GEOLOGICAL and GEOCHEMICAL ASSESSMENT REPORT on the

SPY PROJECT

VM 1-32 YC66812-43
V 1-28 YE69339-366

NTS: 115 G/02

Latitude 61°08'N Longitude 138°45'W

Whitehorse Mining District

Work performed September 19, 2011

For :

Mr. Tom Morgan
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By:
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November 12, 2012

SUMMARY:

The 1,250 hectare Spy Project, NTS map sheet 115G/02, is located in the Whitehorse Mining District, approximately 13 km south of Destruction Bay, which is 267 km by road from Whitehorse, Yukon Territory at a latitude of 61°08'N and a longitude of 138°45'W. The property comprises the VM and V claims, owned by Mr. Tom Morgan.

The Spy Project is situated within Wrangellia, an accreted terrane bounded to the northeast by the Denali Fault System and to the southwest by the Duke River Fault. Clastic sedimentary rocks and lesser limestone of the Hasen Creek Formation, part of the Pennsylvanian to Lower Permian Skolai Group, are exposed along the northeastern portion of the property, where they are intruded by Late Triassic and possibly older mafic to ultramafic sills of the Kluane mafic-ultramafic suite, including the Spy Sill. The above units are overlain by Upper Triassic Nikolai Group mafic volcanic rocks, Triassic to Cretaceous clastic rocks of the Tatamagouche succession, and Tertiary Amphitheatre Group sedimentary rocks and Wrangell Lavas.

The 75 to 100m thick Spy Sill intrudes Hasen Creek siltstone for a minimum of 6 km along a northwest-southeast trend, dipping 50° southwest. Country rock contacts are sharp and often sheared, accompanied by local hornfelsing, silicification and sulphide mineralization. The central portion of the sill consists of peridotite, with gabbro at the top and the base.

Regionally, the Spy Project is situated within the 600 km long Kluane Ultramafic Belt, which is characterized by Triassic aged mafic to ultramafic sills that are referred to as the Kluane ultramafic suite. The Kluane ultramafic suite hosts a number of magmatic nickel-copper-platinum group mineral occurrences in Wrangellia from Northern British Columbia, through Yukon and into Alaska. One of these occurrences, the Wellgreen Deposit, produced almost 200,000 tonnes of Ni-Cu-PGE ore in 1972 and 1973 and hosts reserves of 49.9 million tonnes grading 0.36% Ni, 0.35% Cu, 0.51 g/t Pt and 0.34 g/t Pd. The Kluane Belt nickel-copper-PGE occurrences are particularly enriched in the rarer platinum group elements osmium, iridium, ruthenium and rhodium.

The Spy Project covers the Congdon (Spy) nickel-copper-PGE showing. Mineralization occurs as disseminations, blebs, small massive sulphide lenses (up to 2.0 x 0.25m) and net textures of pyrrhotite, chalcopyrite, and possible pentlandite, with associated platinum group minerals, hosted by the basal marginal gabbro phase of the Spy Sill and in the Hasen Creek siltstone footwall. Maximum values in grab samples from the massive sulphide lenses are 3.1% Ni, 2.8% Cu, 0.2% Co, 3.1 g/t Pt, 1.4 g/t Pd and 1.0 g/t Au from the gabbro, and 2.6% Ni, 10.45% Cu, 0.09% Co, 75.8 g/t Pt, 7.9 g/t Pd and 7.0 g/t Au from the footwall siltstone. Mineralization has been discontinuously found over a strike length of 3.6 km along the base of the 6 km long Spy Sill. A more continuous zone of massive and disseminated Ni, Cu and PGE mineralization is associated with a 950m strike length of the Spy Sill from the Spy showing, northwest to the Sweet 16 showing.

Previous exploration on the Spy Project has involved chip sampling, rock, soil, stream sediment sampling and lithogeochemistry, a 1996 airborne electromagnetic and magnetic survey, ground electromagnetic and magnetic geophysical surveys, prospecting and mapping. Exploration on the Spy Project has been hampered by rugged terrain and local glacier and boulder talus.

The 2011 program on the Spy Project consisted of a one day property examination locating the Spy Sill and showing, and mapping and prospecting with concurrent rock geochemical sampling, in an attempt to evaluate the nickel-copper-PGE potential on the property. The Spy Project was found to be intruded by ultramafic and gabbroic rocks of the Triassic age Kluane mafic-ultramafic complex. Anomalous results were obtained from pyrrhotite-pentlandite and chalcopyrite bearing peridotite talus from below the Spy showing, suggesting additional potential within the peridotite phase of the Spy Sill. The samples returned 205 ppb Pt, 374 ppb Pd and 105 ppb Au, with 1844 ppm Cu and 1953 ppm Ni, and 126 ppb Pt, 168 ppb Pd, with 1094 ppm Cu and 1148 ppm Ni.

The implementation of a reconnaissance magnetic survey (possibly utilizing a fluxgate magnetometer) is recommended to follow up on the Cu-Ni-PGE mineralization along the footwall contact of the Spy Sill to define the talus covered contact. A test line should first be run across the exposed footwall contact to determine the usefulness of the survey. Prospecting, hand trenching in areas of lower cover can then be undertaken to expose and sample the footwall contact zone in areas not previously exposed.

This should be followed by a Phase 2, 2,000m diamond drill program to evaluate the potential of Cu-Ni-PGE mineralization within and below the Spy Sill.

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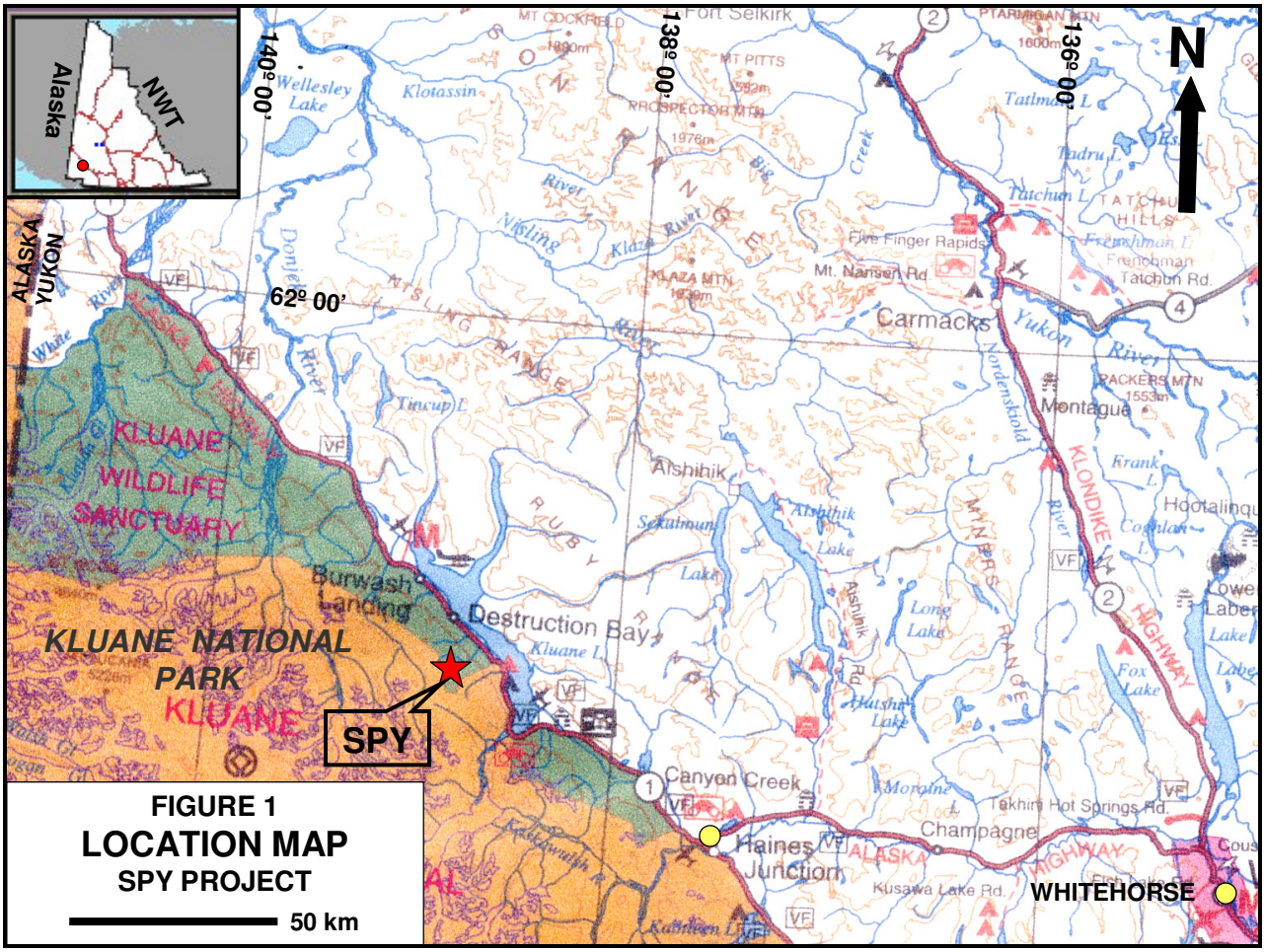
1.0 LOCATION AND ACCESS (Figure 1)

The Spy Project, NTS map sheet 115 G/02 is located approximately 13 km south of Destruction Bay, which is 267 km northwest via the Alaska Highway (Highway 1) from Whitehorse, Yukon Territory *(Figure 1)*. The project area is centered at a latitude of 61°08'N and a longitude of 138°45'W.

Access is by helicopter, which is available from Haines Junction on a year-round basis. Suitable staging sites for helicopter access into the project area are available from the Talbot Arm Motel at Destruction Bay, situated along the paved Alaska Highway. A gravel road extends along the southeast bank of Nines Creek from the Alaska Highway, approaching within 4-5 km of the property boundary.

Destruction Bay has a population of 60 with a motel, restaurant, service station, laundromat, nursing station and police station. Haines Junction, 108 km to the southeast, is the closest major town with a population of approximately 800. Facilities include a grocery store, health centre, ambulance service, RCMP, service stations and restaurants. The town is on the power grid with diesel backup. Complete services are available in Whitehorse. Haines Junction is the gateway to Kluane National Park and lies 255 km via Highway 3 from the seaport of Haines, Alaska.



2.0 LEGAL DESCRIPTION (Figure 2)

The Spy Project consists of 60 contiguous claims covering an area of approximately 1,250 hectares in the Whitehorse Mining District *(Figure 2)*. Claim area is approximate since property boundaries have not been legally surveyed. The claims were staked by GPS, and/or compass, in accordance with the Yukon Quartz Mining Act on claim sheet 115G/02, available for viewing in the Whitehorse Mining Recorder's Office. The registered owner of the claims is Tom Morgan of Dawson City, Yukon Territory. A table summarizing pertinent claim data follows and complete details are shown in Appendix II:

TABLE 1: Claim data

Claim Name	Grant No.	No. of Claims	Registered Owner	Record Date	Old Expiry	Expiry Date*
VM 1, 4	YC66812, 815	2	Tom Morgan	21/02/2008	21/02/2013	21/02/2017
VM 2-3	YC66813-14	2	Tom Morgan	21/02/2008	21/02/2012	21/02/2016
VM 5-24	YC66816-35	20	Tom Morgan	21/02/2008	21/02/2013	21/02/2016
VM 25-32	YC66836-43	8	Tom Morgan	21/02/2008	21/02/2012	21/02/2015
V 1-28	YE69339-366	28	Tom Morgan	18/08/2011	18/08/2011	21/02/2014
TOTAL		**60**				

* expiry dates are based on acceptance of this report for assessment

The Spy Project is situated within the Kluane Wildlife Sanctuary within which mining is allowed *(Figure 1)*. Kluane National Park (within which mining is not allowed) lies 5 km northeast and 5 km southeast of the Spy Project *(Figures 1 to 2)*. Due to the expanse of parks in the region it is not anticipated that additional parks will be created or that existing boundaries will change. Kluane First Nation settlement land lies ten km to the northeast of the Spy property.

3.0 PHYSIOGRAPHY AND CLIMATE (Figures 1 and 2)

The Spy Project lies just northwest of Congdon Creek within the Kluane Mountains of southwestern Yukon *(Figures 1and 2)*. It covers steep, craggy mountain peaks of the front ranges. Elevations range between 1400 and just over 2400 metres above sea level. The property is generally devoid of vegetation, dominated by barren talus slopes, rocky cliffs and mountain peaks, with buckbrush along the valleys. Water is available from Nines Creek and its tributaries.

The area is affected by coastal weather systems, situated approximately 150 km from the coast. It receives abundant moisture year round, especially in the mountains, where local weather systems often prevail. Snow generally begins accumulating in the high alpine areas in late August or early September and begins receding in late April to early May. Fieldwork can often be started at lower elevations by July, but at higher elevations a narrow window exists in August to September with minimum snow conditions. Summer temperatures range up to 30º C and winter temperatures down to -50º C.

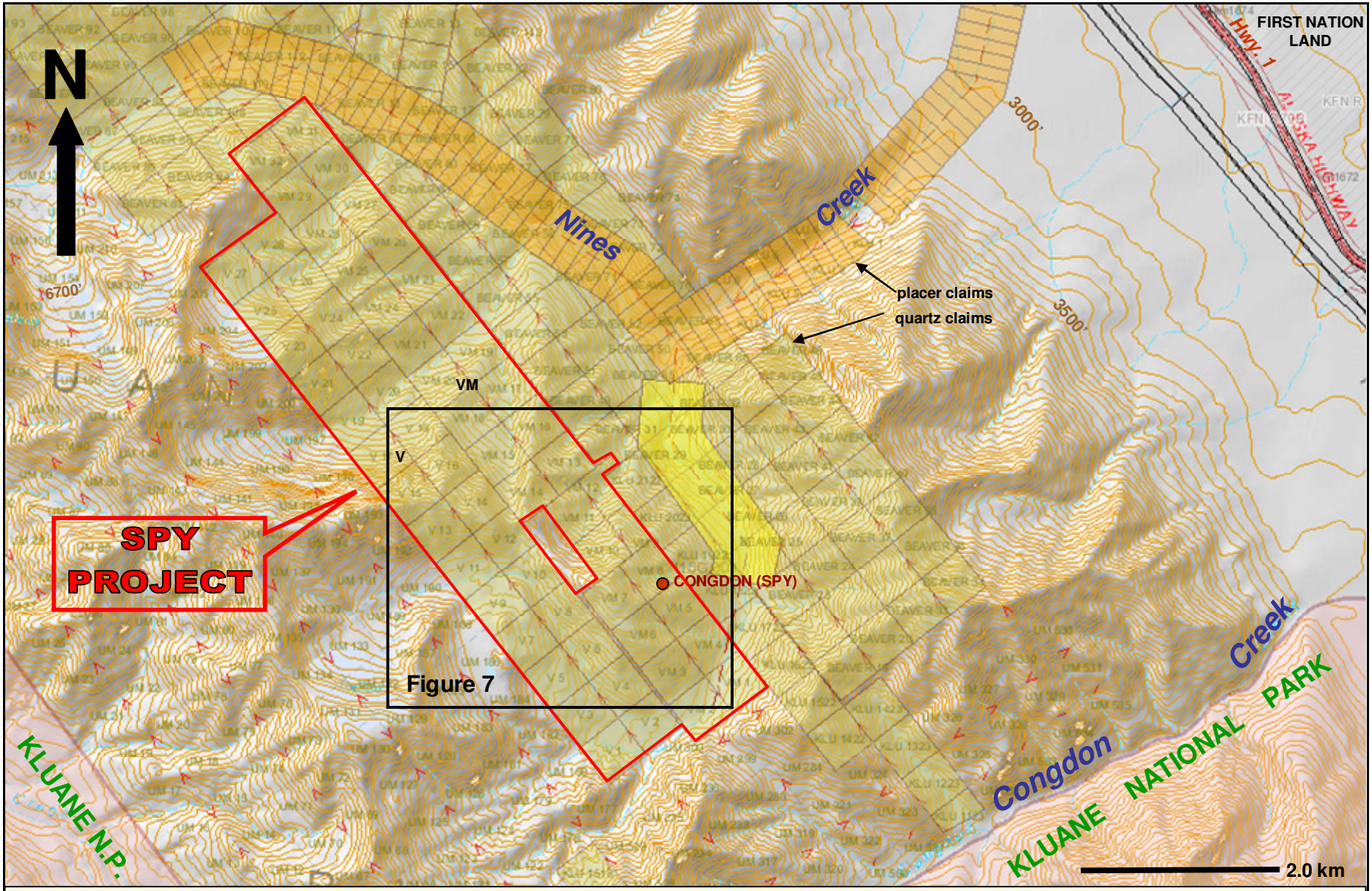


FIGURE 2: CLAIM & INDEX MAP ● Minfile showing *from: http://mapservices.gov.yk.ca/Mining/WebMap.aspx*

4.0 HISTORY (Figure 2)

The Spy Project covers the Congdon (Spy) nickel-copper-PGE showing (Minfile 115G 003) as documented by the Yukon Geology Program *(Deklerk, 2009)*. A summary of the work completed by various operators is tabulated below:

1972-73 Geological mapping and geochemical sampling by Nickel Syndicate (Canadian Superior Exploration Ltd., Aquitaine, Home Oil Ltd. and Getty Mines Ltd.) resulted in discovery of chalcopyrite and nickeliferous pyrrhotite in gabbro at the base of the main (Spy) peridotite sill *(McLoughlin and Vincent, 1973)*.

1987-88 Electromagnetic, magnetic and geochemical surveying on I claims by Polestar Exploration Inc. outlined four gold and four platinum and palladium anomalies with values up to 920 ppb Au, 158 ppb Pt and 277 ppb Pd over the Spy ultramafic sill *(Giroux and Montgomery, 1988)*.

1994-97 Geological mapping, lithogeochemical, silt, heavy mineral sampling and soil sampling in 1994 *(Bell, 1996),* an airborne EM and magnetometer survey in 1996 *(McGowan, 1996)*, followed up by geological mapping, prospecting and ground geophysical surveying in 1997 *(Hattie, 1997)*, by Inco Ltd., delineated sulphide showings, with highly anomalous PGE grades and significant Ni and Cu, over a strike of 3.6 km along the base of the 6 km long Spy Sill. Maximum values from the gabbro at the lower contact include 3.1% Ni, 2.8% Cu, 0.2% Co, 3.1 g/t Pt, 1.4 g/t Pd and 1.0 g/t Au from grab samples.

2000 Program of geological mapping, chip sampling, prospecting, silt and soil sampling by Santoy Resources Ltd., under option, outlined massive and disseminated Ni, Cu and PGE mineralization associated with a 950m strike length of the Spy sill *(Tulk, 2001)*.

2008 Staked by Tom Morgan as VM claims, with V claims added in 2011.

5.0 2011 WORK PROGRAM

A total of 4 man-days were spent on the Spy Project on September 18, 2011. The 2011 work program consisted of a property examination to locate and confirm known showings, and mapping and prospecting with concurrent rock geochemical sampling, in an attempt to evaluate the nickel-copper-PGE potential on the property. The Spy showing was examined and a magnetite lens, approximately 2.5 km northwest of the Spy showing, was evaluated. Exploration on the Spy Project has been hampered by rugged terrain. Control was provided by GPS and topographic maps.

The mapping program is discussed under sections 6.2 “Property Geology” and 6.3 “Mineralization and Alteration” and the geochemistry under section 7.0 “Geochemistry”. Sample locations are shown in Figures 7 and 8 with traverses, and mapping. Sample descriptions and co-ordinates are contained in Appendix III.

6.0 GEOLOGY

6.1 Regional (Figures 3 and 4)

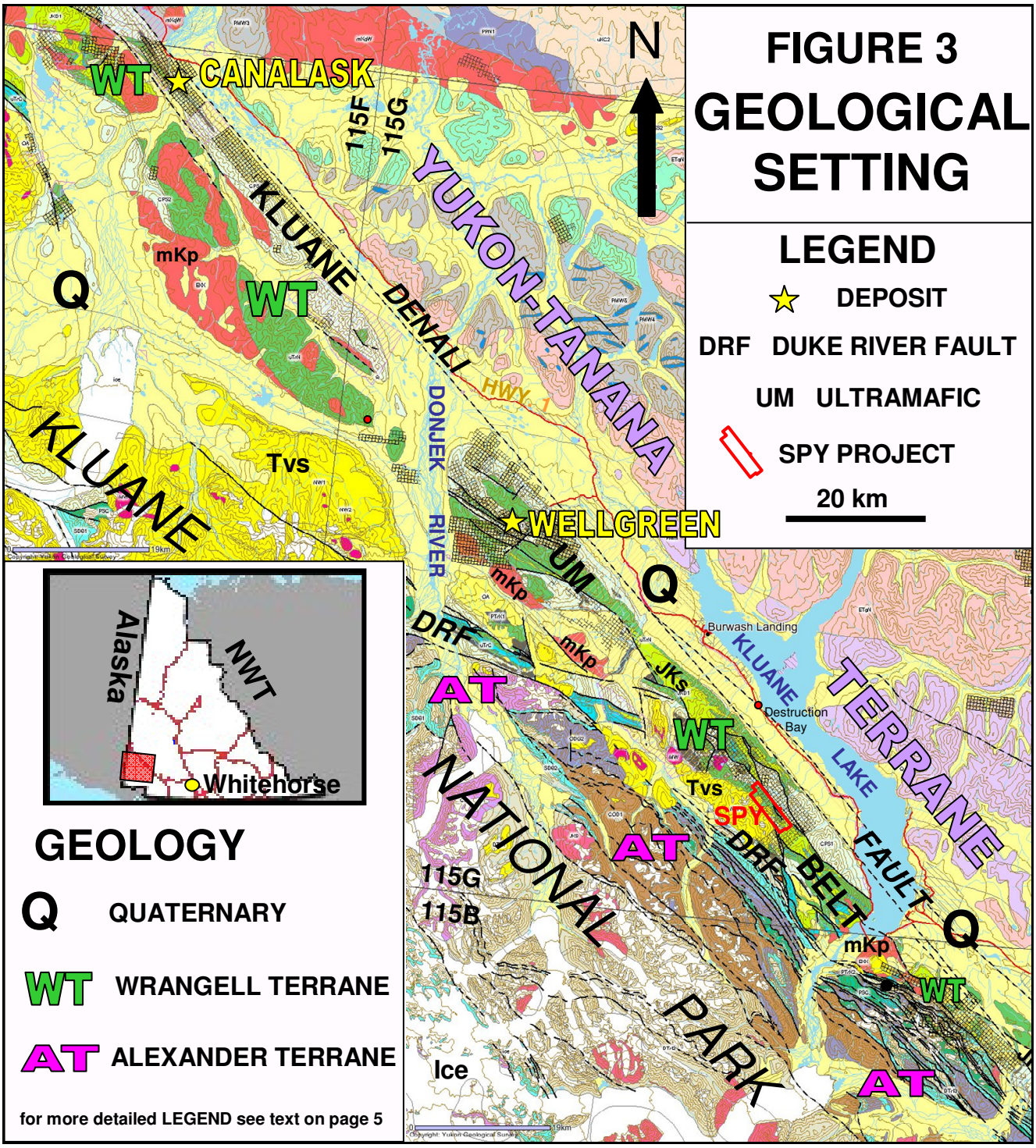
The Spy Project lies within the Wrangell Terrane in the northeastern portion of the accreted Insular Super Terrane, which consists of the Alexander and Wrangell Terranes *(Figure 3)*. The Wrangell Terrane consists of Devonian to Permian arc volcanic, clastic and platform carbonate rocks overlain by Triassic oceanic rift tholeitic basalt and carbonate rocks.

Post accretionary units, overlapping Wrangellia and Alexander Terranes, include Jura-Cretaceous sedimentary rocks of the Dezadeash Group (**JKs**) and Tertiary felsic to mafic volcanic rocks with interbedded terrestrial sedimentary rocks (**Tvs**). Post accretionary intrusions include Jura-Cretaceous (**JKp**), mid Cretaceous (**mKp**) and Neogene plutons (**Np**). Thick Quaternary (**Q**) deposits and glaciers (**Ice**) cover much of the region.

The Wrangell Terrane is bounded by the Denali and the Duke River Faults. The Denali Fault is a large strike-slip fault, with a dextral sense of motion and an offset in the order of 350 km, that defines the Shakwak Valley and lies approximately 5 km northeast of the Spy property. The Duke River Fault, separating the Alexander and Wrangell Terranes, lies approximately 5 km southwest of the property.

Regionally, the Spy Project is situated within the 600 km long Kluane Ultramafic Belt *(Figure 3)*, which is characterized by Triassic aged mafic (gabbro to diorite) to ultramafic (commonly peridotite) sills that are referred to as the Kluane mafic-ultramafic suite. The Kluane mafic-ultramafic suite hosts a number of magmatic nickel (Ni) - copper (Cu) - platinum group element (PGE) ±gold (Au) occurrences within the Wrangell Terrane from Northern British Columbia, through Yukon and into Alaska.

The mafic-ultramafic intrusions in the belt are sill-like bodies that preferentially intrude the country rock sequences at or near the contact between the Hasen Creek Formation (tuffs, mafic volcanics, argillite and limestone) and Station Creek Formation (tuffs, pyritic black tuff, mafic volcanics and argillite), part of the Pennsylvanian(?) to Permian Skolai Group *(Figure 4)*. Many of the ultramafic sills have marginal gabbro phases at their bases and upper contacts that appear to be preferentially mineralized. The Kluane Belt nickel-copper-PGE occurrences are particularly enriched in the rarer platinum group elements osmium, iridium, ruthenium and rhodium. Previous exploration within the belt primarily focused on the nickel-copper potential.



The Kluane Belt is considered one of the largest nickel-copper-PGE mineralized mafic-ultramafic trends in North America, second only to the nickeliferous intrusions from the Circum-Superior Belt, which includes the Thompson Nickel Belt, Manitoba. Similarities in the geologic setting have also been drawn to that of the Noril'sk Talnakh region of Siberia, the world's largest nickel-copper-PGE producing area.

The Wellgreen deposit *(Figure 3)* represents the most advanced property within the Kluane Belt, with historic production (1972-1973) of 171,652 tonnes grading 2.23% Ni, 1.39% Cu, 0.073% Co, and 2.15 g/t Pt and Pd and a resource outlined in the late 1980's of 49.9 million tonnes grading 0.36% Ni, 0.35% Cu, 0.51 g/t Pt and 0.34 g/t Pd. The Wellgreen deposit emphasizes the excellent potential for large tonnage nickel-copper-PGE deposits in the Kluane Ultramafic Belt.

6.2 Property (Figures 4 and 5)

The oldest rocks exposed on the Spy property are clastic sedimentary rocks of the Hasen Creek Formation **(PHp)**, part of the Pennsylvanian to Lower Permian Skolai Group and exposed along the northeastern property area. The strata trend northwest and dip at an average of 40° southwest. These are intruded by Late Triassic and possibly older mafic to ultramafic sills of the Kluane mafic-ultramafic suite **(uTru)**, including the Spy sill, in the southeastern property area. A significant limestone band within the Hasen Creek Formation **(uHC1)** is mapped below the Spy Sill and additional similar limestone bands occur above the sill.

The 75 to 100m thick Spy Sill intrudes Hasen Creek siltstone for a minimum of 6 km along a northwest-southeast trend, dipping 50° southwest. Country rock contacts are sharp and often sheared, accompanied by local homfelsing, silicification and sulphide mineralization. The central portion of the sill consists of 35 to 60m of peridotite, with 2 to 50m of gabbro at the top and the base. The peridotite is generally unserpentinized, fine to medium grained, black, and feldspathic. The contact between the gabbro and the peridotite is generally gradational over several metres. *(Refer to Bell, 1996.)*

The Hasen Creek Formation is overlain to the southwest by the Triassic Nikolai Group volcanic rocks **(uTrNv)**, Triassic to Cretaceous clastic rocks of the Tatamagouche succession **(uTrKp)**, and Tertiary Amphitheatre Group sedimentary rocks **(OA)** and Wrangell Lavas **(NW)**, which dominate in the southwestern half of the property. The Nikolai Group consists of basaltic and andesitic flows with local tuff, breccia, shale and thin-bedded bioclastic limestone. The Tatamagouche consists of a succession of dark buff-gray lithic greywacke, sandstone, siltstone, shale, argillite, phyllite and conglomerate. The Amphitheatre Group consists of yellow-buff sandstone, pebbly sandstone, polymictic conglomerate, siltstone, mudstone, minor carbonaceous shale and thin lignite coal. The Wrangell Lavas consist of rusty, red-brown basaltic andesite flows, interbedded with felsic tuff.

All of the above units are locally overlain by Quaternary unconsolidated glacial, glaciofluvial and glaciolacustrine deposits **(Q)** and ice.

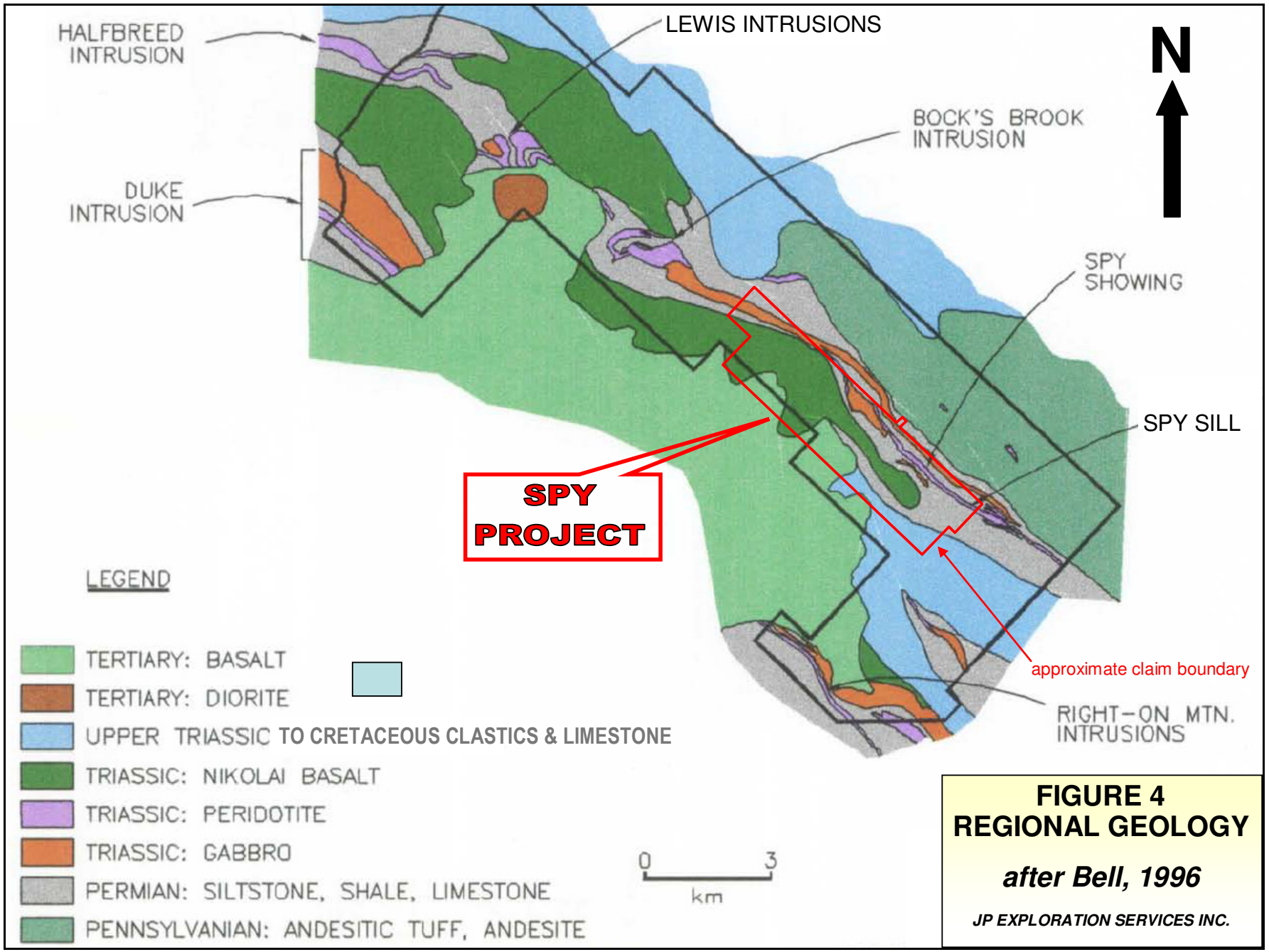


FIGURE 4
REGIONAL GEOLOGY

after Bell, 1996

JP EXPLORATION SERVICES INC.

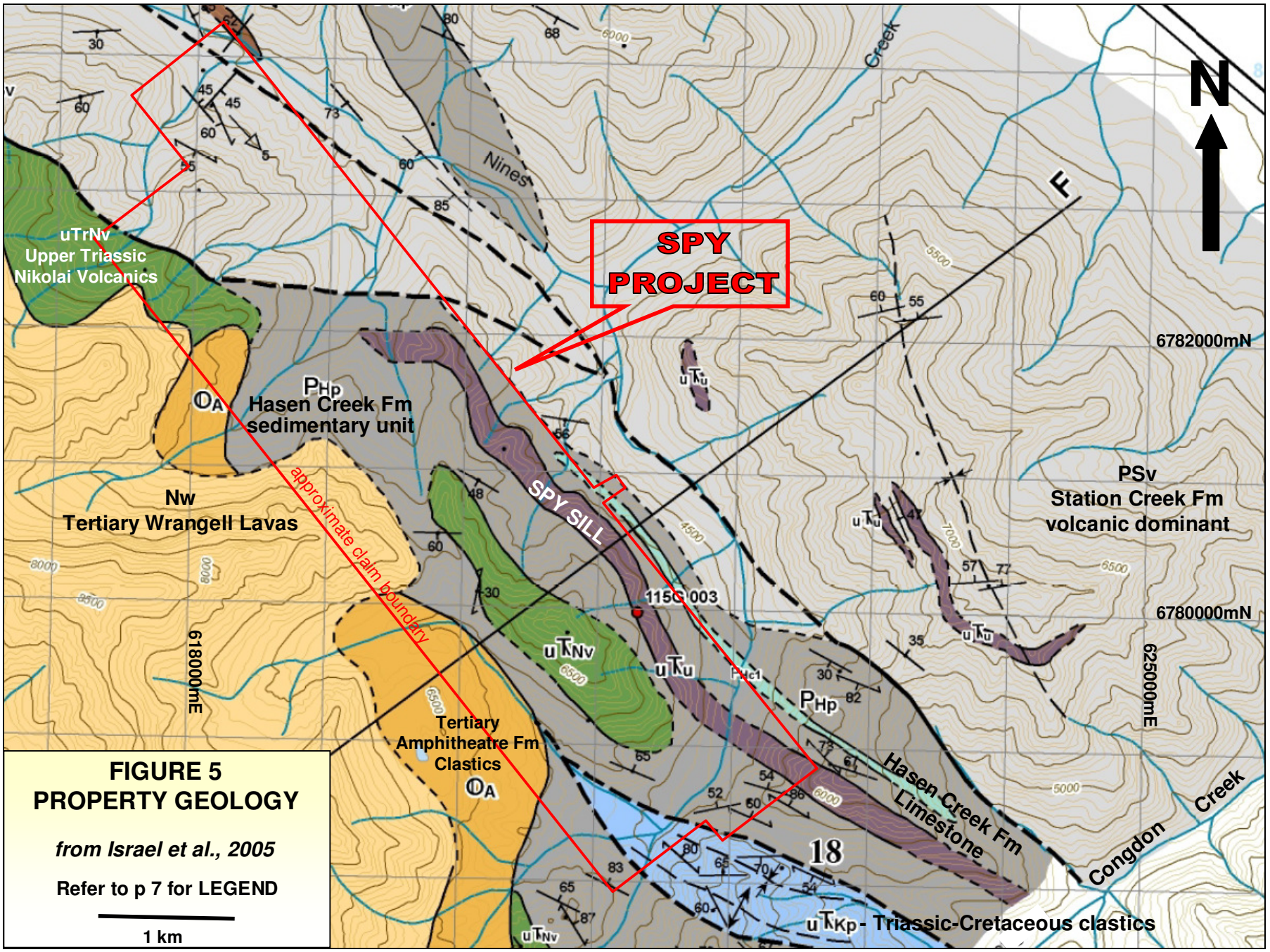
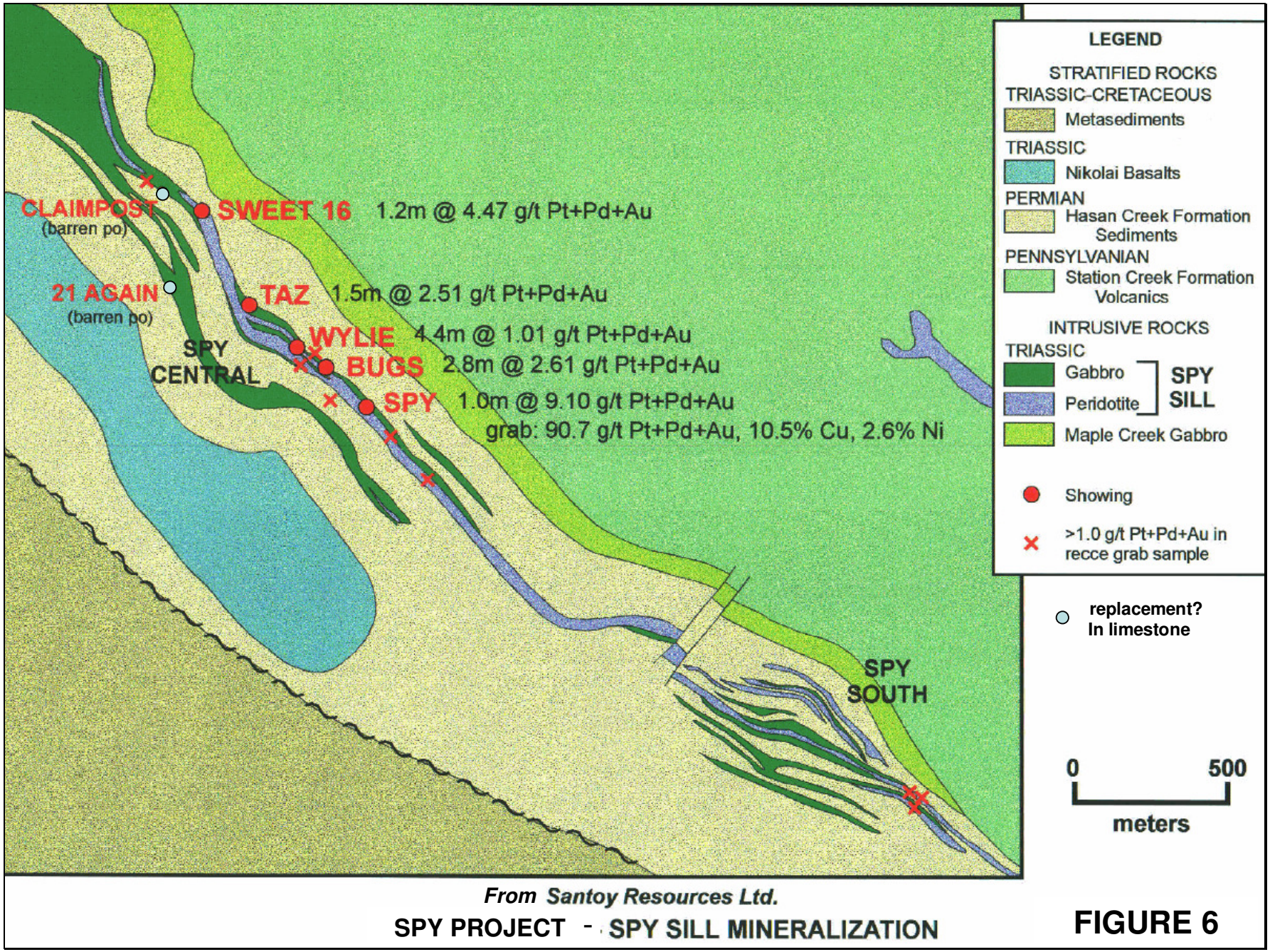


FIGURE 5
PROPERTY GEOLOGY

from Israel et al., 2005

Refer to p 7 for LEGEND

1 km



From Santoy Resources Ltd.

SPY PROJECT - SPY SILL MINERALIZATION

FIGURE 6

6.3 Mineralization (Figure 6)

The Spy Project covers the Congdon (Spy) nickel-copper-PGE showing (Minfile 115G 003) as documented by the Yukon Geology Program *(Deklerk and Traynor, 2005)*.

Mineralization occurs as disseminations, blebs, small massive sulphide lenses (up to 2.0 x 0.25m) and net textures of pyrrhotite, chalcopyrite, and possible pentlandite, with associated platinum group minerals, hosted by the basal marginal gabbro phase of the Spy Sill and in the Hasen Creek siltstone footwall. Maximum values in grab samples from the massive sulphide lenses are 3.1% Ni, 2.8% Cu, 0.2% Co, 3.1 g/t Pt, 1.4 g/t Pd and 1.0 g/t Au from the gabbro, and 2.6% Ni, 10.45% Cu, 0.09% Co, 75.8 g/t Pt, 7.9 g/t Pd and 7.0 g/t Au from the footwall siltstone *(Bell, 1996)*. Mineralization has been discontinuously found over a strike length of 3.6 km along the base of the 6 km long Spy Sill *(Bell, 1996)*. A more continuous zone of massive and disseminated Ni, Cu and PGE mineralization is associated with a 950m strike length of the Spy Sill *(Tulk, 2001)* from the Spy showing, northwest to the Sweet 16 showing *(Figure 6)*. A summary of the chip sample results from 2000 from this area is tabulated below.

Table 2: Significant chip sample results from Spy Sill, 2000

Showing	From (m)	To (m)	Interval (m)	Pt (g/t)	Pd (g/t)	Au (g/t)	Pt+Pd+ Au (g/t)	Cu (%)	Ni (%)
Spy	0.0	1.0	1.0	7.07	1.34	0.69	9.10	0.45	0.16
Bugs	0.0	1.0	1.0	0.89	0.38	0.34	1.61	0.54	0.06
Bugs	1.1	2.7	1.6	0.78	0.54	0.36	1.68	0.76	0.06
Bugs	0	2.8 incl.	2.8 0.9	1.67 3.95	0.72 1.25	0.22 0.34	2.61 5.54	1.60 3.66	0.77 1.44
Wylie	1.0	5.1	4.4	0.43	0.35	0.23	1.01	1.17	0.23
Wylie	1.7	2.8	1.1	0.50	0.28	0.48	1.26	0.97	0.30
Taz	0.3	1.8	1.5	1.32	0.70	0.49	2.51	0.39	0.10
Sweet 16	1.0	2.2	1.2	1.85	1.55	1.07	4.47	0.12	0.04

Magnetite, pyrite and pyrrhotite mineralization, locally massive, occurs as replacements and skarn within limestone above the Spy Sill. Minor quartz-carbonate veins with galena and sphalerite have also been documented *(McLoughlin and Vincent, 1973)*.

7.0 GEOCHEMISTRY (Figure 5)

7.1 Procedure

A total of 5 rock samples were collected from the property during the 2011 program for geochemical analysis. All samples were located and recorded by GPS in the field using UTM coordinates, Nad 83 datum, Zone 7 projection. Sample descriptions, locations and select results (Au, Ag, Pt, Pd, Ni, and Cu) are documented in Appendix III and locations are plotted on Figures 5 and 6. Complete results are outlined in Appendix IV.

The rock samples consisted of grab samples of rusty, altered and sulphide bearing zones encountered during mapping and prospecting. The samples were placed in clear plastic sample bags, numbered and secured in the field.

Samples were delivered by the author to the Whitehorse sample preparation facility of Acme Analytical Laboratories Ltd., where they were prepared then internally sent to their facility in Vancouver, British Columbia for analysis. Samples were analyzed for Al, Sb, As, Ba, Bi, B, Cd, Ca, Cr, Co, Cu, Ga, Au, Fe, La, Pb, Mg, Mn, Hg, Mo, Na, Ni, P, Ag, K, Sc, Sr, S, Tl, Th, Ti, Sn, W, U, V and Zn by ICP-MS, a 36 element ICP package which involves a nitric-aqua regia digestion with a mass spectrometry finish, using 30g (1DX-30). Gold, platinum and palladium were analyzed by Acme's Group 3B-ES, 30g analysis, which involves a fire assay pre-concentration with an ICP-emission spectrometry (ICP-ES) finish. Laboratory procedures are documented in Appendix IV.

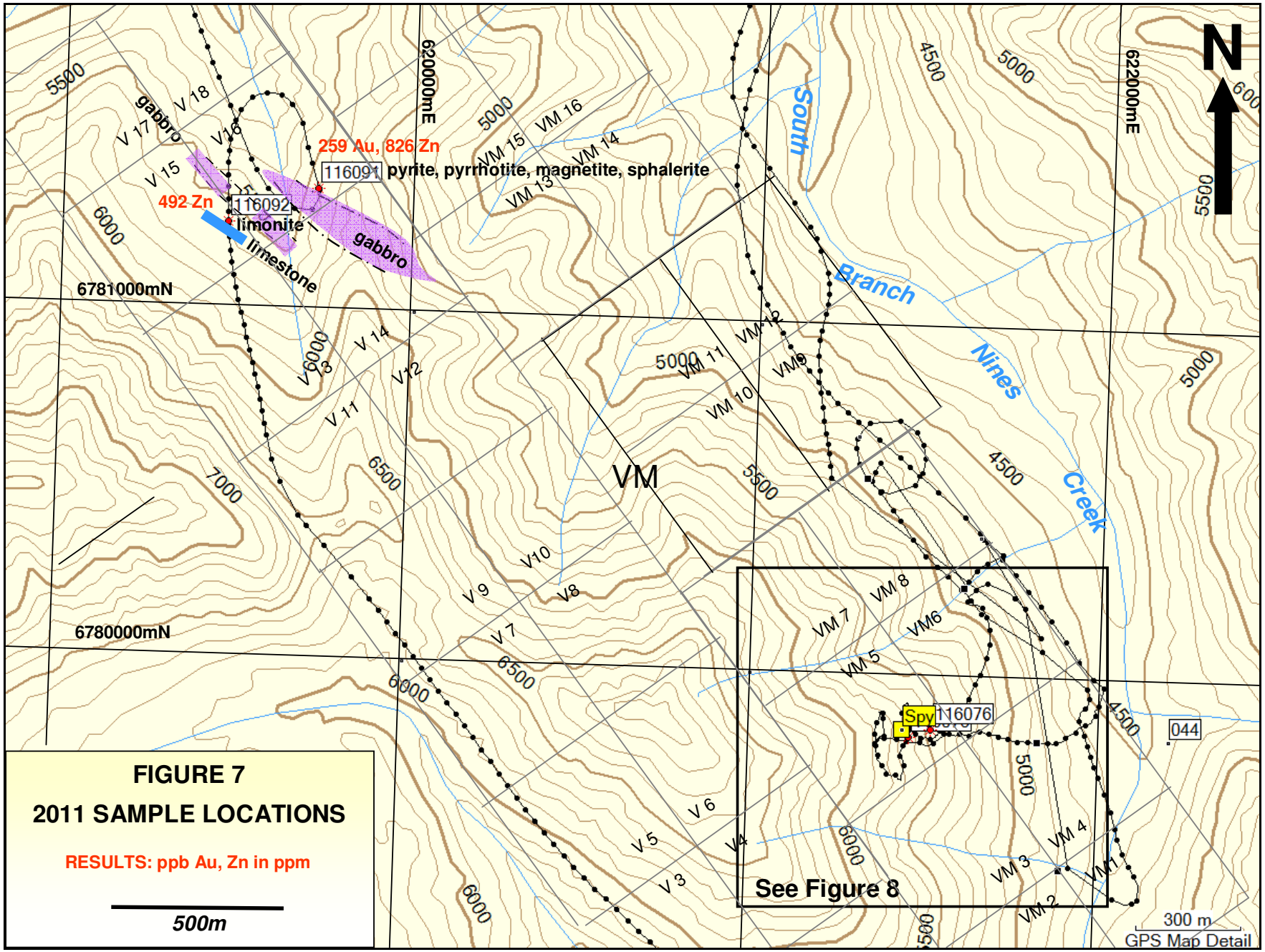
Acme is an IS0 9001:2008 accredited facility, certificate number FM 63007. Quality control procedures were implemented at the laboratory, involving the regular insertion of blanks and standards and repeat analyses.

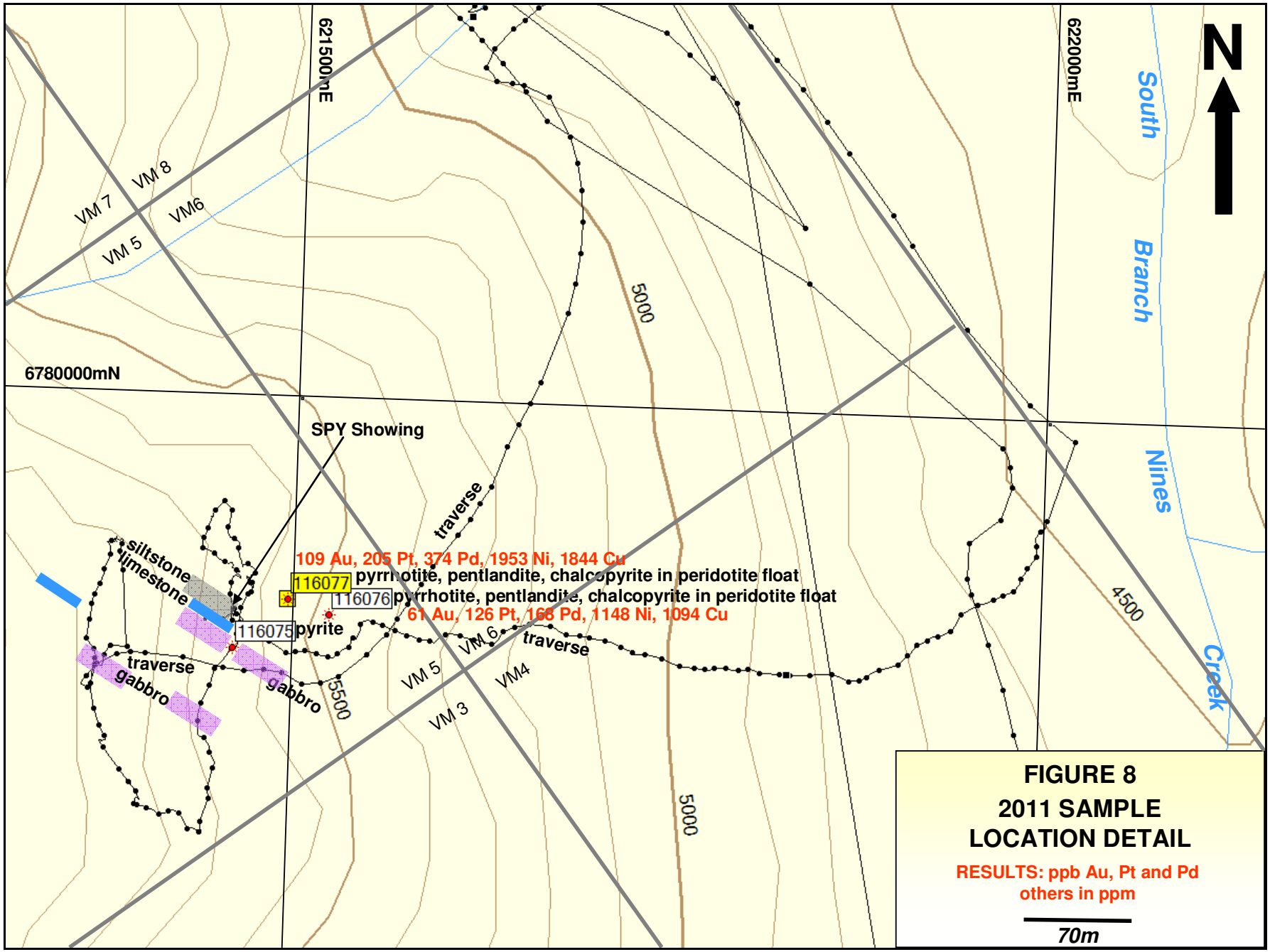
7.2 Results

The exact position of the Spy Showing could not be definitively located in 2011 due to high weathering and erosion in this windswept and rugged environment, leaving few sample tags and spray paint markings. The showing location was deduced from stratigraphic position, presence of pyrrhotite and malachite mineralization and lines of spray paint. Due to extensive previous sampling, no further samples were collected from the Spy showing. A sample of pyritic gabbro here did not contain significant results (Sample 116075).

Anomalous results were obtained from pyrrhotite-pentlandite and chalcopyrite bearing peridotite talus from below the Spy showing, suggesting additional potential within the peridotite phase of the Spy Sill. The samples returned 205 ppb Pt, 374 ppb Pd and 105 ppb Au, with 1844 ppm Cu and 1953 ppm Ni (Sample 116077) and 126 ppb Pt, 168 ppb Pd with 1094 ppm Cu and 1148 ppm Ni (Sample 116076).

A strongly hornfelsed horizon was identified approximately 2.5 km northwest of the Congdon (Spy) Cu-Ni-PGE showing, locally with 20% pyrite, pyrrhotite and magnetite and minor sphalerite (Sample 116091), and apparently proximal to the Spy Sill. Limited sampling returned 259 ppb Au and 0.8 % Zn from rusty weathering hornfels and gabbro (Sample 116092).


N
622000mE
620000mE
6781000mN
6780000mN
259 Au, 826 Zn
116091 pyrite, pyrrhotite, magnetite, sphalerite
492 Zn
116092
limonite
limestone
gabbro
gabbro
South
Branch
Nines
Creek
VM
Spy 116076
See Figure 8
044
300 m
GPS Map Detail
FIGURE 7
2011 SAMPLE LOCATIONS
RESULTS: ppb Au, Zn in ppm
500m


621500mE
622000mE
6780000mN
N
South
Branch
Nines
Creek
VM 8
VM 7
VM6
VM 5
5000
SPY Showing
traverse
109 Au, 205 Pt, 374 Pd, 1953 Ni, 1844 Cu
116077 pyrrhotite, pentlandite, chalcopyrite in peridotite float
116076 pyrrhotite, pentlandite, chalcopyrite in peridotite float
61 Au, 126 Pt, 168 Pd, 1148 Ni, 1094 Cu
116075 pyrite
siltstone
limestone
traverse
gabbro
gabbro
5500
VM 5
VM 6
traverse
VM4
VM 3
4500
5000
FIGURE 8
2011 SAMPLE
LOCATION DETAIL
RESULTS: ppb Au, Pt and Pd
others in ppm
70m

8.0 CONCLUSIONS AND RECOMMENDATIONS

There is good potential for the discovery of magmatic nickel (Ni) - copper (Cu) - platinum group element (PGE) ±gold (Au) mineralization, similar to that of the Wellgreen deposit, on the Spy Project which lies 60 km to the southeast along trend.

The Spy Project covers the Congdon (Spy) nickel-copper-PGE showing. Mineralization occurs as disseminations, blebs, small massive sulphide lenses (up to 2.0 x 0.25m) and net textures of pyrrhotite, chalcopyrite, and possible pentlandite, with associated platinum group minerals, hosted by the basal marginal gabbro phase of the Spy Sill and in the Hasen Creek siltstone footwall. The Spy Sill is mapped as part of the Kluane mafic-ultramafic suite, which has intruded near the contact between the Hasen Creek Formation (clastics and lesser limestone) and Station Creek Formation (mafic volcanics), part of the Pennsylvanian(?) to Permian Skolai Group.

Previously, maximum values in grab samples from the massive sulphide lenses assayed 3.1% Ni, 2.8% Cu, 0.2% Co, 3.1 g/t Pt, 1.4 g/t Pd and 1.0 g/t Au from the gabbro, and 2.6% Ni, 10.45% Cu, 0.09% Co, 75.8 g/t Pt, 7.9 g/t Pd and 7.0 g/t Au from the footwall siltstone. Mineralization has been discontinuously found over a strike length of 3.6 km along the base of the 6 km long Spy Sill. A more continuous zone of massive and disseminated Ni, Cu and PGE mineralization is associated with a 950m strike length of the Spy Sill from the Spy showing, northwest to the Sweet 16 showing.

In 2011 the Spy Project was found to be intruded by ultramafic and gabbroic rocks of the Triassic age Kluane mafic-ultramafic complex. Anomalous results were obtained from pyrrhotite-pentlandite and chalcopyrite bearing peridotite talus from below the Spy showing, suggesting additional potential within the peridotite phase of the Spy Sill. The samples returned 205 ppb Pt, 374 ppb Pd and 105 ppb Au, with 1844 ppm Cu and 1953 ppm Ni, and 126 ppb Pt, 168 ppb Pd with 1094 ppm Cu and 1148 ppm Ni.

The implementation of a reconnaissance magnetic survey (possibly utilizing a fluxgate magnetometer) is recommended to follow up on the Cu-Ni-PGE mineralization along the footwall contact of the Spy Sill to define the talus covered contact. A test line should first be run across the exposed footwall contact to determine the usefulness of the survey. Prospecting, hand trenching in areas of lower cover can then be undertaken to expose and sample the footwall contact zone in areas not previously exposed.

This should be followed by a Phase 2, 2,000m diamond drill program to evaluate the potential of Cu-Ni-PGE mineralization within and below the Spy Sill.

APPENDIX I: Selected References

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Appendix II: Statement of Claims

* expiry date based on acceptance of this report

Grant Number	Claim Name	Claim No.	Claim Owner	Record Date	Expiry Date *	Map No.
YC66812	VM	1	Tom Morgan - 100%	21/02/2008	21/02/2017	115G02
YC66813	VM	2	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66814	VM	3	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66815	VM	4	Tom Morgan - 100%	21/02/2008	21/02/2017	115G02
YC66816	VM	5	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66817	VM	6	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66818	VM	7	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66819	VM	8	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66820	VM	9	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66821	VM	10	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66822	VM	11	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66823	VM	12	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66824	VM	13	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66825	VM	14	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66826	VM	15	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66827	VM	16	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66828	VM	17	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66829	VM	18	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66830	VM	19	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66831	VM	20	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66832	VM	21	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66833	VM	22	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66834	VM	23	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66835	VM	24	Tom Morgan - 100%	21/02/2008	21/02/2016	115G02
YC66836	VM	25	Tom Morgan - 100%	21/02/2008	21/02/2015	115G02
YC66837	VM	26	Tom Morgan - 100%	21/02/2008	21/02/2015	115G02
YC66838	VM	27	Tom Morgan - 100%	21/02/2008	21/02/2015	115G02
YC66839	VM	28	Tom Morgan - 100%	21/02/2008	21/02/2015	115G02
YC66840	VM	29	Tom Morgan - 100%	21/02/2008	21/02/2015	115G02
YC66841	VM	30	Tom Morgan - 100%	21/02/2008	21/02/2015	115G02
YC66842	VM	31	Tom Morgan - 100%	21/02/2008	21/02/2015	115G02
YC66843	VM	32	Tom Morgan - 100%	21/02/2008	21/02/2015	115G02
Subtotal	**32 VM claims**					

continued on next page

Grant Number	Claim Name	Claim No.	Claim Owner	Record Date	Expiry Date *	Map No.
YE69339	V	1	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69340	V	2	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69341	V	3	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69342	V	4	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69343	V	5	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69344	V	6	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69345	V	7	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69346	V	8	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69347	V	9	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69348	V	10	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69349	V	11	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69350	V	12	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69351	V	13	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69352	V	14	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69353	V	15	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69354	V	16	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69355	V	17	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69356	V	18	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69357	V	19	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69358	V	20	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69359	V	21	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69360	V	22	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69361	V	23	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69362	V	24	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69363	V	25	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69364	V	26	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69365	V	27	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
YE69366	V	28	Tom Morgan - 100%	18/08/2011	21/02/2014	115G02
Subtotal	**28 V claims**					
TOTAL	**60 claims**					

APPENDIX III: Sample Descriptions

SPY PROJECT, YT
2011 SAMPLE DESCRIPTIONS AND RESULTS

SAMPLE	Nad 83, Zone 7		ELEV.			Au	Ag	Pt	Pd	Ni	Cu
NUMBER	EASTING	NORTHING	(m)	TYPE	DESCRIPTION	ppm	ppm	ppb	ppb	ppm	ppm
116075	621459	6779832	1687	2.5m chip	rusty weathering pyritic gabbro band above limestone; JP	0.007	<0.1	<3	<2	24.5	24.9
116076	621523	6779855	1670	rock grab	trace chalcopyrite in peridotite with 7% pyrrhotite-pentladite as talus float; Tom Morgan	0.061	0.9	126	168	1148	1094
116077	621495	6779865	1690	rock grab	dark rusty peridotite float with pentlandite and trace chalcopyrite, above 116076; Tom's GPS, marked FLT in field; BH	0.109	1.9	205	374	1953	1844
116091	619716	6781345	1722	rock grab	dark rusty hornfels with 3% coarse grained pyrite, 3-5% fine pyrrhotite and pyrite and abundant (10-20%) fine black magnetite, trace sphalerite,some calcite fracture fillings; BK	0.102	0.4	<3	<2	33.5	57.4
116092	619461	6781243	1722	rock grab	light rusty weathering hornfels and gabbro?, minor sphalerite, with some calcite fractures; BK	0.275	0.5	<3	<2	27.4	105.9
	UTM's in red are approximate										

APPENDIX IV

Geochemical Procedure and Results

Acme Analytical Laboratories Ltd.
GEOCHEMICAL PROCEDURES

SAMPLE PREPARATION

SOIL, SEDIMENT AND VEGETATION SAMPLES
SS80 Dry at 60°C, sieve (up to) 100 g to -80 mesh

ROCK AND DRILL CORE
R150 Crush **1 kg** to 70% passing 10 mesh, split 250 g and pulverize to 95% passing 150 mesh

GROUP 1DX: ICP & ICP-MS ANALYSIS – AQUA REGIA

Sample splits of 0.5g are leached in hot (95°C) Aqua Regia. A larger split size (30g) is used for more representative Au analysis. Refractory and graphitic samples can limit Au solubility. Solubility of some elements* will be limited by mineral species present. A total of 36 elements are assayed in the ICP-MS analysis.

*** Al, B, Ba, Ca, Cr, Fe, Ga, Hg‡ K, La, Mg, Mn, Na, Sr, Th, Ti, Tl‡ U, V, W,**

GROUP 3B-MS AU & PGMS BY FIRE GEOCHEM

A lead-collection fire-assay 30g fusion for total sample decomposition, digestion of the Ag dore bead and ICP-MS (Group 3B-MS) analysis. Group 6 precious metals assay recommended for Au or PGMs over 1000 ppb.

Group 3B-MS Detection Limits

Au 1 ppb, **Pt** 0.1 ppb, **Pd** 0.5 ppb, **(Rh)** (0.1 ppb)

Au* detection limit may vary due to natural contamination in commercial flux and sample size.
(Rh) available at client's request, results are qualitative to semi-quantitative depending on nature of samples.
Note: Sulphide-rich samples require a 15g or smaller sample for proper fusion.

GROUP 6 PRECIOUS METALS ASSAY BY FIRE ASSAY

Highly precise determinations for Au, Ag, Pt and Pd by classical lead-collection fire assay on a 30g sample. Massive sulphide or Cr-rich matrix will require a reduced sample weight. Analysis is by ICP-ES after digestion of the dore bead.

GROUP 7 MULTI-ELEMENT ASSAY BY ICP AND ICP-MS

The following multi-element assays provide optimum precision and accuracy for high-grade rock and drill core samples with a selection of digestion methods to best suit the ore type. Groups 7AR, 7TD and 7PF report %-level concentrations as determined by ICP emission spectrometry. Two new packages (Groups 7AX and 7TX) combine both ICP emission spectrometry and ICP mass spectrometry analysis to extend the lower detection limits and provide a broader spectrum of elements.

Group 7TD – Hot 4-acid digestion on a 1 g split for sulphide and silicate ores. ICP-ES analysis.

ACME ANALYTICAL LABORATORIES LTD. Final Report

Client: Kluane Helicopters

File Created: 05-Dec-11

Job Number: WHI11001750

Number of Samples: 5

Project: Spy

Shipment ID:

P.O. Number:

Received: 23-Sep-11

	Method	WGHT	3B	DX3(	1DX30	DX3(	DX3(	DX3(	1DX30	DX3(	1DX30	DX3(	DX3(	DX3(	DX3(	DX3(	DX3(	DX3(	DX3(	DX3(	DX3(
	Analyte	Wgt	Au	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	Au	Th	Sr	Cd	Sb	Bi	V	Ca
	Unit	KG	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	%	PPM	PPB	PPM	PPM	PPM	PPM	PPM	PPM	%
	MDL	0	0	0.1	0.1	0.1	1	0.1	0.1	0.1	1	0	0.5	0.5	0.1	1	0.1	0.1	0.1	2	0
Sample	Type																				
116075		1.2	0	0.3	24.9	2.8	24	<0.1	24.5	8.5	366	5.4	1.1	<0.5	2	4	<0.1	0.2	0.1	156	0.3
116076		1.4	0.1	0.3	1094	7	81	0.9	1148	131	892	9.9	<0.5	46	0.2	31	0.2	0.1	0.2	33	0.7
116077		1.7	0.1	0.5	1844	7.1	77	1.9	1953	180	832	13	<0.5	83	0.1	31	0.4	<0.1	0.4	29	0.8
116091		2.7	0.1	0.3	57.4	2.4	492	0.4	33.5	69	2272	26	26	77	0.2	46	<0.1	1.8	<0.1	7	11
116092		1.6	0.3	0.7	106	7.2	826	0.5	27.4	99	2203	20	99	266	0.5	61	0.8	3	<0.1	19	16
Pulp Duplicates																					
116091		2.7	0.1	0.3	57.4	2.4	492	0.4	33.5	69	2272	26	26	77	0.2	46	<0.1	1.8	<0.1	7	11
116091	REP			0.4	55.8	2.3	480	0.4	32.2	70	2248	25	23	78	0.2	45	<0.1	1.8	<0.1	5	10
Preparation Duplicates																					
116092		1.6	0.3	0.7	106	7.2	826	0.5	27.4	99	2203	20	99	266	0.5	61	0.8	3	<0.1	19	16
116092	DUP		0.3	0.6	104	7.7	837	0.5	26.5	100	2133	20	96	259	0.5	62	0.8	3	<0.1	21	16
Reference Materials																					
STD DS8	STD			11	102	129	313	1.9	35.9	7.1	599	2.5	26	109	6.6	56	2.3	4.9	6.4	40	0.7
STD OXC(	STD		0.2																		
STD OXH(	STD		1.3																		
STD PD1	STD																				
STD CDN-	STD																				
BLK	BLK			<0.1	<0.1	<0.1	<1	<0.1	<0.1	<0.1	<1	0	<0.5	<0.5	<0.1	<1	<0.1	<0.1	<0.1	<2	<0.01
BLK	BLK		0																		
BLK	BLK		<0.005																		
BLK	BLK																				
BLK	BLK																				
Prep Wash																					
G1	Prep Blank		0	<0.1	4.1	2.9	48	<0.1	4.4	4.5	573	2.1	<0.5	<0.5	4.6	51	<0.1	<0.1	<0.1	39	0.5

	Method	1DX30	DX3	DX3(	DX3(	DX3	1DX30	DX3	DX3	1DX30	1DX30	DX3(	DX3(	DX3(	DX3(	DX3(	DX3	DX3(	DX3(	3B	3B	3B
	Analyte	P	La	Cr	Mg	Ba	Ti	B	Al	Na	K	W	Hg	Sc	Tl	S	Ga	Se	Te	Au	Pt	Pd
	Unit	%	PPM	PPM	%	PPM	%	PPM	%	%	%	PPM	PPM	PPM	PPM	%	PPM	PPM	PPM	PPB	PPB	PPB
	MDL	0.001	1	1	0	1	0.001	1	0	0.001	0.01	0.1	0	0.1	0.1	0.1	1	0.5	0.2	2	3	2
Sample	Type																					
116075		0.033	6	72	0.9	37	0.019	<1	1.2	0.063	<0.01	<0.1	0	5	<0.1	1.4	5	4	<0.2	<2	<3	<2
116076		0.011	1	133	10	60	0.047	20	1.7	0.113	0.13	<0.1	0	3.7	<0.1	1.6	3	4.7	0.2	55	126	168
116077		0.01	1	97	10	43	0.035	15	1.7	0.112	0.12	<0.1	0	3.7	<0.1	3.1	3	8.7	0.5	95	205	374
116091		0.021	7	4	0.3	14	0.005	24	0.2	0.004	<0.01	<0.1	0.3	1.2	0.1	5.7	3	6.7	<0.2	78	<3	<2
116092		0.018	12	10	0.3	64	0.015	27	0.6	0.003	<0.01	0.3	0.5	2.1	0.3	8.4	5	17	<0.2	259	<3	<2
Pulp Duplicates																						
116091		0.021	7	4	0.3	14	0.005	24	0.2	0.004	<0.01	<0.1	0.3	1.2	0.1	5.7	3	6.7	<0.2	78	<3	<2
116091	REP	0.021	7	5	0.3	12	0.006	24	0.2	0.004	<0.01	<0.1	0.3	1.1	0.1	5.8	3	6.4	<0.2			
Preparation Duplicates																						
116092		0.018	12	10	0.3	64	0.015	27	0.6	0.003	<0.01	0.3	0.5	2.1	0.3	8.4	5	17	<0.2	259	<3	<2
116092	DUP	0.018	12	10	0.3	45	0.017	30	0.6	0.003	0.01	0.3	0.5	2.3	0.3	8.3	5	17	<0.2	258	<3	<2
Reference Materials																						
STD DS8	STD	0.074	14	110	0.6	273	0.112	3	0.9	0.081	0.41	3.3	0.2	2	5.5	0.2	5	5.7	5.2			
STD OXC(	STD																					
STD OXH(	STD																					
STD PD1	STD																			526	450	562
STD CDN-	STD																			221	104	494
BLK	BLK	<0.001	<1	<1	<0.01	<1	<0.001	<1	<0.01	<0.001	<0.01	<0.1	<0.01	<0.1	<0.1	<0.05	<1	<0.5	<0.2			
BLK	BLK																					
BLK	BLK																					
BLK	BLK																			<2	<3	<2
BLK	BLK																			<2	<3	<2
Prep Wash																						
G1	Prep Blank	0.078	9	9	0.6	201	0.124	<1	1	0.08	0.51	<0.1	<0.01	2.4	0.3	<0.05	5	<0.5	<0.2	N.A.	N.A.	N.A.

APPENDIX V

Statement of Expenditures

Wages:	J. Pautler	1 day @ 850.00/day	$850.00	
	Tom Morgan	1 day @ 500.00/day	500.00	
	Bill Karmen	1 day @ 400.00/day	400.00	
	Bill Harris	1 day @ 500.00/day	500.00	
Sept 18, 2011		**Total: 4 man-days**		**$2,250.00**
Mobilization/Demobilization:				**500.00**
Geochemistry:	5 rocks	@ $75/ea. Au, ICP, PGE	125.00	
	freight		50.00	
		Total: (includes shipping)		**175.00**
Equipment Rental:	**T**rucks	1 day @ 120/day	100.00	
	Sat Phone	1 day @ 20.00/day	20.00	
	Radios	4 md @ 10/each	40.00	
		Total:		**160.00**
Fuel:				**200.00**
Helicopter:	Kluane Helicopters, Haines Jct. Yukon Territory			**8,967.00**
Meals and Accommodation:	4 man days @ $150/md			**600.00**
Field Supplies:	(flagging tape, batteries, sample bags, markers)			**50.00**
Maps and Copies:				**50.00**
Report & Drafting:				**2,045.00**
GRAND TOTAL:				**$14,997.00**
Total applied for assessment:				**$14,900.00**

APPENDIX VI
STATEMENT OF QUALIFICATION

I, Jean Marie Pautler, do hereby certify that:

1) I, Jean Marie Pautler of 103-108 Elliott Street, Whitehorse, Yukon Territory am self-employed as a consultant geologist and authored this report.

2) I am a graduate of Laurentian University, Sudbury, Ontario with an Honours B.Sc. degree in geology (May, 1980).

3) I am a registered member of the Association of Professional Engineers and Geoscientists of British Columbia, Registration Number 19804.

4) I am a geologist with more than thirty years of experience in the Canadian Cordillera.

5) I was involved in the 2011 program on the Spy Project on September 18, 2011.

6) I have no direct or indirect interest in the Spy Project, which is the subject of this report.

_____

Jean Pautler, P.Geo.
JP Exploration Services Inc.
#103-108 Elliott St
Whitehorse, Yukon
Y1A 6C4