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ASSESSMENT REPORT

describing

VTEM GEOPHYSICAL SURVEY, PROSPECTING AND SOIL SAMPLING

at the

QB PROPERTY

QB 1-28	YB75490-YB75517
29-60	YB83119-YB83150
61-104	YB83151-YB83194
105-124	YB90003-YB90022
125-128	YB91816-YB91819

Latitude 60°26´N; Longitude 130°26´W
NTS 105B/7 and 8

in the

Watson Lake Mining District
Yukon Territory

prepared by

Archer, Cathro & Associates (1981) Limited

for

VALENCIA VENTURES INC.

and

STRATEGIC METALS LTD.

W.A.Wengzynowski, P. Eng.
January 2008

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INTRODUCTION

The QB property consists of 128 mineral claims owned by Strategic Metals Ltd and optioned to Valencia Ventures Inc. The claims protect a number of silver-zinc-lead soil geochemical anomalies and showings. Exploration programs by Nordac, predecessor to Strategic Metals, in 1996 and 1997 focussed on the central area of the property while work in 1998 and 1999 tested an area approximately 4 km to the west. Strategic Metals Ltd. has conducted work on various parts of the property in 2005 and 2006.

This report describes an airborne geophysical program conducted between August 1st and 2nd, 2007 over the most of property. The work was conducted out of Watson Lake, Yukon and consisted of a VTEM (versatile time domain electromagnetic) survey which produced both EM and magnetic data. The program was managed by Geotech Ltd. and was contracted for Valencia Ventures Inc. by Archer, Cathro and Associates (1981) Limited. Also described in this report is follow up groundwork conducted on August 19th, 2007 to investigate several of the preliminary anomalies. This work consisted of prospecting and soil sampling. All work conducted in 2007 was supervised by the author whose Statement of Qualifications appear in Appendix I.

PROPERTY LOCATION, CLAIM DATA AND ACCESS

The QB property is located in the Rancheria area of southern Yukon (Figure 1) at latitude 60°26´N and longitude 130°26´W on NTS map sheets 105B/7 and 8. It is comprised of 128 contiguous mineral claims (Figure 2) registered with the Watson Lake Mining Recorder in the name of Archer Cathro which holds them in trust for Strategic. Claim registration data are listed below.

Claim Name	Grant Number	Expiry Date*
QB 1-28	YB75490-YB75517	February 15, 2011
29-60	YB83119-YB83150	February 15, 2011
61-104	YB83151-YB83194	February 15, 2011
105-124	YB90003-YB90022	February 15, 2011
125-128	YB91816-YB91819	February 15, 2011

* Expiry dates do not include 2007 work which has not yet been filed for assessment credit.

In 2007, the follow up inspection was done by helicopter from a staging area near the Silver Hart property, which lies at the end of a 40 km road extending north from Km 1160 on the Alaska Highway. Helicopter support was provided by an Astar B2 operated by Kluane Helicopters from the Blue Heaven property.

PREVIOUS WORK

The eastern part of the QB property was previously staked as the Eagle claims in July 1979 by Regional Resources Ltd. which explored with geological mapping, prospecting, soil geochemistry and geophysical surveys later that year. In 1980 the claims were optioned to a joint

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FIGURE 1

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

PROPERTY LOCATION

QB PROPERTY

0 — 250km

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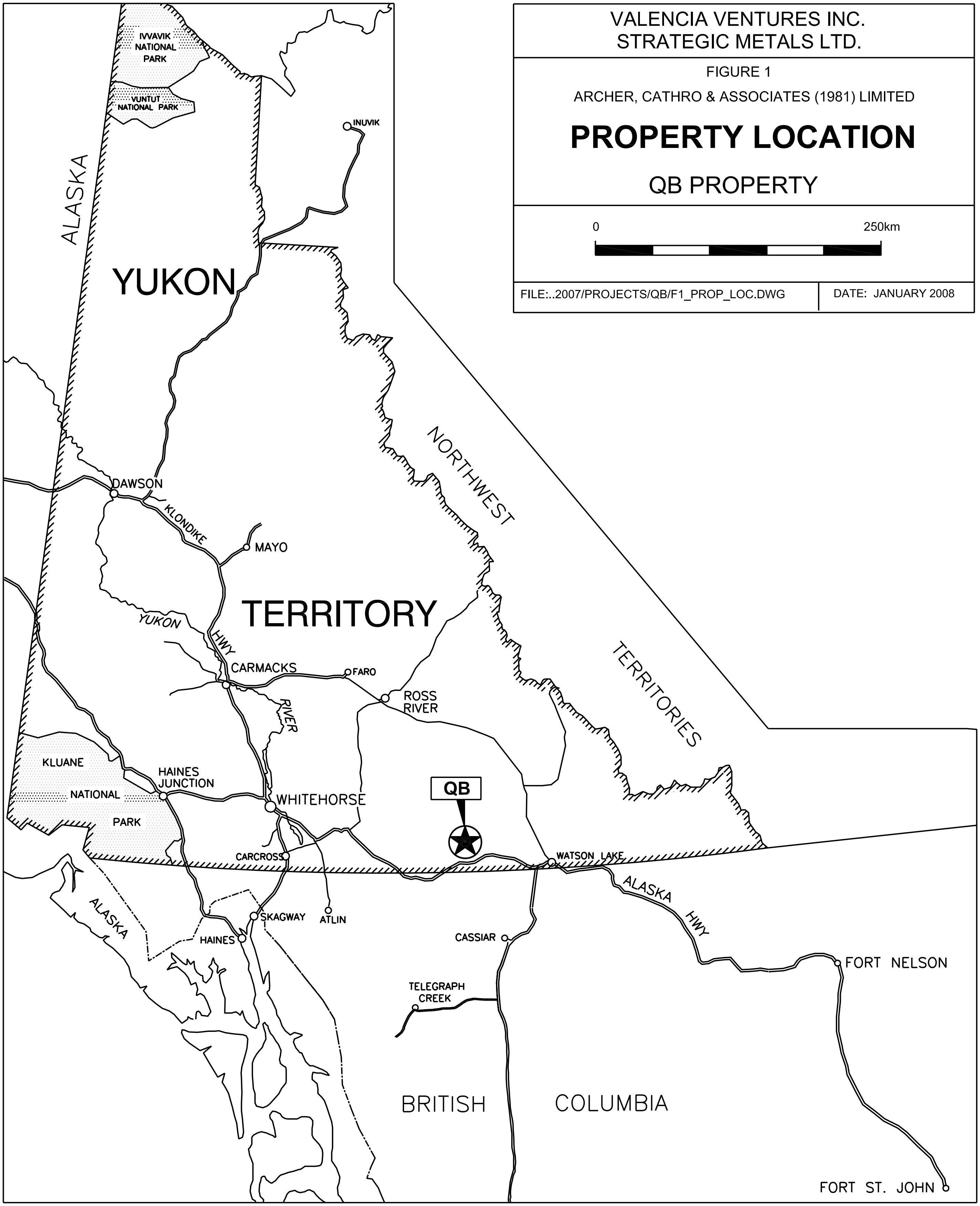

Legend

Claim Block Boundary

Claim Boundary

No Window

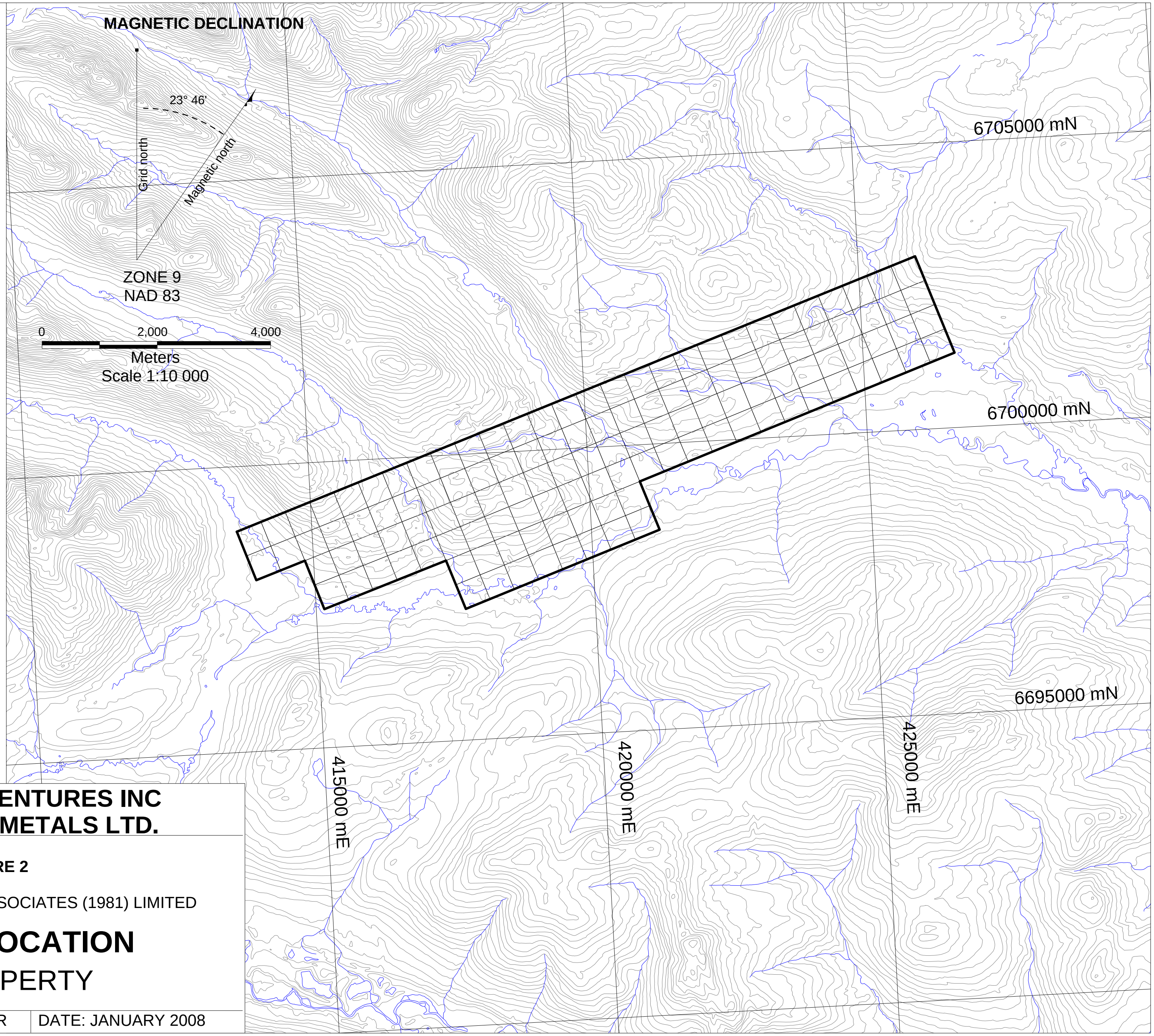

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FIGURE 2

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

CLAIM LOCATION

QB PROPERTY

FILE:../QB/F2_CLAIM_LOC.WOR	DATE: JANUARY 2008

venture between Amax Exploration Limited and Pan Ocean Oil Limited which performed additional geophysical surveys and grid soil sampling that outlined a 1400 by 200 m area of coincident, moderately to strongly anomalous lead and zinc response. Follow up prospecting discovered massive pyrrhotite float plus galena and sphalerite in narrow fractures within schist (Verley, 1980). Twenty-one line km of VLF-Magnetic-IP surveys were conducted across the geochemical anomalies and outlined several areas of anomalous response (Cartwright and Hallof, 1981). Some targets were hand trenched but none was tested by mechanized methods. The claims were transferred to Fairfield Minerals Limited in 1988 but no additional work was reported.

The claims were allowed to lapse and Nordac restaked the anomalies in February 1996. During June 1996, a crew performed geological mapping and prospecting plus reconnaissance and grid soil geochemical sampling mainly in the eastern portion of the QB property (Wengzynowski, 1997). A ground geophysical program consisting of 16.7 line km of HLEM and magnetometer surveys was conducted by Amerok Geosciences Ltd. at the same time as the soil sampling. The grid soil sampling outlined a 2400 by 500 m easterly trending lead-zinc target with a strongly anomalous core measuring 800 by 200 m. The magnetometer survey produced only erratic spot highs while the HLEM survey identified four subparallel conductors, each approximately 400 m in length. Follow up prospecting done in September discovered high grade massive sulphide float. Ten pyrite-pyrrhotite-sphalerite-galena bearing specimens collected over a distance of 2000 m along the axis of the soil geochemical anomaly returned arithmetic averages of 9.98% zinc, 9.10% lead, 0.13% copper and 143.9 g/t silver. Mineral textures and radiogenic lead isotope data suggested that the float is derived from a vein manto replacement type deposit.

Mechanized exploration in 1997 tested the lead-zinc soil geochemical anomaly and attempted to locate the source of the massive sulphide float boulders. The program consisted of 1100 m of excavator trenching and 994 m of diamond drilling (Wengzynowski, 1998). The trenches were widely spaced along an 1100 m section of the soil geochemical anomaly. Although abundant mineralized float was found in the glacial till profile, no significant mineralization was exposed in bedrock. Only intermittent bedrock was encountered in most trenches and all trenches in the core of the anomaly bottomed in till.

Between 1997 and 2000, nine holes (1116 m) were drilled in the eastern part of the property and two holes (151 m) were completed in the western part of the property.

The holes in the eastern part of the property were located along a 500 m section of the soil geochemical anomaly where mineralized boulders were found in glacial till and the HLEM survey had outlined a conductor. The first three holes encountered only minor fracture mineralization but provided information about overburden depth and bedrock foliation. Subsequent holes intersected multiple zones of moderate to intense faulting with associated brecciation. These holes also contained massive, semi-massive and fracture filling mineralization usually in breccia zones within limestone horizons. The best intersection averaged 25.2 g/g silver, 1.52% lead, and 3.20% zinc over 11.93 m, including 1.75 m grading 107.5 g/t silver, 8.43% lead and 13.50% zinc. A few bands of massive sulphide mineralization were intersected in the holes but they were all too narrow to adequately explain the abundant mineralized float observed in the excavator trenches (Wengzynowski, 1998 and Becker, 2000).

In September 1997 geological mapping, prospecting and reconnaissance and grid soil sampling were performed immediately west of the 1996 grid (Wengzynowski, 1998). The new grid covered a 1200 by 1200 m area. The sampling extended the zone of anomalous lead-zinc response on the 1996 grid across the full length of the 1997 grid but did not identify any values as strong as those in the 800 by 200 m core of the original anomaly. Reconnaissance samples taken along two claim lines for a distance of about 2000 m west of the 1997 grid returned scattered, weakly to strongly anomalous silver, lead and zinc values. Prospecting done in conjunction with the reconnaissance soil sampling discovered a new area of mineralized float, a specimen of which returned 181.0 g/t silver, 2.35% lead, 1.29% zinc and 0.99% copper.

The 1998 program was conducted on the West Grid in the vicinity of the new showing. That program consisted of geological mapping, prospecting, grid soil sampling and hand trenching (Becker, 1999). The West Grid covered an 1800 by 2000 m area enlarging the total area of soil geochemical coverage to about 6000 by 2000 m. The 1998 work outlined four more areas of anomalous multi-element geochemical response and identified mineralized float or bedrock in each area (West Zone). The mineralization is associated with jasperoid altered limestone, which is usually strongly oxidized and probably leached. Residual sulphides are present in some specimens as galena, sphalerite, chalcopyrite, pyrite and/or pyrrhotite. Chip samples returned encouraging results with the best values coming from a hand trench which averaged 151.1 g/t silver, 2.52% lead, 0.91% zinc and 0.34% copper over 15 m.

In 1999 two drill holes were completed in the west zone and tested downdip from a hand trench that averaged 142 g/t silver, 4.9% lead, 0.3% zinc and 0.13% copper over 5.2 m. The intensely silica replaced strata that host the mineralization were intersected at a shallower depth than expected. The best assay intervals in the holes graded 76 g/t silver, 1.17% lead, 2.79% zinc and 0.22 % copper over 2.25 m and 125 g/t silver, 1.70% lead, 2.55% zinc and 0.45% copper over 2.18 m, respectively (Becker, 2000).

GEOMORPHOLOGY

The QB property covers an area of low rolling hills along the eastern edge of the Cassiar Mountains immediately west of the Liard Plateau. Creeks draining the property flow southeasterly into the Little Moose River, a tributary of the Liard River.

Local elevations range from 980 m near Little Moose River to a maximum of 1240 m atop the highest knolls on the claim block. Topographic relief is gentle, averaging 10° with occasional steeper areas in the vicinity of creek cuts. Pleistocene valley glaciers deposited a blanket of till ranging from 0.2 to 10 m thick over most of the property. Some areas are hummocky, resembling "kame and kettle" type topography.

The entire property lies below tree line and vegetation consists of dense growths of spruce, birch and pine trees with alder and buckbrush undergrowth.

REGIONAL GEOLOGY

Geology in the vicinity of the QB property was mapped at 1:250,000 scale in the late 1950s, 1960s and 1970s by the Geological Survey of Canada (Poole, et al., 1960; Gabrielse, 1969; Tempelman-Kluit, et al., 1976). Various parts of the area have been remapped at 1:50,000 by geologists working for Indian and Northern Affairs Canada (Lowey and Lowey, 1986; Amuken and Lowey, 1987), B.C. Ministry of Energy and Mines (Nelson and Bradford, 1986 and 1993), and the Yukon Geological Survey (Roots, et al., 2004).

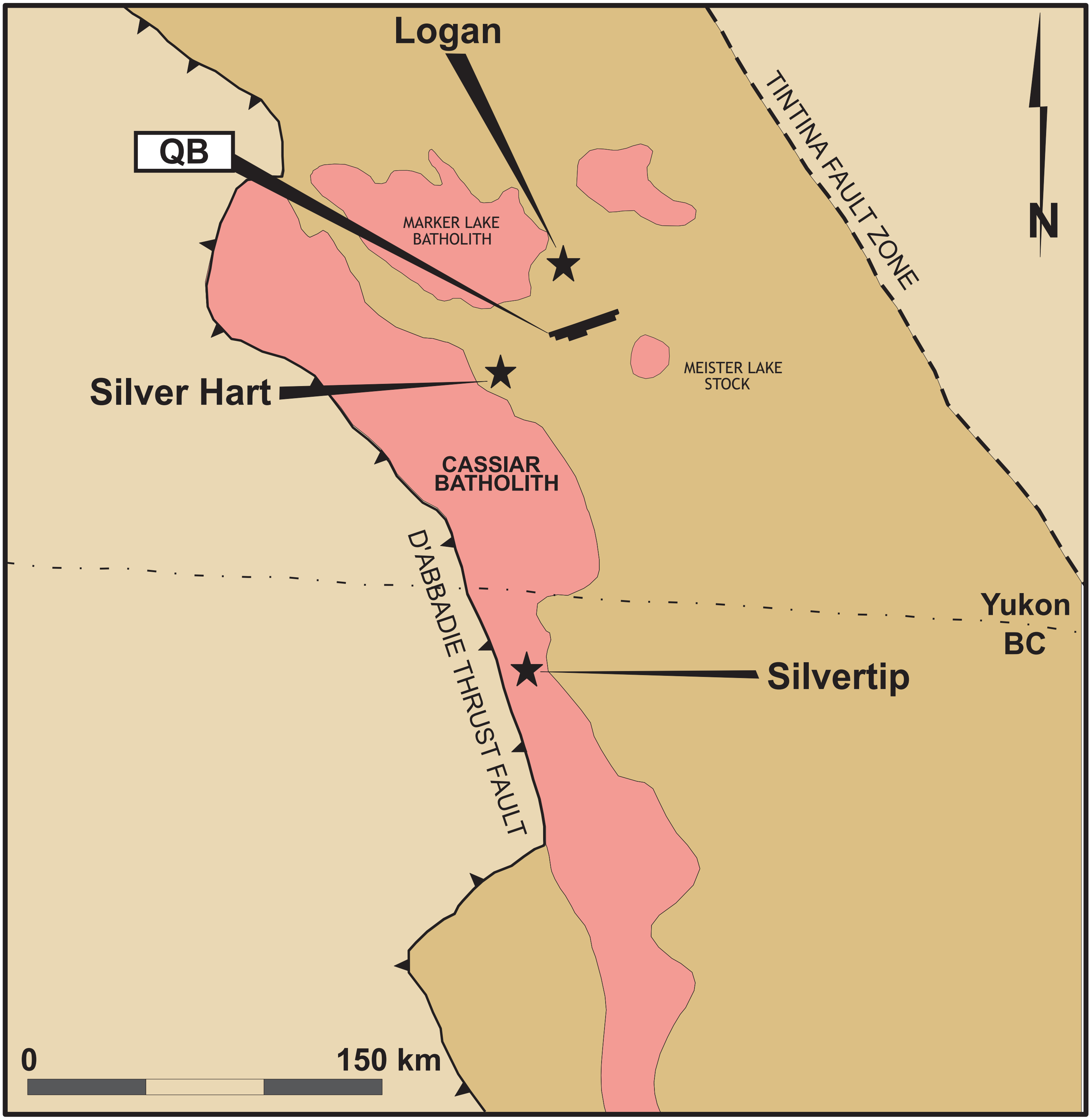
The QB property lies within a belt of calcareous and non calcareous sedimentary and metasedimentary rocks belonging to the Cassiar Platform tectonic element (Figure 3). This belt extends through northern British Columbia into central Yukon. The northeastern edge of the belt is defined by the Tintina Fault Zone, a series of subparallel transcurrent faults that produced about 420 to 460 km of dextral offset in Early Tertiary times (Mortensen, et al., 2000). The southwest side is bounded by the D'Abbadie Thrust Fault (Keijzer, et al., 1999). Cassiar Platform rocks were mainly deposited as shallow water sediments during Paleozoic times along the margin of North America. They were deformed and metamorphosed by arc-continent collision in the early Mesozoic and were subsequently intruded by various plutonic suites. The regional metamorphic fabric strikes southeasterly and dips moderately toward the northeast. Intrusions in the area range from Early Jurassic to Early Tertiary in age (Mihalynuk and Heaman, 2002) but most belong to the Mid-Cretaceous Cassiar Plutonic Suite (Mortenson, et al., 2000). The Cassiar Plutonic Suite intrusions include batholiths (Cassiar, Hake and Seagull), stocks and dyke complexes.

The major high angle faults in the area are aligned subparallel to the Tintina Fault Zone and exhibit primarily dextral strike-slip offsets. Movement on these structures produced a series of smaller, northeast trending extensional faults that are associated with silver bearing mineralization at a number of prospects in the area.

The main lithological units in the Rancheria area are summarized on the following table.

Table I - Main Lithological Units

<u>Recent</u> Overburden	Glacial till, lateral and terminal moraines, and glaciofluvial outwash
<u>Tertiary</u>	Monzogranite and quartz-feldspar porphyry dykes
<u>Cretaceous</u>	Granite, granodiorite, quartz-monzonite, alaskite, diorite
<u>Jurassic</u>	Hornblende diorite and quartz diorite; minor biotite-hornblende quartz monzonite
<u>Lower Devonian to Lower Mississippian</u> Earn Group	Recessive, carbonaceous shale and slate, locally phyllitic
<u>Silurian to Upper Devonian</u> McDame Formation	Grey to black, laminated and thick bedded fetid limestone



Mid Cretaceous Cassiar Plutonic Suite

Cassiar Platform

Yukon-Tanana Terrane

★ Deposit owned by other

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FIGURE 3

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

REGIONAL GEOLOGY

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Upper Cambrian to Lower Ordovician Kechika Group	Chloritic volcanic fragmental rocks with limestone lenses and orange weathering, brown and green, lime-cemented volcaniclastic rocks
Upper Cambrian	Recessive buff weathering, thick bedded grey slate and argillaceous limestone
Lower Cambrian Atan Group	Grey, buff and orange massive dolostone, limestone and calc-silicate rocks
Lower Cambrian and older Boya Formation	Biotite schist, carbonaceous schist and quartzite

(after Roots, et al.., 2004)

REGIONAL MINERALIZATION

The following general history of mineral exploration in the Cassiar Mountains is based primarily on Yukon Minfile (Traynor, 2005) and B.C. Minfile (2006).

More than 250 mineral occurrences have been reported in the Cassiar Mountains of northern British Columbia and southern Yukon. A high proportion of these occurrences are in the Rancheria area where various types of silver bearing mineralization are associated with Cretaceous igneous activity. Although some discoveries were made in the first half of the twentieth century, most were made after 1950 when construction of the Alaska Highway greatly improved access.

The period of maximum exploration activity occurred in the early to mid 1980s and was stimulated by drill discoveries at the Silvertip Deposit by Regional Resources, the Logan Deposit by Fairfield Mineral and the Silver Hart Deposit by Silver Hart Mines Ltd. These properties are the most advanced projects in the area but have been relatively dormant for several years because of low silver prices.

The Cassiar Platform and intrusive rocks of the Rancheria area are host to numerous mineral occurrences including: silver-lead-zinc±copper±gold veins, tin-tungsten-zinc skarns and lead-zinc-silver replacement bodies. The most significant discoveries in this region to date are the Silvertip (Midway), Logan and Silver Hart Deposits. The Silvertip Deposit is classified as a manto replacement body hosted in Devonian sediments. Diamond drilling and underground development have outlined a mineral resource containing 2,570,000 tonnes with an average grade of 325.0 g/t silver, 6.4% lead, 8.8% zinc (Silver Standard Resources, 2006). Vein and shear hosted mineralization occurs within the Cretaceous Marker Lake Batholith at the Logan Deposit where historical resources are estimated at 13.08 million tonnes grading 5.1% zinc and 23.7 g/t silver (Traynor, 2005). The Silver Hart Deposit consists of a series of veins reportedly containing 59,893 tonnes grading 1824 g/t silver (Traynor, 2005). The locations of these deposits are shown on Figure 3.

PROPERTY GEOLOGY

The QB property lies between the Marker Lake Batholith, about 4 km to the north, and the Meister Lake Stock, approximately 6 km to the southeast.

Bedrock exposure on the property is poor (<5%) and is generally restricted to creek cuts or small windows through the glacial till cover. Most of the property is underlain by schists that are believed to be Lower Cambrian in age (Boya Formation). Limestone is interbedded with the schist forming horizons up to 100 m thick. The only intrusive rocks observed are narrow felsic dykes.

The lack of exposure in most parts of the property limits structural interpretation. In the eastern part of the property, trenching and drilling have enhanced the understanding of local structures and stratigraphy suggesting the existence of a relatively open synformal structure (Wengzynowski, 1998). Foliation is well developed in most units and parallels compositional layering. The main geological features on the QB property are shown on Figure 4 while the main lithologies are described below. Although the schist units are described separately, they are not subdivided on the map.

Quartz-muscovite±biotite±feldspar schist is the most common schist unit. It is tan weathering, medium grained, well foliated, grey to dark green weathering and moderately fissile. Biotite and chlorite contents are variable ranging from 0 to 30 %.

Quartz-muscovite schist is pale grey-green and mostly occurs as thin, 1 to 15 cm interfoliations within limestone. This unit is commonly calcareous and is the least common of the schist units.

Limestone is either white and coarsely crystalline or pale greenish grey and fine grained. The finer grained material contains biotite and muscovite along schistose partings and laminations. In the vicinity of the mineral occurrences the limestone is often intensely silicified (jasperoid) and brecciated. Contacts between fresh limestone and silica altered zones are usually gradational.

Felsic dykes are composed of fine to medium grained, light grey groundmass with rounded phenocrysts of quartz and feldspar up to 2 mm in diameter. This unit is not common and has not been found in outcrop.

Most topographic linears on the property are best seen on air photos and are interpreted as steep easterly trending faults. These structures may have played an important role in controlling mineralization. Northeasterly and north-northwesterly trending faults have also been inferred based on isolated bedrock exposures, topographic linears and geophysical interpretation (Wengzynowski, 1998).

PROPERTY GEOCHEMISTRY AND MINERALIZATION

Soil geochemical results from the previous sampling programs at QB property identified a broad band of anomalous lead and zinc response that extends for the entire 6 km length of the grid.

Area A hosts a 2400 by 500 m east-northeast trending lead-zinc anomaly with a strongly anomalous core measuring 800 by 200 m. Silver response is subdued compared to the other two metals. The core of the anomaly coincides with the projected surface trace of a synclinal axis.

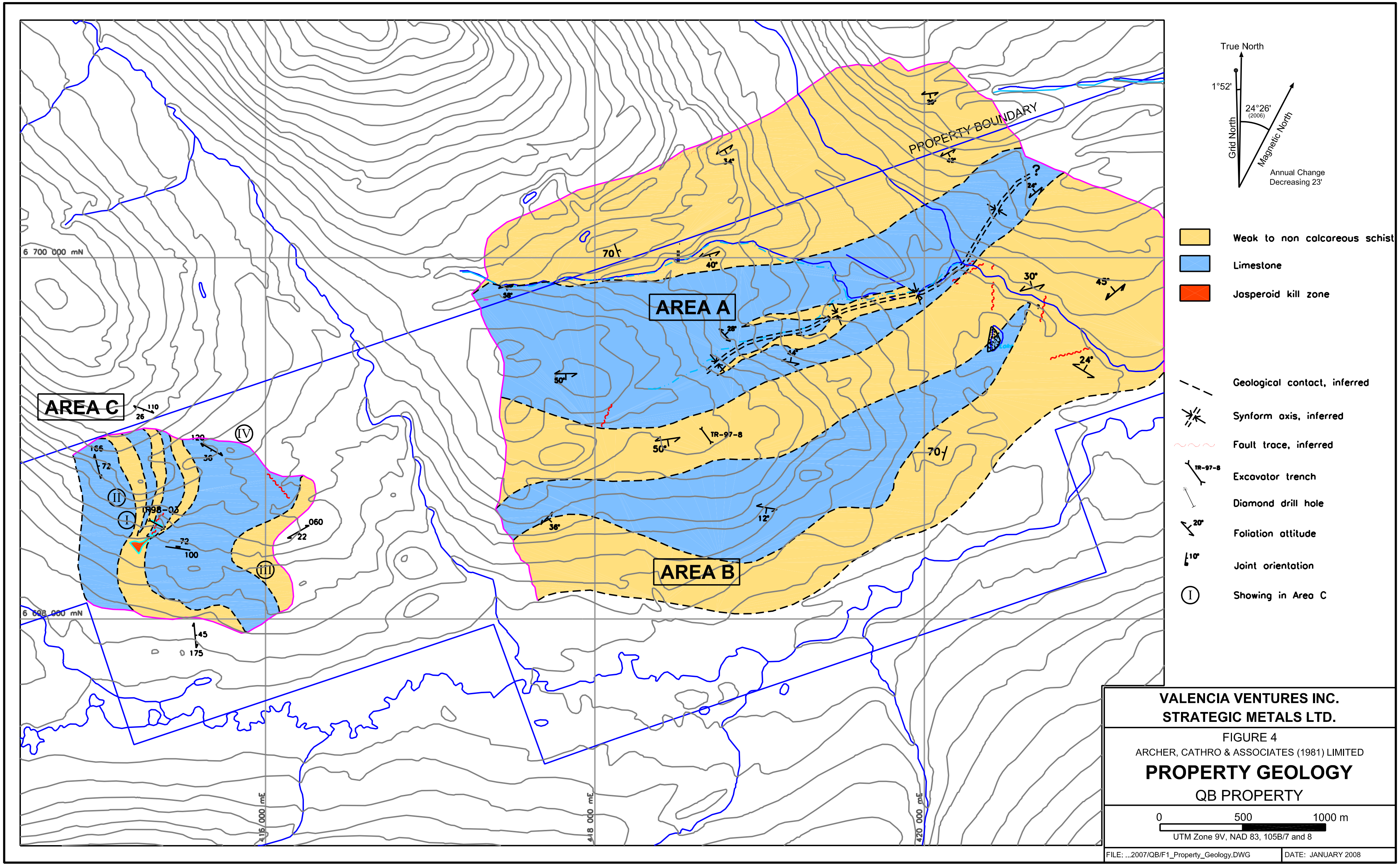
True North
Grid North
Magnetic North
1°52'
24°26'
(2006)
Annual Change
Decreasing 23'
PROPERTY BOUNDARY
AREA A
AREA B
AREA C
TR-97-8
1998-02
6 700 000 mN
6 698 000 mN
416 000 mE
418 000 mE
420 000 mE
Weak to non calcareous schist
Limestone
Jasperoid kill zone
Geological contact, inferred
Synform axis, inferred
Fault trace, inferred
Excavator trench
Diamond drill hole
Foliation attitude
Joint orientation
Showing in Area C
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FIGURE 4
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
PROPERTY GEOLOGY
QB PROPERTY
0
500
1000 m
UTM Zone 9V, NAD 83, 105B/7 and 8
FILE: ...2007/QB/F1_Property_Geology.DWG
DATE: JANUARY 2008

Mineralized float boulders were discovered at a number of sites within Area A. Most of the boulders consist of massive pyrite-pyrrhotite±sphalerite±galena±chalcopyrite exhibiting weak banding and replacement textures commonly associated with manto replacement style mineralization. Ten specimens sampled in 1996 returned an arithmetic average grade of 9.98% zinc, 9.10% lead, 0.13% copper, and 143.9 g/t silver with peak values of 20.2% zinc, 18.70% lead, 0.28% copper and 281 g/t silver. Heavily disseminated sphalerite and galena identified within dolomitized limestone and metasediments yielded up to 12.60% zinc, 9.74% lead and 778 g/t silver (Wengzynowski, 1998).

Excavator trenching which attempted to explore the soil anomaly was largely unsuccessful because of swampy unstable ground conditions and thicker than expected glacial till. Only parts of four of the eight trenches reached bedrock and exposed significant mineralization in the till profile.

Area B is roughly 1500 by 1000 m in size and contains mostly weakly anomalous lead values surrounding clusters of moderately and strongly anomalous response. Very little follow up work has been done in this area and no mineralization has been documented.

Area C is situated about 4 km west of Area A and hosts four zones of anomalous lead-silver-zinc-copper geochemical response within a 1 km^2 block. Trends of elevated values are very irregular suggesting that the mineralization is structurally complex or that metal dispersion in soil has been complicated by glacial smearing. Carbonate replacement mineralization has been identified in the vicinity of the strongest soil geochemical anomalies. The mineralization is mostly hosted in jasperoid altered horizons. Four showings, referred to as I, II, III and IV have been identified and are described below (Becker, 1999 and 2000).

Showing I occupies an area of extremely strong multi-element soil geochemical response centred on a zone of mineralized float and outcrops. The soil geochemical anomaly covers a 450 by 450 m area where all the indicator elements (lead-zinc-silver) returned extremely high values, except for a band of weakly anomalous values that coincides with a barren schist horizon. The northwest edge of the barren schist is an inferred fault which is marked by a northeast trending topographic linear. This linear drains downhill into a “kill zone”. Mineralization and alteration are strongest on the northwest side of the fault and gradually decrease away from it.

Mineralized outcrops in the northwest half of Showing I are all related to jasperoid alteration formed by silicification of limestone. The original textures of the limestone are preserved, in part because of very fine grained carbonate grains that are encapsulated within the jasperoid. Typical jasperoid is medium to dark grey and massive except for occasional vugs. It contains blebs (0.5 to 2 mm in diameter) of galena, sphalerite and pyrite with lesser pyrrhotite, chalcopyrite and fine grained tetrahedrite. Most outcrops are moderately weathered and are coated with limonite, manganese and locally abundant malachite. Sericitized limestone fragments are common within the jasperoid altered zone but their foliation attitudes are erratic suggesting they may be breccia fragments formed by collapse of the hanging wall rocks during jasperoid formation.

Lateral zonation is evident in the alteration zone with a core of mineralized jasperoid adjacent to the fault grading outward to barren jasperoid, dolomite and finally unaltered limestone. Foliation attitudes in unaltered rocks north of the fault strike northerly and dip steeply to the east or southwest while foliations in rocks southeast of the fault strike northeast and dip moderately to the southeast. Joints in all rock types usually strike northeast and dip steeply to the southeast or northwest.

The average grade of nine specimens of mineralized jasperoid collected in 1998 was 168.2 g/t silver, 2.40% lead, 1.16% zinc and 0.51% copper (Becker, 1999). The best results from hand trenching were in TR98-03 which averaged 155.3 g/t silver, 2.6% lead, 0.8% zinc and 0.34% copper over 16.5 m. TR98-04, located 50 m downhill from TR98-03, exposed 14 m of jasperoid mineralization. Two diamond drill holes were drilled from a single site located below the exposure in TR98-04. Both holes encountered the jasperoid mineralization but at a much shallower depth and across narrower thicknesses than anticipated. The grades, however, were similar to the trench samples.

Showing II consists of moderate to strong soil geochemical response over a zone of mineralized float and outcrop. A 28 m long hand trench exposed weak to moderately mineralized limestone, schist and jasperoid that is strongly weathered, with limonite occurring as disseminations, along fractures and in patches of boxwork. Chip samples from this trench averaged 59.5 g/t silver, 1.07% lead and 0.22% zinc over 8 m (Becker, 1999).

Showing III is an area with moderate to strong soil geochemical response and scattered mineralized float boulders. The soil geochemical anomaly covers an area 350 by 350 m with scattered moderate to strong values surrounded by areas of weak to background response. This erratic pattern may be due to glaciation because the area is characterized by small hummocks of glacially scoured outcrop surrounded by gullies filled with glacial till. Two float samples of mineralized jasperoid were found within this showing in 1998. The better of the two boulders returned 209.1 g/t silver, 1.89% lead, 0.70% zinc and 0.75% copper. In 1999 a hand pit dug beneath a strongly anomalous grid soil sample site unearthed several more mineralized float boulders but a layer of large unmineralized boulders prevented the pit from reaching bedrock. A composite sample from strongly weathered float boulders graded 229 g/t silver, 2.2% lead, 0.31% zinc and 0.44% copper (Becker, 2000). Several other hand pits were dug in the area but they did not locate mineralized float or bedrock.

Showing IV consists of weak to moderate soil geochemical response and three mineralized float boulders. The soil geochemical anomaly is relatively erratic and has weak silver and copper response compared to the other showings. Three samples of mineralized jasperoid were found along the top of a south facing slope, which parallels an east trending recessive linear, but all outcrops in the area are unaltered schist. The average grade for the three samples is 19.9 g/t silver, 0.13% lead, 5.14% zinc and 0.11% copper (Becker, 1999).

2007 EXPLORATION PROGRAM

Geotech Ltd. of Ontario conducted helicopter-borne, Versatile Time Domain Electromagnetic (VTEM) and magnetic surveys over the property on August 1 and 2, 2007. A total of 206 line kilometres was flown. The VTEM system allows for deep penetration while maintaining high spatial resolution and resistivity discrimination. Principal geophysical sensors included a VTEM system and a high sensitivity cesium magnetometer. Ancillary equipment included a Global Positioning System (GPS) navigational system and a radar altimeter.

The block was flown at 100 m line spacing with two perpendicular tie lines 1000 m apart. Where possible, the helicopter maintained a terrain clearance of 85 m, which translated into an average height of 45 m above the ground for the VTEM system and 70 m for the magnetic sensor. Twenty-four measurement gates were used to record receiver decay in the range from 120 to 6578 microseconds. A three stage filtering process was used to reject major sferic events and to reduce system noise. The signal to noise ratio was further improved by the application of a low pass linear digital filter. The sensitivity of the magnetic sensor is 0.02 nano Tesla at a sampling interval of 0.1 seconds. Corrections for diurnal variation and tie line levelling were made during data processing. Survey data and maps from Geotech are included as Appendix II.

Data reduction and inversion of both magnetic and EM data were also both carried out by Geotech Ltd. Magnetic data reduction consisted of total magnetic intensity (TMI) with upscaling, vertical gradient and total derivative maps. TMI was used for basic detection and definition of magnetic bodies. Upscaling of this data (to 100 m) resulted in smoothing of large anomalies and elimination of smaller anomalies. Vertical gradient and vertical gradient were used to amplify signals from shallow magnetic sources. Inversion of magnetic data was done using the well established technique of Euler deconvolution. This method is primarily used to delineate boundaries of magnetic bodies and estimate their depths. EM data required little data reduction. However, data for B-field (induction field) and its time derivative dB/dt surveys were collected and compiled into maps. These different surveys are used for deep and shallow anomaly detection, respectively. EM data was inverted using EMFlow software for conductivity depth imaging (Bournas, 2008). Appendix III contains survey data and figures.

Qualitative analysis of EM data identified four zones of anomalous EM response. These zones, named A through D, are indicated on Figure 5.

Zone A is situated adjacent to Area A where previous work identified a 500 m wide by 2500 m long soil geochemical anomaly thought to be coincident with a large southwest trending synform. VTEM data shows strong EM signal located at an interpreted depth of 300m within the northern limb of the synformal stratigraphy.

Zone B is located in the south-central part of the property within Area B. This area has received limited work, most of which was done during follow up of the VTEM anomaly in 2007. This work included limited soil sampling and prospecting. VTEM data indicate the presence of four anomalies within this zone and Conductivity Depth Images (CDI) indicates the top of the strongest anomaly is less than 100 m deep. The depth to the top of the three remaining anomalies are modelled to be 200 m or deeper.

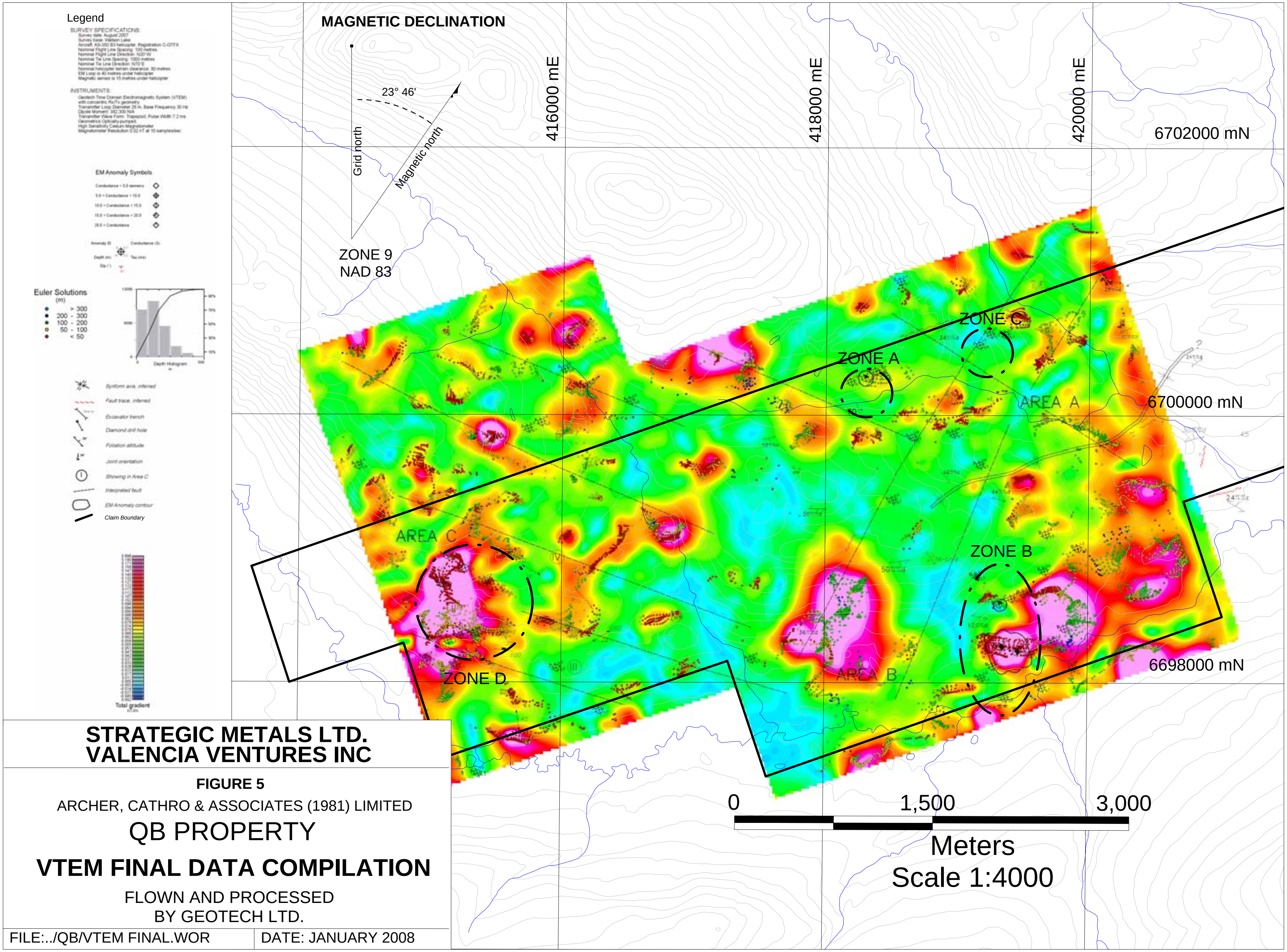

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FIGURE 5

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

QB PROPERTY

VTEM FINAL DATA COMPILATION

FLOWN AND PROCESSED
BY GEOTECH LTD.

FILE:../QB/VTEM FINAL.WOR	DATE: JANUARY 2008

Zone C is also located within Area A. This zone is comprised of a single weak anomaly that CDI has shown to be greater than 200 m deep.

Zone D is located within Area C and is coincident with four irregularly shaped geochemical anomalies. These anomalies have been prospected and explored with hand trenches and test pits, which have identified four mineral showings. CDI shows a strong anomaly at approximately 550 m depth and a much weaker anomaly at 200 m depth.

Table II lists the EM anomalies and their characteristics.

Table II - Selected EM anomalies. Modified from Bournas, 2008

Anomalous Zone/Line	Anomaly Type Description	Conductor Geometry	Easting (mE)	Northing (mN)	Conductance (S)	Strike (º)	Dip (º)
A/L6400	One symmetric peak	Thin steeply dipping plate	418290	6700279	5.5		
B/L6430	One broad symmetric peak	Thick shallowly dipping plate	419302	6698256	13.4	EW	S
B/L6430	One symmetric peak	Thin steeply dipping plate	419126	6698787	4.8		
B/L6440	One symmetric peak	Thin steeply dipping plate	416293	6698576	5.5		
B/L6440	One broad anti-symmetric peak	Thick shallowly dipping plate	419421	6698219	10.9	EW	S
C/L6500	One broad anti-symmetric peak	Thick shallowly dipping plate	419235	6700606	3.7	EW	S
D/L6050	One broad anti-symmetric peak	Thick shallowly dipping plate	415248	6698343	2.8	EW	S
D/L6050	One symmetric peak	Thin steeply dipping plate	415118	6698733	1.9		

Follow up work in the vicinity of the best preliminary EM anomaly (Zone B) consisted of prospecting and soil sampling. All rock and soil samples collected in 2007 were sent to ALS Chemex in North Vancouver. Soil samples were dried, sieved to 80 mesh (-180 micron) and then the fine fraction was pulverized to yield a split that was dissolved in aqua regia and then analyzed for 35 elements using the inductively coupled plasma (ME-ICP41) technique. Rock samples were dried and fine crushed to better than 70% passing a 2 mm screen. A 250 g split was further pulverized to better than 85% passing 75 micron. The pulverized material was prepared and analyzed using the same technique as the soil samples. Any samples that yielded values exceeding upper detection limits were assayed for total metal content. Certificates of Analysis are contained in Appendix II.

Upon inspection, the area underlain by the strongest EM anomaly is marked by a distinct "kill" zone (an area where strong leaching of heavy metal ions inhibits the growth of vegetation) with abundant gossanous soil and lesser cobbles and pebbles. Seventeen soil samples were collected over an impromptu grid consisting of three sample lines spaced roughly 100 m apart (Figures 6, 7, 8, 9, and 10). Samples were collected along the lines at 25 m intervals. Results for silver, copper, lead and zinc were generally low with peak values of 1.2, 311, 59 and 544 ppm, respectively. Most of the samples contained high iron content with values reaching 11.5 %.

Six rock samples were collected mostly from within the main 30 m by 30 m kill zone at the centre of the VTEM anomaly (Figure 6). They comprise gossanous pebbles and cobbles including ferricrete breccia, limonite fragments, and limonitic siderite containing remnant massive fine-grained pyrite. The results for the rock specimens are listed in Table II. Rock sample descriptions appear in Appendix IV.

Table III - Rock Sample Results

Sample Number	Ag (g/t)	Pb (ppm)	Cu (ppm)	Zn (ppm)	Fe (%)
B375377	4.1	87	417	206	21.4
B375378	5.1	19	664	185	38.1
B375379	0.7	9	445	639	16.3
B375380	2.1	7	260	31	47.3
B375381	0.7	11	259	27	36.8
B375382	0.5	20	340	27	32.1

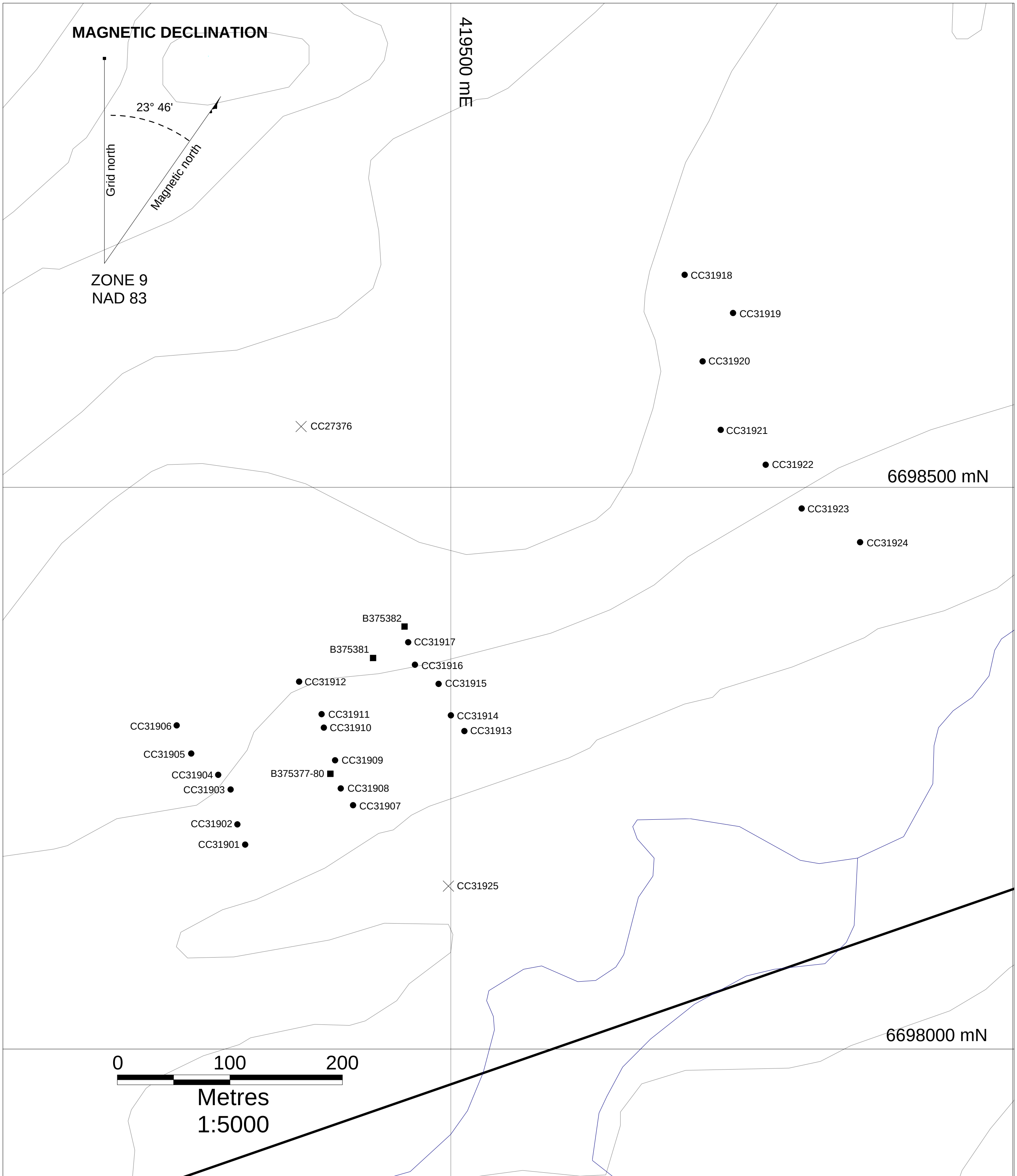
Two isolated magnetic anomalies located within and adjacent to Zone B were found to be underlain by a thick blanket of glacial till and multiple eskers. One soil sample line located down the long axis of the anomaly (Figure 11 to 14) yielded low values for silver (0.4 ppm) and copper (12 ppm). Zinc values, however, were elevated to a peak value of 1030 ppm. Sample locations and results for silver, copper, lead and zinc are illustrated on Figures 15, to 18.

DISCUSSION AND CONCLUSIONS

The 2007 exploration program at the QB property identified a highly prospective EM target in the southern part of the property. It is coincident with a small but intense gossanous kill zone and has excellent spatial association with a positive magnetic anomaly indicating the presence of magnetite and/or pyrrhotite. Conductivity depth profiles across the area of anomalous EM response suggest the conductor is within 100 m of surface. Geochemical values from rocks and soils collected in the vicinity of the kill zone at Zone B are generally subdued with respect to silver, lead, zinc and copper. The high iron content of the soils and rocks however, may be indicative of surface weathering of a pyrite dominant part of the mineralized system.

Additional work should consist of two to three tightly spaced diamond drill holes to test the EM conductor at depth.

Respectfully submitted,



- Soil Sample Location with Soil Sample Number
- Rock Sample Location with Sample Number
- Silt Sample Location with Sample Number
- Claim Boundary

VALENCIA VENTURES INC
STRATEGIC METALS LTD.

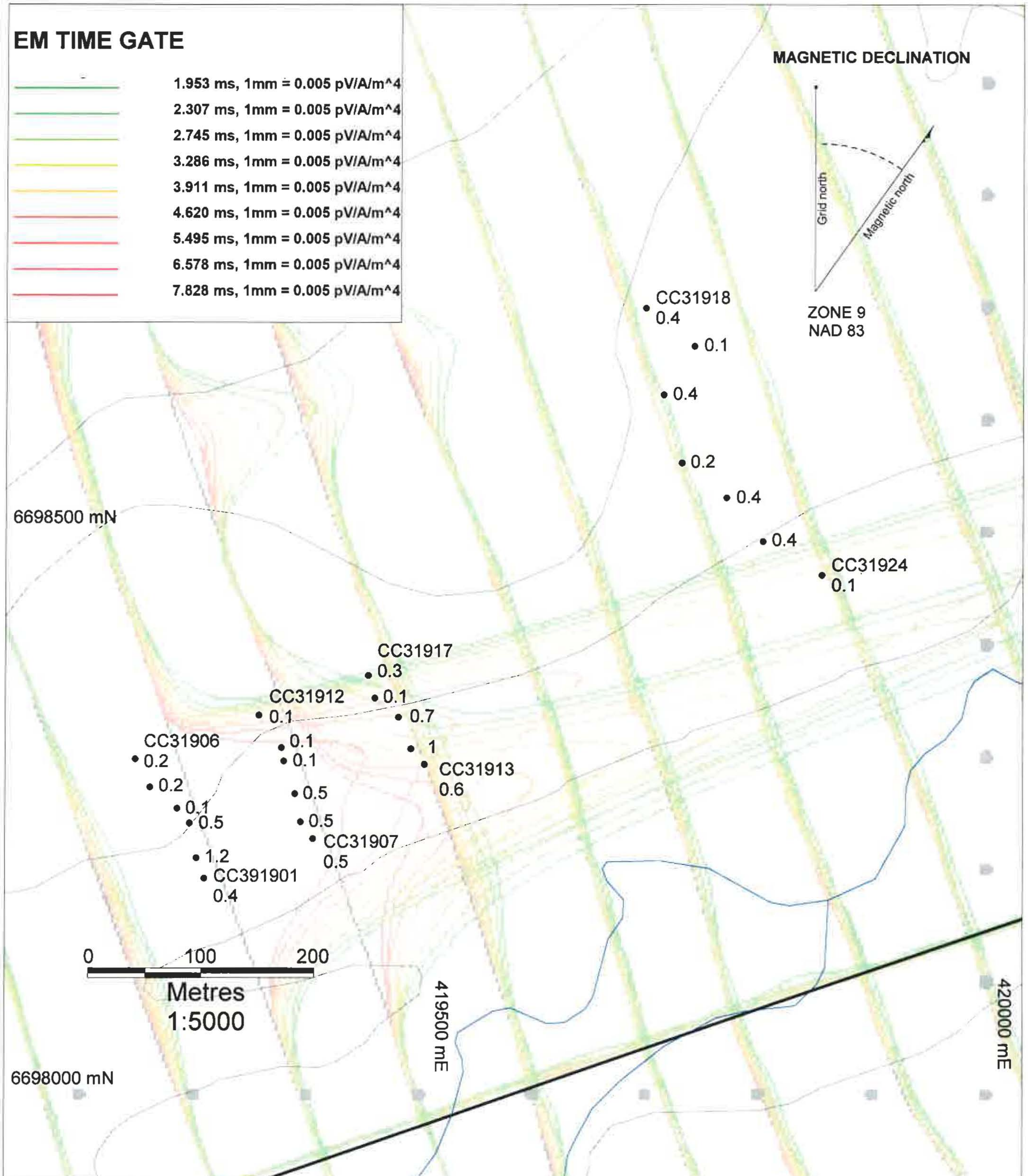
FIGURE 6

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

SAMPLE LOCATIONS MAP

QB PROPERTY

FILE:2007/QB/QB_SAMP_LOC	DATE: JANUARY 2008



● Soil Sample Location with Soil Sample Number and Ag (in ppm) Geochemistry

Claim Boundary

VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

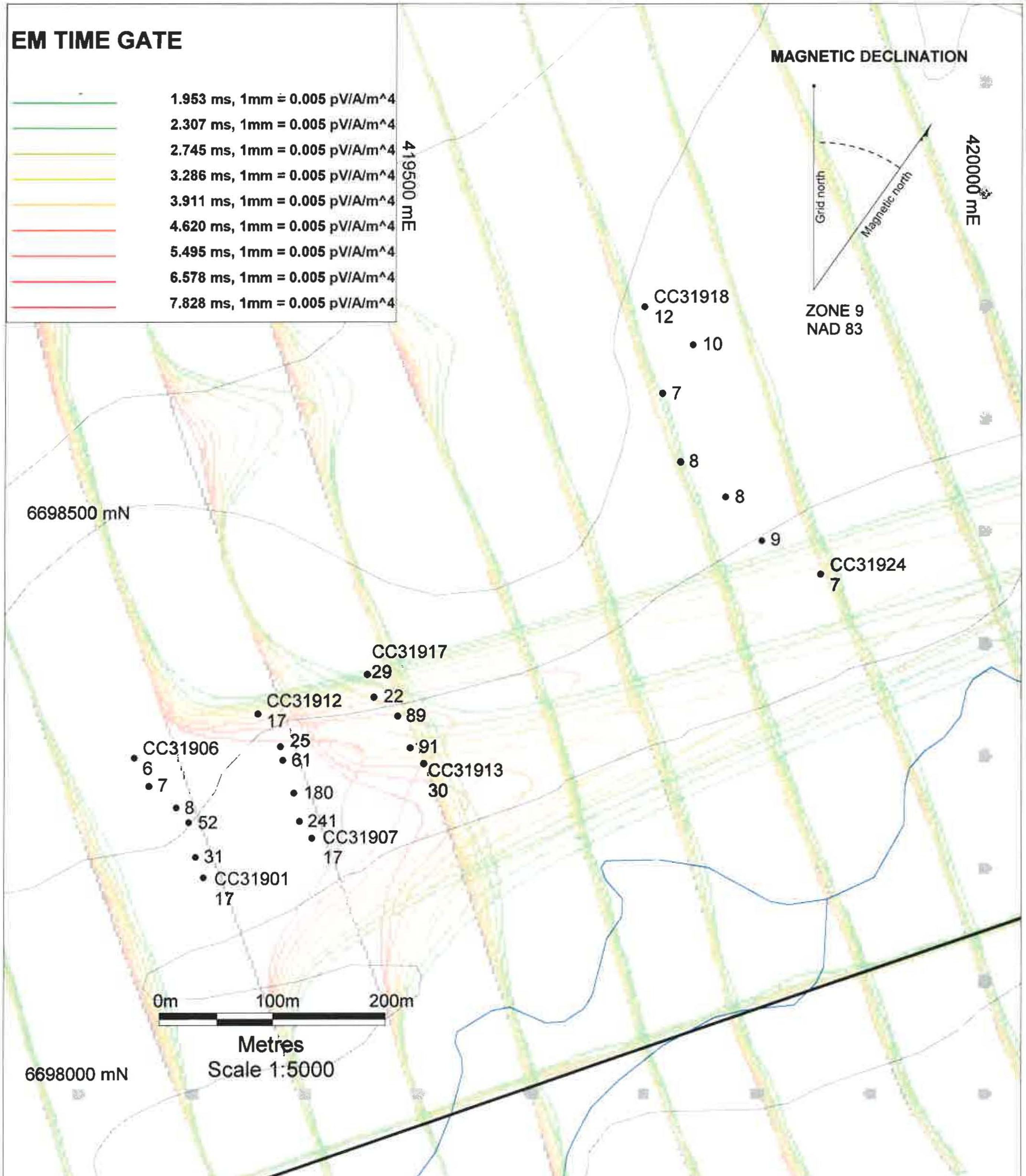
FIGURE 7

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

SILVER GEOCHEMISTRY and EM DATA

QB PROPERTY

FILE:2007/QB/QB_SOIL_AGEM	DATE: JANUARY 2008



● Soil Sample Location with Soil Sample Number and Cu in ppm

Claim Boundary

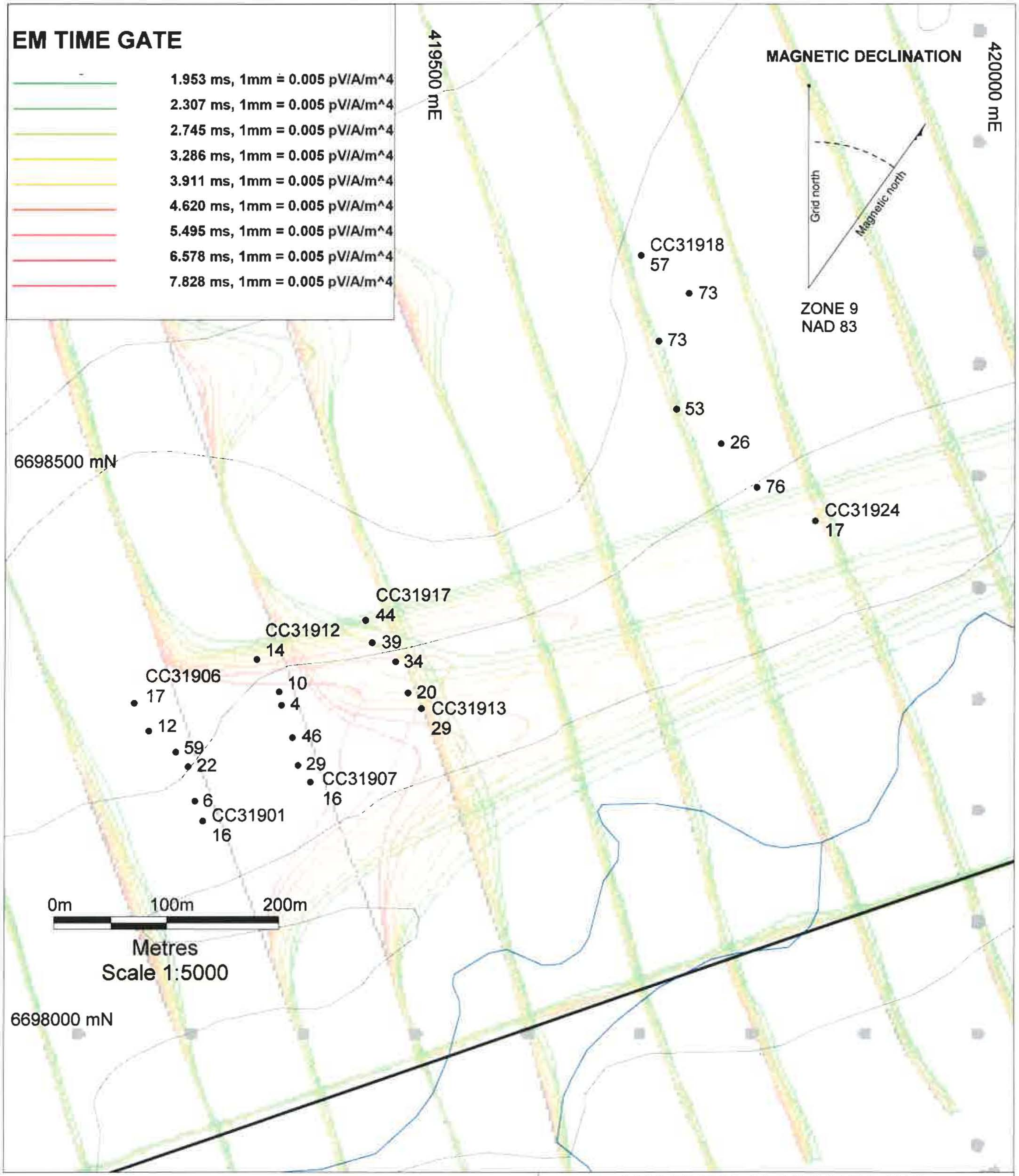
VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

FIGURE 8

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

COPPER GEOCHEMISTRY and EM DATA
QB PROPERTY

FILE:2007/QB/QB_SOIL_CUEM | DATE: JANUARY 2008



● Soil Sample Location with Soil Sample Number and Pb in ppm

Claim Boundary

VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

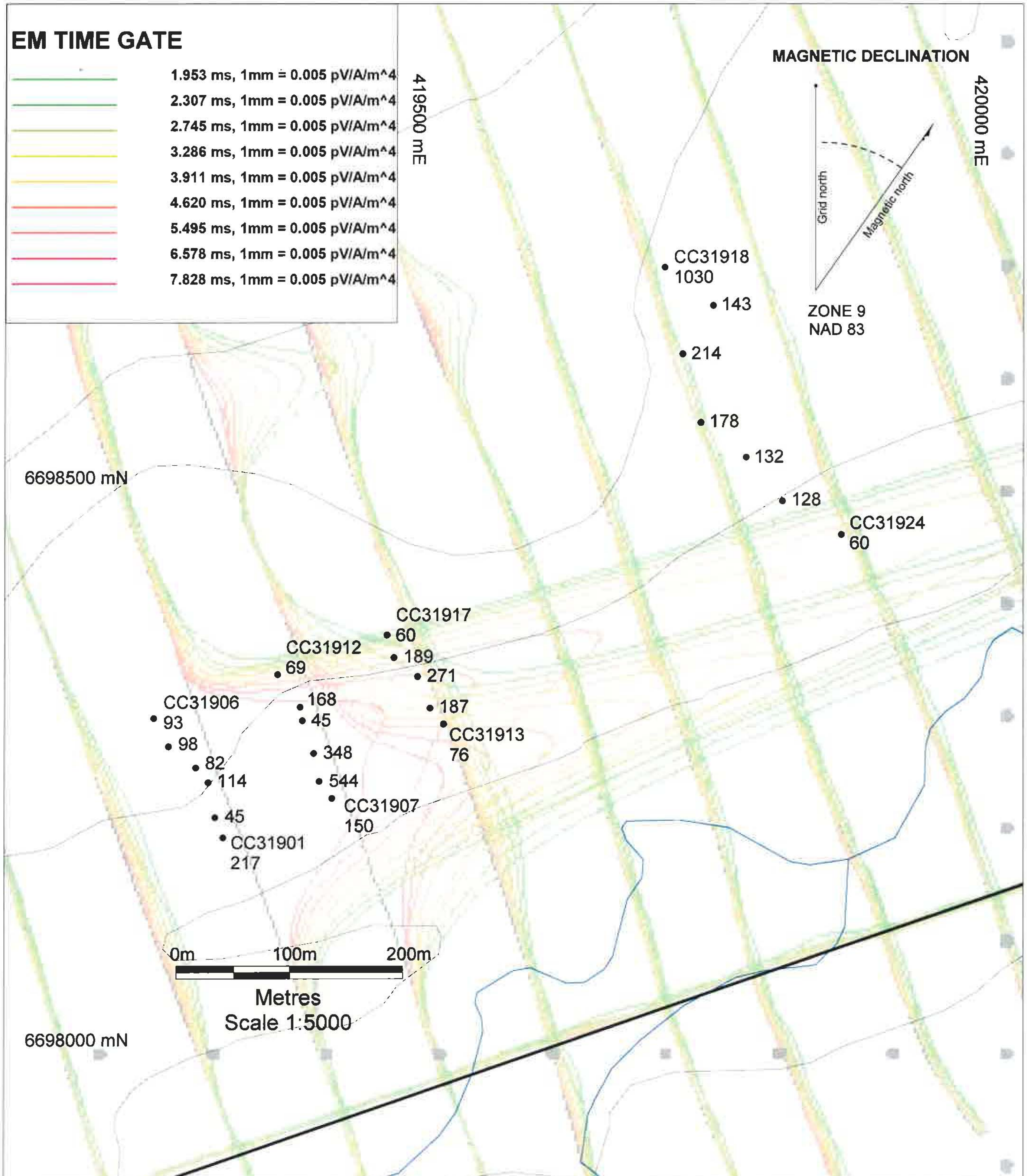
FIGURE 9

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

LEAD GEOCHEMISTRY and EM DATA

QB PROPERTY

FILE:2007/QB/QB_SOIL_PBEM	DATE: JANUARY 2008



● Soil Sample Location with Soil Sample Number and Zn in ppm

Claim Boundary

VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

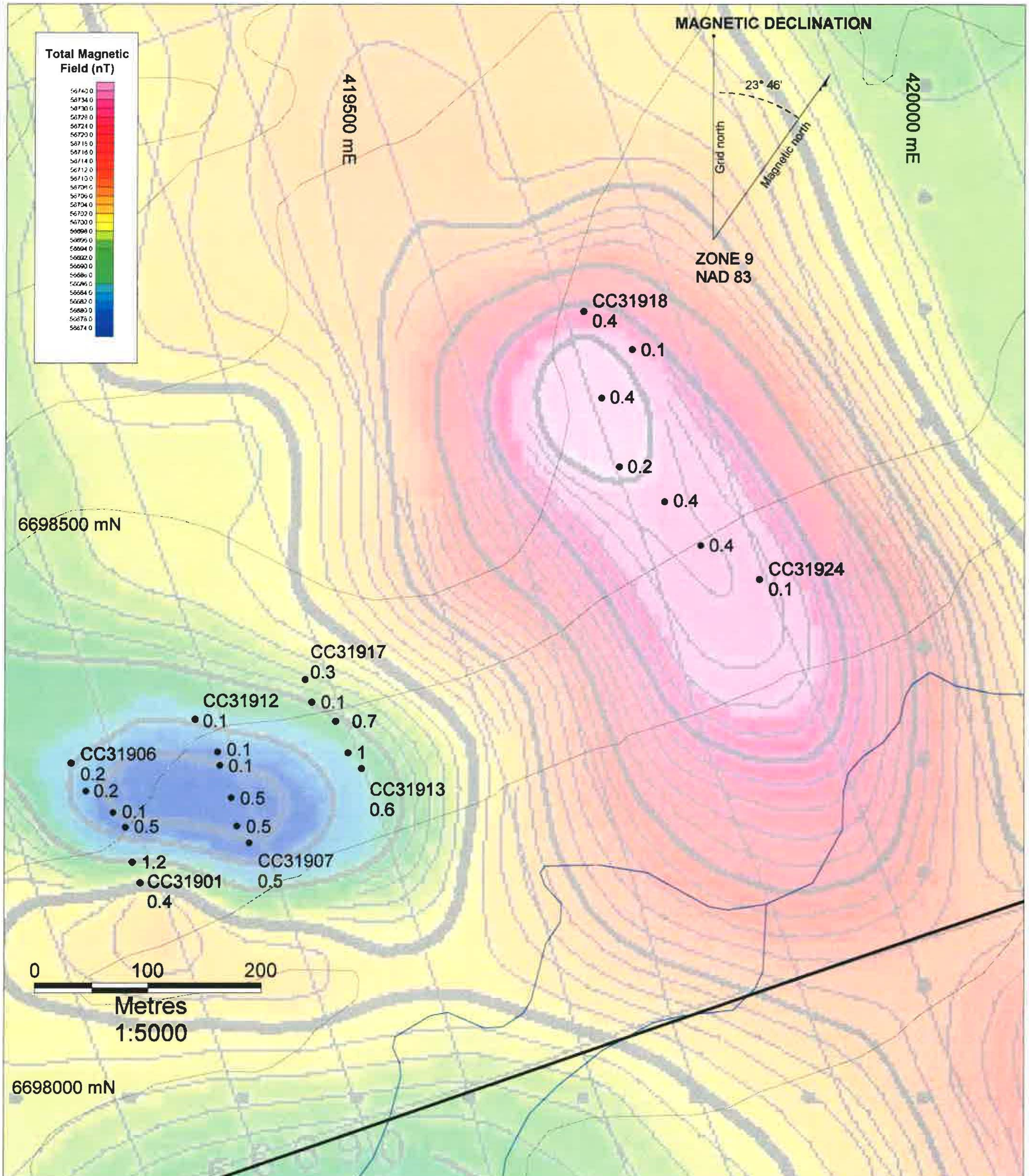
FIGURE 10

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

ZINC GEOCHEMISTRY and EM DATA

QB PROPERTY

FILE:2007/QB/QB_SOIL_ZNEM | DATE: JANUARY 2007



■ Soil Sample Location with Soil Sample Number and Ag in ppm

Claim Boundary

VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

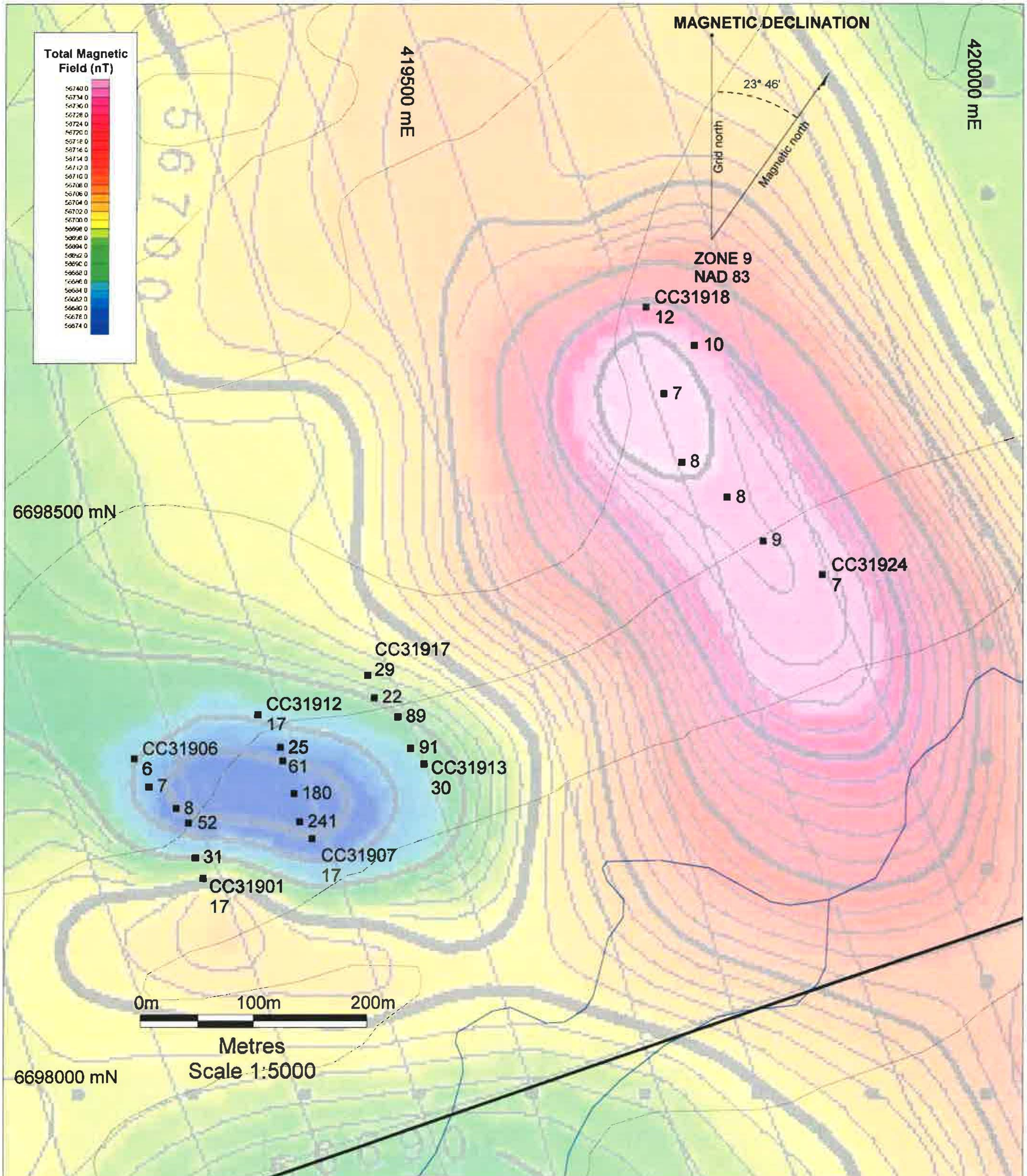
FIGURE 11

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

SILVER GEOCHEMISTRY AND VTEM MAGNETIC DATA

QB PROPERTY

FILE:2007/QB/QB_SOIL_AGMAG | DATE: JANUARY 2008



■ Soil Sample Location with Soil Sample Number and Cu in ppm

Claim Boundary

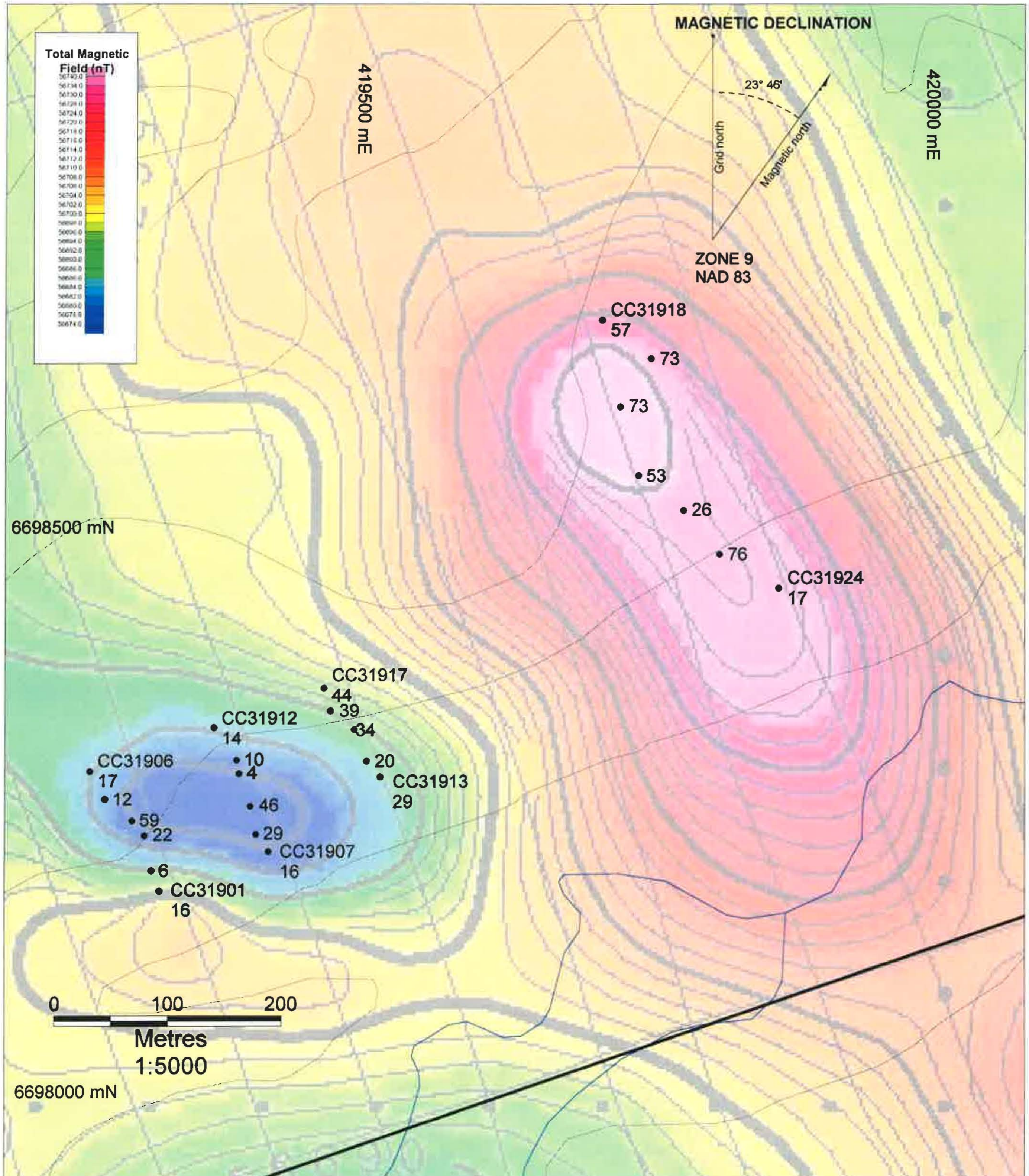
VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

FIGURE 12

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

COPPER GEOCHEMISTRY
AND VTEM MAGNETIC DATA
QB PROPERTY

FILE:2007/QB/QB_SOIL_CUMAG	DATE: JANUARY 2008



■ Soil Sample Location with Soil Sample Number and Pb in ppm

Claim Boundary

VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

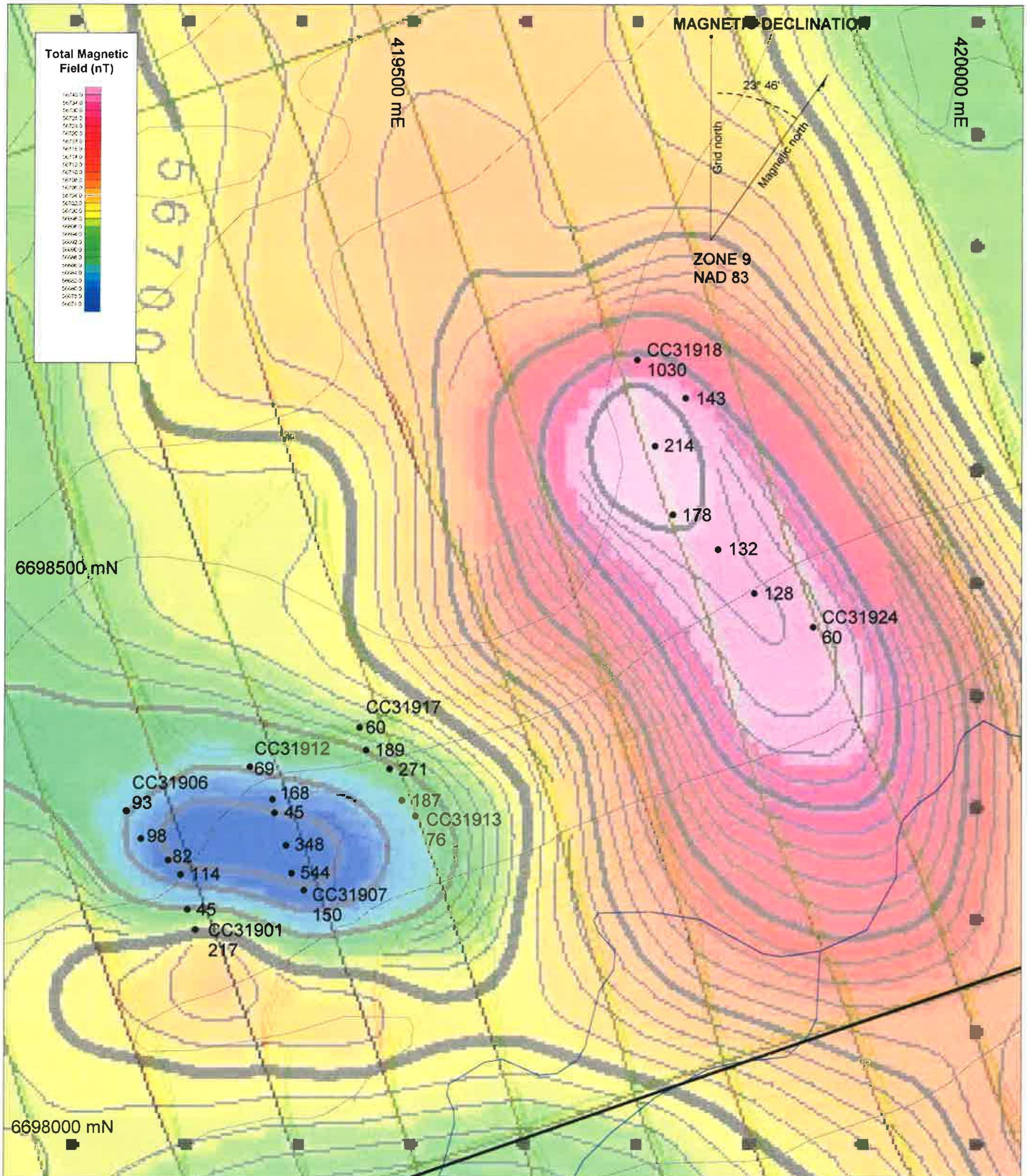
FIGURE 13

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

LEAD GEOCHEMISTRY AND VTEM MAGNETIC DATA

QB PROPERTY

FILE:2007/QB/QB_SOIL_PBMAG | DATE: JANUARY 2008



■ Soil Sample Location with Soil Sample Number and Pb in ppm

Claim Boundary

VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

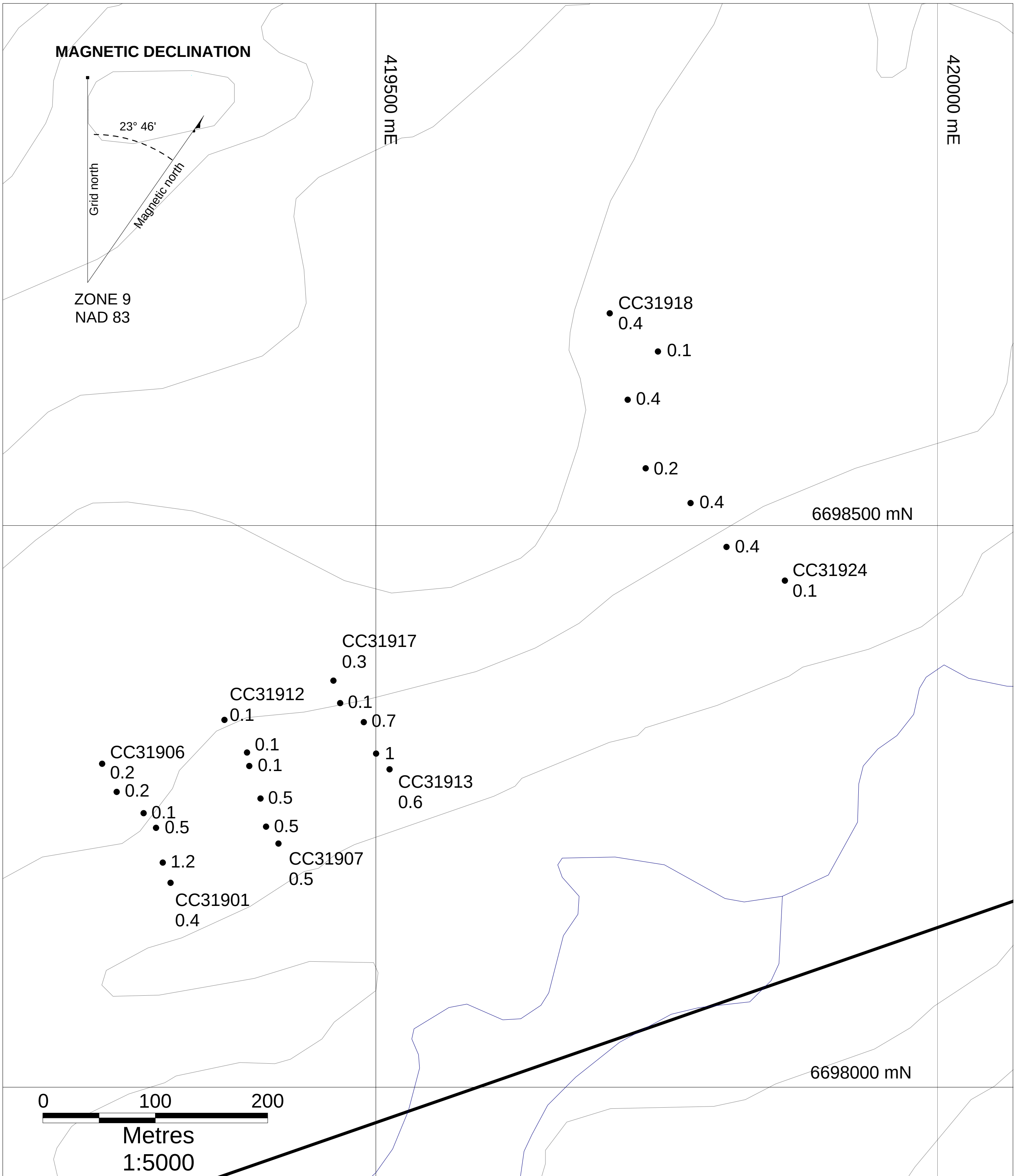
FIGURE 14

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

ZINC GEOCHEMISTRY AND VTEM MAGNETIC DATA

QB PROPERTY

FILE:2007/QB/QB_SOIL_ZNMAG	DATE: JANUARY 2008



Soil Sample Location with Soil Sample Number and Ag in ppm

Claim Boundary

VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

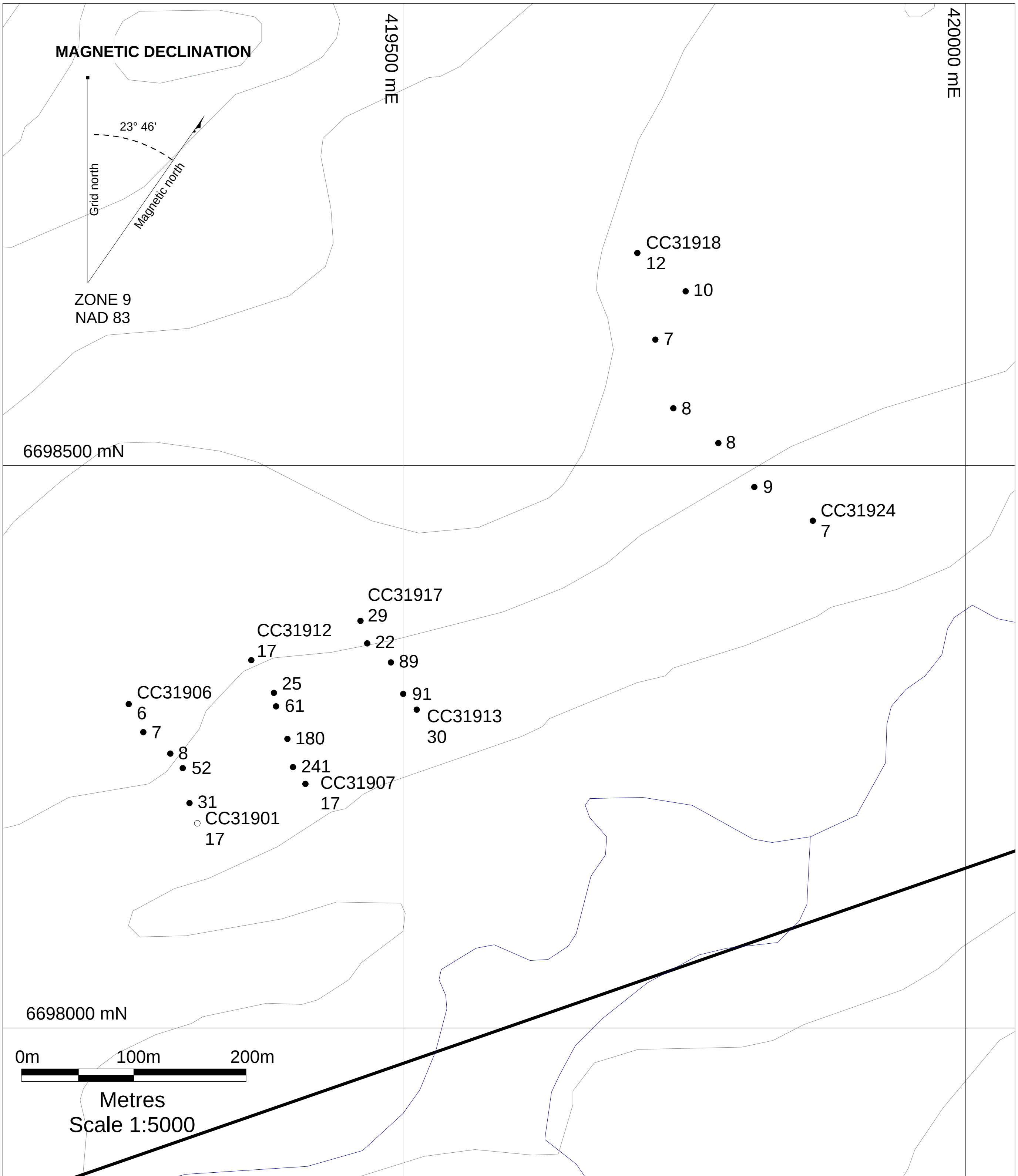
FIGURE 15

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

SILVER GEOCHEMISTRY

QB PROPERTY

FILE:2007/QB/QB_SOIL_AG | DATE: JANUARY 2008



● Soil Sample Location with Soil Sample Number and Cu in ppm

Claim Boundary

VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

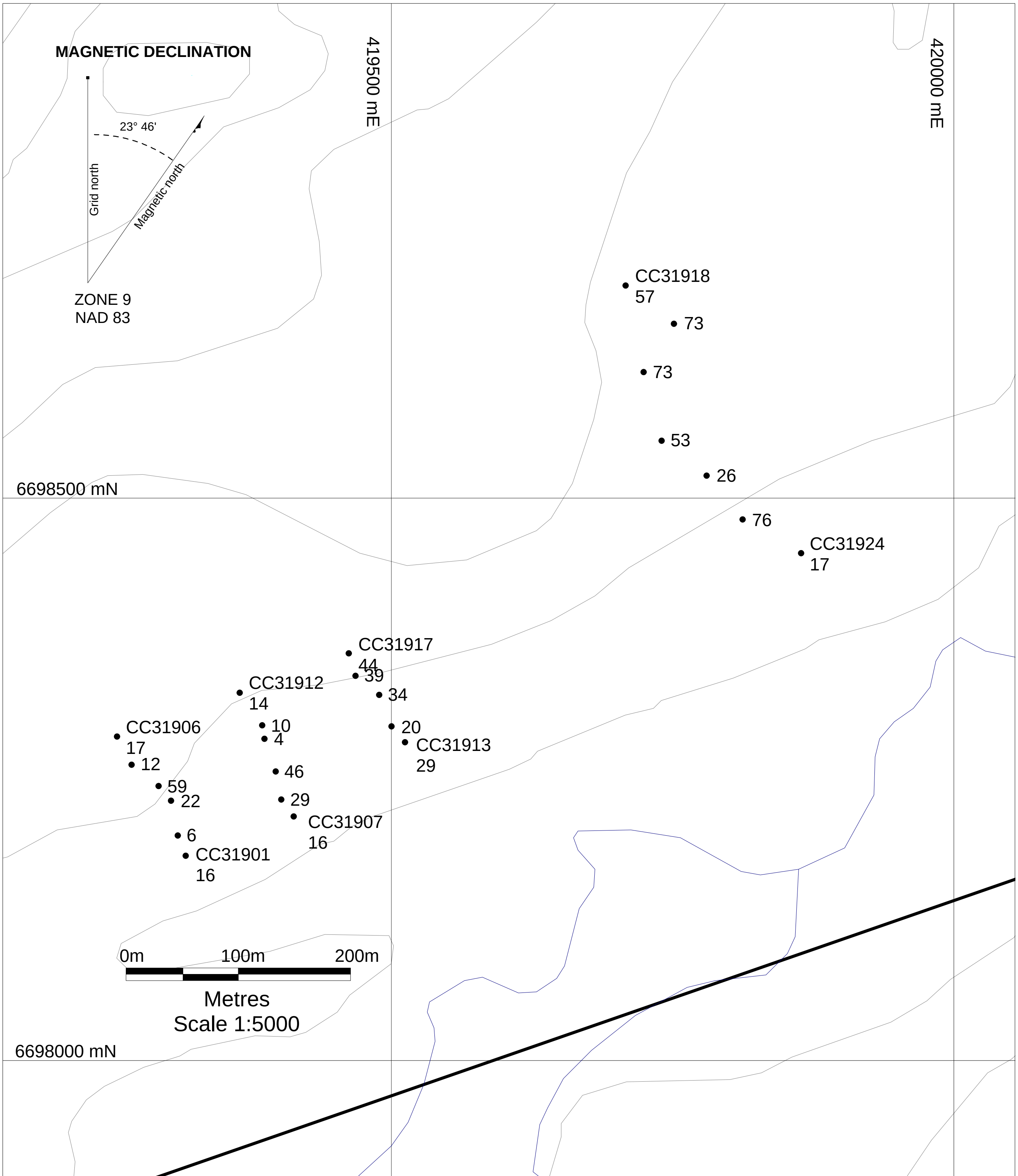
FIGURE 16

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

COPPER GEOCHEMISTRY

QB PROPERTY

FILE:2007/QB/QB_SOIL_CU | DATE: JANUARY 2008



● Soil Sample Location with Soil Sample Number and Pb in ppm

Claim Boundary

VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

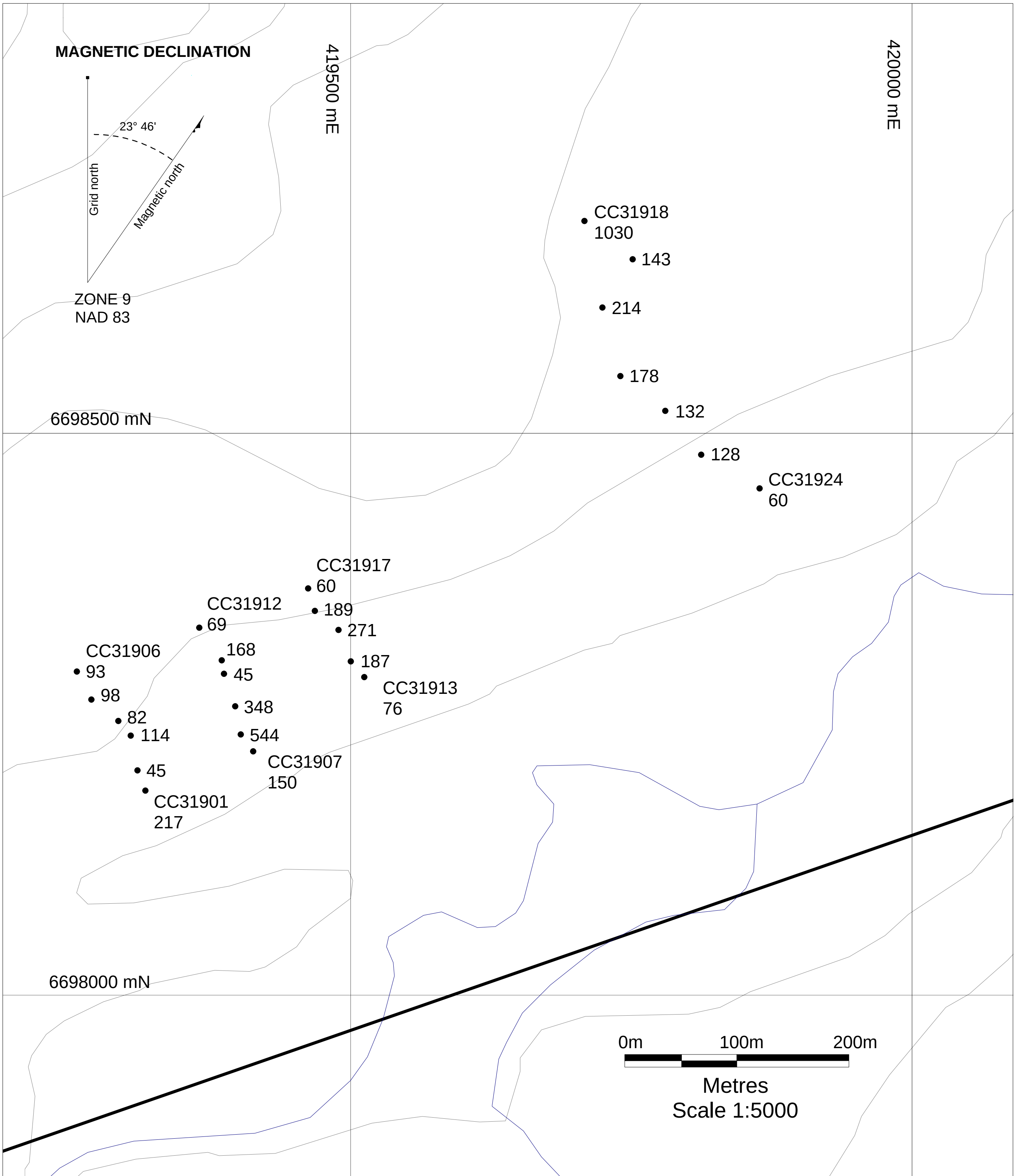
FIGURE 17

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

LEAD GEOCHEMISTRY

QB PROPERTY

FILE:2007/QB/QB_SOIL_PB | DATE: JANUARY 2008



● Soil Sample Location with Soil Sample Number and Zn in ppm

Claim Boundary

VALENCIA VENTURES INC.
STRATEGIC METALS LTD.

FIGURE 18

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

ZINC GEOCHEMISTRY

QB PROPERTY

FILE:2007/QB/QB_SOIL_ZN | DATE: JANUARY 2008

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

W.A.Wengzynowski, P.Eng.

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APPENDIX I

STATEMENT OF QUALIFICATIONS

STATEMENT OF QUALIFICATIONS

I, William A. Wengzynowski, geological engineer, with business address in Vancouver, British Columbia and Whitehorse, Yukon Territory and residential address at 301 Fairway Drive, North Vancouver, British Columbia, V7G 1L4 do hereby certify that:

1. I am President of Archer, Cathro & Associates (1981) Limited.

2. I graduated from the University of British Columbia in 1993 with a B.A.Sc in Geological Engineering, Option l, mineral and fuel exploration.

3. I registered as a Professional Engineer in the Province of British Columbia on December 12, 1998 (Licence Number 24119).

4. From 1983 to present, I have been actively engaged in mineral exploration in the Yukon Territory, Northwest Territories, northern British Columbia and Mexico.

5. I have personally participated in and supervised the fieldwork reported herein.

William A. Wengzynowski, B.A.Sc., P. Eng.

APPENDIX II

CERTIFICATES OF ANALYSIS

ALS Chemex
EXCELLENCE IN ANALYTICAL CHEMISTRY
ALS Canada Ltd.
212 Brooksbank Avenue
North Vancouver BC V7J 2C1
Phone: 604 984 0221 Fax: 604 984 0218 www.alschemex.com

To: STRATEGIC METALS LTD.
C/O ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
1016-510 W HASTINGS ST
VANCOUVER BC V6B 1L8

Finalized D 20-OCT-2007
Account: MTT

CERTIFICATE VA07110748

Project: RANCHERIA SILVER-QB

P.O. No.:

This report is for 6 Rock samples submitted to our lab in Vancouver, BC, Canada on 7-SEP-2007.

The following have access to data associated with this certificate:

JOAN MARIACHER

SAMPLE PREPARATION

ALS CODE	DESCRIPTION
WEI-21	Received Sample Weight
LOG-22	Sample login - Rcd w/o BarCode
CRU-31	Fine crushing - 70% <2mm
SPL-21	Split sample - riffle splitter
PUL-31	Pulverize split to 85% <75 um

ANALYTICAL PROCEDURES

ALS CODE	DESCRIPTION	INSTRUMENT
ME-ICP41	35 Element Aqua Regia ICP-AES	ICP-AES

To: STRATEGIC METALS LTD.
ATTN: JOAN MARIACHER
C/O ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
1016-510 W HASTINGS ST
VANCOUVER BC V6B 1L8

This is the Final Report and supersedes any preliminary report with this certificate number. Results apply to samples as submitted. All pages of this report have been checked and approved for release.

Signature: Lawrence Ng

Lawrence Ng, Laboratory Manager - Vancouver

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LIMITED
1016-510 W HASTINGS ST
VANCOUVER BC V6B 1L8

Finalized Date: 20-OCT-2007
Account: MTT

Project: RANCHERIA SILVER-QB

CERTIFICATE OF ANALYSIS VA07110748

Sample Description	Method	WEI-21	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41
	Analyte	Recvd Wt.	Ag	Al	As	B	Ba	Be	Bi	Ca	Cd	Co	Cr	Cu	Fe	Ga
	Units	kg	ppm	%	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	%	ppm
	LOR	0.02	0.2	0.01	2	10	10	0.5	2	0.01	0.5	1	1	1	0.01	10
B375377		1.14	4.1	1.11	159	<10	30	<0.5	14	0.41	0.6	32	18	417	21.4	<10
B375378		0.86	5.1	0.43	155	<10	10	<0.5	211	0.49	<0.5	34	7	664	38.1	<10
B375379		1.44	0.7	1.42	41	<10	30	0.5	4	0.47	2.1	33	10	445	16.3	<10
B375380		1.20	2.1	0.47	39	<10	10	<0.5	19	0.27	<0.5	5	<1	260	47.3	<10
B375381		0.56	0.7	1.42	23	<10	20	<0.5	10	0.06	<0.5	6	8	259	36.8	<10
B375382		0.08	0.5	0.87	24	<10	30	<0.5	9	0.18	<0.5	8	16	340	32.1	<10

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LIMITED
1016-510 W HASTINGS ST
VANCOUVER BC V6B 1L8

Finalized Date: 20-OCT-2007
Account: MTT

Project: RANCHERIA SILVER-QB

CERTIFICATE OF ANALYSIS VA07110748

Sample Description	Method / Analyte / Units / LOR	ME-ICP41 Hg ppm 1	ME-ICP41 K % 0.01	ME-ICP41 La ppm 10	ME-ICP41 Mg % 0.01	ME-ICP41 Mn ppm 5	ME-ICP41 Mo ppm 1	ME-ICP41 Na % 0.01	ME-ICP41 Ni ppm 1	ME-ICP41 P ppm 10	ME-ICP41 Pb ppm 2	ME-ICP41 S % 0.01	ME-ICP41 Sb ppm 2	ME-ICP41 Sc ppm 1	ME-ICP41 Sr ppm 1	ME-ICP41 Th ppm 20
B375377		<1	0.16	10	0.58	318	3	0.01	12	480	87	0.11	7	3	31	<20
B375378		1	0.01	<10	0.16	126	5	0.01	1	250	19	0.26	<2	1	27	<20
B375379		<1	0.10	10	0.16	338	1	0.01	9	300	9	0.05	<2	3	30	<20
B375380		<1	0.04	<10	0.21	55	2	0.01	<1	140	7	0.24	<2	1	22	<20
B375381		<1	0.08	10	0.66	220	1	0.01	<1	420	11	0.24	<2	3	6	<20
B375382		2	0.13	20	0.25	186	4	0.01	3	250	20	0.11	<2	2	18	<20

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1016-510 W HASTINGS ST
VANCOUVER BC V6B 1L8

Finalized Date: 20-OCT-2007
Account: MTT

Project: RANCHERIA SILVER-QB

CERTIFICATE OF ANALYSIS VA07110748

Sample Description	Method / Analyte / Units / LOR	ME-ICP41 Ti % 0.01	ME-ICP41 Tl ppm 10	ME-ICP41 U ppm 10	ME-ICP41 V ppm 1	ME-ICP41 W ppm 10	ME-ICP41 Zn ppm 2
B375377		0.02	<10	10	23	<10	206
B375378		0.01	<10	10	12	20	185
B375379		0.01	<10	10	9	10	639
B375380		0.01	10	10	8	10	31
B375381		0.01	<10	<10	23	<10	27
B375382		0.02	10	<10	11	<10	27

ALS Chemex

EXCELLENCE IN ANALYTICAL CHEMISTRY

ALS Canada Ltd.

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Phone: 604 984 0221 Fax: 604 984 0218 www.alschemex.com

To: STRATEGIC METALS LTD.
C/O ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
1016-510 W HASTINGS ST
VANCOUVER BC V6B 1L8

Finalized Date: 22-OCT-2007
Account: MTT

CERTIFICATE VA07110747

Project: RANCHERIA SILVER-QB

P.O. No.:

This report is for 26 Soil samples submitted to our lab in Vancouver, BC, Canada on 7-SEP-2007.

The following have access to data associated with this certificate:

JOAN MARIACHER

SAMPLE PREPARATION

ALS CODE	DESCRIPTION
WEI-21	Received Sample Weight
LOG-22	Sample login - Rcd w/o BarCode
SCR-41	Screen to -180um and save both

ANALYTICAL PROCEDURES

ALS CODE	DESCRIPTION	INSTRUMENT
ME-ICP41	35 Element Aqua Regia ICP-AES	ICP-AES

To: **STRATEGIC METALS LTD.**
ATTN: JOAN MARIACHER
C/O ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
1016-510 W HASTINGS ST
VANCOUVER BC V6B 1L8

This is the Final Report and supersedes any preliminary report with this certificate number. Results apply to samples as submitted. All pages of this report have been checked and approved for release.

Signature: Lawrence Ng

Lawrence Ng, Laboratory Manager - Vancouver

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To: STRATEGIC METALS LTD.
C/O ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
1016-510 W HASTINGS ST
VANCOUVER BC V6B 1L8

Project: RANCHERIA SILVER-QB

Finalized Date: 22-OCT-2007
Account: MTT

CERTIFICATE OF ANALYSIS VA07110747

Sample Description / Method / Analyte / Units / LOR	WEI-21 Recvd Wt. kg 0.02	ME-ICP41 Ag ppm 0.2	ME-ICP41 Al % 0.01	ME-ICP41 As ppm 2	ME-ICP41 B ppm 10	ME-ICP41 Ba ppm 10	ME-ICP41 Be ppm 0.5	ME-ICP41 Bi ppm 2	ME-ICP41 Ca % 0.01	ME-ICP41 Cd ppm 0.5	ME-ICP41 Co ppm 1	ME-ICP41 Cr ppm 1	ME-ICP41 Cu ppm 1	ME-ICP41 Fe % 0.01	ME-ICP41 Ga ppm 10
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CC31907	0.22	0.5	1.45	13	<10	70	0.5	<2	1.52	0.9	8	15	17	2.25	<10
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CC27376	0.10	4.7	1.40	22	10	50	2.1	<2	6.09	3.3	8	18	311	1.98	10

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C/O ARCHER, CATHRO & ASSOCIATES (1981)
LIMITED
1016-510 W HASTINGS ST
VANCOUVER BC V6B 1L8

Finalized Date: 22-OCT-2007
Account: MTT

Project: RANCHERIA SILVER-QB

CERTIFICATE OF ANALYSIS VA07110747

Sample Description	Method	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41
	Analyte	Hg	K	La	Mg	Mn	Mo	Na	Ni	P	Pb	S	Sb	Sc	Sr	Th
	Units	ppm	%	ppm	%	ppm	ppm	%	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm
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CC31909		2	0.04	20	2.47	14150	1	0.01	17	580	46	0.05	3	5	49	<20
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CC31925		<1	0.08	<10	0.29	130	<1	0.02	11	680	15	0.17	<2	1	176	<20
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CC31907	0.04	<10	<10	23	<10	150
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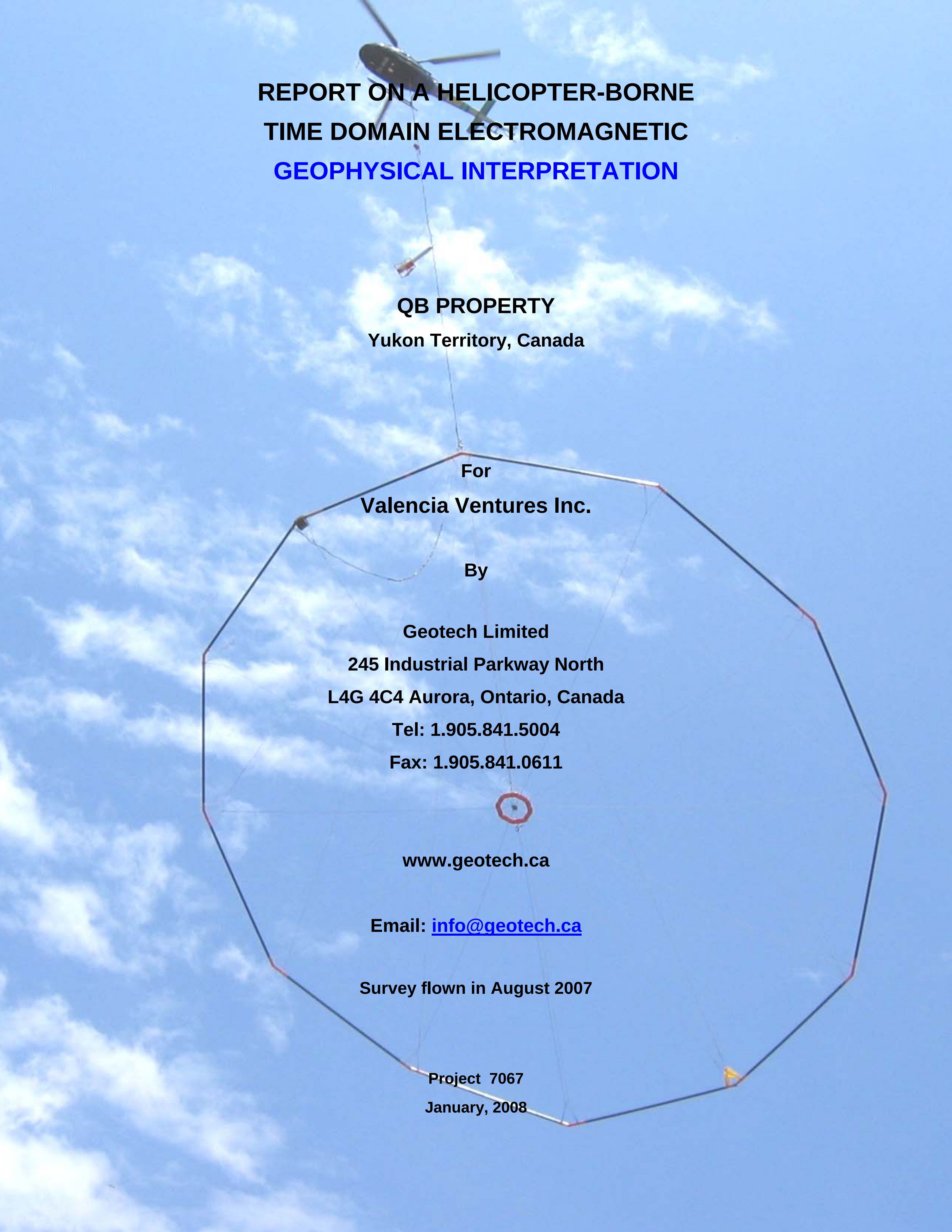
CC31925	0.02	<10	<10	9	<10	78
CC27376	0.01	<10	<10	15	<10	144

APPENDIX III

REPORT ON A HELICOPTER-BORNE VERSATILE TIME DOMAIN ELECTROMAGNETIC (VTEM) GEOPHYSICAL SURVEY



REPORT ON A HELICOPTER-BORNE TIME DOMAIN ELECTROMAGNETIC GEOPHYSICAL INTERPRETATION

QB PROPERTY

Yukon Territory, Canada

For

Valencia Ventures Inc.

By

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Survey flown in August 2007

Project 7067

January, 2008

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REPORT ON A HELICOPTER-BORNE
TIME DOMAIN ELECTROMAGNETIC INTERPRETATION

QB Property, Yukon Territory, Canada

1. INTRODUCTION

In August, 2007 a helicopter-borne electromagnetic survey was carried out by Geotech Ltd. for Tarsis Capital Corp. over the QB Property located in Yukon Territory, Canada.

This report includes the results of the geophysical interpretation, over this Property. The Property is located at approximately 250 km east from Whitehorse, in the Yukon Territory. The geographic coordinates of the block extents are: longitudes, 130º 33’37” W and 130º 25’58” W, and latitudes, 60º 24’07” N and 60º 26’31” N. The surveyed area is 28 km^2, and the total line kilometers flown are 230 km (Fig. 1).

The survey was conducted using Geotech Ltd VTEM system. Principal geophysical sensors included a versatile time domain electromagnetic system and a high resolution cesium magnetometer. Ancillary equipment included a GPS navigation system and a radar altimeter.

Data processing and map compilation, including generation of final digital data products were achieved at the office of Geotech Ltd in Aurora, Ontario.

The present report describes the results of the geophysical interpretation of this Property.

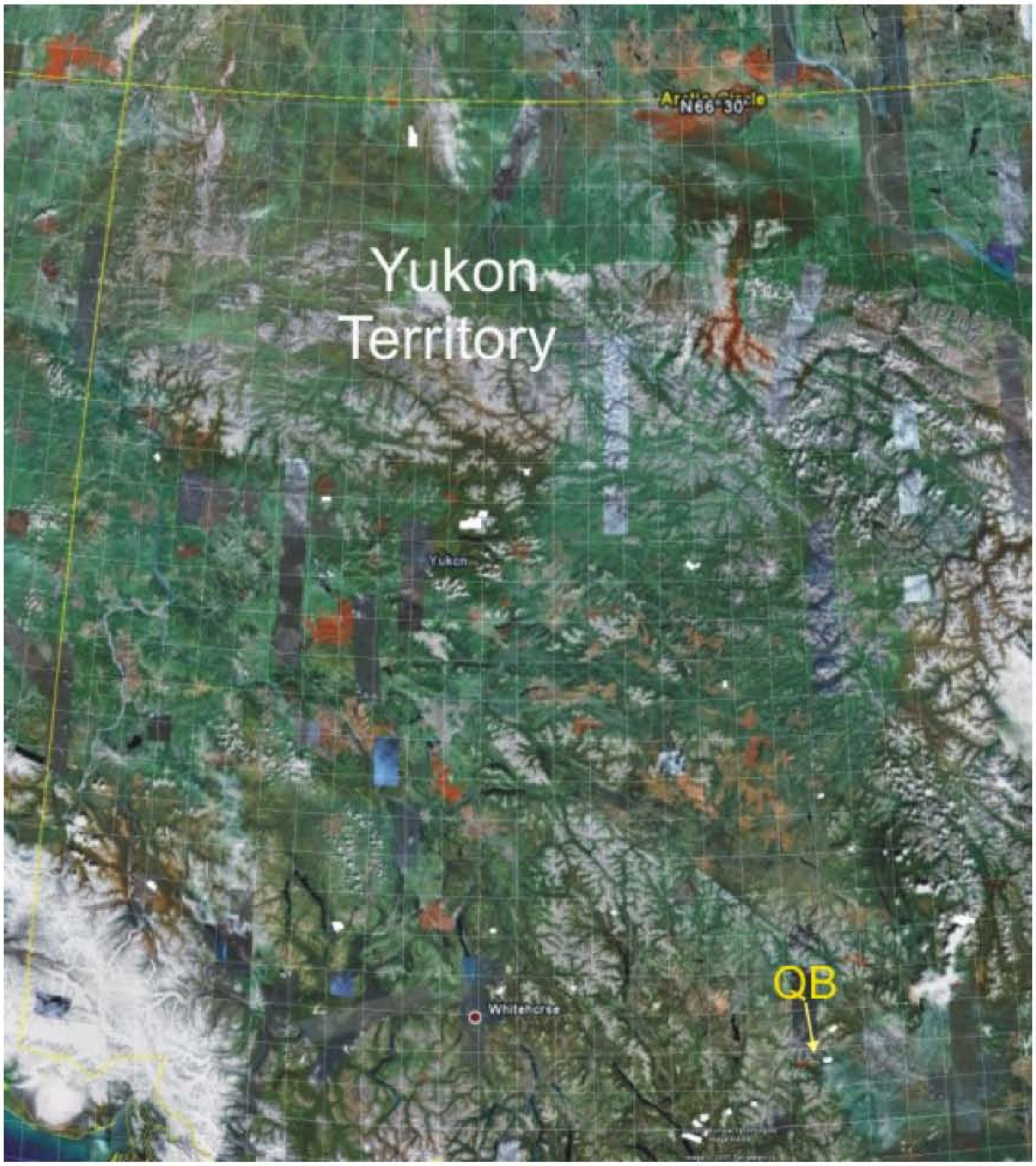


Fig. 1 Location of the QB Property on the satellite image.

2. SURVEY DESCRIPTION

In August 2007, Geotech Ltd. carried out a helicopter-borne geophysical survey over the QB property located in Yukon. Geotech Ltd. utilized a Versatile Time Domain Electromagnetic System to measure the electromagnetic induction field (B-field) and the vertical component of its time derivative (dB/dt). The electromagnetic measurements were made at the off-time mode. The concentric in-loop system was towed at a distance of 42 m from the helicopter. The VTEM Transmitter uses a trapezoid waveform shape with 7.2 ms duration operating at a base frequency of 30Hz. The dipole moment was approximately 425 000 NIA. The half-waveform was 16.7 ms.
A towed cesium and high resolution magnetometer was used to measure the Earth's magnetic field intensity. Data positioning and navigation were assured by a Novatel WAA GPS with accuracy less then 3 m.
A Terra TRA radar altimeter was used to measure the terrain clearance. The helicopter was flying at a constant speed of 80 km/h and was keeping a constant ground clearance of 85 m when the terrain allowed it. The traverse lines direction was NW20° and the tie lines direction was NE70°. The distance between the traverse lines and the tie lines was 100 m and 1000 m, respectively. A more detailed description of the survey parameters is provided in the logistics/processing report.

3. *GEOLOGICAL CONSIDERATIONS*

3.1 Topography

The terrain is very rugged with high mountain belts trending in the NS direction. The absolute altitude ranges from 980 m to 1420 m approximately. Due to the terrain roughness, it was difficult to keep a constant ground clearance while surveying this area.

Fig.2 Topography of the QB Property with the flight path.

3.2 Regional geological context

The Yukon Territory is situated in the northern part of the large geologic (and physiographic) belt known as the Cordillera. It is composed of relatively young mountain belts that range from Alaska to Mexico. The Yukon Territory is composed of a diverse type of rocks recording more than a billion years of geological history. Most of them have been affected by folding, faulting, metamorphism and uplift during various tectono-metamorphic events over at least the last 190 million years. This deformation has resulted in a complex arrangement of rock units and the mountainous terrain that has shaped today's geology. Geologically, Yukon is divided into two main components which are largely separated by the Tintina Trench. Formations northeast of the Tintina Fault consist of a thick, older sequence of sedimentary rocks which was deposited upon a stable geological basement. Rocks southwest of the Tintina Trench are composed of a younger, complex mosaic of igneous and metamorphic, representing numerous accreted terranes (Fig. 3).

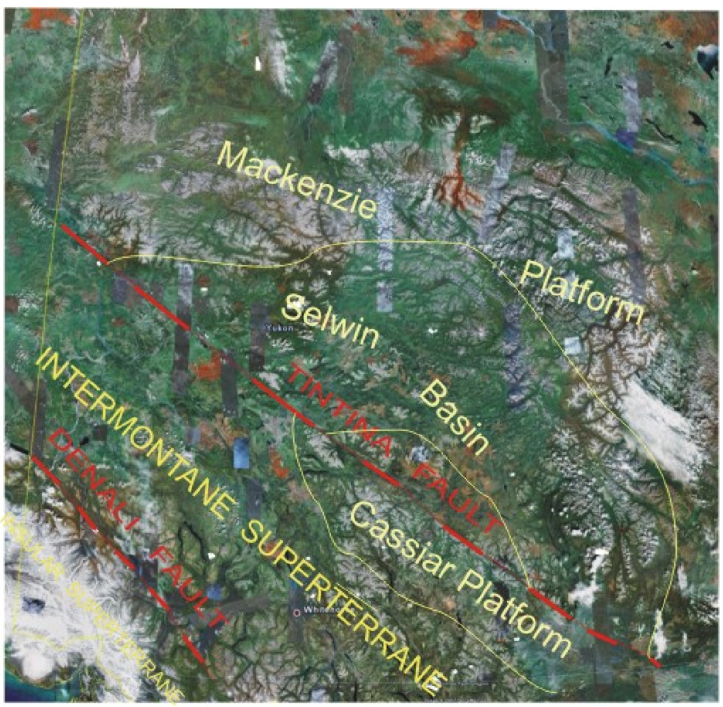


Fig.3. The major tectonic elements of Yukon superimposed on the satellite image. The figure indicates that the territory is composed of two dominant rock packages separated by the Tintina Fault: thick packages of sediments (northeast) and accreted Terranes (Southwest).

3.3 Geological context of the QB Property

The QB property lies between the Marker Lake Batholith, about 4 km to the north, and the Meister Lake Stock, approximately 6 km to the southeast.

Bedrock exposure on the property is poor (<5%) and is generally restricted to creek cuts or small windows through the glacial till cover. Most of the property is underlain by schists that are believed to be Lower Cambrian in age (Boya Formation). Limestone is interbedded with the schist forming horizons up to 100 m thick. The only intrusive rocks observed are narrow felsic dykes.

The lack of exposure in most parts of the property limits structural interpretation. In the eastern part of the property, trenching and drilling have enhanced the understanding of local structures and stratigraphy suggesting the existence of a relatively open synformal structure. Foliation is well developed in most units and parallels compositional layering. The main geological features on the QB property are shown on Figure 4.

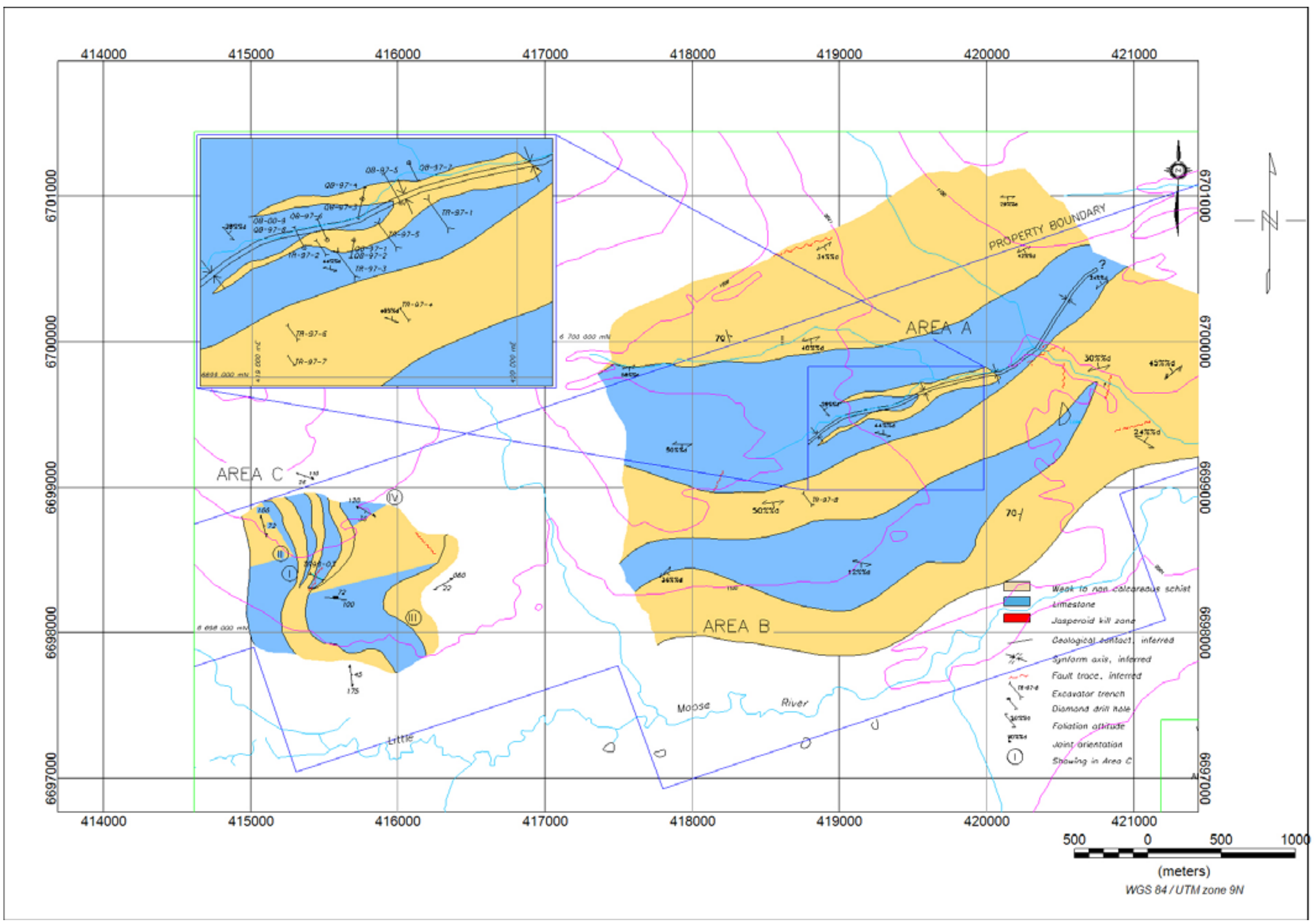


Fig. 4 Geological scheme of the QB Property.

3.4 Mineralization

Soil geochemical results from the QB property identified a broad band of anomalous lead and zinc response that extends for the entire 6 km length of the grid. There are three main areas of interest labeled A, B and C.

Area A hosts an east-northeast trending lead-zinc anomaly with a strongly anomalous core measuring 800 by 200 m. Silver response is subdued compared to the other two metals. The core of the anomaly coincides with the projected surface trace of a synclinal axis.

Mineralized float boulders were discovered at a number of sites within Area A. Most of the boulders consist of massive pyrite-pyrrhotite±sphalerite±galena±chalcopyrite exhibiting weak banding and replacement textures commonly associated with manto replacement style mineralization. Heavily disseminated sphalerite and galena identified within dolomitized limestone and metasediments yielded up to 12.60% zinc, 9.74% lead and 778 g/t silver.

Area B is roughly 1500 by 1000 m in size and contains mostly weakly anomalous lead values surrounding clusters of moderately and strongly anomalous response. Very little follow up work has been done in this area and no mineralization has been documented.

Area C hosts four zones of anomalous lead-silver-zinc-copper geochemical response. The mineralization is mostly hosted in jasperoid altered horizons. Four showings, referred to as I, II, III and IV have been identified.

4. INTERPRETATION OF THE MAGNETIC DATA

4.1 Introduction

Aeromagnetic surveys are routinely used as a powerful tool at different stages in mining exploration and in geological mapping. Because geological formations have different concentrations of magnetic minerals, they exhibit different magnetic signatures in the magnetic field, depending on the susceptibility contrast of rocks and the characteristics of the magnetic field. Thus, observed magnetic field over an area, can provide useful information that can assist the lithological and the structural mapping. It can be used to detect iron-rich mineral deposits, and/or mineral deposits associated with highly magnetic rocks (mafic and ultramafic formations).

4.2 Analysis of the Magnetic data

The observed magnetic field over the QB Property is shown in Fig.5. The amplitude difference in the magnetic field intensity is approximately 120 nT. No noticeable magnetic activity can be mentioned in this area. The magnetic field expresses a quiet character over most of the area composed of non magnetic sedimentary rocks (essentially Lower Cambrian schists). However, some positive anomalies can be observed in the central (circular) and in the south-eastern corner (2 bandings anomalies trending in the northwestern direction). The nature of these anomalies could be related to deep mafic rocks. The northern portion of the map is dominated by magnetic highs indicating the presence of magnetic bedrock. Short wavelength lineaments orientated in the northwesterly are indicated in the northwestern portion of the map. They are probably associated with surfacial faults.
Since the contents of the observed magnetic maps include the response of shallow and deep magnetic sources, it is difficult to analyze the maps containing various wavelength anomalies. Distinguishing shallow features from deeper ones can be performed via several methods of field separation and filtering.

Figure 6 shows the reduced to the pole magnetic field map, upward continued to 100m. The map shows smoother anomalies. We can also notice that the short wavelength anomalies have vanished.

Figure 7 illustrates the vertical gradient of the TMI. The vertical gradient map shows the enhancement of magnetic signals caused by shallow sources and related to faults and contacts. The tilt derivative map illustrated in Fig. 8 yields another example of amplifying weak signals generated by shallow sources. The tilt derivative known as being the local phase is computed from the vertical and horizontal gradients. As illustrated in the Tilt derivative map several shallow magnetic structures can be identified in this area. Most of them are probably associated with faults or hidden mafic dykes. The high peaks trending roughly in eastwestern direction indicates the contact between non-magnetic rocks and relatively more magnetic ones.

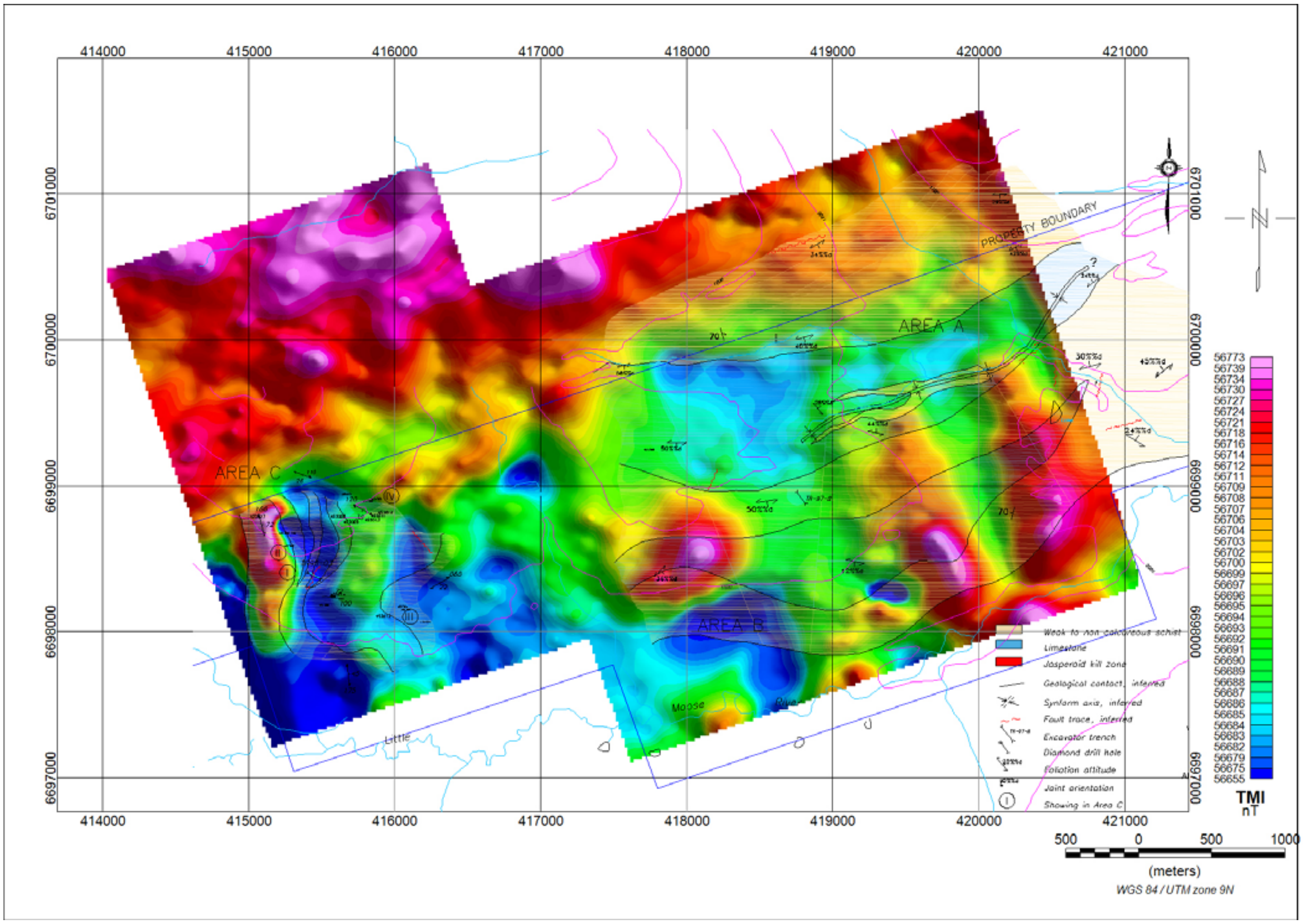


Fig. 5 TMI image of the QB Property.

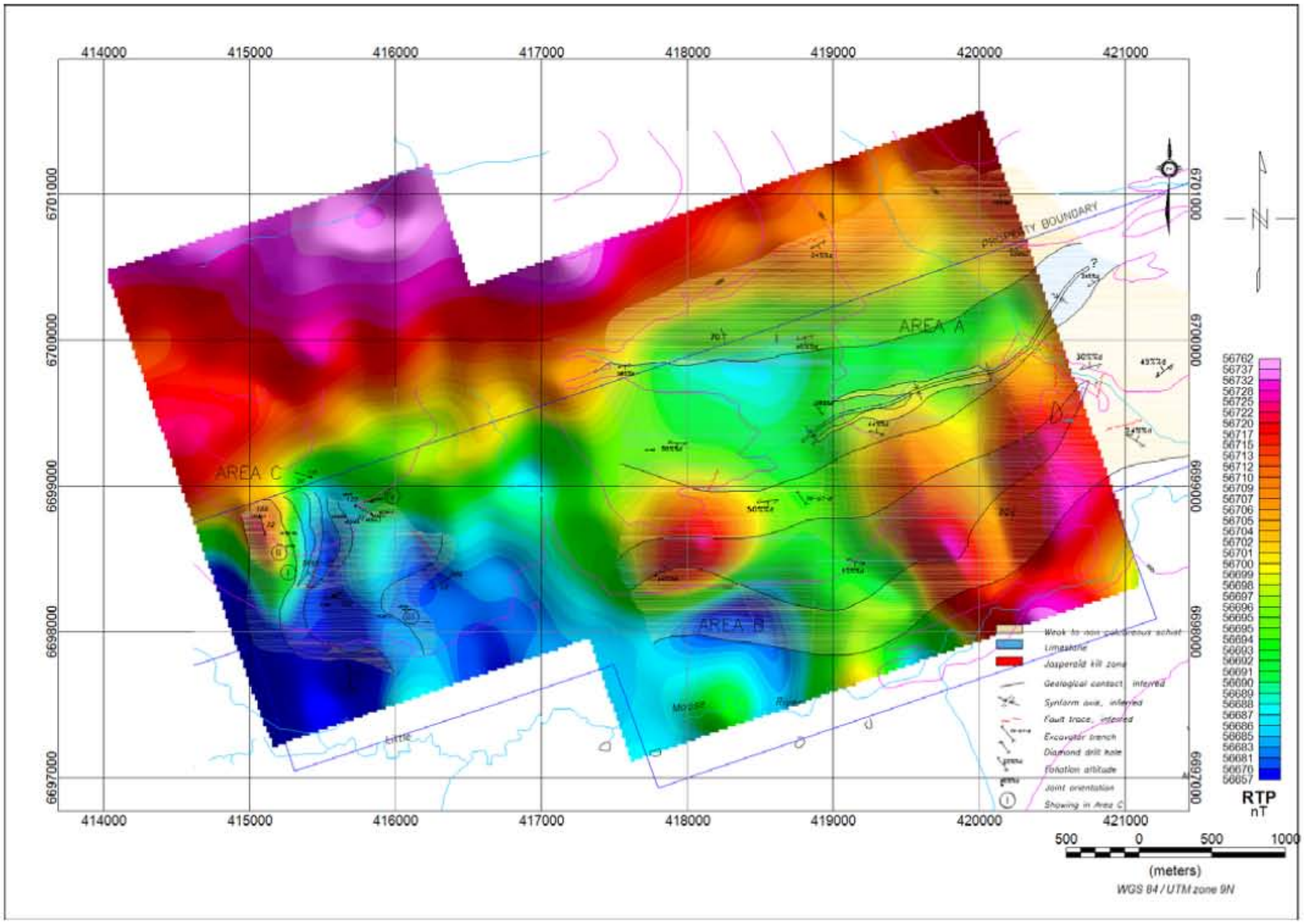


Fig.6 Color shaded relief of reduced to the pole TMI upward continued to 100m.

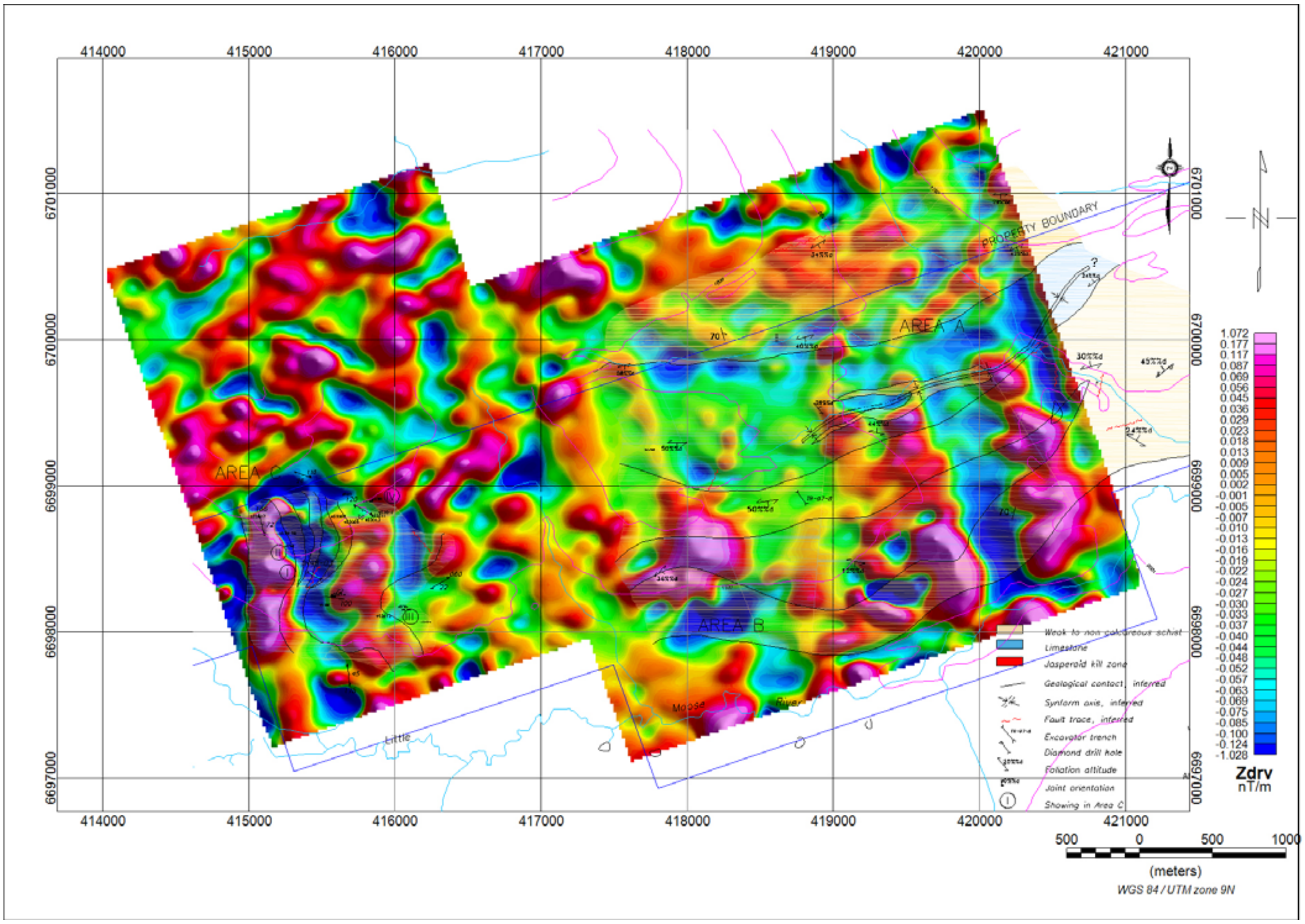


Fig.7 Color shaded relief of the vertical gradient of the magnetic field.

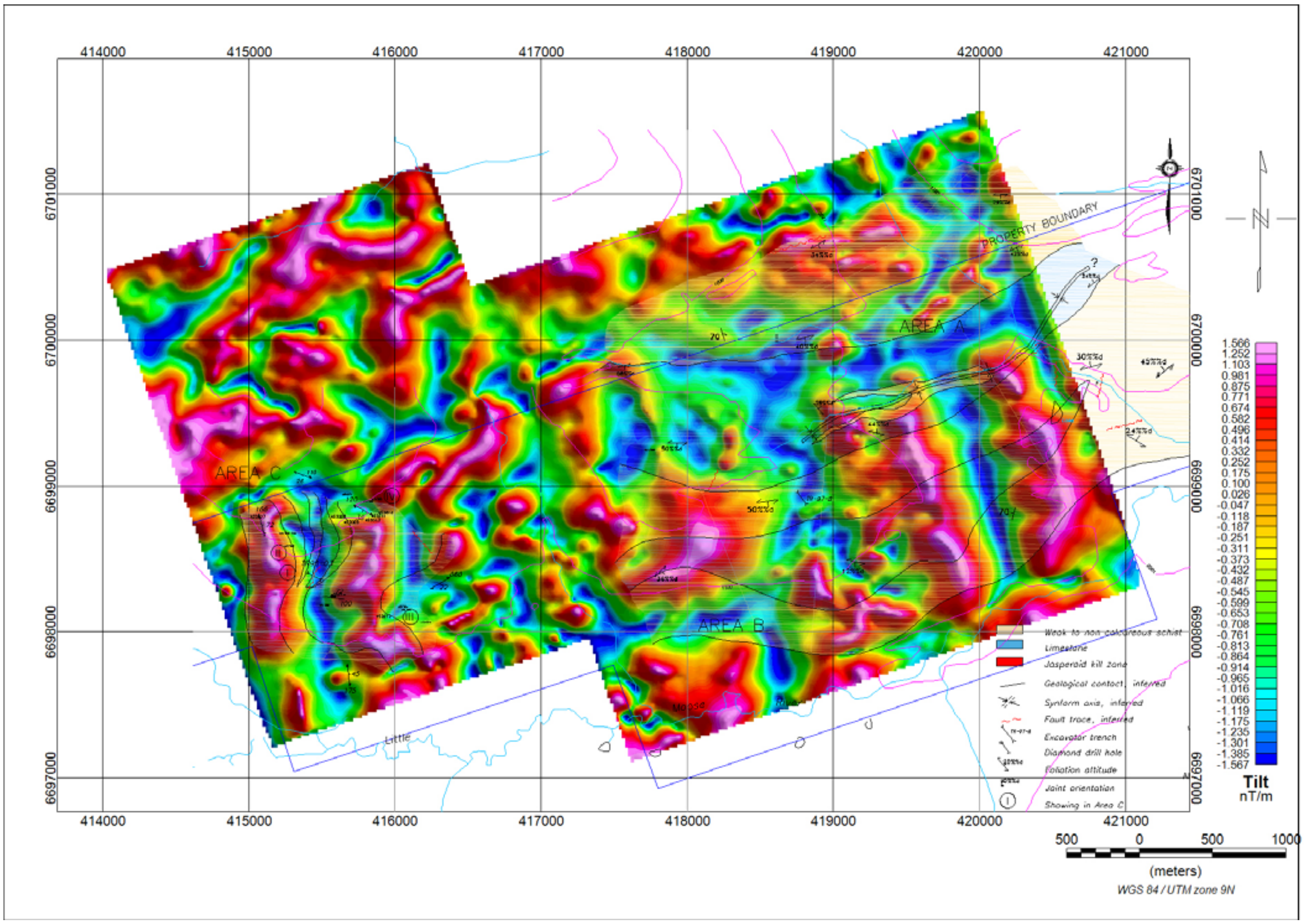


Fig. 8 Color shaded relief of the Tilt derivative.

4.3 Inversion of the magnetic data

Several computer-based techniques can be used to automatically detect magnetic sources and yield estimations of their geometrical and physical parameters. These techniques can be either used to gridded data (3D methods) or to profiles (2D methods). Euler deconvolution is a well established technique, allowing a rapid interpretation of a large amount of magnetic data. This method is mainly aimed to delineate magnetic sources boundaries and to estimate their depths.
Fig. 9 shows the results obtained with the Euler deconvolution inversion using a structural index of 1, a depth tolerance of 10% and a square deconvolution window having a size of 400 × 400 metres. Euler solutions have been plotted on the total gradient (analytic signal) map for a better illustration. The picks of the total gradient can be used to located and delineate the magnetic sources boundaries. Euler solutions are mostly related to shallow sources (<100 m). Most of them are related to linear magnetic structures tending in the NW (western portion) and EW (central and eastern). Deeper solutions (>100m) are attributed to the structures located in the south and south-eastern parts of the map. Results obtained with the Euler deconvolution confirm the qualitative analysis of the reduced maps.

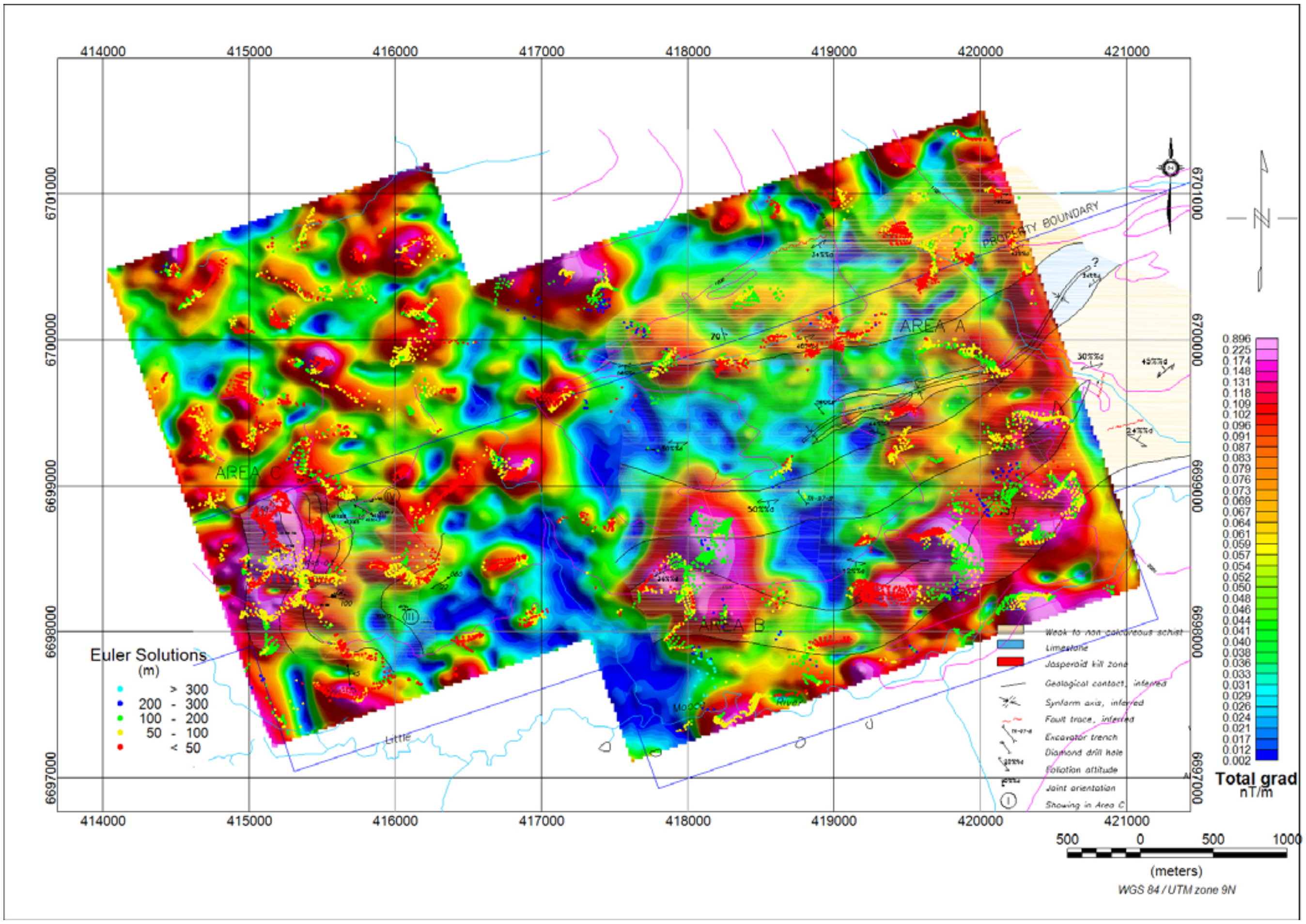


Fig. 9 Euler deconvolution solutions plotted on the total gradient image.

5. INTERPRETATION of VTEM DATA

5.1 Introduction

Transient electromagnetic surveys have proven to be a very efficient tool in mineral exploration by detecting hidden deposits characterized by higher conductivities than the medium in which they are embedded. Because Time domain systems have a much greater depth penetration compared to the Frequency domain systems, these systems are considered as a tool of choice in the mining exploration. The Geotech Helicopter VTEM system, operating in the Time domain, uses concentric-loop geometry with the receiver mounted in the centre of a larger transmitter loop. Both loops are oriented in the vertical plane. This configuration has a number of advantages, as a maximum coupling, sharper anomalies by comparison to airborne fixed wing systems, and the shape of the anomalies in independent of the flight path orientation. Furthermore, the high moment transmitter combined with the lower terrain clearance yields stronger secondary field signals in most conductors when compared to other systems. The actual VTEM systems measure both the electromagnetic induction field B and its time derivative dB/dt. This system specificity has a lot of advantages, as the dB/dt better resolves the shallow conductive sources while the B-field exhibits a better resolution for deep conductors.

5.2 VTEM anomalies shape

For concentric-loop geometry systems when both loops are oriented in the Z-axis (VTEM system) thick dipping or horizontal conductors exhibit a characteristic single peak, while steeply dipping and thin conductors manifest a double peak. The minimum indicates the location of the top of the thin conductor, and the major peak indicates the side towards which the conductor is dipping. Synthetic models anomalies were generated for the plate type conductors are provided in the Appendix A to better understand the shape of the VTEM anomalies

5.3 Analysis of the EM results

Figures 14 and 15 show the stacked profiles in pseudo-logarithmic scale of the dB/dt and B-field channels, respectively. Both maps show the existence of 4 clearly defined anomalous zones (A, B, C, and D). However, the B-field map shows better resolved anomalies. Zone B, located in the southern part of the area contains the strongest anomalies. However this anomalous zone is located west of the mineralized Area C as indicated in the geological map. The anomalous zone D coincides with the lead-silver-zinc-copper geochemical anomaly (Area C). However the observed anomalies (Figs. 10, 14 and 15) have weak response indicating a deep location of the conductive bedrock. Isolated and weak anomaly is observed on the main mineralized Area A (Figs. 11, 14 and15). The observed anomaly indicates deeply sitting conductive bedrock. The anomaly A, located in the northeastern part of the map on the line L6400 seems very interesting. The anomaly is located on the schist unit; however it could indicate good conductive bedrock (Figs. 12, 14 and 15). The detected anomalous zone C, located on the northeastern portion of the map and trending east-westerly shows a weak response. The anomalies are anti-symmetric (Fig. 13) indicating a southerly dipping poor conductor. The interpretation of the EM profiles was performed using in-house built software for automatically picking the anomalies along the profiles and yielding estimates of the conductance and the decay constant (tau) of isolated anomalies. The picked EM anomalies were posted on the late time EM channel. Figures 16 and 17 illustrate the results of the picked anomalies superimposed on the dB/dt, and B-field late time channel (3.911 ms after the current shut off), respectively.

The most significant picked anomalies are observed in both zones A and B. The calculated conductance values for these zones are between 5 and 15S. The estimated decay constants are ranging from 2.5 ms to 3.3 ms. However the anomalous zones C and D located in the eastern and western parts of the area, respectively are characterized by lower values of the conductance (<5S) and the decay constant (<3ms).

When compared to the magnetic maps, the EM anomalous zones b and D are in very good correlation with the magnetic signal. This is very well illustrated in Figure 18 that shows the EM stacked profiles on the total gradient of the magnetic field (analytic signal). This good correlation may suggest a tight relationship of the conductive anomalies with sulfide mineralization (pyrrhotite). The interpretation map (Fig. 19) shows the results of the magnetic and electromagnetic analysis superimposed on the total gradient image. The magnetic interpretation suggests the existence of two faulting systems trending in the NW and in NE, respectively. It also shows the existence of a structural contact trending roughly in the north-east direction. Most of the detected EM anomalies are associated with magnetic anomalies suggesting a possible metallic nature of the anomalous zones.

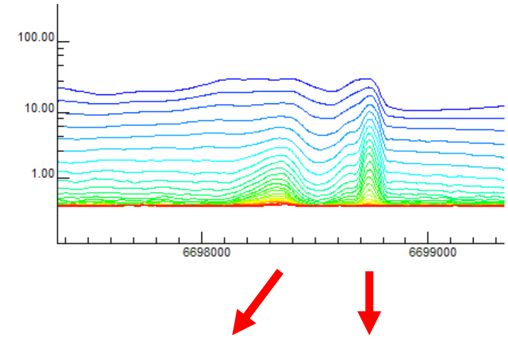


Fig. 10 EM decays over the mineralized Area C showing the existence of two weak anomalies. Line 6050.

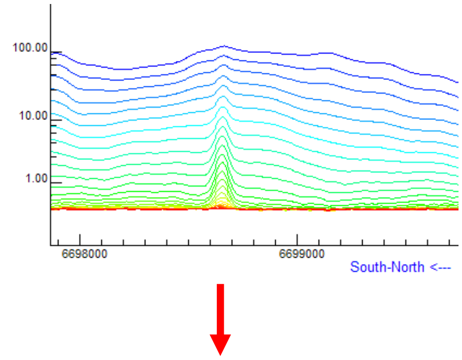


Fig. 11 EM decays over the mineralized Area A showing the existence of a weak anomaly. Line 6460.

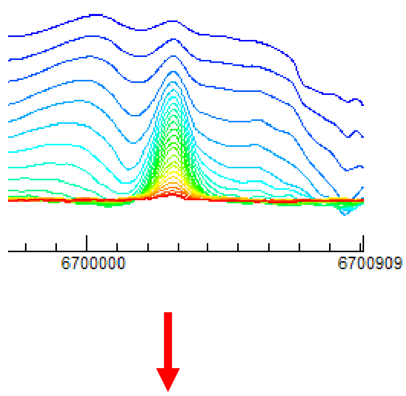


Fig. 12 EM decays for the northern portion of the Line 6400 showing the existence of an anomaly (Zone A in the map) related to a deeply sitting conductive bedrock.

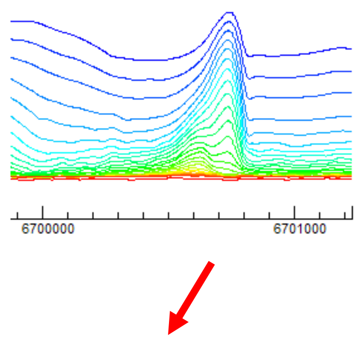


Fig. 13 EM decays for the northern portion of the Line 6500 showing the existence of anti-symmetric anomaly (Zone C in the map) indicating southerly dipping conductor.

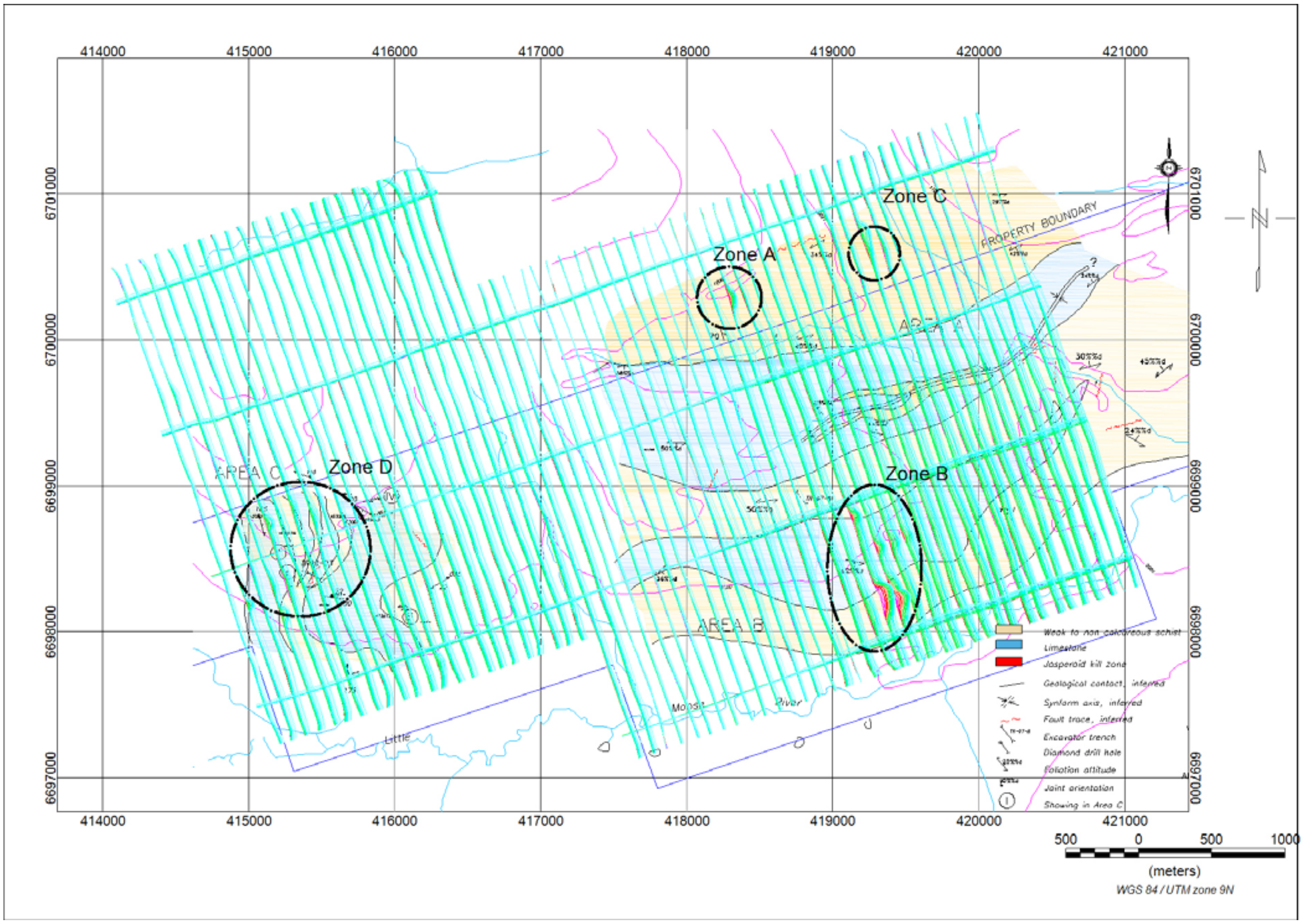


Fig. 14 Stacked EM dB/dt profiles at log-linear scale. Early time decays are in green and late time in red.

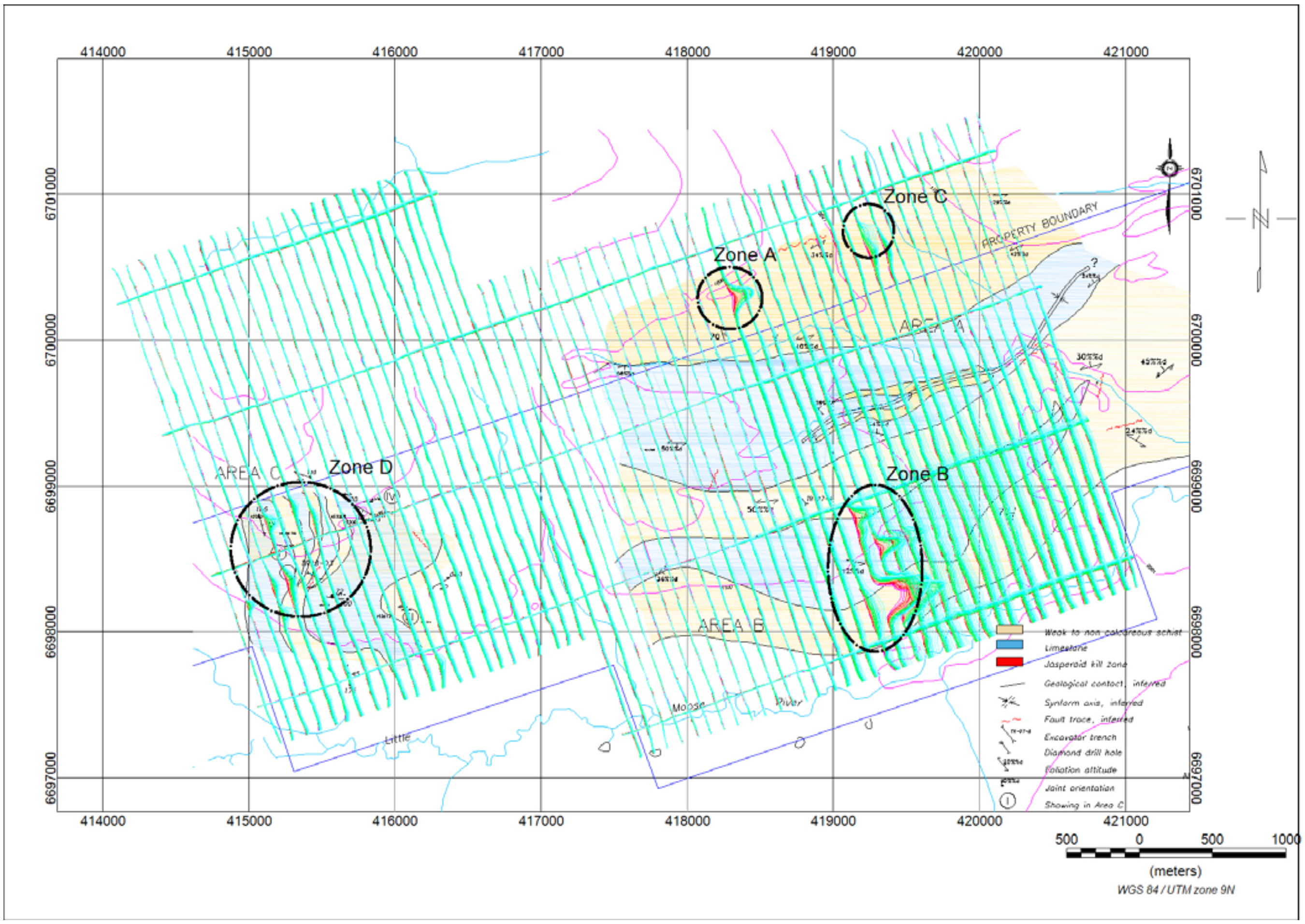


Fig. 15 Stacked EM B-Field profiles at log-linear scale. Early time decays are in green and late time in red.

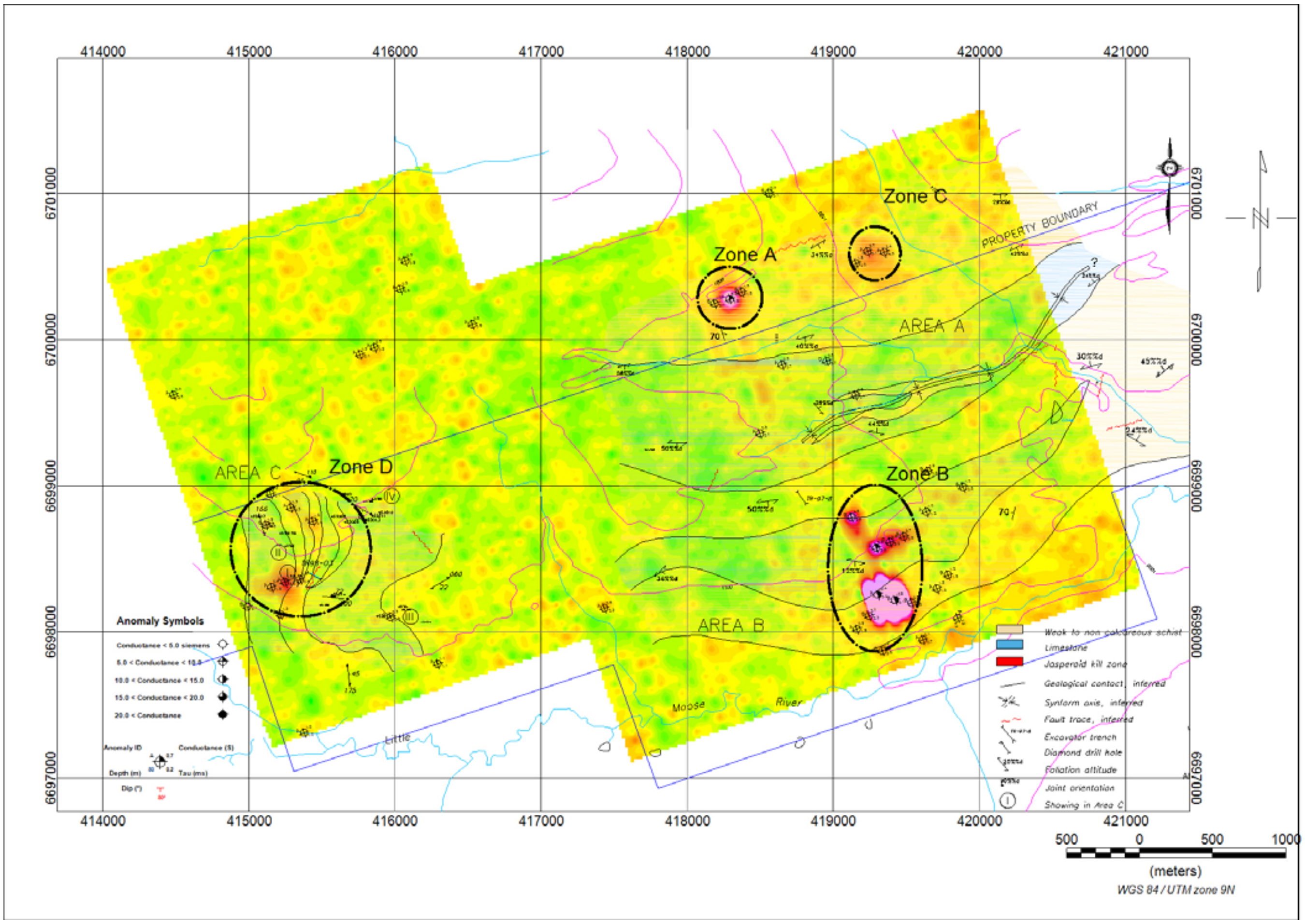


Fig. 16 EM picked anomalies plotted on the late time dB/dt channel image.

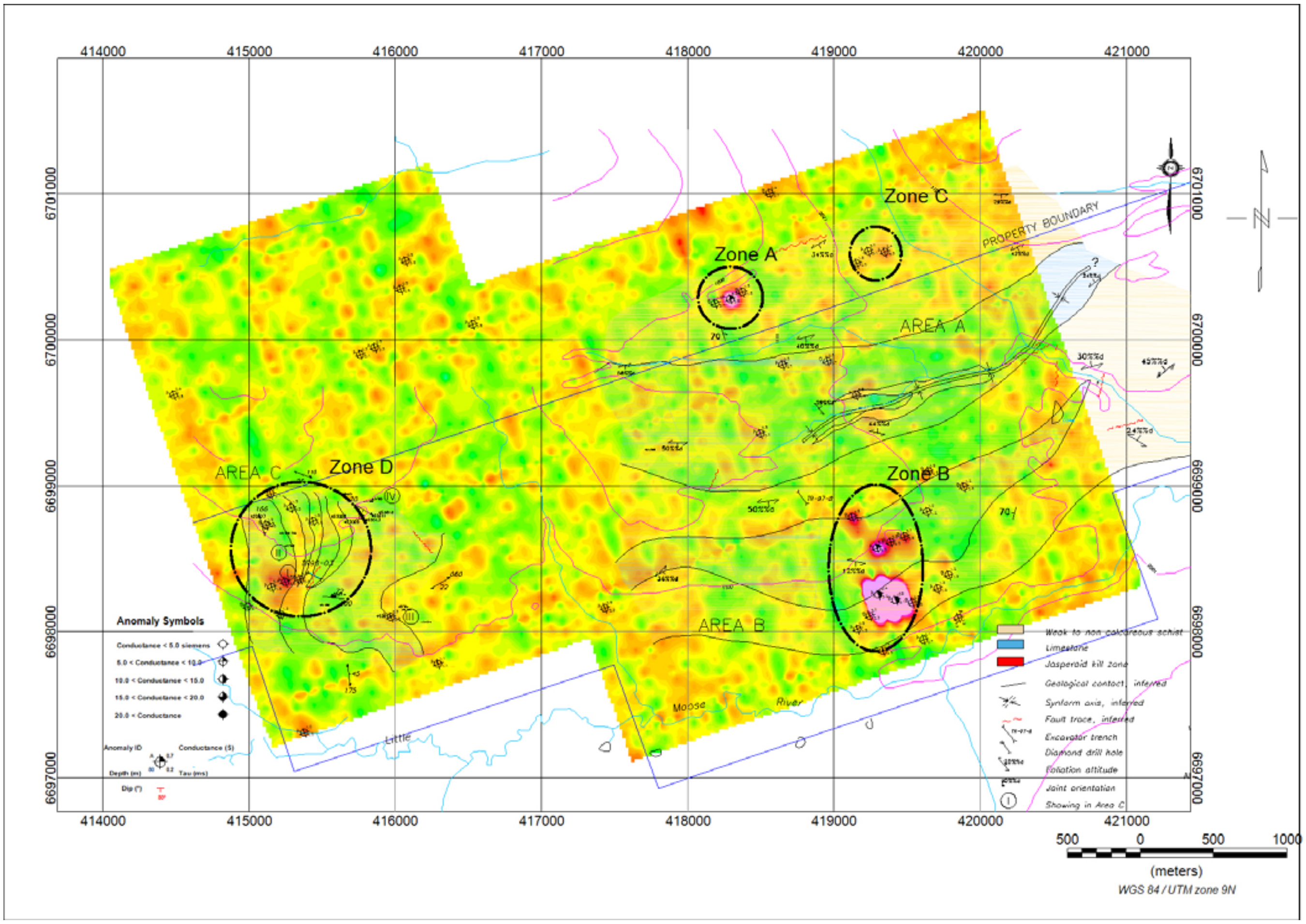


Fig. 17 EM picked anomalies plotted on the late time B-Field channel image.

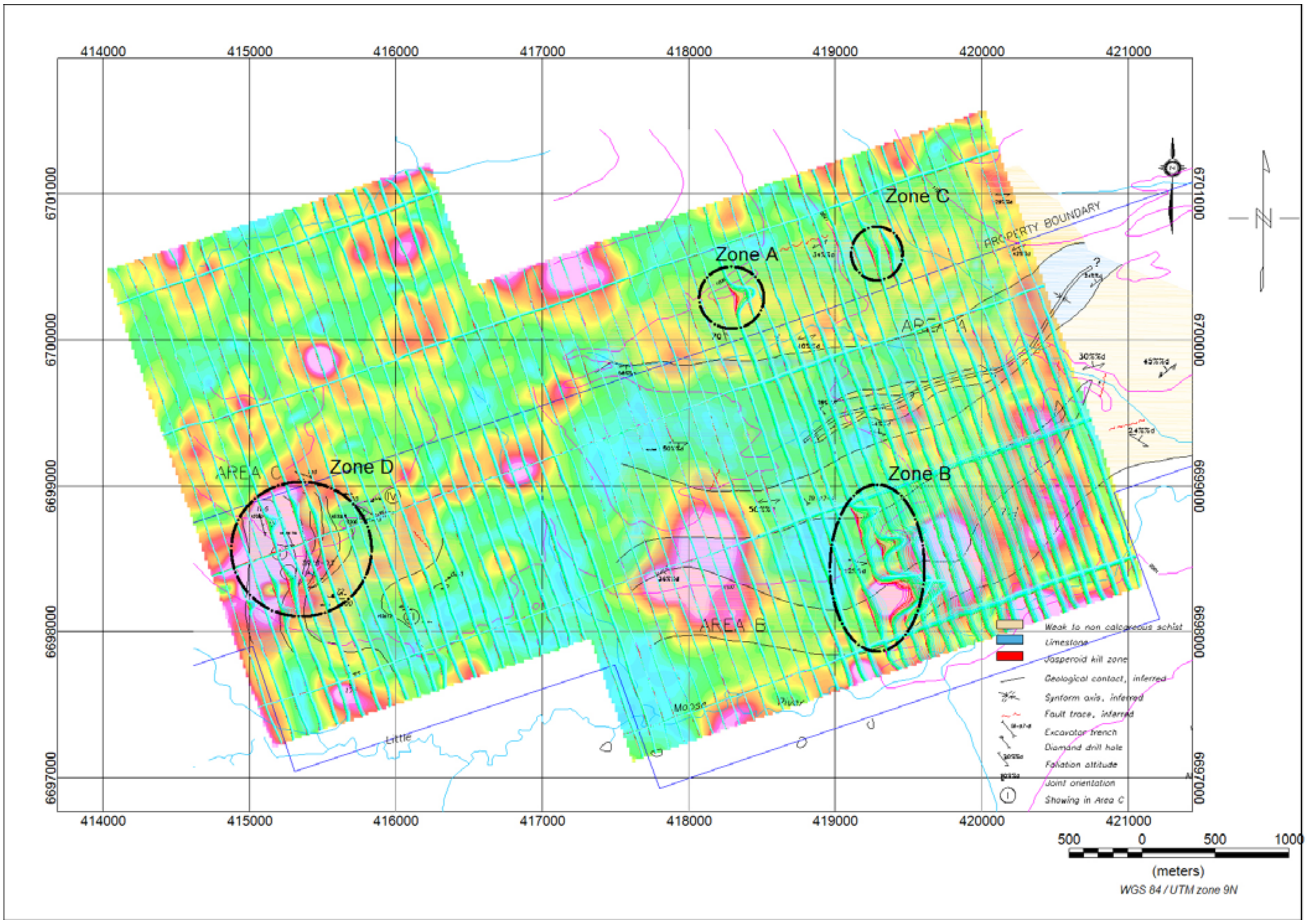


Fig. 18 Late time B-Field channel image superimposed on the magnetic total gradient. High values of the total gradient are indicated in red and purple. The map shows a very good correlation of the EM anomalies (Zones B and D) with the magnetic signal.

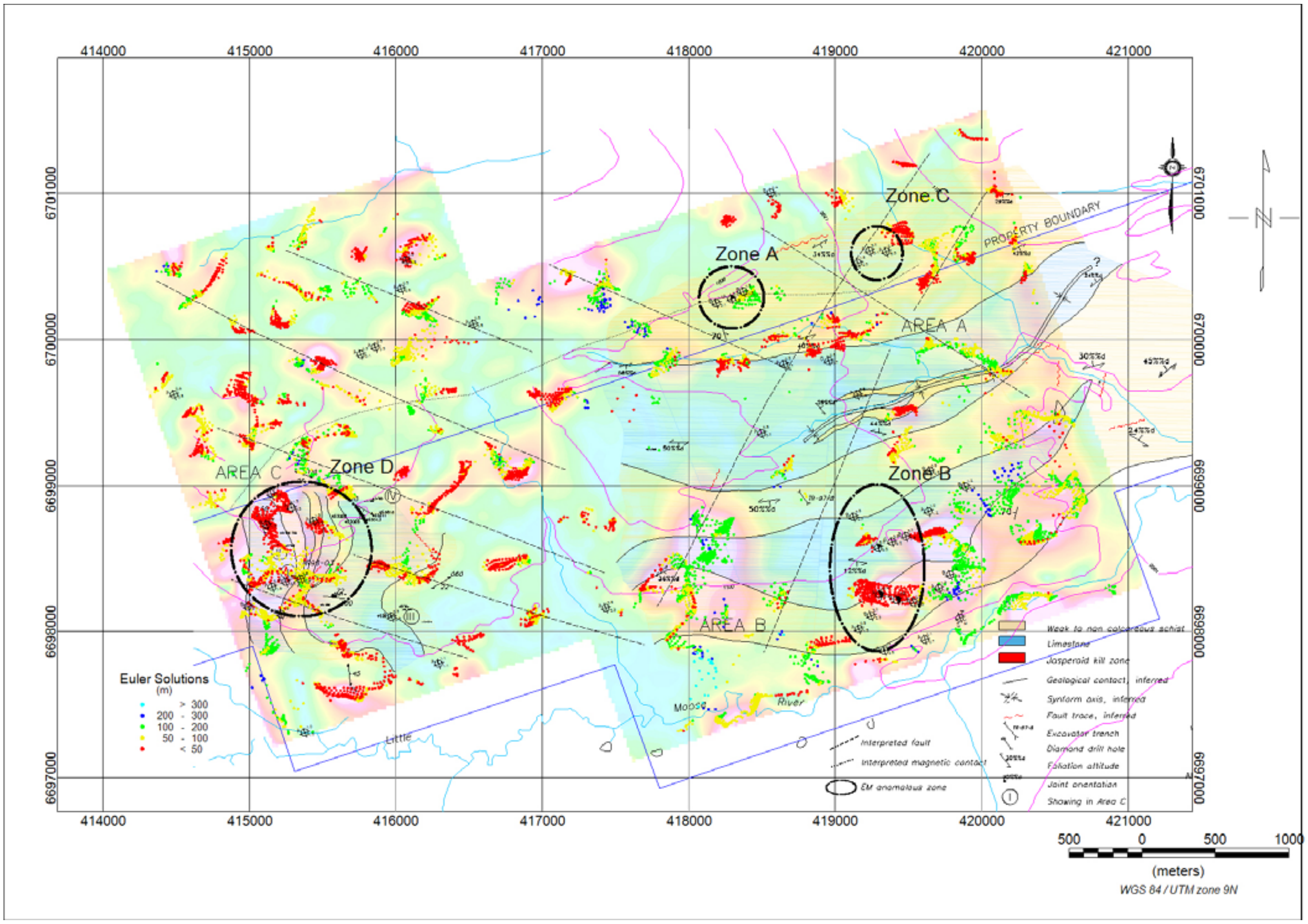


Fig. 19 Interpretation map showing the results of the magnetic and electromagnetic data analysis.

5.4 Selected Anomalies

Several individual potential anomalies extracted from the described above anomalous zones of interest have been selected for modeling by converting the EM decays into CDIs. The anomalies are located on the following lines: L6400, L6430, L6440, L6500, and L6050. The summarized characteristics of the selected anomalies are given in the following table:

Anomalous zone/Line	Anomaly ID	Anomaly Type description	Conductor geometry	X- location m	Y- location m	Conductance S	Dip	Dip Azimut	Tau msec
A/L6400	A	One symmetric peak	Thin steeply dipping plate	418290	6700279	5.5			2.9
B/L6430	A	One broad anti-symmetric peak	Thick shallowly dipping plate	419302	6698256	13.4	S	EW	3.2
B/L6430	B	One symmetric peak	Thin steeply dipping plate	419126	6698787	4.8			2.3
B/L6440	A	One symmetric peak	Thin steeply dipping plate	419293	6698576	5.5			3.3
B/L6440	B	One broad anti-symmetric peak	Thick shallowly dipping plate	419421	6698219	10.9	S	EW	3.1
C/L6500	A	One broad anti-symmetric peak	Thick shallowly dipping plate	419235	6700606	3.7	S	EW	3.1
D/L6050	A	One broad anti-symmetric peak	Thick shallowly dipping plate	415248	6698343	2.8	S	EW	3.2
D/L6050	B	One symmetric peak	Thin steeply dipping plate	415118	6698733	1.9			1.5

Table 1. Summarized results of the selected anomalies.

5.5 Conductivity Depth Sections

Conductivity depth imaging is considered as one of the important steps in the analysis and interpretation of electromagnetic data. CDI allows providing useful information of the conductivity distribution of the considered cross section. CDI were performed for the selected lines using the EMflow software. The obtained results are shown in Figures20-24.

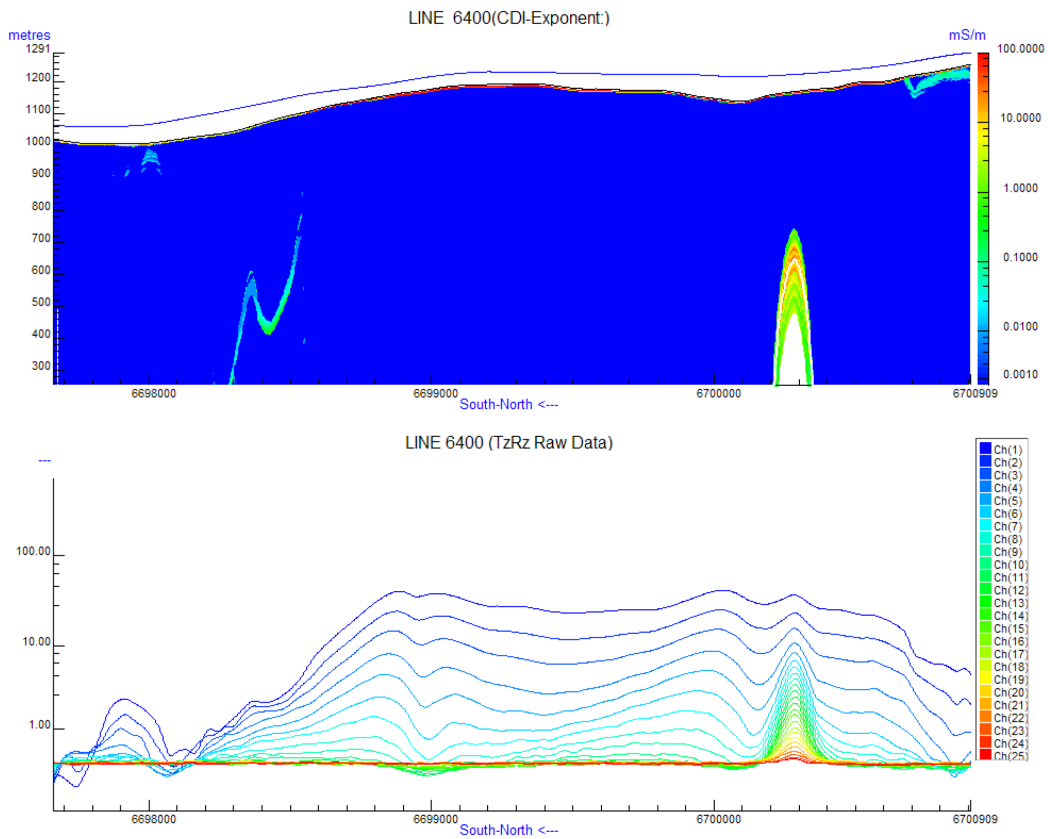


Figure 20 shows the CDI section for the line L6400 (Anomaly A). The section indicates the presence of a vertical conductor at an approximate depth of 300 m.

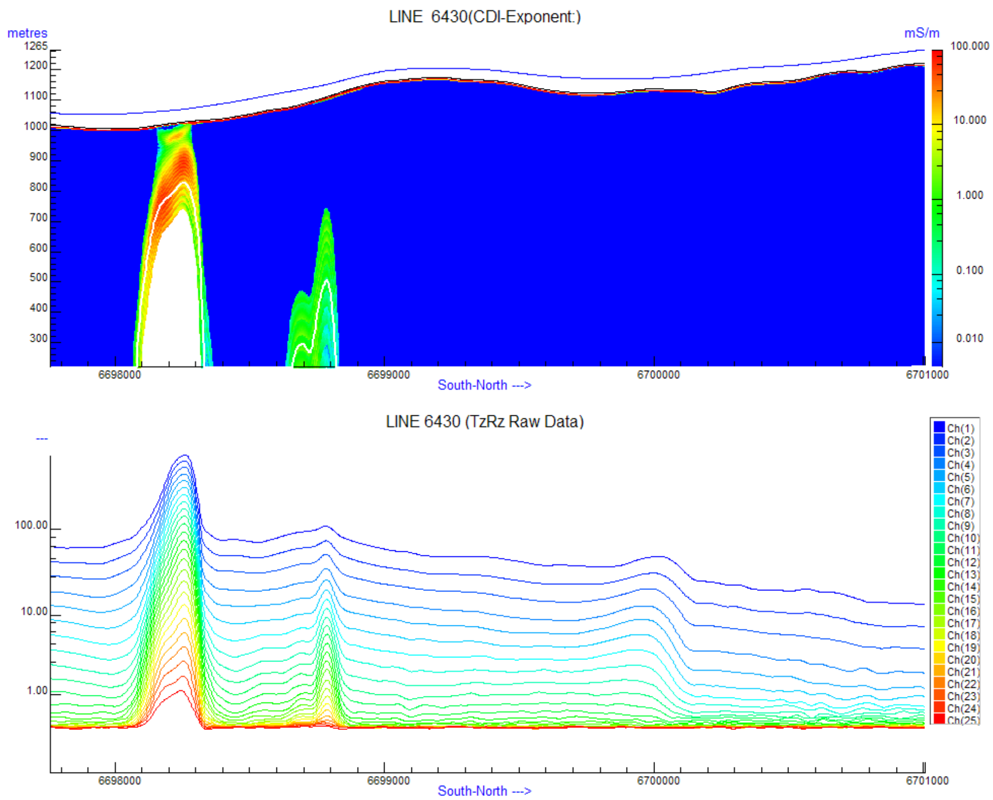


Figure 21 shows the CDI section for the line L6430 (Zone B). The section indicates the existence of two conductors. The left most conductor is shallowly dipping and his top is located at a depth <100 m. The second conductor is located at greater depth (>200 m).

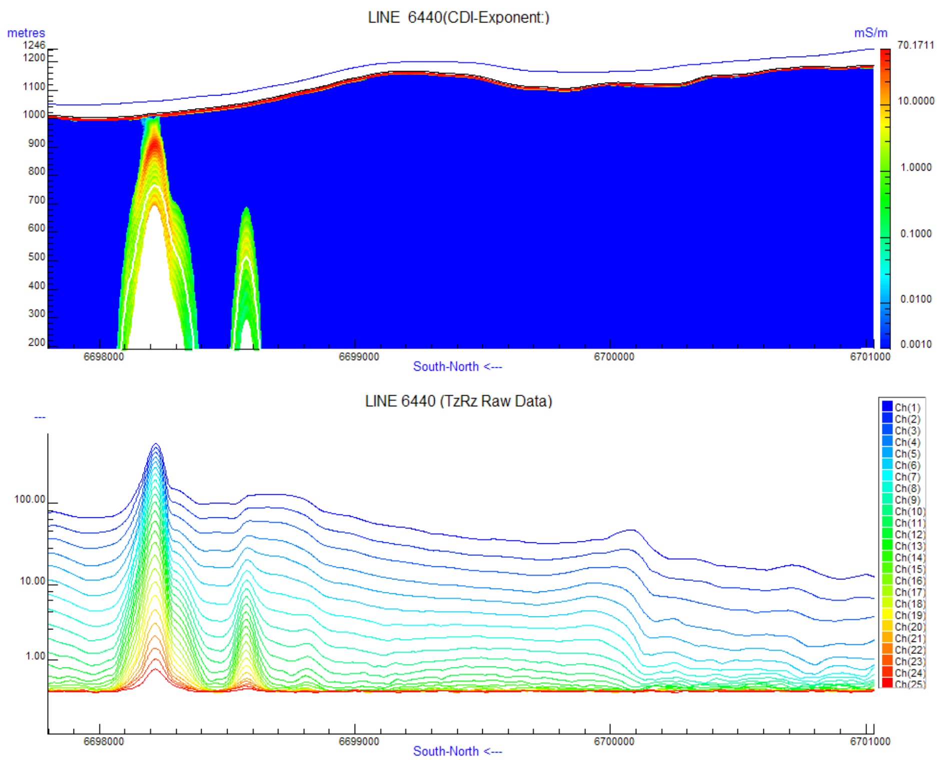


Figure 22 shows the CDI section for the line L6440 (Zone B). The section is similar to the prevouis one (Fig. 21) indicating the presence of one shallow and one deep conductive bedrocks.

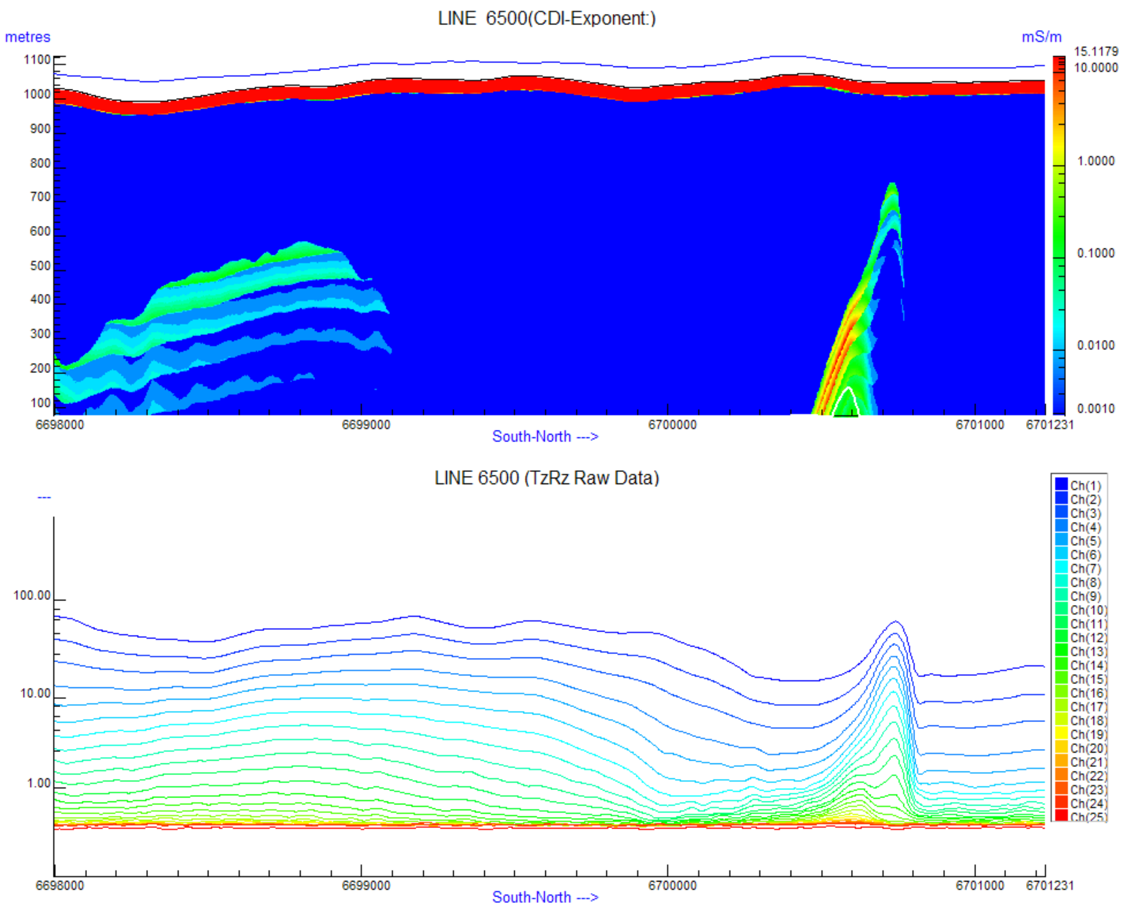


Figure 23 shows the CDI section for the line 6500 (Anomalous Zone C). The section shows the existence of a southerly dipping poor and deep (>200m) conductor.

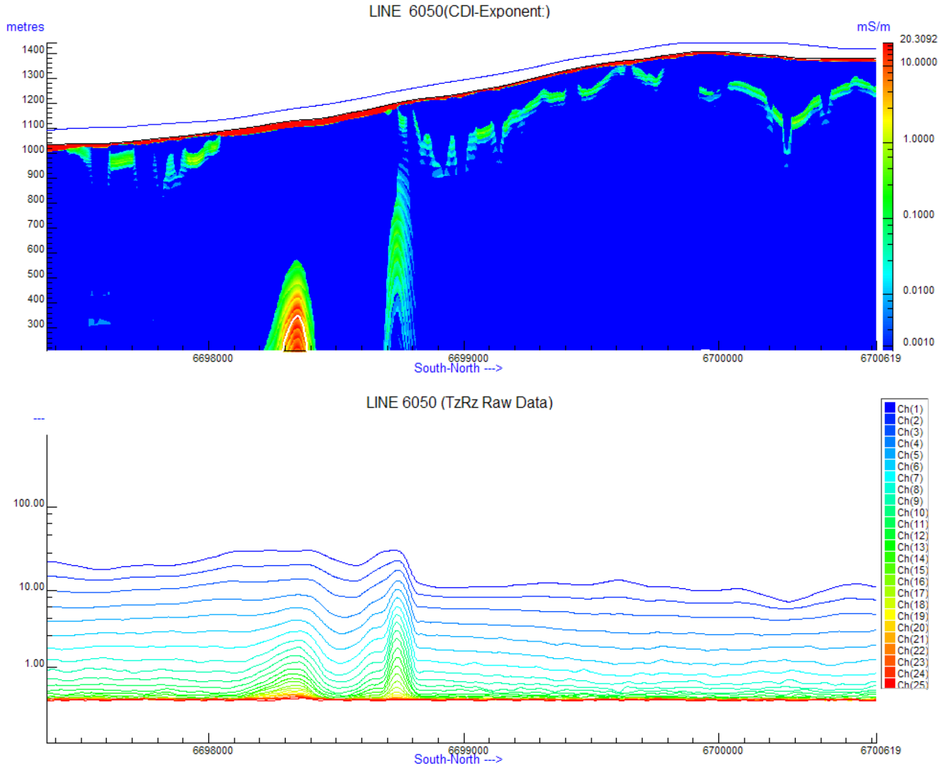


Figure 24 shows the CDI section for the line 6050 (Anomalous Zone D). The section shows the existence of a two conductors. The left most has a depth >400m, while the second one is located at an approximate depth of 200m.

6. CONCLUSIONS AND RECOMMANDATIONS

The analysis of the magnetic map of the QB property does not reveal any noticeable magnetic activity due the existence of non magnetic sedimentary rocks. However, a slightly magnetic bedrock trending roughly NE has been mapped from the analysis of the reduced maps. Several surfacial faults trending in the NW and NE direction were interpreted as well. The Euler deconvolution inversion method has shown that most of the detected magnetic sources are situated at depth less than100 m. The inversion confirmed the existence of lineaments trending NW (western portion) and EW (central and eastern portions).

The analysis of the VTEM data reveals the existence of 4 anomalous zones of interest. Two of them (Zones B and D) are in very good correlation with the magnetic field, suggesting a possible metallic nature of the conductive bedrocks. Several potential anomalies were selected and modeled. Modeling results indicated either steeply or vertical dipping bedrocks located at various depth.

The recommendation is to conduct some drilling tests on the selected potential anomalies to determine a possible metallic mineralization.

Respectfully submitted,

Dr. Nasreddine Bournas
Geotech Ltd.
December, 2007

7. REFERENCES

1. J. CHEN, A. RAICHE, AND J. MACNAE, 2000, Inversion of airborne EM data using thin-plate models, SEG 2000 expanded abstracts.

2. STOLZ, E.M.G. AND MACNAE, J.C., 1991 Evaluating EM waveforms by singular-value decomposition of exponential functions. Geophysics, 63, 64-74

3. A.B. REID, J.M. ALLSOP, H. GRANSER, A.J. MILLETT AND I.W. SOMERTON, 1990, Magnetic interpretation in three dimensions using Euler deconvolution, , G*eophysics, 55, 80-91*.

4. Yukon Geological Survey, www.geology.gov.yk.ca

APPENDIX A

VTEM ANOMALY MODELING

I. THIN PLATE

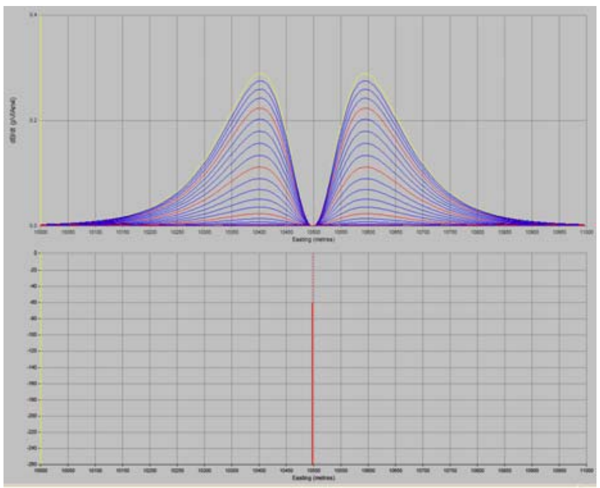


Figure A-1: dB/dt response of a shallow vertical thin plate. Depth=100 m, CT=20 S. The EM response is normalized by the dipole moment and the Rx area.

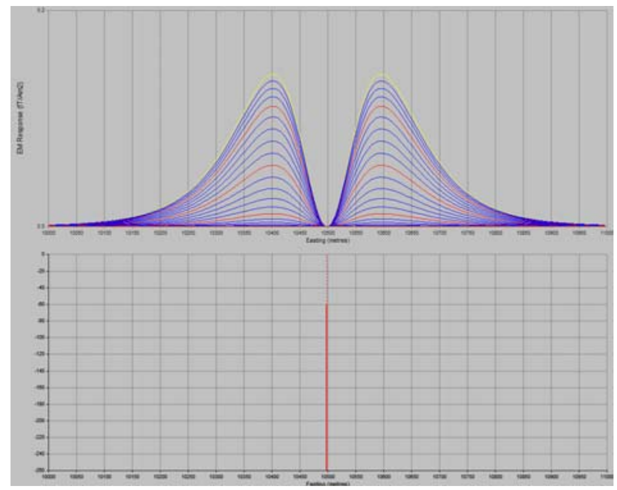


Figure A-2: B-field response of a shallow vertical thin plate. Depth=100 m, CT=20 S. The EM response is normalized by the dipole moment.

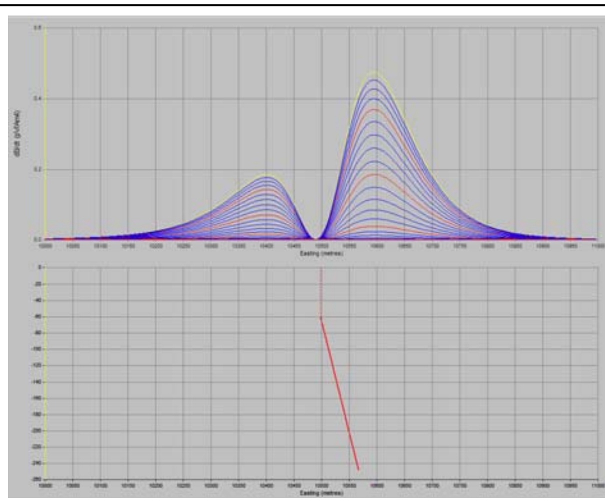


Figure A-3: dB/dt response of a shallow skewed thin plate. Depth=200 m, CT=20 S. The EM response is normalized by the dipole moment and the Rx area.

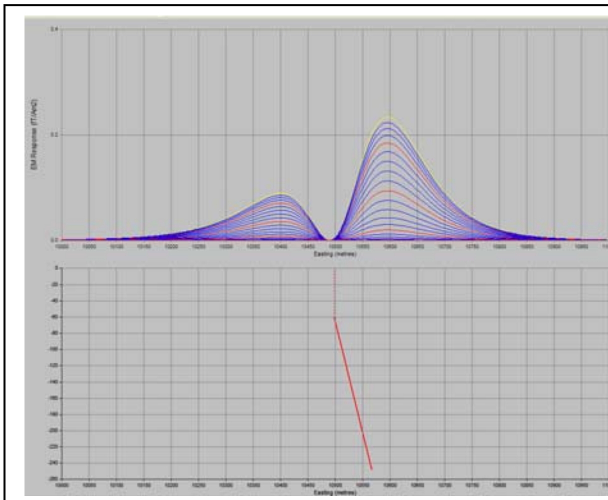


Figure A-4: B-field response of a shallow skewed thin plate. Depth=100 m, CT=20 S.The EM response is normalized by the dipole moment.

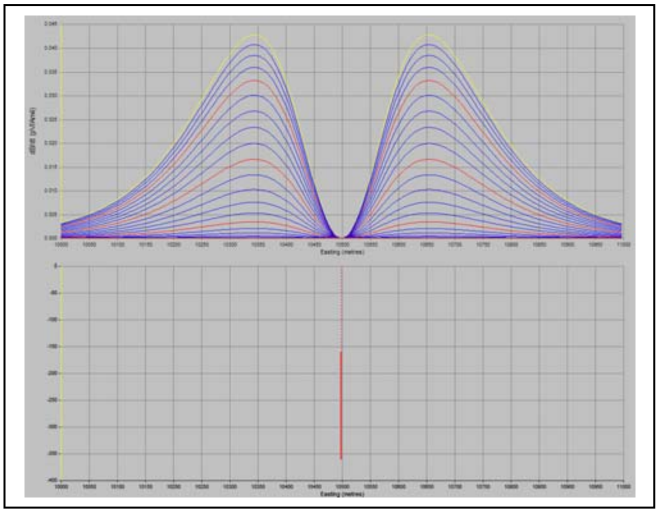


Figure A-5: dB/dt response of a deep vertical thin plate. Depth=200 m, CT=20 S. The EM response is normalized by the dipole moment and the Rx area.

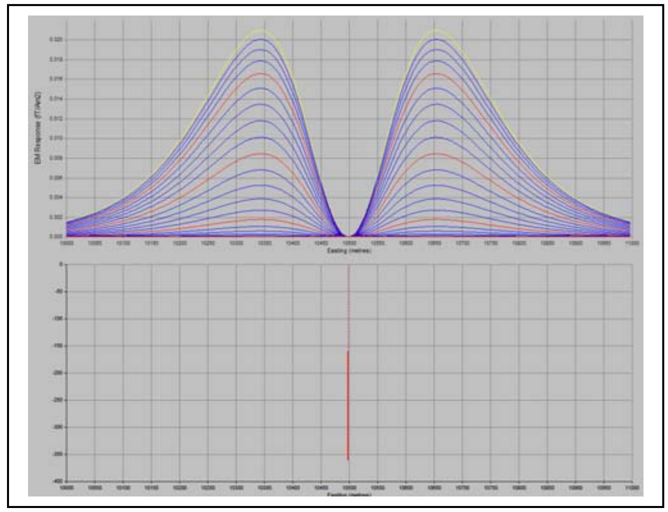


Figure A-6: B-Field response of a deep vertical thin plate. Depth=200 m, CT=20 S. The EM response is normalized by the dipole moment.

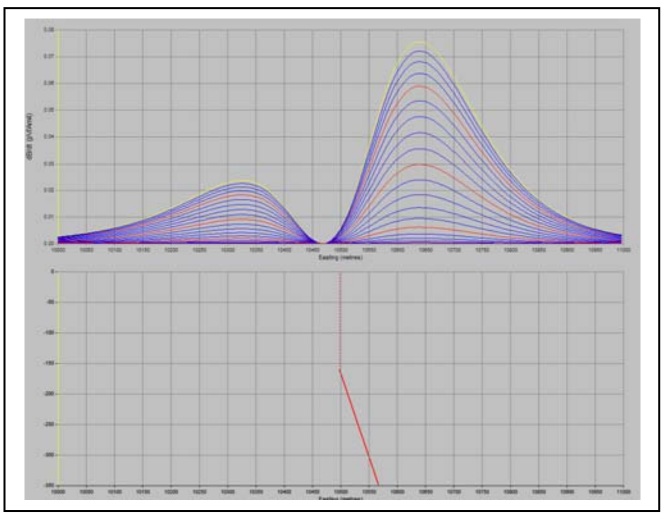


Figure A-7: dB/dt response of a deep skewed thin plate. Depth=200 m, CT=20 S. The EM response is normalized by the dipole moment and the Rx area.

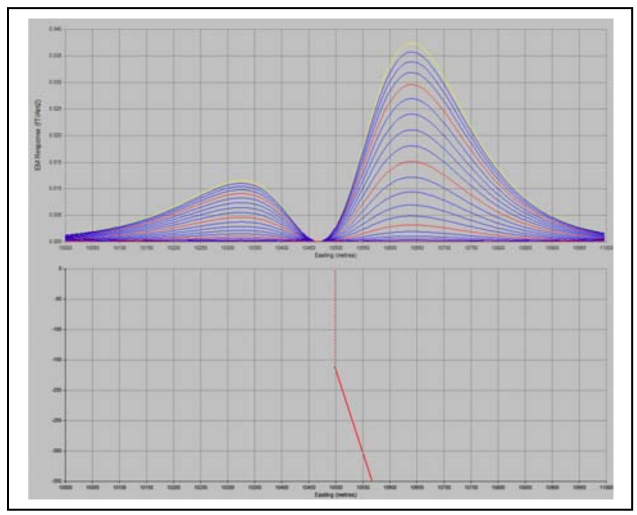


Figure A-8: B-field response of a deep skewed thin plate. Depth=200 m, CT=20 S. The EM response is normalized by the dipole moment.

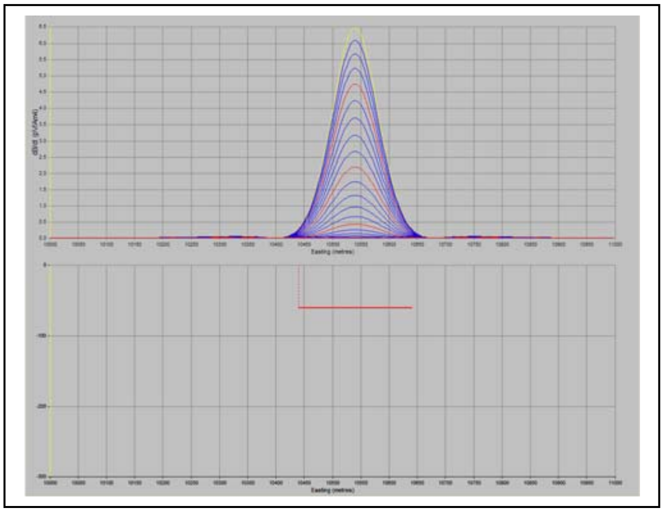


Figure A-9: dB/dt response of a shallow horizontal thin plate. Depth=100 m, CT=20 S. The EM response is normalized by the dipole moment and the Rx area.

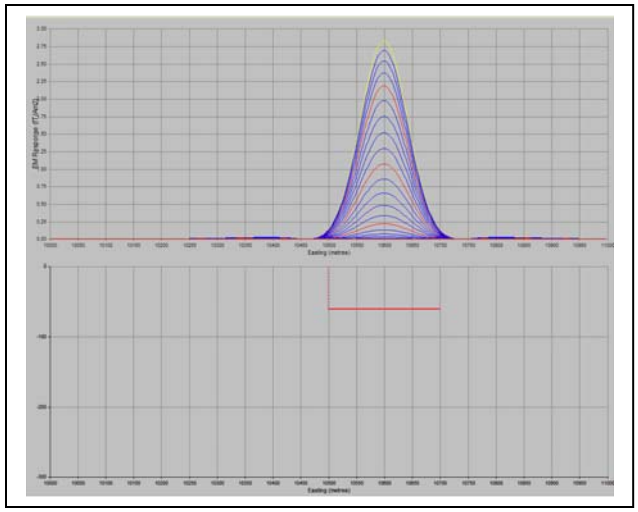


Figure A-10: B-Field response of a shallow horizontal thin plate. Depth=100 m, CT=20 S. The EM response is normalized by the dipole moment.

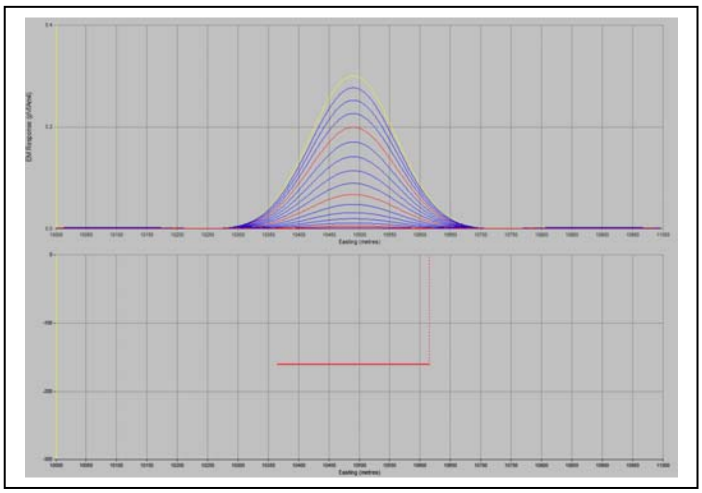


Figure A-11: dB/dt response of a deep horizontal thin plate. Depth=200 m, CT=20 S. The EM response is normalized by the dipole moment and the Rx area.

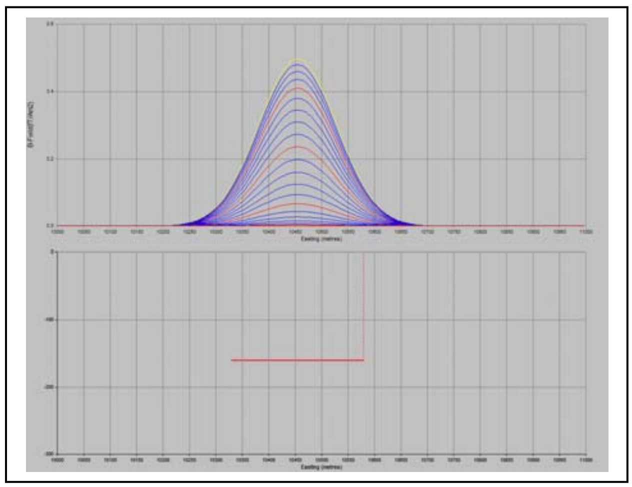


Figure A-12: B-Field response of a deep horizontal thin plate. Depth=200 m, CT=20 S. The EM response is normalized by the dipole moment.

II. THICK PLATE

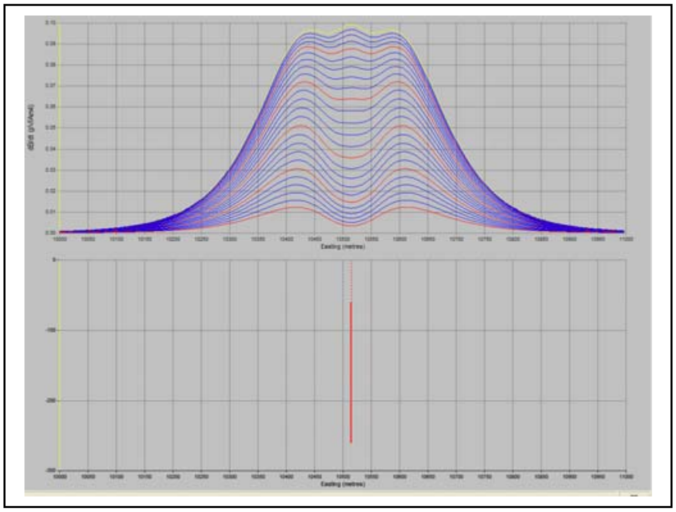


Figure A-13: dB/dt response of a shallow vertical thick plate. Depth=100 m, C=12 S/m, thickness=20 m. The EM response is normalized by the dipole moment and the Rx area.

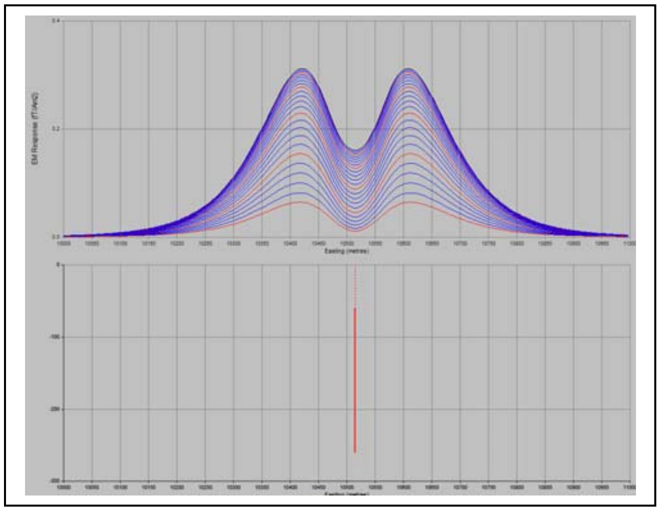


Figure A-14: B-Field response of a shallow vertical thick plate. Depth=100 m, C=12 S/m, thickness= 20 m. The EM response is normalized by the dipole moment.

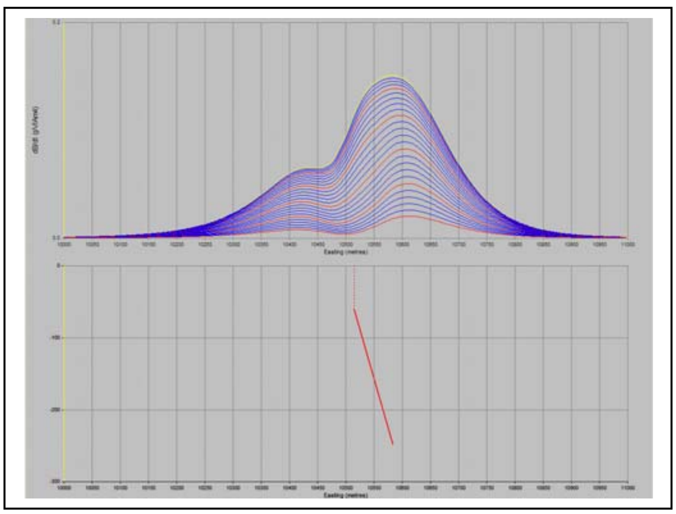


Figure A-15: dB/dt response of a shallow skewed thick plate. Depth=100 m, C=12 S/m, thickness=20 m. The EM response is normalized by the dipole moment and the Rx area.

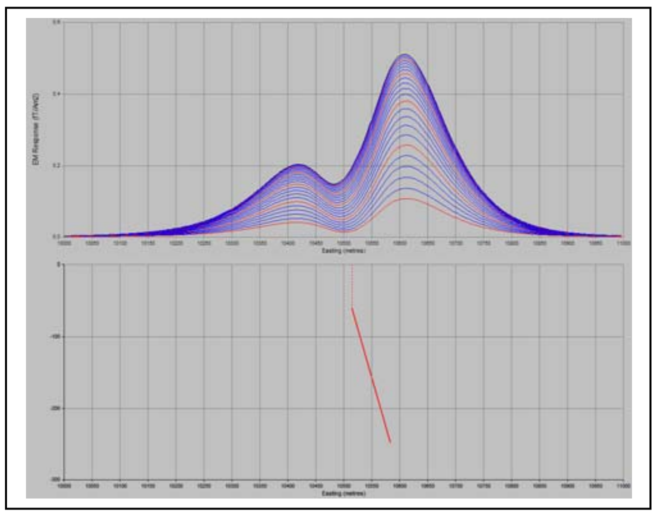


Figure A-16: B-Field response of a shallow skewed thick plate. Depth=100 m, C=12 S/m, thickness=20 m. The EM response is normalized by the dipole moment.

III. MULTIPLE THIN PLATES

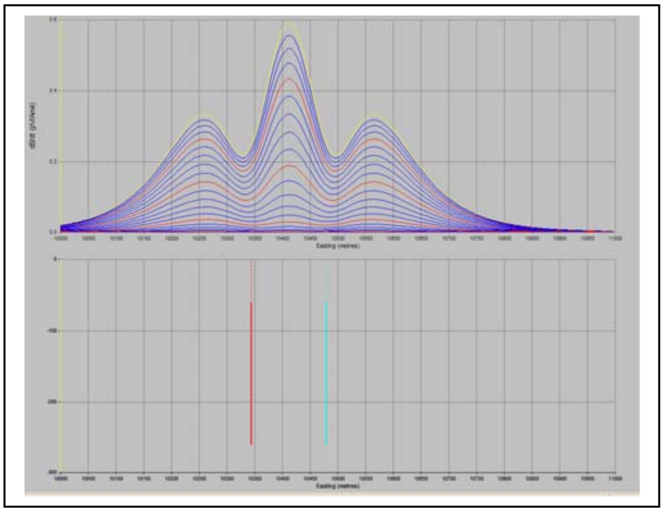


Figure A-17: dB/dt response of two vertical thin plates. Depth=100 m, CT=20 S. The EM response is normalized by the dipole moment and the Rx area.

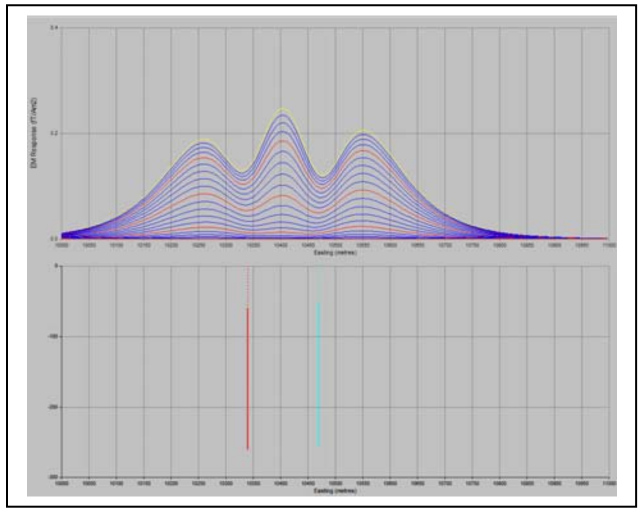


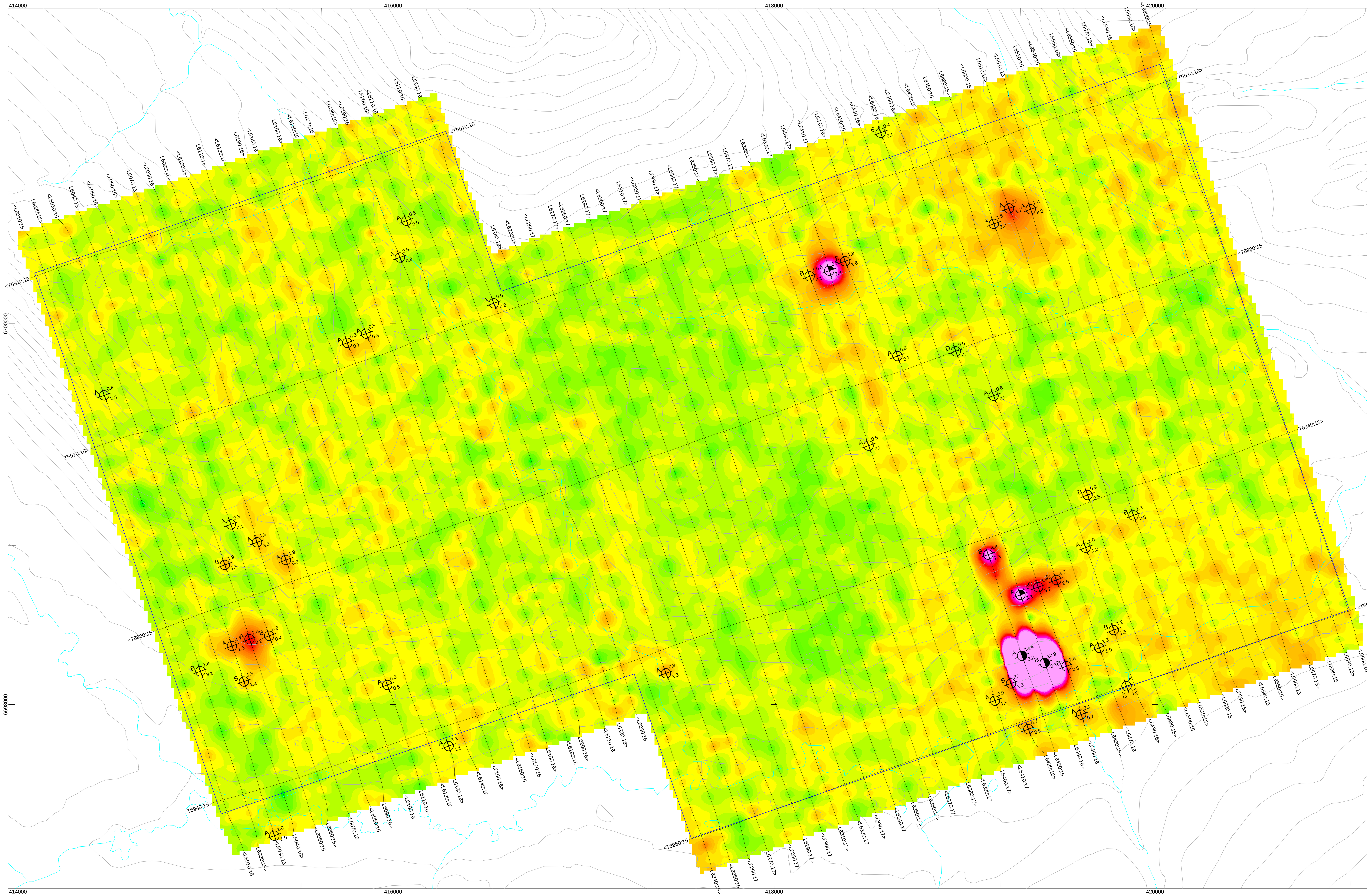
Figure A-18: B-Field response of two vertical thin plates. Depth=100 m, CT=20 S. The EM response is normalized by the dipole moment.

APPENDIX IV

ROCK SAMPLE DESCRIPTIONS

ROCK SAMPLE DESCRIPTIONS

Sample Number	Comment
B375377	Orange ferricrete cementing schist and rounded cobbles
B375378	Dark red-orange-black limonitic ferricrete
B375379	Red-orange fine quartz granules and minor mica cemented by iron; may be highly weathered but looks exotic
B375380	Very dense compact limonite with remnant massive pyrite
B375381	Limonite schist fragments and ferricrete
B375382	Limy muscovite schist with pyrite/pyrrhotite clots



SURVEY SPECIFICATIONS:

Survey date: August 2007
Survey base: Watson Lake
Aircraft: AS-350 B3 helicopter, Registration C-GTFX
Nominal Flight Line Spacing: 100 metres
Nominal Flight Line Direction: N20°W
Nominal Tie Line Spacing: 1000 metres
Nominal Tie Line Direction: N70°E
Nominal helicopter terrain clearance: 80 metres
EM Loop is 40 metres under helicopter
Magnetic sensor is 15 metres under helicopter

INSTRUMENTS:

Geotech Time Domain Electromagnetic System (VTEM)
with concentric Rx/Tx geometry
Transmitter Loop Diameter 26 m, Base Frequency 30 Hz
Dipole Moment: 382,300 NIA
Transmitter Wave Form: Trapezoid, Pulse Width 7.2 ms
Geometrics Optically-pumped,
High Sensitivity Cesium Magnetometer
Magnetometer Resolution 0.02 nT at 10 samples/sec

Anomaly Symbols

Conductance < 5.0 siemens
5.0 < Conductance < 10.0
10.0 < Conductance < 15.0
15.0 < Conductance < 20.0
20.0 < Conductance

Anomaly ID A 0.7 **Conductance (S)**
Depth (m) 80 0.2 **Tau (ms)**
Dip (°) 80°

0.1283
0.0048
0.0041
0.0036
0.0031
0.0028
0.0025
0.0023
0.0021
0.0019
0.0017
0.0015
0.0013
0.0011
0.0010
0.0008
0.0007
0.0005
0.0004
0.0002
0.0000
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-0.0003
-0.0004
-0.0006
-0.0007
-0.0009
-0.0011
-0.0013
-0.0015
-0.0017
-0.0019
-0.0021
-0.0023
-0.0026
-0.0029
-0.0033
-0.0038
-0.0046
-0.0011

dB/dt-Response
pV/(A*m^4)

Legend:

Roads
Lakes, Rivers
Utility lines
Railways
Swamps
Topographic contours

Scale 1:10000

100 0 100 200 300 400 500
(meters)
WGS 84 / UTM zone 9N

Valencia Ventures Inc.
QB Block
Yukon, Canada

Geotech VTEM System

EM picked anomalies & late Time dB/dt Channel (3.911 ms)

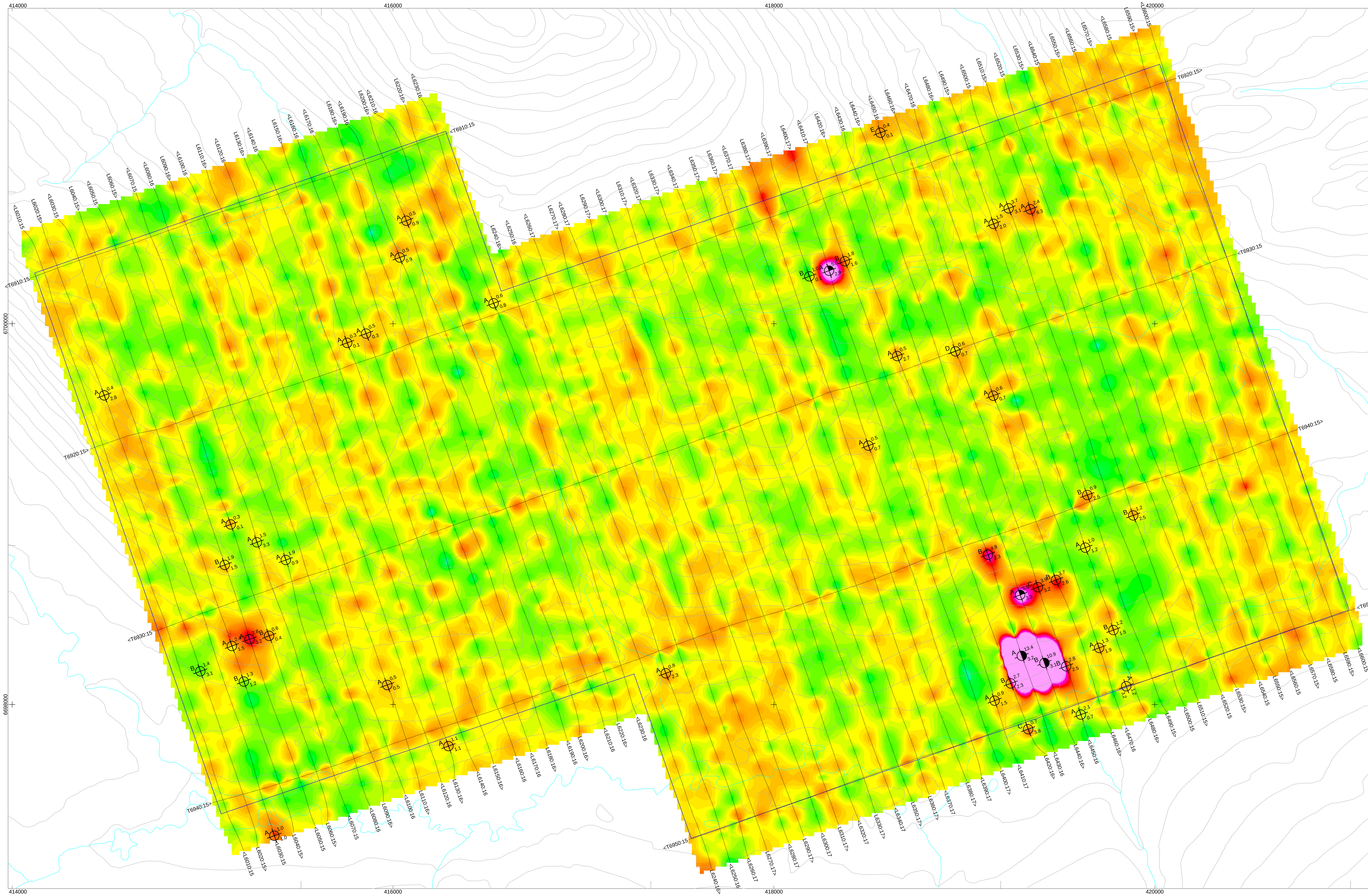
Flown and processed by Geotech Ltd.
30 Industrial Parkway S.,
Aurora, Ontario, Canada L4G 3W2
www.geotechairborne.com

November 2007

Project 7067

VALENCIA

GEOTECH LTD.



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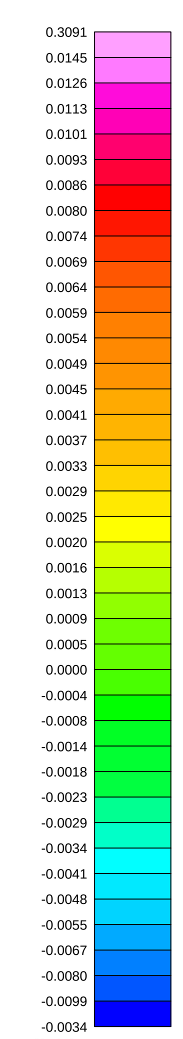
Anomaly Symbols

Conductance < 5.0 siemens
5.0 < Conductance < 10.0
10.0 < Conductance < 15.0
15.0 < Conductance < 20.0
20.0 < Conductance

Anomaly ID A — **Conductance (S)** 0.7
Depth (m) 80 — **Tau (ms)** 0.2
Dip (°) 80°



B-field-Response
fT/(A*m^2)

Legend:

Roads
Lakes, Rivers
Utility lines
Railways
Swamps
Topographic contours

Scale 1:10000

100 0 100 200 300 400 500
(meters)
WGS 84 / UTM zone 9N

Valencia Ventures Inc.
QB Block
Yukon, Canada

Geotech VTEM System

EM picked anomalies & late Time B-Field Channel (3.911 ms)

Flown and processed by Geotech Ltd.
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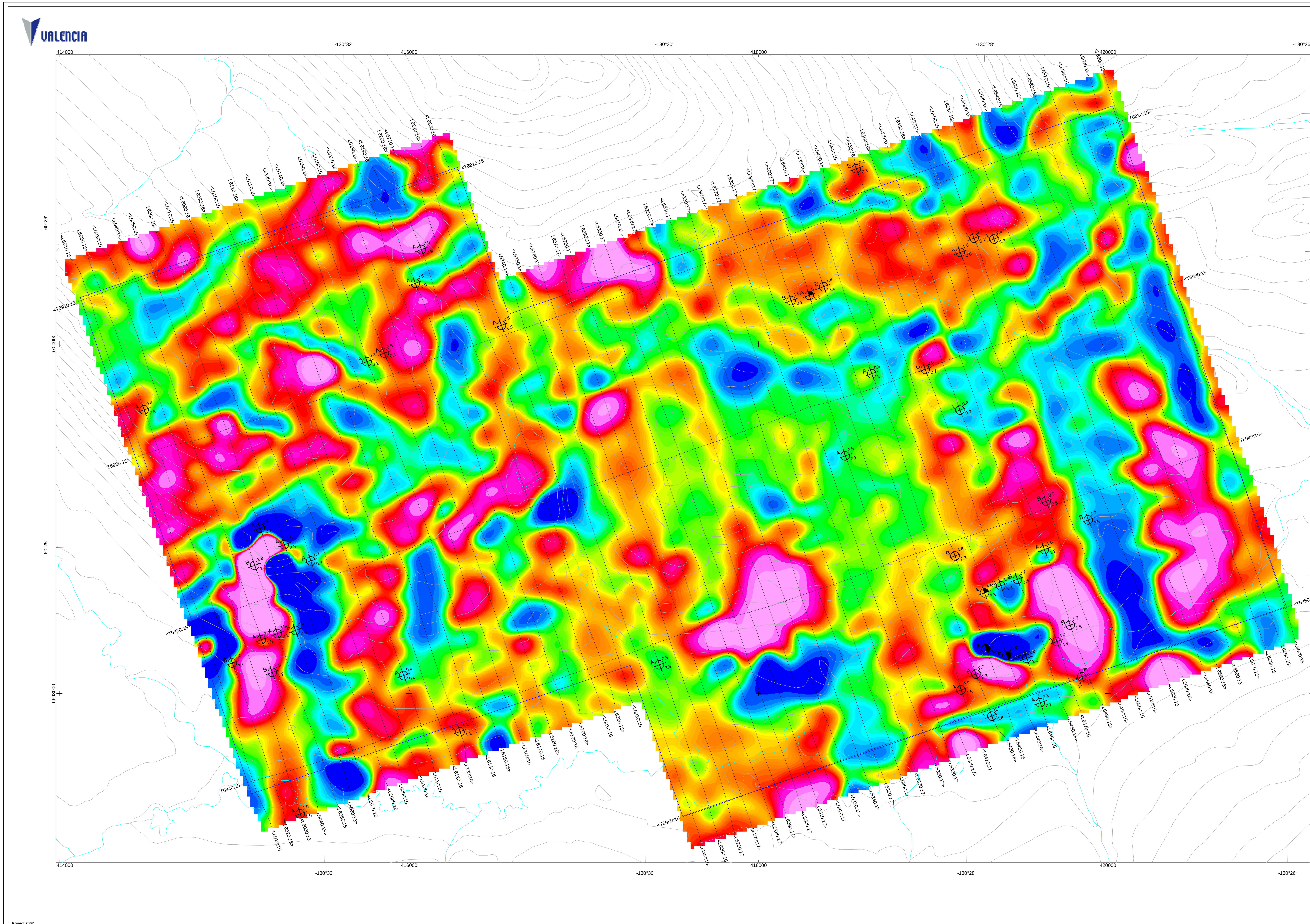
Aurora, Ontario, Canada L4G 3W2
www.geotechairborne.com

November 2007

Project 7067



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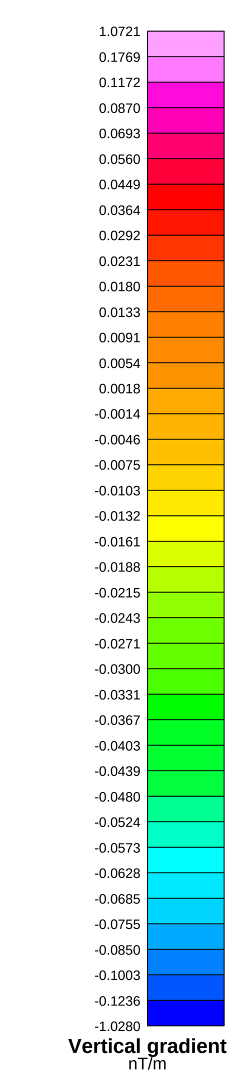
15.0 < Conductance < 20.0
20.0 < Conductance

Anomaly ID — **Conductance (S)**
Depth (m) — **Tau (ms)**
Dip (°)



Legend:

Roads
Lakes, Rivers
Utility lines
Railways
Swamps
Topographic contours

Scale 1:10000

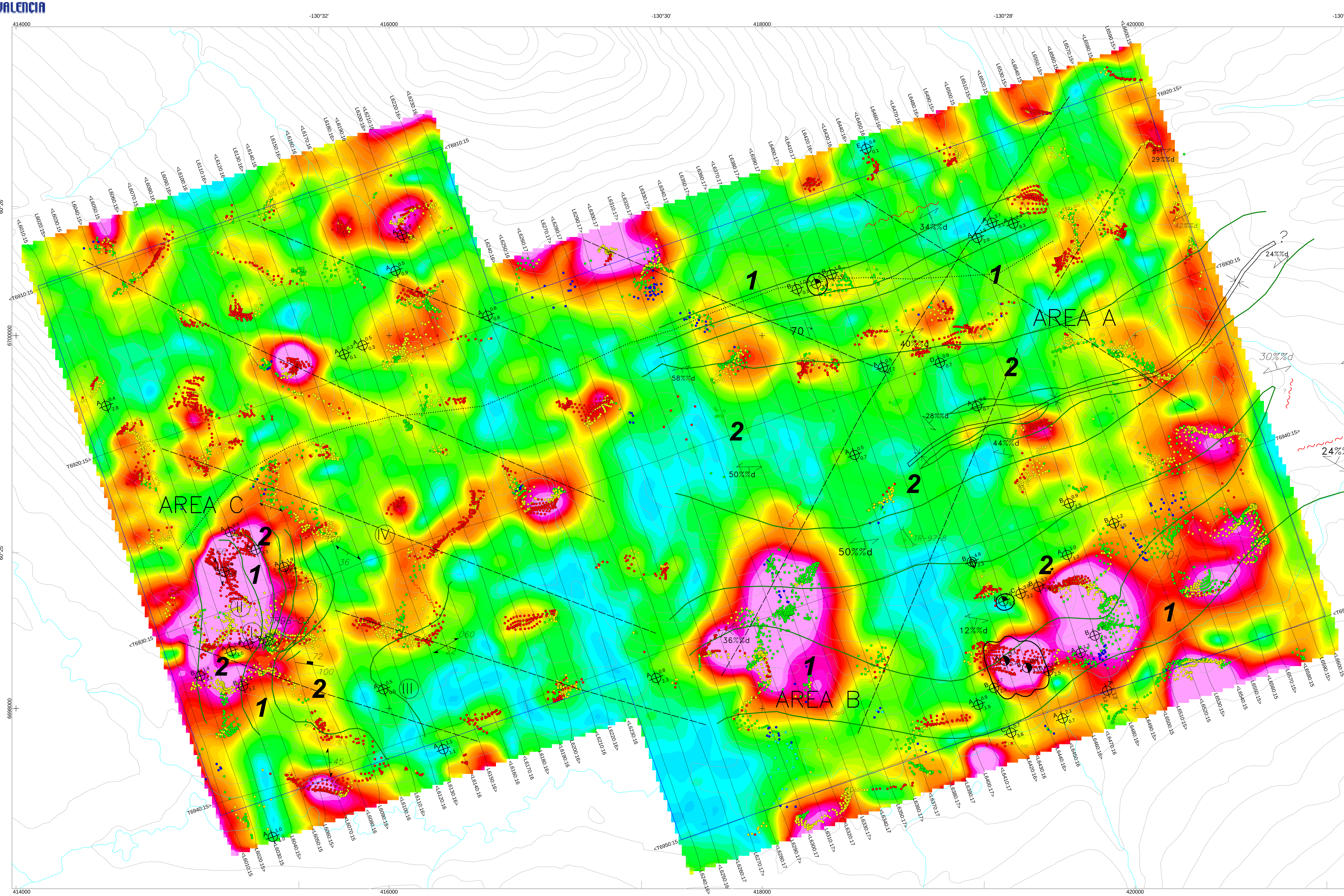
100 0 100 200 300 400 500
(meters)
WGS 84 / UTM zone 9N

Valencia Ventures Inc.
QB Block
Yukon, Canada

Geotech VTEM System
Vertical gradient of TMI

Flown and processed by Geotech Ltd.
30 Industrial Parkway S.,
Aurora, Ontario, Canada L4G 3W2
www.geotechairborne.com

November 2007



GEOTECH LTD.

SURVEY SPECIFICATIONS:
Survey date: August 2007
Survey base: Watson Lake
Aircraft: AS-350 B3 helicopter, Registration C-GTFX
Nominal Flight Line Spacing: 100 metres
Nominal Flight Line Direction: N20°W
Nominal Tie Line Spacing: 1000 metres
Nominal Tie Line Direction: N70°E
Nominal helicopter terrain clearance: 80 metres
EM Loop is 40 metres under helicopter
Magnetic sensor is 15 metres under helicopter

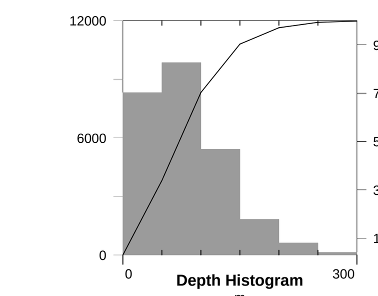
INSTRUMENTS:
Geotech Time Domain Electromagnetic System (VTEM)
with concentric Rx/Tx geometry
Transmitter Loop Diameter 26 m, Base Frequency 30 Hz
Dipole Moment: 382,300 NIA
Transmitter Wave Form: Trapezoid, Pulse Width 7.2 ms
Geometrics Optically-pumped,
High Sensitivity Cesium Magnetometer
Magnetometer Resolution 0.02 nT at 10 samples/sec

EM Anomaly Symbols

Conductance < 5.0 siemens
5.0 < Conductance < 10.0
10.0 < Conductance < 15.0
15.0 < Conductance < 20.0
20.0 < Conductance

Anomaly ID — Conductance (S)
Depth (m) — Tau (ms)
Dip (°)

Euler Solutions (m)
> 300
200 - 300
100 - 200
50 - 100
< 50



1 — Weak to non calcareous schist
2 — Limestone
Jasperoid kill zone
Geological contact, inferred
Synform axis, inferred
Fault trace, inferred
Excavator trench
Diamond drill hole
Foliation attitude
Joint orientation
Showing in Area C
Interpreted fault
Interpreted magnetic contact
EM Anomaly contour

Total gradient
nT/m

Scale 1:10000
(meters)
WGS 84 / UTM zone 9N

Valencia Ventures Inc.
QB Block
Yukon, Canada

Geotech VTEM System
INTERPRETATION MAP

Flown and processed by Geotech Ltd.
30 Industrial Parkway S.,
Aurora, Ontario, Canada L4G 3W2
www.geotechairborne.com

November 2007

Project 7067

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
1016 – 510 West Hastings Street
Vancouver, B.C. V6B 1L8
Telephone: 604-688-2568 Fax: 604-688-2578

RECEIVED
FEB - 5 2008
MINING RECORDER
WATSON LAKE, YT
Government of Yukon

AFFIDAVIT

I, Joan Mariacher, of Vancouver, B.C. make oath and say:

That to the best of my knowledge the attached Statement of Expenditures for exploration work on QB 1-8, 15-22, 29-60 and 105-124 mineral claims on Claim Sheet 105B/7 and 8 is accurate.

Joan Mariacher

Sworn before me at Vancouver, B.C.

this 5th day of February, 2008.

Notary Public, Yukon Territory

Statement of Expenditures
QB 1-8, 15-22, 29-60 & 105-124 Mineral Claims
February 4, 2008

Contract VTEM Survey	$26,571.97
Bill Wengzynowski – 1 day @ $800/day	848.00
	$27,419.97

Geotech Ltd.

30 Industrial Parkway South, Aurora ON L4G 3W2

BILL TO:
Archer, Cathro & Associates (1981) Limite 1016-510 West Hastings Street Vancouver, BC Canada V6B 1L8

DATE:	INVOICE:
10/12/2007	991107

TERMS:	Project
Due on receipt	7067

Description		Amount
Helicopter-borne time domain electromagnetic geophysical survey with VTEM system Interm Billing - 90% of the estimated total charge plus any additional charges, including but not limited to additional line km, standby days, plus GST is payable completion of flying.		665,651.00
ontract (Yukon and northern BC.)		
Estimated 5690 line km @ $70.00	$398,300.00	
29 blocks @ $2,000.00 per block	$58,000.00	
65 days @ $6,000.00 per day	$390,000.00	
Helicopter time charges for 227.3 hours @ $1,800.00 per hour	$409,140.00	
Helicopter mob/demob	$10,000.00	
Crew and equipment mob/demob	$7,000.00	
Minimum survey charge	$1,272,440.00	
90% of $1,278,440.00	$1,145,196.00	
Less Previous Billing		
Invoice 991034	($289,040.00)	
Invoice 991078	($190,505.00)	
Total Billable Amount	$665,651.00	
Business Number: 110859469		

Ade - 15740.54
Burwash - 12 218.54
Cabin - 33955.98
Dawson - 21969.52
GK - (10408.48)
Fairweather - 26560.49
Gram - (Mt Hinton) 54432.85
Hart - 32515.80
Hidden - 8081.37
Highway - 64498.40
Hopeful - 42331.13
Hopper - 18530.28
Hy - 33868.92
Jake - 2308.40
Mars - 28500.60
Mor - 42190.87

18,081.42
Kandeina (SB) ~~17057.94~~
Mt Hinton - 20434.42
Nimo (Rich) - 58082.57
Nimo (Nich) - <55523.83>
Obvious - 20240.71
Plata - 61361.67
Rosy - 18204.54
Tart - <26908.33>
Tes - 64498.40
Top - 35089.32
Drum - 8273.46
Uno - 9441.72
Ram - 12552.70
unallocated - 1800.00

856156

Subtotal	Can$665,651.00
GST	Can$39,939.06
TOTAL	Can$705,590.06

Please Remit By Bank Transfer To:
TD CANADA TRUST
16655 YONGE ST., UNIT 1
NEWMARKET, ONTARIO L3X 1V6
TRANSIT # 3102
ACCOUNT #5217874

Geotech Ltd.

245 Industrial Parkway North, Aurora ON L4G 4C4

Bill To
Archer, Cathro & Associates (1981) Limite 1016-510 West Hastings Street Vancouver, BC Canada V6B 1L8

Date	Invoice #
1/16/2008	991203

Terms	Project
Due on receipt	7067

Description		Amount
Helicopter-borne time domain electromagnetic geophysical survey with VTEM system		
Final Billing - Theremaining balance of total survey charge is payable right before delivery of the products		214,859.80
Contract (Yukon and northern BC.)		
c survey charge 5657 line km @ $70.00	$395,990.00	
28 blocks @ $2,000.00 per block	$56,000.00	
65 days @ $6,000.00 per day	$390,000.00	
Helicopter time charges for 227.3 hours @ $1,800.00 per hour	$409,140.00	
Helicopter mob/demob	$10,000.00	
Crew and equipment mob/demob	$7,000.00	
Em anomaly maps 5657km @1.50/km	$8,485.50	
25 Interpretational reports @$3,000	$75,000.00	
Fuel 6276 Liters	$8,440.30	
Total Survey charge	$1,360,055.80	
Less Previoius Billing		
Invoice 991034	($289,040.00)	
Invoice 991078	($190,505.00)	
Invoice 991107	($665,651.00)	
Billable Amount	$214,859.80	
Business Number: 110859469		

10742.99

Ale - 7700.65
Barwash - 6649.52
Cabin - 7167.47
Dawson - 5688.18
Fair North - 6253.98
Hart - 6989.74
Hidden - 3975.84
Highway - 10934.85
Hopeful - 8199.04
Hopper - 8666.96
Hy - 13152.70
Jake - 4308.93
Marr - 6494.17
Mr - 10130.54
Mt Hinton - 3298.60
Ni Mo (Rich) - 10143.78

Obvious - 5475.34
Plata - 13526.47
~~Ranchlin - 8086.24~~
(QB) 8490.55
Ram - 6747.07
Rosy - 5224.91
Tes - 10934.85
Tqp - 7307.60
Trench - 3998.52
Uno - 5803.45

225602.79

Please Remit By Bank Transfer To:
TD CANADA TRUST
16655 YONGE ST., UNIT 1
NEWMARKET, ONTARIO L3X 1V6
TRANSIT#3102
ACCOUNT#5217874

Subtotal	Can$214,859.80
GST	Can$10,742.99
Total	Can$225,602.79