

HD MINERAL PROPERTY

DIAMOND DRILLING & ROCK GEOCHEMISTRY

2012

OMINECA MINING DIVISION, BRITISH COLUMBIA

NTS:93L047

LATITUDE: 54° 26' 19" LONGITUDE: 126° 39' 40"

GPS: NAD 83 UTM ZONE 9

NORTHING:6034854 EASTING:0651681

OWNERS: JOHN WESLEY MOLL, WILLIAM RAY MERKLEY, DANIEL MORICE MERKLEY
DRILL CORE LOGGED BY DANIEL MERKLEY
REPORT BY DANIEL MERKLEY

OCTOBER 2012

Ministry of Energy, Mines & Petroleum Resources
Mining & Minerals Division
BC Geological Survey

Assessment Report
Title Page and Summary

TYPE OF REPORT [type of survey(s)]: DIAMOND DRILLING & ROCK GEOCHEMISTRY TOTAL COST: \$8,285.00

AUTHOR(S): DANIEL MERKLEY

SIGNATURE(S): *Daniel Merkley*

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

YEAR OF WORK: 2012

STATEMENT OF WORK - CASH PAYMENTS EVENT NUMBER(S)/DATE(S): 5395672

PROPERTY NAME: HD

CLAIM NAME(S) (on which the work was done): HD

COMMODITIES SOUGHT: Cu, Zn, Pb, Ag, Au, Mo

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN: 93L-203, 93L-204, 93L-205

MINING DIVISION: OMINECA

NTS/BCGS: 093L/7E

LATITUDE: 54 ° 26 ' 19 " LONGITUDE: 126 ° 39 ' 40 " (at centre of work)

OWNER(S):

1) DANIEL MORICE MERKLEY

2) WILLIAM RAY MERKLEY

JOHN WESLEY MOLL

MAILING ADDRESS:

3313 HWY 16 E

HOUSTON, BC; V0J 1Z2

5038 MERKLEY FRTG RD; HOUSTON, BC; V0J 1Z2

BOX 1182, HOUSTON, BC; V0J 1Z0

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

1) AS ABOVE

2) AS ABOVE

MAILING ADDRESS:

AS ABOVE

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

JURASSIC, HAZELTON GROUP, TELKWA FORMATION. SYNGENETIC RHYOLITE, CHERT, MUDSTONE, SILTSTONE,

LIMESTONE/DOLOMITE, JASPER/JASPEROID WITH SHALLOW WESTERLY DIP HOSTE Au, Pb, Zn, Cu and Mo.

JURASSIC, HAZELTON GROUP, TELKWA FORMATION EPIGENETIC QUARTZ STOCKWORK TRENDING N35DEG. W

HOSTES Ag/Cu MINERALIZATION.

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS: 15360, 15864, 18360, 18864, 18911, 25891,

26288, 26577, 26887, 27195, 27456, 27810, 28456, 29129, 29567, 30313, 31324, 31645, 33073

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	3 SAMPLES, FAA FOR AU	516488	\$400.00
Other	_____	_____	_____
DRILLING (total metres; number of holes, size)			
Core	20.73 METRES, 1 HOLE, EX SIZE CORE	516488	\$7,885.00
Non-core	_____	_____	_____
RELATED TECHNICAL			
Sampling/assaying	_____	_____	_____
Petrographic	_____	_____	_____
Mineralographic	_____	_____	_____
Metallurgic	_____	_____	_____
PROSPECTING (scale, area)			
_____	_____	_____	_____
PREPARATORY / PHYSICAL			
Line/grid (kilometres)	_____	_____	_____
Topographic/Photogrammetric (scale, area)	_____	_____	_____
Legal surveys (scale, area)	_____	_____	_____
Road, local access (kilometres)/trail	_____	_____	_____
Trench (metres)	_____	_____	_____
Underground dev. (metres)	_____	_____	_____
Other	_____	_____	_____
TOTAL COST:			\$8,285.00

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PROPERTY DESCRIPTION AND ACCESS

DESCRIPTION

The HD property is situated approximately 6 km north of Houston, BC in west-central British Columbia. The tenure consists of 75 contiguous cells in 2 tenures numbered 516488 and 566708. Tenure 566708 consists of 3 cells and adjoins tenure 516488 on its south-east border.

Tenure 516488 consists of 1353.99 hectares; tenure 566708 consists of 56.42 hectares.

The Old Good To Date for tenure 516488 was July 25, 2011; the Old Good To Date for tenure 566708 was July 25, 2011.

The New Good To Date for tenure 516488 is September 26, 2013; The New Good To Date for tenure 566708 is September 26, 2013.

ACCESS

Access can be made to the HD claim by traveling west from Houston on Highway 16 for approximately 13 km to the Summit Lake Road and traveling on the Summit Lake Road for approximately 7 km.

An alternate access is provided by ascending Mount Harry Davis on Mount Davis Way road, which leaves Highway 16 before crossing the overpass just east of Houston, and ascending to the mountain top.

Finally, another alternate route is located at the Houston Municipal Border east of the village. One turns north of Highway 16 at the Knockholt East Road and joins the North Road, then travels west on the North Road to Poplar Road, where one turns north and travels for approximately 1.5 km to enter the claim.

MINERAL CLAIM HISTORY

1908	FRASER	UNKNOWN
1918-1920's	PAUL TICHOLAS	2 ADITS & TEST PITS
1924	ANDREW MARTENSON MARTEN BELLICINI	4 METER 15 METER SHAFT. PITS & TRENCHES
1950'S-1960's	MELVIN McQUATT WILLIAM H. MERKLEY	PROSPECTING
1960's PITS &	EDWARD WESTGARDE WILLIAM H. MERKLEY	TRENCHING, TEST PROSPECTING
1967	MOLYBDENE EXPLORATION LTD.	TRENCHING & STRIPPING
1960's	TEXAS GULF SULPHUR COMPANY	MAPPING, SOIL GEOCHEM, IP, DIAMOND DRILLING
1976	JOHN WESLEY MOLL DANIEL MERKLEY	STAKE GROUSE & HILLTOP CLAIMS
1977	NORANDA EXPLORATION CO.	SOIL GEOCHEMISTRY
1981	PLACER DEVELOPMENT LTD.	MAPPING, GEOCHEM, VLF-EM & TOPOGRAPHICAL MAPPING
1985	ELDOR RESOURCES LTD.	DIAMOND DRILLING & GRAVITY SURVEY,

1988	EQUITY SILVER MINES	DIAMOND DRILLING, GEOCHEMISTRY & IP SURVEY
1993	TECK EXPLORATION LTD.	DIAMOND DRILLING
1999-2012	WESLEY MOLL, WILLIAM MERKLEY, MARY JEAN MOLL & DANIEL MERKLEY	ROAD & TRAIL REHABILITATION, DIAMOND DRILLING

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HD PROPERTY

 HD PROPERTY Location

Topographic Layers

 Lakes 1:6M

 Rivers 1:6M

BC Border Layers

 BC Border 1:6M



SCALE 1 : 11,993,059



5 HD PROPERTY CLAIM MAP

Mineral Titles Layers

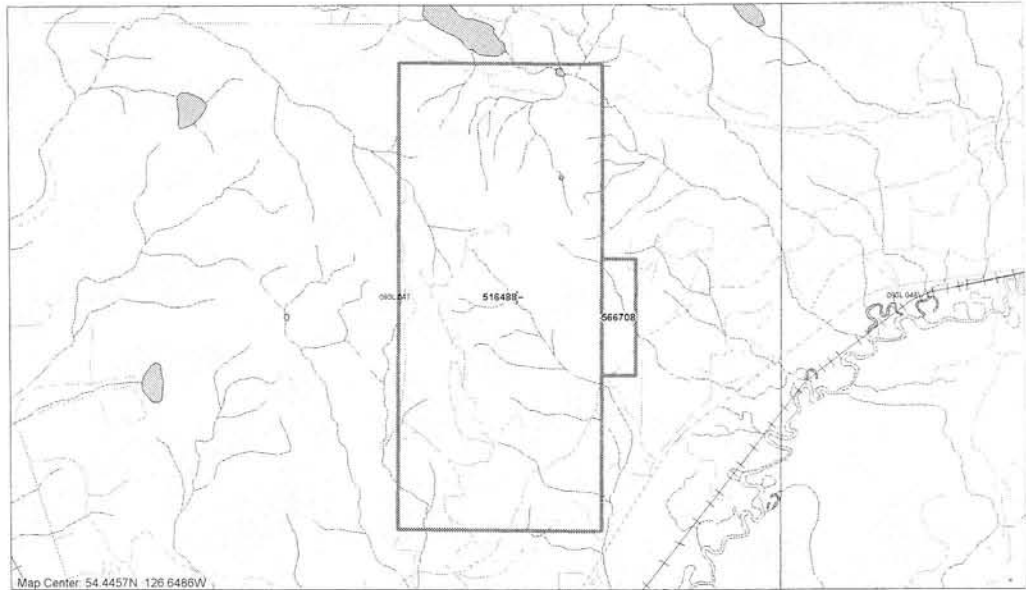
-  HD PROPERTY Tenure
-  All Mineral Tenures

Topographic Layers

-  Railways 1:20K
-  Roads 1:20K
 -  Gravel Road
 -  Paved Road
 -  Rough Road
-  Lakes 1:20K
-  Rivers 1:20K

Grid Layers

-  Grid 1:20K - labels



SCALE 1 : 90,298



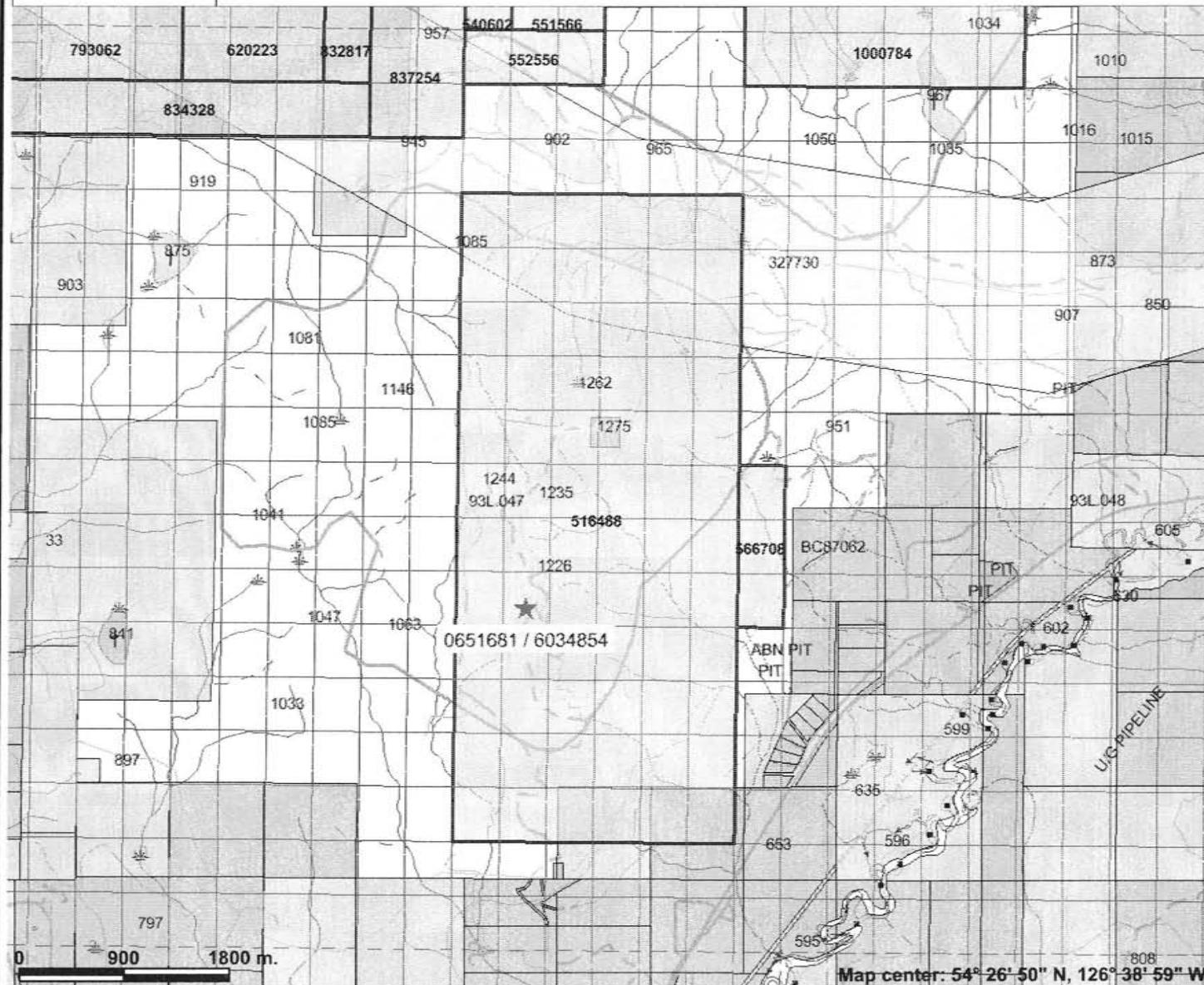
N





Mineral Titles
Online BC

HD DIAMOND DRILL HOLE SITE



Legend

- Indian Reserves
- National Parks
- Conservancy Areas
- Parks
- Federal Transfer Lands
- MTO Grid (MTO)
- Mineral Tenure (current)
- Mineral Claim
- Mineral Lease
- Mineral Reserves (current)
- Placer Claim Designation
- Placer Lease Designation
- No Staking Reserve
- Conditional Reserve
- Release Required Reserve
- Surface Restriction
- Recreation Area
- Others
- First Nations Treaty Related Lands
- First Nations Treaty Lands
- Survey Parcels
- BCGS Grid
- Contours (1:250K)
- Contour - Index
- Contour - Intermediate
- Area of Exclusion
- Area of Indefinite Contours
- Transportation - Points (TRIM)
- Helipad
- Transportation - Lines (TRIM)



Scale: 1:51,962

Map center: 54° 26' 50" N, 126° 38' 59" W

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

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DIAMOND DRILL CORE LOG
HD-2012- DDH-1

LITHOLOGY	STRATIGRAPHY	DEPTH/METRES	MINERALIZATION/ALTERATION
CASING		0 - 2.7	
RED-BROWN ANDESITE/JASPEROID BX. WITH INTERMITTENT MUDSTONE IN MATRIX	JURASSIC	2.7 - 5.4	5 % PYRITE ON FRACTURE PLANES QTZ "EYES" AND SILICIFICATION
		5.3 - 5.4	DISSEMINATED HEMATITE
		6.7 - 7.2	MAGNETITE STRINGERS @45° TCA
		7.3 - 8.2	QTZ FLOODING WITH PYRITE STRINGERS FOLLOWED BY GREEN CHLORITIZED QTZ WITH WIDE PALE REACTION BORDERS (HOSTE ROCK WAS CONSOLIDATED).
		8.2	1 CM MAGNETITE VEIN @90°
		9.4 - 11.7	MAGNETITE STRINGERS @75° TCA
		11.7 - 12.2	CHLORITE/CALCITE STRINGERS @75° TCA
PALE GRAY/WHITE ARGILLITE	JURASSIC	12.2 - 13.7	DARKER GRAY TOWARD BOH AND CONTACT WITH MUDSTONE BED. WEAKLY MAGNETIC. PYRITE 5%. CALCITE/CHLORITE STRINGERS @45° TCA
BLACK TO GREENISH-BLACK MUDSTONE	JURASSIC	13.7 - 17.0	BEDDING LAMINAE @45° TCA AND PISOLITIC CALCITE
			PYRITE LADEN VEINS AND STRINGERS. 2 GENERATIONS OF QTZ VEINS AND STRINGERS @ 80° AND 90° TCA
QTZ VEIN	JURASSIC	14.0 - 15.2	95% QTZ. POSSIBLY DISRUPTED QTZ VEIN
QTZ VEIN	JURASSIC	17.0 - 17.7	LARGE DISRUPTED QTZ VEIN WITH SCATTERED BROWNISH-ORANGE RHYOLITE CLASTS; ALSO MILLED CLASTS OF BLACK-GRAY MUDSTONE. QTZ 90°
BLACKISH-GRAY MUDSTONE	JURASSIC	17.7 - 18.25 EOH	HEMATITE "PAINT" ON BEDDING PLANES @45°

PURPOSE, PROCEDURE AND CONCLUSION

The Purpose for drilling a diamond drill hole at the location detailed in this report was because altered rock was noted in the area and copper mineralization was drilled in the vicinity by Equity Silver Mines in the past.

A diamond drill hole with inclination of 90° was drilled at the site where it was judged an extension of the previous copper mineralization might be intercepted. The top, middle and bottom sections of the hole were assayed for gold, because gold mineralization has been detected at several other locations on the property.

Copper mineralization was not intercepted in the hole, but a mudstone unit intercepted further extends a known mudstone marker horizon on the property, which outcrops on a lengthly north-south trend. No gold mineralization was detected in the analysis.

SGS

Final : TK120127 Order: 2S-0127

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Element	WtKg	Au
Method	WGH79	FAA515
Det.Lim.	0.001	5
Units	kg	ppb
HD-2012-01	0.200	<5
HD-2012-02	0.185	<5
HD-2012-03	0.170	<5

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EXPENDITURES

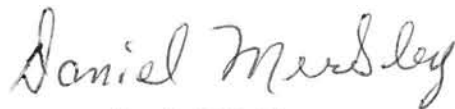
SET UP DRILL (JULY 3) 3 MEN FOR 10 HRS. @ \$30 PER HR EA.	\$900.00
ATV FOR 4 DAYS @ \$100 PER DAY	\$400.00
4 X 4 PICKUP FOR 5 DAY @\$100 PER DAY	\$500.00
2-WHEEL PICKUP FOR 3 DAYS @\$50 PER DAY	\$150.00
1 WATER TRUCK FOR 3 DAYS @\$600 PER DAY	\$1,800.00
1 TRAILER FOR 1 DAY @ \$100 PER DAY	\$100.00
1 POWER SAW FOR 4 DAYS @\$35 PER DAY	\$140.00
1 WATER PUMP FOR 3 DAYS @\$35 PER DAY	\$105.00
DRILLING 60 FT @\$30 PER FOOT	\$1,800.00
MOBE & DEMOBE (JULY 6 & 7) 3 MEN FOR 10 HRS + 1 MAN FOR 8 HRS @\$30/HR	\$1,140.00
LOGGING CORE	\$350.00
SAMPLE PREP, DELIVERY & ASSAY	\$400.00
REPORT PREPARATION	<u>\$500.00</u>
TOTAL	<u>\$8,285.00</u>

AUTHOR'S QUALIFICATIONS

I, Daniel Merkley, do hereby certify that:

- (1) I am a prospector and reside at 3313 Hwy 16 E, Houston, BC
- (2) I have more than 40 years of prospecting experience
- (3) I prepared this report

Respectfully submitted



Daniel Merkley
Prospector