Technical Report - Babs 1-3 Project

Omineca Mining Division
Tenure Numbers:
709302, 709322, 709342

NTS: 093K/13, 093L/16

UTM Zone 09, 10 (NAD 83)
Easting 691000
Northing 6085500

Work performed August 1 - December 17, 2012
by
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BC Geological Survey
Assessment Report
33911

For
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December 19, 2012

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Item 1: Summary

The Babs property consists of 3 claims (21 cells) covering an area of 390.77ha lying approximately 74 km east of the community of Smithers, 11km southeast of the former producing Granisle mine and 18km southeast of the former producing Bell mine in west-central British Columbia. The claims are situated on map sheets NTS 93K/13 and 093L/16, and straddle UTM Zones 9 and 10. The centre of the property is situated at approximately 691000E, 6085500N, (Nad 83, Zone 9). Logging roads extend roughly 7km from the ferry landing at Nose Bay throughout of the property giving excellent access for future exploration and development activities.

The project area lies on the northwest side of the Skeena Arch within the Intermontane tectonic belt of west-central B C. The Babine Lake area is underlain principally by Mesozoic layered rocks, the most widespread in this area being volcanic and sedimentary rocks of the Jurassic Hazelton and Bowser Lake Groups. These are intruded by plutonic rocks of various ages including lower Jurassic Topley intrusions, Omineca intrusions of early Cretaceous age, late Cretaceous rhyolite and granodiorite porphyrites and Babine intrusions of early Tertiary age. Deformation consists of moderate folding, transcurrent boundary faults, thrusting and normal faulting. Younger early Cretaceous Skeena Group undivided sedimentary rocks and subvolcanic rhyolite domes are preserved in a large cauldera setting roughly 24km in diameter that sits between the West Arm and Fisheries Arm of Babine Lake to the northwest of the property.

The best known style of mineralization in the Babine Lake area is porphyry copper mineralization associated with small stocks and dyke swarms of biotite feldspar porphyry of the Babine intrusions. Eocene aged BFP hosts annular porphyry copper deposits such as the Bell Mine (296 mT of 0.46% Cu and 0.2 gpt Au), the Granisle Mine (119 mT of 0.41% Cu and 0.15 gpt Au) (Carter et al, 1995) and the Morrison Deposit (207 mT of 0.39% Cu and 0.2 gpt Au) (Simpson, 2007).

The Babine/Takla Lakes area has been explored since the discovery of copper mineralization on McDonald Island in 1913. Extensive exploration has occurred since the mid 1960’s following the recognition of the potential of porphyry copper mineralization and the Granisle and Bell deposits. Exploration for Equity Silver type massive sulphides occurred through the 1980’s following the decline in copper prices and the sharp rise in precious metal values during that time. The focus returned to copper in the early 1990’s with extensive exploration programs by Noranda and others.

The author completed a small test humus survey over two areas in 2012 which returned multi-element anomalies with copper values up to 100ppm in the same general area as previously identified MMI targets. The Babs property has been held continuously by the author since 2009 and the claims that are the subject of this report are 100% owned by K. Galambos.

It is the author’s belief that exploration programs on the Babs property and surrounding area suggest a potential for significant porphyry style mineralization. These programs also failed to adequately test this potential. Additional exploration in the form of

geological, geophysical and geochemical surveys and drilling is warranted to determine if one or more economic mineralized bodies are present within the existing property boundaries.

Item 2: Introduction

This report is being prepared by the author for the purposes of filing assessment on the Babs 1-3 property and to create a base from which further exploration will be completed.

2.1 Qualified Person and Participating Personnel

Mr. Kenneth D. Galambos P.Eng. conducted the current exploration program, and completed the evaluation and interpretation of data to focus further exploration and to make recommendations to test the economic potential of the area.

This report describes the property in accordance with the guidelines specified in National Instrument 43-101 and is based on historical information, an examination and interpretation of technical data and a prospecting and geochemical test survey conducted on the property by the author over a time period from August 1, 2012-December 19, 2012.

2.2 Terms, Definitions and Units

- All costs contained in this report are denominated in Canadian dollars.
- Distances are primarily reported in metres (m) and kilometers (km) and in feet (ft) when reporting historical data.
- GPS refers to global positioning system.
- Minfile showing refers to documented mineral occurrences on file with the British Columbia Geological Survey.
- The term ppm refers to parts per million, equivalent to grams per metric tonne (g/t).
- ppb refers to parts per billion.
- The abbreviation oz/t refers to troy ounces per imperial short ton.
- The symbol % refers to weight percent unless otherwise stated. 1% is equivalent to 10,000ppm.
- Elemental and mineral abbreviations used in this report include: arsenic (As), copper (Cu), gold (Au), iron (Fe), lead (Pb), molybdenum (Mo), zinc (Zn), chalcopyrite (Cpy), molybdenite (MoS_2) and pyrite (Py).

2.3 Source Documents

Sources of information are detailed below and include the available public domain information and private company data.

- Research of the Minfile data available for the area at http://www.empr.gov.bc.ca/Mining/Geoscience/MINFILE/Pages/default.aspx
- Research of mineral titles at https://www.mtonline.gov.bc.ca/mtov/home.do
- Review of company reports and annual assessment reports filed with the government at http://www.empr.gov.bc.ca/Mining/Geoscience/ARIS/Pages/default.aspx

- Review of geological maps and reports completed by the British Columbia Geological Survey at http://www.empr.gov.bc.ca/Mining/Geoscience/MapPlace/MainMaps/Pages/default.aspx .
- Published scientific papers on the geology and mineral deposits of the region and on mineral deposit types.

2.4 Limitations, Restrictions and Assumptions

The author has assumed that the previous documented work in the area of the property is valid and has not encountered any information to discredit such work.

2.5 Scope

This report describes the geology, previous exploration history, interpretation of regional geophysical, geochemical surveys including the Quest West surveys. Research included a review of the historical work that related to the immediate and surrounding areas. Regional geological data and current exploration information have been reviewed to determine the geological setting of the mineralization and to obtain an indication of the level of industry activity in the area. The current exploration program consisted of a number of day trips and one extended trip to the Babs 1-3 claims. Prospecting and humus sampling were the primary techniques used to evaluate the potential of the area.

Item 3: Reliance on Other Experts

Some data referenced in the preparation of this report was compiled by geologists employed by various companies in the mineral exploration field. These individuals would be classified as “qualified persons” today, although that designation did not exist when some of the historic work was done. The author believes the work completed and results reported historically to be accurate but assumes no responsibility for the interpretations and inferences made by these individuals prior to the inception of the “qualified person” designation.

Item 4: Property Description and Location

The Babs property consists of 3 claims (21 cells) covering an area of 390.77ha, located on the west shore of Babine Lake, 74 km east of the community of Smithers, 11km southeast of the former producing Granisle mine and 18km southeast of the former producing Bell mine in west-central British Columbia. The claims are situated on map sheets NTS 93K/13 and 093L/16, and straddle UTM Zones 9 and 10. The centre of the property is situated at approximately 691000E, 6085500N, (Nad 83, Zone 9). Access to the property from Highway 16 at Topley is to the barge crossing north of Topley Landing on Babine Lake. Logging roads extend from the ferry landing at Nose Bay through roughly 7km to the centre of the property.

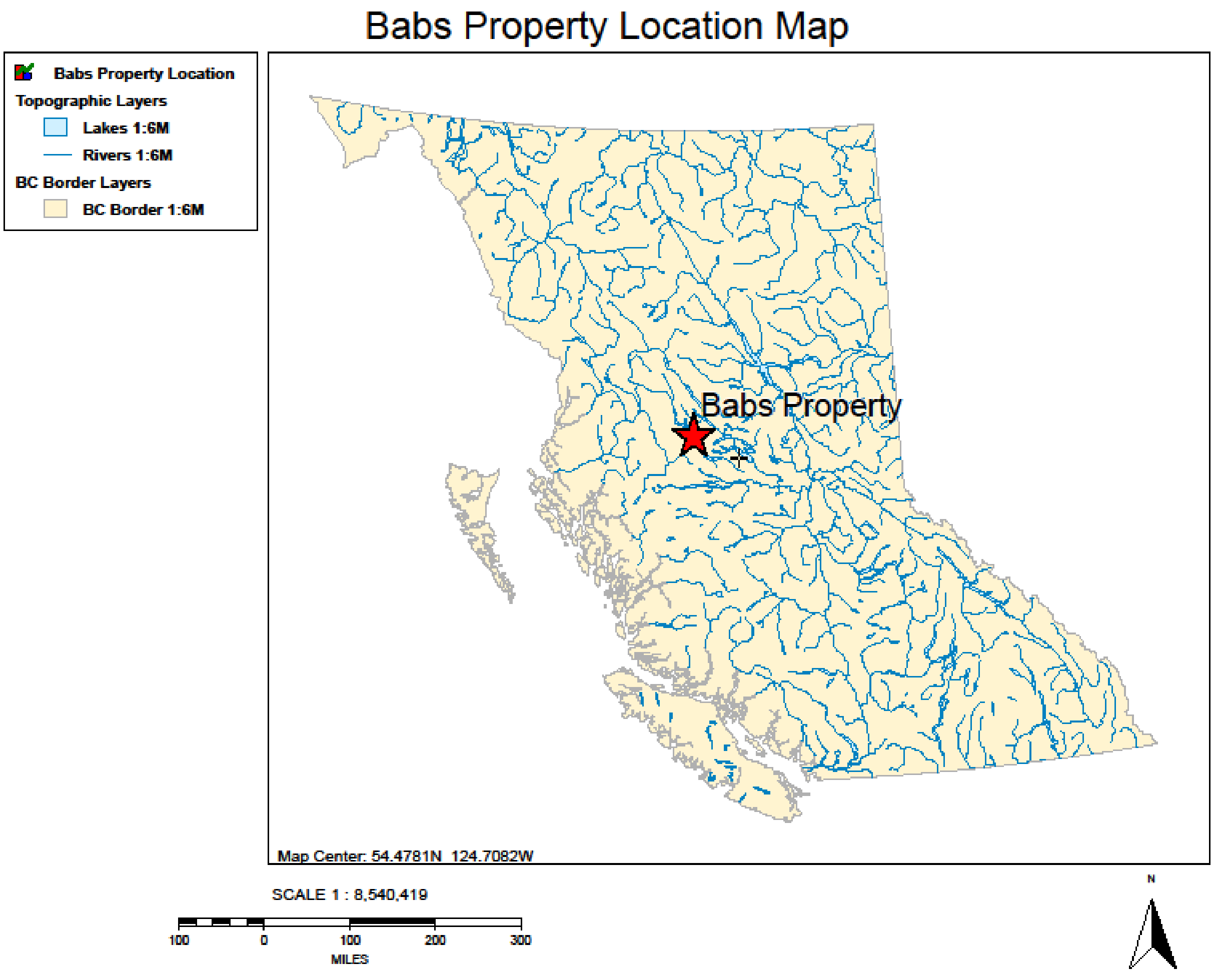

Figure 1: Babs 1-3 Property location map

Upon acceptance of this report, the highlighted mineral tenures will have their expiry dates moved to June 5, 2017.

Table 1: Claim Data

Tenure #	Claim	Issue date	Expiry date	Area (Ha)	Owner
709302	Babs 1	2010/Feb/28	**2017/Jun/05**	130.21	GALAMBOS, KENNETH D 100%
709322	Babs 2	2010/Feb/28	**2017/Jun/05**	130.27	GALAMBOS, KENNETH D 100%
709342	Babs 3	2010/Feb/28	**2017/Jun/05**	130.29	GALAMBOS, KENNETH D 100%
			Total	390.77	

The Claims comprising the Babs 1-3 property as listed above are being held as an exploration target for possible hardrock mining activities which may or may not be profitable. Any exploration completed will be subject to the application and receipt of necessary Mining Land Use Permits for the activities recommended in this report. There is no guarantee that this application process will be successful.

The Claims lie in the Traditional territories of a number of local First Nations and to date no dialog has been initiated with these First Nations regarding the Natlan property. There is no guarantee that approval for the proposed exploration will be received.

Babs Property Claim Map

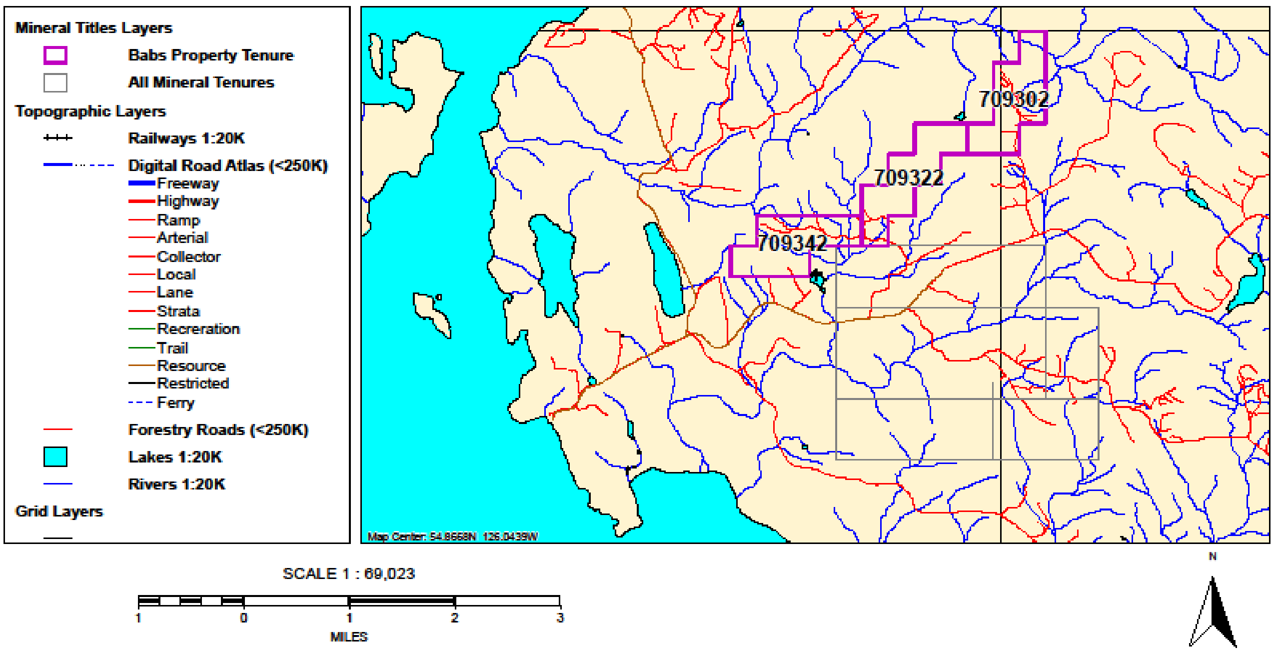

Fig. 2: Babs 1-3 Project Claim Map

Item 5: Accessibility, Climate, Local Resources, Infrastructure and Physiography
Most parts of the Property are accessible by a network of private logging roads. These roads are usable during spring to fall, but are not reliably maintained when snow-covered. Connection from the provincial highway system can be obtained by private barge from Topley Landing to the east shore of Babine Lake. Alternatively, the Property is accessible year-round by helicopter from Smithers, Houston or Burns Lake.

Climate in the region is continental, periodically modified by maritime influences. Summers are cool and moist, and winters cold. Following climate statistics from Environment Canada are for Burns Lake, the town with climate most analogous to Babine Lake region. Mean January temperature is -10.5°C, and for July is 14.3°C. Extreme winter temperature may fall below -30°C for brief periods. Annual rainfall is 291.4mm and annual snowfall is 189.1mm, with mean snow accumulation of 45cm. Anecdotal evidence indicates that the Babine Lake area can retain more than a metre of snow depth. Snow-free field operations season for exploration spans May through October, dependant on elevation and aspect relative to the sun.

The Property occupies the northern part of the Nechako Plateau, within the Intermontane Belt of north-central British Columbia. Topography consists of rolling to locally steep hills, with low-relief valleys, containing many lakes and wetlands. The property is adjacent to Babine Lake, which is the longest natural lake in British Columbia, at approximately 100km length. Vegetation is dominated by boreal mixed forest of coniferous (spruce and pine) and deciduous (alder, poplar and birch) trees, with understory of willow, berry bushes and devil's club. Wetland sedges and grasses occupy parts of poorly-drained lowlands. Approximately 30% of the Property has been logged in the past two decades, and resultant clear-cuts are in the early stage of re-growth. A smaller area adjacent to the shoreline of Babine Lake has been logged in earlier decades, and now contains an established second-growth forest.

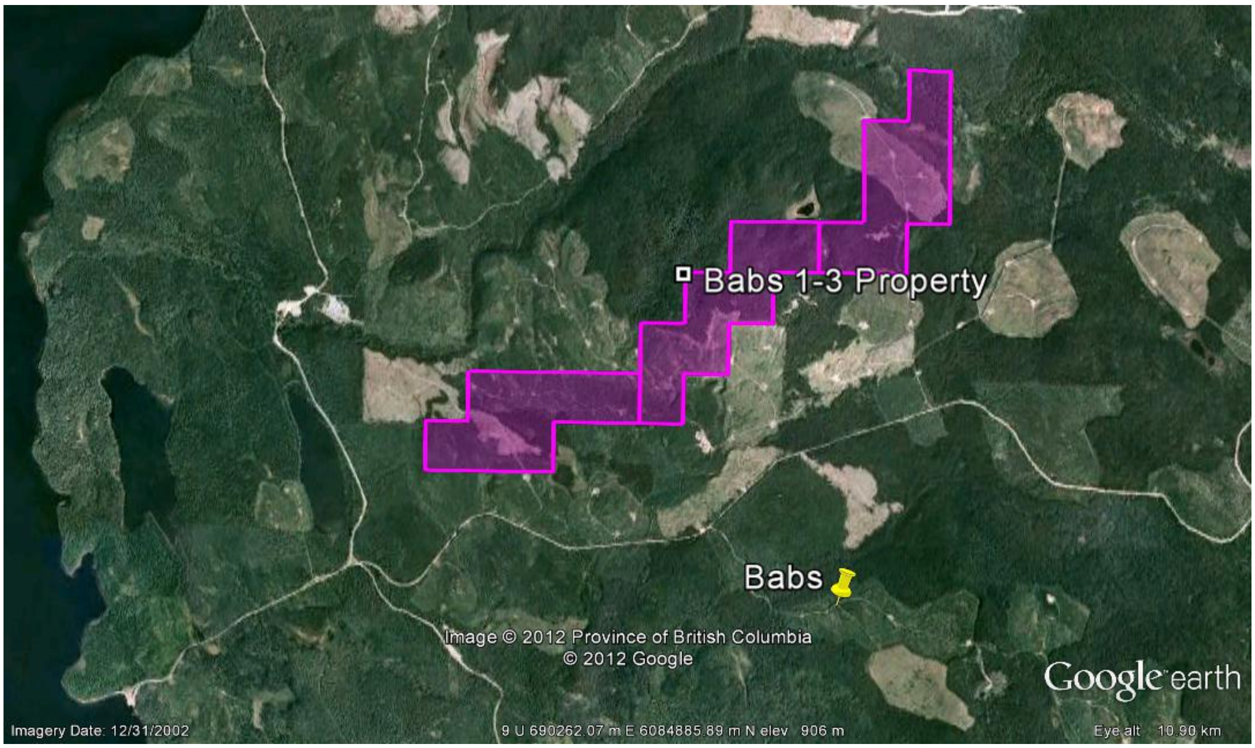

Plate 1: Satellite Image of Babs 1-3 Project

Infrastructure adequate for mine development is present in the region. A residential capacity power line exists a Topley Landing on the west shore of Babine Lake 8km southwest of the Property. During operations of the Bell Copper and Granisle open pit mines, power was conducted from the Granisle substation via lake-bottom power cables. Similar infrastructure could be installed for mine development on the Babs 1-3 property. The Property hosts a network of private logging roads. These roads are connected to the provincial highway system by private barge from Topley Landing (near Granisle village). Babine Lake is able to supply any quantity of water needed for property development. The lower-relief areas near the property contain adequate space for concentrator site, tailing ponds or waste dumps required in any contemplated mine operation. The village of Granisle, originally constructed to serve the Granisle open-pit mine, contains adequate accommodation and basic services to support a mining operation. The communities of Northwestern British Columbia contain industrial and consumer suppliers, and a pool of labour skilled in mining trades and professions.

Item 6: History

The Babine/Takla Lakes area has been explored since the discovery of copper mineralization on McDonald Island in 1913. Extensive exploration has occurred since the mid 1960's following the recognition of the potential of porphyry copper mineralization and the Granisle and Bell deposits.

In 1991, prospector Ralph Keefe discovered over 150 sub-angular mineralized Eocene biotite-feldspar-porphyry boulders and cobbles over a 300m x 150m area approximately 2.5km down ice from the Property. The boulders ranged in size from 10cm-1.5m and have assayed up to 1.05% Cu and 1.3g/t Au and contained 1-4% magnetite.

The Keefe/Hidber Babs claims (Minfile 093L 325) were optioned by Equity Silver Mines in 1992. The company conducted float prospecting, overburden trenching, soil surveys, geophysical surveys (VLF-EM, magnetometer and IP) and diamond drilled 322m in 7 NQ holes. Drilling focused on magnetic high and IP chargeability targets. Drill holes 92-05 to 07 were drilled only a few metres into bedrock and no samples were taken.

The option with Equity lapsed and the property was subsequently optioned to Noranda Exploration in 1993. Noranda completed prospecting, float sampling, soil sampling and diamond drilling of two holes totaling 200.6m. The best results from NB 93-08 were 0.21% copper over 10.4m from a depth of 9m in phyllic altered quartz-eye and lapilli tuff of the Jurassic Hazelton volcanics. In 1994, Noranda completed geological mapping, rock sampling, geochemical and geophysical (magnetometer and IP) surveys. The company re-logged and sampled Equity Silver's DDH92-06 which returned 0.34% copper over the 3m of bedrock drilled. Soil surveys identified and 800m x 900m copper-in-soils anomaly with the boulder field along the northwest margin. IP chargeability surveys identified an arcuate chargeability high underling the majority of the boulder field and extending to the east and south which was believed to be indicative of a portion of a pyrite halo. The company also found that the best copper mineralization in float was associated with magnetite and as disseminations and veinlets rather than with pyrite. In late 1994, Noranda drilled two diamond drill holes totaling 196.8m targeting chargeability high, magnetic high and magnetic low targets. Best results from NB -10 returned 77.3m grading 0.19% copper including 0.32% copper over 11.7m from tuffs containing up to 7% pyrite. Following the 1994 season, Noranda returned the property to Keefe and Hidber.

Northern Dynasty optioned the property in 1995 and 1996. The company completed prospecting, geological mapping, rock sampling, geochemical and geophysical (magnetic and IP) surveys and drilled eight holes totaling 1143.3m. The limits of the mineralized boulder field was extended to 500m x 150m with the discovery of a number of large boulder containing trace magnetite and 3-4% chalcopyrite. Northern Dynasty's exploration program extended up ice a considerable distance over the area now covered by the Babs 1-3 claims owned by the author. B-horizon geochemical surveys

Figure 3: Northern Dynasty soil Geochemistry

outlined copper-in-soils over a 1300m x 800m area surrounding the boulder field with values up to 467ppm copper. The Central anomaly covers a northeast trending 1100m x 300m area with values up to 914ppm copper. The Northwest anomaly is a two line north-northeast trending zone with values up to 244ppm copper. The best results from the exploration program was 0.3175% copper over 13.7m from DDH 95-13.

The property lay dormant until 2008 when Kenrich Eskay optioned the property and completed till pitting, soil sampling, rock sampling and drilled seven diamond drill holes, totaling 1048.7m, all within the Main anomaly area surrounding the boulder field. Best results from the program were 0.2% copper over 85.6m from DDH08-6 in the same area as drill hole NB93-08. As part of their program the company completed MMI geochemical and magnetic geophysical surveys.

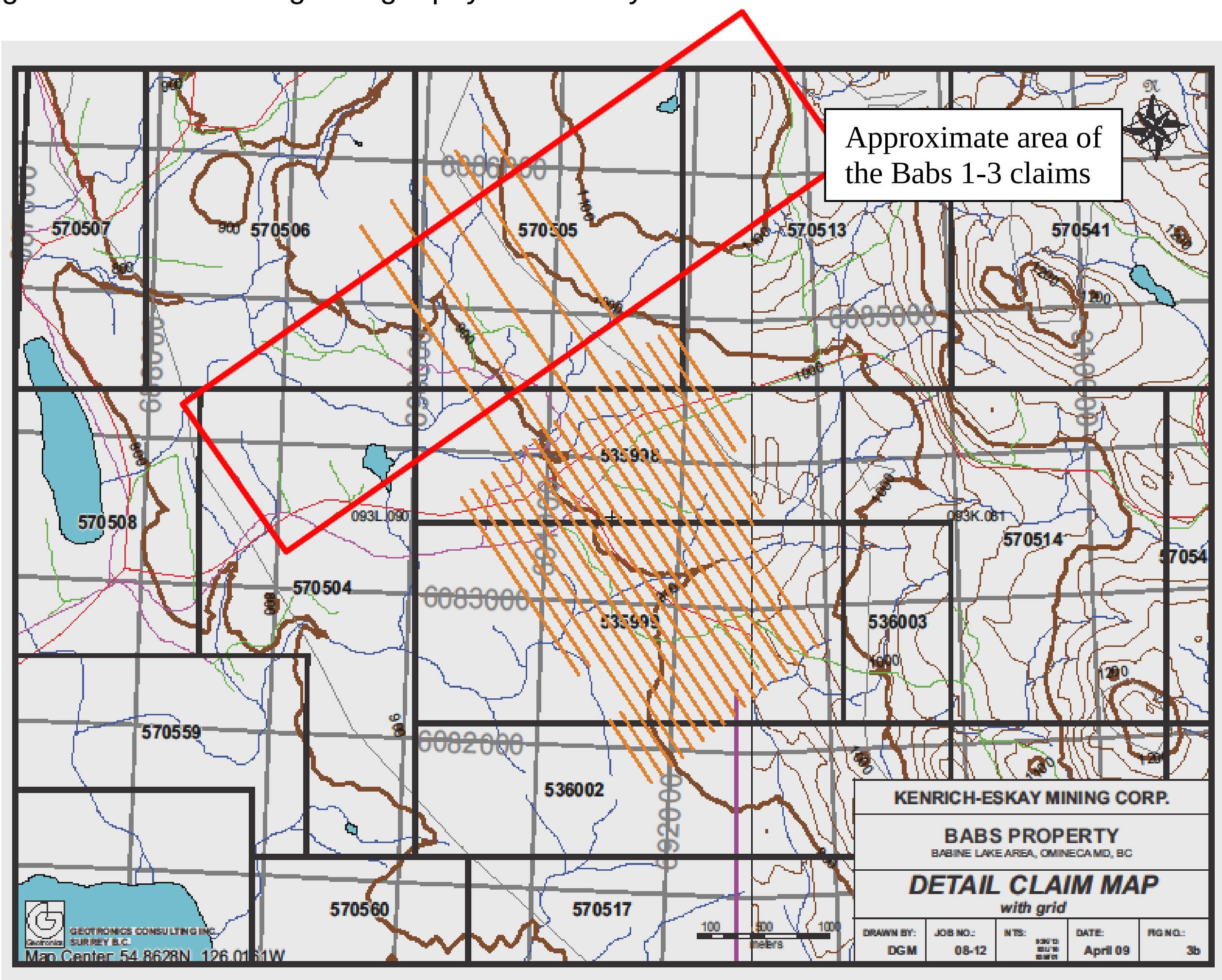

Figure 4: 2008 survey grid on the Babs property

The MMI survey outlined numerous anomalies. One target measuring 800m x 300-500m over the boulder field returned Response Ratios to >100 x background for copper, to >80 x background for gold and to >25 x background for silver and cerium. This anomaly is associated with a magnetic low area. A second area of interest was identified approximately 2500m up ice from the boulder field. Response Ratios of >10-25 x background for copper, gold, silver, zinc and cerium are associated with a 6500m long, northeast trending, 1st vertical derivative magnetic high anomaly as outlined by government airborne surveys.

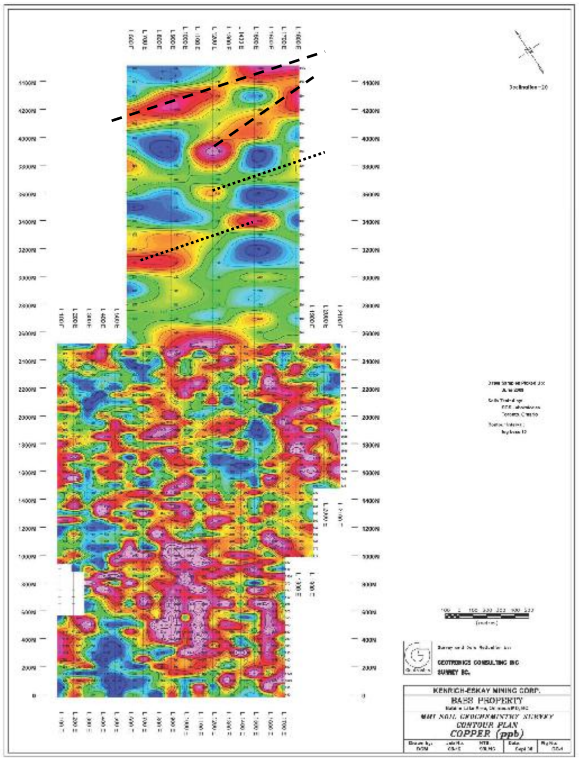

Figure 5: MMI copper (ppb)

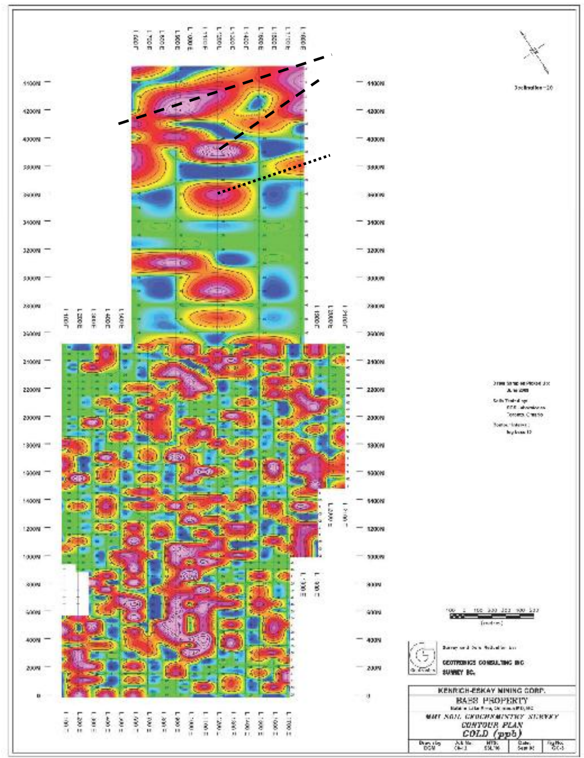

Figure 6: MMI gold (ppb)

The Kenrich, ground magnetic survey has outlined numerous north-south and east-west trending narrow magnetic high targets in the vicinity of the boulder field. The survey also shows a number of east-west trending linear magnetic high anomalies in the area up ice, now covered by the Babs 1-3 claims. The line spacing to the northeast is much wider, giving less detail to the surveyed area.

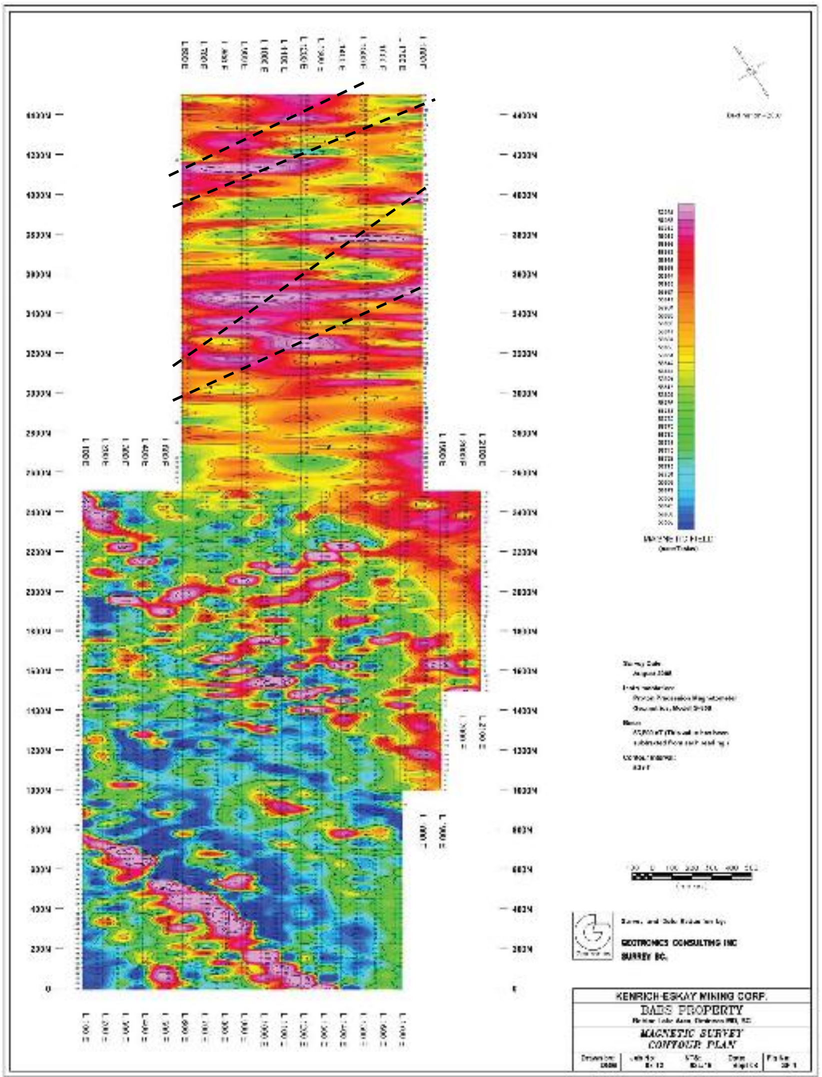

Figure 7: 2008 Ground Magnetic Survey

The author completed a review and interpretation of all public domain data including Regional Geochemical Survey (RGS) data to determine drainages containing anomalous elements commonly associated with porphyry copper-molybdenum deposits. An interpretation of the regional geophysical surveys, including Quest West geophysical and geochemical data, was completed to assess the claim area for magnetic electromagnetic and gravity anomalies. These interpretations were done in advance of exploration programs completed during the 2012 exploration season.

Review and Interpretation of Regional Geochemical Survey Data

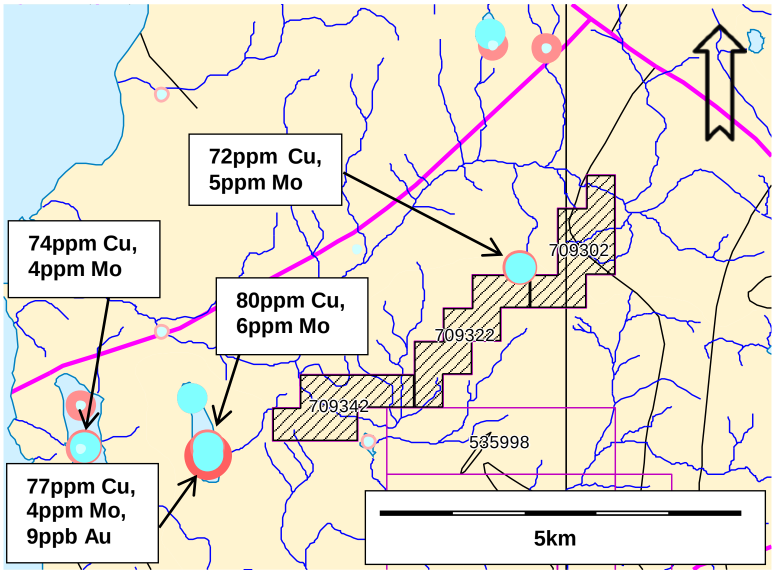

Figure 8: RGS anomalies showing base and precious metal enrichment

Review of RGS data show that lakes in the Babs 1-3 area are highly anomalous in base and precious metals. Samples collected near the southwestern end of the claims returned values of up to 80ppm copper, 6ppm molybdenum and 9ppb gold. The higher values were collected near a stream draining Babs 3 claim. A small lake immediately north of Babs 2 and west of Babs 1 returned values of 72ppm copper and 5ppm molybdenum. The small lake closest to Babine Lake also returned highly anomalous values of 74ppm copper and 4ppm molybdenum.

Review and Interpretation of Regional Magnetic Survey Data

The Babs 1-3 claims cover a 6500m long 1st vertical derivative mag high that trends northeast from near the shores of Babine Lake. The Babs Minfile showing, located roughly 2500m down ice to the southeast, consists of in excess of 150 angular BFP cobbles and boulders containing chalcopyrite and magnetite mineralization grading up to 1.5% copper and 1.3g/t gold. The boulder field has been located over an area of 150m x 800m and sits in a broad magnetic low area. A small northeast trending BFP dykelet has been located in a drainage ditch just north of a major haul road approximately 1000m from and paralleling the airborne magnetic high anomaly.

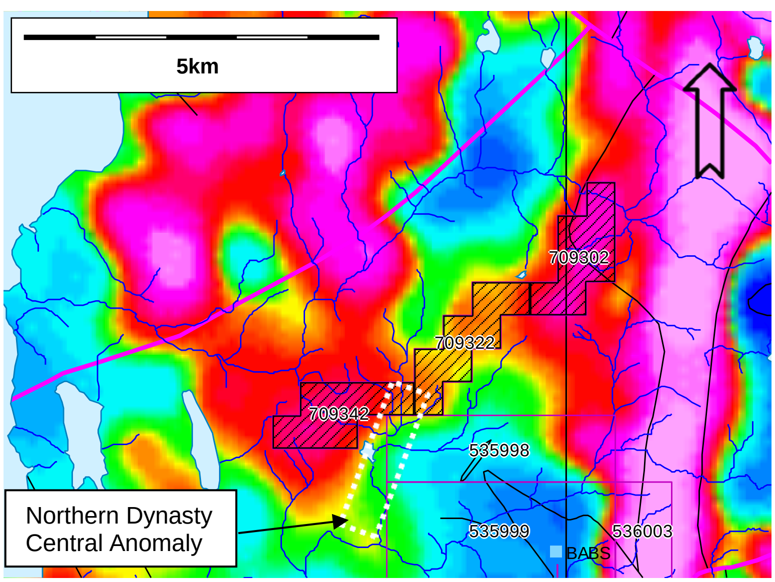

Figure 9: 1st Vertical Derivative Magnetic data

The central area of tenure 709322 shows a diminishing of the magnetic intensity which corresponds to the same general area that was found to be anomalous in copper, gold, silver, zinc and cerium in the 2008 MMI survey. This could be the result of alteration of the rocks which often lowers the magnetic characteristics. The Northern Dynasty "Central" anomaly lies slightly down ice from tenure 709342 and the southwestern end of the magnetic high anomaly. This B-horizon soil anomaly covering an area 1100m x 300m, with values up to 914ppm copper, would be transported down ice from source in a glacial till environment. Distance to source would be determined in part by the thickness of the glacial cover in the area.

Review and Interpretation of Quest West Airborne survey data

A review of the Quest West magnetic data revealed much the same anomaly as discussed above. A second data set from the Quest survey is of interest with respects to the Babs property. The 1st Vertical Derivative Gravity map reveals a small dense body immediately to the south of Natowite Lake and a second high density body a further 34km to the south. The Babs 1-3 claim group would lie between the two bodies in an area of gravity intensity similar to both the former Bell and Granisle mines.

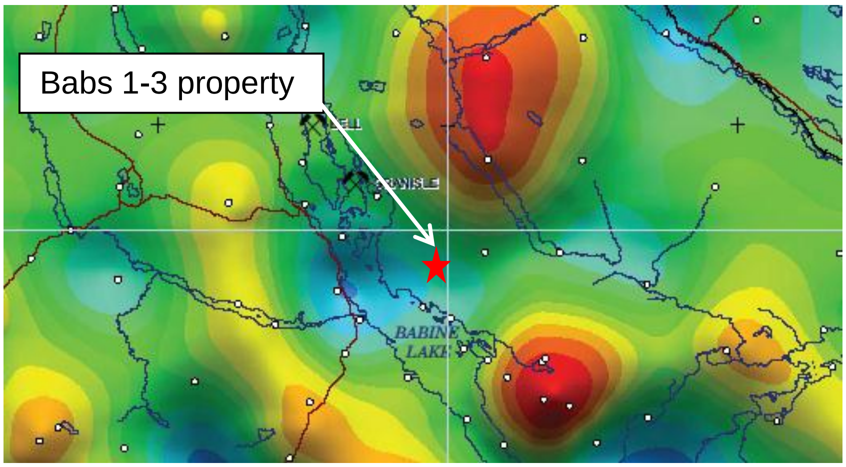

Figure 10: Quest West 1st Vertical Derivative Gravity data

Item 7: Geological Setting and Mineralization

7.1 Regional Geology

The project area lies on the northwest side of the Skeena Arch within the Intermontane tectonic belt of west-central B C. The Babine Lake area is underlain principally by Mesozoic layered rocks, the most widespread in this area being volcanic and sedimentary rocks of the Jurassic Hazelton and Bowser Lake Groups. These are intruded by plutonic rocks of various ages including lower Jurassic Topley intrusions, Omineca intrusions of early Cretaceous age, late Cretaceous rhyolite and granodiorite porphyrites and Babine intrusions of early Tertiary age. Deformation consists of moderate folding, transcurrent boundary faults, thrusting and normal faulting. Younger early Cretaceous Skeena Group undivided sedimentary rocks and subvolcanic rhyolite domes are preserved in a large cauldera setting roughly 24km in diameter that sits between the West Arm and Fisheries Arm of Babine Lake to the northwest of the property.

A very late structural event (possibly Eocene or later) has been noted by the author in an area that stretches from Takla Lake to the east to at least the Natlan Peak area on the west. This event is believed to be a fairly close spaced dextral shearing 800m-2km between shears with only 200-300m of right lateral offset. Evidence for this event was first noted with the Don showing, Minfile 093N 220, where a northeast-striking fault defines a 300m apparent dextral offset to the contact between the volcanic and eastern clastic units. A review of the regional 1st derivative magnetic data from MapPlace in the area of the Don showing shows a repeated dextral offset of 200-300m to a magnetic high anomaly that cuts across Takla Lake. This northeast trending late structural event is noted at many of the Minfile occurrences in the Babine and Takla Lake areas, including at the former Bell and Granisle mines and other more advanced showings in the area. In the Natlan Peak area, mineralization is hosted in northeast trending quartz veins at American Boy (Minfile 093M 047), Mohawk (Minfile 093M 051), Babine (Minfile 093M 116) and Ellen (Minfile 093M 123) and in quartz stockworks at Mt Thomlinson (093M 080). At the Ellen showing, veins and veinlets in granites occur in association with shear zones trending between 020° and 040°, dipping steeply 70° east to west. The mineralization is late in the evolution of the granitic complex, post-dating hornfelsing and post-dating the quartz-molybdenite mineralization. The mineralization process is multi-phased, **as** demonstrated by the distinctive banding of quartz and sulphides (Reid, 1985). This structural event is important in that it hosts high grade base metal mineralization as at the Granisle and Bell mines and is shown to carry significant precious metal values as at the Ellen showing and the Mohawk and American Boy past producing mines. At the Granisle pit, coarse-grained chalcopyrite is widespread, occurring principally in quartz filled fractures with preferred orientations of 035° to 060° and 300° to 330° with near vertical dips.

The best known style of mineralization in the Babine Lake area is porphyry copper mineralization associated with small stocks and dyke swarms of biotite feldspar porphyry of the Babine intrusions. Eocene aged BFP hosts annular porphyry copper deposits such as the Bell Mine (296 mT of 0.46% Cu and 0.2 gpt Au) , the Granisle Mine (119 mT of 0.41% Cu and 0.15 gpt Au) (Carter et al, 1995) and the Morrison Deposit (207 mT of 0.39% Cu and 0.20 gpt Au) (Simpson, 2007).

Copper molybdenum mineralization is also known to occur in late phases of the Topley intrusions and in late Cretaceous granodiorite porphyrites. Other deposit types include narrow veins with base and precious metal values which commonly occur marginal to porphyry deposits and disseminated copper mineralization in Hazelton Group volcanic rocks (Carter, 1985).

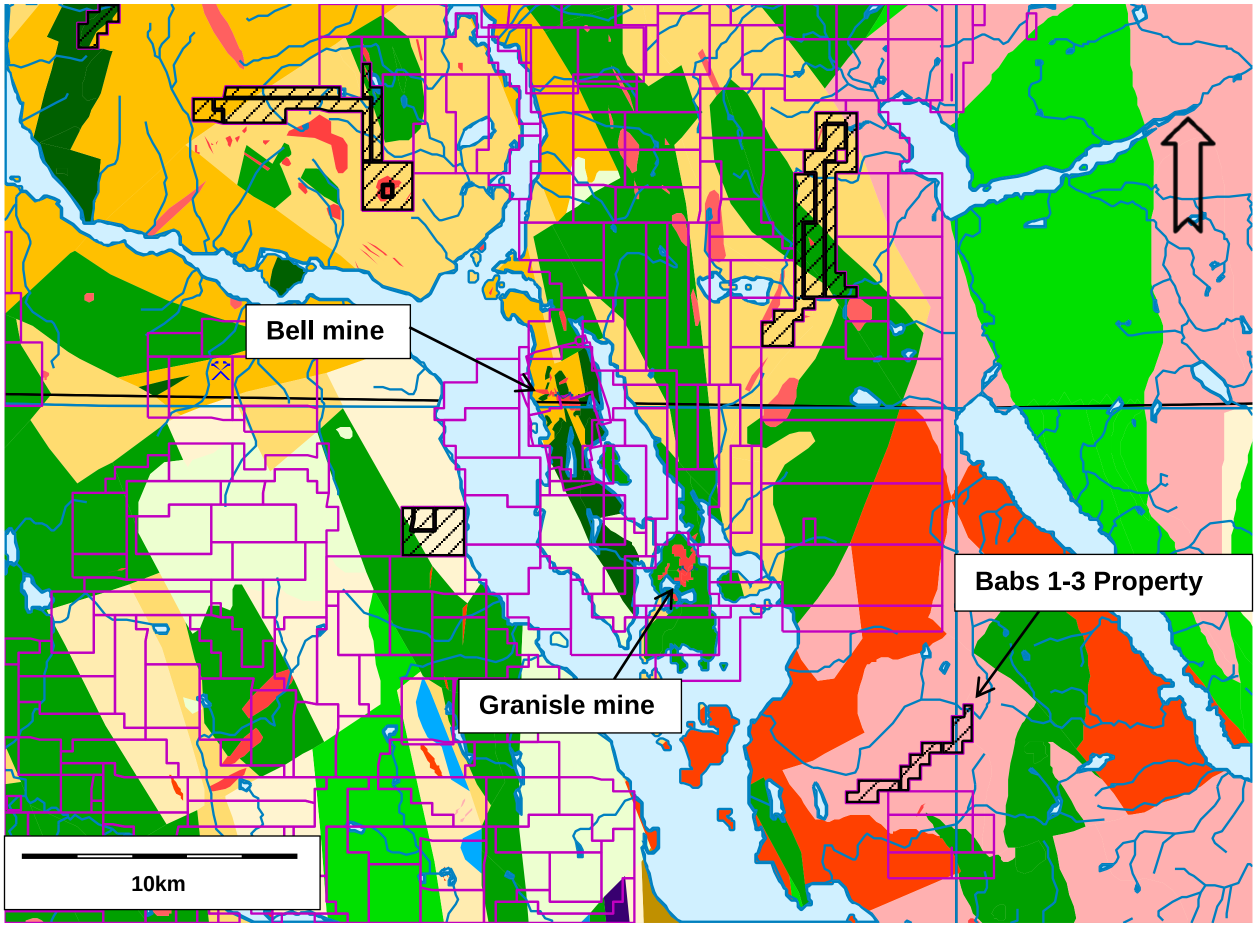

Figure 11: Regional Geology Map

Table 2

Geology Legend

Bounding Box: *North: 55.236 South: 54.903 West: -126.648 East: -125.878*

NTS Mapsheets: 093L, 093K, 093N, 093M

Eocene

Babine Plutonic Suite

	EBgd	**Biotite-Feldspar Porphyritic Phase:** granodioritic intrusive rocks
	EBqd	**Quartz Diorite to Granodiorite Phase:** quartz dioritic intrusive rocks

Nechako Plateau Group

	EON	**Newman Formation:** andesitic volcanic rocks
	EONva	**Newman Formation - Mafic Flows Member:** andesitic volcanic rocks
	EONvb	**Newman Formation - Porphyritic Flows Member:** basaltic volcanic rocks

	EEvl	**Endako Formation:** coarse volcaniclastic and pyroclastic volcanic rocks
	EONvl	**Newman Formation - Breccia Member:** coarse volcaniclastic and pyroclastic volcanic rocks

Late Cretaceous to Eocene

	LKdr	dioritic intrusive rocks

Late Cretaceous

Bulkley Plutonic Suite

	LKBdr	**Diorite Phase:** dioritic intrusive rocks

Early Cretaceous

	EKqm	**Wedge Mountain Stock:** quartz monzonitic to monzogranitic intrusive rocks

Skeena Group

	lKSRvk	**Rocky Ridge Formation - Subvolcanic Rhyolite Domes:** alkaline volcanic rocks
	lKSRvf	**Rocky Ridge Formation - Subvolcanic Rhyolite Domes:** rhyolite, felsic volcanic rocks
	lKS	undivided sedimentary rocks
	lKSKC	**Kitsuns Creek Formation:** undivided sedimentary rocks
	lKSRs	**Red Rose Formation:** undivided sedimentary rocks

Middle to Late Jurassic

Bowser Lake Group

	uJBAmst	**Ashman Formation:** argillite, greywacke, wacke, conglomerate turbidites
	uJBT	**Trout Creek Formation:** conglomerate, coarse clastic sedimentary rocks

Middle Jurassic

Hazelton Group

	mJHSms	**Smithers Formation:** marine sedimentary and volcanic rocks

Spike Peak Intrusive Suite

	MJSPgd	**Quartz Monzonite Phase:** granodioritic intrusive rocks
	MJSPsy	syenitic to monzonitic intrusive rocks

Early to Middle Jurassic

Hazelton Group

	lmJHSHva	**Saddle Hill Formation - Megacrystic Porphyry Member:** andesitic volcanic rocks
	lmJHSHvb	**Saddle Hill Formation - Mafic Submarine Volcanic Member:** basaltic volcanic rocks

	lmJHvl	coarse volcaniclastic and pyroclastic volcanic rocks
	lmJHSHcg	**Saddle Hill Formation - Volcaniclastic-Sedimentary Member:** conglomerate, coarse clastic sedimentary rocks
	lmJHSHvf	**Saddle Hill Formation - Subvolcanic Rhyolite Domes:** rhyolite, felsic volcanic rocks
	lmJHSH	**Saddle Hill Formation:** undivided volcanic rocks
	lmJHSHvc	**Saddle Hill Formation - Intermediate Volcanic Member:** volcaniclastic rocks

Spike Peak Intrusive Suite

	EMJSPd	dioritic intrusive rocks
	EMJSPgd	granodioritic intrusive rocks

Early Jurassic

Hazelton Group

	lJH	andesitic volcanic rocks
	lJHT	**Telkwa Formation - Felsic to Intermediate Volcanic Member:** andesitic volcanic rocks
	lJHNk	**Nilkitkwa Formation:** argillite, greywacke, wacke, conglomerate turbidites
	lJHT	**Telkwa Formation - Mafic Volcanic Member:** basaltic volcanic rocks

Lower Jurassic

	lJHNk	**Nilkitkwa Formation:** undivided sedimentary rocks

Late Triassic to Early Jurassic

	uTrJcg	conglomerate, coarse clastic sedimentary rocks

Topley Intrusive Suite

	LTrJTpT	**Tochcha Lake Stock:** dioritic intrusive rocks
	EJTpfp	**Megacrystic Porphyry Dykes:** feldspar porphyritic intrusive rocks
	LTrJTpgd	**Granodiorite to Monzonite Phase:** granodioritic intrusive rocks
	EJTpgd	**Porphyritic Phase:** granodioritic intrusive rocks

Late Triassic

Takla Group

	uTrTva	andesitic volcanic rocks
	uTrTM	**Moosevale Formation:** argillite, greywacke, wacke, conglomerate turbidites
	uTrTvb	basaltic volcanic rocks
	uTrTSm	**Savage Mountain Formation:** basaltic volcanic rocks

	uTrTvl	coarse volcaniclastic and pyroclastic volcanic rocks
	uTrTv	undivided volcanic rocks

Early Permian

Asitka Group

	PAls	limestone, marble, calcareous sedimentary rocks

7.2 Property Geology

The Babs 1-3 claims are underlain by Mid-Jurassic Spike Peak Intrusive Suite Quartz Monzonite Phase-granodioritic intrusive rocks. The Spike Peak rocks have been isotopic ages between 179 to 166 Ma compared to the visually similar Late Triassic to Early Jurassic Topley intrusions with U/Pb isotopic age dates at between 218 and 193 Ma. A few hundred metres south of the property boundary, a small northeast-trending dikelet of dark-grey biotite-feldspar-porphyry was found cutting pink, pyritic, monzonite in a small drainage ditch near the junction of the Nose Bay and Pats haulage roads. East-northeast faults have been mapped both north and south of the Property.

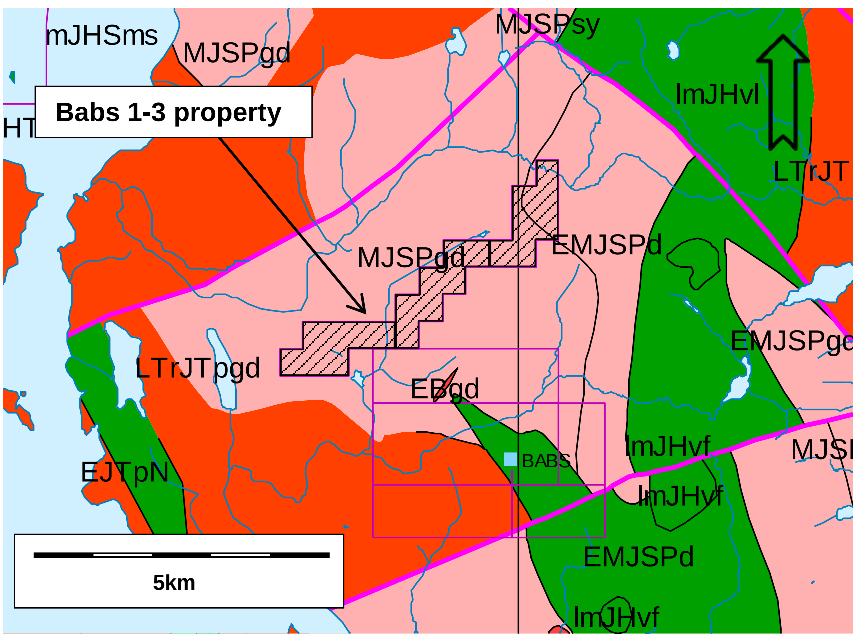

Figure 12: Property Geology Map

Item 8: Deposit Types

The most important mineral occurrences in the area of the Property are porphyry copper-molybdenite-gold deposits associated with the Late Cretaceous Bulkley intrusions and the Eocene Babine intrusions. There is also epithermal or high sulphidation VMS potential with silver-lead- zinc mineralization similar to that at the Fireweed prospect in Skeena Group rocks. Potential also exists for Besshi-type massive sulphides, volcanic redbed copper deposits, polymetallic veins with silver-lead-zinc and possibly gold, and intrusion related gold-pyrrhotite deposits. The most important focus for exploration on the Property is for calc-alkaline porphyry copper-molybdenum-gold deposits.

8.1 Calc-Alkaline Porphyry Copper-Gold Deposits

According to Panteleyev (1995), Volcanic-type calc-alkaline porphyry copper-gold deposits are characterized by stockworks of quartz veinlets and veins, closely spaced fractures, disseminations and breccias, containing pyrite and chalcopyrite with lesser molybdenite, bornite and magnetite, occurring in large zones of economically bulk mineable mineralization, in or adjoining porphyritic stocks, dikes and related breccia bodies. Intrusions compositions range from calc-alkaline quartz diorite to granodiorite and quartz monzonite. Commonly there are multiple emplacements of successive intrusive phases and a wide variety of breccias.

The mineralization is spatially, temporally and genetically associated with hydrothermal alteration of the host rock intrusions and wallrocks. Propylitic alteration is widespread and generally flanks early, centrally located potassic alteration which is commonly well mineralized. Younger mineralized phyllic alteration commonly overprints the early mineralization. Barren advanced argillic alteration is rarely present as a late, high-level hydrothermal carapace.

Ore controls include igneous contacts, both internal between intrusive phases, and external with wallrocks; dike swarms, breccias, and zones of most intense fracturing, notably where there are intersecting multiple mineralized fracture sets.

Porphyry Cu-Au deposits have been the major source of copper for British Columbia, and a significant source of gold. Median values for 40 B.C. deposits with reported reserves are: 115 Mt with 0.37 % Cu, 0.01 % Mo, 0.3g /t Au and 1.3 g/t Ag.

8.1.1 Babine Lake District Porphyry Copper-Gold Deposits

Common features shared by porphyry copper-gold deposits in the Babine Lake district include (Carter et al, 1995) porphyritic host lithology, concentric alteration, pyrite halo, polymetallic peripheral veins and coincident north to northwest trending regional faults.

Associated biotite-feldspar, hornblende-feldspar, or feldspar porphyry plugs and dikes are commonly less than one square kilometre. They are ubiquitously mineralized with magnetite. The cores of the deposits show a potassic alteration that is dominated by biotite, and commonly contains magnetite. Annular phyllic (quartz-sericite-pyrite) alteration surrounds the core sections. Pyrite halos surrounding deposits are up to 300 metres wide.

Mineralization is principally chalcopyrite and pyrite, with lesser bornite, and possibly molybdenite, occurring as disseminations, fracture coatings and in fine stockworks of quartz.

Exploration guides (Carter et al, 1995) are summarized:

1. Ubiquitous magnetite in the host intrusive, and common magnetite in the central potassic alteration zone make an excellent target for magnetic surveys.
2. Pyrite halos provide a broad target for which induced polarization (IP) technique is very effective.

3. Copper signature in soil samples ranges from 100ppm to 500ppm for individual deposits.
4. Zinc signature in soils is effective in detecting the outer margin of the pyrite halo.
5. Target grades for economic deposits are 0.45% Cu and 0.23 g/t Au.

Panteleyev (1995) indicates that central zones with Cu commonly have coincident Mo, Au and Ag with possibly Bi, W, B and Sr anomalies. Peripheral enrichment in Pb, Zn, Mn, V, Sb, As, Se, Te, Co, Ba, Rb and possibly Hg is documented.

Item 9: Exploration

9.1 Current Exploration Program

The 2012 exploration on the Babs 1-3 claims consisted of a number of day-trips into the area to prospect and sample available bedrock. Much of the claim area is covered by glacial till of undetermined thickness. Bedrock exists at higher elevations and where exposed by road construction associated with historic and more recent logging activities. Particular attention was paid to an area to the northeastern end of the claim group where previous sampling had reported a “gold kick” in intrusive rocks. The rocks in the area consisted of primarily coarse-crystalline hornblende-biotite granodiorite with 1-2% pyrite and trace chalcopyrite (?).Where sulphide mineralization was encountered in outcrop, a representative sample was collected for analysis. GPS locations were recorded for each sample site.

Results of the rock sampling were generally disappointing with low values being reported for both base and precious metals. Of interest are samples 45224 and 042456 which reported 5ppm and 2ppm gold respectively in the 1D01 - Aqua Regia digestion ICP-ES analysis but <0.005ppm in the G601 - Fire Assay Fusion analysis. Contamination from the laboratory is unlikely as all of the other samples in the batch returned results of <2ppm and <0.005ppm from both analytical techniques. The only other explanation is that the samples contained nuggety gold which was not detected in subsequent analyses. Sample descriptions are contained in Table 3 below.

Table 3: Rock Sample Descriptions.

Sample #	GPS Easting	GPS Northing	Sample Type	Sample description
45224	690749	6085683	grab	salmon pink, medium crystalline, Toply ? intrusive. tr.-1% disseminated Py.
45225	690825	6085946	grab	light-brown to salmon-pink, finer phase of Toply ? intrusive. tr.-1% Py
45226	691949	6085886	grab	feldspar porphyry - light-brown groundmass with salmon-pink feldspars. 1% disseminated Py, tr. Cpy ?
45227	691269	6085637	grab	medium crystalline biotite-feldspar porphyry
45231	691867	6085809	grab	weakly foliated coarse crystalline Toply intrusive. tr-1% disseminated Py.
45232	691921	6085886	grab	light-brown finer phase of the Toply intrusive. 2-3% disseminated Py.
042454	690633	6085428	grab	biotite-feldspar porphyry

042455	692169	6087547	grabs/2m	salmon-pink, finer phase of Toply (Spike Creek?) intrusive. 1% Py, tr. Cpy, Aspy
042456	692173	6087529	grabs/2m	Coarse crystalline hornblende-biotite granodiorite. 2% Py, tr Cpy
042457	692178	6087522	grabs/2m	Coarse crystalline hornblende-biotite granodiorite. 2% Py, tr Cpy. Tr. slickensides noted on some faces.
042458	692198	6087507	grabs/15m	Coarse crystalline hornblende-biotite granodiorite. 2% Py, tr Cpy
042459	692236	6087452	grabs/1m	Highly fractured and rusty fine grained hornblende-biotite granodiorite. 1% Py

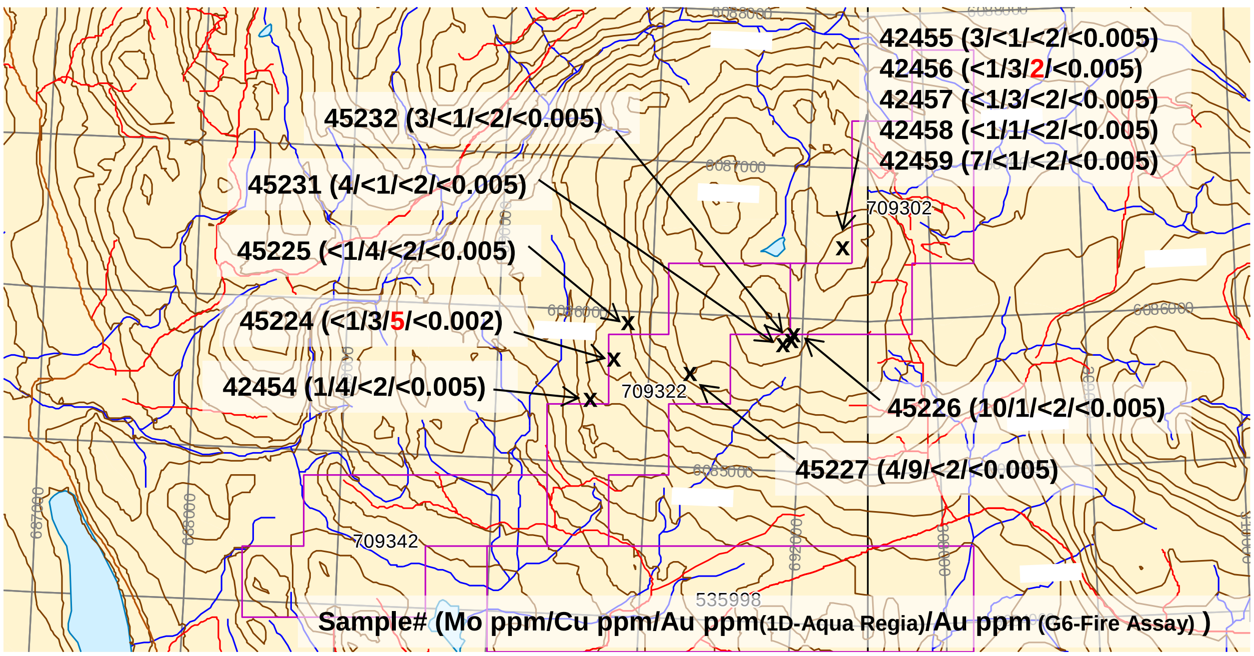

Figure 13: Rock Sample Location map

9.2 Geochemical (humus) test program

One extended trip was made to the claim group to conduct a test humus geochemical survey to see if humus sampling would confirm earlier MMI anomalies in the area. Two 1km long lines were completed across the northeast trending magnetic anomaly, one across the area identified by MMI sampling and the second across the possible source of Northern Dynasty's B-horizon "Central Anomaly". Both lines were sampled from the northwest to the southeast with 100m sample spacing.

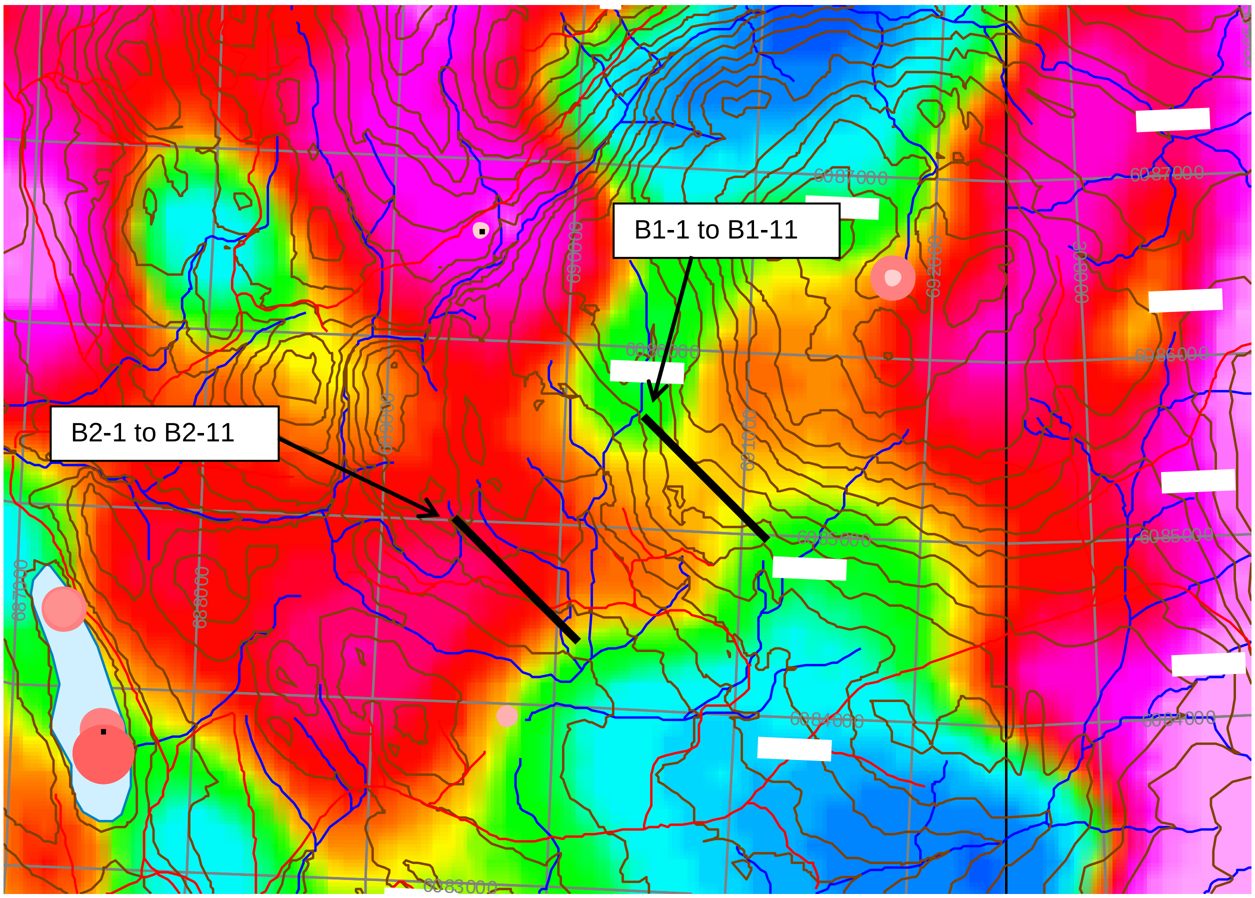

Figure 14: Geochemical Survey Map

Results from the humus geochemical sampling confirmed the presence of anomalous copper, molybdenum and other indicator elements as previously discovered in historic B-horizon soil surveys and in the 2008 MMI survey. Values ranged as high as 100ppm Cu, 5.7ppm Mo, 17.6ppm Pb, 270ppm Zn and 0.9ppm Ag. Multi-element anomalies were revealed over widths up to 300m in the suspected source area of the Northern Dynasty "Central anomaly". In the area covered by the 2008 MMI survey, strongly anomalous results in copper, molybdenum, lead, zinc and silver were returned. It is suspected that the anomalies are related to the northeast trending magnetic anomaly, but additional sampling is required to better define the anomalous areas.

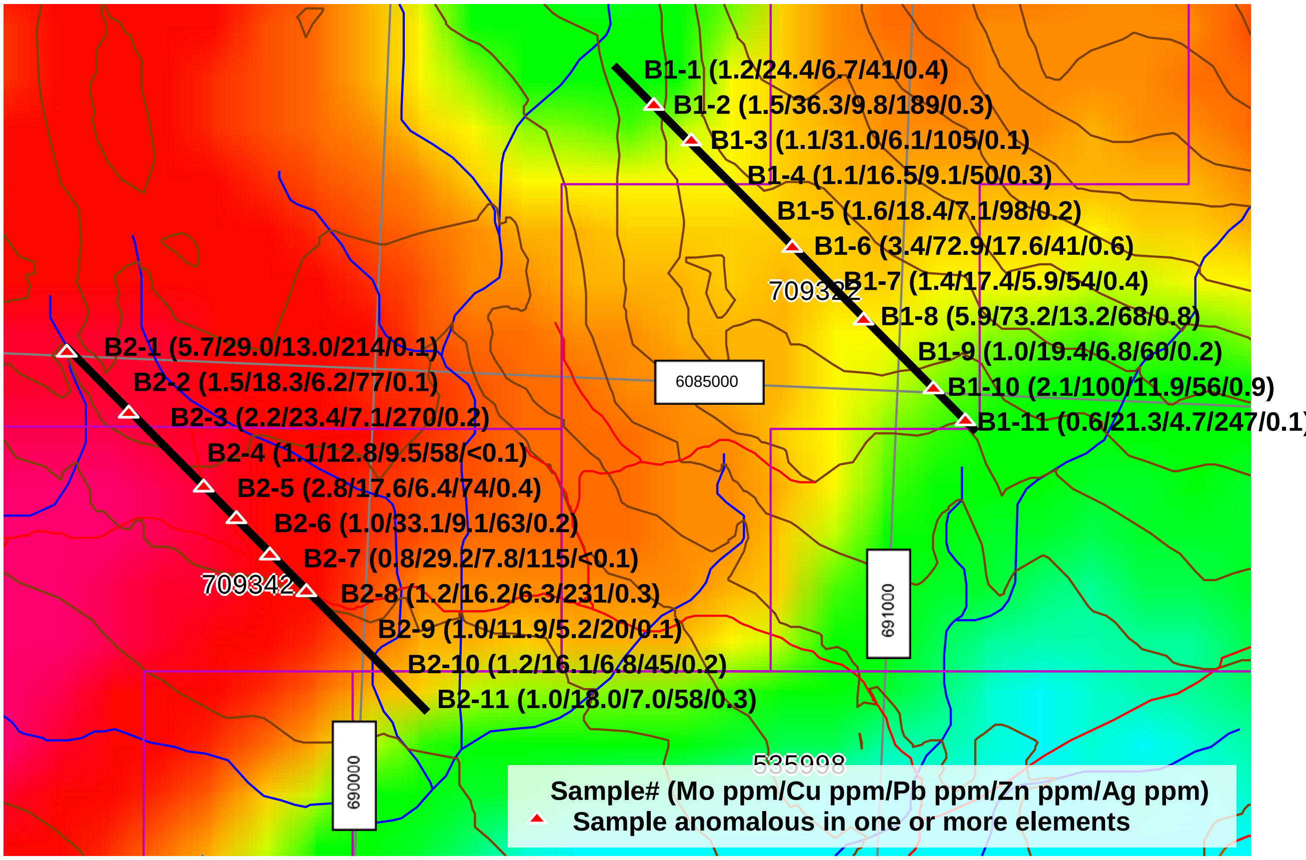

Figure 15: Humus Results

The test lines indicate that humus Ah sampling is a valid geochemical survey technique to use in the glacial till environment covering the Babs property. No work has been completed to test the humus anomalies to date and it is unknown if a mineralized bedrock source is present beneath the anomalies or the grade of any mineralization that may exist.

Item 10: Drilling

No drilling was completed as part of the exploration program.

Item 11: Sample Preparation, Analyses and Security

All rock samples collected were placed in clean 12x20 poly bags with a sample tag and tied closed with flagging tape. Humus samples were collected and placed in clean plastic sample bags. A large sample was collected to ensure enough material was available for analysis.

The samples were transported to Francois Lake where they were placed into a woven rice bag and sealed with a zip tie. Humus and rock samples were transported to Victoria, BC prior to being shipped to the ACME Analytical facilities in Vancouver, B.C. Rocks were prepared using R200-250 methods where the sample was crushed to 80% passing 10 mesh. A 250g sub-sample was split and pulverized to 85% passing 200 mesh.

Humus samples were prepared using the SS80 code whereby the samples were dried at 60°C and then sieved to -80 mesh prior to analyses by ultra-trace multi-element chemistry by ICP and ICP-MS methods (1DX1). Gold analyses were determined by fire assay (G601) using a 30g sample. A description of analytical techniques and detection limits can be found in Appendix B.

Item 12: Data Verification

No data verification was completed as part of the exploration program.

Item 13: Mineral Processing and Metallurgical Testing

No mineral processing or metallurgical testing was completed as part of the exploration program.

Item 14: Mineral Resource Estimates

No mineral resource estimates were completed as part of the exploration program

Item 15: Adjacent Properties

Porphyry copper-gold deposits and occurrences in the Babine district, located approximately 9km to the southwest, described below, serve as analogues to the exploration model applied to the Property. The table below lists resources and production from major deposits in the district. The values from Bell and Granisle pre-date NI 43-101 reporting standards and should not be considered reliable. They are included as geological information only.

Table 4: Resources and Production of major Babine Porphyry Deposits

Property	Mineral Resource			Mined			Reference	Category
	Million Tonnes	Cu %	Au g/t	Million Tonnes	Cu %	Au g/t		
Bell	296	0.46	0.20	77.2	0.47	0.26	Carter et al, 1995	non NI 43-101 compliant
Granisle	119	0.41	0.15	52.7	0.47	0.20	Carter et al, 1995	non NI 43-101 compliant
Morrison	207	0.39	0.2				Simpson, 2007	measured+ indicated
Hearne Hill	0.14	1.73	0.8				Simpson, 2008	indicated

The author has been unable to verify the information on mineral occurrences and deposits detailed below. Mineralization style and metal grades described are not necessarily representative of mineralization that may exist on the subject Property, and are included for geological illustration only. The mine and mineral occurrence descriptions described as follows are modified after the BC MINFILE occurrence descriptions and BC ARIS assessment report files.

15.1 Bell Copper Mine (Minfile 093M 01, rev. McMillan, 1991)

The Bell mine is a porphyry copper deposit hosted primarily in a biotite-feldspar porphyry (BFP) stock of the Eocene Babine Intrusions. The stock is crosscut by the northwest trending Newman fault which juxtaposes the two groups that host the intrusion. These groups are the Lower Jurassic Telkwa Formation (Hazelton Group) and the Lower Cretaceous Skeena Group. Telkwa Formation rocks are primarily fine grained tuffs and andesites and the younger Skeena Group rocks are mostly fine grained greywackes. The deposit overlaps onto both of these assemblages. The mineralization has been dated at 51.0 million years (Bulletin 64).

Chalcopyrite and lesser bornite occur as disseminations in the rock matrix, in irregular quartz lenses and in a stockwork of 3 to 6- millimetre quartz veinlets which cut the feldspar porphyries and the siltstones. Molybdenite is rare, and occurs in the feldspar porphyry in the northern part of the mineralized zone. Gold occurs as electrum associated with the copper mineralization. Specular hematite and magnetite are common in quartz veinlets and hairline fractures. There is also significant supergene enrichment with chalcocite coating chalcopyrite. A supergene chalcocite zone capped the deposit and extended to depths of 50 to 70 metres. Some gypsum together with copper-iron sulphate minerals and iron oxides were also present (Open File 1991-15).

The ore zone has pervasive potassic (mainly biotitization) alteration with a surrounding concentric halo of chlorite and sericite-carbonate alteration (propylitic and argillic) which corresponds to the two kilometre pyrite halo which surrounds the deposit. A late quartz-sericite-pyrite-chalcopyrite alteration has been superimposed on part of the earlier biotite-chalcopyrite ore at the western part of the ore body. A number of late-stage breccia pipes cut the central part of the ore zone near the Newman fault and alteration associated with their intrusion has apparently depleted the copper grades in the area of the pipes. Veinlets of gypsum are present in the upper part of the ore body. Anhydrite is a significant component in the biotite chalcopyrite zone but is not present in other alteration facies. Monomineralic veinlets of anhydrite are rare (Open File 1991-15).

The copper mineralization occurs in a crescent-shaped zone along the western contact of the porphyry plug. Better grades of copper mineralization are contained in a 60 by 90-metre thick flat-lying, blanket-like deposit which is connected to a central pipe-like zone, centred on the western contact of the intrusive. The pipe-like zone of copper mineralization is 150 metres in diameter and extends to a depth of at least 750 metres.

Reserves in the open pit and in the Extension zone were (in 1990) 71,752,960 tonnes grading 0.23 gram per tonne gold, 0.46 per cent copper and 0.48 gram per tonne silver (Noranda Inc. Annual Report 1990).

15.2 Granisle Mine (Minfile 093L 146, rev. Duffett, 1987)

MacDonald Island is underlain by Lower-Middle Jurassic Telkwa Formation (Hazelton Group) volcanics comprised of green to purple waterlain andesite tuffs and breccias with minor intercalated chert pebble conglomerates in the central and eastern part of the island. These rocks strike northerly and dip at moderate angles to the west and are overlain in the western part of the island by massive and amygdaloidal andesitic flows and thin bedded shales.

Copper mineralization at the Granisle mine is associated with a series of Eocene Babine Intrusions which occur in the central part of the island. The oldest is an elliptical plug of dark grey quartz diorite approximately 300 by 500 metres in plan. The most important intrusions are biotite-feldspar porphyries of several distinct phases which overlap the period of mineralization. The largest and oldest is a wide north easterly trending dike which is intrusive into the western edge of the quartz diorite pluton. The contact is near vertical and several small porphyry dikes radiate from the main dike. Several of the phases of the porphyry intrusions are recognized within the pit area. Potassium-argon age determinations on four biotite samples collected in and near the Granisle ore body yielded the mean age of 51.2 Ma plus or minus 2 Ma (Minister of Mines Annual Report 1971).

The wide porphyry dike which strikes northeast is bounded by two parallel northwest striking block faults. The westernmost crosses the island south of the mine and the eastern fault extends along the channel separating the island from the east shore of Babine Lake.

An oval zone of potassic alteration is coincident with the ore zone. The main alteration product is secondary biotite. This potassic alteration zone is gradational outward to a quartz-sericite- carbonate-pyrite zone which is roughly coaxial with the ore zone. Within this zone, the intrusive and volcanic rocks are weathered to a uniform buff colour with abundant fine-grained quartz. Mafic minerals are altered to sericite and carbonate with plagioclase clouded by sericite. Pyrite occurs as disseminations or as fracture-fillings. Beyond the pyrite halo, varying degrees of propylitic alteration occurs in the volcanics with chlorite, carbonate and epidote in the matrix and carbonate-pyrite in fractured zones. Clay mineral alteration is confined to narrow gouge in the fault zones.

The principal minerals within the ore zone are chalcopyrite, bornite and pyrite. Coarse-grained chalcopyrite is widespread, occurring principally in quartz-filled fractures with preferred orientations of 035 to 060 degrees and 300 to 330 degrees with near vertical dips. Bornite is widespread in the southern half of the ore zone with veins up to 0.3 metres wide hosting coarse-grained bornite, chalcopyrite, quartz, biotite and apatite.

Gold and silver are recovered from the copper concentrates. Molybdenite occurs within the ore zone, most commonly in drusy quartz veinlets which appear to be later than the main stage of mineralization. Magnetite and specularite are common in the north half of the ore zone where they occur in fractures with chalcopyrite and pyrite. Pyrite occurs in greatest concentrations peripheral to the orebody as blebs, stringers and disseminations.

Mining at Granisle was suspended in mid-1982. Production from 1966 to 1982 totalled 52,273,151 tonnes yielding 69,752,525 grams of silver, 6,832,716 grams of gold, 214,299,455 kilograms of copper and 6,582 kilograms molybdenum.

Unclassified reserves are 14,163,459 tonnes grading 0.442 per cent copper (Noranda Mines Ltd. Annual Report 1984).

Remaining in situ reserves, as modelled in 1992 using a 0.30 per cent copper cutoff, are estimated to be 119 million tonnes grading 0.41 per cent copper and 0.15 grams per tonne gold (CIM Special Volume 46, page 254).

15.3 Morrison–Hearne Hill Project (From Simpson, 2007)
The Morrison deposit is a calc-alkaline copper-gold porphyry hosted by a multi-phase Eocene intrusive body intruding Middle to Upper Jurassic Ashman Formation siltstones and greywackes. Copper-gold mineralization consists primarily of chalcopyrite and minor bornite concentrated in a central zone of potassic alteration. A pyrite halo is developed in the chlorite-carbonate altered wall rock surrounding the copper zone.

Sulphide mineralization at Morrison shows strong spatial relationships with the underlying biotite-feldspar porphyry (BFP) plug and associated alteration zones. The central copper-rich core is hosted mainly within a potassically altered BFP plug with intercalations of older siltstone. This plug was initially intruded into the siltstone unit as a near-vertical sub-circular intrusion approximately 700 m in diameter. It was subsequently disrupted by the East and West faults and now forms an elongated body extending some 1500 metres in the northwest direction.

Chalcopyrite is the primary copper-bearing mineral and is distributed as fine grained disseminations in the BFP and siltstone, as fracture coatings or in stockworks of quartz. Minor bornite occurs within the higher grade copper zones as disseminations and associated with the quartz-sulphide stockwork style of mineralization.

Alteration is concentrically zoned with a central biotite (potassic) alteration core surrounded by a chlorite-carbonate zone. No well-developed phyllic zone has been identified.

Hearne Hill deposit lies two kilometres southeast of Morrison. The Hearne Hill Property has been extensively explored, and a comparatively small but high grade copper-gold resource has been defined in two breccia pipes within a larger porphyry system.

15.4 Wolf (Minfile 093M 008, rev. McMillan, 1991)
The Wolf prospect is located on the west side of Morrison Lake, The Wolf area has been explored since 1965 when it was staked as the Bee claims.

A granodiorite stock containing phases of quartz monzonite and hornblende biotite feldspar porphyry of the Eocene Babine Intrusions cuts grey, locally graphitic siltstones of the Middle to Upper Jurassic Ashman Formation (Bowser Lake Group). A north-northwest trending block fault separates Ashman Formation rocks from volcaniclastic sandstones and tuffs of the Jurassic Smithers Formation (Hazelton Group) on the east side of the property. The Newman fault, associated with mineralization in the area, occurs just to the northeast of the claims parallel to the baseline.

At least nine copper occurrences, hosted in quartz monzonite, have been documented. Chalcopyrite occurs as disseminations and as grains and films on fracture surfaces and is occasionally accompanied by molybdenite. Minor malachite and iron-oxides have been noted.

A drill hole in biotite feldspar porphyry intersected 1.2 metres grading 4.2 per cent copper (Assessment Report 8779).

15.5 Fireweed (Minfile 093M 151, rev. Payie, 2009)

The Fireweed occurrence is located on the south side of Babine Lake, approximately 54 kilometres northeast of Smithers. In the occurrence area, Upper Cretaceous marine to non-marine clastic sediments, of Skeena group are found adjacent to volcanic rocks of the Rocky Ridge Formation. Interbedded mudstones, siltstones and sandstones of a thick deltaic sequence, appear to underlie much of the area and were originally thought to belong to the Kisum Formation of the Lower Cretaceous Skeena Group. They are now assigned to the Red Rose Formation. The sediments commonly strike 070 to 080 degrees and dip sub-vertically. Locally the strike varies to 020-030 degrees at the discovery outcrop, the MN showing. Several diamond-drill holes have intersected sills of strongly altered feldspar porphyritic latite.

Skeena Group sediments are dominantly encountered in diamond drilling. The sediments are dark and medium to light grey and vary from mudstone and siltstone to fine and coarse-grained sandstone. Bedding can be massive, of variable thickness, changing gradually or abruptly to finely laminated. Bedding features such as rip-up clasts, load casts and cross-bedding are common. The beds are cut by numerous faults, many of them strongly graphitic. Drilling indicates Skeena Group sediments are in fault contact with Hazelton Group volcanic rocks. Strongly sericitized and carbonatized latite dikes cut the sediments.

Mineralization generally occurs in one of three forms: 1) breccia zones are fractured or brecciated sediments infilled with fine to coarse-grained massive pyrite-pyrrhotite and lesser amounts of sphalerite, chalcopyrite and galena 2) disseminated sulphides occur as fine to very fine grains which are lithologically controlled within coarser grained sandstones, pyrite, marcasite, sphalerite, galena and minor tetrahedrite are usually found interstitial to the sand grains and 3) massive sulphides, which are finegrained, commonly banded, containing rounded quartz-eyes and fine sedimentary fragments, occur as distinct bands within fine-grained sediments. The massive sulphides generally contain alternating bands of pyrite/ pyrrhotite and sphalerite/galena. They are associated with the breccia zones and are commonly sandwiched between altered quartz latite dikes.

Alteration in the sediments occurs in the groundmass and appears associated with the porous, coarse sandstones. Common secondary minerals are quartz, ankerite, sericite, chlorite and kaolinite.

Three main zones have been identified by geophysics (magnetics, induced polarization) and are named the West, East and South zones. Three other zones identified are the 1600, 3200 and Jan zones.

15.6 Equity Silver (Minfile 093L 001, rev. Robinson, 2009)

Silver, copper and gold were produced from the Equity Silver deposit, located 150km to the southeast of the Property.

The mineral deposits are located within an erosional window of uplifted Cretaceous age sedimentary, pyroclastic and volcanic rocks near the midpoint of the Buck Creek Basin. Strata within the inlier strike 015 degrees with 45 degree west dips and are in part correlative with the Lower-Upper Skeena(?) Group. Three major stratigraphic units have been recognized. A lower clastic division is composed of basal conglomerate, chert pebble conglomerate and argillite. A middle pyroclastic division consists of a heterogeneous sequence of tuff, breccia and reworked pyroclastic debris. This division hosts the main mineral deposits. An upper sedimentary-volcanic division consists of tuff, sandstone and conglomerate. The inlier is flanked by flat-lying to shallow dipping Eocene andesitic to basaltic flows and flow breccias of the Francois Lake Group (Goosly Lake and Buck Creek formations).

Intruding the inlier is a small granitic intrusive (57.2 Ma) on the west side, and Eocene Goosly Intrusions gabbro-monzonite (48 Ma) on the east side.

The chief sulphides at the Equity Silver mine are pyrite, chalcopyrite, pyrrhotite and tetrahedrite with minor amounts of galena, sphalerite, argentite, minor pyrargyrite and other silver sulphosalts. These are accompanied by advanced argillic alteration clay minerals, chlorite, specularite and locally sericite, pyrophyllite, andalusite, tourmaline and minor amounts of scorzalite, corundum and dumortierite. The three known zones of significant mineralization are referred to as the Main zone, the Southern Tail zone and the more recently discovered Waterline zone. The ore mineralization is generally restricted to tabular fracture zones roughly paralleling stratigraphy and occurs predominantly as veins and disseminations with massive, coarse-grained sulphide replacement bodies present as local patches in the Main zone. Main zone ores are fine-grained and generally occur as disseminations with a lesser abundance of veins. Southern Tail ores are coarse-grained and occur predominantly as veins with only local disseminated sulphides. The Main zone has a thickness of 60 to 120 metres while the Southern Tail zone is approximately 30 metres thick. An advanced argillic alteration suite includes andalusite, corundum, pyrite, quartz, tourmaline and scorzalite. Other zones of mineralization include a zone of copper-molybdenum mineralization in a quartz stockwork in and adjacent to the quartz monzonite stock and a large zone of tourmaline-pyrite breccia located to the west and northwest of the Main zone.

Alteration assemblages in the Goosly sequence are characterized by minerals rich in alumina, boron and phosphorous, and show a systematic spatial relationship to areas of mineral deposits. Aluminous alteration is characterized by a suite of aluminous minerals including andalusite, corundum, pyrophyllite and scorzalite. Boron-bearing minerals consisting of tourmaline and dumortierite occur within the ore zones in the hanging wall section of the Goosly sequence. Phosphorous-bearing minerals including scorzalite, apatite, augelite and svanbergite occur in the hanging wall zone, immediately above and intimately associated with sulphide minerals in the Main and Waterline zones. Argillic alteration is characterized by weak to pervasive sericite-quartz replacement. It appears to envelope zones of intense fracturing, with or without chalcopyrite/tetrahedrite mineralization.

The copper-silver-gold mineralization is epigenetic in origin. Intrusive activity resulted in the introduction of hydrothermal metal-rich solutions into the pyroclastic division of the Goosly sequence. Sulphides introduced into the permeable tuffs of the Main and Waterline zones formed stringers and disseminations which grade randomly into zones of massive sulphide. In the Southern Tail zone, sulphides formed as veins, fracture-fillings and breccia zones in brittle, less permeable tuff. Emplacement of post-mineral dikes into the sulphide-rich pyroclastic rocks has resulted in remobilization and concentration of sulphides adjacent to the intrusive contacts. Remobilization, concentration and contact metamorphism of sulphides occurs in the Main and Waterline zones at the contact with the postmineral gabbro-monzonite complex.

The Southern Tail deposit has been mined out to the economic limit of an open pit. With its operation winding down, Equity Silver Mines does not expect to continue as an operating mine after current reserves are depleted. Formerly an open pit, Equity is mined from underground at a scaled-down rate of 1180 tonnes-per-day. Proven and probable ore reserves at the end of 1992 were about 286,643 tonnes grading 147.7 grams per tonne silver, 4.2 grams per tonne gold and 0.46 per cent copper, based on a 300 grams per tonne silver-equivalent grade. Equity has also identified a small open-pit resource at the bottom of the Waterline pit which, when combined with underground reserves, should provide mill feed through the first two months of 1994 (Northern Miner - May 10, 1993).

Equity Silver Mines Ltd. was British Columbia's largest producing silver mine and ceased milling in January 1994, after thirteen years of open pit and underground production. Production totaled 2,219,480 kilograms of silver, 15,802 kilograms of gold and 84,086 kilograms of copper, from over 33.8 Million tonnes mined at an average grade of 0.4 per cent copper, 64.9 grams per tonne silver and 0.46 gram per tonne gold.

Item 16: Other Relevant Data and Information

There is no other relevant data or information other than that included in this report.

Item 17: Interpretation and Conclusions

The area is predominantly till covered and previous attempts at exploration have proven difficult. Despite this, historical exploration highlights on the Babs property have identified a number of quality targets that have not been fully explored. The 150+ sub-angular boulders discovered on the southern Babs claims ranged in size from 10cm-1.5m and have assayed up to 1.05% Cu, 1.3g/t Au and contained 1-4% magnetite.

Ground magnetic surveys show the area predominantly as a broad magnetic low with a number of narrow linear magnetic high features. Glacial till depth was quite variable in the area, from 4-40m based on the diamond drilling logs, and is believed to become much thicker towards the northern end of the boulder field. The source of the mineralized boulders has not been found to date.

A review of Regional Geochemical data shows that the lake sediment in the Babs 1-3 property area is highly anomalous with up to 80ppm Cu, 9ppb Au and 6ppm Mo. MMI surveys completed in 2008 have outlined a number of areas with significant anomalies in both base and precious metals. One target measuring 800m x 300-500m over the boulder field returned Response Ratios to >100 x background for copper, to >80 x background for gold and to >25 x background for silver and cerium. A second area associated with the 6500m long, northeast trending, airborne 1st vertical derivative magnetic high anomaly returned Response Ratios of >10-25 x background for copper, gold, silver, zinc and cerium.

Geophysical IP surveys and drilling have identified what is possibly a pyrite halo, with highly anomalous copper values and pyrite content up to 7%, in the area surrounding the Babs boulder field. Northern Dynasty geophysical IP surveys identified a second chargeability high, >5.0nT and up to 15.7nT, to the north and east of their Central soil anomaly. The chargeability anomaly forms a crescent shape with the area to the south as its core. The 1995-96 surveys also identified an area of Resistivity Low that trends to the northeast over the same area as the airborne 1st vertical derivative magnetic high anomaly.Geophysical data from MapPlace and the Quest West surveys all point to possible sources on the property for the lake sediment anomalies present in the area.

Humus (Ah) sampling completed in 2012 revealed a number of areas anomalous in one or more elements over widths to 300m. The test humus lines returned values as high as 100ppm copper, 5.9ppm molybdenum, 17.5ppm lead, 247ppm zinc and 0.9ppm silver. These anomalies are thought to be associated with the northeast-trending magnetic anomaly covered by the Babs 1-3 claims.

On review of the historical exploration data in conjunction with the interpretations of RGS, regional magnetic, EM and gravity data, the Babs 1-3 property presents as an intriguing exploration project with a 6500m target area worthy of further exploration. The author believes that the Babs 1-3 property is a property of merit and has the potential of hosting one or more significant mineral deposits.

Item 18: Recommendations

The Babs 1-3 property hosts a large exploration target which has received only preliminary evaluation in the past. As a result, a two phase program of exploration is proposed. Phase 1 would include establishing a picket grid over the northeast-trending magnetic target for follow-up geochemical and geophysical (magnetic and Induced Potential) surveys. The grid should be established with a 6500m long baseline oriented at 045° AZ, with 1000m long lines spaced 200m apart, resulting in 40 line-km of grid being surveyed. This line orientation will cross the trend of the historic magnetic and IP resistivity anomalies.

A review of the MMI and Ah results should be completed as early in the program as possible to establish the most reliable sampling media for producing the highest contrast anomalies for blind mineralization. Follow-up surveys should include either MMI or Ah sampling as well as the collection of appropriate material for pH measurements. Samples should be collected at 50m spacing on the grid resulting in approximately 800 samples of each medium. The pH measurements should be completed daily to determine if lines need to be extended.

Phase 2 would be dependent on the results obtained in the geochemical and geophysical surveys and would include the drilling of 2000m of NQ core in 10 holes over the property. Samples should be assayed in 2m intervals from surface with the entire hole being analysed.

Proposed budget for 2012

Phase 1		
Project Geologist (30 days @ $600/day)		18,000
Prospector/sampler x 2 (30 days @ $300/day)		18,000
Grid layout (40 line km @ $100/km)		4,000
Assaying (900 samples @ $55/sample)		49,500
Geophysical surveys mag/IP (40 line km @ 2500/km)		100,000
Room and Board (210 person days @ $150/day)		31,500
Mob/demob		5,000
Reporting		10,000
Contingency (15%)		35,400
	Phase 1 Total	$271,400
Phase 2		
Project Geologist (70 days @ $600/day)		42,000
Geologist (70 days @ $500/day)		35,000
Core cutter (70 days @ $200/day)		14,000
Drilling NQ (2000m @ $220/m)		440,000
Assaying (1000 samples @ $55/sample)		55,000
Room and Board (510 person days @$150/day)		76,500
Mob/demob		15,000
Reporting		20,000
Contingency (15%)		104,625
	Phase 2 Total	808,125

Respectfully submitted this 19th day of December, 2012

Ken Galambos P. Eng.
Victoria, British Columbia

Item 19: References

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Item 20: Date and Signature Page

1) I, Kenneth Daryl Galambos of 1535 Westall Avenue, Victoria, British Columbia am self-employed as a consultant geological engineer, authored and am responsible for this report entitled “Technical Report - Babs 1-3 Project”, dated December 19, 2012.

2) I am a graduate of the University of Saskatchewan in Saskatoon, Saskatchewan with a Bachelor’s Degree in Geological Engineering (1982). I began working in the mining field in 1974 and have more than 28 years mineral exploration and production experience, primarily in the North American Cordillera. Highlights of this experience include the discovery and delineation of the Brewery Creek gold deposit, near Dawson City, Yukon for Noranda Exploration Ltd.

3) I am a registered member of the Association of Professional Engineers of Yukon, registration number 0916 and have been a member in good standing since 1988. I am a registered Professional Engineer with APEGBC, license 35364, since 2010.

4) This report is based upon the author’s personal knowledge of the region and a review of additional pertinent data.

5) As stated in this report, in my professional opinion the property is of potential merit and further exploration work is justified.

6) To the best of my knowledge this report contains all scientific and technical information required to be disclosed so as not to be misleading.

7) I am the owner of the mineral rights covered by the property. My professional relationship is as a non-arm’s length consultant, and I have no expectation that this relationship will change.

8) I consent to the use of this report for such assessment and/or regulatory and financing purposes deemed necessary, but if any part shall be taken as an excerpt, it shall be done only with my approval.

Dated at Victoria, British Columbia this 19th day of December, 2012.
“Signed and Sealed”

Ken Galambos, P.Eng. (APEY Reg. No. 0916, APEGBC license 35364)
KDG Exploration Services
1535 Westall Ave.
Victoria, British Columbia V8T 2G6

Item 21: Statement of Expenditures

Personnel August 1-September 23, 2012	
Ken Galambos 5 days @ $600/day	$3000.00
Ralph Keefe 7 days @ $350/day	$2450.00
Brian Keefe 2 days @ $350/day	$700.00
Transportation and Camp costs	
Truck 7 days @ $100/day	$700.00
Mileage 992km (4 trips) @ $0.50/km	$496.00
Trailer 3 days @ $50/day	$150.00
ATV 3 days @ $75/day	$225.00
Food 12 person days @ $35/day	$420.00
Analyses	
12 Rock samples @ $40.00/sample	$480.00
22 Humus samples @ $25/sample	$550.00
Shipping	$35.25
Report	
3.0 days @ $600/day	$1800.00
	$11006.25

Item 22: Software used in the Program

Adobe Acrobat 9
Adobe Photoshop Elements 8.0
Adobe Reader 8.1.3
Google Earth
Internet Explorer
Microsoft Windows 7
Microsoft Office 2010

24.0 Appendices

Appendix A

Assay Certificates
Rocks

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

www.acmelab.com

Client: **KDG Exploration Services**
1535 Westall Ave.
Victoria BC V8T 2G6 Canada

Submitted By:	Ken Galambos
Receiving Lab:	Canada-Vancouver
Received:	November 09, 2012
Report Date:	November 23, 2012
Page:	1 of 2

CERTIFICATE OF ANALYSIS VAN12005332.1

CLIENT JOB INFORMATION

Project:	Babine
Shipment ID:	KDG-001
P.O. Number	
Number of Samples:	15

SAMPLE DISPOSAL

DISP-PLP	Dispose of Pulp After 90 days
DISP-RJT	Dispose of Reject After 90 days

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	15	Crush, split and pulverize 250 g rock to 200 mesh			VAN
G601	15	Lead Collection Fire - Assay Fusion - AAS Finish	30	Completed	VAN
1D01	15	1:1:1 Aqua Regia digestion ICP-ES analysis	0.5	Completed	VAN

ADDITIONAL COMMENTS

Invoice To: KDG Exploration Services
1535 Westall Ave.
Victoria BC V8T 2G6
Canada

CC: Ralph Keefe

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: **KDG Exploration Services**
1535 Westall Ave.
Victoria BC V8T 2G6 Canada

Project: Babine
Report Date: November 23, 2012

CERTIFICATE OF ANALYSIS VAN12005332.1

	Method	WGHT	G6	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D
	Analyte	Wgt	Au	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	Au	Th	Sr	Cd	Sb	Bi	V	Ca
	Unit	kg	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%
	MDL	0.01	0.005	1	1	3	1	0.3	1	1	2	0.01	2	2	2	1	0.5	3	3	1	0.01
G1	Prep Blank	<0.01	<0.005	<1	<1	<3	47	<0.3	4	4	570	1.92	<2	<2	3	54	<0.5	6	<3	34	0.43
G1	Prep Blank	<0.01	<0.005	<1	<1	<3	48	<0.3	4	4	581	1.93	<2	<2	3	57	<0.5	<3	<3	34	0.45
45209	Rock	0.81	<0.005	<1	<1	<3	9	<0.3	<1	<1	118	0.62	<2	<2	5	8	<0.5	14	<3	3	0.18
45210	Rock	0.24	<0.005	<1	<1	<3	11	<0.3	1	2	209	0.60	<2	<2	6	23	<0.5	<3	<3	1	1.33
45211	Rock	0.43	<0.005	1	186	9	91	<0.3	16	32	2341	10.14	<2	<2	<2	19	0.8	5	<3	174	0.77
45224	Rock	0.94	<0.005	<1	3	<3	24	<0.3	4	3	291	1.06	<2	5	<2	67	<0.5	<3	<3	17	0.28
45225	Rock	0.87	<0.005	<1	4	<3	22	<0.3	<1	<1	233	0.57	<2	<2	5	3	<0.5	<3	<3	2	0.02
45226	Rock	0.80	<0.005	10	1	<3	8	<0.3	1	1	116	1.59	<2	<2	3	11	<0.5	<3	<3	4	0.04
45227	Rock	1.46	<0.005	4	9	6	30	<0.3	2	5	366	1.97	<2	<2	3	15	<0.5	<3	<3	26	0.19
45231	Rock	1.70	<0.005	4	<1	7	48	<0.3	3	3	465	1.49	<2	<2	<2	20	<0.5	<3	<3	24	0.16
45232	Rock	2.18	<0.005	3	<1	<3	2	<0.3	1	2	55	1.11	<2	<2	4	8	<0.5	<3	<3	3	0.04
042454	Rock	1.61	<0.005	1	4	3	49	<0.3	16	10	566	2.42	<2	<2	<2	70	<0.5	<3	<3	54	1.57
042455	Rock	1.34	<0.005	3	<1	<3	7	<0.3	1	<1	104	0.96	<2	<2	6	10	<0.5	<3	<3	6	0.07
042456	Rock	1.58	<0.005	<1	3	<3	34	<0.3	7	3	493	2.03	<2	2	<2	32	<0.5	<3	<3	42	0.25
042457	Rock	1.82	<0.005	<1	3	20	26	0.4	5	4	256	1.67	<2	<2	<2	16	<0.5	<3	<3	40	0.16
042458	Rock	1.43	<0.005	<1	1	4	37	<0.3	9	6	388	2.18	3	<2	3	37	<0.5	<3	<3	38	0.29
042459	Rock	1.15	0.006	7	<1	5	13	<0.3	1	2	207	1.81	<2	<2	4	21	<0.5	<3	<3	10	0.19

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Client: **KDG Exploration Services**
1535 Westall Ave.
Victoria BC V8T 2G6 Canada

Project: Babine
Report Date: November 23, 2012

CERTIFICATE OF ANALYSIS VAN12005332.1

	Method	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D			1D
	Analyte	**P**	**La**	**Cr**	**Mg**	**Ba**	**Ti**	**B**	**Al**	**Na**	**K**	**W**	**Tl**	**Hg**	**Ga**	**S**	**Sc**
	Unit	**%**	**ppm**	**ppm**	**%**	**ppm**	**%**	**ppm**	**%**	**%**	**%**	**ppm**	**ppm**	**ppm**	**ppm**	**%**	**ppm**
	MDL	**0.001**	**1**	**1**	**0.01**	**1**	**0.001**	**20**	**0.01**	**0.01**	**0.01**	**2**	**5**	**1**	**5**	**0.05**	**5**
G1	Prep Blank	0.073	8	10	0.57	229	0.121	<20	0.94	0.07	0.50	<2	<5	<1	<5	<0.05	<5
G1	Prep Blank	0.076	8	8	0.58	230	0.121	<20	0.96	0.08	0.49	3	<5	<1	<5	<0.05	<5
45209	Rock	0.018	15	5	<0.01	119	0.002	<20	0.21	0.05	0.18	<2	<5	<1	<5	<0.05	<5
45210	Rock	0.017	13	2	0.03	464	<0.001	<20	0.23	0.03	0.20	2	<5	<1	<5	<0.05	<5
45211	Rock	0.122	9	11	2.54	59	0.011	<20	3.52	0.05	0.03	<2	<5	<1	13	<0.05	10
45224	Rock	0.042	4	8	0.33	50	0.056	<20	0.61	0.09	0.09	<2	<5	<1	<5	<0.05	<5
45225	Rock	0.004	8	7	0.12	45	0.010	<20	0.32	0.08	0.13	<2	<5	<1	<5	<0.05	<5
45226	Rock	0.027	5	3	0.19	90	0.012	<20	0.39	0.08	0.12	<2	<5	<1	<5	0.55	<5
45227	Rock	0.049	5	6	0.69	72	0.072	<20	0.84	0.06	0.16	<2	<5	<1	<5	0.98	<5
45231	Rock	0.050	9	8	0.57	77	0.041	<20	0.69	0.09	0.05	<2	<5	<1	6	0.27	<5
45232	Rock	0.018	8	3	0.08	67	0.040	<20	0.27	0.08	0.13	<2	<5	<1	<5	0.63	<5
042454	Rock	0.109	16	19	1.18	1604	0.038	<20	1.48	0.06	0.24	<2	<5	<1	7	<0.05	<5
042455	Rock	0.017	8	3	0.18	118	0.042	<20	0.39	0.07	0.12	<2	<5	<1	<5	0.12	<5
042456	Rock	0.081	6	21	0.84	59	0.056	<20	1.04	0.08	0.08	<2	<5	<1	7	0.25	<5
042457	Rock	0.073	4	21	0.67	35	0.075	<20	0.71	0.08	0.07	<2	<5	<1	<5	0.66	<5
042458	Rock	0.080	8	21	0.97	45	0.072	<20	0.98	0.09	0.07	<2	<5	<1	6	0.87	<5
042459	Rock	0.054	10	3	0.31	147	0.055	<20	0.64	0.08	0.18	<2	<5	<1	<5	0.73	<5

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1535 Westall Ave.
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Project: Babine
Report Date: November 23, 2012

QUALITY CONTROL REPORT VAN12005332.1

Method		WGHT	G6	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D
Analyte		Wgt	Au	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	Au	Th	Sr	Cd	Sb	Bi	V	Ca
Unit		kg	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%
MDL		0.01	0.005	1	1	3	1	0.3	1	1	2	0.01	2	2	2	1	0.5	3	3	1	0.01
Reference Materials																					
STD DS9	Standard			12	100	108	317	1.9	39	7	578	2.32	17	<2	5	67	2.4	7	<3	38	0.69
STD OREAS45EA	Standard			3	669	35	32	0.6	374	55	390	23.54	4	<2	8	3	0.7	7	6	278	0.02
STD OXG99	Standard		0.854																		
STD OXG99	Standard		0.988																		
STD OXK94	Standard		3.466																		
STD DS9 Expected				12.84	108	126	317	1.83	40.3	7.6	575	2.33	25.5	0.118	6.38	69.6	2.4	4.94	6.32	40	0.7201
STD OREAS45EA Expected				1.78	709	14.3	30.6	0.311	357	52	400	22.65	11.4	0.053	10.7	4.05				295	0.032
STD OXK94 Expected			3.562																		
STD OXG99 Expected			0.932																		
BLK	Blank		<0.005																		
BLK	Blank		<0.005																		
BLK	Blank			<1	<1	<3	<1	<0.3	<1	<1	<2	<0.01	<2	<2	<2	<1	<0.5	<3	<3	<1	<0.01
BLK	Blank		<0.005																		
BLK	Blank		<0.005																		
Prep Wash																					
G1	Prep Blank	<0.01	<0.005	<1	<1	<3	47	<0.3	4	4	570	1.92	<2	<2	3	54	<0.5	6	<3	34	0.43
G1	Prep Blank	<0.01	<0.005	<1	<1	<3	48	<0.3	4	4	581	1.93	<2	<2	3	57	<0.5	<3	<3	34	0.45

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Client: **KDG Exploration Services**
1535 Westall Ave.
Victoria BC V8T 2G6 Canada

Project: Babine
Report Date: November 23, 2012

QUALITY CONTROL REPORT VAN12005332.1

Method		1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D	1D			1D
Analyte		P	La	Cr	Mg	Ba	Ti	B	Al	Na	K	W	Tl	Hg	Ga	S	Sc
Unit		%	ppm	ppm	%	ppm	%	ppm	%	%	%	ppm	ppm	ppm	ppm	%	ppm
MDL		0.001	1	1	0.01	1	0.001	20	0.01	0.01	0.01	2	5	1	5	0.05	5
Reference Materials																	
STD DS9	Standard	0.080	12	122	0.60	316	0.104	<20	0.92	0.08	0.39	2	<5	<1	<5	0.16	<5
STD OREAS45EA	Standard	0.029	7	879	0.09	143	0.088	<20	3.04	0.02	0.05	<2	<5	<1	<5	<0.05	83
STD OXG99	Standard																
STD OXG99	Standard																
STD OXK94	Standard																
STD DS9 Expected		0.0819	13.3	121	0.6165	330	0.1108		0.9577	0.0853	0.395	2.89	5.3	0.2	4.59	0.1615	2.5
STD OREAS45EA Expected		0.029	8.19	849	0.095	148	0.106		3.32	0.027	0.053			0.34	11.7	0.044	78
STD OXK94 Expected																	
STD OXG99 Expected																	
BLK	Blank																
BLK	Blank																
BLK	Blank	<0.001	<1	<1	<0.01	<1	<0.001	<20	<0.01	<0.01	<0.01	<2	<5	<1	<5	<0.05	<5
BLK	Blank																
BLK	Blank																
Prep Wash																	
G1	Prep Blank	0.073	8	10	0.57	229	0.121	<20	0.94	0.07	0.50	<2	<5	<1	<5	<0.05	<5
G1	Prep Blank	0.076	8	8	0.58	230	0.121	<20	0.96	0.08	0.49	3	<5	<1	<5	<0.05	<5

Appendix B

Assay Certificates
Humus

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

www.acmelab.com

Client: **KDG Exploration Services**
1535 Westall Ave.
Victoria BC V8T 2G6 Canada

Submitted By:	Ken Galambos
Receiving Lab:	Canada-Vancouver
Received:	November 09, 2012
Report Date:	November 23, 2012
Page:	1 of 2

CERTIFICATE OF ANALYSIS VAN12005333.1

CLIENT JOB INFORMATION

Project:	Babine
Shipment ID:	KDG-001
P.O. Number	
Number of Samples:	22

SAMPLE DISPOSAL

DISP-PLP	Dispose of Pulp After 90 days
DISP-RJT-SOIL	Immediate Disposal of Soil Reject

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
Dry at 60C	22	Dry at 60C			VAN
SS80	22	Dry at 60C sieve 100g to -80 mesh			VAN
1DX1	22	1:1:1 Aqua Regia digestion ICP-MS analysis	0.5	Completed	VAN
DISP2	22	Heat treatment of Soils and Sediments			VAN

ADDITIONAL COMMENTS

Invoice To: KDG Exploration Services
1535 Westall Ave.
Victoria BC V8T 2G6
Canada

CC: Ralph Keefe

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Client: **KDG Exploration Services**
1535 Westall Ave.
Victoria BC V8T 2G6 Canada

Project: Babine
Report Date: November 23, 2012

CERTIFICATE OF ANALYSIS VAN12005333.1

	Method	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX
	Analyte	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	Au	Th	Sr	Cd	Sb	Bi	V	Ca	P	La
	Unit	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppb	ppm	ppm	ppm	ppm	ppm	ppm	%	%	ppm
	MDL	0.1	0.1	0.1	1	0.1	0.1	0.1	1	0.01	0.5	0.5	0.1	1	0.1	0.1	0.1	2	0.01	0.001	1
B1-1	Humus	1.2	24.4	6.7	41	0.4	5.4	1.3	181	0.57	1.6	3.0	0.2	54	0.3	0.2	<0.1	16	0.77	0.092	8
B1-2	Humus	1.5	36.3	9.8	189	0.3	7.6	4.9	5800	0.28	0.6	0.6	<0.1	114	4.9	0.2	<0.1	2	2.28	0.142	1
B1-3	Humus	1.1	31.0	6.1	105	0.1	2.3	1.5	3730	0.20	1.3	1.1	<0.1	47	0.7	0.1	<0.1	4	1.07	0.114	<1
B1-4	Humus	1.1	16.5	9.1	50	0.3	1.7	1.0	822	0.19	0.7	<0.5	<0.1	26	0.5	0.1	<0.1	9	0.45	0.085	<1
B1-5	Humus	1.6	18.4	7.1	98	0.2	4.3	3.1	3267	0.74	2.4	<0.5	<0.1	49	0.6	0.2	<0.1	12	0.87	0.094	2
B1-6	Humus	3.4	72.9	17.6	41	0.6	20.3	4.8	365	2.04	4.2	3.4	0.9	94	0.3	0.2	0.2	83	1.11	0.135	81
B1-7	Humus	1.4	17.4	5.9	54	0.4	3.6	2.0	499	0.99	2.7	0.9	<0.1	22	0.3	0.2	<0.1	68	0.44	0.070	3
B1-8	Humus	5.9	73.2	13.2	68	0.8	28.7	10.1	1673	3.54	8.0	3.5	2.1	128	0.3	0.4	0.4	99	1.50	0.139	210
B1-9	Humus	1.0	19.4	6.8	60	0.2	1.6	0.9	2212	0.25	1.0	0.8	<0.1	29	0.6	0.1	<0.1	60	0.66	0.095	1
B1-10	Humus	2.1	100.0	11.9	56	0.9	35.2	9.6	1195	3.21	7.2	2.6	1.3	133	0.4	0.5	0.2	86	1.65	0.095	151
B1-11	Humus	0.6	21.3	4.7	247	0.1	2.7	1.3	3107	0.17	0.8	<0.5	<0.1	126	0.7	0.1	<0.1	<2	2.99	0.091	<1
B2-1	Humus	5.7	29.0	13.0	214	0.1	3.1	3.0	2598	0.34	0.7	<0.5	0.1	124	2.1	0.1	<0.1	2	2.44	0.115	3
B2-2	Humus	1.5	18.3	6.2	77	0.1	5.5	4.0	1286	1.19	2.3	0.9	0.2	41	0.3	0.1	<0.1	28	0.61	0.061	3
B2-3	Humus	2.2	23.4	7.1	270	0.2	5.4	3.5	6728	0.80	1.4	<0.5	<0.1	75	1.5	0.1	<0.1	20	1.33	0.070	3
B2-4	Humus	1.1	12.8	9.5	58	<0.1	5.3	4.0	792	1.22	2.8	<0.5	0.1	26	0.6	0.2	<0.1	33	0.43	0.041	4
B2-5	Humus	2.8	17.6	6.4	74	0.4	3.3	4.9	2699	0.51	1.2	0.5	<0.1	60	0.9	0.1	<0.1	12	1.26	0.074	2
B2-6	Humus	1.0	33.1	9.1	63	0.2	15.8	7.4	794	2.44	6.8	1.9	1.6	44	0.4	0.3	0.1	62	0.71	0.046	12
B2-7	Humus	0.8	29.2	7.8	115	<0.1	2.3	0.9	3112	0.11	1.5	<0.5	<0.1	63	0.8	<0.1	<0.1	5	1.66	0.090	<1
B2-8	Humus	1.2	16.2	6.3	231	0.3	2.5	1.4	4525	0.07	<0.5	0.6	<0.1	102	1.0	<0.1	<0.1	<2	1.94	0.098	<1
B2-9	Humus	1.0	11.9	5.2	20	0.1	6.3	2.8	212	1.12	3.6	<0.5	0.1	28	0.4	0.2	<0.1	29	0.46	0.032	4
B2-10	Humus	1.2	16.1	6.8	45	0.2	2.7	1.4	1323	0.32	0.7	<0.5	<0.1	73	0.5	0.1	<0.1	23	1.04	0.080	2
B2-11	Humus	1.0	18.0	7.0	58	0.3	1.9	0.5	325	0.09	0.6	0.5	<0.1	78	1.0	0.2	<0.1	<2	1.52	0.061	<1

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Client: **KDG Exploration Services**
1535 Westall Ave.
Victoria BC V8T 2G6 Canada

Project: Babine
Report Date: November 23, 2012

CERTIFICATE OF ANALYSIS VAN12005333.1

	Method	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX
	Analyte	**Cr**	**Mg**	**Ba**	**Ti**	**B**	**Al**	**Na**	**K**	**W**	**Hg**	**Sc**	**Tl**	**S**	**Ga**	**Se**	**Te**
	Unit	**ppm**	**%**	**ppm**	**%**	**ppm**	**%**	**%**	**%**	**ppm**	**ppm**	**ppm**	**ppm**	**%**	**ppm**	**ppm**	**ppm**
	MDL	**1**	**0.01**	**1**	**0.001**	**20**	**0.01**	**0.001**	**0.01**	**0.1**	**0.01**	**0.1**	**0.1**	**0.05**	**1**	**0.5**	**0.2**
B1-1	Humus	5	0.11	214	0.005	<20	0.33	0.003	0.11	<0.1	0.25	1.5	<0.1	0.15	1	<0.5	<0.2
B1-2	Humus	4	0.13	639	0.006	<20	0.18	0.003	0.13	<0.1	0.44	0.8	<0.1	0.13	<1	<0.5	<0.2
B1-3	Humus	2	0.08	220	0.004	<20	0.16	0.002	0.09	<0.1	0.41	0.6	<0.1	0.09	<1	<0.5	<0.2
B1-4	Humus	2	0.07	122	0.004	<20	0.15	0.003	0.10	<0.1	0.17	0.6	<0.1	0.05	<1	<0.5	<0.2
B1-5	Humus	<1	0.13	238	0.012	<20	0.28	0.004	0.10	<0.1	0.20	0.9	<0.1	0.13	1	<0.5	<0.2
B1-6	Humus	21	0.29	371	0.006	<20	2.59	0.021	0.08	<0.1	0.24	8.8	0.1	0.24	7	<0.5	<0.2
B1-7	Humus	9	0.09	125	0.014	<20	0.39	0.010	0.08	<0.1	0.12	0.6	<0.1	0.15	2	<0.5	<0.2
B1-8	Humus	30	0.55	408	0.006	<20	3.10	0.013	0.13	0.1	0.28	15.2	0.1	0.29	8	<0.5	<0.2
B1-9	Humus	6	0.06	176	0.006	<20	0.18	0.009	0.09	<0.1	0.31	0.6	<0.1	0.20	<1	<0.5	<0.2
B1-10	Humus	27	0.49	422	0.011	<20	2.55	0.015	0.07	0.1	0.22	11.7	0.1	0.22	6	<0.5	<0.2
B1-11	Humus	2	0.13	674	0.004	<20	0.11	0.003	0.09	<0.1	0.58	1.2	<0.1	0.18	<1	<0.5	<0.2
B2-1	Humus	3	0.15	716	0.006	<20	0.20	0.003	0.09	<0.1	0.20	0.7	<0.1	0.14	<1	<0.5	<0.2
B2-2	Humus	7	0.14	276	0.022	<20	0.53	0.007	0.07	<0.1	0.12	1.4	<0.1	0.06	2	<0.5	<0.2
B2-3	Humus	4	0.11	989	0.014	<20	0.38	0.005	0.06	<0.1	0.22	0.7	0.2	0.09	2	<0.5	<0.2
B2-4	Humus	8	0.14	169	0.022	<20	0.47	0.009	0.04	<0.1	0.09	1.2	<0.1	0.05	3	<0.5	<0.2
B2-5	Humus	5	0.08	361	0.012	<20	0.20	0.006	0.08	<0.1	0.22	0.7	<0.1	0.12	1	<0.5	<0.2
B2-6	Humus	17	0.36	302	0.027	<20	1.43	0.011	0.07	<0.1	0.10	6.6	<0.1	<0.05	5	<0.5	<0.2
B2-7	Humus	2	0.09	374	0.003	<20	0.09	0.004	0.09	<0.1	0.45	0.9	<0.1	0.14	<1	<0.5	<0.2
B2-8	Humus	1	0.09	686	0.002	<20	0.10	0.002	0.12	<0.1	0.44	1.1	<0.1	0.07	<1	<0.5	<0.2
B2-9	Humus	8	0.13	122	0.020	<20	0.47	0.005	0.03	<0.1	0.15	1.8	<0.1	<0.05	2	<0.5	<0.2
B2-10	Humus	3	0.08	387	0.007	<20	0.20	0.007	0.05	<0.1	0.39	1.8	<0.1	0.11	<1	<0.5	<0.2
B2-11	Humus	2	0.15	227	0.003	<20	0.08	0.005	0.04	<0.1	0.26	0.9	<0.1	0.07	<1	<0.5	<0.2

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Project: Babine
Report Date: November 23, 2012

QUALITY CONTROL REPORT VAN12005333.1

	Method	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX
	Analyte	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	Au	Th	Sr	Cd	Sb	Bi	V	Ca	P	La
	Unit	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppb	ppm	ppm	ppm	ppm	ppm	ppm	%	%	ppm
	MDL	0.1	0.1	0.1	1	0.1	0.1	0.1	1	0.01	0.5	0.5	0.1	1	0.1	0.1	0.1	2	0.01	0.001	1
Pulp Duplicates																					
B2-11	Humus	1.0	18.0	7.0	58	0.3	1.9	0.5	325	0.09	0.6	0.5	<0.1	78	1.0	0.2	<0.1	<2	1.52	0.061	<1
REP B2-11	QC	0.9	17.5	7.5	57	0.3	2.0	0.5	325	0.10	<0.5	<0.5	<0.1	78	0.8	0.1	<0.1	3	1.53	0.062	<1
Reference Materials																					
STD DS9	Standard	12.3	92.4	113.7	291	1.8	37.4	7.1	555	2.23	24.8	175.2	5.3	62	2.2	4.9	6.0	45	0.66	0.082	11
STD OREAS45EA	Standard	1.4	617.4	11.9	25	0.2	328.1	46.7	360	22.06	9.1	49.6	8.4	3	<0.1	0.3	0.2	276	0.03	0.026	6
STD OREAS45EA Expected		1.78	709	14.3	30.6	0.311	357	52	400	22.65	11.4	53	10.7	4.05	0.03	0.64	0.26	295	0.032	0.029	8.19
STD DS9 Expected		12.84	108	126	317	1.83	40.3	7.6	575	2.33	25.5	118	6.38	69.6	2.4	4.94	6.32	40	0.7201	0.0819	13.3
BLK	Blank	<0.1	<0.1	<0.1	<1	<0.1	<0.1	<0.1	<1	<0.01	<0.5	<0.5	<0.1	<1	<0.1	<0.1	<0.1	<2	<0.01	<0.001	<1

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Project: Babine
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QUALITY CONTROL REPORT VAN12005333.1

Method		1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX	1DX
Analyte		Cr	Mg	Ba	Ti	B	Al	Na	K	W	Hg	Sc	Tl	S	Ga	Se	Te
Unit		ppm	%	ppm	%	ppm	%	%	%	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm
MDL		1	0.01	1	0.001	20	0.01	0.001	0.01	0.1	0.01	0.1	0.1	0.05	1	0.5	0.2
Pulp Duplicates																	
B2-11	Humus	2	0.15	227	0.003	<20	0.08	0.005	0.04	<0.1	0.26	0.9	<0.1	0.07	<1	<0.5	<0.2
REP B2-11	QC	2	0.15	231	0.003	<20	0.08	0.004	0.04	<0.1	0.25	1.1	<0.1	0.11	<1	<0.5	<0.2
Reference Materials																	
STD DS9	Standard	112	0.59	311	0.096	<20	0.87	0.086	0.37	2.5	0.20	2.7	5.4	0.16	4	5.3	5.2
STD OREAS45EA	Standard	834	0.09	134	0.080	<20	2.60	0.021	0.05	<0.1	0.01	69.4	<0.1	<0.05	11	0.7	<0.2
STD OREAS45EA Expected		849	0.095	148	0.106		3.32	0.027	0.053		0.34	78	0.072	0.044	11.7	2.09	0.11
STD DS9 Expected		121	0.6165	330	0.1108		0.9577	0.0853	0.395	2.89	0.2	2.5	5.3	0.1615	4.59	5.2	5.02
BLK	Blank	<1	<0.01	<1	<0.001	<20	<0.01	<0.001	<0.01	<0.1	<0.01	<0.1	<0.1	<0.05	<1	<0.5	<0.2

Appendix C

Analytical Procedures and Detection Limits

METHOD SPECIFICATIONS

GROUP 4A & 4B – LITHOGEOCHEMICAL WHOLE ROCK FUSION

Package Codes: 4A, 4B
Sample Digestion: Lithium metaborate/tetraborate fusion
Instrumentation Method: ICP-ES (4A, 4B), ICP-MS (4B)
Applicability: Sediment, Soil, Vegetation, Moss-mat, Non-mineralized Rock and Drill Core

Method Description:

Prepared sample is mixed with $LiBO_2/Li_2B_4O_7$ flux. Crucibles are fused in a furnace. The cooled bead is dissolved in ACS grade nitric acid. Loss on ignition (LOI) is determined by igniting a sample split then measuring the weight loss. Total Carbon and Sulphur are determined by the Leco method (Group 2A).

Element	Group 4A Detection	Upper Limit
SiO_2	0.01 %	100 %
Al_2O_3	0.01 %	100 %
Fe_2O_3	0.04 %	100 %
CaO	0.01 %	100 %
MgO	0.01 %	100 %
Na_2O	0.01 %	100 %
K_2O	0.04 %	100 %
MnO	0.01 %	100 %
TiO_2	0.01 %	100 %
P_2O_5	0.01 %	100 %
Cr_2O_3	0.002%	100 %
LOI	0.1 %	100 %
C	0.01 %	100 %
S	0.01 %	100 %

Element	Group 4A Detection	Group 4B Detection	Upper Limit
Au	-	0.5 ppb	100 ppm
Ag	-	0.1ppm	100 ppm
As	-	1 ppm	10000 ppm
Ba	5 ppm	1 ppm	50000 ppm
Be	-	1 ppm	10000 ppm
Bi	-	0.1 ppm	2000 ppm
Cd	-	0.2 ppm	2000 ppm
Co	20 ppm	0.2 ppm	10000 ppm
Cs	-	0.1 ppm	10000 ppm
Cu	5 ppm	0.1 ppm	10000 ppm
Ga	-	0.5 ppm	10000 ppm
Hf		0.1 ppm	10000 ppm
Hg		0.1 ppm	100 ppm
Mo		0.1 ppm	2000 ppm
Nb	5 ppm	0.1 ppm	50000 ppm
Ni	20 ppm	0.1 ppm	10000 ppm
Pb		0.1 ppm	10000 ppm
Rb		0.1 ppm	10000 ppm
Sb		0.1 ppm	2000 ppm
Sc	1 ppm	-	10000 ppm
Se		0.5 ppm	100 ppm

Element	Group 4A Detection	Group 4B Detection	Upper Limit
Sn	-	1 ppm	10000 ppm
Sr	2 ppm	0.5 ppm	50000 ppm
Ta	-	0.1 ppm	50000 ppm
Th	-	0.2 ppm	10000 ppm
Tl	-	0.1 ppm	1000 ppm
U	-	0.1 ppm	10000 ppm
V	-	8 ppm	10000 ppm
W	-	0.5 ppm	10000 ppm
Y	3 ppm	0.1 ppm	50000 ppm
Zn	5 ppm	1 ppm	10000 ppm
Zr	5 ppm	0.1 ppm	50000 ppm
La	-	0.1 ppm	50000 ppm
Ce	30 ppm	0.1 ppm	50000 ppm
Pr	-	0.02 ppm	10000 ppm
Nd	-	0.3 ppm	10000 ppm
Sm	-	0.05 ppm	10000 ppm
Eu	-	0.02 ppm	10000 ppm
Gd	-	0.05 ppm	10000 ppm
Tb	-	0.01 ppm	10000 ppm
Dy	-	0.05 ppm	10000 ppm
Ho	-	0.02 ppm	10000 ppm
Er	-	0.03 ppm	10000 ppm
Tm	-	0.01 ppm	10000 ppm
Yb	-	0.05 ppm	10000 ppm
Lu	-	0.01 ppm	10000 ppm

Note: Highlighted elements by 1DX Aqua Regia – ICP-MS analysis

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CARECOMMITMENTPERFORMANCE

METHOD SPECIFICATIONS

GROUP 3B AND G6 – PRECIOUS METALS BY FIRE ASSAY FUSION

Package Codes: 3B01 to 3B04, G601 to G614
Sample Digestion: Lead-collection fire assay fusion
Instrumentation Method: ICP-ES (3B, G6), ICP-MS (3B-MS), AA (3B, G6), Gravimetric (G6)
Applicability: Rock, Drill Core

Method Description:

Prepared sample is custom-blended with fire-assay fluxes, PbO litharge and a Ag inquart. Firing the charge at 1050 °C liberates Ag ± Au ± PGEs that report to the molten Pb-metal phase. After cooling the Pb button is recovered, placed in a cupel and fired at 950 °C to render a Ag ± Au ± PGEs dore bead. The bead is digested for ICP analysis or weighed and parted in ACS grade HNO_3 to dissolve Ag leaving a Au sponge. Au is weighed for Gravimetric determination; ACS grade HCl is added dissolving the Au ± PGE sponge for Instrument determination.

Element	3B Detection	3B Upper Limit	3B-MS Detection	3B-MS Upper Limit
Au	2 ppb	10 ppm	1 ppb	10 ppm
Pt	3 ppb	10 ppm	0.1 ppb	10 ppm
Pd	2 ppb	10 ppm	0.5 ppb	10 ppm

Element	G6 (Inst) Detection	G6 (Inst) Upper Limit	G6 (Grav) Detection	G6 (Grav) Upper Limit
Ag	--	--	5 g/t	1 ton
Au	0.005 g/t	10 ppm	0.17 g/t	1 ton
Pt	0.01 g/t	100 ppm	--	--
Pd	0.01 g/t	100 ppm	--	--

Note:
*Sulphide-rich samples require a 15g or smaller sample for proper fusion.