# TECHNICAL REPORT
# on the
# NINES CREEK PROJECT

Nines 31 to 78 (P 50506-P 50557)

## NTS: 115G/02

## Latitude 61º 10’ 53” Longitude 138º 42’ 11”

## Whitehorse Mining District

Work performed between September 25 - 27, 2008
and
August 21 - September 9, 2009
April 31 - September 16, 2010
August 20 - September 14, 2011
August 28 - September 17, 2012

**For**
**Ralph Keefe**
**P.O. Box 201**
**Francois Lake, British Columbia**
**V0J 1R0**

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January 31, 2013

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**Item 1: Summary**

Nines Creek project area lies on the south side of Kluane Lake approximately 25km southeast of the community of Burwash Landing, Yukon. The property is at the southern end of Kluane Placer District which has been producing significant placer gold for more than 100 years. Access to Nines Creek is from the Alaska Highway with a two-wheel drive trail at a point approximately 8km southeast of the community of Destruction Bay, Yukon. The claims lie in the Whitehorse Mining District and are administered out of Whitehorse, Yukon.

The 2012 exploration program was hampered by harsh weather conditions. A cool, late spring combined with a heavy snow pack lead to early season flooding and extensive washouts of the Alaska Highway both north and south of Whitehorse as well as into the project area on Nines Creek. High water conditions lasted into the fall, delaying geophysical Resistivity surveys and bulk sampling of the high mag target outlined below the canyon on Nines Creek. Extreme wind in late August and through mid-September made working uncomfortable and at times hazardous.

Despite the adverse conditions the exploration program was partially successful in that Resistivity surveys were completed over three transects across the Nines Creek Valley. The area planned for bulk sampling was only partially trenched, with approximately 14% of the placer magnetic anomaly between Lines 11 and 14 tested. The bulk sampling consisted of sluicing 70 bank $yd^3$ in 4 samples. At the area closest to the south bank of the valley, it was found that an extensive talus layer was located beneath surface gravels and it is believed that gold grades within this layer were low. Visible placer gold was collected at each sample site and varied from minor, very fine specks, to a small nugget weighing 88mg. All samples were noted to contain significant quantities of magnetite.

This season's efforts were a follow up to initial sampling completed in 2011 and a Total Magnetic Field survey completed during 2009. This detailed geophysical survey revealed magnetic high anomalies both above and below the canyon area that were thought to be a reflection of alluvial magnetite. Placer gold is often concentrated in the same area due to its high specific gravity. The largest nugget collected to date was a 997mg nugget collected within 4m (12') of surface from L11E Test 4 sample site.

It is the author's opinion that the work completed on the Nines Creek property registered to Ralph Keefe indicates that it is a placer gold property worthy of further exploration.

## Item 2: Introduction and Terms of Reference

### 2.1 Qualified Person and Participating Personnel

Mr. Kenneth D. Galambos, P.Eng. was commissioned by Ralph Keefe of Francois Lake, British Columbia to examine and evaluate the traditional placer gold potential and the gold content contained in the magnetite and other heavy minerals present in the creek gravels on the Nines Creek Project and to make recommendations for the next phase of exploration work in order to test the economic potential of the property. The author did not participate in the field work on Nines Creek in 2012, but did considerable work arranging contractors to complete the geophysical and physical trenching programs on the project.

This report describes the property and is based on historical information and an examination and evaluation of the property by the author from September 25 to 27, 2008. The author was assisted in the field in 2008 by Mr. Ralph Keefe of Francois Lake, British Columbia. Subsequent programs conducted during the summer of 2009 entailed the services of Bob Sterling, an independent geophysical contractor and Ralph Keefe to complete a magnetic survey planned by the author. The 2010 program included the services Gordy's Excavating of Whitehorse and Chuck Exploration of Destruction Bay for the trenching. Ralph Keefe of Francois Lake, BC, Bruce McMillan and Bradley Schmidt both of Whitehorse were involved in the general exploration and testing on the north and south forks of Nines Creek. The 2011 and 2012 sampling programs used the services of Gordy's Excavating of Whitehorse.

### 2.2 Terms, Definitions and Units

- All costs contained in this report are denominated in Canadian dollars.
- Distances are primarily reported in metres (m) and kilometers (km) and in feet (ft) when reporting historical data.
- Volumes are expressed as bank cubic yards (bcy) which is the in-situ volume and loose cubic yards (lcy), the disturbed volume of material that is typically sampled.
- GPS refers to global positioning system.
- Minfile showing refers to documented mineral occurrences on file with the Yukon Geological Survey.
- The term ppm refers to parts per million, equivalent to grams per metric tonne (gm/t).
- ppb refers to parts per billion. 1000ppb is equivalent to 1 gm/t.
- The abbreviation oz/t refers to troy ounces per imperial short ton.
- The symbol % refers to weight percent unless otherwise stated. 1% is equivalent to 10,000ppm.
- Elemental and mineral abbreviations used in this report include: gold (Au), platinum (Pt), palladium (Pa), chalcopyrite (Cpy) and pyrite (Py).

## 2.3 Source Documents

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

- Research of the Minfile data available for the area at http://www.geology.gov.yk.ca/
- Research of mineral titles at http://www.yukonminingrecorder.ca/
- Review of company reports and annual assessment reports filed with the government at http://emr.gov.yk.ca/library/
- Review of geological maps and reports completed by the Yukon Geological Survey or its predecessors.
- Published scientific papers on the geology and mineral deposits of the region and on mineral deposit types.
- The author has previous independent experience and knowledge of the regional area having worked on the Frypan Creek property and having conducted regional exploration throughout the belt for Hudson Bay Exploration and Development Ltd. and Noranda Exploration Ltd. NPL.
- Work on the property by the author from September 25 to 27, 2008 and by Keefe and Sterling, August 22 to 28, 2009, by Keefe et al April 27 to September 16, 2010, by Keefe et al August 20-September 15, 2011 and by Keefe et al August 28-September 17, 2012.
- A review of the 2D geophysical survey method to map the bedrock/gravel interface can be found on the Arctic Geophysics website at http://www.arctic-geophysics.com/

## 2.4 Limitations, Restrictions and Assumptions

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

## 2.5 Scope

This report describes the current exploration programs, geology, previous exploration history and mineral potential of the Nines Creek Project. Research included a review of the historical work that related to the immediate and surrounding area of the property. Regional geological data and current exploration information have been reviewed to determine the geological setting of the mineralization and to obtain an indication of the level of industry activity in the area. The property was examined and originally evaluated by the author in late September, 2008 after the staking of the 5 mile placer lease by Mr. Keefe. Work consisted of limited geological mapping, rock and geochemical sampling of the heavy minerals in the creek. Following up on this initial visit, the owner of the property conducted geophysical surveys in 2009 and converted the 5 mile lease to claims. In 2010, an extensive trenching program of 3476 bcy was completed in an effort to determine the potential grade of the gravels. A sampling program completed in 2011 consisted of the processing of 2-4 lcy of gravel at 42 separate locations. The 2012 program consisted of trenching and processing of 70 lcy of gravel in four samples.

## Item 3: Reliance on Other Experts

Some data referenced in the preparation of this report was compiled by geologists employed by the Yukon Geological Survey including its predecessor and the Geological Survey of Canada, both prior to and after the inception of National Instrument 43-101. These individuals would be classified as "qualified persons" today, although that designation may not have existed when some of the historic work was done. The author assumes no responsibility for the interpretations and inferences made by these individuals prior to the inception of the "qualified person" designation.

## Item 4: Property Description and Location

The Nines Creek claim group consists of fifty-two contiguous placer claims located in the Whitehorse Mining District covering an area of approximately 1086ha. The claims lie in the front ranges of the Kluane Mountains near Kluane Lake and the community of Destruction Bay. The claims were staked by Ralph Keefe.

**Table 1: Claim Data**

| ClaimName | Claim# | GrantNumber | Claim Owner | RecordingDate | ExpiryDate |
|---|---|---|---|---|---|
| NINES | 31 | P 50506 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 32 | P 50507 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 33 | P 50508 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 34 | P 50509 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 35 | P 50510 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 36 | P 50511 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES 36A | | P 50512 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES 36B | | P 50513 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES 36C | | P 50514 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES 36D | | P 50515 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 37 | P 50516 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 38 | P 50517 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 39 | P 50518 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 40 | P 50519 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 41 | P 50520 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 42 | P 50521 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 43 | P 50522 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 44 | P 50523 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 45 | P 50524 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 46 | P 50525 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 47 | P 50526 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 48 | P 50527 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 49 | P 50528 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 50 | P 50529 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 51 | P 50530 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 52 | P 50531 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 53 | P 50532 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 54 | P 50533 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 55 | P 50534 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 56 | P 50535 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |

| | | | | | |
|---|---|---|---|---|---|
| NINES | 57 | P 50536 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 58 | P 50537 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 59 | P 50538 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 60 | P 50539 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 61 | P 50540 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 62 | P 50541 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 63 | P 50542 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 64 | P 50543 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 65 | P 50544 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 66 | P 50545 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 67 | P 50546 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 68 | P 50547 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 69 | P 50548 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 70 | P 50549 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 71 | P 50550 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 72 | P 50551 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 73 | P 50552 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 74 | P 50553 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 75 | P 50554 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 76 | P 50555 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 77 | P 50556 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |
| NINES | 78 | P 50557 | Ralph Keefe - 100%. | 9/1/2009 | 9/1/2013 |

The claims comprising the Nines Creek property as listed above are being held as an exploration target for possible placer mining activities which may or may not be profitable. The owner of the claims is in the process of applying for a water license which if successful, will provide greater certainty that the claims could be mined at some point in the future. There is no guarantee that this application process will be successful.

## Item 5: Accessibility, Climate, Local Resources, Infrastructure and Physiography

### 5.1 Location and Access

The Nines Creek project area lies on the south side of Kluane Lake in the Kluane Game Sanctuary. The centre of the area lies approximately 25 km SE of the community of Burwash Landing, Yukon on map sheets 115G02 and 115G07. The property is accessed through a Government gravel pit with a

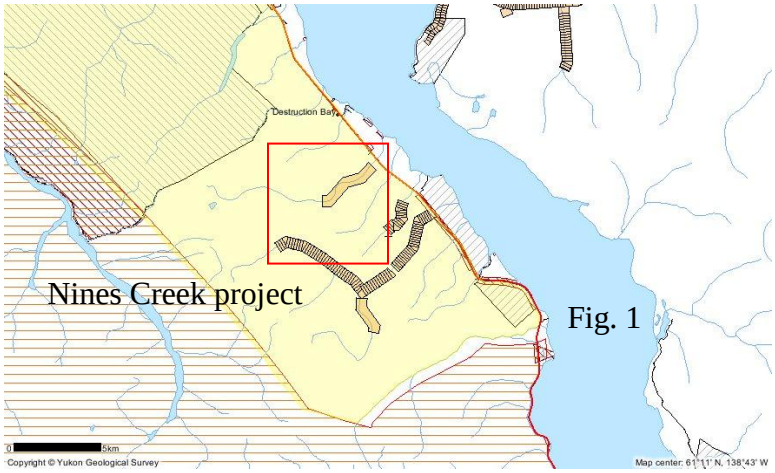



Fig. 1 Claim location map

two-wheel drive trail at a point approximately 8km southeast of the community of Destruction Bay, Yukon. The claims lie in the Whitehorse Mining District and are administered out of Whitehorse, Yukon.

### 5.2 Local Resources and Infrastructure

The nearby community of Destruction Bay hosts a hotel, café and nursing station. The small population could provide some or all of the manual labour and equipment operators required for a small placer operation.

Plate 1: 2wd access road to the project

### 5.3 Physiography

Nines Creek lies within the St. Elias Mountains in south western Yukon. The majority of the property has a moderate grade while the property is confined to a fairly tight creek channel. The creek channel is essentially barren with low scrub encroaching into the creek banks. Below the property and once the creek has exited the front ranges, it has deposited significant quantities of gravel in a large alluvial fan deposit. The width of the fan where it exits the gulch is roughly 80m and from air photo interpretation the fan reaches a width in excess of 3km on the shores of Kluane Lake a distance in excess of 5km. Much of this area is barren with only scattered clumps of low shrubs and isolated trees. In areas of heavier vegetation, spruce and cottonwood predominated with alder and willow common in the wetter areas.

## Item 6: History

Only limited exploration has been completed on Nines Creek prior to 2008. The area was initially withdrawn from staking during the time leading up to the creation of Kluane National Park in 1972 and again prior to the settlement of the Kluane First Nations Final Agreement on October 18, 2003. The area was open for development for a brief time during the late 1980s as evidenced by old claim posts near the lower canyon on Nines Creek.


Plate. 2: Historic claim post

Claim tags revealed the creek had been staked by William M. Blahitka and recorded as Frija with tenure # P 27510 on August 26, 1988. The claim expired the following year without any work being filed for assessment. The alluvial fan on Nines Creek had also been tested by a local Destruction Bay equipment operator at one point as well, with only a few colors being recovered. (pers com). The surface gravels of the lower Nines Creek alluvial fan target was also systematically evaluated in September of 2008 by Nines Creek Gold Corp. with limited success.

In 2008, Mr. Ralph Keefe staked a five-mile prospecting-lease on the upper Nines Creek. Mr. Keefe initially evaluated his lease using a backhoe test pitting program of the creek gravels. In an attempt to focus exploration, a detailed magnetic survey was completed on the claims in 2009 in an attempt to map alluvial concentrations of magnetite. A total of 8.5 line km of survey was completed using stations with 5m separation along lines spaced 20m apart. A trenching program to test the magnetic anomalies identified in the 2009 survey and to determine potential mining grades was initiated in late August of 2010. A total of 3476bcy were dug in the program, however the onset of winter conditions did not permit the sampling of any of the gravels. A follow-up program in 2011, sluiced a total of 109.5 lcy in 41 separate samples.

Plate 3: Excavator used in 2008-2012 sampling programs

**Item 7: Geological Setting and Mineralization**

**7.1 Regional Geology**

The bedrock geology in the area is as follows:

**NW1: WRANGELL LAVAS**

rusty red-brown, phyric and non-phyric basaltic andesite flows (minor pillow lava), interbedded with felsic tuff, volcanic sandstone and conglomerate; acid pyroclastics related to intra-Wrangell intrusions; thin basaltic andesite and andesite flows **(Wrangell Lavas)**

**MW: WRANGELL SUITE**

fine to medium grained, hornblende +/- biotite granodiorite and porphyritic (K-feldspar) hornblende granodiorite; medium grained, uniform biotite diorite and pyroxene gabbro; subvolcanic hornblende +/- biotite rhyolite, rhyodacite, dacite, and trachyte **(Wrangell Suite)**

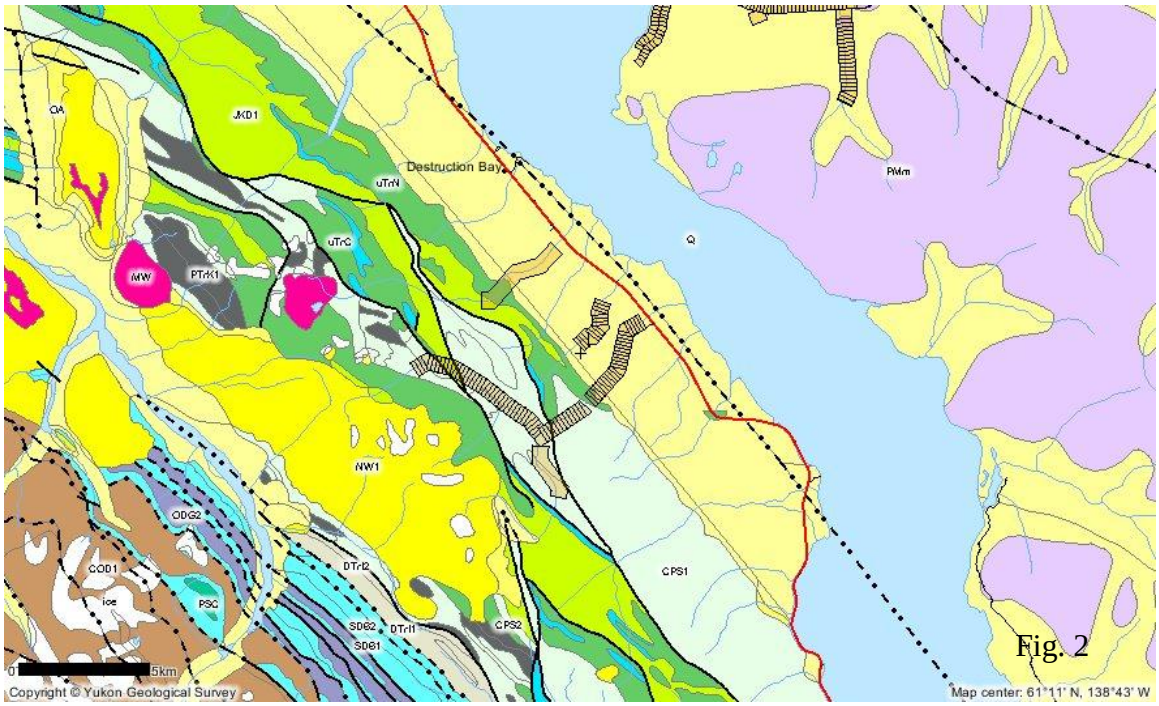



Fig. 2

Fig. 2: Regional Geology

**CPS1: SKOLAI**
volcanics succeeded upward by clastic strata, tuff, breccia, argillite, agglomerate, augite-phyric basaltic to andesitic flows (Station Cr. Fm); succeeded by thin-bedded argillite, siltstone, minor greywacke and conglomerate and local thin basaltic flows, breccia and tuff (Hasen Cr. Fm) **(Skolai Gp., Station Creek and Hasen Creek)**

**JKD1: DEZADEASH**
interbedded light to dark buff-grey lithic greywacke, sandstone, siltstone, thin dark grey shale, argillite, phyllite and conglomerate; rare tuff **(Dezadeash)**

**uTrC: CHITISTONE**
thin interbedded light to dark grey argillaceous limestone and dark grey argillite; massive light grey limestone, limestone breccia and darker grey, well-bedded limestone; white to creamy-white gypsum and anhydrite **(McCarthy, Chitistone and Nizina limestones)**

**uTrN: NICOLAI**
amygdaloidal basaltic and andesitic flows, with local tuff, breccia, shale and thin-bedded bioclastic limestone; volcanic breccia, pillow lava and conglomerate at base; locally includes dark grey phyllite and minor thin grey limestone of Middle Triassic **(Nicolai Greenstone)**

**PTrK1: KLUANE ULTRAMAFIC SUITE**
medium grey-green, massive, medium grained, pyroxene gabbro and greenstone sills; sheeny black peridotite, rare dunite **(Kluane-type Mafic-Ultramafics; Squaw Datlasaka Ranges Gabbro-Diabase Sills)**

## 7.2 Property Geology

The placer claims comprising the Nines Creek property overlie only a few of the regionally present units but the alluvial deposits are composed of a mix of most of the rocks in the area including a few erratic boulders of granitic composition. Rocks that have been mapped in the immediate area include:

**CPS1: SKOLAI**
volcanics succeeded upward by clastic strata, tuff, breccia, argillite, agglomerate, augite-phyric basaltic to andesitic flows (Station Cr. Fm); succeeded by thin-bedded argillite, siltstone, minor greywacke and conglomerate and local thin basaltic flows, breccia and tuff (Hasen Cr. Fm) **(Skolai Gp., Station Creek and Hasen Creek)**

**JKD1: DEZADEASH**
interbedded light to dark buff-grey lithic greywacke, sandstone, siltstone, thin dark grey shale, argillite, phyllite and conglomerate; rare tuff **(Dezadeash)**

**uTrN: NICOLAI**
amygdaloidal basaltic and andesitic flows, with local tuff, breccia, shale and thin-bedded bioclastic limestone; volcanic breccia, pillow lava and conglomerate at base; locally includes dark grey phyllite and minor thin grey limestone of Middle Triassic **(Nicolai Greenstone)**

## 7.3 Mineralization

Discussion of mineralization on the property is confined to placer gold. There has been no attempt made to determine the purity of the placer gold collected to date. Nines Creek is known to contain grains and small nuggets of placer gold in as yet undetermined concentrations. The recovered gold from the property ranges in size from very small flakes up to a small nugget weighing approximately 997mg recovered from Test-4 on Trench 11 on the right limit of Nines Creek. The previously largest flake recovered on the creek weighed 16.6mg and was collected by the author from a one bucket sample of mixed gravels located on bedrock approximately 500m below Nines 31, again on the right limit of the creek. This sample was collected well above the grade of the present creek level and would be considered “side pay”. The best sample from the 2012 program recovered 278mg of gold from 32 lcy of mixed gravels, tight against the right limit bank of the creek valley. Several large boulders were removed from a 4m (12’) hole at the end of trench 14 with one very large boulder being too large to remove from the test pit. The excavation encountered a layer

of talus from roughly 9-12’ depth, representing approximately 25% of the sample processed.

## Item 8: Deposit Types

### 8.1 Gulch Placers

Gulch placers are very high energy lag systems that exist in confined drainages. As with all lag deposits, they are poorly sorted and contain angular to sub-rounded particles ranging from silt to boulder in size. Boulder clusters exist within the drainage and protect poorly sorted material which acts like natural riffles that collect gold particles. The deposits can be quite rich, but may be spotty with localized concentrations of gold. Pay zones are typically narrow and range from a few inches to several feet and are normally located at or near bedrock or false bedrock within the sediment package. The source for the gold particles is quite close and the deposit forms more from the removal of lighter material than the lengthy transportation of the heavy minerals. Gold particles in a pure gulch placer will exhibit little rounding or folding and tend to be crystalline, flat, wire or shot like as found in the lode source.

### 8.2 Glacial Placers

Glacial movement tends to smear any existing placer or lode deposits in a down ice direction and generally results in poorly sorted moraine containing abundant clay or rock flour. The glacial deposits rarely concentrate any heavy minerals and can often bury existing gulch placers beneath barren sediments. Placer deposits that form from gold bearing glacial sediments are typically gulch and alluvial deposits that have formed from the reworking of these glacial sediments.

### 8.3 Volcanic Massive Sulphide Deposits

The primary model suggested by Steve Israel of the Yukon Geological Survey for the mineralization found on the Nines Creek property is that of a volcanic massive sulphide deposit. Examples in similar settings would include the Besshi deposits in Japan, Windy Craggy located in British Columbia and Greens Creek deposit in Alaska. Noranda/Kuroko type VMS deposits found in similar terranes include Tulsequah Chief, Kutcho Creek and Myra Falls in British Columbia.

Israel has noted VMS style mineralization in the Lower Station Creek formation volcanic rocks which have returned a 320 Ma age which coincides with VMS mineralization that has recently been found in the upper portion of the Sicker Arc on Vancouver Island. Massive magnetite deposits and magnetite-bearing jasper form as exhalative lenses up to a metre thick and several tens of metres in strike length elsewhere in the Station Creek basalts.

The Besshi type deposits generally form as thin sheets of massive to well layered iron sulphides (pyrrhotite and or pyrite) with chalcopyrite, sphalerite and minor galena interlayered terrigenous clastic rocks and calcalkaline mafic to intermediate tuffs and flows. The deposits generally form in extensional

environments such as back-arc basins, rift basins in the early stages of continental separation and oceanic ridges proximal to continental margins. Deposits are generally a few metres thick and up several kilometers in strike length and down dip though they can occur as stacked lenses. Primary mineralization generally consists of pyrite, pyrrhotite, chalcopyrite, sphalerite, cobaltite, magnetite, galena, bornite, tetrahedrite, cubanite, stannite, molybdenite, arsenopyrite and marcasite. As such, copper, gold, silver, zinc and lead are the main commodities found in Besshi type deposits although the relative amounts of each mineral may vary widely. Alteration generally consists of quartz, chlorite, calcite, siderite, ankerite, pyrite, sericite and graphite.

The grade and tonnage potential for these types of deposits varies considerably from an average of 0.22Mt, containing 1.5% Cu, 2-9g/t Ag and 0.4-2% Zn for the type-locality Besshi deposits to the very large Windy Craggy deposit which has reserves of more that 113.0 Mt containing 1.9% Cu, 3.9 g/t Ag and 0.08% Co. (Cox and Singer, 1986). Associated deposit types are generally confined to Cu and Zn veins.

## Item 9: Exploration

### 9.1 Current Exploration

The current exploration on Nines Creek is a follow up on a 2009 geophysical survey that collected magnetic data over a detailed grid over the lower sections of the creek. A number of anomalies were located during the survey which may

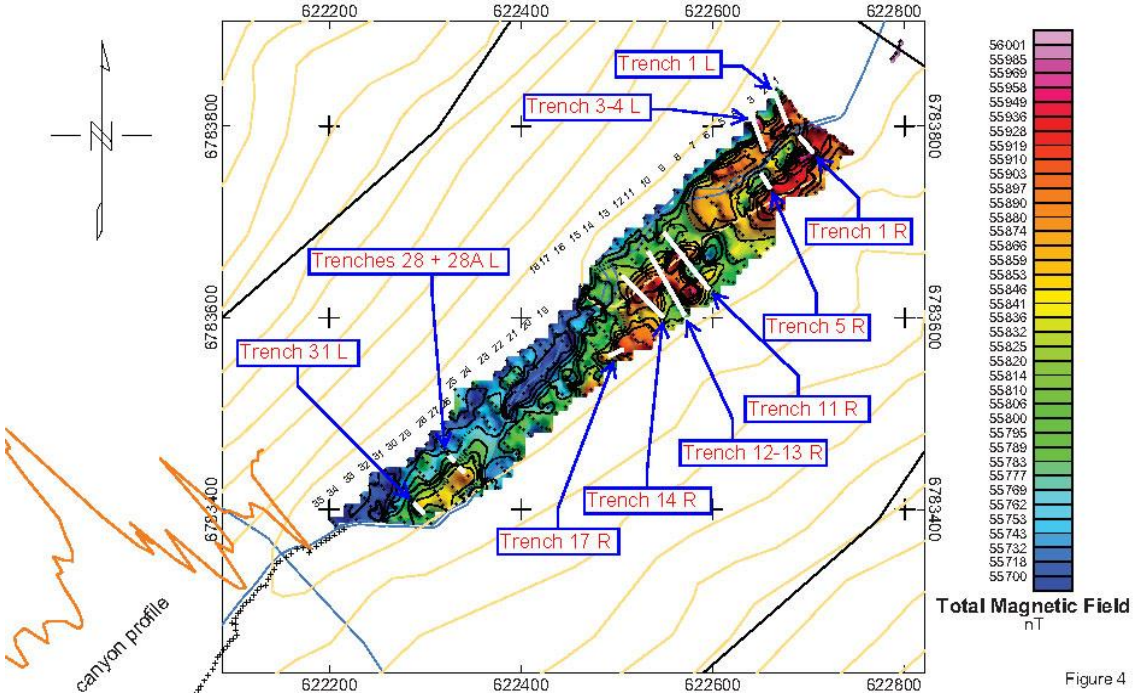



Fig. 3: Magnetic survey results below canyon on Nines Creek with location of trenches dug in 2010.

indicate alluvial magnetite and possible locations where placer gold may accumulate. The profile line through the canyon identified an area of high magnetism which is likely related to bedrock. Layers of massive magnetite and hematite cross the creek and may be the source for some of the magnetite present in the creek gravels. Significant weather impacted the 2012 program in the form of washouts both onsite as well as on the Alaska Highway both north and south of Whitehorse.


Plate 4: Partial washout of the road into the claims

**9.2 Sample collection**

Exploration in 2012 consisted of the bulk testing of approximately 70 lcy of material in the area of a significant magnetic anomaly as outlined above. Due to extreme weather conditions wind/rain and freezing temperatures, only 7 of the 50m of planned bulk sampling, 14%, was tested. A new and untested sluice plant was used for the 2012 program and required modification and alterations during the first few days of testing. No matting was used during the program.


Plate 5: Sluice plant used in the 2012 test program

Samples were placed using an excavator into a homebuilt sluice box where gravels were washed. A sample of high specific gravity concentrate was collected from each location. The sluice was thoroughly washed and cleaned

after each test to ensure that there was no cross contamination between sample sites.

### 9.3 Sample Locations

Field notes were collected at each test site. Notes regarding the location, amount of gravels processed and characteristics of the gravels were collected.

Table 2: Field Notes

| Date | Trench # | UTM zone 07 | | General Description | Volume Processed loose cubic yards (lcy) |
|---|---|---|---|---|---|
| | | Location (E) | Location (N) | | |
| Aug 31-Sept 3, 2012 | L-14 start<br>end | 622551<br>622547 | 6783639<br>6783648 | right limit | 32 lcy |
| Sept 5-7, 2012 | Trench 14, L14-L13 | 622552 | 6783636 | right limit | 27 lcy |
| Sept 8, 2012 | L14-L13 | | | right limit<br>0-6' | 8 lcy |
| Sept 8, 2012 | L13 | 622562 | 6783637 | right limit<br>6-12' | 3 lcy |

### 9.4 Test Results

A scale capable of measuring to an accuracy of 1mg was purchased to accurately measure the fine gold collected in the test program and to measure the gold collected during the 2011 test program. Notations were made as to the brightness and roughness of the gold as well as other materials present.


Plate 6: 88mg gold nugget collected in 2012

## Table 3: Results 2012

| Sample Number | Estimate of gold size | | | | Notes | Volume lcy | Weight (mg) |
|---|---|---|---|---|---|---|---|
| | ≥1mm | <1mm ≥0.5mm | <0.5mm ≥0.1mm | <0.1mm | | | |
| L14 #4D | >10 | >10 | >10 | >10 | 1-6 x 2mm nugget<br>1-3x2mm nugget | 32 | 278 |
| L13T4U | 8 | >10 | >10 | >10 | 1-2x2mm flake<br>1-2x3mm flake | 27 | 32 |
| L14E-L13W Bank 0-6' | 4 | >10 | >10 | >10 | 1-2mm flake | 8 | 78 |
| L14E-L13W Bank 6-12' | 3 | 5 | >10 | >10 | | 3 | 11 |

## Table 4: Results 2011 (Samples not weighed are marked "x")

| Sample Number | Estimate of gold size | | | | Notes | Volume (lcy) | **Weight (mg)** |
|---|---|---|---|---|---|---|---|
| | ≥1mm | <1mm ≥0.5mm | <0.5mm ≥0.1mm | <0.1mm | | | |
| L 1 Test 1 only | 4 | 1 | 2 | >10 | both bright and dull gold | 4 | **40** |
| L 1 Test 1 | 1 | 4 | 10 | >10 | copper stained nuggets | 2.5 | **x** |
| L 1 Test 2 | 2 | 4 | 9 | >10 | both bright flakes and dull gold pellets | 2.5 | **5** |
| L 1W Test 3 | 0 | 7 | 8 | >10 | | 2.5 | **x** |
| L 1W Test 4 | 0 | 2 | 5 | 7 | | 2.5 | **x** |
| L 2 Test 1 | 2 | 4 | 4 | >10 | 1-2mm and 1-2x4mm gold nugget,<br>1 small platinum grain? | 2.5 | **66** |
| L 2-3W Test 2 | 2 | 6 | 11 | >10 | | 2.0 | **14** |
| L 3-4E Test 1 | 1 | 3 | 0 | >10 | | 3.5 | **x** |
| L 3-4E Test 2 | 3 | 2 | 0 | >10 | | 3.5 | **x** |
| L 3-4E Test 3 | 0 | 4 | 3 | >10 | | 2.5 | **x** |
| L 3-4E Test 4 | 1 | 1 | 4 | >10 | | 2.5 | **7** |
| L 3-4E End | 0 | 0 | 12 | >10 | | 2.5 | **x** |
| L 3-4W Test 1 | 0 | 5 | 6 | >10 | | 2.5 | **x** |
| L 3-4W Test 3 | 1 | 4 | 5 | >10 | both bright flakes and dull gold pellets | 2.5 | **15** |
| L 3-4W Test 4 | 2 | 2 | 7 | >10 | | 2.5 | **13** |
| L 5 Test 1 | 3 | 0 | 0 | 2 | 1-3mm nugget, very rough | 3.0 | **111** |
| L 5E Test 2 | 1 | 3 | 17 | >10 | | 3.0 | **x** |
| L 11E Test 1 Bank | 2 | 5 | 8 | >10 | mariposite | 4.0 | **4** |
| L 11E Test 2 middle | 0 | 3 | 4 | 6 | | 2.5 | **x** |
| L 11E Test 3 creek | 3 | 3 | >10 | >10 | bright gold | 2.5 | **20** |
| L 11E Test 4 | 2 | 18 | >10 | >10 | 1.0g nugget | 2.5 | **12** |
| Hole 11 Test 1 Large | 7 | 18 | >10 | >10 | | 2.5 | **10** |
| Hole 11 Test 2 from hillside | 7 | 7 | >10 | >10 | lots of magnetite and hematite | 2.5 | **10** |
| Hole 11 Test 3 | 5 | 0 | >10 | >10 | both bright and coppery gold | 2.5 | **4** |
| L 12a Test 1 | 3 | 11 | >10 | >10 | | 2.5 | **3** |
| L 12a Test 2 | 6 | 9 | >10 | >10 | numerous orange flakes of gold | 2.5 | **7** |
| L 12a Test 3 | 3 | 6 | >10 | >10 | mostly flat, some orange gold flakes | 2.5 | **3** |
| L 12a Test 4 | 9 | 18 | >10 | >10 | rough, rusty gold, mariposite | 3.0 | **7** |
| L 12-13b Test 1 | 5 | 31 | >10 | >10 | minor crystalline faces | 2.75 | **10** |
| L 12-13c Test 2 | 3 | 10 | >10 | >10 | | 2.5 | **10** |
| L 12-13c W | 4 | 10 | >10 | >10 | | 2.75 | **3** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Test 3 | | | | | | | |
| L 12-13c W Test 4 | 8 | 8 | >10 | >10 | 1-2mm flake, minor orange gold | 2.5 | **6** |
| L 14E Test 1 | 12 | >20 | >20 | >20 | 1 small nugget,1-3mm flake, 1 copper nugget, mariposite | 2.5 | **48** |
| L 14E Test 2 | 7 | 15 | >10 | >10 | 1-1x2mm flake, mariposite | 2.5 | **8** |
| L 14E Test 3 | 10 | 12 | >10 | >10 | both bright and dull gold, mariposite | 2.5 | **13** |
| L 14E Test 4 | 0 | 1 | 11 | >10 | mariposite | 2.5 | **x** |
| L 14W Test 1 | 5 | 7 | >10 | >10 | 1-1x2mm flake, 1 platinum grain mariposite | 2.5 | **15** |
| L 14W Test 2 | 1 | 1 | 10 | >10 | mariposite | 2.75 | **x** |
| L 14W Test 3 | 2 | 17 | >10 | >10 | rough, 1-2x2mm flake, mariposite | 2.5 | **9** |
| L 14W Test 4 | 5 | 0 | 9 | >10 | 1-1x3mm flake, mariposite | 2.5 | **22** |
| L 17W against bank | 2 | 2 | 3 | 17 | 3 small nuggets | 2.5 | **50** |
| L 17W Test 2 | 3 | 24 | >20 | >20 | | 2.75 | **7** |

## 9.5 Resistivity Surveys

Three transects were made across the entire creek valley at Lines 5, 13 and 20, below the canyon. Note that there is no gap in the claims as depicted on the location map below as claim Nines 31, P50506 adjoins Nines 30, P50203.

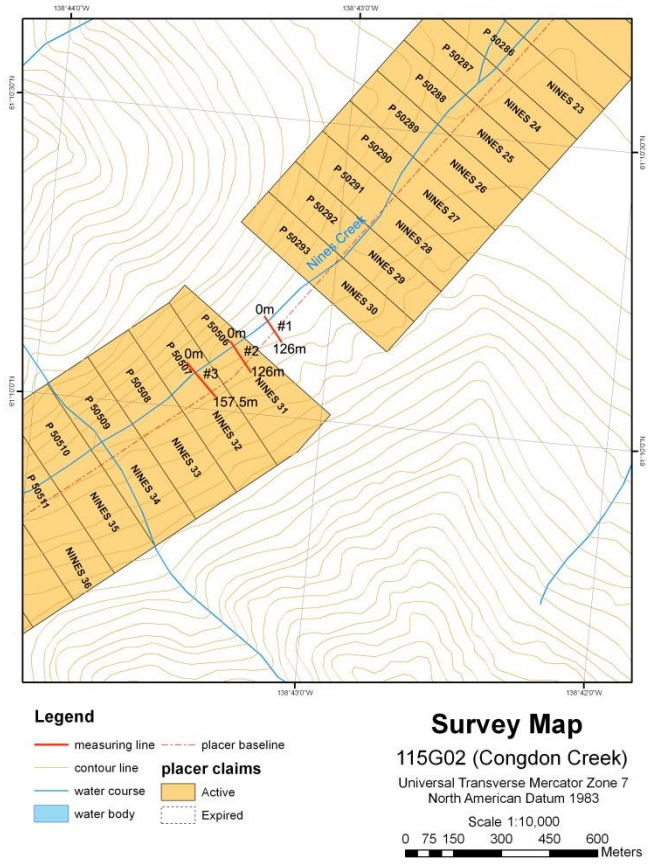
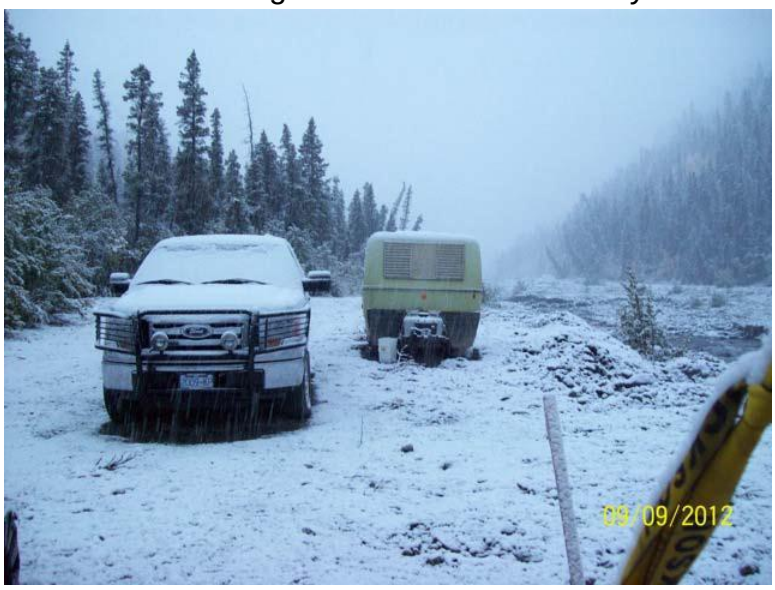



Figure 4: Resistivity Transects

The program appears to be successful in identifying the bedrock/gravel interface on each of the lines. Control was available at a few places on the creek where bedrock existed at surface. The present creek channel exists on the far left of each of the images attached in Appendix A and a number of paleo-channels can be seen along each of the profiles to the right. Depths to bedrock may be somewhat incorrect in that the average trench depths dug in 2010 and 2011 was approximately 4m (12') with some trenches penetrating deeper. The depth to bedrock on the lowest transect appears to be between 1.0 and 3m while trenching T3, no bedrock was intersected. On transect 2, depth to bedrock is indicated to be less than 1.0m on the far left limit and up to 6.5m over a paleo-channel near the right limit of the creek valley. Transect 3 suggests a depth to bedrock of between 1.5m on the left limit to approximately 4m at the right limit bank.




Early winter conditions again terminated the operations as they did in 2010. Freezing conditions did not allow the continuation of the bulk sample and resulted in only 14% of the sample being completed.

Plate 7: Nines Creek September 9, 2012

**Item 10: Drilling**

No drilling has been performed on the property.

**Item 11: Sample Preparation, Analysis and Security**

After initial concentration of the Nines Creek samples by sluicing, concentrates were then rough panned to collect any of the larger flakes and nuggets of gold. The samples were then transported to a secure facility for final panning of the heavy minerals. Any recoverable gold was removed at this time and placed into individual 1 dram glass vials which were then labeled with permanent marker as to their

Plate 8: Sample L14 #4D after final processing

respective sample number. Notations were made of the size of the gold present and a weight determination was made for the gold collected at each sample location.

**Item 12: Data Verification**
No data verification was completed during the program.

**Item 13: Mineral Processing and Metallurgical Testing**
No mineral processing or metallurgical testing was completed during the program.

**Item 14: Mineral Resource Estimates**
No mineral resource estimates were completed during the program.

**Item 15: Adjacent Properties**

**15.1 Klu property**
The property covers an area of complex geology and thrust faulting in which late Triassic peridotite and gabbro dykes intrude steeply dipping sedimentary rocks of the Permian Hasen Creek Formation. Ni-Cu-PGE mineralization in the region is associated with basal marginal gabbro phase of the Spy Sill.

Sulphide mineralization at the Congdon occurrence (Spy Showing) Minfile 115G 003 occurs in siltstone in the footwall of the sill, marginal gabbro and feldspathic peridotite. Chalcopyrite and nickeliferous pyrrhotite at the base of the main peridotite dike and galena and sphalerite in quartz-carbonate veins up to 30 cm wide cut the dike.

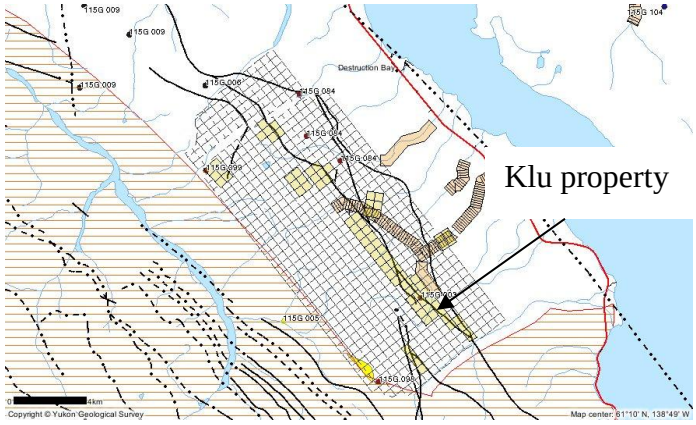


Figure 5: Klu property

One vein assayed 1.2% Zn and 0.25% Pb. Minor chalcopyrite and pyrrhotite are reported about 4.8 km to the southeast.

Silt samples from streams draining the Klu claims returned anomalous values (up to 673 ppm Ni and appear to outline peridotite intrusions. Soil sampling in 1988 outlined four gold and four platinum and palladium anomalies with values up to 920 ppb Au, 158 ppb Pt and 277 ppb Pd over an ultramafic sill. Inco found intermittent sulphide showings over a strike of 3.6 km along the base of the 6 km long Spy Sill. These sulphide showings have highly anomalous PGE grades

along with significant Ni and Cu. The number and size of peridotite intrusions occurring on the claim block and in the belt suggest they are part of a very large magmatic system. No significant Ni-Cu-PGE showings have been found at intrusions other than the Spy Sill. Grab samples collected by Inco from the gabbro-siltstone contact assayed up to 3.1% Ni, 2.8% Cu, 0.2% Co, 3.1g/t Pt, 1.4g/t Pd and 1.0g/t Au.

A heavy mineral sample collected 400 m downstream from the intersection of the Spy Sill and the south branch of Nines Creek returned 700ppm Pt and >10 000 Au. The high Au value may not necessarily be related to sulphide mineralization and may indicate possible placer gold potential at that point.

**15.2 Fry Pan Creek (placer)**

Fry Pan creek is located 31 km north-west of Nines Creek and exists as a small tributary to the Duke River. Little mining has occurred on the creek and only a few bulk sampling operations have tested the creek gravels. A small test mining of the creek existed in 1989. A second mining operation in 1993 is reported to have sluiced 2500 bcy of material and recovered 256 ounces of placer gold. Test pitting programs attempted to determine the gold content of the creek gravels in both 1993 and 1995. The evaluation program completed by the author in 1995 found gold distributed in creek gravels and in the glacial till that covered most of the property. The average grade of the samples collected during the program was 0.33148 oz/lcy. Many of the samples contained a high clay content which proved problematic in the processing (sluicing) and would undoubtedly be an issue in any mining operation on the creek.

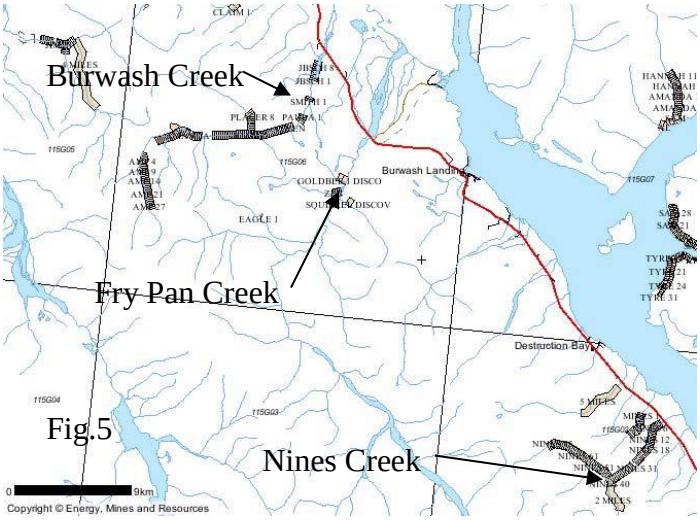



Figure 6: Adjacent placer properties

**15.3 Burwash Creek (placer)**

Burwash Creek lies a distance of 37 km north-west of Nines Creek and 6km north-west of Fry Pan Creek. Historical records of gold production are spotty at best with government royalty figures totaling 27,782 crude ounces. This is considered a minimum value as most coarse jewelry gold was and is still sold privately.

Placer gold in Burwash Creek has been found in several types of unconsolidated sediments, including 1) Modern river gravel, 2) at least 2 levels of alluvial bench

gravel, 3) Interglacial river gravel, which is in places reworked and buried by modern gravel and glacial material, 4) glaciofluvial gravel, 5) glacial till, 6) colluvium derived from types 2 to 5; 7) tailings from previous mining activity and 8) mine tailings subsequently reworked by flood events in the modern stream. The fineness of gold on Burwash Creek is unusually consistent throughout its length, varying only from 850 to 860 and showing no distinctive change in distance downstream. The gold is coarse and nuggets are common, with the largest found weighing 16 ounces. Generally the gold is smooth, flat and well-traveled, and quartz attachments are rare. In the main valley, the grain size is evenly distributed between plus 8 mesh and minus 8 mesh, while on the benches coarser gold occurs with the ratio of 90% plus 8 mesh and 10% minus 8 mesh. (Lebarge, 2008)

**Item 16: Other Relevant Data and Information**

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

**Item 17: Interpretation and Conclusions**

Potentially significant deposits of placer gold may be present on the Nines creek property. Sampling of the Nines Creek gravels in 2008 resulted in visible gold being present in 5 of the 6 samples collected. The weight of the largest flakes recovered from the 2008 program was 2.6mg from sample N32.1. With a better focus gained from the 2009 magnetic survey, trenches were completed in areas of higher potential where possible accumulations of alluvial magnetite and gold may be present in the creek bed. Trenching of these magnetic anomalies resulted in the discovery of significant coarse magnetite, placer gold of two different colors and texture and the presence of both copper nuggets and possibly platinum grains. The largest gold nugget collected during the 2011 program weighed 997mg. In 2012, the largest nugget collected weighed 88mg and was within 278mg of gold collected from 32 yards$^3$ sluiced. Approximately 25% of the sample consisted of bedrock talus underlying surface gravels. The results of sampling programs demonstrate that the claims comprising the Nines Creek property contain potentially significant placer gold in the surface environment over a wide area of the creek channel below the lower canyon present on the property.

Resistivity surveys completed in 2012 suggest that the depth to bedrock is generally 1 - 6m, however trenching in 2010 at several locations dug beyond that limit indicating that there are more gravels present than indicated by the survey. Depth to bedrock is not significant and the gravels present area amenable to various mining techniques such as a New Zealand floating sluice plant. Significant advantages of using such an operation are the minimal reclamation required to flatten tailings piles and the fact that the sluice plant floats on its own settling pond.

Significant magnetic anomalies present above the canyon may represent a similar accumulation of magnetite and potentially placer gold.

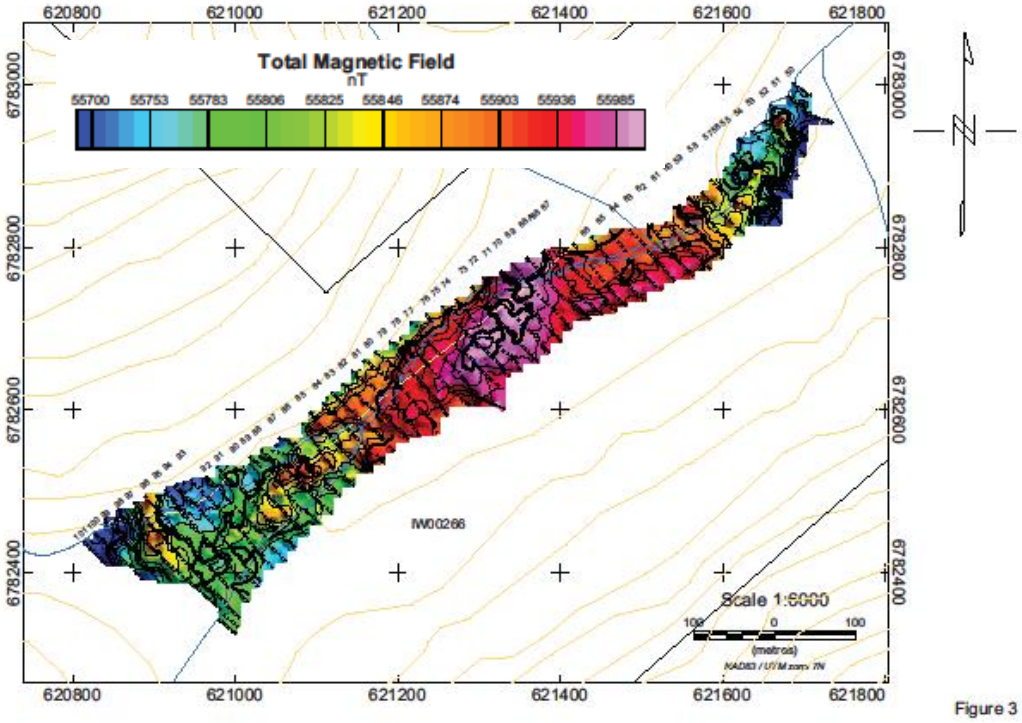



Figure 7: Magnetic survey results above canyon on Nines Creek.

Government geologists have mapped a fault crossing the creek in the area of the magnetic anomaly and it has been suggested that the fault may be the source of the magnetic anomaly. Geophysical maps do not show any magnetic high features at this location and a second theory is that the faulted bedrock has acted as natural riffles and concentrated the magnetite and other heavy minerals at this location. The trend of the magnetic anomaly suggests that it trends southwest and eventually under the till covered bank, possibly preserving any accumulation of heavy minerals present.

**Item 18: Recommendations and Budget**

The completion of the bulk sample should be the priority target for the 2013 season. As well, testing of the paleo-channels to bedrock should be done to determine if accumulations of gold exist at this interface. This testing should be completed at a minimum of two locations.

An attempt should be made to complete access to the area above the canyon and sample the significant magnetic anomaly present there. If access in gained into this area, a number of Resistivity transects should be completed to determine the depth to bedrock at this location.

From this sampling program an initial estimate of the extent and grade of mineralization within the gravels can be calculated.

| | |
|---|---|
| Geophysical survey | $10,000 |
| Excavator (150hr) for testing program and trail building | $30,000 |
| Test plant (10 days) | $3000 |
| Reclamation | $5000 |
| Equipment rental (Argo, Trucks, etc.) | $5000 |
| Mob/Demob | $4,000 |
| Sampler (10 days @ $200/day) | $2,000 |
| Forman (20 days @ $400/day) | $8,000 |
| Accommodation and meals | $5,000 |
| Reporting | $3,000 |
| Contingency (15%) | $11,250 |
| | $86,250 |

Respectfully submitted,

Ken Galambos P.Eng. (APEY Reg. No. 0916, APEGBC license 35364)
KDG Exploration Services
Victoria, BC. V8T 2G6

January 31, 2013

## Item 19: References

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**Slack, J.F. (in press)**: Descriptive and Grade-Tonnage Models for Besshi-type Massive Sulphide Deposits; Geological Association of Canada, Special Paper.

## Item 20: Certification, Date and Signature

1) I, Kenneth Daryl Galambos of 1535 Westall Avenue, Victoria, British Columbia am self-employed as a consultant geological engineer, authored and am responsible for this report entitled “Technical Report on the Nines Creek Project”, dated January 31, 2013.

2) I am a graduate of the University of Saskatchewan in Saskatoon, Saskatchewan with a Bachelor’s Degree in Geological Engineering (1982). I began working in the mining field in 1974 and have more than 27 years mineral exploration and production experience, primarily in the North American Cordillera. Highlights of this experience include the discovery and delineation of the Brewery Creek gold deposit, near Dawson City, Yukon for Noranda Exploration Ltd.

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

4) I have visited the subject mining property of this report and am a “Qualified Person” in the context of and have read and understand National Instrument 43-101 and the Companion Policy to NI 43-101. This report was prepared in compliance with NI 43-101.

5) This report is based upon a site visit to the property from September 25-27, 2008 and subsequent work programs, the author’s personal knowledge of the region and a review of additional pertinent data.

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

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

8) I am partners with Ralph Keefe on Nines Creek and on a number of properties in Yukon and British Columbia. My professional relationship is as a non-arm’s length consultant, and I have no expectation that this relationship will change.

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

Dated at Victoria, British Columbia this 31st day of January, 2013.
“Signed and Sealed”

“Kenneth D. Galambos”

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

**Item 21: Statement of Expenditures**

| | |
|---|---|
| Personnel | |
| Ralph Keefe 21 days @ $350/day | 7,350.00 |
| Room and board (43 man days@ $100/day) | 4,300.00 |
| Contractors | |
| Gordy's Excavating | 13,253.47 |
| Arctic Geophysics | 6011.77 |
| Mileage 1977km @ .61/km | 1205.97 |
| Equipment rental (powersaw, pump, generator) | 630.00 |
| Final processing and weighing of samples 1 day @ $500/day | 500.00 |
| Report 4 days @ $500/day | 2000.00 |
| Total | $35, 251.21 |

# Appendix A
# Resistivity Survey Plots

## Nines Creek Line 01

2D Resistivity/IP, Schlumberger array
64 Electrodes: spacing 2m, Horizontal resolution 1m
Horizontal and vertical measure in [meter], Iteration error in [%]
Vertical exaggeration in model section display = 1.00
Data acquisition: Stefan Ostermaier, Franz Piechotta, 12th September 2012
Processing: Stefan Ostermaier, 12th September 2012
Arctic Geophysics Inc., Yukon


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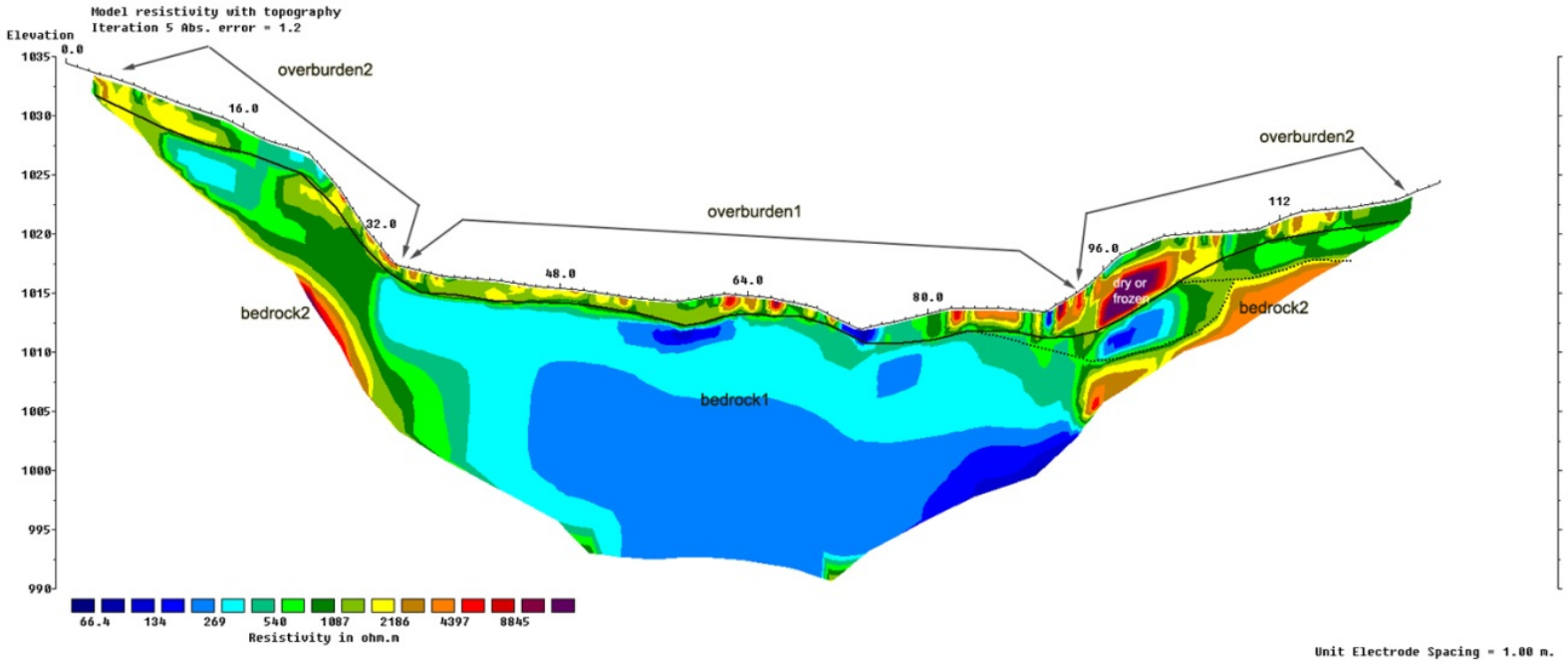


overburden1: pebbles, gravel, cobbles, and boulders poorly sorted,
with some patches of fine sediments such as sand and silt (matrix);
very dry, porous spots (high resistivity) and a well saturated areas (low resistivity)
overburden2: gravel with higher amount of fine sediments such as sand and silt (matrix),
discontinously water-saturated

bedrock1: likely a low grade metamorphic rock, most likely softer than bedrock2
bedrock2: likely magmatic rock of unknown chemical composition

——— bedrock interface
····· alternative bedrock interface

The profile might show the ground-layers up to approximately 15% thicker than they are in reality.

This 2D Resistivity measuring result is an interpretation of geophysical data. We recommend the verification of the profile by drilling or trenching

## Nines Creek Line 02

2D Resistivity/IP, Schlumberger array
64 Electrodes: spacing 2m, Horizontal resolution 1m
Horizontal and vertical measure in [meter], Iteration error in [%]
Vertical exaggeration in model section display = 1.00
Data acquisition: Stefan Ostermaier, Franz Piechotta, 13th September 2012
Processing: Stefan Ostermaier, 13th September 2012
Arctic Geophysics Inc., Yukon


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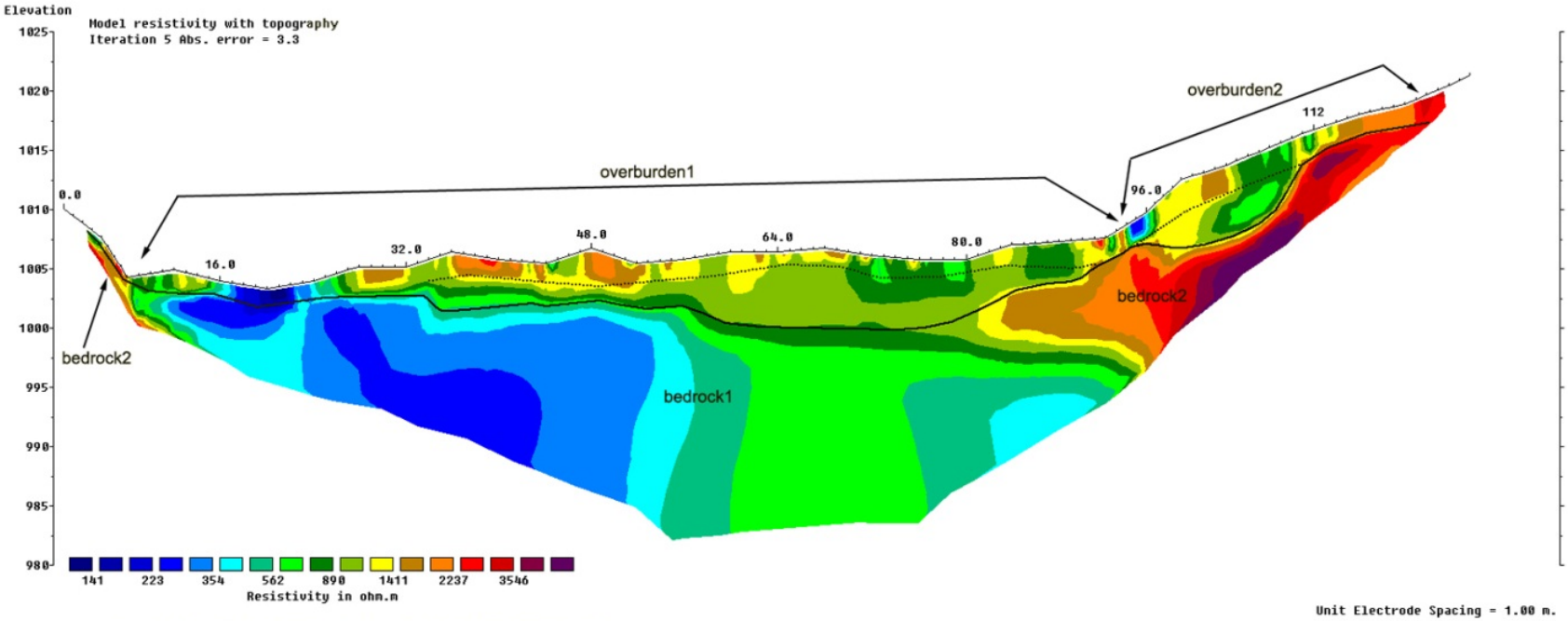


overburden1: pebbles, gravel, cobbles, and boulders poorly sorted,
with some patches of fine sediments such as sand and silt (matrix);
very dry, porous spots (high resistivity) and a well saturated areas (low resistivity)
overburden2: gravel with higher amount of fine sediments such as sand and silt (matrix),
discontinously water-saturated

bedrock1: likely a low grade metamorphic rock, most likely softer than bedrock1
bedrock2: likely magmatic rock of unknown chemical composition

——— bedrock interface
..... alternative bedrock interface

The profile might show the ground-layers up to approximately 15% thicker than they are in reality.

This 2D Resistivity measuring result is an interpretation of geophysical data. We recommend the verification of the profile by drilling or trenching

Nines Creek Line 03
2D Resistivity/IP, Schlumberger array
64 Electrodes: spacing 2.5m, Horizontal resolution 1.25m
Horizontal and vertical measure in [meter], Iteration error in [%]
Vertical exaggeration in model section display = 1.00
Data acquisition: Stefan Ostermaier, Franz Piechotta, 14th September 2012
Processing: Stefan Ostermaier, 14th September 2012
Arctic Geophysics Inc., Yukon

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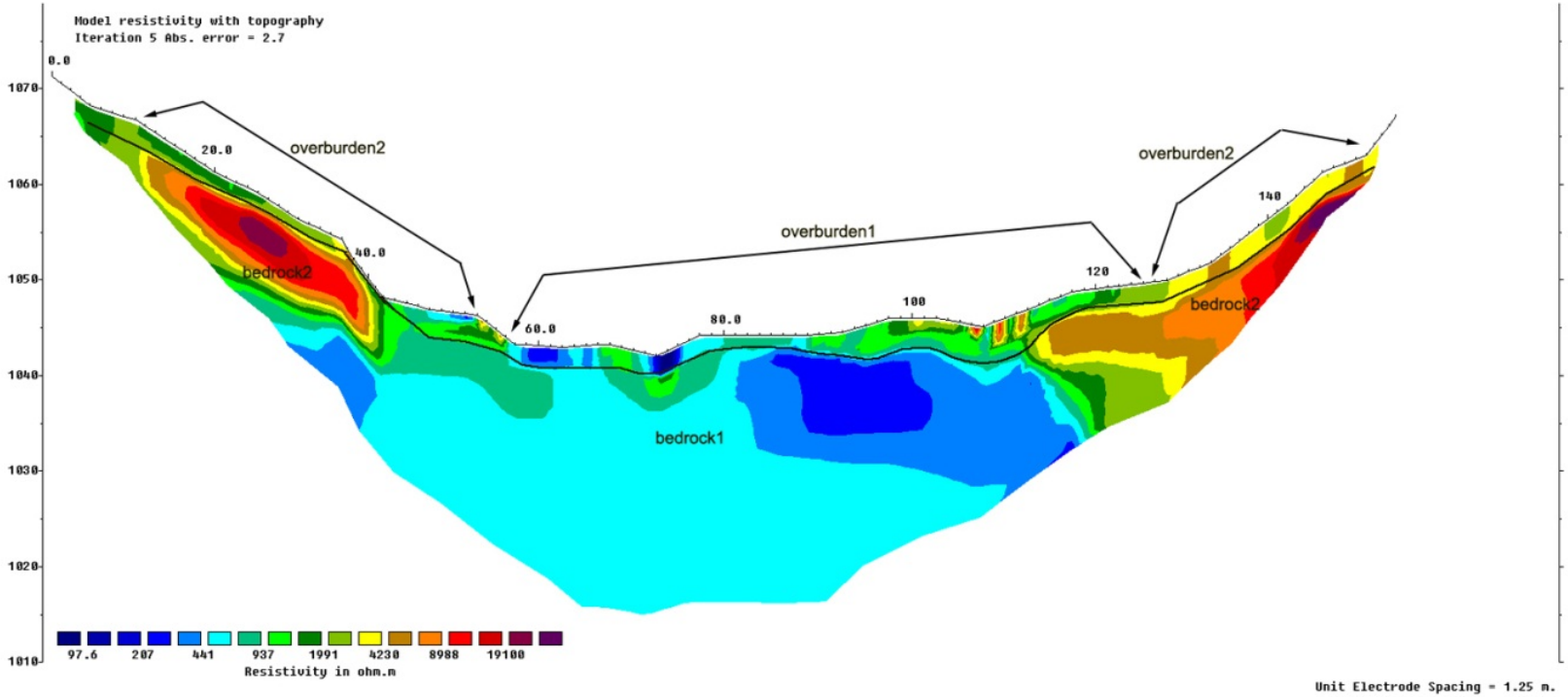


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