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ASSESSMENT REPORT

describing

AIR PHOTOGRAPHY

at the

BLUE HEAVEN PROPERTY

Blue 1-2	YB34963-YB34964
H 1-2	YB34965-YB34966
3-5F	YC13885-YC13887
Heaven 1-80	YB91140-YB91219
81-92	YB91396-YB91407
93-102	YB91552-YB91561
103-114	YB91630-YB91641

NTS 105B/7

Latitude 60°19' N; Longitude 130°41' W

Watson Lake Mining District
Yukon Territory

Field work performed September 3, 2012

prepared by

Archer, Cathro & Associates (1981) Limited

for

STRATEGIC METALS LTD.

by

W. Douglas Eaton, B.Sc. Geology
June, 2013

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INTRODUCTION

The Blue Heaven property is located in southern Yukon and hosts intrusive-related high grade silver-lead-zinc veins, lead-zinc-silver carbonate replacement mineralization and tungsten±copper skarns. Strategic Metals Ltd. owns the property.

This report describes air photography conducted on September 3, 2013 by Geographic Air Survey Ltd. under subcontract from Underhill Geomatics Ltd. The air photo survey was flown from the Whitehorse airport. The program was managed by Archer, Cathro & Associates (1981) Limited and supervised by the author. Appendix I contains the author's Statement of Qualifications. Appendix II is a Statement of Expenditures related to the program.

PROPERTY LOCATION, CLAIM STATUS AND ACCESS

The Blue Heaven property consists of 121 contiguous mineral claims located in southern Yukon at latitude 60°19' north and longitude 130°41' west on NTS 105B/7 (Figure 1). They are registered with the Watson Lake Mining Recorder in the name of Archer, Cathro which holds them in trust for Strategic Metals. Claim data are listed below while claim locations are shown on Figure 2.

<u>Claim Name</u>	<u>Grant Number</u>	<u>Expiry Date *</u>
Blue 1-2	YB34963-YB34964	March 11, 2025
H 1-2	YB34965-YB34966	March 11, 2025
3-4	YC31885-YC31886	February 24, 2020
5F	YC31887	February 24, 2020
Heaven 1-8	YB91140-YB91147	February 24, 2017
9F	YB91148	February 24, 2025
10	YB91149	February 24, 2025
11F	YB91150	February 24, 2025
12	YB91151	February 24, 2025
13F	YB91152	February 24, 2025
14	YB91153	February 24, 2025
15F	YB91154	February 24, 2025
16	YB91155	February 24, 2025
17F	YB91156	February 24, 2025
18	YB91157	February 24, 2025
19F	YB91158	February 24, 2025
20	YB91159	February 24, 2025
21-46	YB91160-YB91185	February 24, 2017
47-48	YB91186-YB91187	February 24, 2025
49-54	YB91188-YB91193	February 24, 2017
55-61	YB91194-YB91200	February 24, 2025

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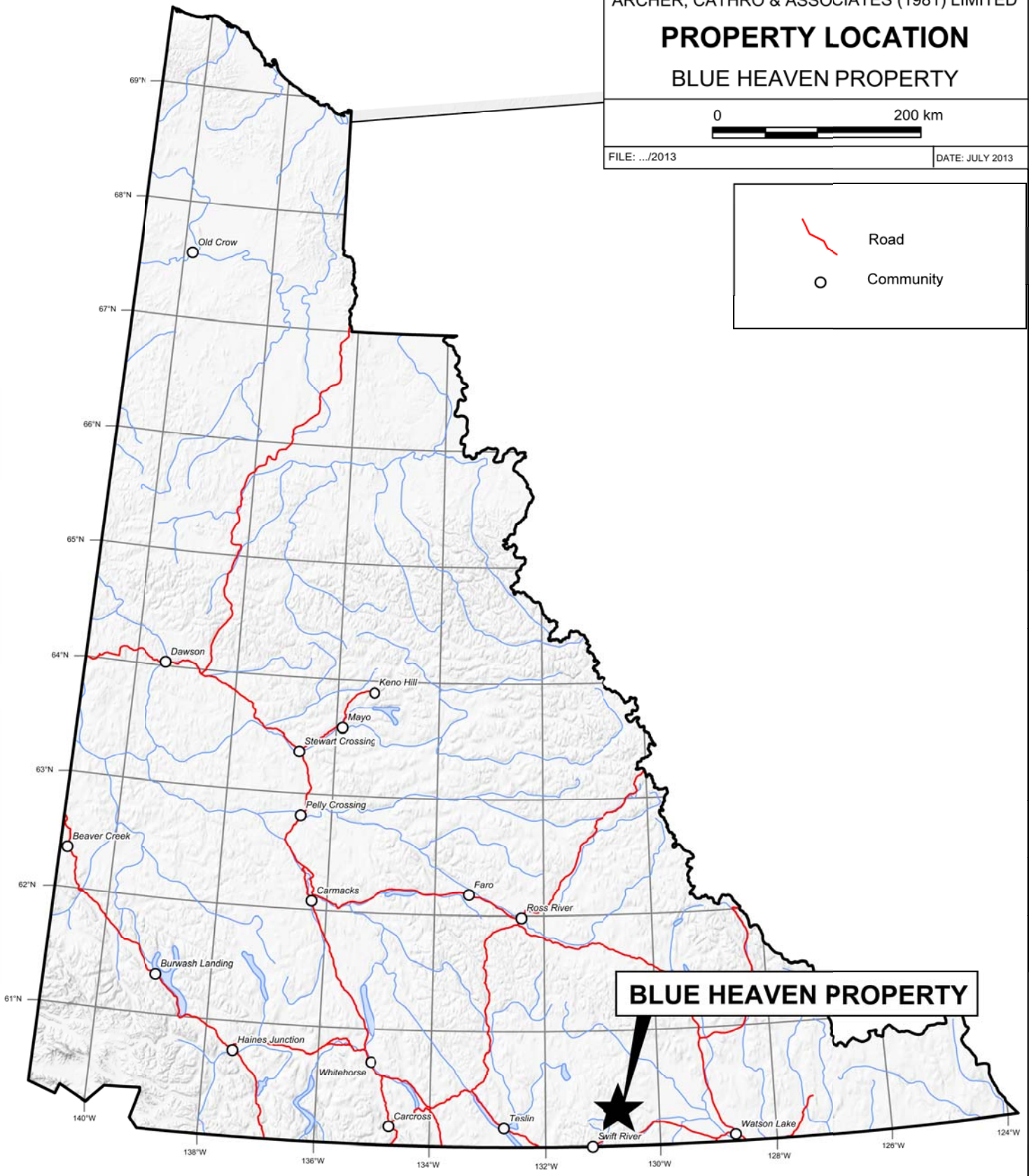
FIGURE 1
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

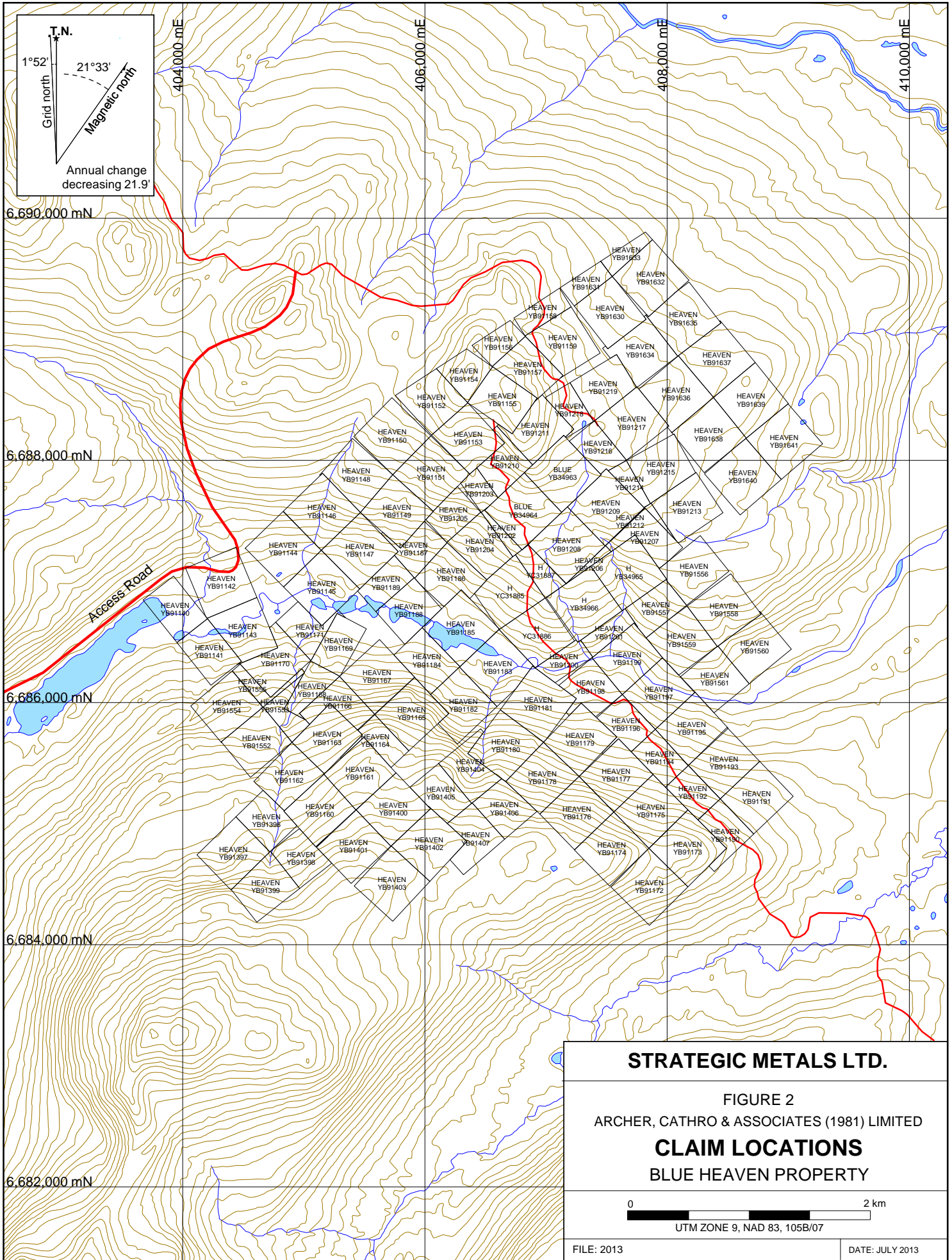
PROPERTY LOCATION
BLUE HEAVEN PROPERTY



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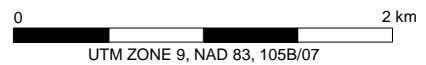
DATE: JULY 2013





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FIGURE 2
 ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
CLAIM LOCATIONS
 BLUE HEAVEN PROPERTY



FILE: 2013

DATE: JULY 2013

62F-64F	YB91201-YB91203	February 24, 2025
65-68	YB91204-YB91207	February 24, 2025
69F	YB91208	February 24, 2025
70-72	YB91209-YB91211	February 24, 2025
73F	YB91212	February 24, 2017
74	YB91213	February 24, 2017
75F	YB91214	February 24, 2017
76	YB91215	February 24, 2017
77F	YB91216	February 24, 2025
78	YB91217	February 24, 2017
79F	YB91218	February 24, 2025
Heaven 80	YB91219	February 24, 2017
81-92	YB91396-YB91407	February 24, 2017
93-102	YB91552-YB91561	February 24, 2017
103-114	YB91630-YB91641	February 24, 2017

*Expiry dates include 2012 work which has been filed for assessment credit but not yet accepted.

Access is provided by a 40 km road that extends from Km 1160 on the Alaska Highway to a campsite on the adjacent Silver Hart property (Figure 3). CMC Metals Ltd., the company that currently owns the Silver Hart property, upgraded and repaired the access road (including the bridges) in summer 2006, but the road's current status is uncertain. Historically, the road has been usable by four-wheel drive vehicles, even during periods when it was not actively maintained. A system of four-wheel drive roads extends from the Silver Hart campsite onto the Blue Heaven property; however, because the roads are prone to erosion in places, access is sometimes limited to off-road vehicles.

Whitehorse, the main supply centre and largest community in Yukon, is located 355 km by road west of the property while Watson Lake, where many exploration services and supplies are also available, lies 180 km to the east. Whitehorse receives daily scheduled air service from Vancouver. The closest all-season deepwater seaport is at Skagway, Alaska, 430 km by road to the west-southwest. The nearest railhead is at Fort Nelson, B.C., 720 km to the east-southeast.

PREVIOUS WORK

The first reported activity on ground now covered by the Blue Heaven property occurred in 1971 when the Nite Occurrence, a scheelite bearing skarn, was staked by Wolf Lake Joint Venture (Ashland Oil Canada Ltd., Caltor Syndicate, Canadian Industrial Gas and Oil Ltd. and Rayrock Mines Ltd). The joint venture explored that year with geological mapping, reconnaissance and grid soil geochemistry, bulldozer trenching and 476.5 m of diamond drilling in 8 holes (Figure 4). The best drill intersection was 0.17% tungsten over a width of 22.9 m (Archer, 1971; Archer and Cathro, 1972). The property was transferred to Archer, Cathro & Associates Limited in 1976 and was later reduced to four claims. Big Creek Resources Ltd. purchased those claims in 1988 and explored that summer with grid soil sampling and prospecting (Main, 1988). No

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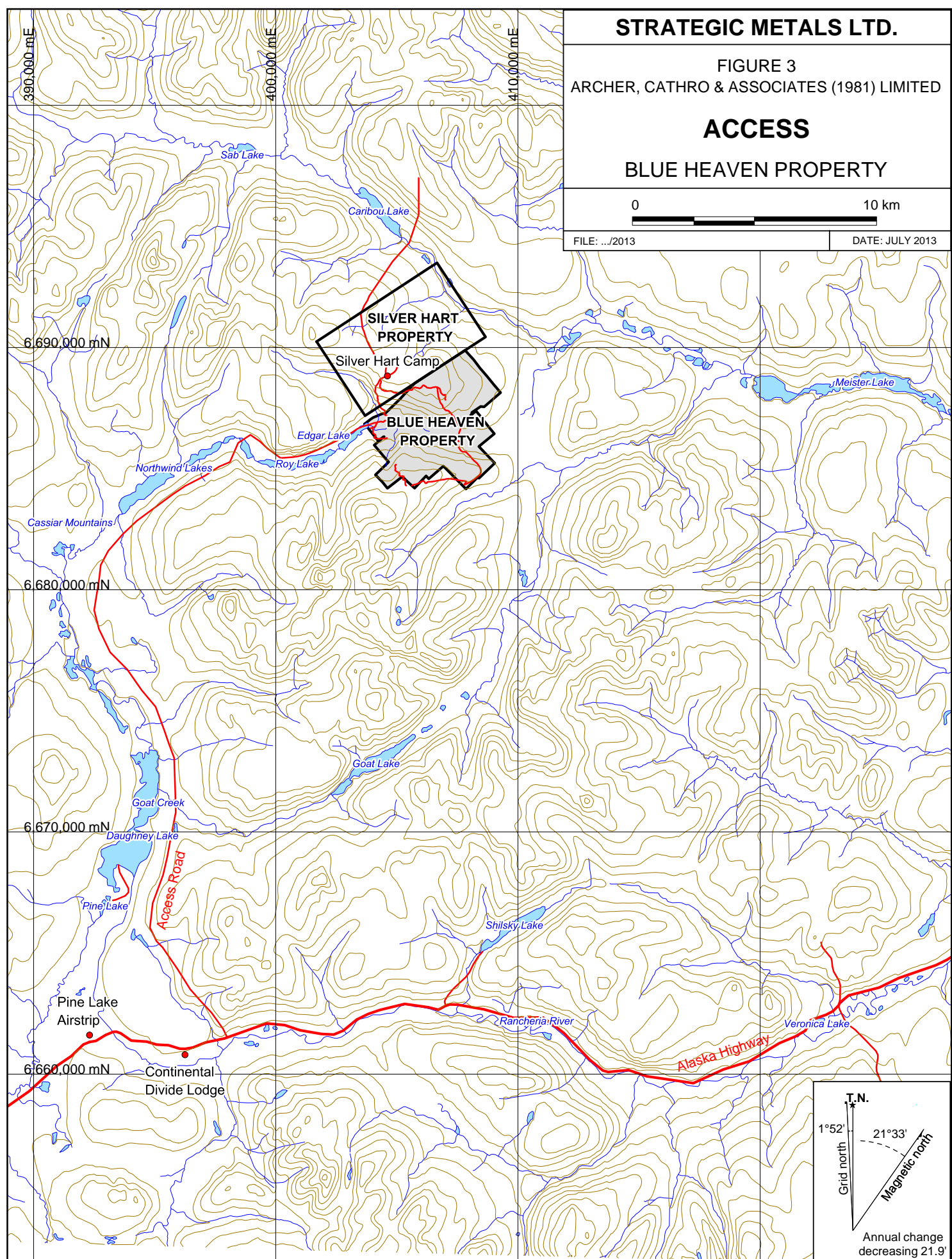
FIGURE 3
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

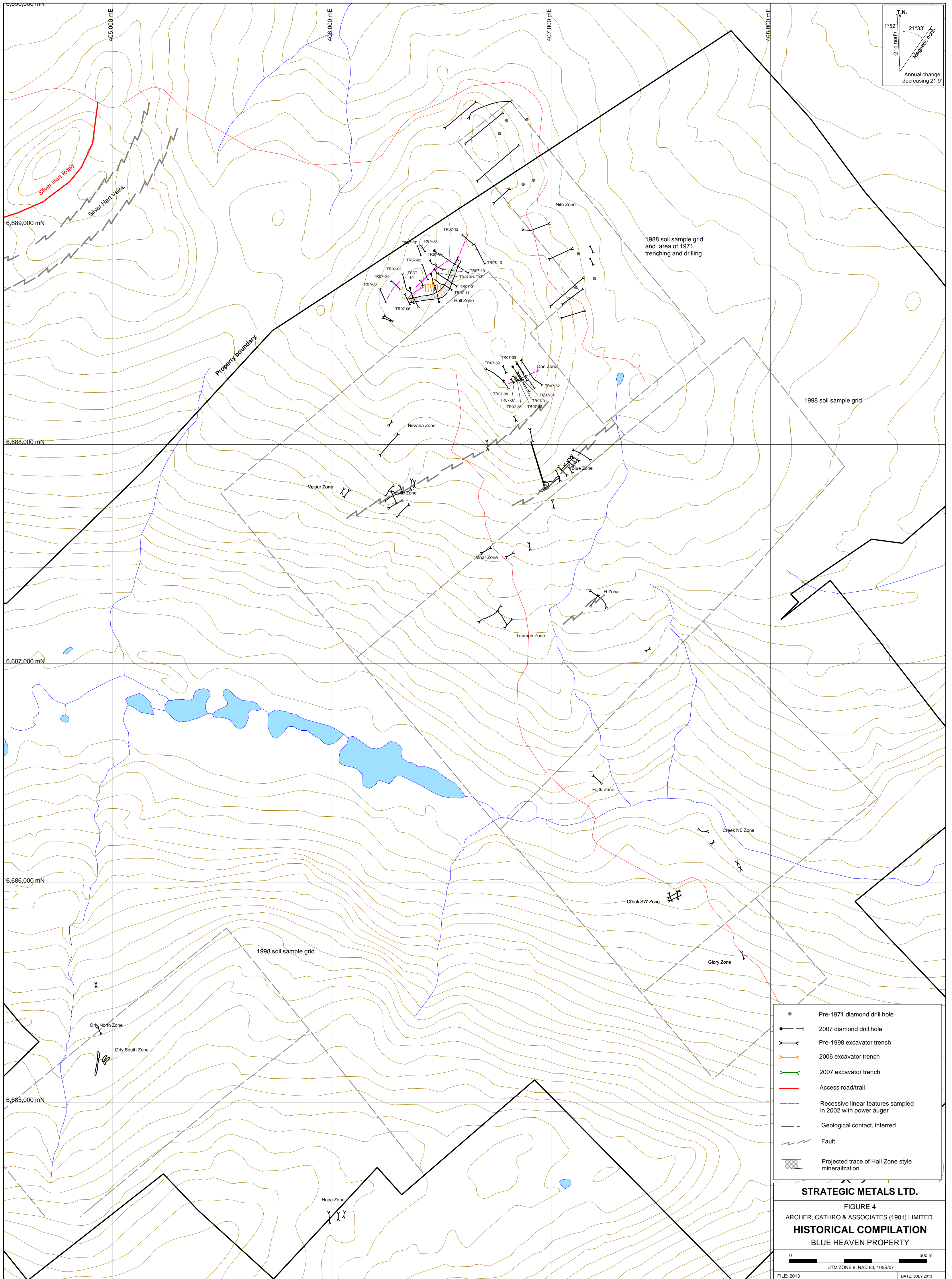
ACCESS

BLUE HEAVEN PROPERTY



FILE: .../2013 DATE: JULY 2013





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FIGURE 4
 ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
HISTORICAL COMPILATION
 BLUE HEAVEN PROPERTY

0 500 m
 UTM ZONE 9, NAD 83, 105B/07

further work was done before the claims expired. Most of the Nite Occurrence skarn zone is now situated on the Blue Heaven property.

Silver-lead-zinc mineralization was first recognized in 1973 when Hudson Bay Mining and Smelting Co. Ltd. staked the Buc claims covering what is now the Orly Zone on the Blue Heaven property. It carried out mapping and sampling later that year. In 1978 the showing was restaked as the Com claims by the Wolf Lake Project (Comaplex Resources International Limited and Dayton Creek Silver Mines Limited). The showing at that time was described as a zone of highly fractured granodiorite surrounding a 15.2 cm wide quartz vein containing pyrite and galena (Allen, 1979). This showing was restaked in 1983 as part of the Silver Hart property (described in the following paragraphs). Bulldozer trenching at the Orly Zone in 1987 exposed two quartz veins containing galena and sphalerite over a 9 m strike length. A specimen taken in 1987 returned 8671.2 g/t silver while chip samples returned 2077.7 g/t silver over a true width of 21 cm from the south vein and 2022.8 g/t silver over 24 cm from the north vein (Deklerk, 2003).

Silver-lead-zinc mineralization north of Oake Creek was first recognized in 1980 when prospector Wally Hyde followed up anomalous soil geochemical values defined by Wolf Lake JV and discovered a high grade galena vein about 2.5 km southwest of the Nite Occurrence. He and two partners staked a large claim block (part of which covered the area that is now the Blue Heaven property) and performed hand trenching before optioning the property to BRX Mining and Petroleum Corporation in 1982. BRX conducted geological mapping, soil sampling and 197 m of diamond drilling in two holes later that year then dropped its option (Deklerk, 2003). In 1983 Hyde and his partners did more hand trenching and briefly optioned the claims to United Greenwood Exploration Limited and Consolidated Montclerg Mines Limited.

Large scale exploration began in 1984 when Hyde's claims were optioned to a joint venture consisting of Shakwak Exploration Company Limited and Silver Hart Mines Limited. Subsequent exploration was managed by Silver Hart and included geological mapping, prospecting, reconnaissance and grid soil geochemistry, bulldozer trenching and stripping, 3658 m of diamond drilling in fifty holes and 673 m of underground development from an adit (Deklerk, 2003). Silver Hart also constructed a road to the property. Most of Silver Hart's work was done on claims that adjoin the Blue Heaven property to the northwest (Silver Hart property on Figure 3).

Work completed by Silver Hart in 1985, 1986 and 1987 identified more than twenty veins in a 6 by 4 km area (about 2/3 of which is now on the Blue Heaven property). Most of its work, including all diamond drilling, stripping and underground development, focussed on the TM, FM, SM and Meteorite Zones located 1 km northwest of the Blue Heaven property. In 1987 a resource of 97,000 tonnes grading 1025 g/t silver was calculated assuming an underground operation with a 1.5 m minimum mining width (Deklerk, 2003 and Silver Hart, 1987). The resource is localized in a small area in the central part of the Silver Hart property and there is good exploration potential along strike, downdip and on parallel veins. None of the veins that are now situated on the Blue Heaven property received serious exploration by Silver Hart. Silver prices dropped sharply in the late 1980s and for the next several years the property was inactive. During this period a number of claims were allowed to expire. In 1991 and 1992 Silver Hart performed additional trenching and environmental reclamation before relinquishing its option.

A similar program was done in 1993 by Hyde and his partners . From then until the mid 2000s, Hyde's claims were dormant.

In 1991, W4 Joint Venture staked the Blue claim after Hyde's claims in that area expired. Prospecting the following year showed that the Blue claim was mislocated. W4 JV then staked the Blue 1-2, H 1-2 and Orly 1-2 claims to protect veins exposed in old Silver Hart trenches. In 1994 W4 JV performed prospecting and trench sampling on the claims and staked 14 Glory claims around them. An additional 24 Glory claims were staked in 1995 and minor reconnaissance soil sampling and prospecting were done. This work was not filed for assessment and the original Blue, both Orly and all 38 Glory claims were allowed to expire.

Nordac Resources Ltd. (now Strategic Metals Ltd.) acquired the Blue 1-2 and H 1-2 claims for W4JV in 1998 and then staked the Heaven 1-80 claims within a surrounding 5 km radius area of interest. Exploration by Nordac in 1998 included staking an additional 34 claims plus geological mapping, prospecting, grid and reconnaissance soil sampling, ground magnetic surveys, hand trenching and 1759 m of excavator trenching in 39 trenches (Becker, 1999). Most of the soil samples were collected from two grids, which measure approximately 1500 by 1500 m and 2300 by 3000 m. Results from the sampling outlined areas of strongly anomalous silver, lead, zinc and copper response on both grids and strongly anomalous lead and zinc values within a broad southeast trending band that extends the full length of the larger grid. The first set of anomalies are attributed to mineralized quartz veins while the lead-zinc anomaly roughly corresponds to a southeast trending belt of carbonate-rich metasedimentary rocks. Excavator trenching tested known areas of mineralization and soil geochemical anomalies. These trenches successfully expanded and better defined the known vein occurrences and discovered new areas of vein, skarn and carbonate replacement mineralization.

Exploration on the Blue Heaven property in 1999 evaluated the Blue and H Zones (Becker, 2000a). Both comprise northeast trending high grade silver-lead-zinc veins. Work included excavator trenching, bulk sampling and reclamation. During the excavator trenching program, galena and tetrahedrite rich mineralization was hand sorted from lower grade material to form a bulk sample. The mineralization was placed in fibreglass bags and sent to a smelter. The net weight of the material was 52.31 tonnes of which 51.47 tonnes were dried ore and 0.84 tonnes (1.6%) moisture. The grade of the shipment was 8563 g/t silver, 56.2% lead, 9.5% zinc and 1.2 g/t gold.

Exploration programs prior to 2000 identified three types of mineralization within 36 occurrences on the Blue Heaven property. Twenty-four of these occurrences consist of galena and sphalerite with varying amounts of pyrite, arsenopyrite, tetrahedrite and chalcopyrite, hosted in northeast trending quartz veins. These veins cut both intrusive and metasedimentary rocks. The best vein exposures are at the Blue and H Zones, which returned assays up to 12,396 g/t silver over 20 cm and 10,561 g/t silver over 94 cm, respectively. The second type of mineralization consists of galena and sphalerite found in eight strongly oxidized, manganeseiferous siderite and jasperoid replacement zones developed within the southeast trending belt of carbonate-rich metasedimentary rocks. Chip samples from a 1998 excavator trench in one of these areas (Desire Zone) returned a weighted average of 5.0% lead, 3.6% zinc and 65.6 g/t silver over a width of 35.8 m (Becker, 1999). In 2000, a diamond drill hole tested down plunge

of one of the most promising areas in the Desire Zone. It intersected a 3.11 m interval of intensely weathered siderite with disseminated and veinlet galena and sphalerite that assayed 6.0 g/t silver, 0.10% lead and 2.67% zinc (Becker, 2000b). The last type of mineralization consists of five tungsten±copper skarn showings, four of which lay within the same belt of carbonate-rich metasedimentary rocks that hosts the lead-zinc replacement mineralization. A chip sample of garnet-diopside skarn containing pyrite, pyrrhotite, chalcopyrite and scheelite, returned 0.3% WO₃ and 0.31% copper over 3.5 m a 1998 excavator trench at the Moar Zone.

In 2002, a short program of hand trenching and power auger drilling was done on the Blue Heaven Property to test select vein and skarn targets (Wengzynowski, 2003). Due to budgetary constraints the auger samples were not analysed until 2006.

In 2006, the Blue Heaven property was optioned to Valencia Ventures Inc, which conducted 230 m excavator trenching and 518 m of diamond drilling in four holes. The excavator trenching was confined to the Hall Zone, a vein showing exposed by hand trenching in 2002. A narrow (up to 5 cm wide) galena bearing lense graded up to 19692.5 g/t silver and 73.43% lead, while wider intervals of rusty orange, strongly clay altered granodiorite yielded up to 492.9 g/t silver and 1.50% lead over 10.45 m. Mineralization in clay altered granodiorite is not visually apparent. Diamond drilling was done at the H and Blue Zones. The first three holes tested a 50 m strike length of the H Zone. The best mineralized interval returned 8.52% zinc, 16.5 g/t silver, and 461 ppm lead over 1.81 m. The fourth hole, at the Blue Zone, cut a 40 m wide vein system containing narrow semi-massive to massive galena lenses, one of which was the down dip extension of the vein that was bulk sampled in 1999. This drill hole returned three significant intersections, with the best grading 1400 g/t silver, 14% lead and 14.9% zinc over 49 cm.

In 2007 Valencia continue to explore with excavator trenching and diamond drilling. A total of 1194 m of excavator trenching and 474.88 m of diamond drilling in four holes were completed at the Hall Zone and 341 m of excavator trenching and 159.71 m of diamond drilling in two holes were completed at the Don Zone. The best trench sample from the Hall Zone graded 3050 g/t silver over 1.7 m while the samples from the Don Zone returned up to 4350 g/t silver over 0.65 m. The most significant drill intercept came from the Hall Zone. It averaged 599.88 g/t silver with 9.08% lead over 1.48 m, including 0.2 m that graded 3220.00 g/t silver and 32.20% lead. Following this program Valencia terminated its option.

In 2010 Strategic optioned the property to Silver Predator Canada Corp. but no work was done before the option was dropped in spring 2012.

GEOMORPHOLOGY

The property is situated in the Cassiar Mountains. Local elevations range from 1050 m on Oake Creek to 1600 m on a ridge crest along the southern edge of the claim block. Creeks draining the property flow into the Meister River, a tributary of the Liard River.

Vegetation includes thick stands of mature balsam, spruce and pine interspersed with willow below 1300 m giving way to buckbrush and stunted balsam and finally grasses and lichen above 1500 m. Linear vegetation-depleted zones up to 15 m wide and 100 m long are developed along

the surface trace of some known and suspected mineral occurrences. Bedrock is generally capped by talus above 1400 m or by glacial till at lower elevations.

Climate in the area is categorized as continental and is characterized by relatively long cold winters and warm dry summers. Daylight ranges from a minimum of about 6 hours per day in December to a maximum of 22 hours per day in June. Annual precipitation averages approximately 450 mm. Snow can occur in any month and normally covers the ground from October to May. Maximum snow depth is about 150 cm. Permafrost is common in the area but is not pervasive. The local streams usually break up in late May and freeze over in early November.

REGIONAL GEOLOGY

Geology of the Rancheria District was mapped at 1:250,000 scale in the late 1950s, 1960s and 1970s by the Geological Survey of Canada (Poole, et al., 1960; and Gabrielse, 1969 and Tempelman-Kluit, et al., 1976). Various parts of the area have been remapped at 1:50,000 scale by geologists working for Indian and Northern Affairs Canada (Lowey and Lowey, 1986; and 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 Rancheria District is largely underlain by calcareous and non-calcareous sedimentary and metasedimentary rocks belonging to the Cassiar Platform tectonic element (Figure 5). The belt of rocks 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 km to 460 km of dextral offset in the Early Tertiary times (Mortensen, et al., 2000). The southwest side is bound 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 intrusive 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 (Mortensen, 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 each other 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.

REGIONAL MINERALIZATION

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

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FIGURE 5

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

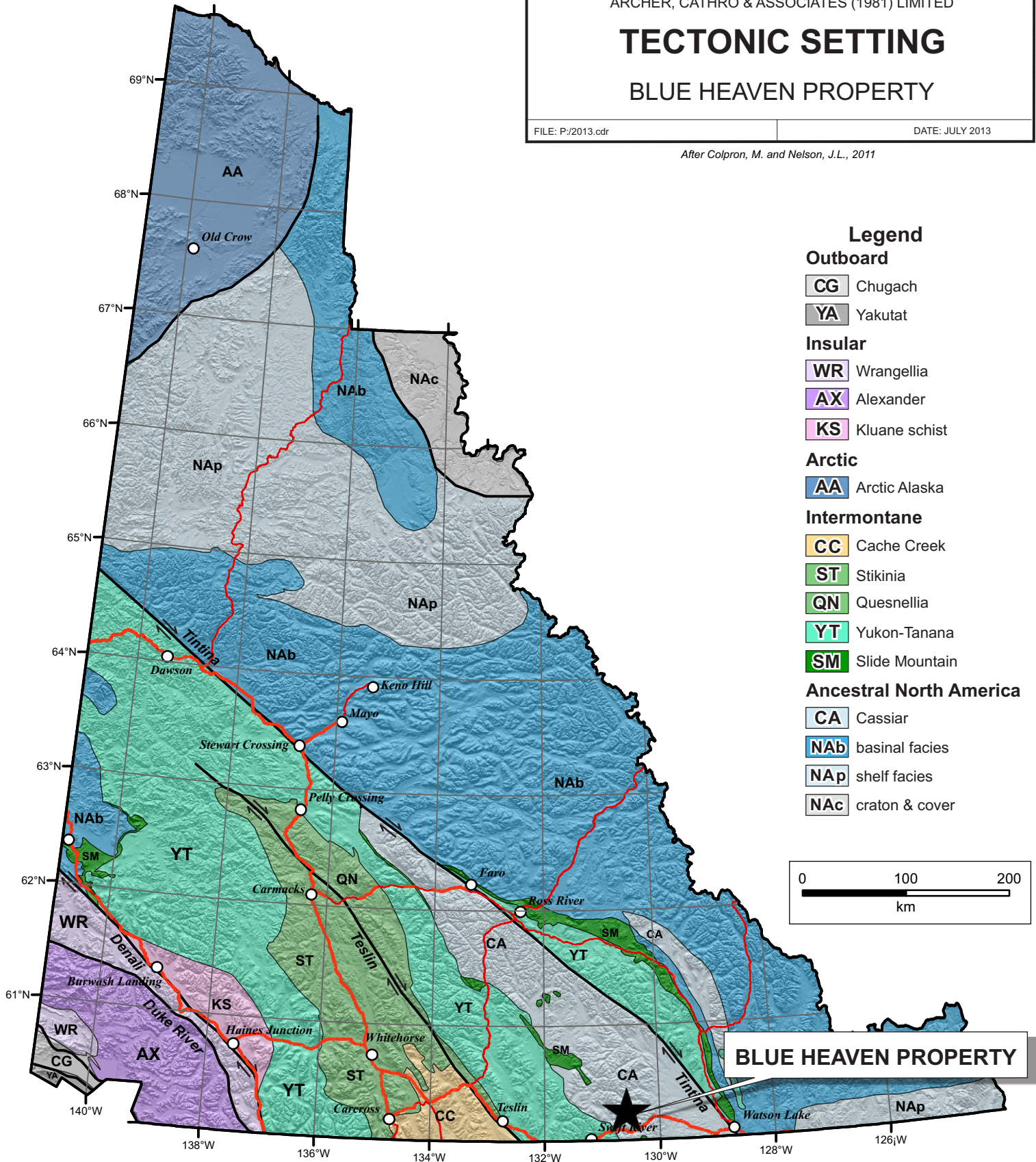
TECTONIC SETTING

BLUE HEAVEN PROPERTY

FILE: P:/2013.cdr

DATE: JULY 2013

After Colpron, M. and Nelson, J.L., 2011



development have outlined a NI 43-101 compliant, indicated resource comprising 4,168,557 tonnes with an average grade of 261.3 g/t silver, 4.87% lead, 8.5% zinc (Silvercorp, 2013). 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 containing a NI 43-101 compliant, inferred resource totalling 69,500 tonnes at an average grade of 555.66 g/t silver, 1.89% lead and 9.12% zinc. The locations of these deposits are shown on Figure 6.

PROPERTY GEOLOGY

Bedrock exposure on the property is poor (<5%) and is generally restricted to creek cuts, outcrops above tree line or small windows through the glacial till. The main units are Lower Cambrian schist, limestone and skarn belonging to the Cassiar Platform and granitic rocks of the Mid-Cretaceous Cassiar Batholith. Mineralized quartz veins cut both the metasedimentary and plutonic rocks but are in turn crosscut by younger felsic and mafic dykes.

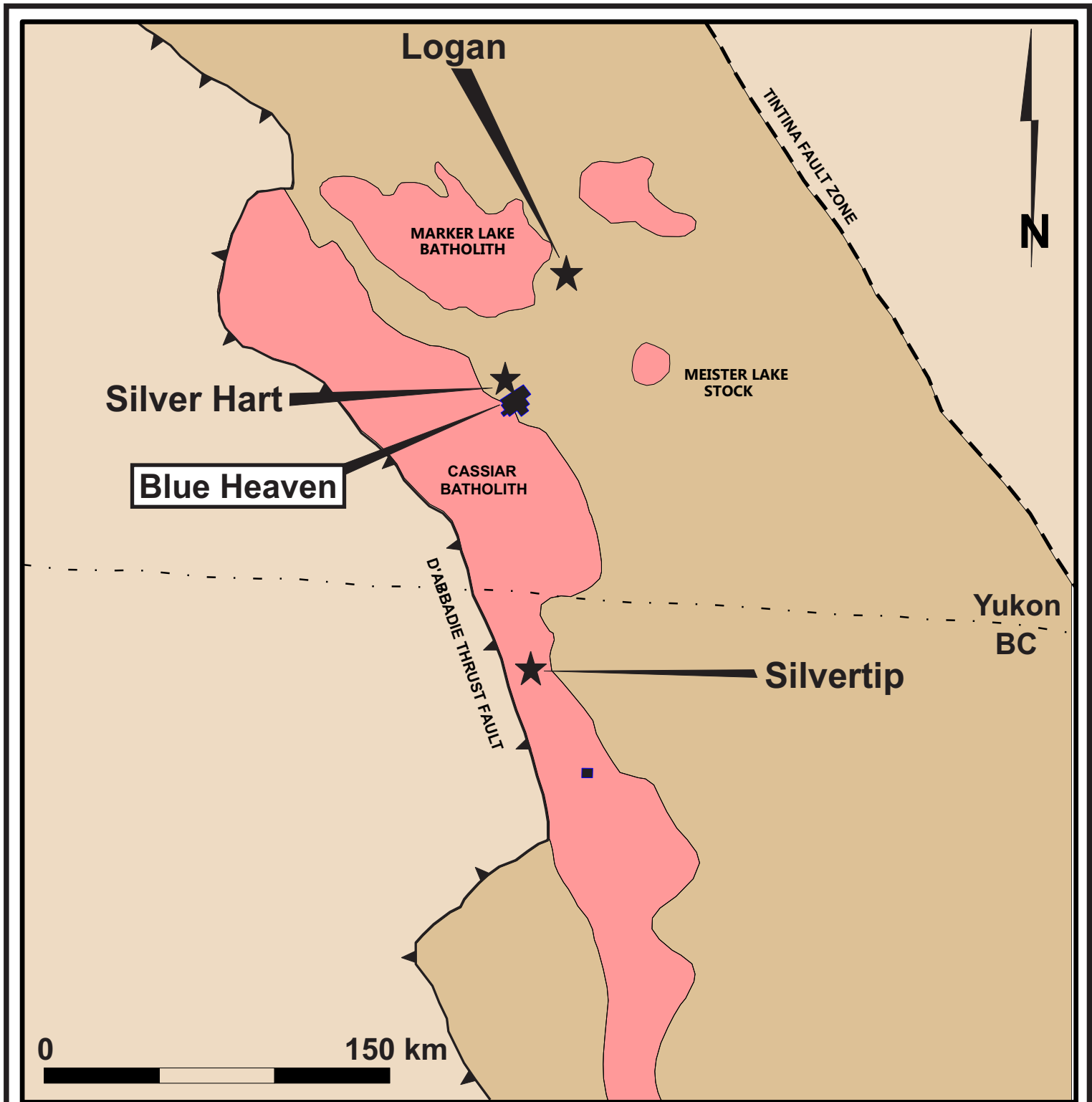
Property geology is shown on Figure 7. The main rock types are described below, followed by a few paragraphs on structural geology.

Schist is usually tan to dark brown weathering, medium grained, well foliated and light grey to pale green when fresh. It varies from hard and massive to crenulated and highly fissile. The unit consists of various combinations of quartz-muscovite±biotite±chlorite±feldspar. It is generally subdivided during outcrop and trench mapping but for the purpose of this report all schists have been grouped together. Quartz and feldspar augen are present in some layers with the feldspar often weathering to kaolinite. Foliaform quartz sweats are locally present while manganese and limonite stained fractures are common.

Limestone includes white coarsely crystalline marble and pale greenish grey, fine grained limestone. The finer grained limestone often contains biotite and muscovite along schistose partings and laminations. Trace amounts of pyrite and pyrrhotite occur as thin laminae (2 to 4 mm wide). This unit is interbedded with schist in a 350 to 500 m wide band (labelled on Figure 7 as “skarn and carbonate rich metasediments”) that trends southeasterly across the centre of the property. Limestone outcrops are rare and locally exhibit disseminated calc-silicates, which grade into rocks mapped as skarn.

Skarn is moderately banded, resistant weathering and varies in colour from green to white. It typically consists of alternating diopside and diopside-garnet rich bands but occasionally contains 60 to 80% coarse almandine garnet (<20 mm in diameter) in a white marble matrix. This unit contains up to 50% thinly interbedded schist in some exposures but averages less than 10%. Skarnified rocks occur in two main belts. The largest belt is 350 to 500 m wide and trends southeast across the central part of the property. The other belt, not shown on Figure 7, is 200 to 300 m wide and is centred on the Nite Zone in the northeastern part of the property. The skarnification postdates regional metamorphism and is likely related to emplacement of the Cassiar Batholith.

Granodiorite is grey, non-foliated and blocky weathering. Composition is relatively consistent

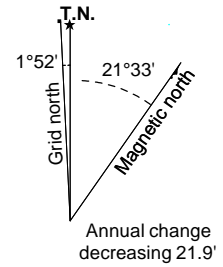
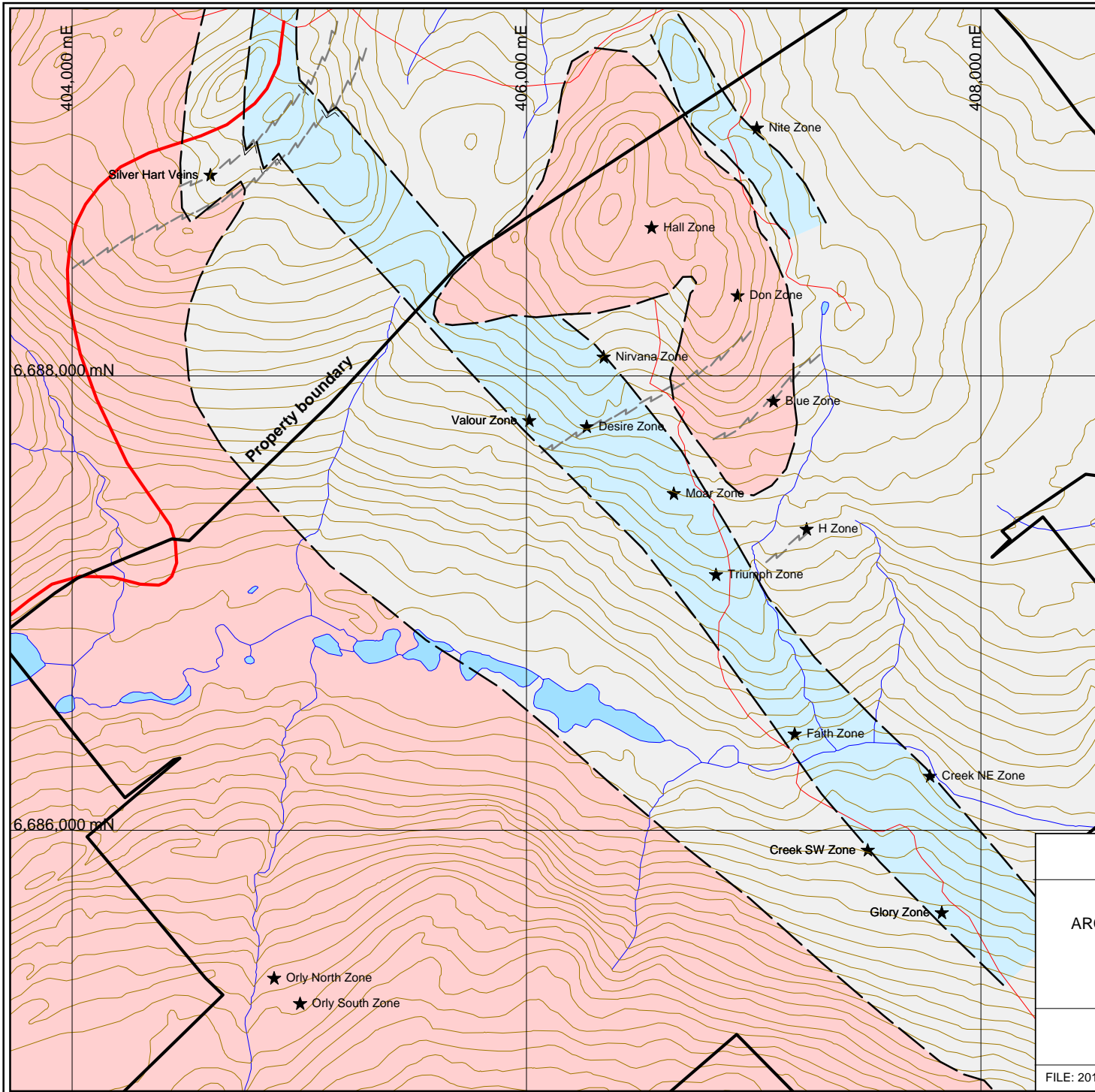


- Mid Cretaceous
Cassiar Plutonic Suite
- Cassiar Platform
- Yukon-Tanana Terrane
- ★ Deposit owned
by other

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FIGURE 6
 ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
REGIONAL GEOLOGY
BLUE HEAVEN PROPERTY

FILE:..2013 DATE: JULY 2013



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FIGURE 7
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

PROPERTY GEOLOGY
BLUE HEAVEN PROPERTY

UTM ZONE 9, NAD 83, 105B/07

FILE: 2013	DATE: JULY 2013
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with approximately 60% feldspar, 20% quartz, 15% biotite and 5% muscovite. The Cassiar Batholith underlies the southwestern part of the property while a 1.5 by 2 km plug of similar material occurs along a ridge in the northeastern part of the property. The contact between plutonic and metasedimentary rocks is irregular and marked by increased weathering and fracturing.

Felsic or mafic dykes have only been found in a few small outcrops (not shown on Figure 7). Both types of dyke are aphanitic, with the felsic dykes having quartz and albite phenocrysts in a light grey groundmass and the mafic dykes having biotite and rare augite phenocrysts in a dark green groundmass. The dykes are generally less than 1 m wide and altered to green clay near surface.

Foliation is well developed within the metasedimentary rocks and consistently strikes southeast with moderate dips toward the northeast. It appears to parallel compositional layering and relic bedding. All units are conformable and there is no evidence of large scale folding. Jointing is well developed in all rock types and three sets of orientations predominate. The strongest jointing on the property strikes northeast and dips moderately northwest. The second set strikes east and dips steeply to the south. The weakest joints strike north and dip near vertical. Mineralized veins approximately parallel the strongest joint set, striking northeast and dipping to the northwest, while unmineralized veins strike east and dip moderately to the north. The veins postdate skarnification.

AIR PHOTOGRAPHS

The airphoto survey was flown on September 3, 2012 by Geographic Air Survey Ltd. of Edmonton, Alberta, using an Aero Commander 690 A that was temporarily based at the airport in Whitehorse. The photographs were taken on north-south lines at about 7710 m above sea level using a Zeiss DMC II 230 camera.

Conditions were generally clear but some images are partially obscured by scattered cloud cover. Appendix III contains a disk with digital images and flight lines.

Three main sets of topographic linears have been identified on airphotos. The strongest linears trend northeast and are best developed on ridge tops within the granodiorite. On surface these zones are marked by depressions from 2 to 10 m deep and up to 20 m wide. They can be easily followed for up to 800 m along strike. Most are U-shaped with flat bottoms that are mantled with angular granodiorite boulders. These linears are interpreted as zones of increased jointing adjacent to faults. They host most of the known mineralized veins and parallel the dominant joints.

The second set of topographic linears trend easterly and occur within the metasedimentary units. These linears are found at lower elevations and range from 2 to 4 m deep and average 5 m wide. They are usually filled with intermittent streams, overburden and thick vegetation. This set of linears appears to have developed due to differential weathering of the metasedimentary units.

The third set trends northerly. A few of these linears coincide with major drainages. In some

places northerly trending structures appear to truncate northeast trending linears, but elsewhere they are developed between northeast trend linears and appear to be truncated by them.

DISCUSSION AND CONCLUSIONS

A number of the strongest topographic linears apparent on the air photos coincide with known mineralized veins, but several other strong structures have not been thoroughly prospected or geochemically sampled.

The next phase of work at the Blue Heaven property should involve systematic prospecting and sampling along all of the main linears, with particular attention to those that have northeasterly trends. Closely spaced (5 m), deep soil auger sampling should be done on section lines that test across the most prospective linears at regular intervals (100 m) along them.

The best targets identified by this work and areas located along strike of known mineralization should be followed up with a program of reverse-circulation percussion drilling using a track mounted self-propelled drill.

Respectfully submitted,

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

W. Douglas Eaton, B.Sc.

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APPENDIX I
STATEMENT OF QUALIFICATIONS

STATEMENT OF QUALIFICATIONS

I, W. Douglas Eaton, geologist, with business address in Whitehorse, Yukon Territory and Vancouver, British Columbia and residential address in North Vancouver, British Columbia, hereby declare that:

1. I graduated from the University of British Columbia in 1980 with a B.Sc. majoring in Geological Sciences.
2. From 1971 to present, I have been actively engaged in mineral exploration in British Columbia and Yukon Territory and on June 1, 1981, became a partner in Archer, Cathro & Associates (1981) Limited.
3. In 1983, 1984 and 1989, I participated in and supervised profitable small-scale, high grade mining operations on mineral claims leased from United Keno Hill Mines Ltd. in central Yukon, and in 1999. I supervised a similar operation on behalf of Nordac Resources Ltd. at its Blue Heaven property in southern Yukon.
4. I have personally participated in or supervised the field work reported herein and have interpreted all data resulting from this work.

W. Douglas Eaton, B.Sc. Geology

APPENDIX II
STATEMENT OF EXPENDITURES

Statement of Expenditures
Blue 1-2, H 1-5 and Heaven 1-114 Mineral Claims
January 31, 2013

Contract Airphoto

Underhill Geomatics Ltd.

\$4,906.45

APPENDIX III
EXTERNAL DRIVE WITH DIGITAL AIR PHOTOGRAPHS

See Data Folder for
Digital Data