property. Devices are owned and operated by SEL Survey and Design located in Nelson BC.

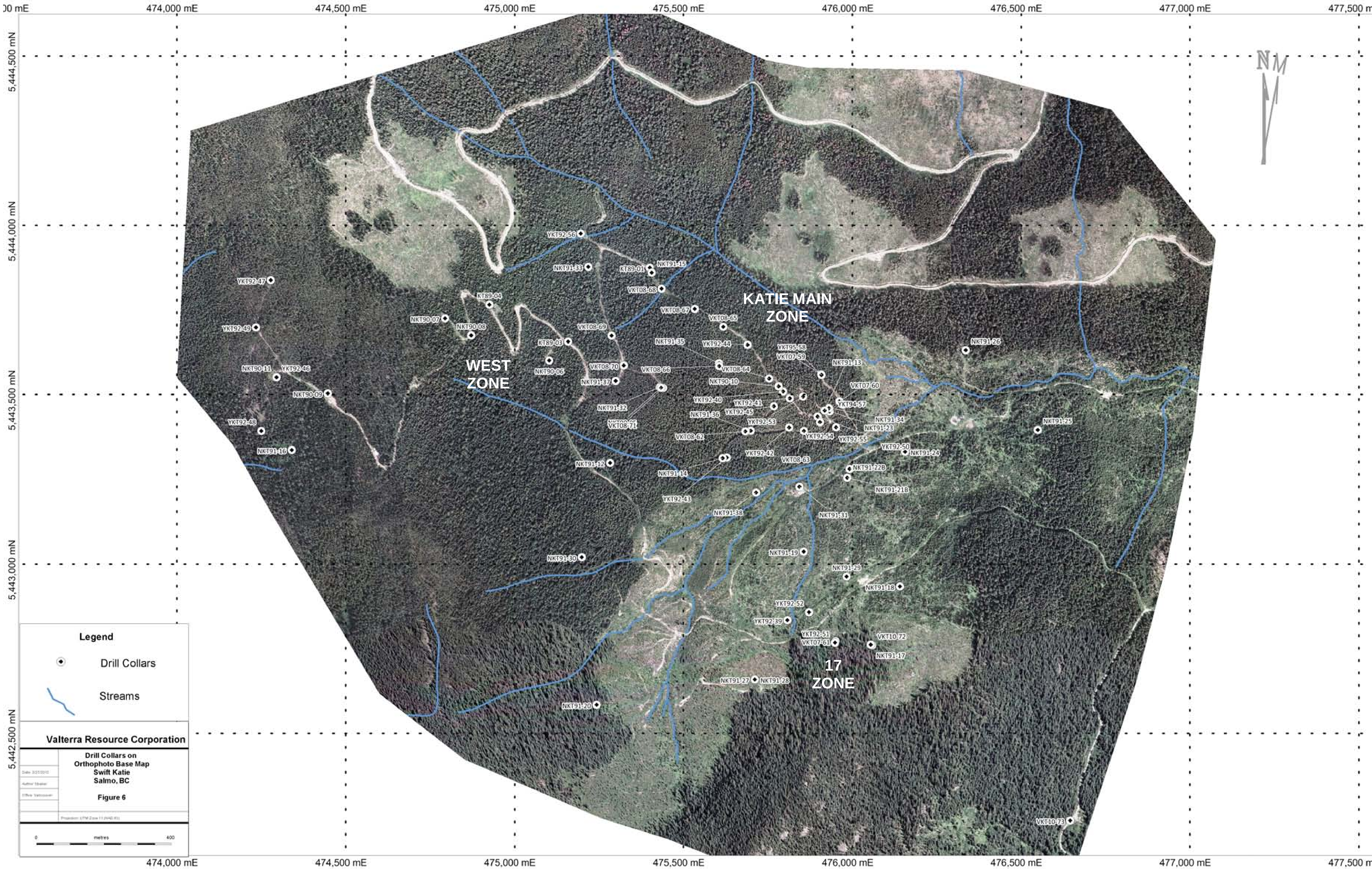
PLATE 3: Topcon FC-2500 field controller.

PLATE 4: GPS rover collecting collar XYZ data.

PLATE 5: Mobile GPS "pin-finder"/metal detector used to assist in locating historical collars and casing.

In October 2011, Micon's Independent Qualified Person (QP), Mr. David Makepeace, M.Eng., P.Eng., visited the property as part of the verification/due-diligence process (Plate 6). The evaluation included ground-truthing and GPS recording of several of the drill collars and reviewing the core facilities in Salmo BC. The reader is referred to an excerpt of the resource report authored by Mr. Makepeace which is presented below.

PLATE 6: October 23, 2011 – Mr. David Makepeace, M.Eng., P.Eng., Senior Geologist for Micon collecting verification readings of drill collar locational data via Garmin 60 CSX (+/- 5-6m accuracy).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KATIE MAIN ZONE
WEST ZONE
17 ZONE
Legend
Drill Collars
Streams
Valterra Resource Corporation
Drill Collars on Orthophoto Base Map
Swift Katie
Salmo, BC
Figure 6
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9.1 Resource Report (Makepeace, 2012)

Cautionary Statement: The resource report prepared by Micon was not in compliance with National Instrument NI 43-101 Standards of Disclosure for Mineral Projects. The majority of the Swift Katie database is historical in nature and Valterra has not completed sufficient exploration to verify the quality and accuracy of the historical sampling and drilling results, and it should not be relied upon. The reports mandate was to review the historical work and table future verification sampling protocols and outline infill/expansion drilling programs.

In January 2012, an in-house, resource report was completed by Micon following NI 43-101 regulations and CIMM guidelines for mineral resource estimation.

A combination of 72 diamond drill holes were used to interpolate a 15 x 15 x 15 metre block model of the Cu-Au-Ag mineralization within the Katie properties three main zones. It assumes that the deposit(s) would be mined by the open pit method using 15 metre benches. The interpolation used an inverse distance squared (ID^2) method to estimate the tonnage and grade.

There are numerous recommendations to advance the Katie property. The two most important recommendations tabled by Micon are:

- The core storage facility needs to be moved, rehabilitated and re-sampled.
- An in-fill drilling program of the Main Zone (Priority 1) should be initiated to improve the tonnage and possibly the grade of the zone for both Indicated and Inferred categories.

These two programs would cost approximately CDN$ 650,000.

Additional recommendations include further drilling plans - (Priority 2) may include boundary delineation of the deposits attempting to increase the tonnage of the deposits which may lead to the amalgation of the main zones into one or two larger deposits. The program would be based on 100-metre centres outside, but with respect to, the current drill pattern.

Finally, a third drill program (Priority 3) is recommended upon the successful completion of the Priority 2 definition drill program. This program would infill any gaps remaining within the historic, Priority 1 and Priority 2 drilling programs. The goal of this drilling is to increase the tonnage and possibly the grade of the deposit(s). It would also increase the mineralization confidence of the deposits and upgrade the mineral resource categories.

Table 3: Katie Diamond Drill Hole Statistics

Zone	Hole Id	UTM NAD 83		Elevation	Azimuth	Dip	Length
		Northing	Easting	(m)	(°)	(°)	(m)
Main	KT89-01	5443874	475400	1439	160	-45	82.4
	KT89-03	5443656	475158	1542	210	-65	45.8
	KT89-04	5443765	474925	1591	275	-45	121.0
	NKT90-05	5443520	475434	1492	330	-45	238.7
	NKT90-06	5443600	475103	1559	317	-45	150.3
	NKT90-07	5443725	474794	1640	309	-45	238.7
	NKT90-08	5443675	474871	1622	309	-45	202.1
	NKT90-10	5443524	475782	1416	330	-45	339.2
	NKT91-12	5443299	475283	1489	020	-45	271.3
	NKT91-13	5443453	475918	1370	344	-45	295.6
	NKT91-14	5443313	475616	1411	331	-45	246.9
	NKT91-15	5443860	475406	1440	162	-45	246.9
	NKT91-19	5443037	475856	1400	300	-44	250.3
	NKT91-21B	5443255	475985	1351	348	-52	265.2
	NKT91-22B	5443281	475992	1347	168	-60	176.8
	NKT91-23	5443450	475933	1366	348	-45	274.3
	NKT91-24	5443332	476156	1332	348	-45	295.6
	NKT91-25	5443395	476549	1305	120	-45	192.0
	NKT91-26	5443631	476336	1317	348	-52	210.3
	NKT91-31	5443229	475843	1363	348	-45	326.1
	NKT91-32	5443522	475430	1494	180	-65	255.4
	NKT91-33	5443877	475218	1496	356	-45	241.4
	NKT91-34	5443459	475931	1367	168	-65	304.8
	NKT91-35	5443592	475605	1458	342	-45	277.4
	NKT91-36	5443393	475699	1420	342	-45	256.1
	NKT91-37	5443540	475299	1522	340	-45	283.5
	NKT91-38	5443211	475715	1375	340	-45	240.8
	YKT92-40	5443509	475795	1413	000	-90	337.4
	YKT92-41	5443489	475815	1407	000	-90	293.6
	YKT92-42	5443403	475813	1395	000	-90	288.0
	YKT92-43	5443315	475628	1410	000	-90	275.2
	YKT92-44	5443647	475690	1417	000	-90	246.0
	YKT92-45	5443465	475768	1422	000	-90	257.9
	YKT92-50	5443435	475897	1376	000	-90	176.8
	YKT92-53	5443494	475854	1395	000	-90	300.9
	YKT92-54	5443418	475904	1373	000	-90	294.8

Zone	Hole Id	UTM NAD 83		Elevation	Azimuth	Dip	Length
		Northing	Easting	(m)	(°)	(°)	(m)
	YKT92-55	5443403	475952	1354	262	-70	197.9
	YKT92-56	5443976	475196	1469	280	-45	226.5
	YKT94-57	5443470	475972	1350	240	-47	278.7
	YKT95-58	5443558	475909	1361	240	-46	327.7
	VKT07-59	5443560	475907	1361	240	-80	428.9
	VKT07-60	5443480	475962	1358	240	-80	474.6
	VKT08-62	5443391	475684	1420	235	-80	306.6
	VKT08-63	5443392	475856	1380	236	-60.5	348.5
	VKT08-64	5443547	475754	1419	235	-60	355.7
	VKT08-65	5443700	475618	1429	240	-60	331.0
	VKT08-66	5443584	475606	1458	240	-60	318.8
	VKT08-67	5443753	475533	1438	240	-65	321.9
	VKT08-68	5443812	475435	1443	240	-65	300.8
	VKT08-69	5443674	475287	1502	240	-60	203.3
	VKT08-70	5443586	475323	1516	240	-60	249.0
	VKT08-71	5443519	475440	1493	240	-60	218.5
West	NKT90-09	5443503	474447	1676	288	-45	308.8
	NKT90-11	5443551	474295	1639	288	-48	214.3
	NKT91-16	5443337	474340	1634	288	-45	265.2
	YKT92-46	5443551	474295	1639	000	-90	277.7
	YKT92-47	5443838	474278	1650	000	-90	253.4
	YKT92-48	5443392	474250	1609	000	-90	197.3
	YKT92-49	5443698	474234	1660	000	-90	218.3
17	NKT91-17	5442762	476054	1487	300	-45	256.0
	NKT91-18	5442934	476141	1435	300	-45	229.8
	NKT91-20	5442584	475243	1533	300	-45	222.8
	NKT91-27	5442659	475711	1511	120	-45	289.7
	NKT91-28	5442659	475711	1511	300	-45	301.8
	NKT91-29	5442963	475983	1420	120	-45	253.0
	NKT91-30	5443020	475199	1536	300	-45	231.6
	YKT92-39	5442834	475808	1448	000	-90	239.9
	YKT92-51	5442768	475949	1475	000	-90	252.1
	YKT92-52	5442858	475872	1443	000	-90	142.4
	VKT07-61	5442772	475951	1474	330	-45	222.5
	VKT10-72	5442760	476058	1487	270	-50	427.2
	VKT10-73	5442242	476645	1450	360	-85	359.1
Total							18,851

During the differential GPS survey a total of 52 drill hole collars were located, out of the 72 holes within the mineralized zones. Unfortunately, the survey only accurately picked up 32 of the located collars leaving 20 collars that could not be accurately surveyed. At this stage of property development, Micon is confident enough that the entire database can be used for a mineral resource estimate. However, Micon highly recommends that a re-survey of the lower accuracy holes and a continued search for all holes in the mineralized zones so that the entire dataset of holes can be used in future interplotations as the project advances.

Micon utilized a GPS unit (Garmin 60 CSX) with an accuracy of approximately ± 5 to 6 metres to verify some of the drill hole collars on the property. The GPS was calibrated for a NAD83 WGS 84 datum (Table 4).

Table 4: Drill Hole Survey Comparison

Drill Hole	Micon GPS (m)		Valterra Survey (m)		Difference (m)	
	Northing	Easting	Northing	Easting	Northing	Easting
KT89-01	5443875	475395	5443874	475400	-1	5
KT89-03	5443669	475157	5443656	475158	**-13**	1
KT89-04	5443758	474919	5443765	474925	7	6
NKT90-05	5443528	475436	5443520	475434	-8	-2
NKT90-08	5443674	474874	5443675	474871	1	-3
NKT90-09	5443489	474440	5443503	474447	**14**	7
NKT91-17	5442762	476052	5442762	476054	2	0
NKT91-37	5443544	475310	5443540	475299	-4	**-11**
YKT92-41	5443490	475812	5443489	475815	-1	3
YKT92-45	5443470	475765	5443465	475768	-5	3
YKT92-46	5443553	474293	5443551	474295	-2	2
YKT92-50	5443439	475897	5443435	475897	-4	0
VKT07-61	5442772	475949	5442772	475951	2	0
VKT08-62	5443383	475689	5443391	475684	-6	8
VKT08-64	5443550	475754	5443547	475754	-3	0
VKT08-65	5443704	475621	5443700	475618	-4	-3
VKT08-67	5443754	475532	5443753	475533	-1	1
VKT08-68	5443817	475434	5443812	475435	-5	1
VKT08-69	5443681	475285	5443674	475287	-7	2
VKT08-70	5443589	475322	5443586	475323	-3	1
VKT08-71	5443521	475442	5443519	475440	-2	-2
VKT08-72	5442759	476057	5442760	476058	1	1

Elevations are not included in the table above due to poor GPS accuracy in elevation unless a descreting high-end GPS unit is used in both cases. The differences in the northing and easting readings are approximately within the tolerance of the GPS used except where indicated in red. Micon is confident that the locations documented for the drilling are accurate for this stage of property development.

The historic core is in poor shape from several years of exposure to the elements and the storage space has been exceeded on the current site near the village of Salmo. Micon estimates that at least four (4) stacks of historic core may be permanently lost and recommends obtaining a better and more secure core storage facility, as well as, re-boxing/re-cataloguing identifiable hole numbers and boxes, wherever possible. Unrecoverable but identifible core should be collected into a bulk sample for use in metallurgical work (i.e. work index, etc.). This core can still serve a purpose due to the relative homogeneity of the deposit lithology. Unidentifible core should not be used for metallurgical test work due to potential bias in the testwork.

Mineral Resource Estimate

The current in-house mineral resource was based on the 72 diamond drill hole database. Gemcom Software International Inc.'s Surpac Version 6.2 was used to develop the mineral resource estimate. A block model was created and grades were interpolated using the inverse distance squared (ID^2) method.

3D WIREFRAME

Numerous lamprophyre dykes have been identified in the drilling. These dykes are post mineralization and are void of any economic mineralization. Valterra's geologist constructed a series of three-dimensional (3D) wireframes of these dykes. These wireframes where used to constrain the interpolations.

DOMAINS

There are three known mineralized zones associated with the Katie property (i.e. Main, West and 17). The Main Zone is defined by the bulk of the drilling on the Katie property. Additional drilling may identify that two or all three zones are part of one larger deposit. However, at this time it was felt that the zones should be modelled as separate domains. To this end, three adjacent 3D solids were created that encompass the drilling associated with each zone. The corresponding solids were used in composites, statistics, geostatistics and interpolation constraints of the drill hole database. The three domains with their respective drill holes are illustrated in Figure 7.

COMPOSITES

Composite assays were calculated at every 15 metres down each hole to correspond with 15-metre bench heights of a proposed open pit plan. The holes were constrained to exclude lamprophyre dykes and then separated into domains (i.e. Main, West and 17

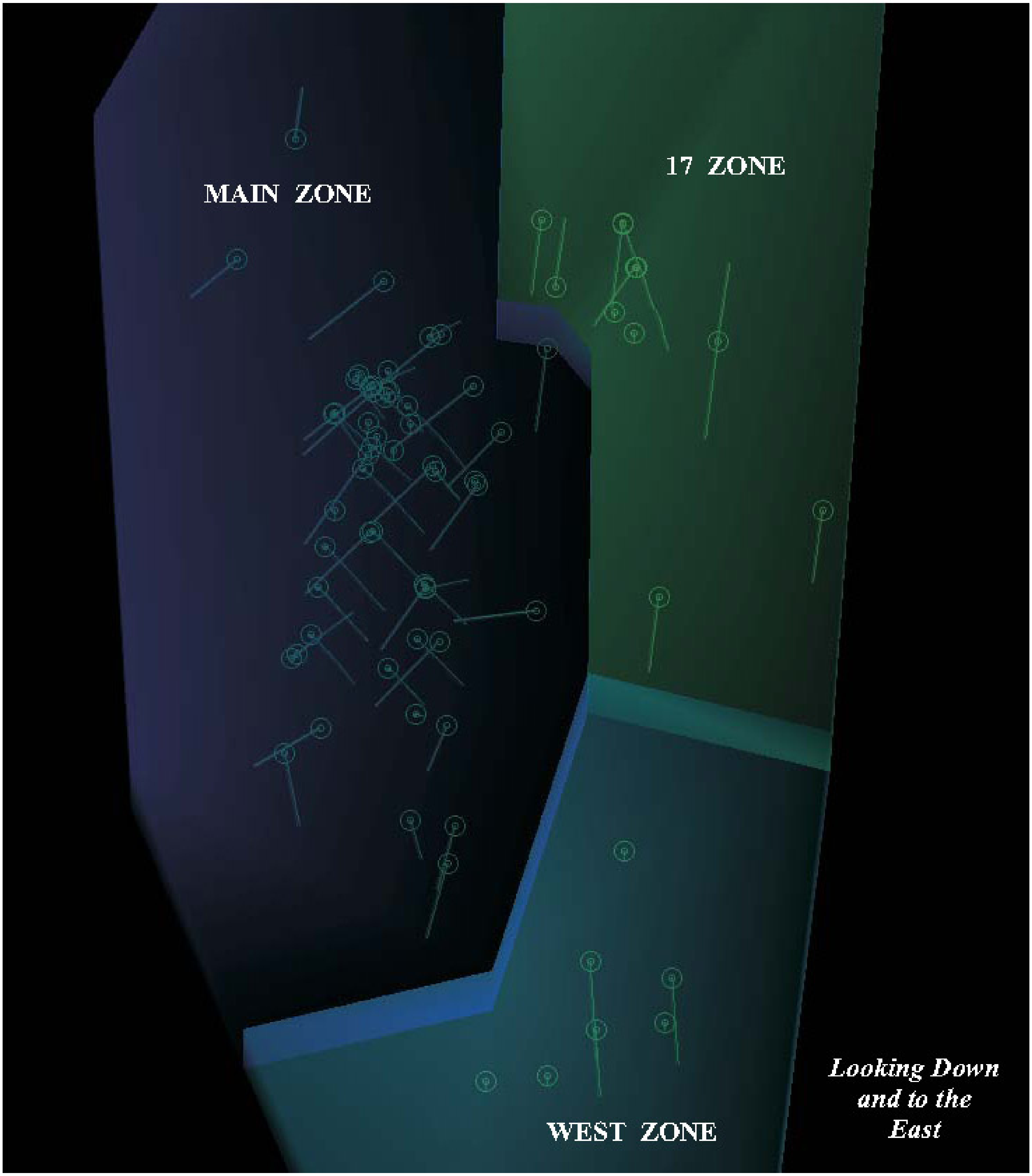

Figure 7: Katie Mineralized Zones (Makepeace, 2012)

STATISTICS

Basic statistics were calculated on the resulting composites for copper, gold and silver (Table 5).

Table 5: Katie Uncapped Composite Statistics by Zone

Zone	Element	Mean	Max.	Median	Min.	No. of Samples	Std. Dev.	Coeff. of Var.
Main	Copper (%)	0.075	0.450	0.056	0.000	900	0.072	0.970
	Gold (g/t)	0.059	0.918	0.034	0.000	900	0.087	1.464
	Silver (g/t)	0.289	15.304	0.139	0.000	900	0.833	2.884
West	Copper (%)	0.057	0.409	0.039	0.000	119	0.058	1.018
	Gold (g/t)	0.043	0.887	0.021	0.000	119	0.090	2.093
	Silver (g/t)	0.218	3.440	0.140	0.000	119	0.334	1.530
17	Copper (%)	0.036	0.411	0.018	0.000	234	0.062	1.711
	Gold (g/t)	0.035	0.559	0.012	0.000	234	0.066	1.905
	Silver (g/t)	0.199	2.795	0.128	0.000	234	0.317	1.588

The coefficient of variation (CV = standard deviation / mean) is a method of identifying outliers in the composite assays. A CV of greater than 1.2 tends to indicate that there may be multiple populations and that the variables are unstable.

There are different techniques to capping the outliers to prevent the potential for over-estimation of the grade of a deposit. These include:

- Cumulative frequency curve flattening.
- Confidence interval (95%).
- Percentile value (i.e. 90, 95, 97.5 or 99%).
- Historical or production values.

The statistics indicated that the gold and silver data sets from all three domains should be cut and copper should be cut in the 17 Zone. The method used was the 95% Confidence Interval. The following table illustrates the capping threshold levels.

Table 6: Katie Outlier Cut Values

Zone	Element	95% CI	No. of Composites Affected
Main	Copper (%)		0
	Gold (g/t)	0.230	32
	Silver (g/t)	1.922	11
West	Copper (%)		0
	Gold (g/t)	0.221	4
	Silver (g/t)	0.873	3
17	Copper (%)	0.158	9
	Gold (g/t)	0.165	10
	Silver (g/t)	0.820	8

CAPPING

Capping prevents the potential for over-estimation of the grade of a deposit. The mineral resource estimates of the Katie deposits were initially interpolated using cut values and then without cut values. An uncapped composite was to be used for these mineral resource estimates. Extra sampling and drilling may add clarity to whether the capped values are too severe or not, in future interpolations.

GEOSTATISTICS

Geostatistics were run on each zone separately, for each element (i.e. copper, gold and silver). The major search radius of Indicated Resources is normally derived by obtaining the Range that corresponds to 80% of the Total Sill in a variogram. The variograms for each element and each zone showed remarkable similarities to each other. Therefore, an average search radius of 40 metres was used as the Indicated Mineral Resource major search radius. Inferred Resources tend to be at least double the Indicated Resource major search radius. Therefore, a major search radius of 100 metres was used to represent the Inferred Mineral Resources.

DENSITY

Micon used the historic specific gravity of 2.7 in the volume-tonnage conversion and believes that it is appropriate for use in this resource estimate. Micon recommends further specific gravity work as the project develops to more accurately define the density value in the deposits.

BLOCK MODEL

The block model was constructed to envelope the Composites within the three 3D solids (i.e. Main, West and 17 Zones). Surpac software, version 6.2 was used to interpolate the model. The Model extents are listed in Table 7.

Table 7: Block Model Extent

Axis	Minimum (m)	Maximum (m)	Block Size (m)	Blocks
X	474000	476805	15	
Y	5442000	5444400	15	
Z	800	1760	15	
Total				208,196

Note X and Y coordinates are UTM NAD83

There was no rotation or sub-blocking of the block model. Within the block model, there are three sets of attributes (i.e. "**c**" - cut values, "**uc**" - uncut values and "**uc_lrsr**" - uncut values with a less restrictive search radius). Attributes included class (i.e. unestimated, indicated or inferred, based on copper grade), copper (%), gold (g/t), silver (g/t) and copper equivalent (%). Copper equivalent (CuEq) was a calculated attribute based on the metal prices for the three commodities. The CuEq values were calculated based a 3 year trailing average of metal prices obtained from Valterra:

CuEq grade = Cu Grade + (Au Grade x Au Conv. + Ag Grade x Ag Conv.)/(Cu Conv. x 10,000)

Au Conv. = $1,205.02 / 31.1035 g/ozt = 38.74226

Ag Conv. = $22.10 / 31.1035 g/ozt = 0.710531

Cu Conv. = $3.15 / 453.5324 g/lb = 0.00694548

Valterra and Micon agreed to use the "**uc_lrsr**" attribute values with this in-house mineral resource estimate.

INTERPOLATION

An inverse distance squared method (ID^2) was used to interpolate the grade of the Katie's three zones.

The block model was run in two passes (i.e. Indicated and Inferred). Tables 8 and 9 list the search parameters for the two mineral resource categories.

Table 8: Katie Indicated Search Parameters

	Zone	Bearing (°)	Dip (°)	Plunge (°)	Search Radii (m)			Composites Used		
					Major	Semi Major	Minor	Min.	Max.	Max. DDH
Copper	Main	150	0	-30	40	38.6	34.6	2	8	8
	West	49	-60	40	40	37.0	36.4	2	8	8
	17	185	9	-60	40	34.5	31.5	2	8	8
Gold	Main	150	0	-50	40	40.0	39.3	2	8	8
	West	250	62	-60	40	37.9	36.4	2	8	8
	17	100	60	-40	40	28.4	36.0	2	8	8
Silver	Main	150	0	-50	40	37.9	36.3	2	8	8
	West	130	0	60	40	39.7	38.5	2	8	8
	17	119	59	70	40	34.9	28.3	2	8	8

Note: Max. DDH - Maximum number of samples per drill hole

CLASSIFICATION

Mineral resource reporting in Canada follows the 2011 National Instrument 43-101 and its companion policy 43-101CP and technical report requirements 43-101F1. The mineral resource definitions are based on the Canadian Institute of Mining, Metallurgy and Petroleum's (CIM) definitions (CIM Definition Standards - For Mineral Resources and Mineral Reserves, adopted on November 27, 2010).

Based on the above regulations and guidelines, it is Micon's opinion that there are only Indicated and Inferred Mineral Resources present within the Katie deposits, taking into consideration the hole spacing, geometry and geostatistical continuity of the composite data.

A copper equivalent (CuEq) was used as the cut-off grade in reporting the mineral resources. This method accounts for the different potentially economic commodities in the deposits. The prices of the commodities were based on a three year trailing average, as documented above in the Block Model section.

Copper = $3.15 / lb

Gold = $1,205.02 / oz

Silver = $22.10 / oz

Table 9: Katie Inferred Search Parameters

	Zone	Bearing	Dip	Plunge	Search Radii (m)			Composites Used		
					Major	Semi Major	Minor	Min.	Max.	Max. DDH
Copper	Main	150	0	-30	100	96.5	86.5	1	8	8
	West	49	-60	40	100	92.5	91.0	1	8	8
	17	185	9	-60	100	86.2	78.7	1	8	8
Gold	Main	150	0	-50	100	100.0	98.2	1	8	8
	West	250	62	-60	100	94.7	91.0	1	8	8
	17	100	60	-40	100	70.9	89.9	1	8	8
Silver	Main	150	0	-50	100	94.8	90.7	1	8	8
	West	130	0	60	100	99.4	96.1	1	8	8
	17	119	59	70	100	87.2	70.7	1	8	8

Note: Max. DDH - Maximum number of samples per drill hole

9.2 Interpretation and Conclusions

The Katie property has three mineralized zones (i.e. Main, West and 17 Zones). These zones may be connected to one another but further drilling will be required to confirm this speculation. Another theory is that these zones are only the northern portion of a larger mineralized centre (Chapman, 2006).

A new in-house mineral resource estimate has been generated that utilizes the new drill holes completed by Valterra.

The Katie property needs additional work so that this or future mineral resource estimates will comply with all NI 43-101 requirements. It will need more drilling to potentially increase the tonnage and grade of the deposits.

Recommendations

Micon has identified several items that will improve and clarify the mineralization potential of the Katie property.

Some of the historical holes should be twinned to provide confidence that the historic data is accurate and precise. In lieu of twinning holes, Micon suggests that a series of the historical holes, strategically located in the three mineralized zones, be re-assayed using the exact historical intervals from the logs. A complete QA/QC protocol is required for this re-sampling program. A list of the historic holes and their alternatives, if necessary, are documented in Table 10.

Table 10: Recommended Re-Assay Drill Holes

Zone	Drill Hole	Alternate Hole
Main	NKT90-05	VKT08-71
	NKT90-08	KT89-04
	NKT91-15	VKT08-68
	NKT91-35	VKT08-65
	NKT91-36	VKT08-62
	YKT94-57	VKT07-60
West	YKT-92-46	
17	YKT92-51	

The cost of assaying these holes is approximately CDN$25,000 excluding the cost of identifying the holes and taking the samples.

It is recommended that all holes that had a low accuracy survey, be re-surveyed with a diffential GPS unit or total station unit. A continued search for the remaining historical holes not found in 2011 should be conducted and accurately surveyed if located.

The unsecure core storage facility needs to be addressed as soon as possible. This site has the potential of being vandalized because there is no perimeter fence, gate or guard. The core has a possibility of being accidentally destroyed by the heavy equipment that also use the site. The owners of the site want the core to be moved. At least one alternative secure site may be available within the area. It is recommended that a permanent secure site be found and the core be moved to that site.

Many of the historic core holes inherited by Valterra are in poor shape. The boxes on top of some of the stacks are rotten or have been vanadlized. There are three stacks of core that are unidentifible because their identification tags and markers have been lost. Some stacks have partially collapsed. It is imperative that this core be saved from further degradation. It may cost in excess of CDN$100,000 to accurately re-box, re-label and palletize the historic core. All core must be catalogued. This may assist in identifying some of the core missing labels and tags. It will assist in identifying holes that unfortunately may need to be eliminated from future NI 43-101 mineral resource estimates.

Some of the damaged core that cannot be salvaged into new boxes but can be identified by hole number may be useful. If that core is within the mineralized zones it could be collected and used in future metallurgical tests. Core that is unidentifible should not be used for metallurgical testwork.

A program of density measurements should be completed on strategic holes within the mineralized zones. This could be done as part of the move of the core storage facility.

Preliminary metallurgical testing should be initiated. Polished sections of high-grade drill hole intersections should be completed. This will greatly assist metallurgists in planning the appropriate studies as the project advances. Work index work can be undertaken to assist in future comminution studies.

The Katie deposits require additional drilling. A series of infill drill holes (Priority 1) may increase both the grade and tonnage of the deposit. There are numerous voids in the block model within each mineralized zone. Many of these voids represent blocks that could not be interpolated due to search radii limitations. Strategically placed holes within these voids will increase tonnage. If these new holes intersect higher grades of mineralization, the overall grade of the deposit should increase as well. A potential list of new drill hole collars is listed in Table 11. Each one of these drill holes should have a dip of -90°. The cost of this program would be approximately CDN$ 520,000.

Table 11: Recommended In-fill Diamond Drill Holes

Zone	Drill Hole	Y	X	TD (m)
Main	A	5443680	475650	325
	B	5443575	475485	325
	C	5443635	475320	325
	D	5443815	475485	325
	E	5443800	475620	325
	F	5443635	475815	325
	G	5443545	475980	325
	H	5443755	475290	325
Total	8			2,600

Figure 8 illustrates the Main Zone block model looking northeasterly. The recommended hole letters corresponded to the letters in Table 11. The holes are located within specific voids that are also near higher grade blocks within the block model. These holes would have the highest probability of intersecting higher grade mineralization.

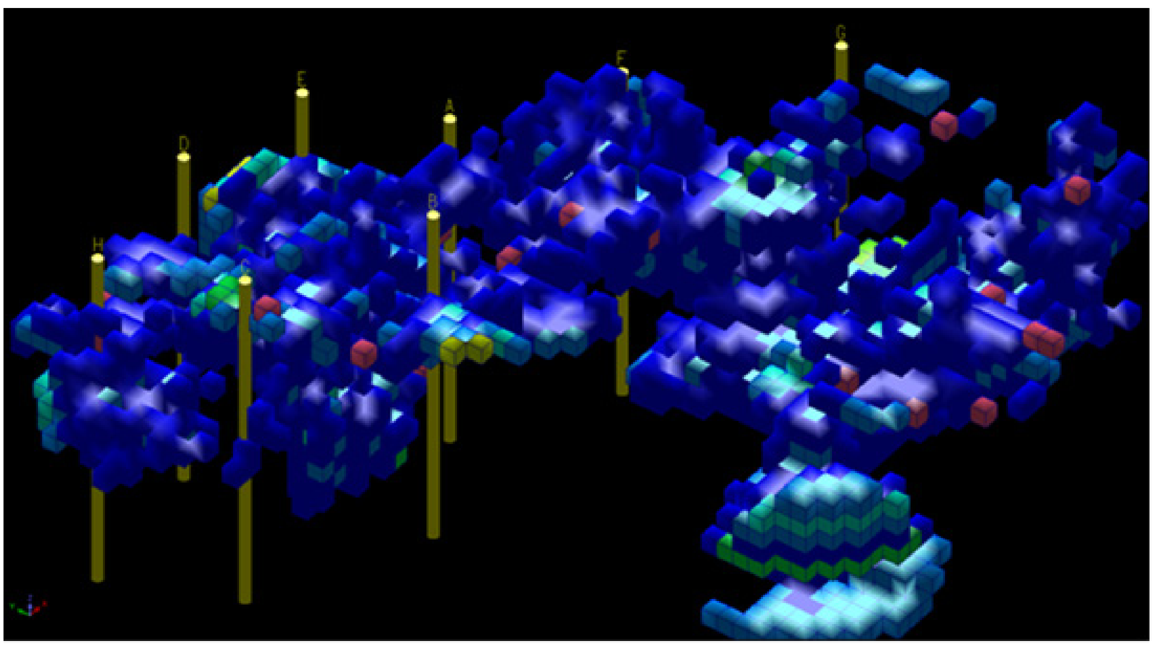

Figure 8: Priority 1 Infill Drilling - Block Model, Looking Northeast (Makepeace, 2012)

Figure 9 illustrates the copper isosurface (grade shell) of the Main Zone at the same northeasterly viewpoint.

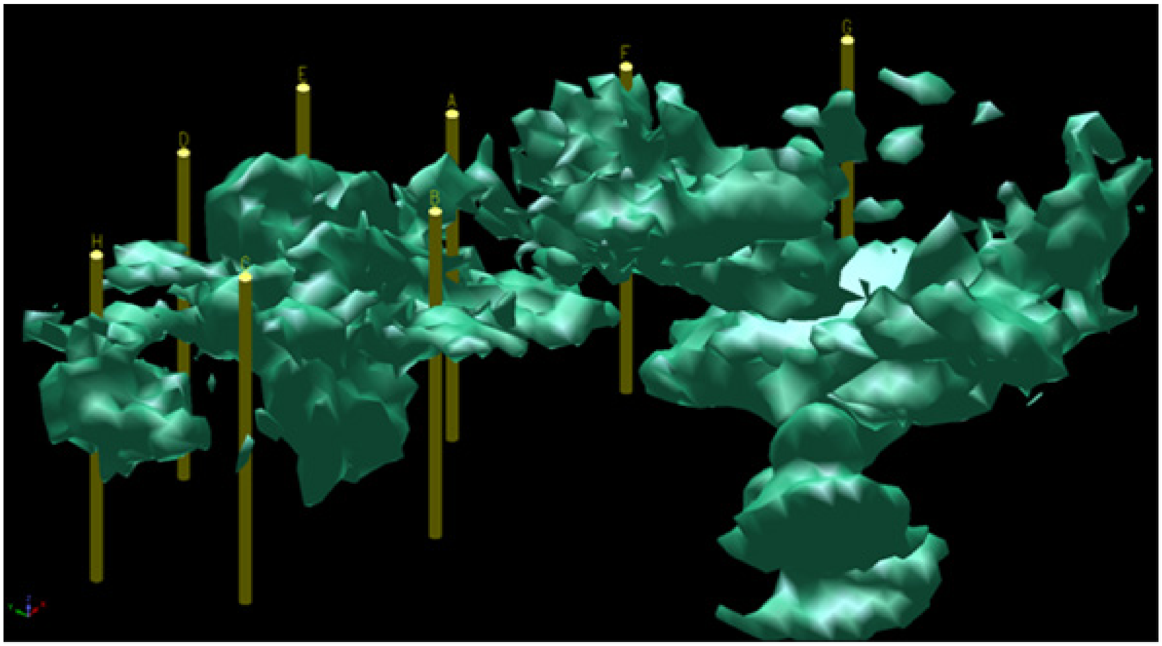

Figure 9: Priority 1 Infill Drilling - Isosurface, Looking Northeast (Makepeace, 2012)

Figure 10 illustrates the Main Zone block model looking southwesterly. Figure 11 illustrates the copper isosurface (grade shell) of the Main Zone at the same southwesterly viewpoint.

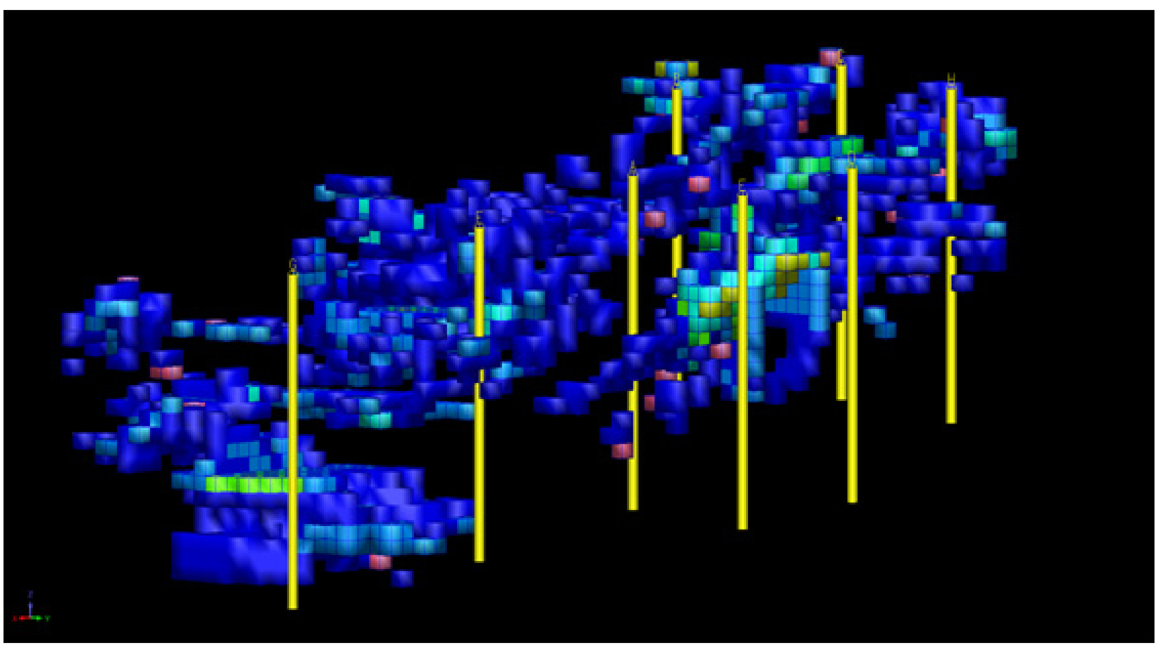

Figure 10: Priority 1 Infill Drilling – Block Model, Looking Southwest (Makepeace, 2012)

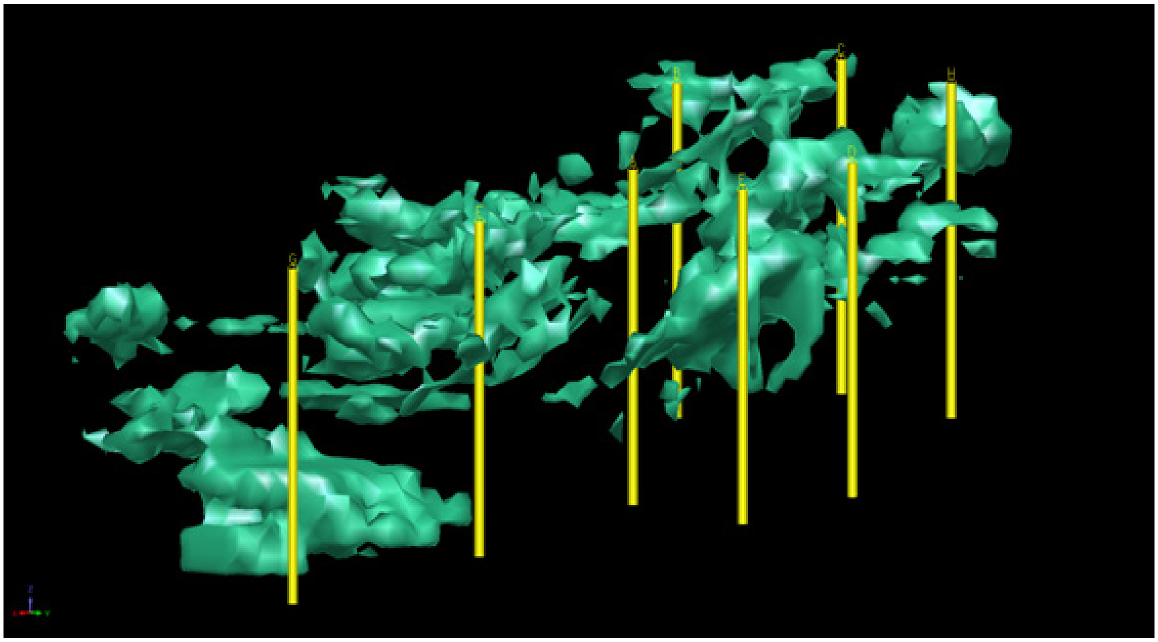

Figure 11: Priority 1 Infill Drilling – Isosurface, Looking Southwest (Makepeace, 2012)

A second drill program (Priority 2) should be initiated upon the successful completion of the Priority 1 infill drill program. The purpose of this program is to delineate the boundary of the deposits. The goal of this program is to increase the tonnage of the deposits. It may lead to the amalgation of the Main, West and 17 Zones forming one or two larger deposits. The program would be based on 100-metre centres outside, but with respect to, the current drilling collar pattern. This drilling will require more holes than the infill drilling program. A list of holes is premature at this stage without the infill drill program results.

A third drill program (Priority 3) would be initiated upon the successful completion of the Priority 2 definition drill program. This program would infill any gaps remaining within the historic, Priority 1 and Priority 2 drilling programs. The goal of this program is to increase the tonnage and possibly the grade of the deposit(s). It would also increase the mineralization confidence of the deposits and upgrade the mineral resource categories.

10.0 Statement of Expenditures

During 2011, the following Assessment-related exploration expenditures were made by Valterra Resource Corporation on the Swift Katie project in south-eastern BC.

STATEMENT OF EXPENDITURES				
Cost Centres	**Details of Expensed Items**		**Individual Costs**	**Cost Totals (CDN$)**
PERSONNEL (34.78%)	**Field Geological**	Brigitte Baker (7 days @ $560/day)	$3,920.00	**$11,002.50**
		Brian McGrath (2 days @ $750/day)	$1,500.00	
	Field Assistant	Josh Fuder (3.5 days @ $25/hr)	$712.50	
	ARIS Report Writing	Brian McGrath (5 days @ $750/day)	$3,750.00	
		Brigitte Baker (2 days @ $560/day)	$1,120.00	
CONTRACTORS (53.72%)	**Micon International Ltd.**	25% of Resource Reporting *(NB: Partial Accounts Estimate Due to Historical/In-House Nature of Cu-Au-Ag Mineral Resource Estimate)*	$9,933.78	**$16,994.20**
	Eagle Mapping	Digital Mapping (Planimetric/Topographical, Contours/DEM)	$5,000.00	
	SEL Survey & Design	Differential GPS Surveying of XYZ Data for 52 Drill Collars @ Katie, West & 17 Zones	$2,060.42	
TRAVEL (7.60%)	Airfares, 4x4 Rental Pickup, Insurance, Fuel & Parking/Taxi Fare		$2,403.97	**$2,403.97**
FIELD EQUIPMENT (0.32%)	Chainsaw Usage – 2 days		$100.00	**$100.00**
ROOM & BOARD (3.58%)	Sal-Crest Motel, Groceries & Meals for Geological Personnel		$1,132.93	**$1,132.93**
	TOTAL EXPLORATION EXPENDITURES		$31,633.60	**$31,633.60**

11.0 Statement of Qualifications

I, Brian T. McGrath, P.Geo., of Langley, British Columbia hereby certify as follows:

1. I graduated from Memorial University of Newfoundland with a Bachelor of Science degree in Earth Sciences, Geology, in 1992.

2. I am a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of British Columbia, Registration Number 23643, since March 1998.

3. I have practiced my profession continuously since graduation.

4. I was involved in the planning and implementation of the program herein described, and the co-writing of this report.

5. This report is an accurate account of the 2011 exploration program conducted by Valterra Resource Corporation on the Swift Katie project, south-eastern BC.

Dated at Vancouver, British Columbia, this 4th day of April, 2012.

Brian T. McGrath, B.Sc., P.Geo.
Senior Geologist
Manex Resource Group

11.0 Statement of Qualifications (cont'd)

I, Brigitte Baker, of Vancouver, British Columbia hereby certify as follows:

1. I graduated from Queen's University with a Bachelor of Science degree in Geological Engineering, in 2010.

2. I have practiced my profession continuously since graduation.

3. I am a co-author of this report, which is an accurate account of the 2011 exploration program conducted by Valterra Resource Corporation on the Swift Katie project, south-eastern BC.

Dated at Vancouver, British Columbia, this 4th day of April, 2012.

Brigitte Baker, B.Sc. (Eng).
Geologist
Manex Resource Group

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LIST OF MAPS

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- **MAP 2: 3D CROSS SECTION OF DRILLING**

LEGEND

INDEX CONTOUR	240
INTERMEDIATE CONTOUR	
DEPRESSION CONTOUR	
RIVER	
STREAM	
INTERMITTENT STREAM	
FENCE	
TREES	
SLIDE	
GRAVEL ROAD	
ROUGH ROAD	
FOOTPATH	
AREA OUTLINE	
WALL	W
TRENCH	
DAM / DYKE	
PIPELINE	P
BUILDING / SYMBOL	
CULVERT	
CONTROL	
SPOT HEIGHT	3771.0

MAP 1

SWIFT KATIE

MAIN ZONE AREAS
PLANIMETRIC-TOPOGRAPHIC MAP

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CONTOUR INTERVAL 2.5 m
SCALE 1:2500

0 25 50 100 150 200

PRODUCED FROM AERIAL PHOTOGRAPHY FLOWN: 2004

PHOTO SCALE:	1:30,000
CONTROL BY:	VALTERRA RESOURCE CORP.
HORIZONTAL DATUM:	UTM NAD 83 ZONE 11
VERTICAL DATUM:	GEODETIC
REVISION:	00
UNITS:	METERS
REV. DATE:	Sept. 26 /2011
APPROVED:	TC

COMPILED BY: EAGLE MAPPING LTD.
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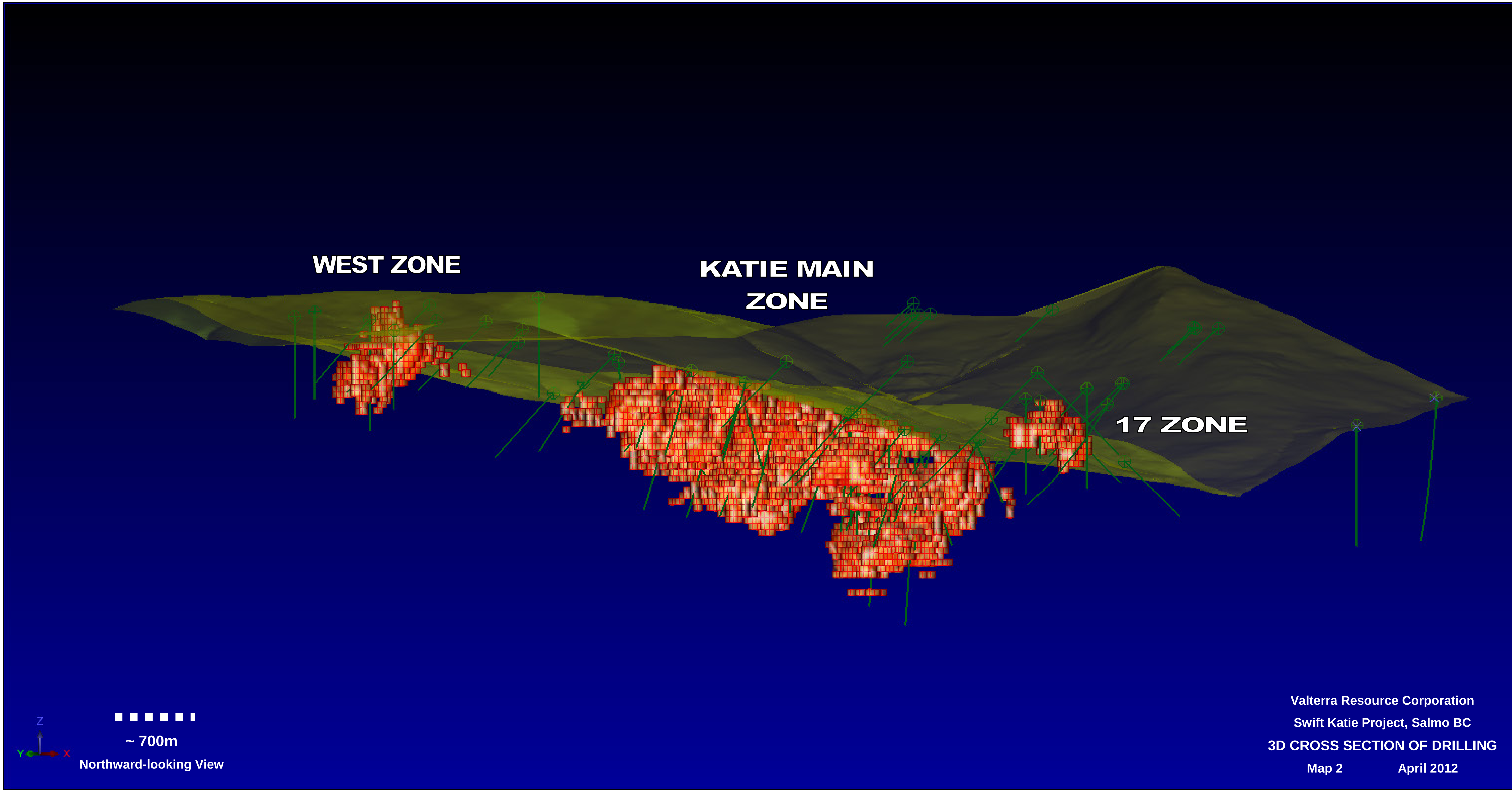
WEST ZONE
KATIE MAIN ZONE
17 ZONE
Z
Y
X
~ 700m
Northward-looking View
Valterra Resource Corporation
Swift Katie Project, Salmo BC
3D CROSS SECTION OF DRILLING
Map 2
April 2012