BALTO RESOURCES LTD.

(Owner & Operator)

GEOPHYSICAL ASSESSMENT REPORT

(Event Number 5425567)

on the

SED MINERAL CLAIM

(Tenure 392163)

Kamloops Mining Division
NTS 092I.047

Centre of Work
5589550N, 667600E

Author and Consultant

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Sookochoff Consultants Inc.

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SUMMARY

Balto Resources Ltd. owns the 20 unit SED mineral claim located 25 kilometres east of the productive Highland Valley copper-moly porphyry deposits where mineralization was first discovered in 1899.

The SED claim is underlain by Nicola volcanic rocks which host small granitic plugs and sills within the area. Exploration carried out in the immediate area of the SED claim since 1972 resulted in the delineation of two correlative anomalous zones of mineralization. The northeast trending "west central zone", located adjacent to the SED claim, is open to the southeast, and trending into the SED claim, based on the anomalous IP results. Mineralization in the zones is reported as up to 700 ppb gold in the soil and up to 7,500 ppb gold in grab samples. These two zones were percussion drill-hole tested by Texada Mines in 1972. Results are unavailable.

A 2012 localized VLF-EM survey adjacent and north of the 2011 VLF-EM survey resulted in the delineation of three indicated north trending structural zones. Zone A, the main zone is centrally located, and is comprised of an indicated structure that is open to the north, and with a southeasterly fork in the south which links with a 2011 indicated structure to the south, is an indication that the structure generally correlates with a topographical low occupied by a watercourse.

This main zone has two structural intersections; one at the fork to the southeast which may represent an offsetting structure to the main northerly trending zone, and one that is indicated as a discontinuous splay structure.

A third cross structure is located in the western zone C and is indicated as a potential major southeasterly trending structure projecting for 300 metres through the 2011 VLF-EM survey area and open to the south.

The three structural intersection localities are associated with prime S1 structures and would be significant as a means for tapping a hydrothermal source at depth and its delivery via the structural host and surface. Thus, the cross-structural locations would also be prime areas to explore for surficial geological indicators of a potential sub-surface mineral resource.

The three areas should be explored for any surficial geological features that may indicate a potential sub-surface mineral resource. The geological features include, but not necessarily restricted to: specific rock types, specific types of alteration, types of minerals and their characteristics, fracture intensity and orientations.

INTRODUCTION

During December, 2012 an exploration program comprised of a localized VLF-EM survey was completed on the SED mineral claim of Balto Resources Ltd. The exploration program was a continuation of the geochemical, geophysical, and geological programs completed by Dancing Star Resources Ltd., and Alcor Resources Ltd. (Names progressively changed to Balto Resources Ltd.) since 2003. Reported results on these previous exploration programs are summarized herein; complete reports on the exploration programs are available on the government website www.MapPlace by displaying both the mineral Tenure 392163 and the ARIS report number then clicking on any number (Assessment Report number) displayed within Tenure 392163.

Information for this report was obtained from sources as cited under Selected References, from exploration work as reported on herein, from work the writer has performed on the Property since 2004 and from the writer's completion of the 2012 VLF-EM survey.

Figure 1. **Location Map**
(from MapPlace)

PROPERTY DESCRIPTION & LOCATION

The property consists of one 20 unit claim covering an area of 500 hectares. Particulars are as follows:

Tenure Number	Type	Claim Name	Good Until	Area (ha)
392163	Mineral	SED	20140217	500

*Upon the approval of this assessment report.

The SED claim is registered in the name of the writer and held in trust by the writer for Balto Resources Ltd.

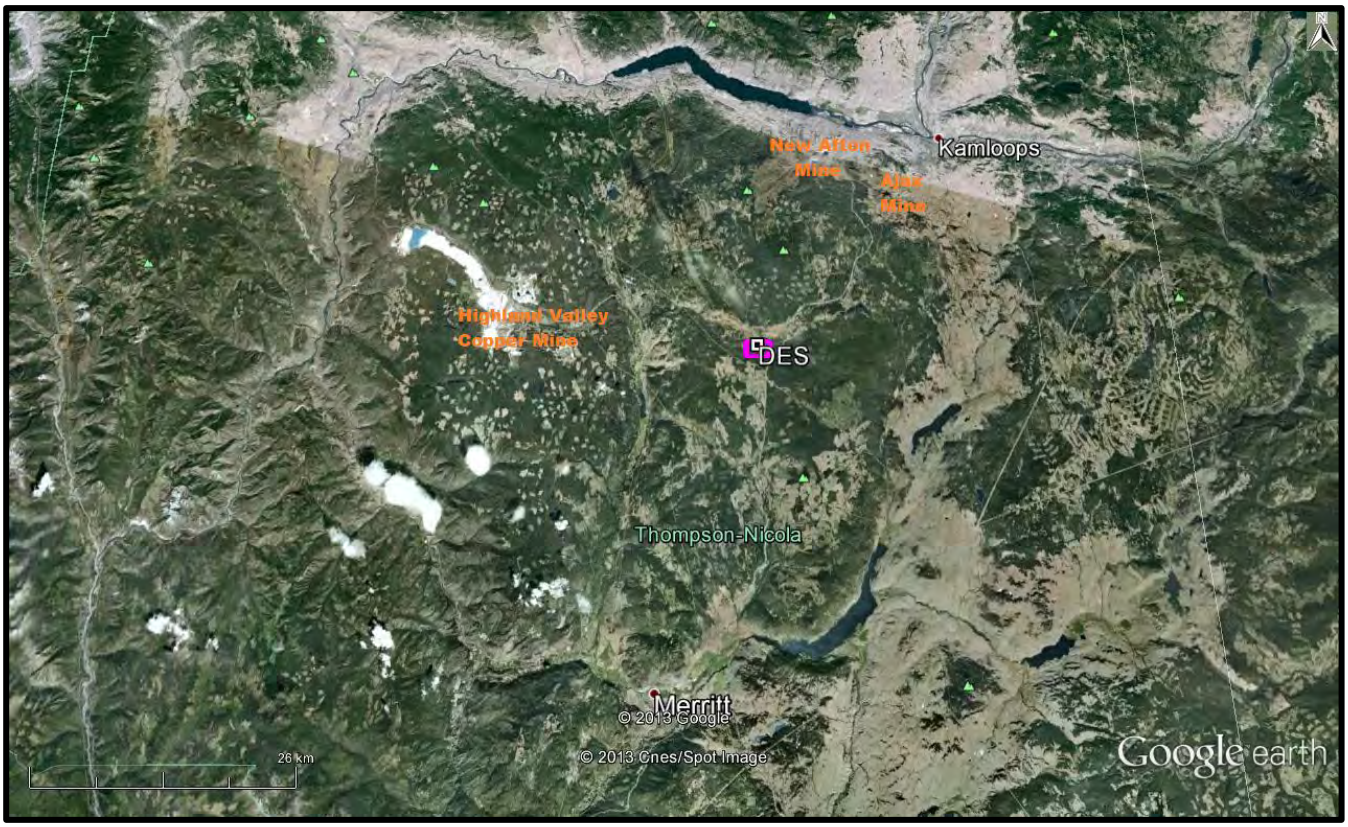
The property is located between Desmond Lake to the south and the Logan Lake-Kamloops highway to the north, within NTS 092I.047 in the Kamloops Mining Division. From the SED mineral claim, the major copper-molybdenum porphyry deposits of the Highland Valley are 20 to 25 km west, the formerly productive Afton mine is 30 km north-northeast, and the formerly productive Ajax mine 26 kilometres north-northeast *(Figure 2).*

ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, PHYSIOGRAPHY & WATER

Access

Access to the property is from the No.5 highway to a junction with the Logan Lake highway near Walloper Lake. The Logan Lake highway is taken for approximately seven km westward to the Summit Lake road. The northern boundary of the property is within two km south along the Summit Lake road and passes through the eastern portion of the claim *(Figure 3).*

Figure 2. **Claim Location**
(from MapPlace & Google)



Climate & Local Resources
The property is within the B.C. dry belt which experiences a continental climate characterized by cold winters and hot summers. Logan Lake is 20 km west of the property and provides the infrastructure for the Highland Valley mine. Kamloops an historic mining centre 30 km northeast of the property, provided the infrastructure for the Afton Mine. Any of these centres could be a source of experienced and reliable exploration and mining personnel and a supply for most mining related equipment.

Infrastructure
Kamloops is serviced daily by commercial airline and is a hub for road and rail transportation. Vancouver, a port city on the southwest corner of, and the largest city in the Province of British Columbia, is four hours distant by road and less than one hour by air from Kamloops.

Physiography
The Property occupies an area characterized by gently sloping hills with elevations ranging from 1,215 to 1,350 metres above sea level. Open meadows alternate with a dense forest of pine, fir and spruce, with very little or no underbrush.

Water and Power
Sufficient water for all phases of the exploration program could be available from many steams and ponds within the confines of the property.
A high voltage transmission line is located within two kilometres west of the Property *(Figure 3).*

Figure 3. **Claim Map**
(from MapPlace & Google)

HISTORY

Historical exploration adjacent to, or on, the ground covered by the SED mineral claim is as follows:

1972 – Texada Mines Ltd. completed a magnetometer survey, a soil geochemical survey, and 1,400 feet of percussion drilling (AR 4,041) on the Plug claims which subsequently lapsed and now is ground covered in part by the northeast corner of the SED mineral claim. The surveys covered a small portion of the property adjacent to the SED mineral claim. The results of the surveys outlined four geochemical anomalies and one magnetometer anomaly.

The prime geochemical anomalies were isolated one station anomalies with values of just over 100 ppm copper. They were designated as the "B" anomaly, located within 50 metres of the northern boundary of the SED mineral claim, and the "A" anomaly located next to Meadow Creek and within 1,000 metres east of the eastern boundary of the SED mineral claim. Muti-station magnetic highs are correlative with the copper anomalous zones. There is no reported information on the results of the percussion drilling.

1972 – Texada Mines Ltd. completed an Induced Potential survey which resulted in the determination of a chargeability anomaly, SP anomaly and a resistivity low correlative with the "B" soil anomaly and sub-correlative with the "A" anomaly.

Percussion drill holes are indicated on the Texada maps; however, there is no information as to their results. The drill holes appear to have tested the correlative "B" and "A" anomalous zones. One drill hole designated as P-72-6 is located on the "B" anomaly at the boundary of the SED mineral claim. The "B" correlative anomaly is indicated to extend for 250 metres into the SED mineral claim.

HISTORY *(cont'd*)

1982 – Visa Resources Ltd. completed a reconnaissance program of geological mapping, geochemical soil sampling and initial ground magnetic surveys over an area that included all the ground of the SED mineral claim. On the accompanying maps to his report, Cukor outlines some trenches, which are indicated to be located on the Texada correlative anomaly "B". These trenches are also indicated to be located in part on the SED mineral claim. Cukor (1982) concludes that the broad, airborne magnetic low could be easily interpreted as being caused by a small granitic intrusion underlying the Nicola Volcanic rather close to the surface and reported that additional work is warranted.

1983 – Visa Resources Ltd. completed a localized magnetometer survey adjacent to the south of Desmond Lake (AR 11,296). Cukor (1983) reports that the results of the survey were inconclusive.

1985-1988 – Western Resources Technologies Inc. completed geological, geochemical and geophysical surveys on the WRT group of mineral claims located adjacent to the north of the SED mineral claim and on ground now covered by the SED mineral claim. Work was carried out over two localized areas designated as the Rhyolite grid, and the Meadow Creek grid which the SED mineral claim covers a southern portion thereof. The Meadow Creek grid also includes the West Central and the South Central Plug showings which are the renamed Texada "B" correlative anomaly (West Central Plug showing) and the Texada "A" anomaly (South Central Plug showing).

1992 – G.F. Crooker completed a geophysical survey on the JB 1 to 12 Claims, which were staked to cover the former Texada correlative anomalous zones "A" and "B" and which were also recently designated as the South Central Plug showing and the South Central Plug showing within the Meadow Creek zone. The surveys were localized on the two zones of the Meadow Creek grid. Crooker reports (AR 22,346) that the results of the magnetometer survey indicated a potential expression of a buried intrusive body. The VLF-EM survey results were inconclusive.

2003-2005 – Geophysical, geochemical, and geological surveys were completed on the SED claim by Dancing Star Resources Ltd.

2006-2012– Localized geophysical surveys were completed on the SED claim by Alcor Resources Ltd. (Name change from Dancing Star Resources Ltd.) and Balto Resources Ltd. (Name change from Alcor Resources Ltd.).

GEOLOGY: SED mineral claim

The SED claim is entirely underlain by two subdivisions of the Nicola volcanic rocks, the boundary bisecting the property from the southeast to the northwest. In the northeast is unit UTN5 which is comprised of an augite porphyry, augite-plagioclase porphyry volcaniclastic breccia and tuff with interbedded argillite. In the southwest is unit UTN4 which is comprised of a pillowed basic flow.

The SED claim is located at the intersection of two topographically indicated structures; the structures; the northeasterly trending structure of the Meadow Creek valley and the northwesterly trending Melba Creek valley structures.

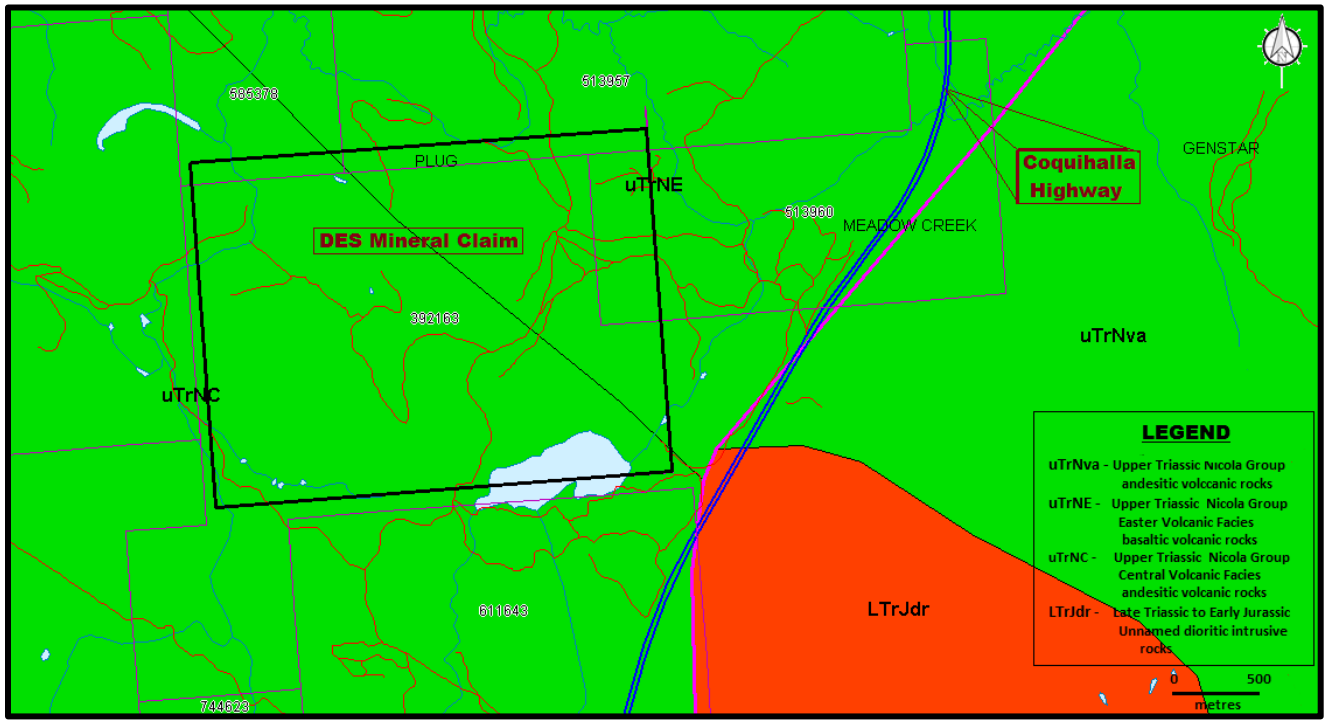
In 1982 Visa Resources Ltd. completed a reconnaissance exploration program of geological mapping, geochemical soil sampling and initial ground magnetic survey over an area that included all the ground of the SED mineral claim. On the accompanying maps to his report, Cukor outlines some trenches, which are indicated to be located on the Texada correlative anomaly "B". These trenches are also indicated to be located in part on the SED mineral claim.

GEOLOGY: SED mineral claim *(cont'd)*

Cukor (1982) concludes that the broad, airborne magnetic low could be easily interpreted as being caused by a small granitic intrusion underlying the Nicola Volcanic rather close to the surface. He concludes that additional work on the ground is warranted.

The SED claim covers a broad magnetic low with sharply increasing magnetometer values on three of the claim boundaries.

Figure 4. **Geology**



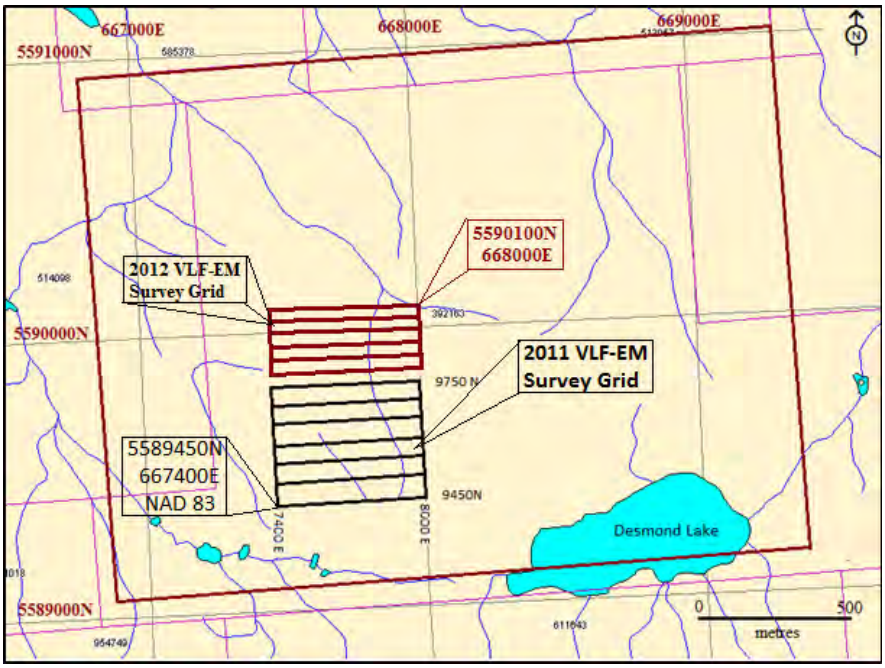
MINERALIZATION: SED mineral claim

There is no known mineralization on the SED mineral claim, however, the mineral zones of the west central Plug zone, as indicated by the trenches on Cukor's (1982) map accompanying his report, may extend into the SED claim. Crooker (1992) reports that the mineralization of the west central Plug zone is of weak to moderate carbonate-quartz-mariposite alteration over several hundred metres, with a grab sample yielding gold values of 7,500 ppb (0.282 oz/t) and 67.5 ppm silver respectively. Several soil samples taken from the same trench as the anomalous rock sample gave 70 and 150 ppb gold. Two grab samples of carbonate-quartz-mariposite schist with galena and sphalerite from the south central zone yielded 605 and 482 ppb gold and 165.1 and 258.4 ppm silver.

2012 VLF-EM SURVEY

From December 27, 2011 to December 30, 2012 Balto Resources Ltd. caused a completion of a localized VLF-EM survey exploration on the SED mineral claim. The area selected for the survey was to the north of the 2011 VLF-EM survey within the southwest portion of the Sed mineral claim. The purpose of the survey was to test the northerly extension of the "B" anomaly delineated in the 2011 VLF-EM survey which extends the total length of the 2011 survey area and open to the north (Sookochoff, 2011).

Figure 5. **Claim & Index Map**
(Base Map: From MapPlace)



(a) Instrumentation

The VLF-EM survey was carried out with a VLF-EM receiver, Model 27, manufactured by Sabre Electronics Ltd. of Burnaby, British Columbia. This instrument is designed to measure the electromagnetic component of the very low frequency field (VLF-EM), which for this survey is transmitted at 24.8 kHz from Seattle (Jim Creek), Washington.

b) Theory

In all electromagnetic prospecting, a transmitter induces an alternating magnetic field (called the primary field) by having a strong alternating current move through a coil of wire.

This primary field travels through any medium and if a conductive mass such as a sulphide body is present, the primary field induces a secondary alternating current in the conductor, and this current in turn induces a secondary magnetic field. The receiver picks up the primary field and, if a conductor is present, the secondary field distorts the primary field. The fields are expressed as a vector, which has two components, the "in-phase" (or real) component and the "out-of-phase" (or quadrature) component. For the VLF-EM receiver, the tilt angle in degrees of the distorted electromagnetic field with a conductor is measured from that which it would have been if the field was not distorted with a conductor.

Since the fields lose strength proportionally with the distance they travel, a distant conductor has less of an effect than a close conductor. Also, the lower the frequency of the primary field, the further the field can travel and therefore the greater the depth penetration.

The VLF-EM uses a frequency range from 13 to 30 kHz, whereas most EM instruments use frequencies ranging from a few hundred to a few thousand Hz. Because of its relatively high frequency, the VLF-EM can pick up bodies of a much lower conductivity and therefore is more susceptible to clay beds, electrolyte-filled fault or shear zones and porous horizons, graphite, carbonaceous sediments, lithological contacts as well as sulphide bodies of too low a conductivity for other EM methods to pick up.

2011 VLF-EM SURVEY *(cont'd)*

Theory *(cont'd)*

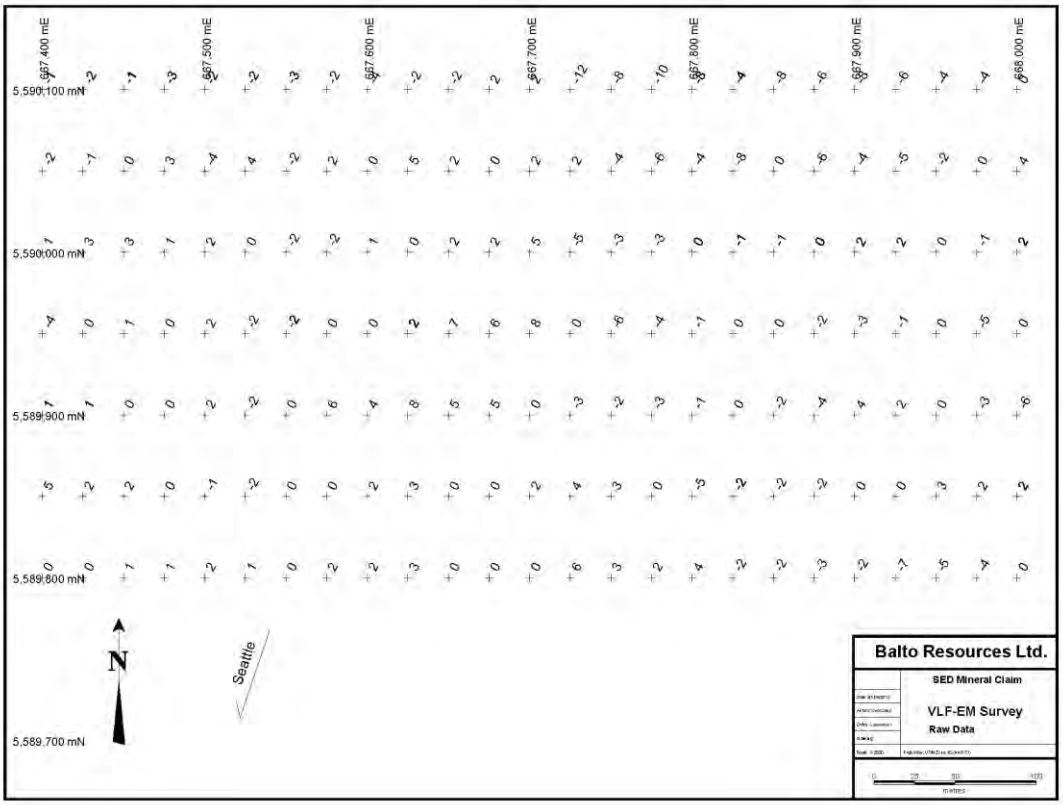
Consequently, the VLF-EM has additional uses in mapping structure and in picking up sulphide bodies of too low a conductivity for conventional EM methods and too small for induced polarization. (In places it can be used instead of IP). However, its susceptibility to lower conductive bodies result in a number of anomalies, many of them difficult to explain and thus, VLF-EM preferably should not be interpreted without a good geological knowledge of the property and/or other geophysical and geochemical surveys.

(c) Survey Procedure

A 350 metre north base-line was continued northward from the north end of the 2011 grid at UTM 5589750N 668000E to 5590100N 668000E Seven base line stations were established at 50 metre intervals. VLF-EM readings were taken at 25 metre intervals eastward from the baseline to 667400E. A total of 4.2 kilometres was completed.

The numeric grid stations were established according to the UTM coordinates East and North with the station numbers plotted as the last four digits of the UTM East coordinate, and the last four digits of the UTM North coordinate. Thus, the initial GPS station at UTM 558800N 668000E, is designated as 8800N 8000E, in the raw data excel spread sheet (Appendix I).

Figure 6. **VLF-EM Raw Data**



(d) Compilation of Data

The field data was Fraser Filtered with the resulting data transferred to an Exel spreadsheet, thence to a Map Info GIS program which was utilized to plot contoured data maps from which an interpretation of prime indicated structures was made. Three maps were created; VLF-EM Raw Data (Figure 6), Fraser Filtered Raw Data (Figure 7), and contoured Fraser Filtered Data (Figure 8).

Figure 7. **VLF-EM Fraser Filtered Data**

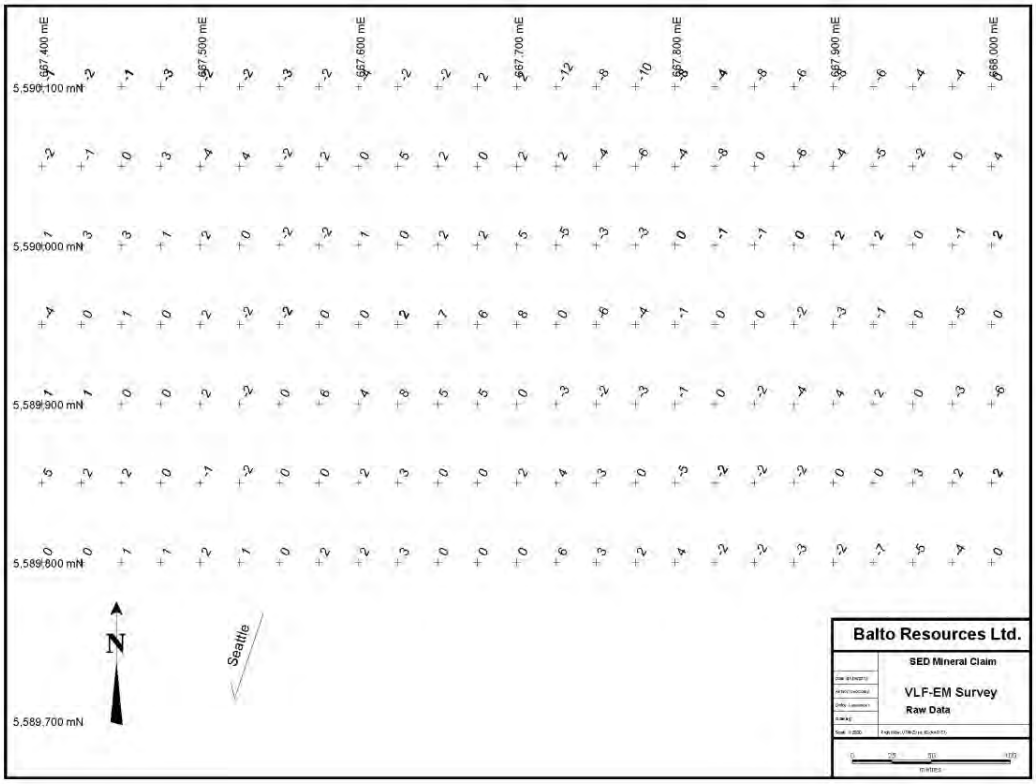
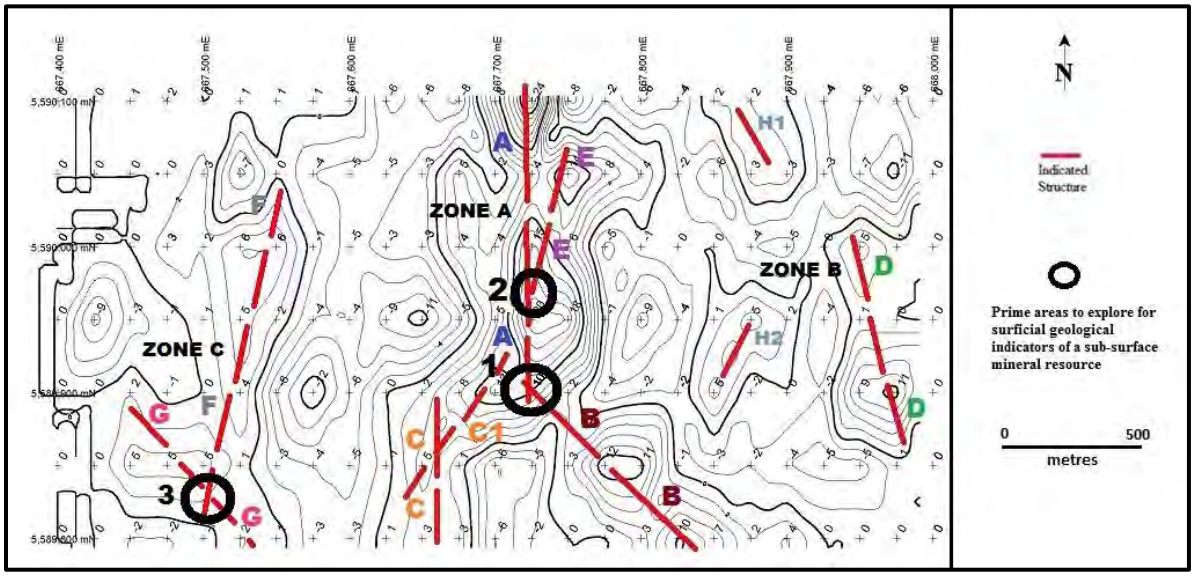


Figure 8. **Indicated Structures**



2011 VLF-EM SURVEY *(cont'd)*

e) Results (Figure 8)

Three northerly trending structural zones were delineated; one prime central zone and two zones to the east and west. A description of the zones with the structures is as follows:

- Each individual indicated structure as displayed in Figure 8 will hereafter be referred to as a structure.
- Each UTM coordinate on Figure 8 will hereafter be reported as the last three digits.
- The grid limits as per the last three digits are (687) **400E** to (688) **000E** and (5,589) **800N** to (5,590) **100N**.

Zone A:

- The prime 200 metre northerly trending structure A located at 725E is open to the north at 100N and forking to the southeast and to the southwest at 900N.
- The 125 metre structure B is the southeast fork from structure A and open to the southeast at 800N.
- The 75 metre structure C1 is the southwest fork from structure A and closed to the southwest at 825N.
- The 100 metre structure C located at 650E is southerly trending from 900N and open to the south at 880N.

Zone B:

- The 150 metre centrally located at 950E northerly trending structure D is closed at 000N to the north and at 875N to the south.
- The isolated 50 metre northwesterly trending structure H1 located at 675E is open at 100N;
- The central northeasterly trending structure H2 located at 650E is closed at 850N to the south and at900N to the north.

Zone C:

- The 200 metre northerly trending structure F located at 525E is closed to the north at 040N to the north and at 825N to the south.
- The 100 metre northwest trending structure G at 800N.is located at 500E and is closed at 875N to the north and open at 800N to the south.

CONCLUSIONS

Three structural intersections, as designated on Figure 8, were located where surficial geological indicators of a potential sub-surface mineral resource may be located. The structural Interpretation of each of the three locations is as follows.

Location 1; Zone A

The prime location for exploration as it may be the intersection of three structures.

- Structure A is indicated as the structure correlating with a watercourse.
- Structure B, the southeast trending fork of structure A, is indicated as an off-setting structure to structure A with the continuation to the south indicated as Structure B in the 2011 VLF-EM survey (AR 33,127). The three structures may, however, may reflect the northerly flowing watercourse as shown on Figure 5.

CONCLUSIONS *(cont'd)*

- Structure C1, the southwest trending fork of structure A, is indicated as a significant structure as it is indicated to continues through the 2011 VLF-EM survey area where it is open to the southwest (AR 33,127).
- Structure C is a localized en-echelon structure.

Location 2; Zone A

- Structure E is indicated as a localized splay structure of the main structure A.

Location 3; Zone C

- The intersection of structures F & G where structure G is indicated as a potential major southeasterly trending structure projecting for 300 metres through the 2011 VLF-EM survey area and open to the south (AR 33,127).

RECOMMENDATIONS

Implement an exploration program over the three areas as designated on Figure 8. The purpose of the exploration program would be to locate any surficial geological features that may indicate a potential sub-surface mineral resource. The geological features include, but not necessarily restricted to; specific rock types, specific types of alteration, types of minerals and their characteristics, fracture intensity and orientations.

The general UTM coordinates of the three locations are:

Location (Figure 8)	UTM North	UTM East
1	5,589,900	687,720
2	5,589,910	687,720
3	5,598,825	687,500

Respectfully submitted

Sookochoff Consultants Inc.

Laurence Sookochoff, PEng

STATEMENT OF COSTS

The fieldwork for the 2012 VLF-EM Survey on the SED Claim was carried out from December 27, 2012 to December 30, 2012 to the value as follows:

Laurence Sookochoff: 2 days @ $1,000.00 ----------	$ 2,000.00
VLF Rental: 3 days @ $ 100.00 ----------	300.00
Room & board: 2 days @ $150.00 ----------	300.00
Results, compilation, & maps ----------	900.00
Report ----------	3,000.00
	$ 6,500.00
	========

SELECTED REFERENCES

Cochrane, D.R. et al – Geophysical Report on an Induced Polarization Survey of the Plug Claims on behalf of Texada Mines Ltd. October 24, 1972. AR 4,041.

Crooker, G.F. – Geological, Geochemical and Geophysical Report on the WRT 1 to 6 and 9 to 15 Claims for Western Resource Technologies Inc. November, 1988. AR 18,048.

Crooker, G.F. – Geological, Geochemical and Geophysical Report on the WRT 1 to 15 Claims for Western Resource Technologies Inc. March, 1998. AR 17,337

Cukor, V. Report on Geochemical, Geophysical and Geological Reconnaissance for Visa Resources Ltd. May, 1982. AR 10,551.

- Report on Ground Magnetic Survey for Visa Resources Ltd. June, 1983. AR 11,296.

DeLeen, J. et al – Magnetometer and Geochemical Report on the Plug Claims on behalf of Texada Mines Ltd. December 8, 1972. AR 4,041.

Geology, Exploration and Mining in British Columbia – 1972 – pgs 165, 183, 209-220.

Hollister, V.F. – Geology of the Porphyry Copper Deposits of the Western Hemisphere. Society of Mining Engineers of The American Institute of Mining, Metallurgical, and Petroleum Engineers, Inc. New York, New York. 1978.

MapPlace – MapPlace downloads from

Marshak, S., Mitra, G. – Basic Methods of Structural Geology. pp 258-259, 264* .Prentice-Hall Inc. 1988

MtOnline - MINFILE downloads.

Sookochoff, L. – Geophysical Assessment Report on the SED Mineral Claim for Balto Resources Ltd. June 25, 2012. AR 33,127.

CERTIFICATE

I, Laurence Sookochoff, of the City of Vancouver, in the Province of British Columbia, do

hereby certify:

That I am a Consulting Geologist and principal of Sookochoff Consultants Inc. and state that:

1) I am a graduate of the University of British Columbia (1966) and hold a B.Sc. degree in Geology.

2) I have been practicing my profession for the past forty-six years.

3) I am registered and in good standing with the Association of Professional Engineers and Geoscientists of British Columbia.

4) The information for this report is based on information as itemized in the Selected Reference section of this report and from the geophysical data obtained from the 2012 VLF-EM survey completed by the writer on Tenure 392163.

Laurence Sookochoff, P. Eng.

Vancouver, BC

Appendix I

VLF-EM RAW DATA

North	East	Field	FF	North	East	Field	FF	North	East	Field	FF
5589800	667400	0		5589850	667400	5		5589900	667400	1	
	7425	0			7425	2			7425	1	
	7450	1	-2		7450	2	5		7450	0	2
	7475	1	-2		7475	0	5		7475	0	-1
	7500	2	-1		7500	-1	5		7500	2	0
	7525	1	2		7525	-2	1		7525	-2	4
	7550	0	1		7550	0	-3		7550	0	-6
	7575	2	-3		7575	0	-4		7575	6	-12
	7600	2	-3		7600	2	-5		7600	4	-6
	7625	3	1		7625	3	-1		7625	8	0
	7650	0	3		7650	0	5		7650	5	2
	7675	0	3		7675	0	1		7675	5	8
	7700	0	-6		7700	2	-6		7700	0	13
	7725	6	-2		7725	4	-5		7725	-3	10
	7750	3	0		7750	3	3		7750	-2	2
	7775	2	0		7775	0	12		7775	-3	-4
	7800	4	3		7800	-5	11		7800	-1	-2
	7825	-2	10		7825	-2	-1		7825	0	-2
	7850	-2	7		7850	-2	-3		7850	-2	5
	7875	-3	2		7875	-2	-2		7875	-4	-2
	7900	-2	4		7900	0	-4		7900	4	0
	7925	-7	0		7925	0	-5		7925	2	-2
	7950	-5	0		7950	3	-5		7950	0	9
	7975	-4	0		7975	2	-1		7975	-3	11
	8000				8000	2			8000	-6	

North	East	Field	FF	North	East	Field	FF	North	East	Field	FF
5589950	667400	-4		5590000	667400	1		5590050	667400	-2	
	7425	0	-9		7425	3			7425	-1	
	7450	1	-3		7450	3	0		7450	0	0
	7475	0	-1		7475	1	3		7475	3	0
	7500	2	1		7500	2	2		7500	-4	3
	7525	-2	5		7525	0	6		7525	4	-7
	7550	-2	2		7550	-2	6		7550	-2	0
	7575	0	-4		7575	-2	-1		7575	2	-4
	7600	0	-4		7600	1	-5		7600	0	-5
	7625	2	-9		7625	0	-3		7625	5	-5
	7650	7	-11		7650	2	-3		7650	2	-3
	7675	6	-5		7675	2	4		7675	0	5
	7700	8	5		7700	5	4		7700	2	-2
	7725	0	20		7725	-5	15		7725	2	4
	7750	-6	18		7750	-3	6		7750	-4	14
	7775	-4	-1		7775	-3	-5		7775	-6	8
	7800	-1	-9		7800	0	-1		7800	-4	4
	7825	0	-4		7825	-1	0		7825	-8	-2
	7850	0	1		7850	-1	0		7850	0	-6
	7875	-2	5		7875	0	-4		7875	-6	3
	7900	-3	2		7900	2	-5		7900	-4	3
	7925	-1	-4		7925	2	0		7925	-5	-3
	7950	0	1		7950	0	5		7950	-2	-7
	7975	-5			7975	-1	1		7975	0	-11
	8000				8000	2			8000	4	

North	East	Field	FF
5590100	667400	-1	
	7425	-2	
	7450	-1	1
	7475	-3	2
	7500	-2	0
	7525	-2	1
	7550	-3	1
	7575	-2	1
	7600	-4	1
	7625	-2	-6
	7650	-2	-6
	7675	2	-8
	7700	2	8
	7725	-12	24
	7750	-8	-8
	7775	-10	-2
	7800	-8	-6
	7825	-4	-4
	7850	-8	2
	7875	-6	2
	7900	-8	0
	7925	-6	-4
	7950	-4	-6
	7975	-4	-6
	8000	0	