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MEMORANDUM

To: Vincent Li
Canadian Dehua International
Mines Group Inc.

Date: 24 Nov 2010

From: Leatina Wood

Re: G Block Property Airborne Magnetic Interpretation

This memorandum summarizes data processing and interpretation of airborne magnetic data collected on the G Block Claims by Precision GeoSurveys Inc. in July and August of 2010. Flight lines were flown at 45°/225° with 100m line separation. Tie lines were flown perpendicular and spaced at 1000 m. Magnetic data as well as radiometric data was collected during the survey. All data was levelled by Precision GeoSurveys Inc.,and all data interpreted herein was based on this final data set.

1.0 Data Sets

The following data sets were examined and interpreted:

Type	Date acquired	Remarks
Airborne magnetics	August 2010	Airborne Geophysical Survey Report - Dehua, G-Block Property by Precision GeoSurveys Inc. (2010)
Airborne radiometrics	August 2010	Airborne Geophysical Survey Report - Dehua, G-Block Property by Precision GeoSurveys Inc. (2010)
Regional stream sediment geochemistry	1985	Regional stream sediment and water geochemical reconnaissance data, Yukon Territory: Geological Survey

		of Canada Open File 1220 (1986)
Yukon Bedrock Geology	Released 2003	Yukon bedrock geology: Yukon digital geology, Version 2.0, S.P. Gordey and A.J. Makepeace (comp); Geological Survey of Canada Open File 1749 and Yukon Geological Survey Open File 2003-9(D)

2.0 Interpretation Procedures

The data was interpreted using the procedures below:

1. All data was plotted in a digital map with each data set on a separate layer. Topographic data, regional bedrock geology and geochemical copper anomalies were used as underlays.

2. The total magnetic field (TMF) was gridded using a minimum curvature algorithm with a 25m cell size. Preliminary targets were based on magnetic highs occurring across the G Block. Targets not located within the Early Jurassic pluton unit (marked EJgA on the base map) were subsequently discarded as not conforming to the ideal target response for the region. Due to coarse mapping, bedrock geology may not be accurate. Targets that are located outside the mapped boundary of EJgA may still be valid but should be considered once mapping in the region is completed on a finer scale.

3. Frequency filtered grids were produced to highlight trends and targets obscured by regional magnetic trends. High pass frequency filtering was used to enhance the response from small-scale features on the order of a few hundred meters (a scale similar to that of the Minto deposit). The first vertical derivative (VD) is sensitive to steeply dipping structures and was used as an edge detector. A high pass filter was created by subtracting upward continued data (UCD - an effective low pass filter) from the original TMF. Several different heights were tested but the best results were obtained from upward continuation of 100 m and 1000 m. Another high pass filter was created by subtracting downward continued data (DCD) from original TMF. Downward continuation of 25 m allowed targets below magnetically quiet overburden to be emphasized. A 4-pass Hanning filter was used on the 25 m DCD to smooth the grid file.

4. Previous work on the WON claims, which overlap the northern portion of

the G Block, in 1975 and 1976 by Kerr Addison Mines Ltd. was overlain on the TMF by matching stream locations as the data is not geo-referenced. The approximate location of a diamond drill hole was thus determined for all maps.

5. Magnetic targets chosen were overlain on the radiometric results and compared with corrected values for potassium, uranium and thorium.

6. Final maps were prepared for each data channel showing the anomalies and targets identified during the previous steps.

3.0 Target Response

The G Block claims are located approximately 57 km northwest of the Minto Mine Site in the Whitehorse Mining District, Yukon Territory. Targets on the G Block were chosen based on similarities to Minto style deposits. Minto style copper and gold deposits are hosted in the intermediate to felsic Early Jurassic Minto pluton (Yukon Minfile #115I 021). Minto style magnetic targets tend to be rounded magnetic highs with 200 m to 300 m strike length.

Mineralization of the Minto deposit occurs in weakly to strongly foliated granitoids which are hosted in massive undeformed granites (Hood, *et al.* 2008). Post-mineralization faulting may account for discontinuities within the mineralized zones (Hood, *et al.* 2008).

4.0 Results

The following figures are attached to this report:

Figure 1A.	G Block Base Map featuring Total Magnetic Field
Figure 1B.	G Block Base Map featuring Total Magnetic Field and Approximate Location of WON claims
Figure 2.	G Block Base Map featuring First Vertical Derivative
Figure 3.	G Block Base Map featuring 100 m Upward Continuation
Figure 4.	G Block Base Map featuring 1000 m Upward Continuation
Figure 5.	G Block Base Map featuring 25 m Downward Continuation
Figure 6.	G Block Base Map featuring Corrected Potassium
Figure 7.	G Block Base Map featuring Corrected Uranium

Figure 8.	G Block Base Map featuring Corrected Thorium

All geographical locations in this report are expressed in UTM Zone 8N (metric) coordinates relative to the WGS84 datum. General features of note are described below.

4.1 Bedrock Geology

The bedrock geology is accurate at the 1:250000 scale. Contact relationships between units (ie; faults and folds) were not used in this investigation. Here is brief summary of major lithologies appearing on the map.

Unit ID	Age	Description
EJgA	Early Jurassic	Intermediate to felsic pluton - diorite, granodiorite, monzodiorite
uKC1	Cretaceous	Felsic volcanics - basalt, breccias, andesite, porhyry, dacite, trachyte
uTrP	Triassic or older	Mafic volcanics - argillite, sandstone, basalt, flows, breccia, tuff, schist, amphibolite, gneiss

4.2 Total Magnetic Field

The TMF has background values similar to those expected from the International Geomagnetic Reference Field (IGRF). Only magnetic highs will be targeted as potential copper sources.

4.3 Previous Work

In 1975 and 1976 Kerr Addison Mines Ltd. collected Induced Polarization (IP) data on their WON claims which lie predominately within Dehua's G Block Claims. In addition to the geophysical surveys they drilled 2 diamond drill holes within the survey area (Yukon MINFILE #115I 081). The approximate location of DDH #1 is shown as a feature on all maps while the WON claims are illustrated in Figure 1B. Assay results are not present with the drill log for DDH #1, however the drill log and assessment work indicate the presence of pyrite and pyrrhotite in the intrusive rocks.

5.0 Targets

Four target groups were identified in the interpretation. Each consists of a set of targets with complementary geophysical responses which are consistent with expected

responses from the target model and which in some cases are associated with known geochemical anomalies. The targets are ranked and described in order of decreasing certainty and potential.

5.1 Target Group A: Minto Style with Geochem Anomalies

Targets 1, 2, 7, and 8 form Group A. Each is a small rounded 30 nT to 120 nT magnetic high. Targets 1 and 2 are located upstream from 13 ppm copper anomaly and have high thorium, uranium and potassium values. Targets 7 and 8 are located upstream from 23 ppm copper anomaly. Figures 1A and 2 show this target group the best. The targets are described below**:**

Target Number	Easting	Northing	Orientation	Length (m)	Width (m)	Magnetic High (nT)
1	348370	6968840	Strike ~110/290	315	120	40
2	348930	6968360	Strike ~ 90/270	160	150	30
7	350400	6972260	Strike ~0/180	130	130	90
8	349360	6972725	Strike ~110/290	215	160	120

5.2 Target Group B: Minto Style without Geochem

Targets 3, 4, 6, and 9 form Group B. Each is a small rounded 50 nT to 270 nT magnetic high. Figures 1A, 2 and 3 show the magnetic responses of these targets. The targets are described below:

Target Number	Easting	Northing	Orientation	Length (m)	Width (m)	Magnetic High (nT)
3	352650	6965350	Strike ~125/305	300	210	270
4	352820	6965835	Strike ~125/305	300	130	50
6	349900	6970120	Strike ~90/270	215	185	60
9	348910	6974720	Strike ~0/180	315	130	60

5.3 Target Group C: Geochem related large magnetic high

The northern portion of G Block has high copper values in almost all streams. A large magnetic high south of the main drainage is target 5. This target area also covers the Kerr Addison Mines 1976 IP survey area and DDH #1. Copper values in the streams are between 23 ppm and 43 ppm. The target is described below:

Target Number	Easting	Northing	Orientation	Length (m)	Width (m)	Magnetic High (nT)
5	350800	6973900	Strike ~90/270	2200	600	350

5.4 Target Group D: Magnetic highs related to linear features

Targets 10, 11, 12 and 13 are rounded 40 nT to 180 nT magnetic highs occurring at either breaks in linear magnetic features or where linear magnetic features intersect. Targets 10, 11, and 13 are all located within the mapped EjgA while target 12 is in close proximity to the contact between the EJgA and uTrP (the triassic volcanics). Targets Figures 3 and 4 show these targets most clearly.The targets are described below:

Target Number	Easting	Northing	Orientation	Length (m)	Width (m)	Magnetic High (nT)
10	350860	6968910	Strike ~45/225	300	280	140
11	351725	6968810	Strike ~90/270	380	180	80
12	351950	6971810	Strike ~20/200	360	200	40
13	352310	6969670	Strike ~0/180	480	270	180

6.0 Products

The following products are attached to this report:

6.1 Geotiff Grids

The following images in GeoTIFF format are included as zipped files:

From Figure 1A	Total Magnetic Field with linear colorbar from 57204.4 nT to 57520.6 nT in a separate file.

From Figure 1B	Total Magnetic Field with WON claims overlain. Note: WON locations are approximate.
From Figure 2	First Vertical Derivative with linear colorbar from -0.9 nT/m to 1.4 nT/m in a separate file.
From Figure 3	100 m Upward Continuation with linear colorbar from -51.7nT to 77.7 nT in a separate file.
From Figure 4	1000 m Upward Continuation with linear colorbar from -110.1 nT to 181.2 nT in a separate file.
From Figure 5	25 m Downward Continuation with linear colorbar from -47.0 nT to 33.5 nT in a separate file.
From Figure 6	Corrected Potassium with linear colorbar from 12.6 cps to 60.0 cps in a separate file.
From Figure 7	Corrected Uranium with linear colorbar from 3.62.9 cps to 13.5 cps in a separate file.
From Figure 8	Corrected Thorium with linear colorbar from 3.1 cps to 15.6 cps in a separate file.

6.2 ArcView Shape File

A georegistered ArcView Shape file (.shp) is included of the targets shown on all maps. All vector base map data is also included in Shape file format.

6.3 PDF Maps

PDF versions of all 9 figures are included. As well as a PDF copy of this report.

Respectfully submitted,
Aurora Geosciences Ltd.

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Geophysicist

References

Hood, S., Hickey, K., Colpron, M. and Mercer, B. (2009) High-grade hydrothermal copper-gold mineralization in foliated granitoids at the Minto mine, central Yukon. *In:* Yukon Exploration and Geology 2008, L.H. Weston, L.R. Blackburn and L.L. Lewis (eds), Yukon Geological Survey, p. 137 - 146.

Geological Survey of Canada (1986). Regional stream sediment and water geochemical reconnaissance data, Yukon Territory. Geological Survey of Canada, Open File 1220.

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Precision GeoSurveys Inc. (2010). Airborne Geophysical Survey Report K-Block Property.