GEOCHEMICAL ROCK SAMPLING REPORT

ON THE

A&E PROSPECT ON THE J&L PROPERTY

51°19’30’’N, 118°09’14’’W

N.T.S. 082M-030
Revelstoke Mining District
British Columbia, Canada

for

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by

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1.0 SUMMARY

Huakan International Mining holds title to a contiguous block of mineral claims consisting of 10 crown granted claims and 20 mineral claims, collectively referred to as the J&L Property (Minfile 082M003). The company has been involved in exploration work of the J&L property since 2007, originally under the name of Merit Mining Corp (2007-2010), renamed in 2010 to Huakan International Mining Inc.

The J&L Property is located approximately 32 air kilometres northeast of Revelstoke, BC, and is readily accessible by driving 35 kilometres north of Revelstoke along Highway 23 and then approximately 13 kilometres east of Highway 23, along the Carnes Creek forestry road. The permanent J&L camp is located near the confluence of Carnes Creek and McKinnon Creek.

The mining history of the J&L property area dates to 1865 when placer mining activities were carried out on Carnes Creek. Later in 1896, mineral claims were staked at the junction of Carnes and McKinnon Creeks.

The earliest hard-rock exploration work in this area (1897-1900) was carried out at the Roseberry mineral zone (Minfile 082M091), 5 kilometres northwest of where the main J&L mineral zone would later be discovered in 1912. The A&E prospect (Minfile 082M099), which is the focus of this report, is located in alpine terrain, approximately 2 kilometres northeast of the Roseberry prospect. Earliest recorded exploration of the A&E prospect was 1929.

The J&L property is underlain by north to northwest-striking, moderate to steeply east-dipping metasediments and metavolcanic rocks of the Hamill Group and Badshot and Mohican Formations, all of varying Lower Cambrian Age. Hamill Group rocks are predominantly medium to dark grey to greenish grey quartz-sericite (+/- chlorite) phyllite, locally grading to quartz +/- seric phyllite /foliated quartzites. Hamill Group rocks host part of the footwall and hanging wall of the J&L Main Zone (Au, Ag, Pb, Zn, As) sheeted massive sulphide deposit.

The Hamill Group grades transitionally into Mohican Formation, characterized by sericitic chloritic calcareous phyllite and quartzite, interlayered with narrow marble layers. Overlying the Mohican formation are limestones (+/- marble, dolomite) of the Badshot Formation.

Rock units are characterized by tight to isoclinal folding and have been affected by Greenschist regional metamorphism.

The Main Zone deposit appears to have formed as a structurally controlled precious (Au-Ag) and polymetallic (Pb-Zn) sheeted sulphide vein deposit occurring in association with a secondary structurally controlled sheeted Ag-Pb-Zn deposit (Yellowjacket). The Yellowjacket mineral zone is found in the immediate hanging wall to the J&L Main zone. The epigenetic, structurally emplaced J&L Main Zone contains variable concentrations of mixed massive to semi-massive pyrite, sphalerite, galena, arsenopyrite and pyrrhotite. Arsenopyrite carries the strongest gold concentrations in the J&L Main Zone.

2.0 INTRODUCTION

This report describes a helicopter-supported field examination and rock sampling program carried out on September 21, 2011. The purpose of the field examination was to evaluate areas of lesser known mineralization on the J&L property and to compare mineralization styles to that of the more familiar J&L Main Zone and associated Yellowjacket zone. The J&L Main Zone has been investigated for many years through underground development and by several diamond drill programs. The Yellowjacket zone was discovered through a surface diamond drill program in 1991. This report is intended to be submitted for mineral assessment credit to the British Columbia government as supporting evidence of work completed on the properties.

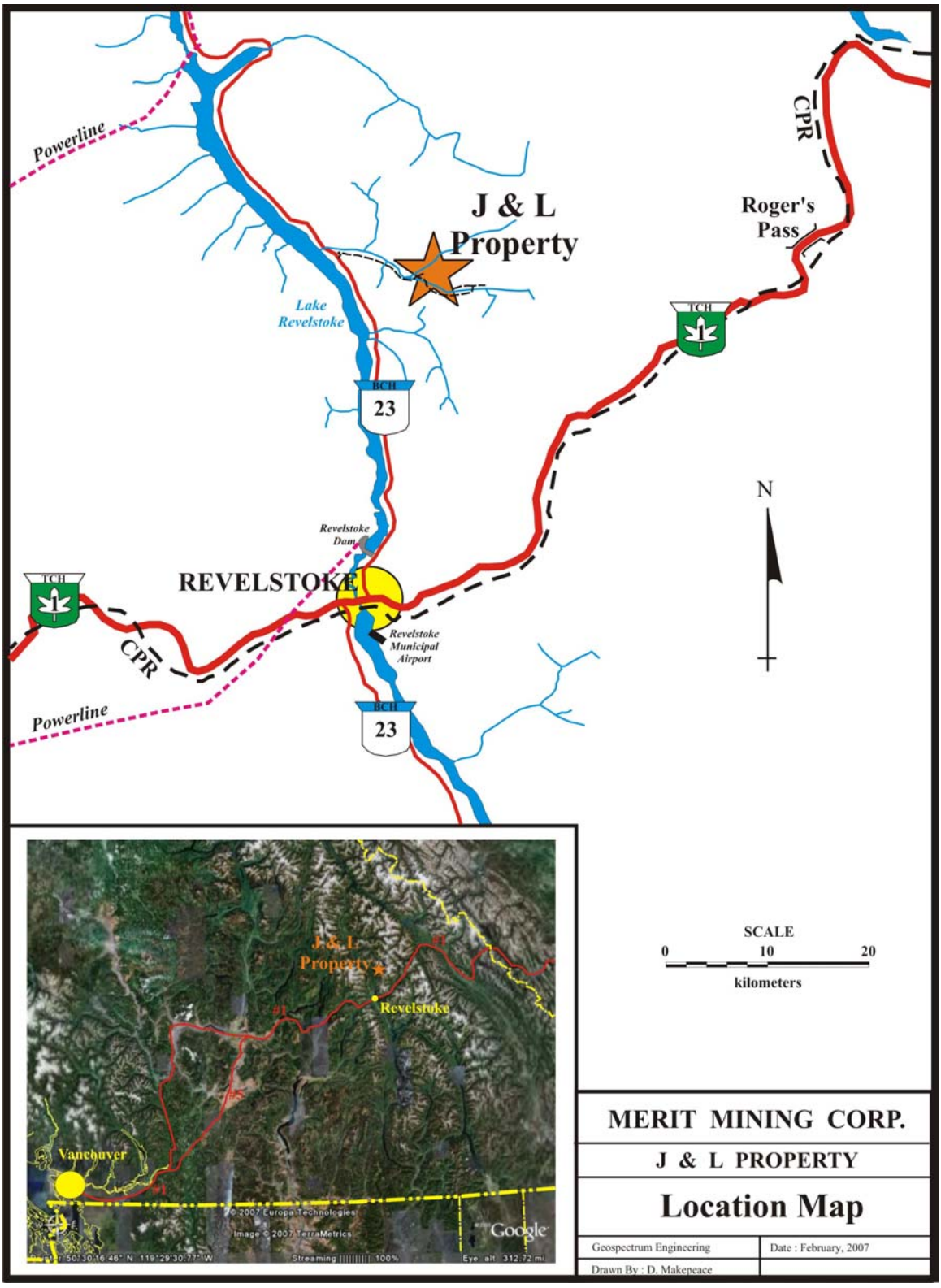


Figure 1 J&L Property Location Map

3.0 TENURE

There are two types of contiguous claims making up the J&L property - 20 mineral claims and 10 crown granted claims. These mineral claims would cover 3,051.73 hectares if there was no overlap of claims, however, there is some overlap. The mineral claims cover approximately 2,887.68 ha and the crown granted claims cover an additional 164.05 ha. The mineral claims are listed in the following table and are illustrated in Figure 2.

J & L Mineral Claims

Tenure Number	Claim Name	Good to Date	Mining Division
398402	J1	15/11/2017	Revelstoke
398403	J2	15/11/2017	Revelstoke
398404	J3	15/11/2017	Revelstoke
398405	J4	15/11/2017	Revelstoke
398406	J5	15/11/2017	Revelstoke
398407	J6	15/11/2017	Revelstoke
398408	J7	15/11/2017	Revelstoke
398409	J8	15/11/2017	Revelstoke
398410	J9	15/11/2017	Revelstoke
398411	J10	15/11/2017	Revelstoke
398412	J11	15/11/2017	Revelstoke
398413	J12	15/11/2017	Revelstoke
399179	Sage	15/11/2017	Revelstoke
399180	J13	15/11/2017	Revelstoke
399181	J14	15/11/2017	Revelstoke
399182	J15	15/11/2017	Revelstoke
401774	Brush	15/11/2017	Revelstoke
606405	Yellow Jacket	30/06/2013	Revelstoke
620103	Hardpan	30/06/2013	Revelstoke
805402	A & E - W	30/06/2013	Revelstoke

Note: Claim status as of July 1, 2012

J & L Crown Granted Claims

Claim Number	Claim Name	Mining Division
L 14821	Goat Fraction	Revelstoke
L 14822	Goat No. 2 Fraction	Revelstoke
L14823	Goat No. 3 Fraction	Revelstoke
L 14824	Goat No. 4 Fraction	Revelstoke
L 14825	Goat No. 5 Fraction	Revelstoke
L 14826	Goat No. 6 Fraction	Revelstoke
L 14827	View Fraction	Revelstoke
L 14828	View No.2 Fraction	Revelstoke
L 14829	Creek Fraction	Revelstoke
L7408	Aberdeen	Revelstoke

The Company entered into an option agreement dated April 13, 2007, whereby it may acquire a 100% undivided interest in the J&L property in consideration for share issuances and cash payments totaling $10.79 million over a seven year period. In August 2010, the Company exercised the option by advancing the cash and share issuances to acquire a 100% undivided interest in the J&L property.

A 100% interest in the A&E – W, Yellow Jacket, and Hardpan claims was purchased pursuant to an agreement dated July 6, 2010 for a cash payment of $10,000.

There are no NSR royalties on any of the J&L property claims.

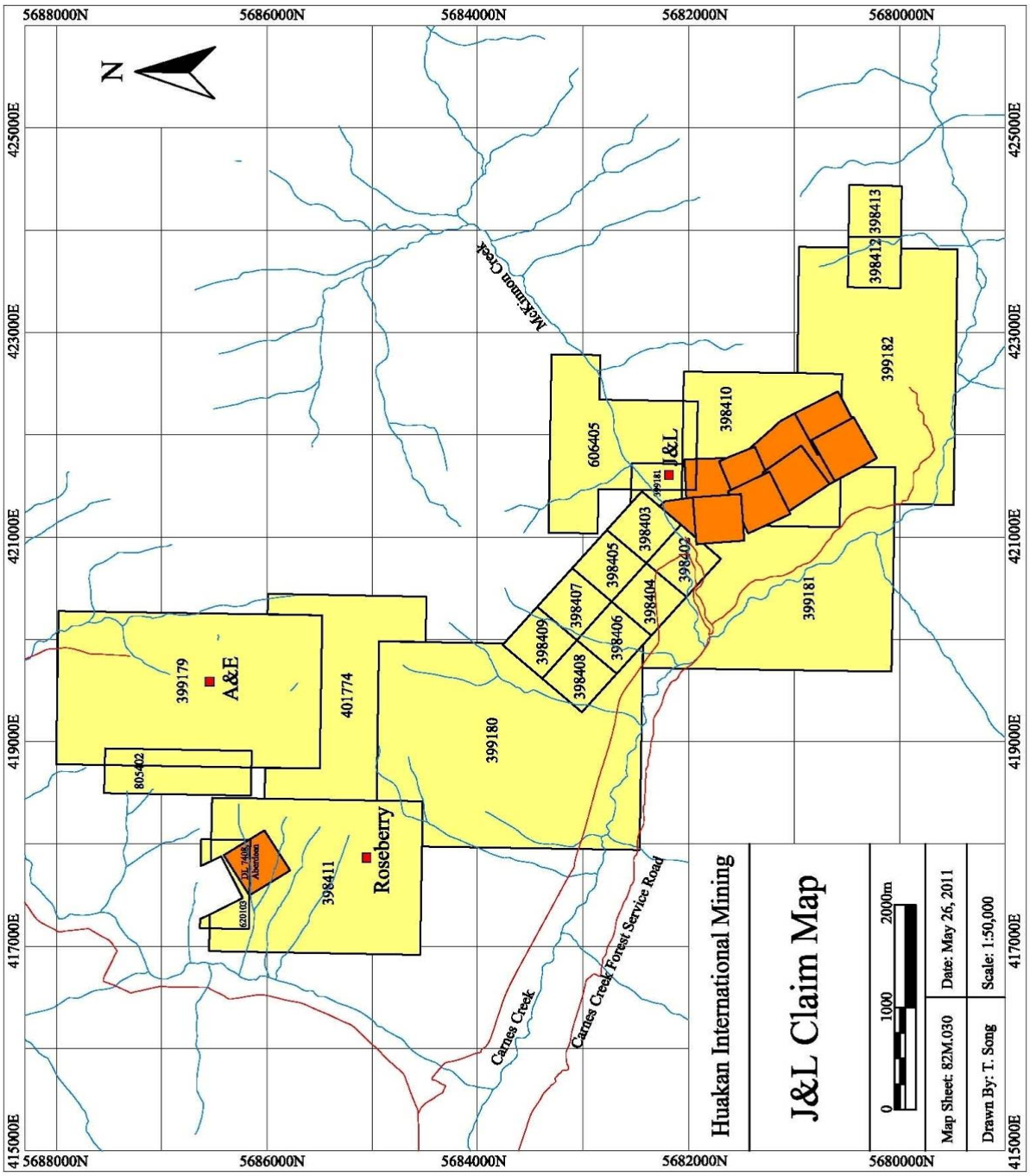


Figure 2: J&L Claim Map

4.0 LOCATION AND ACCESS

The J&L Property is located in southeastern British Columbia, approximately 32 air kilometres northeast of Revelstoke, BC. The property is within the 082M-030 NTS map sheet. Most of the exploration activity to-date is centered at latitude 51° 17' N, longitude 118° 08' W (5681943 m N, 420960 m E, UTM NAD 83 - see Figure 1).

Vehicle access to the area is via Provincial Highway 23, 35 kilometres north of the town of Revelstoke, where Highway 23 intercepts the Carnes Creek Forest Service Road. The property is then reached by travelling eastward 13 kilometres along the Carnes Creek Forest Service Road before reaching the J&L mine camp. Travel time to camp is approximately 45 to 60 minutes from Revelstoke. The Forest Service Road is radio controlled, but currently is not being used for logging activities. The Carnes Creek logging road can be travelled by two-wheel drive vehicles directly to the J&L camp, althought the road surface contains abundant pot holes in certain stretches of the road. Four wheel drive vehicles are generally recommended, especially through the winter season. Due to lack of activity by logging companies, road maintenance and winter snow plowing has become wholly undertaken by Huakan. Helicopter access from Revelstoke to the J&L main camp area takes approximately 15 minutes and is required to access the more remote A&E and Roseberry prospects.

5.0 PHYSIOGRAPHY AND CLIMATE

Elevations on the J&L property range between 800m asl along Carnes Creek (near J&L mine workings) to 2300 m asl at the upper elevations of Roseberry Mountain (near A&E prospect).

The property is partially bounded and crossed by Carnes Creek along the southerly portions of the property. The western boundary of the property is bounded by the southerly flowing Kelly Creek, a tributary of Carnes Creek. McKinnon Creek flows southwesterly into Carnes Creek in the southeastern portion of the J&L mineral property. The J&L Main Zone and supporting camp and mine infrastructure is located near the confluence of McKinnon Creek with Carnes Creek. Carnes Creek as well as its tributaries, lie within steeply incised drainage valleys with surrounding steep forested slopes

The summer weather is considered moderate with average temperatures between 16° to 30° celsius, with long stretches of sun and rain. The rain at times can be very heavy. The average precipitation is 65 cm/year. Winters are long and are characterized by heavy snowfalls (1 to 4

metres) with cool temperatures (-15°C to +5°C). Snowfall typically occurs between October and May at higher elevations and between November and April at lower elevations.

6.0 HISTORY AND PREVIOUS WORK

The J&L property area has seen a long exploration history with numerous owners and operators, since the late 1800's. For more specific aspects of J&L exploration history, readers should refer to the Reference section of this report. As the focus of this report is mainly directed towards the field examination of the A&E prospect, and to a lesser degree the nearby Roseberry prospect, the following historical outline is provided:

1896 Surface showings staked by prospectors "Jim" and "Lee" (origin of J&L) on behalf of Roseberry Consolidated Mines.

1897-1900 The Roseberry Zone, on the northwest flank of Roseberry Mountain was extensively developed by Carnes Creek Consolidated Company Ltd. Drifting and cross-cutting totalling 272 metres was completed on three levels.

1898 Active placer operations on Carnes Creek, as many as five companies involved.

1912 Discovery of J&L Main Zone.

1929 A short adit was driven on the A&E zone, owned by A. Kitson and E. McBean Estate.

1933 Work continued on A&E zone, involving two open-cuts and advancing the adit.

1963-1967 Mr. I. Stairs purchased the original A&E group consisting of eight unpatented mining claims from Mr. F. Beiuschi of Revelstoke, BC. Additional claims were staked and all were transferred to Westairs Mines Ltd. Between 1963 and 1967, they completed 306 m of diamond drilling on the A&E mineral targets. A 98 m drift was driven north of the old workings and the 1830 elevation adit was driven 81 metres to facilitate drilling. This work was serviced by a helicopter from a base camp on Burke Creek.

1980 Pan American Minerals Corp. leases J&L Property from T. Arnold, including A&E claims.

1982-1985 BP Selco Ltd. Actively explored and developed J&L main zone. A&E showings examined.

1988-1991 Equinox Resources Ltd. Options J&L property from Pan American Minerals carrying out extensive underground drill programs, bulk sampling and resource estimate. In 1991, joint venture partner Cheni Gold Mines, discovers Yellowjacket Ag-Pb-Zn deposit lying in hanging wall of the J&L main zone. During summer of 1989, a limited program of geological mapping and sampling was carried out on the A&E and Roseberry prospects.

1996-1998 Weymin Mining Corporation carries out 3 surface drill holes and retrieved a 120 tonne bulk sample for metallurgical studies. The company commissioned reports through H.A. Simmons entitled 'Technical Review of the J&L property', 'Project Opportunities for the J&L Property and ' McKinnon Creek Property Scoping Study'.

2007-2012 Merit Mining takes over interest in J&L property, establishing a 40-man camp and shop/mine dry complex. A 9-hole diamond drill program was carried out in 2007 (1363m), focused on Yellowjacket zone. The 832 drift level was extended 550 m in 2008 to connect to existing 830 drift. Underground drill programs were resumed in 2010/2011 and 2012 under the renamed company, Huakan International Mining Inc., developing a NI-43-101 compliant resource on the Main Zone in April 2011.

GEOLOGICAL SETTING

6.1 REGIONAL GEOLOGY

The property lies within the Selkirk Mountains near the north end of the Kootenay Arc, which is a complex sequence of northwest trending, east dipping Neoproterozoic to Lower Paleozoic metasedimentary and metavolcanic miogeosynclinal North American rocks (Logan et. al., 1996, 7 A & B). The belt is characterized by tight to isoclinal folds and generally west verging thrust faults. Greenschist grade regional metamorphism has affected most of the rocks in the map area. Recent mapping by provincial government geologists has outlined the regional geology of the area.

The following stratigraphic column outlines specific rock units present throughout the J&L and A&E prospect areas:

STRATIGRAPHIC COLUMN
(after Logan, et.al.)

LOWER PALEOZOIC
Lardeau Group
Jowett Formation – interlayerd metavolcanic and non-calcareous marble
Micaceous Quartzite Unit
Index Formation (greenstone and black phyllite)

LOWER CAMBRIAN
Badshot Formation (limestone/marble)
Mohican Formation (quartzite, phyllite)

NEOPROTEROZOIC – LOWER CAMBRIAN
Hamill Group (quartzite, micaceous quartzite, phyllite)

6.1.1 Hamill Group

The Hamill Group rocks are predominantly interbedded medium brown to green-black sericitic and/or chloritic quartzites and phyllites with minor layers of argillite and graphite. This unit appears as the upper Hamill unit described by Logan et.al., and is probably Lower Cambrian in age. Hamill group rocks form part of the footwall and hangingwall of the Main Zone deposit. The unit has a gradational upper contact with the Mohican/Badshot Formations.

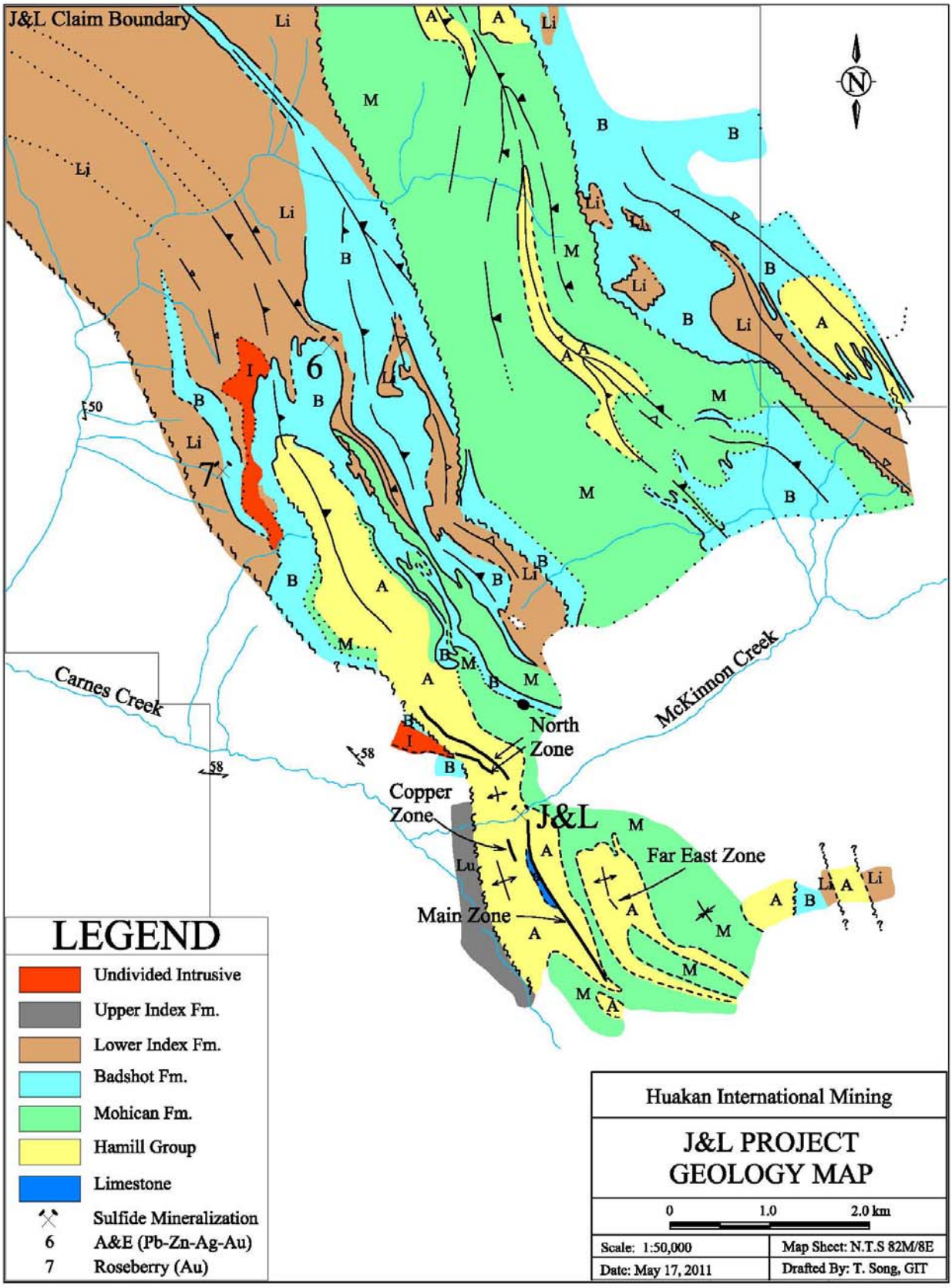
6.1.2 Mohican Formation

The Mohican Formation is Lower Cambrian in age (Fritz et. al., 1991). This unit is located at the eastern and southern boundary of the original J&L claims. The eastern unit is in the hangingwall of the Main Zone. It is characterized as limonite-rich, sericitic chloritic calcareous phyllite and quartzite interlayered with narrow layers of marble. Logan describes the Mohican as a "transition between quartz-rich sediments of the Hamill Group and the carbonate-rich rocks of the Badshot Formation" (Logan et. al., 1997A).

6.1.3 Badshot Formation

The Badshot Formation is the most visible and distinctive lithologic unit within the claims. It is Lower Cambrian in age. This white to grey, fine to medium-grained limestone/dolomite/marble varies in its silica content. The Yellowjacket Zone is totally

contained within this unit. The higher silica content of the Yellowjacket appears to be alteration specific to the Yellowjacket mineralizing system. The Main Zone crosscuts the Badshot Formation as observed in the 830 Tracked Drift. Several diamond drill holes display good grades and widths where the Main Zone cross-cuts the Badshot Formation. Thin interlayers of black graphite are seen within the Badshot at the 832 Level Portal.


J&L Claim Boundary
Carnes Creek
McKinnon Creek
North Zone
Copper Zone
J&L
Far East Zone
Main Zone
LEGEND
Undivided Intrusive
Upper Index Fm.
Lower Index Fm.
Badshot Fm.
Mohican Fm.
Hamill Group
Limestone
Sulfide Mineralization
6 A&E (Pb-Zn-Ag-Au)
7 Roseberry (Au)
Huakan International Mining
J&L PROJECT
GEOLOGY MAP
0 1.0 2.0 km
Scale: 1:50,000
Map Sheet: N.T.S 82M/8E
Date: May 17, 2011
Drafted By: T. Song, GIT

7.0 EXPLORATION TARGETS

Based on a generally poorly understood model(s) relating to the genesis of J&L orebody, only speculative exploration models can be applied for the A&E mineral property, at present.

Early operators on the J&L property concluded that the J&L deposit was a 'sedex' or exhalative type, forming syngenetically in a marine environment. The sedex model was supported by J&L's form which shows narrow thickness, with great lateral extent as well as a having local bedded or foliation compliant nature. Associated cherty quartzites could also be of exhalative or sedex origin for the deposit.

Presently, the general consensus suggests that J&L is a shear hosted replacement precious and polymetallic vein deposit. The mineralogy and its occurrence in an intensely sheared package of rocks support this interpretation.

The Yellowjacket Pb-Zn deposit, which lies in the hanging wall to the J&L main zone deposit is considered to be a secondary shear hosted replacement precious and polymetallic vein deposit without gold.

Both the A&E and the Roseberry prospects are currently poorly understood as far as their genesis or deposit type. As these two prospects are located several kilometres northwesterly from the Main Zone in dissimilar geologic environments, the main factor relating them is the arsenical nature of their mineralization. Any structural relationships between Main Zone, A&E and Roseberry have yet to be made.

8.0 ROCK SAMPLING PROGRAM (2011)

On September 21, 2011 a helicopter-supported field examination was made of the A&E mineral zone, located on the west side alpine area of the J&L mineral property, approximately 5.0 kms northwest of the Main Zone. The field exams were carried out by geologists Greg Thomson, Tao Song and Wilson Jin, using Selkirk Mountain Helicopters, based out of Revelstoke, BC.

An aerial examination was first made to locate the Roseberry zone, which was hoped to be located from the air by locating several reported old collapsed adits and the remains of an old cabin. As there was no precise location for the Roseberry zone along steep slopes, it could not be located from the air. After a period of several fly-bys across the slope, the Roseberry search was abandoned.

No comments can presently be made for the economic viability of the Roseberry mineral zone as the zone was not located during the September 21, 2011 aerial search. The Roseberry zone was located and examined by Equinox geologists in 1991, where they reported the location of 4 adits, mostly collapsed and the remains of an old cabin. The main adit (#2) was mapped and sampled for about 100m to a collapse point. Within the adit, a graphitic schist lies in contact with a felsic tuff unit. Irregular, narrow quartz veinlets and stringers were found along the contact, mainly within the felsic volcanic unit, returning generally low gold values (0.1-0.5 g/t Au) with anomalous associated As values. One 1.5 m chip sample returned 2.54 g/t Au, 1.0 g/t Ag and 1.36% As.

The only known surface exposure discussed during the 1991 Equinox visit to the Roseberry prospect, was an arsenopyrite–bearing quartz vein exposed for about 5m near adit #3. The vein, hosted in graphitic schist, averaged 0.4 m wide with an average gold grade of approximately 5 g/t Au with erratic associated silver of 33.2 g/t Ag to 50.6 g/t Ag and 8% to 16% As.

During the September 2011 field examination, one old adit was located approximately 1.5 km east southeast of the presumed location of the Roseberry mineral zone. The adit is located at 5685132N, 419472E and lies adjacent to a contact with an upper limestone horizon. The adit occurs within a band of gossanous rock approximately 10-15 m across. The adit extends in about 8 m with no indication of significant mineralization. The precise width and extent of the gossanous band is difficult to determine due to overburden and talus cover surrounding the cliff area of the adit.

The gossanous rock appears to be a siliceous-pyritic chlorite +/- sericite +/- graphitic schist band, trending northwesterly with dips of 40 to 55 degrees NE. There is evidence of past sampling at this location where some old blue paint was evident. The paint is likely the remains of sampling carried out on this mineral zone designated **RS#2** by Equinox in 1989. There were negligible assay results derived from 12 samples taken at this location by Equinox in 1989.

Four 2m chip samples (101705-101708) were taken during the September 2011 visit at this location **(RS#2)**, mainly for confirmation. Assay results for the 4 samples returned negligible results except for high iron and manganese values. Assay results are found in Appendix II. The primary mineralization consists of foliation aligned narrow bands and disseminations of euhedral pyrite, but no evidence of any base metals was seen.

Sampling of RS#2 gossan outcrop

RS#2 adit

Aerial view of RS#2 gossan zone and adit

Following the examination and sampling of the RS#2 gossan and adit area, the A&E mineral zone was easily located from the air. Initially, two adits on the south side of a valley were located and a helicopter landing area was utilized, a short distance downslope from the two adits. The majority of the day was spent carrying out geological examinations and sampling near the old A&E workings. One mineralized surface outcrop was located and sampled upslope of the two A&E adits.

The lowermost adit, referred to as the Westairs adit was put in during the mid-1960's and appears to have been collared in limestone/marble. As the old workings were not entered, reliance must be made on previous documentation regarding the extent and type of sulphide mineralization that was encountered underground. There was, however, very little evidence of mineralized rock fragments found at the entrance to this adit. Metal piping remains at the adit portal and continues back into the adit.

Lower (Westairs) adit at A&E prospect

After locating the lower A&E adit, the upper original A&E adit, developed in the 1930's, was examined at location 5686815N, 419485E. This adit is caved a short distance in and again historical records are relied upon as to the extent and style of mineralization that is present underground. All that remains of interest is a stockpile of mineralized rock piled at the adit portal. The mineralized samples are mainly comprised of fine to medium-grained mixed arsenopyrite and pyrite with lesser sphalerite, galena and chalcopyrite. Sample (#101709) was collected of representative (composited) mineralized material from the dump pile, which returned strong values in silver-lead-zinc, antimony and arsenic, with 3 ppm gold (see data summary table, p. 24 or full results in Appendix II).

Mineralized rock pile at entrance to upper A&E adit

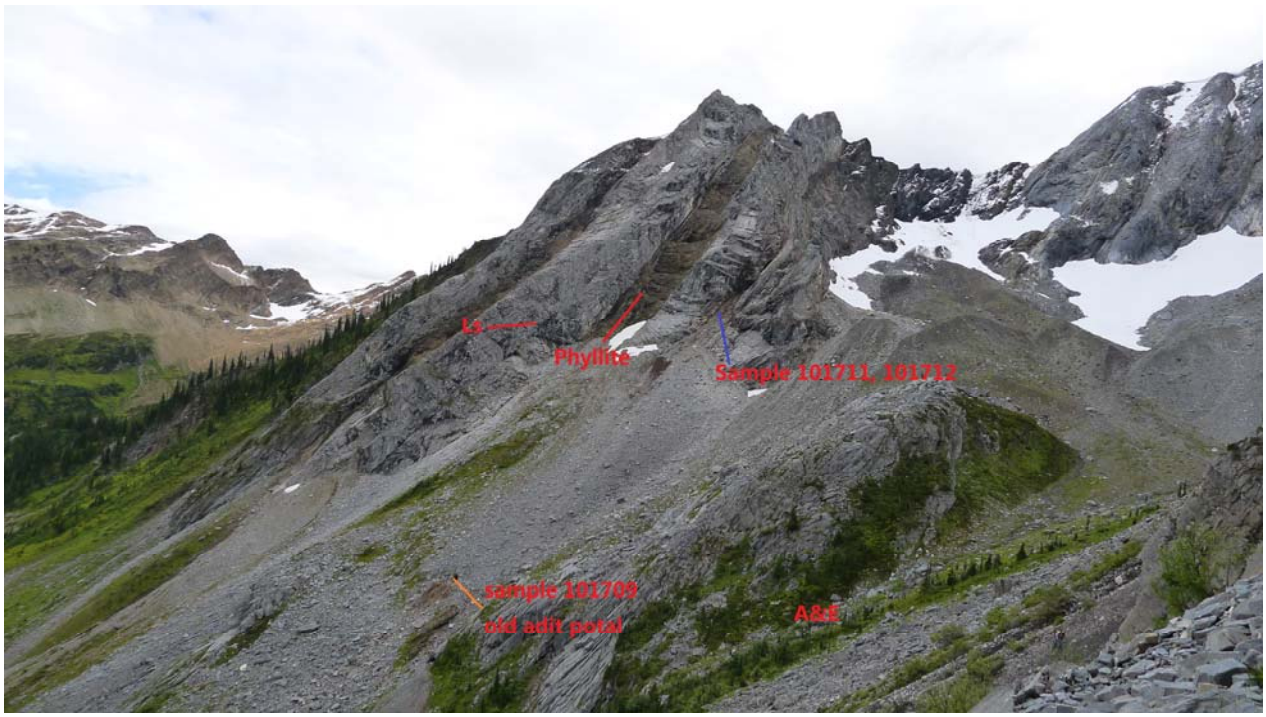
Following sampling at the upper adit, a traverse was made approximately 200 m upslope or southerly from the adit area, to examine outcrops lying above the extensive rock talus covered slopes. A zone of erratic massive sulphide mineralization was located (5686580N, 419453E) with two samples (101710, 101711) taken across 0.5-0.7m widths at this location. The sulphide mineralization appears to occur as fracture fills over a few metres of strike within limestones, with mineralization pinching out abruptly in either direction along strike.

Mineralization found at the upslope location was similar in character to that seen on the dump of the main-upper A&E adit. However, of the two samples collected at this upper location, the values were mainly in zinc and lead, with considerably lower values in silver, arsenic and copper than values found in the sample taken at the A&E adit dump.

It is uncertain what relationship this area of mineralization has to the A&E mineral zone further downslope, however the two zones are likely genetically related.

Photo Note: See large band of schistose rocks lying within limestones on left side of above photo. This band appears to cross the valley to the north side where the limestone-schist contact hosts sulphide mineralization (north adit). The mineral zone, approximately 200m upslope (south) of the main A&E adit, is located in the narrow pronounced rock cleft in the limestones on the right side of the photo (note gossanous color emanating from the rock cleft). Fragments of sulphide-bearing rock were found throughout the talus slope lying below the mineralized outcrop.

Photo Note to Photo Above: Mineralized zone upslope from main A&E adit zone. Note dark colored massive sulphide bands hosted within limestones in upper-central-left portion of photo. The mineralized band(s), approximately 0.5 m wide, appears to be emplaced as fracture fillings and having irregular or limited continuity.



The preceding photo shows the spatial relationship between main A&E adit with gossanous downslope streak (lower-center of photo) with upper mineral zone in rock cleft at upper right hand part of photo. At present, it is uncertain if there is any geological continuity between the two mineralized areas.

Following examination and sampling of the upper mineral zone, a traverse was made to the north side of the valley to examine the area of the north adit.

The north adit was established along a schist-limestone contact, although there was no evidence of mineralization at the adit portal. One piece of mineralized float was collected near the adit portal, consisting of mixed massive pyrite-sphalerite-arsenopyrite and galena. (sample # 101712), which assayed 3.07% Pb, 7.69% Zn, 180 g/t Ag, 11.23% As and 4 ppm gold. The location of the float sample taken near the north adit is 5687051 N, 419283 E.

Portal on north side of the valley with limestone hangingwall and dark schistose footwall.

Apparently, a massive sulphide mineral zone was followed underground for approximately 40-50 m at the north adit, along a schist-limestone contact, averaging 0.5 m width with an average grade for 6 previous samples returning: 4.42 g/t Au, 157.38 g/t Ag, 7.78% Zn, 4.3% Pb and 5.16% As (Assessment Report # 19,454).

A&E Sample Summary Table (2011)

Sample	Location	Pb %	Zn %	Ag g/t	As %	Sb ppm	Cd ppm	Cu ppm	Au ppm
101709	South A&E dump	9.7	11.42	> 300	9.5	>2,000	641.5	2083	3
101710	Upslope-sulphide oc	1.2	7.91	22	0.04	Neg.	358.3	683	<2
101711	Upslope-sulphide oc	3.56	7.69	48	0.07	Neg.	384.1	1040	<2
101712	North adit (float)	3.07	15.98	180	11.23	1025	1026.7	985	4

9.0 CONCLUSIONS AND RECOMMENDATIONS

The A&E prospect is presently poorly understood except for previously documented underground exploration carried out in two closely-spaced adits on the south valley side and one adit on the north gully side. The main target is massive sulphides occurring along a limestone-sericite schist contact, with speculation that there is a continuous mineralized contact extending for at least 400 m from one valley side to the other side.

A structurally-controlled zone of mineralization is found upslope of the two adits on the south side of the valley. This zone may represent a mineral-filled fracture splay off the main mineralized limestone-schist contact.

To further evaluate the A&E mineral zone, a small-scale airborne geophysical survey could be done to test for the continuity and strength of mineralization from one side of the valley to the other. At present, all that can be stated is the presence of a narrow (~0.5 m), but apparently continuous massive sulphide band that is present for approximate 40-50m lengths in the adits. The overall continuity of the mineral zone can not be determined without a more concerted exploration effort involving geophysics, trenching and/or diamond drilling. Although the A&E zone lies in a different geologic environment than the Main Zone, its mineralogy appears similar. At A&E, there are locally strong Ag-Pb-Zn values with associated arsenic as is found at the Main Zone, however, gold values appear to be of minor significance with erratic distribution at the A&E prospect. Until the overall extent and continuity of mineralization is better understood, the A&E mineral occurrence will remain a low priority exploration target. As with the nearby J&L prospect, the presence of high concentrations of arsenopyrite will require on-going metallurgical concerns in potential ore benefaction.

10.0 REFERENCES

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11.0 COST STATEMENT

	Amount	Subtotal	
A. Salaries (3 days)			
G. Thomson, P.Geo. (geologist) 3 x $500	1500.00		
W. Jin(geologist) 3 x $500	1500.00		
T. Song (geologist) 3 x $400	1200.00	**4200.00**	
B. Transportation			
3 days truck rental, gas (Vancouver-Revelstoke/J&L Camp)	547.82		
Diesel	268.16	**815.98**	
C. Meals/Accommodation			
Motel – Castlegar (285.60) + 1 day camp costs	495.60		
Meals in transit	205.86		
		701.46	
D. Assay Costs			
(8 rock samples)	227.00	**227.00**	
E. Selkirk Mountain Helicopters			
(1.3 hrs + fuel)	2500.00	**2500.00**	
F. Report Preparation			
(3days @ 500.00/day)	1500.00	**1500.00**	
TOTAL			**9944.44**

APPENDIX I

STATEMENT OF QUALIFICATIONS

I, Gregory R. Thomson, of Langley, B.C., do hereby certify:

1. That I am a consulting geologist residing at #40– 21928 48th Avenue, Langley, BC.

2. That I am a graduate Geologist from the University of British Columbia (1970) and have over 30 years of mineral exploration experience in the province of British Columbia.

3. That I am a Professional Geoscientist registered in good standing in the Province of British Columbia and have acted as a geological consultant to Huakan International Mining Inc. since August, 2010.

4. That the information contained in this report was based upon a review of previous reports and geological studies related to the property area. I participated in a field examination of the A&E mineral prospect on September 21, 2011. I have also supervised and participated in geological aspects of two underground diamond drill programs on behalf of Merit Mining Corp/Huakan International Mining Inc. (2010/2011, 2012)

5. I consent to the use of this report by Huakan International Mining Inc. for its corporate purposes.

6. I do not own, either directly or indirectly, any interest in Huakan International Mining Inc. or any of their subsidiaries, or in the J&L project described herein, nor do I expect to receive any.

Dated at Vancouver, B.C., July 25, 2012

_____

Gregory R. Thomson, P.Geo.

APPENDIX II

ASSAY CERTIFICATES

Acme Analytical Laboratories (Vancouver) Ltd.
1020 Cordova St. East Vancouver BC V6A 4A3 Canada
www.acmelab.com

Client: **Thomson Geological**
40 - 21928 48th Ave.
Langley BC V3A 8H1 Canada

Submitted By: G. Thomson
Receiving Lab: Canada-Vancouver
Received: September 28, 2011
Report Date: November 12, 2011
Page: 1 of 2

CERTIFICATE OF ANALYSIS VAN11005053.1

CLIENT JOB INFORMATION

Project: A & E
Shipment ID:
P.O. Number
Number of Samples: 8

SAMPLE DISPOSAL

PICKUP-PLP Client to Pickup Pulps
PICKUP-RJT Client to Pickup Rejects

Acme does not accept responsibility for samples left at the laboratory after 90 days without prior written instructions for sample storage or return.

SAMPLE PREPARATION AND ANALYTICAL PROCEDURES

Method Code	Number of Samples	Code Description	Test Wgt (g)	Report Status	Lab
R200-250	8	Crush, split and pulverize 250 g rock to 200 mesh			VAN
R200-500	8	Crush, split and pulverize 500 g rock to 200 mesh			VAN
1D01	8	1:1:1 Aqua Regia digestion ICP-ES analysis	0.5	Completed	VAN
7AR	4	1:1:1 Aqua Regia Digestion ICP-ES Finish	0.4	Completed	VAN

ADDITIONAL COMMENTS

Invoice To: Thomson Geological
40 - 21928 48th Ave.
Langley BC V3A 8H1
Canada

CC:

BRITISH COLUMBIA CERTIFIED ASSAYER
CLARENCE LEONG
GENERAL MANAGER

This report supersedes all previous preliminary and final reports with this file number dated prior to the date on this certificate. Signature indicates final approval; preliminary reports are unsigned and should be used for reference only.
All results are considered the confidential property of the client. Acme assumes the liabilities for actual cost of analysis only. Results apply to samples as submitted.
"*" asterisk indicates that an analytical result could not be provided due to unusually high levels of interference from other elements.

AcmeLabs Acme Analytical Laboratories (Vancouver) Ltd.
1020 Cordova St. East Vancouver BC V6A 4A3 Canada
Phone (604) 253-3158 Fax (604) 253-1716
www.acmelab.com

Client: **Thomson Geological**
40 - 21928 48th Ave.
Langley BC V3A 8H1 Canada

Project: A & E
Report Date: November 12, 2011

CERTIFICATE OF ANALYSIS VAN11005053.1

	Method	WGHT	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D
	Analyte	Wgt	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	Au	Th	Sr	Cd	Sb	Bi	V	Ca	P
	Unit	kg	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%
	MDL	0.01	1	1	3	1	0.3	1	1	2	0.01	2	2	2	1	0.5	3	3	1	0.01	0.001
101705	Rock	1.86	24	416	92	203	1.5	160	8	6636	18.69	<2	<2	2	93	<0.5	<3	<3	195	3.24	0.599
101706	Rock	1.90	24	176	32	182	0.4	56	8	7501	12.82	<2	<2	4	46	<0.5	<3	<3	36	3.11	0.325
101707	Rock	2.52	19	530	53	324	2.6	204	20	4621	26.36	<2	<2	<2	96	1.1	<3	<3	430	2.43	0.718
101708	Rock	1.55	5	264	30	243	1.6	92	13	6101	18.54	<2	<2	<2	138	<0.5	<3	<3	244	3.60	0.679
101709	Rock	2.23	4	2083	4512	>10000	>100	<1	<1	1461	26.53	>10000	3	<2	11	641.5	>2000	<3	1	1.85	<0.001
101710	Rock	2.27	18	683	>10000	>10000	21.8	<1	<1	9055	27.85	417	<2	<2	166	358.3	<3	10	1	5.28	0.002
101711	Rock	1.21	3	1040	>10000	>10000	57.4	<1	<1	>10000	21.70	686	<2	<2	326	384.1	17	3	16	8.60	0.002
101712	Rock	1.92	7	965	>10000	>10000	>100	20	1	331	32.15	>10000	4	<2	4	1027	1025	<3	3	0.29	0.013

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40 - 21928 48th Ave.
Langley BC V3A 8H1 Canada

Project: A & E
Report Date: November 12, 2011

CERTIFICATE OF ANALYSIS VAN11005053.1

	Method	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	7AR	7AR	7AR	7AR
	Analyte	La	Cr	Mg	Ba	Ti	B	Al	Na	K	W	S	Sc	Ga	Pb	Zn	Ag	As
	Unit	ppm	ppm	%	ppm	%	ppm	%	%	%	ppm	%	ppm	ppm	%	%	gm/t	%
	MDL	1	1	0.01	1	0.001	20	0.01	0.01	0.01	2	0.05	5	5	0.01	0.01	2	0.01
101705	Rock	9	54	0.41	17	0.007	<20	1.94	0.02	0.04	<2	4.03	<5	<5				
101706	Rock	10	11	0.20	35	<0.001	<20	0.61	0.02	0.10	<2	0.90	<5	<5				
101707	Rock	13	75	0.35	10	0.012	<20	1.77	0.01	0.03	5	8.60	<5	<5				
101708	Rock	9	65	0.59	13	0.010	<20	2.33	<0.01	0.03	<2	2.97	<5	<5				
101709	Rock	3	<1	0.16	<1	<0.001	<20	0.06	<0.01	0.01	*	>10	<5	<5	9.70	11.42	>300	9.50
101710	Rock	4	4	0.35	<1	<0.001	<20	0.03	<0.01	<0.01	*	>10	<5	<5	1.20	7.91	22	0.01
101711	Rock	5	11	0.84	3	<0.001	<20	0.04	<0.01	<0.01	*	>10	<5	<5	3.56	7.69	48	0.07
101712	Rock	4	4	0.04	<1	<0.001	<20	0.04	<0.01	<0.01	*	>10	<5	<5	3.07	15.98	180	11.23

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Client: **Thomson Geological**
40 - 21928 48th Ave.
Langley BC V3A 8H1 Canada

Project: A & E
Report Date: November 12, 2011
Page: 1 of 1 Part 1

QUALITY CONTROL REPORT VAN11005053.1

Method		WGHT	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D
Analyte		Wgt	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	Au	Th	Sr	Cd	Sb	Bi	V	Ca	P
Unit		kg	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%
MDL		0.01	1	1	3	1	0.3	1	1	2	0.01	2	2	2	1	0.5	3	3	1	0.01	0.001
Pulp Duplicates																					
101712	Rock	1.92	7	985	>10000	>10000	>100	20	1	331	32.15	>10000	4	<2	4	1027	1025	<3	3	0.29	0.013
REP 101712	QC																				
Reference Materials																					
STD DS8	Standard		12	111	129	326	1.9	38	6	626	2.54	25	<2	7	63	1.9	6	5	41	0.68	0.081
STD GC-7	Standard																				
STD GC-7	Standard																				
STD OREAS45CA	Standard		<1	532	22	62	1.2	268	98	987	17.22	<2	<2	7	16	2.4	<3	<3	216	0.48	0.041
STD DS8 Expected			13.44	110	123	312	1.69	38.1	7.5	615	2.46	26	0.107	6.89	67.7	2.38	4.8	6.67	41.1	0.7	0.08
STD OREAS45CA Expected			1	494	20	60	0.275	240	92	943	15.69	3.8	0.043	7	15	0.1	0.13	0.19	215	0.4265	0.0385
STD GC-7 Expected																					
BLK	Blank		<1	<1	<3	<1	<0.3	<1	<1	<2	<0.01	<2	<2	<2	<1	<0.5	<3	<3	<1	<0.01	<0.001
BLK	Blank																				
Prep Wash																					
G1	Prep Blank	<0.01	<1	3	<3	35	<0.3	3	2	605	2.22	<2	<2	5	63	<0.5	<3	<3	38	0.54	0.079

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QUALITY CONTROL REPORT VAN11005053.1

	Method	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	7AR	7AR	7AR	7AR
	Analyte	La	Cr	Mg	Ba	Ti	B	Al	Na	K	W	S	Sc	Ga	Pb	Zn	Ag	As
	Unit	ppm	ppm	%	ppm	%	ppm	%	%	%	ppm	%	ppm	ppm	%	%	gm/t	%
	MDL	1	1	0.01	1	0.001	20	0.01	0.01	0.01	2	0.05	5	5	0.01	0.01	2	0.01
Pulp Duplicates																		
101712	Rock	4	4	0.04	<1	<0.001	<20	0.04	<0.01	<0.01	*	>10	<5	<5	3.07	15.98	180	11.23
REP 101712	QC														3.10	16.03	179	11.24
Reference Materials																		
STD DS8	Standard	14	114	0.61	298	0.109	<20	0.90	0.09	0.42	2	0.17	<5	<5				
STD GC-7	Standard														>10	22.29	>300	0.17
STD GC-7	Standard														>10	22.38	>300	0.15
STD OREAS45CA	Standard	18	805	0.14	167	0.121	<20	3.99	0.01	0.08	<2	<0.05	49	<5				
STD DS8 Expected		14.6	115	0.6045	279	0.113	2.6	0.93	0.0883	0.41	3	0.1679	2.3	4.7				
STD OREAS45CA Expected		15.9	709	0.1358	164	0.128		3.592	0.0075	0.0717		0.021						
STD GC-7 Expected															10.44	22.06	619	0.16
BLK	Blank	<1	<1	<0.01	<1	<0.001	<20	<0.01	<0.01	<0.01	<2	<0.05	<5	<5				
BLK	Blank														<0.01	<0.01	<2	<0.01
Prep Wash																		
G1	Prep Blank	14	2	0.52	153	0.124	<20	0.95	0.09	0.47	<2	<0.05	<5	<5				

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