# Assessment Report

on

Prospecting and Rock Sampling

of the

## Upits, VHI 34, VHI 43, VHI 154, VHI 155 Claims

NTS Sheets 76K09 and 76J12

Latitude: 66 ° 41 ′ 33 ″ N, Longitude: 108° 00′ 53 ″ W

Kitikmeot region – Nunavut

July 27th to July 29th, 2007

Prepared by Lorne Warner P.Geo

October 23, 2008

# SUMMARY

The Upits and adjacent mineral claims VHI 34, VHI 43, VHI 154 and VHI 155 are located immediately west of the Bathurst Inlet in Nunavut, Canada. Work on the claims was conducted intermittently between July 27th and July 29th, 2008 on the Upits claim. A total of seven rock samples were collected with one sample returning 4.1oz/ton gold with 0.28% uranium and a second sample returning 2.7oz/t gold and 1.28% uranium. Further work is warranted on the property, diamond drilling of the known gold and uranium occurrences near surface and to depth is recommended.

# 1. INTRODUCTION

## 1.1 Location and Access

The Upits Claims are located in the territory of Nunavut, adjacent the east side of Bathurst Inlet in Northern Canada, Figure 1-1. The Property is 575 km northeast of Yellowknife, the capital city of the Northwest Territories. Access to the Property is via chartered airline service to the settlement of Bathurst Inlet. All work conducted on the property was based out of Bathurst Inlet. From Bathurst Inlet, access to specific locations on the property was by float plane.

The Upits Claims are centered at the approximate latitude of 66 ° 27′ 22″N and longitude of 107° 28′ 39″W at an elevation of 100 meters (“m”). The property encompasses a total of 5 mineral claims with an area of 20.79 $km^2$ or 2079.75 Hectares (“Ha”) (5139.18 acres).

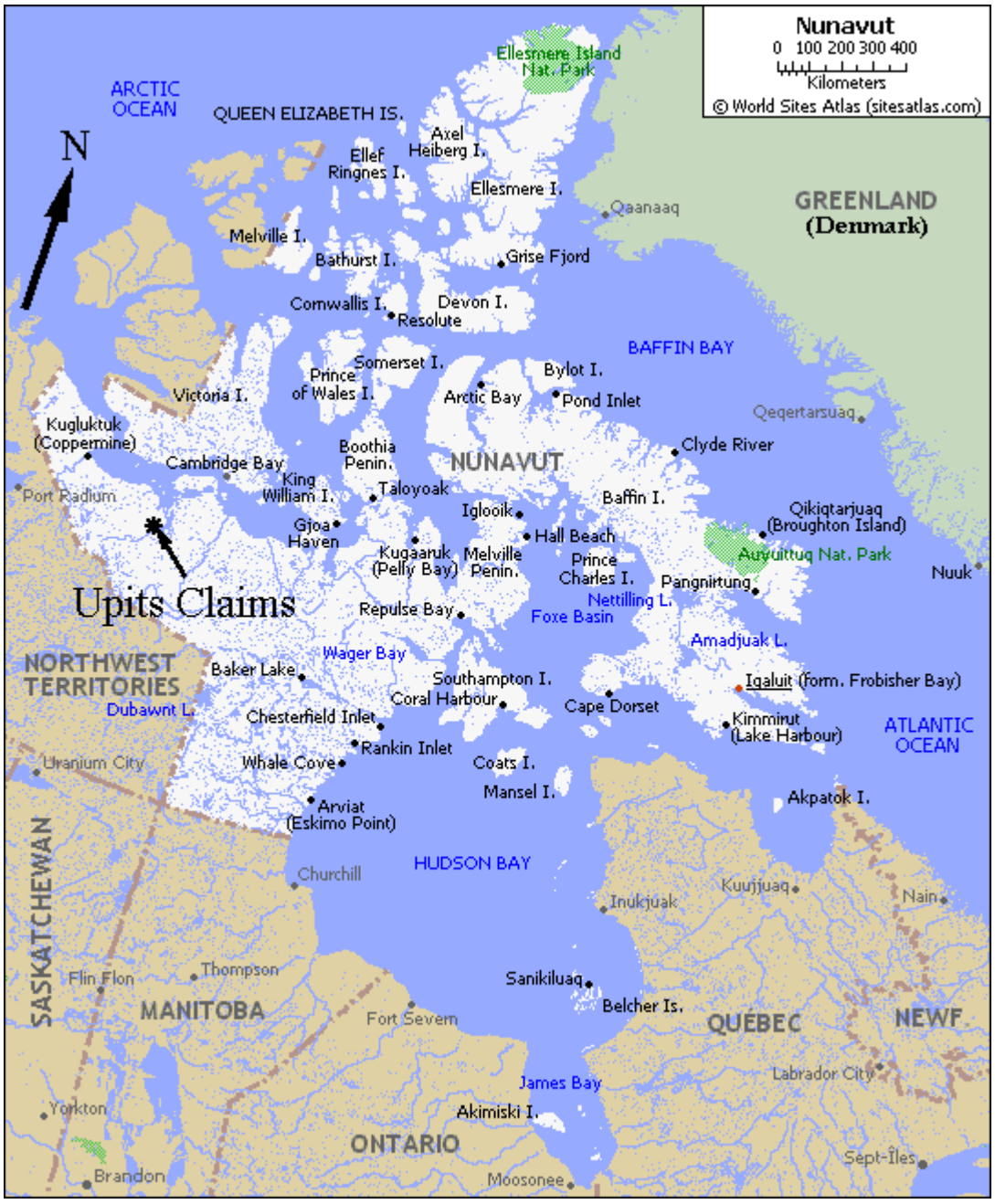

Figure 1-1. Property Location

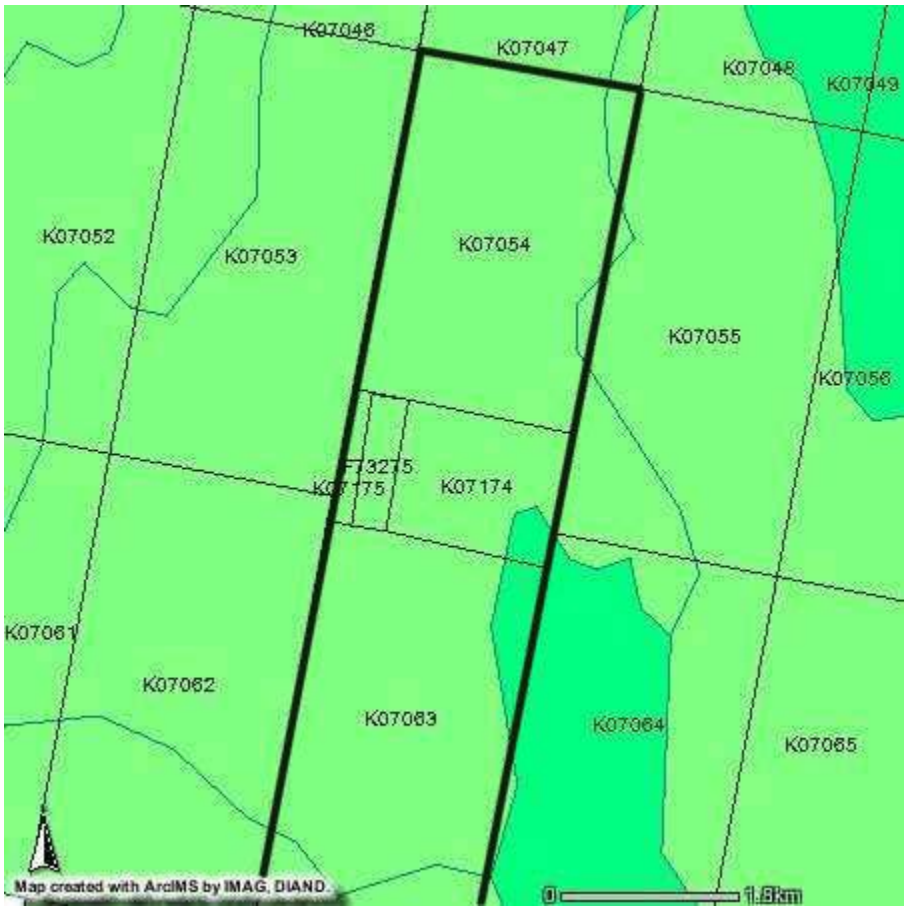

Figure 1-2 Claims Map

## 1.2 Climate and Physiography

The Climate of the Arctic is characterized broadly by long, cold winters and short, cool summers. There is a large amount of variability in climate across the Arctic, but all regions experience extremes of solar radiation in both summer and winter. Some parts of the Arctic are covered by ice (sea ice, glacial ice, or snow) year-round, and nearly all parts of the Arctic experience long periods with some form of ice on the surface. Average January temperatures range from about −40 to 0 °C (−40 to +32 °F), and winter temperatures can drop below −50 °C (−58 °F) over large parts of the Arctic. Average July temperatures range from about −10 to +10 °C (14 to 50 °F), with some land areas occasionally exceeding 30 °C (86 °F) in summer.

The climate of much of the Arctic is moderated by the ocean water, which can never have a temperature below−2 °C (28 °F). In winter, this relatively warm water keeps the Bathurst Inlet area warmer than more inland areas further to the south. In summer, the presence of the near-by water keeps coastal areas from warming as much as they might otherwise.

Bathurst Inlet extends nearly 200km south from Coronation Gulf as a funnel-shaped arm of the sea penetrating a plateau 200 to 300m above sea level on the east side of the inlet , and up to 600m on the west side. The inlet, a flooded valley, is carved in a belt of relatively soft sedimentary rocks of Proterozoic age flanked by harder, more ancient crystalline Achaean rocks. Its form is largely controlled by splays in the Bathurst Fault System which can be traced at least 80 km southeast from the end of the inlet along the Bathurst Trench (Wright 1967). Extensive linear scarps are developed along the faults where easily eroded rocks are in juxtaposition with resistant rocks. Slopes raising several hundred meters along the west side of the main branch of the Bathurst Fault dominate the inlet. Various islands and promontories within the inlet rise abruptly out of the sea or tower over lowland areas. Amongst these are Bathurst Ridge, a hogsback extending north from Burnside Inlet through the Quadyuk Islands, and questas on Kuniak and Eloriak Islands (Roscoe 1984).

Extensive lowland areas extend along the east side of the inlet from Arctic Sound to Burnside Inlet and along Western River in the Bathurst Trench. Theses areas, adjacent slopes and nearby valleys support extraordinarily lush vegetation compared to that found elsewhere in the northern Mackenzie barren lands (Roscoe 1984).

### 1.3 Groupings

For the purposes of this assessment report, the following claims are grouped.

| CLAIM_ID | CLAIM_NUM | CLAIM_NAME | CLAIM_STAT | DISTRICT | NTS_SHEET1 | NTS_SHEET2 | RECORD_DT | ANNIV_DT | CLAIM_ACRE |
|---|---|---|---|---|---|---|---|---|---|
| 144481 | F73275 | UPITS | ACTIVE | 214 | 076J12 | 076K09 | 2005-08-18 | 2008-08-18 | 154.95 |
| 152269 | K07054 | VHI 34 | ACTIVE | 214 | 076J12 | 076K09 | 2007-05-07 | 2009-05-07 | 1962.70 |
| 152419 | K07063 | VHI 43 | ACTIVE | 214 | 076J12 | 076K09 | 2007-05-07 | 2009-05-07 | 2375.90 |
| 152424 | K07174 | VHI 154 | ACTIVE | 214 | 076J12 | 076K09 | 2007-05-07 | 2009-05-07 | 568.15 |
| 152425 | K07175 | VHI 155 | ACTIVE | 214 | 076K09 | 076K09 | 2007-05-07 | 2009-05-07 | 77.48 |

# 2. GEOLOGY

### 2.1 Regional Geology

The dominant geologic feature in the project area is the Kilohigok Basin. This sedimentary basin contains interbedded Proterozoic clastic and carbonate rocks with minor basalt flows and gabbro sheets/diabase dykes. The basin is dominated by Aphebian strata of the Goulburn Group. The Goulburn Group nonconformably overlies Archean rocks comprised of foliated to massive granitic rocks, gneiss, and metasedimentary and metavolcanic rocks. The Goulburn Group is non-conformably overlain by younger Helikian clastic, carbonate sedimentary rocks and volcanic rocks.

### 2.2 Exploration History

Noranda Mines found occurrences of uranium in the Western River formation in the southern end of the inlet at the Von showing. Seru Nuclear found uraniferous zones in quartzite and dolomite breccia of the Brown Sound Formation near the south end of Bathurst Lake at the Pomy Showing. They also found enigmatic concentrations of uranium and gold in surficial materials south of Young Point at the Upits showing. Work, including drilling, was continued on the pitchblende veins in 1979 and briefly in 1980 by Cominco Exploration.

### 2.3 Stratigraphy

The dominant geologic feature in the project area is the Kilohigok Basin. This sedimentary basin contains interbedded Proterozoic clastic and carbonate rocks with minor basalt flows and gabbro sheets/diabase dykes. The basin is dominated by Aphebian strata of the Goulburn Group. Table 2.3-1 details the formations of the Goulburn Group. The Goulburn Group nonconformably overlies Archean rocks comprised of foliated to massive granitic rocks, gneiss, and metasedimentary and metavolcanic rocks. The Goulburn Group is non-conformably overlain by younger Helikian clastic and carbonate sedimentary rocks and volcanic rocks. Table 2.3-2 describes Helikian strata in the Bathurst Inlet area.

Table 2.3-1 Goulburn Group

| Formation Name | Lithological Description |
|---|---|
| AMAGOK FORMATION | -white to mauve course grained, moderately indurated lithic and arkosic sandstones; minor conglomerate |
| | -red well indurated lithic and arkosic sandstones interstratified with white and mauve coarse grained, moderately indurated sandstones |
| | -thin vesicular basalt flows interstratified with red sandstones |
| | -red medium to fine grained well indurated lithic and arkosic sandstones |
| | |
| BROWN SOUND FORMATION | -ferruginous, calcareous muddy siltstones |
| | -allochthonous sheet of brecciated and chaotically folded carbonates surrounded by carbonate-mudstone breccia |
| | -buff to brown, medium to coarse grained immature sandstone |
| | -ferruginous, calcareous mudstone, salt casts locally abundant near the base of the succession |
| | -stromatolitic carbonate, clastic carbonate, abundant edge-wise conglomerate, oncoliths |
| | -stromatolitic carbonate, clastic carbonate; abundant intraformational conglomerate, minor mudstone |
| KUUVIK FORMATION | -very thick units of alternating carbonate-rich and mudstone-rich beds |
| | -thin-bedded carbonate-mudstone rhythmites (more than 50% carbonate) |
| | -red and green mudstones and siltstones with minor carbonate |
| | -thin-bedded mostly red carbonate-mudstone rhythmites with carbonate concretions |
| | -thin-bedded mostly green carbonate-mudstone rhythmites: minor concretionary mudstone |
| PEACOCK HILLS FORMATION | -thin-bedded green, red and red-brown mudstone rhythmites; massive thick bedded siltstones with rare concretions or lenses of carbonate |
| | -thin-bedded green, red and green mudstone rhythmites; minor concretionary mudstone and carbonate beds |
| QUADYUK FORMATION | -stromatolitic carbonate, clastic carbonate; minor calcareous quartzite, mudstone and rare intraformational breccia |
| | -pistolitic ferruginous dolomite; granular hematite ironstone; minor ferruginous dolomitic quartzite |
| MARA FORMATION | -red fine grained sandstone and siltstone; minor red quartzite |
| | -pink, white, red quartzite and minor subarkose; quartz pebble conglomerate; intraformational conglomerate; conglomerate; rare shaley or muddy partings |
| BURNSIDE RIVER FORMATION | -arenaceous dolomite; doloarenite |
| | -red mudstone, minor dolomite and stromatolitic dolomite |
| Formation Name | Lithological Description |
| DISCONFORMITY | |
| | *Upper Argillite Member*<br>-grey, buff, and red argillite and mudstone; minor quartzite and subarkose |
| | *Quartzite Member*<br>-white, pink, and red quartzite and subarkose; red mudstone and argillite; minor grey-green quartzose turbidites |
| WESTERN RIVER FORMATION | *Red Siltstone Member*<br>-red siltstone, mudstone, and argillite; minor clastic and quartzose carbonate and quartzite; rare stromatolitic carbonate |
| | *Lower Member*<br>-interbedded siltstone, quartzite, argillite, mudstone; minor thin bedded quartzose turbidites |
| | -stromatolitic and clastic carbonate, calcareous quartzite and minor quartzite |
| | Basal Conglomerate and Regolith Member<br>-quartzite, quartz pebble conglomerate, argillite, regolith, minor clastic carbonate |
| UNCONFORMITY | |
| ARCHEAN ROCKS | -undifferentiated granitoid gneissic, metasedimentary and metavolcanic rocks |

Table 2.3-2. Helikian Strata

| | |
|---|---|
| ALGAK FORMATION | -reddish to purple arkose and siltstone; minor mudstone and shale; (35m) |
| EKALULIA FORMATION | -massive olive green basalt; minor pillowed basalt; rare doloarenite; (300-500m) |
| KANUYAK FORMATION | -dolomite block megabreccia; chert pebble conglomerate; minor quartzite; coarse grained doloarenite; oolitic and pisolitic dolomite; stromatolitic dolomite; red arkose, siltstone and mudstone; (0-60m) |
| ----------UNCONFORMITY---------- | |
| PARRY BAY FORMATION | -thin to thick bedded doloarenite, dolosiltite, rare dololutite; minor grey-black shale and mudstone; stromatolitic dolomite; oolitic and pisolitic intraclast bearing dolomite; rare chert-pebble conglomerate and concretionary dolomite; (220m) |
| ELLICE FORMATION | -red mudstone and siltstone with minor red arkose and rare fine grained quartz pebble conglomerate; minor beds of fine grained doloarenite; (100m) |
| | -reddish, pink, and white quartzite with interbedded quartz pebble conglomerate; quartz grit; minor siltstone and rare mudstone; (550m) |
| | Reddish vesicular massive basalt; (10-20m) |
| | -quartz pebble and boulder conglomerate; minor white quartzite; (2-10m) |
| ----------UNCONFORMITY---------- | |
| TINNEY COVE FORMATION | -reddish, pink and locally mottled, poorly sorted arkose and arkosic grit; minor quartz pebble bearing arkose and siltstone; (200m) |
| | -red very coarse grained fanglomerate; conglomerobreccia; coarse grained polymictic conglomerate |
| ----------UNCONFORMITY---------- | |
| APHEBIAN AND ARCHEAN ROCKS | |

## 2.4 Rock Types and Mineralization

Occurrences of abundant widespread small clasts (generally less than 3 cm in diameter) containing rich concentrations of uranium, gold, and selenide minerals are found in drift at the Upits showing. The drift overlies gently-dipping grey siltstone of the Mara Formation and contains abundant, closely-spaced clasts derived perhaps largely from this formation. Its relatively well-sorted character and hummocky topography distinguishes it from nearby, extensive, northerly-transported till (Blake, 1963). It may have been deposited by a glaciofluvial stream system that flowed northeasterly to northerly. The uraniferous clasts, anomalous radioactivity, and radon anomalies occur over an area about 700 metres (north-south) by 500 metres (east-west). The uraniferous float fragments contain intimate mixtures of pitchblende (mainly as tiny botryoidal grains), clausthalite (lead selenide), cobaltian clausthalite, tiemannite (mercury selenide), carrollite (cobalt copper sulphide), native gold, and native selenium. A lead-bismuth selenide and brannerite have also been reported (S.M. Roscoe 1984).

# 3. GEOCHEMISTRY

## 3.1 Sampling Methods

A total of seven samples from the Property (Table 3-1). Complete analytical results are presented in Appendix 3. Sampling was completed to confirm the existence of gold and uranium mineralization in the area of interest , a total of seven samples where collected from historical trenches. Figure 3-1 records the sample locations and property geology of the Upits showing.

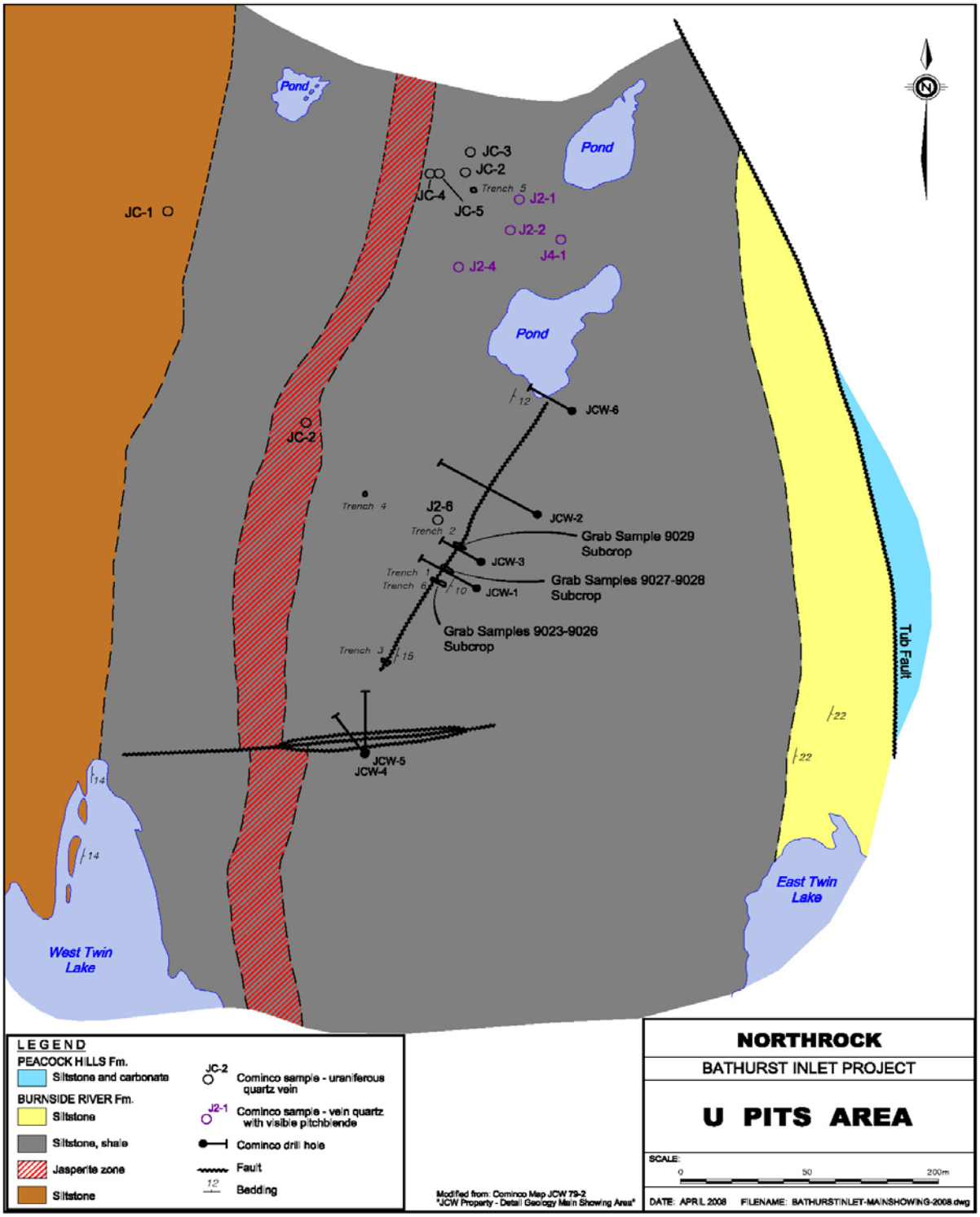


Figure 3-1 Sample locations and property Geology - Upits Showing

Table 3-1 lists the samples collected at the Upits showings listing sample numbers along with sample type, collection method, location name, GPS easting and northing coordinates, rock type and descriptive notes.

Table 3-1. Pomy and Upits Samples

| SAMPLE # | SAMPLE TYPE | LOCATION | EASTING | NORTHING | ROCK TYPE | DESCRIPTION |
|---|---|---|---|---|---|---|
| D9023 | GRAB-SUBCROP | Upits trench # 1 | 632942 | 7388060 | bx, quartz vein | smoky qtz 1% py 2-3% black sul |
| D9024 | GRAB-SUBCROP | Upits trench # 1 | 632942 | 7388060 | quartz vein | less smoky but vuggy 1-3% py |
| D9025 | GRAB-SUBCROP | Upits trench # 1 | 632942 | 7388060 | quartz vein | qv minor bx ~1%py |
| D9026 | GRAB-SUBCROP | Upits trench # 1 | 632942 | 7388060 | | banding wth sil./sulphides |
| D9027 | GRAB-SUBCROP | Upits trench # 2 | 632947 | 7388068 | | qtz +10% py vuggy up to 40% py |
| D9028 | GRAB-SUBCROP | Upits trench # 2 | 632947 | 7388068 | quartz vein | 1% cpy 0.5% galena vugs |
| D9029 | GRAB-SUBCROP | Upits trench # 3 | 632957 | 7388084 | quartz vein | malachite/ 1% cpy 0.5% py open space filling qtz |

## 3.2 Analytical Methods

All seven samples collected were analyzed by EcoTech Laboratories in Kamloops, British Columbia. The following paragraphs provide details of the sample handling and analyses procedures.

At the laboratory samples are catalogued and logged into the sample-tracking database. During the logging in process, samples are checked for spillage and general sample integrity. It is verified that samples match the sample shipment requisition provided by the clients. The samples are transferred into a drying oven and dried. Rock samples are 2 stage crushed on a Terminator jaw crusher to minus 10 mesh ensuring that 70% passes through a Tyler 10 mesh screen. A resplit sample was taken using a riffle splitter. The resplit sample is tested to ensure the homogeneity of the crushed material. A 250 gram sub sample of the crushed material is pulverized on a ring mill pulverizer ensuring that 95% passes through a 150 mesh screen. The sub sample is rolled, homogenized and bagged in a pre-numbered bag. A barren gravel blank is prepared after each job in the sample preparation equipment and is analyzed for trace contamination along with the actual samples.

For assay analyses a 30 gram sample size is fire assayed using appropriate fluxes. The resultant dore bead is parted and then digested with aqua regia and then analyzed on a Perkin Elmer AA instrument (Detection limit 0.03 g/t AA). Appropriate standards and repeat sample (Quality Control Components) accompany the samples on the data sheet.

For ICP-MS Analysis samples are digested in an aqua regia solution for 45 minutes. They are bulked to 10 ml with de-ionized water, and an aliquot of the digested solution is taken for analysis on the ICP-MS. All synthetic standards are purchased and verified by 3 independent analysts and are used for instrument calibration before each and every ICP-MS run.

A 2-3 point standardization curve is used to check the linearity (high and low). Certified reference material is used to check the performance of the machine and to ensure that proper digestion occurred in the wet lab. QC samples are run along with the client samples to ensure no machine drift or instrumentation issues occurred during the run procedure. Repeat samples (every 10 or less) and resplits (every 35 or less) are also run to ensure proper weighing and digestion occurred.

Eco Tech Laboratory LTD is registered for ISO 9001-2000 by QMI Quality registrars (CDN 52172-01) for the “provision of assay and geochemical analytical services”. EcoTech also Participates in the Canadian Certified Reference Materials Project (CCRMP) testing program annually.

### 3.3 Results

A total of seven samples were collected from the Property (Table 3-1). Complete analytical results are presented in Appendix 3. Sampling confirmed the existence of gold and uranium mineralization in the area of interest. Descriptive notes of the samples collected are included in Table 3-1.

One of the samples collected contains uranium concentrations of 1.28%. Two of seven samples contain between 0.28 and 1.28 % uranium. One sample contained 92.7 g/tonne Au (2.7 oz/t Au). All seven samples contain between 0.4 g/tonne and 92.7 g/tonne Au.

Anomalous values of Selinium are also present in four of the rock samples collected from the UPits Showing and ranged between 790 ppm to 5104 ppm and are presented in Table 3-1.

Table 3-1. Results of UPits Sampling.

| | Au | Au | Ag | Ag | Cu | Pb | U | Se | | | Name |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tag # | (g/t) | (oz/t) | (g/t) | (oz/t) | (%) | (%) | (%) | ppm | Easting | Northing | |
| D9023 | 92.7 | 2.703 | | | | | 1.286 | 790.2 | 632942 | 7388060 | Upits |
| D9024 | 9.93 | 0.290 | | | | | | 110.5 | 632942 | 7388060 | |
| D9025 | 7.54 | 0.220 | | | | | | 108.9 | 632942 | 7388060 | |
| D9026 | 0.11 | 0.003 | | | | | | 17.6 | 632942 | 7388060 | |
| D9027 | 141 | 4.112 | | | | | 0.283 | 5104.0 | 632947 | 7388068 | |
| D9028 | 0.59 | 0.017 | | | | | | 1274.0 | 632947 | 7388068 | |
| D9029 | 0.42 | 0.012 | | | | | | 12.7 | 632957 | 7388084 | |

# 5. INTERPRETATION

### 5.1 Discussion of Results

The Upits Claims contain quartz vein-related gold with associated uranium mineralization. The current hypothesis is that solutions migrated upward via shear zones from the basement Archean metamorphic rocks and deposited within the quartz veins in the overlying Proterozoic rocks.

The project is a property of merit. Recent and historical trenching and sampling results confirm the presence of uranium and gold mineralization at two locations on the property.

It is thought that, knowing the history and characteristics of similar uranium/gold deposits in Nunavut and elsewhere, the objective of discovering extensions to known mineralization around historical showings and finding new areas of mineralization elsewhere on the property using modern exploration methods is reasonable.

There is good exploration potential to discover an economic mineral deposit on the property.

# 6. CONCLUSIONS AND RECOMMENDATIONS

It is recommended that a diamond drilling program for the Upits Property be completed.

Diamond drilling is recommended to test the Upits showing. The location of the drill holes will be spotted to best intercept potential mineralization along the inferred trend to mineralization. At least one drill hole should test the down-dip potential of mineralization occurring in lower stratigraphies not exposed on the property.

# 7. REFERENCES

**Roscoe S.M., 1984, Assessment of Mineral Resource Potential in the Bathurst Inlet Area, NTS 76J, K, N, O, Including the Proposed Bathurst Inlet National Park,** Geological Survey of Canada, Open File 788, 75p.

**Bronson G. R. 2007, Trip Report – Bathurst Inlet Claims, Nunavut, Canada,** Internal Report for Rockgate Capital Corporation.

**Roberts M. 2007, Bathurst Inlet Claims Sample Collections Field Notes, Nunavut, Canada,** Internal Report for Rockgate Capital Corporation.

# 8. STATEMENT OF QUALIFICATIONS

I, Lorne Warner, P.Geo. (BC, Ont, NWT, Nunavut), do hereby certify that:

I am a resident of Kamloops, British Columbia and have lived there for 7 years.
I am a licensed professional geologist registered in the province of British Columbia, Ontario, North West Territory and Nunavut.
I have worked in Nunavut intermittently over the past 10 years, my prospector's License # 31891.
I conducted the prospecting and sampling work outlined in this report.

Dated this 23th Day of October, 2008.

Lorne Warner P.Geo

# APPENDIX 1

List of personnel, their current addresses and what dates they worked and what their duties were.

**Lorne Warner**, P.Geol. (NU, BC, ONT)
2269 Ainslie Place
Kamloops, British Columbia  V1S 1H3
Upits Work from starting July 27 for 3 days
Dates: July 11 – Sept 30, 2007
Duties: Project geological supervision

**Michell Warner**
2269 Ainslie Place
Kamloops, British Columbia  V1S 1H3
Upits Work from starting July 27 for 3 days
Dates: July 11 – Aug 23, 2007
Duties: Project technical support

# APPENDIX 2

**Sampling- collection costs**

Transportation costs

| | |
|---|---|
| Summit Air – Dornia 554 Split costs on 2 flights | = $ 8,318.83 |
| Cessna 185 on site @ $750/day for 2 days | = $ 1,500.00 |
| Fuel Costs 1.0 drums | = $ 225.00 |

Salaries

| | | | |
|---|---|---|---|
| Lorne Warner | P. Geo | 3days @ $500/day | = $ 1,500.00 |
| Mitchell Warner | Assisstant | 3days @ $200/day | = $ 600.00 |

**Analytical costs** Ecotech Laboratories – Kamloops, B.C.

| | |
|---|---|
| 7 rock samples sample prep @ $7.60/sample | = $ 53.20 |
| 7 rock samples Trace ICP-MS @ $15.10/sample | = $ 105.70 |
| 7 rock samples Au Assay (30grams) @ $13.95/sample | = $ 97.65 |

**Camp costs**

Accomadations

| | |
|---|---|
| Bathurst Inlet Lodge Includes room and board<br>3days X $300/day/man X 3 men | = $ 2,700.00 |

3 men includes Lorne/Mitchell and Cessna pilot

| | | |
|---|---|---|
| Camp Manager | 3 days @ $250/day | = $ 750.00 |

Supplies

| | |
|---|---|
| Bear spray, Bug dope, food for field etc… | = $ 100.00 |

Communications

| | |
|---|---|
| satellite phone rental and costs | = $ 50.00 |

**Preparatory work and reporting costs**

| | |
|---|---|
| Maps, reports required and copied | = $ 100.00 |
| Sample bags, GPS (if applicable) | = $ 25.00 |
| Report costs | = $ 500.00 |

**Expenditures per permit/claim**

All expenditures on Upits Claim, Claim Tag no. F73275

Grand total (for report/assessment work) **$ Total Spent** **= $ 16,625.08**

# APPENDIX 3

## Assay Certificates

Attach copies of your laboratory Assay Certificates here.