Economic Evaluation and Geochemical Orientation Survey of the Granby Gold Property

Grand Forks-Greenwood Area
Boundary Gold District, British Columbia

MINERAL TITLES REFERENCE MAP: NTS 82E/1
LAT: 49 11 45 LONG 118 27 45
UTM 11 393450E 5450250N

Owner

C. Hugh Maddin
QUADRA COASTAL RESOURCES LTD.

Prepared by:

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15 September 2012

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Item 1: Summary

This technical report is based on work by the two authors, Drs. V. Levson and R.H. McMillan, both Registered Geoscientists in the Province of British Columbia and Qualified Persons under the guidelines of NI 43-101. The report has been written to provide an assessment of the property and to recommend ongoing exploration work.

The geochemical orientation survey was conducted on the Granby Gold property in the fall of 2011. The survey was initiated to determine the best geochemical approach for exploring on the property. The work included sampling of multiple soil horizons at individual sites and determination of the surficial sediment types in the area of soil geochemical anomalies that had been identified by previous workers on the property. A total of 100 soil geochemical and 15 lithogeochemical samples were collected as part of the geological assessment of the property. Two main mineralized areas have been documented on the property: the Lucky John Area (MINFILE 082ESE072) and the Simpson Mine Area (MINFILE 082ESE179). The Lucky John Area consists of three zones, the Glover Creek, Main and Eastern Zones. In the current work, a geochemical orientation survey was undertaken in three areas: the Simpson Mine Area, the Eastern Zone of the Lucky John Area and a third area called the Intermediate Zone between the other two areas. In addition, data from previous exploration programs documented in the BCMMEPR Assessment Reports were compiled to form a basis for the field work.

The most common surficial sediments on the property are colluvial deposits which dominate on the relatively steep slopes. The colluvium occurs as both coarse-grained talus and finer-textured gravity deposits. The talus typically consists of angular, clast-supported, pebble to cobble sized clasts, often with little matrix at surface. Fines generally increase with depth but some cobble talus areas could not be sampled because of the lack of fines. The gravity deposits consist of gravel-rich diamicts with a silt to sand matrix. They are mainly clast-supported but matrix-support occurs locally. These deposits include varying proportions of both angular, locally-derived clasts and subangular to subrounded glacial erratics. The proportion of glacially transported clasts is generally small, especially on steep slopes, suggesting a relatively limited influence of glacial transport. However, more gentle slopes on the property do have a till cover. Glaciofluvial deposits occur mainly in the valley bottom.

Three main areas were investigated on the Granby Gold property for the geochemical orientation work. The areas were identified on the basis of multi-element and multi-site anomalies from previous surveys:

The Lucky John Eastern Zone Area (centred on 393450E 5449875N) – Gold values in soil of up to 530 ppb were previously encountered in the Eastern Zone. The area has significant surface disturbance including roads, drill pads, and a large trench. The trench was open at the time of the site visit and strongly oxidized bedrock with abundant sulphide was exposed along the bottom of the trench in a few locations. High gold and silver concentrations (up to 436 ppb Au and 4150 ppb Ag) were found in oxidized gravelly soils in the area. Much of the area around the Eastern Zone, especially to the south along the valley bottom, is covered by glaciofluvial sands and gravels.

Intermediate Area (centred on 393800E 5450175N) - The main area of investigation for the orientation survey was located in a undisturbed area in the northeast part of the old soil grid. Up to 240 ppb gold, 1 ppm silver, 370 ppm copper and 38 ppm arsenic were found in previous soil samples in the area. Samples from the 2011 survey produced up to 523 ppb gold, 2396 ppb silver, 498 ppm copper and 1325 ppm arsenic, with the highest values generally coming from the C-horizon. Samples taken from an area about 200 m northeast of the old soil anomaly yielded the highest gold and arsenic values in the 2011 survey as well as >95th percentile silver (2396 ppm). The area may represent a new zone of gold potential on the property.

Simpson Mine Area (centred on 394000E 5450350N) - In the northeastern-most corner of the old soil grid, an area with elevated gold, silver, copper, zinc and arsenic was re-sampled in 2011. The maximum metal values in the area were similar to the previous survey; the highest values generally occurred in the deepest soil horizon sampled (usually the C-horizon). All of the soils in this area were developed in locally derived colluvial materials with abundant angular clasts. Slopes in the area are exceptionally steep (35 degrees or more).

Results from the soil geochemical orientation survey suggest that the C soil horizon of colluvial deposits would be the best sample media for future geochemical surveys in the area.

In conclusion, the results of the soil geochemical orientation survey, lithogeochemical survey and data compilation are encouraging. The geological environment and host rocks at the Granby Gold property are similar to other mining properties in the Boundary Gold Distirict which has a record of gold production and reserves of more than 5 million ounces. The three zones (Glover, Main and Eastern) in the Lucky John area are part of a mineralized corridor that has ore-grade drill intersections and that has not been tested along strike or to depth. The Simpson Mine area is a second attractive target area that has not received any modern exploration or drilling. A third area (Intermediate Area), between the other two, displays highly anomalous soil geochemistry and grab samples, with up to 5.4 g/t Au and 22.3 g/t Ag, and also has had no modern exploration work.

The property warrants a major integrated exploration program including: geological mapping, soil geochemical sampling, magnetometer surveying, induced polarization surveying and diamond drilling. A two-phase program is recommended, with phase 2 contingent upon substantial success in phase 1. A budget of $750,000.00 is proposed for Phase 1 and $1,250.000.00 for Phase 2 for a total of $2,000,000.00.

Item 2: Introduction

This technical report entitled “Economic Evaluation and Geochemical Orientation Survey and of the Granby Gold Property, Grand Forks-Greenwood Area, Boundary Gold District, British Columbia”, has been prepared at the request of Mr. C. Hugh Maddin, the president of Quadra Costal Resources Ltd. The report complies with National Instrument 43-101 standards for technical disclosure. The report is based on work by the two authors, Drs. V. Levson and R.H. McMillan, both registered Geoscientists in the Province of British Columbia and qualified Persons under the guidelines of NI 43-101. Dr. Levson undertook the field work and wrote the section on the Geochemical Orientation Survey and Dr. McMillan wrote the section on Past Work and History. Dr. McMillan visited the property for on day in September 2011.

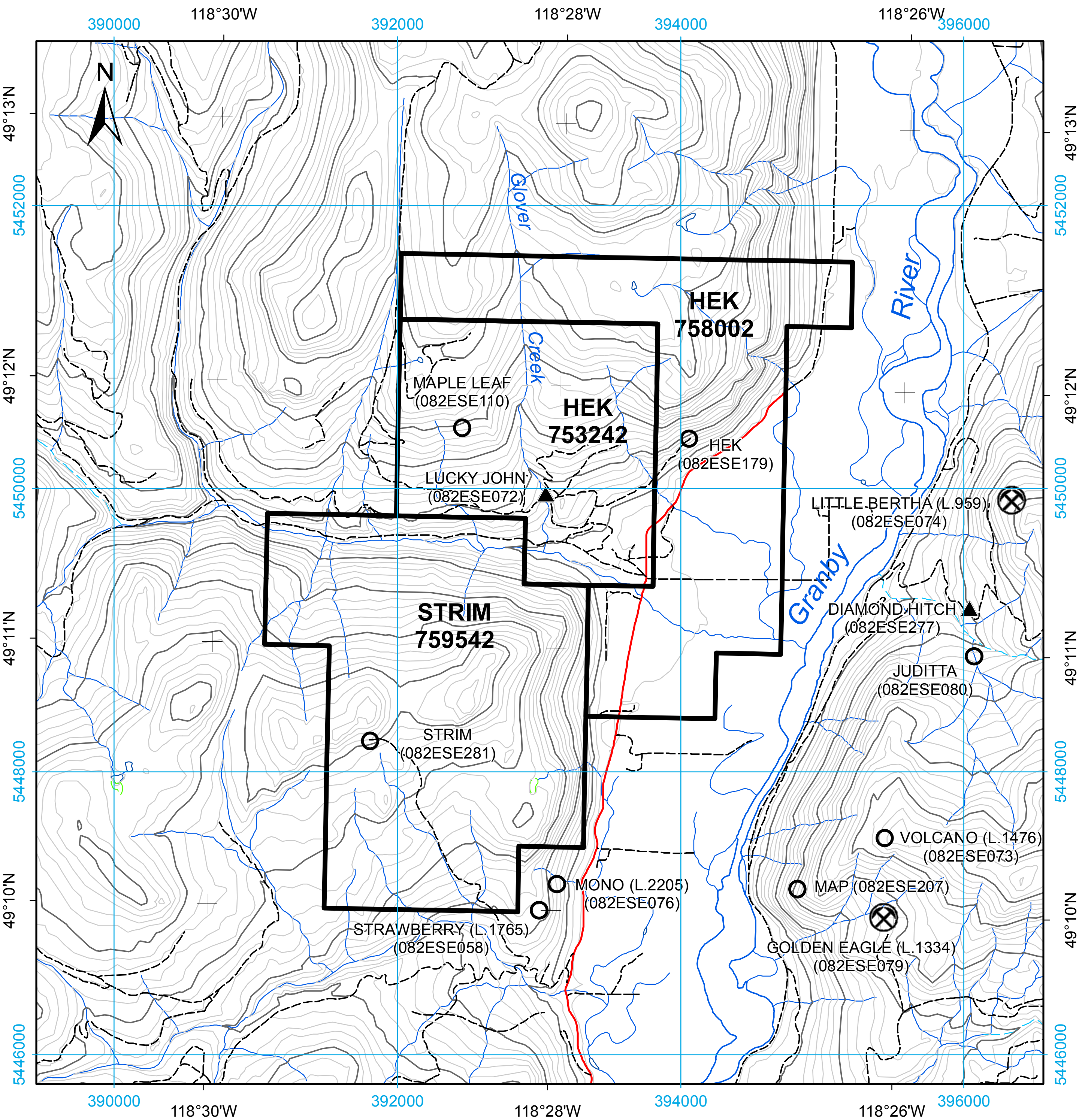
The objectives of this report are to describe the results of a geochemical orientation survey conducted on the Granby Gold property and to evaluate the potential for further exploration work there. Available records (mainly BCMMEPR Assessment Reports) documenting past work on the property have been compiled and two visits to the property were made in August and October of 2011.

The location of the property claims are shown on Figure 2. Field work for this project was designed to evaluate elevated metal concentrations in soils identified in geochemical sampling programs previously conducted on the property (e.g. Gill, 1988). Numerous soil samples from the previous surveys show anomalous gold, silver and arsenic concentrations. The dominant surficial sediment types present in the areas of the old soil geochemical anomalies were investigated and the A, B and C soil horizons were sampled at representative sites to determine which horizon would be most suitable for further work.

The purpose of the geochemical orientation survey was to determine the best geochemical sampling method for further work on the property. The two main objectives were: 1) to determine the most common types of surficial sediments around known and suspected areas of mineralization and to evaluate the potential for conducting a till geochemical sampling program in the area, and 2) to collect soil profile samples from multiple horizons in the vicinity of previously discovered geochemical anomalies and mineralized areas to determine which soil layer would provide the best sample media for future surveys.

Item 3: Reliance on Other Experts

Much of the information included in this report has been obtained from review of BC Ministry of Mines and Energy Assessment Reports cited in the list of References cited in section 27 of this report.



MINFILE Location

Past Producer

Prospect

Showing

Claim boundary with Tenure Number

Cartography by Mike Fournmier, MAF Geographix

Figure 1

Claims Location

Granby Gold Property

1:40,000

0 0.5 1 2

Kilometres

Item 4: Property Description

The Granby Gold property consists of 3 claims that total 1224.5 ha (Table 1). The focus of the present exploration report is centered on the Claims 753242 and 758002, known as the HEK claims. A list of claims is provided in Table 1. Mr. Hugh Maddin owns 100% of all the claims.

Table 1. List of Claims on the Granby Gold property

Tenure #	Type	Claim Name	Good Until	Area (ha)	Owner
753242	Mineral	HEK	2016-11-01	295.53	HUGH MADDIN
758002	Mineral	HEK	2016-11-01	422.19	HUGH MADDIN
759542	Mineral	STRIM	2016-11-01	506.79	HUGH MADDIN

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

The Granby Gold property is located in the southern interior of British Columbia approximately 20 kilometres north of Grand Forks (Figure 2). The property occurs on the west side of the Granby River valley at its confluence with Pass Creek. Access to the property is provided by a paved highway from Grand Forks which crosses the southeast corner of the claims (Figure 1). An all-weather gravel road extends from the highway westerly through the center of the claims and several smaller gravel roads provide access to the central part of the claims. The topography on the property is relatively steep except on the southeast side, where the claims overlap the broad flat bottom of the Granby River valley, and at the northernmost side of the claims where relatively gentle upland slopes occur. The lower part of the Pass Creek valley also has relatively gentle topography but the slopes rise quickly to the north and south of the valley. Slopes also rise steeply out of the Granby River valley with some rock cliffs present. All of the geochemical work reported on here was conducted on the two HEK claims (numbers 758002 and 753242) on the north side of the property.

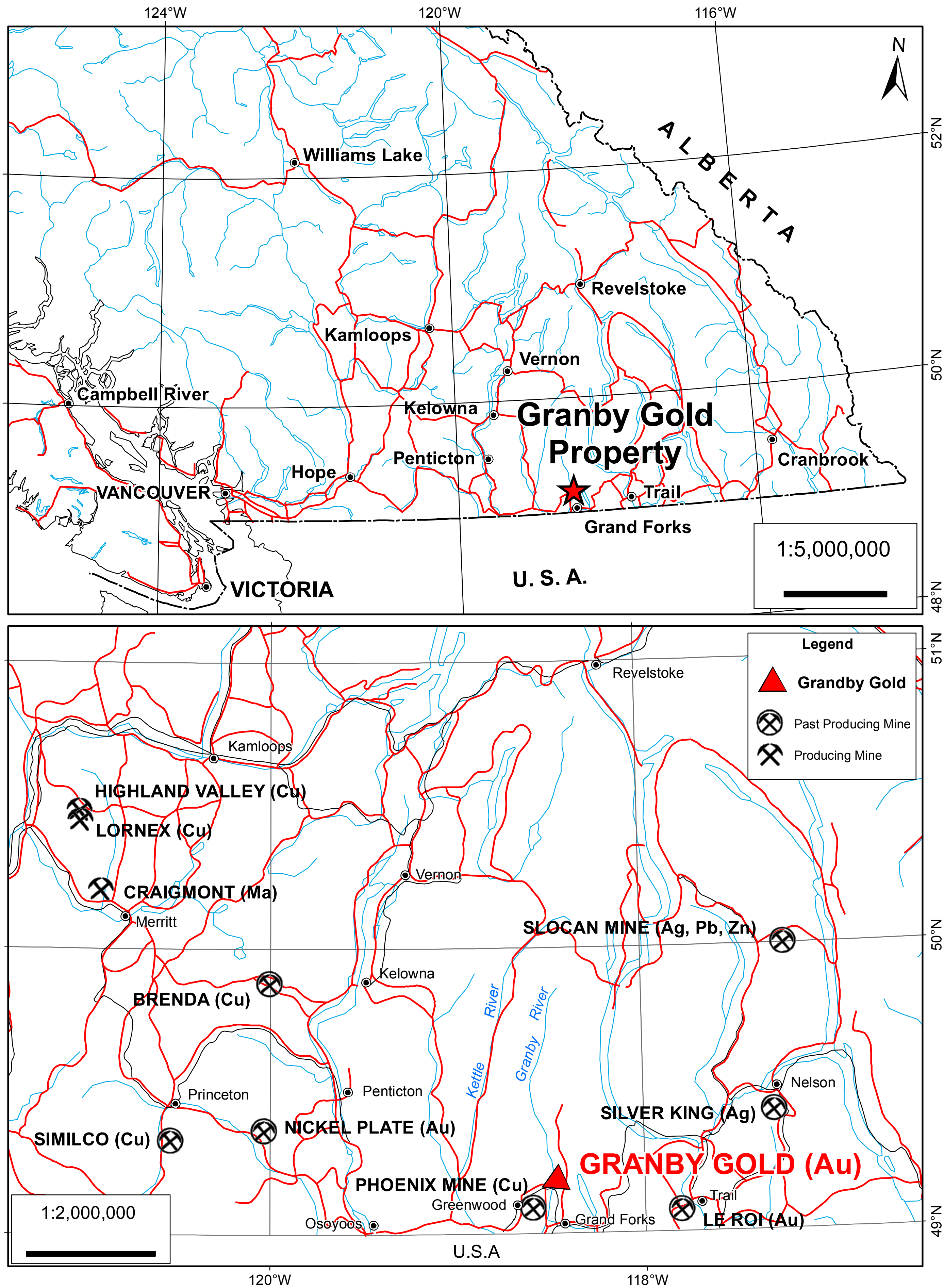


Figure 2. Location of the Granby Gold Property.

Item 6: History

Exploration work on the Granby Gold property began in the early 1900’s and targeted gold- and silver-bearing massive sulphide zones. Current interest in the property is focused on the past-producing Simpson (Zucco) Mine (HEK occurrence, MINFILE 082ESE179) and the Lucky John (MINFILE 082ESE072) showings (Figure 1). In 1939, the Simpson Mine shipped 330 tonnes of ore that produced 24.34 grams per tonne gold and 8.57 grams per tonne silver; several adits and crosscuts totaling an estimated 213 metres in length have tested the property. Numerous geological, geophysical and geochemical programs have been conducted on the property. Drilling was conducted in the late 1960’s, mid 1970’s and mid to late 1980’s. A summary of significant results from diamond drilling programs on the property is provided in a later section. The most recent drilling was conducted by Noranda in 1988; Noranda also completed mapping and geochemical sampling on the property (Gill, 1988). A number of other geological mapping, sampling and prospecting programs have been conducted in the area (e.g. Meyer, 1976; Keyte and Saunders, 1980; Kemp, 1992, 1995, 1997; Sookochoff, 1987, 1998a, b, 1999, 2000, 2001).

A compilation of previous work on the Granby Gold Property including soil geochemical anomalies, magnetic and induced polarization anomalies and drilling locations are provided in Figure 3. A summary of significant results from diamond drilling programs conducted between the late 1960’s and late 1980’s is provided in Table 2. Detailed maps showing previous diamond drill hole locations and intersections are presented in Figures 4 to 6. Figure 7 is a compilation map of adits in the Simpson Mine area.

Two other MINFILE occurrences have been documented on the property – both have had some prospecting and minor physical work, but no drilling. The Maple Leaf showing (MINFILE 082ESE110) is a quartz vein located west of the HEK occurrence within the HEK claim. The STRIM showing (MINFILE 082ESE281) contains copper-gold mineralization in massive sulhide, skarn and intrusive rocks located on the STRIM claim south of the HEK-Lucky John showings (Figure 1).

Table 2. Significant Results from Diamond Drill Programs – Glover Creek Property

Program	Total Metres # of Holes	Source	Hole #	Significant Intersection m @ g/t	From - To	Dip, Az, Depth	Comment
Noranda 1988	? metres, 7 holes	Gill et al, 1988	88-1	1.2 @ 27.2	na	na	Massive sulphide
			88-5	10.3 @ 3.1	na	na	Skarn
Cons. Boundary Ex Ltd Grand Forks Mines	783m, 9 holes	AR 16066	86-1	1.0 @ 4.5	34.1 – 35.1	-55, 240, 87.5	Pyritic Skarn
			86-2	4.0 @ 6.0	41.0- 45.1	-60, 240, 57.0	Massive Sulphide Skarn
			86-3	9.3 @ 6,5	41.6-50.9	-70, 240, 56.5	Massive Sulphide Skarn
			86-4	7,2 @ 2.8	50.0-57.2	-70, 240, 65.5	Massive Sulphide Skarn
			86-5	3.4 @ 7,4	59.1- 62.5	-60, 270, 72.0	Massive Sulphide Skarn
			86-6	nsv		-75, 270, 100.0	Skarn
			86-7	nsv		-60, 210, 54.5	10% pyrite
			86-8	nsv		-50. 013, 108.5	
			86-9	nsv		-50, 000, 182.0	
Cons. Boundary Ex Ltd Grand Forks Mines	130m, 29 holes	AR 13546	84-1	nsv	36,7-37.7	-50, 310, 65.2	
			84-2	nsv	36,7-37.7	-50, 120, 65.0	
Cons. Boundary Ex Ltd	601, 11 holes	AR 6130	75-1	22.9 @ 2.5	3.0-25.9	-50, ?, 28.3	
			75-2	10.4 @ 9.6	0-10.4	-90, 040, 11.9	
			75-3	7.6 @ 3.2	9.1-16.7	-50, 190, 18.3	
			75-4	7.0 @ 5.6	0-7.0	-50, 320, 13.7	
			75-5	nsv		-45, 010, 32.8	
			75-6	nsv		-70, 235, 74.7	
			75-7	8.8 @ 6.9	18.3-27.1	-50, ?, 103.7	
			75-8	2.7 @ 2.7	48.7-51.5	-50, ?, 134.8	
			75-9	nsv		-50, 090, 34.1	
			75-10	nsv		-50, ?, 73.8	1.3 m Massive Sulphides
			75-11	nsv		-50, ?, 77.7	
Bryell Minerals Ltd and Fento Mines Ltd	? metres, 6 holes	AR 13546	Not known	8.8 @ 10.2	Not known	Not known	Not known

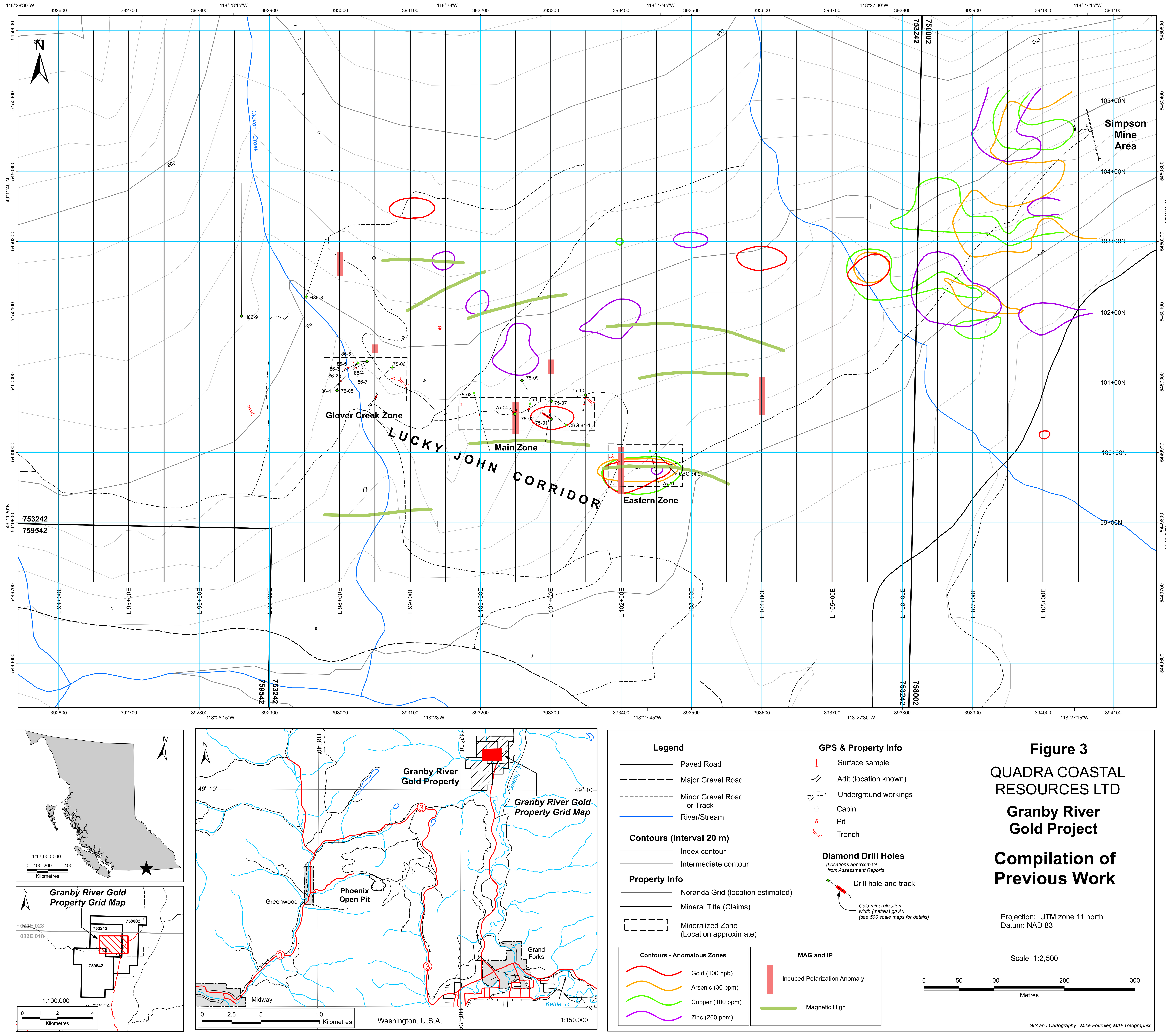


Figure 3
QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
Compilation of Previous Work

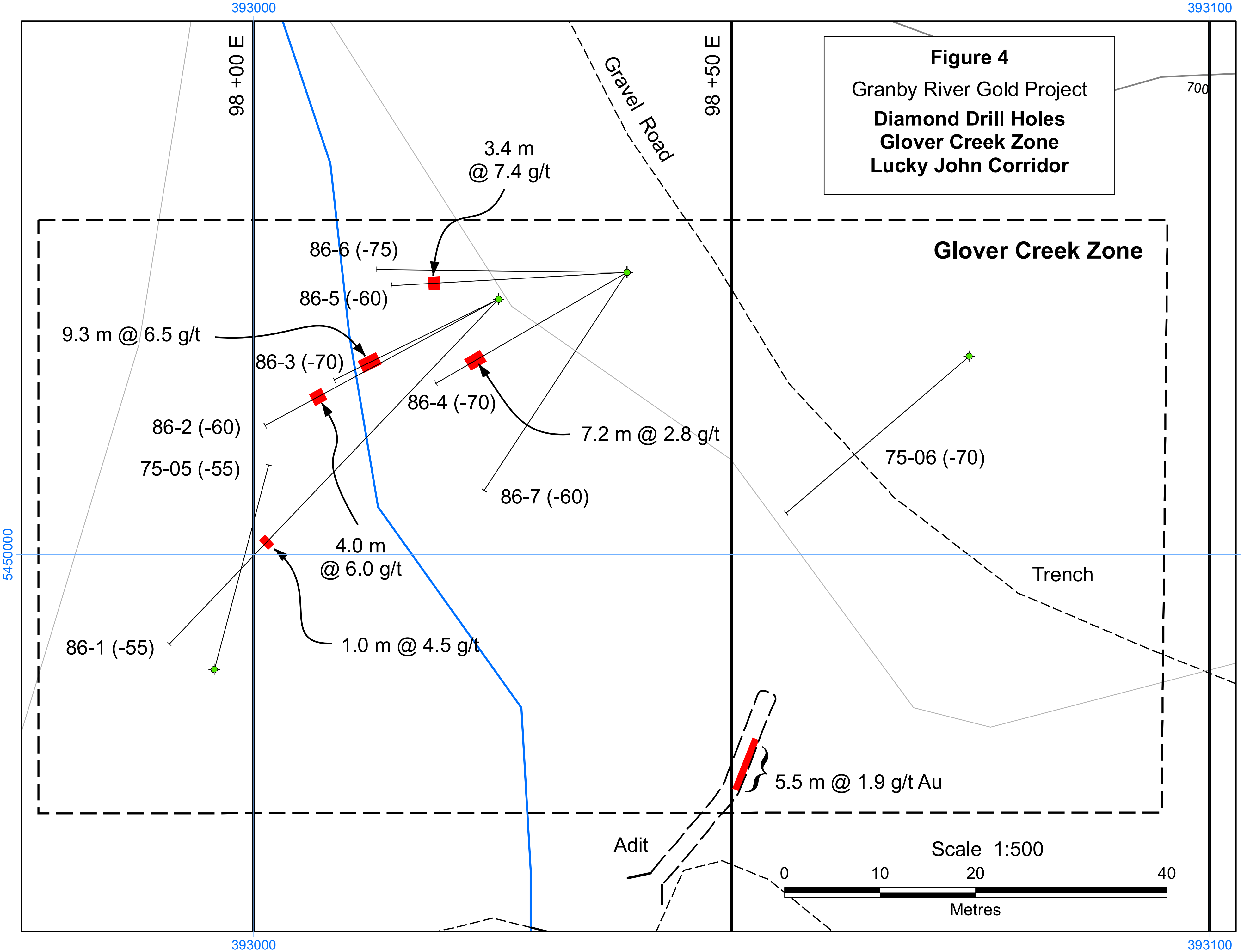


Figure 4
Granby River Gold Project
Diamond Drill Holes
Glover Creek Zone
Lucky John Corridor
393000
393100
5450000
98 +00 E
98 +50 E
Gravel Road
700
Glover Creek Zone
3.4 m
@ 7.4 g/t
86-6 (-75)
86-5 (-60)
9.3 m @ 6.5 g/t
86-3 (-70)
86-4 (-70)
7.2 m @ 2.8 g/t
86-2 (-60)
75-05 (-55)
86-7 (-60)
75-06 (-70)
4.0 m
@ 6.0 g/t
Trench
86-1 (-55)
1.0 m @ 4.5 g/t
5.5 m @ 1.9 g/t Au
Adit
Scale 1:500
0
10
20
40
Metres

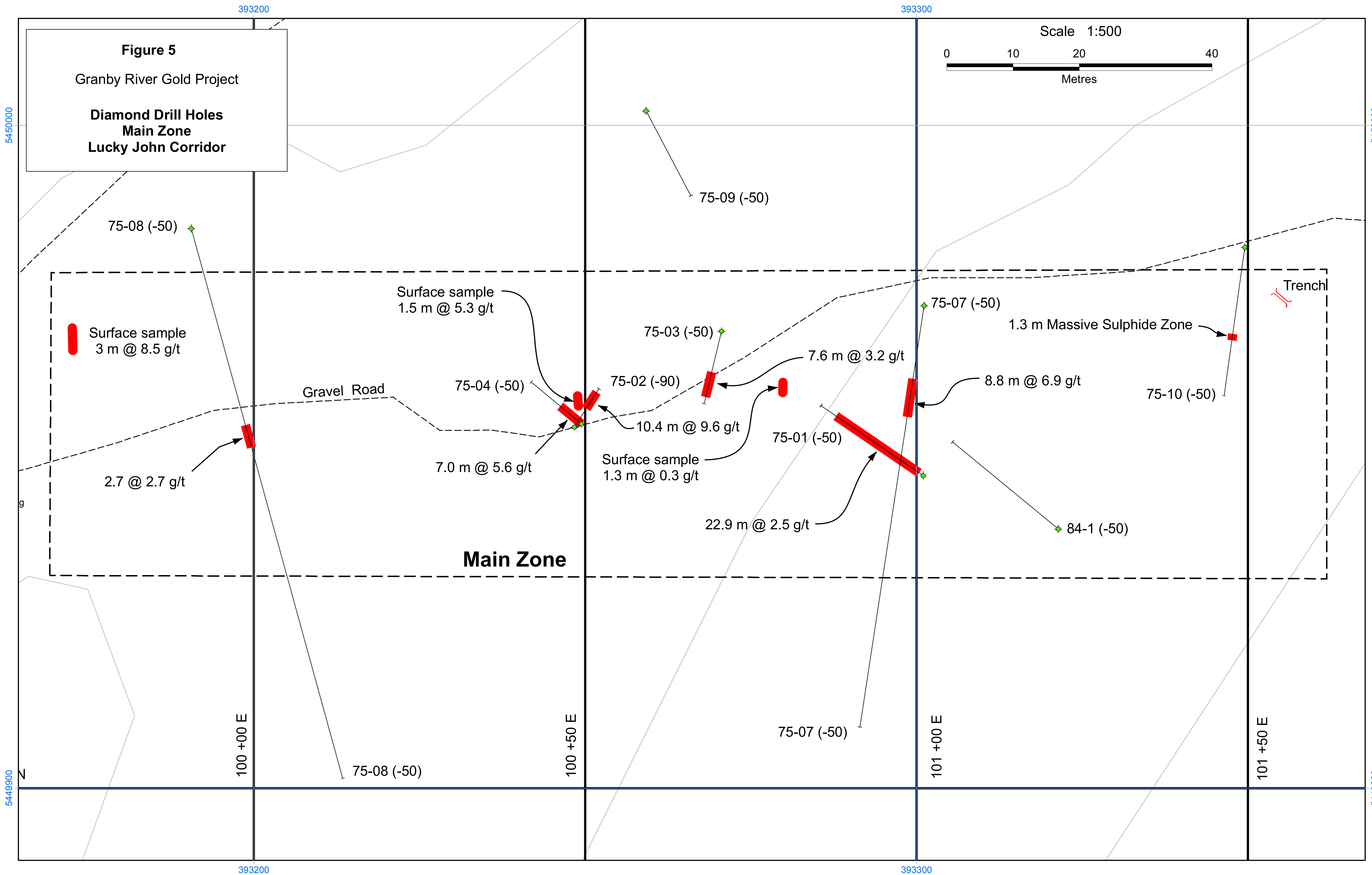


Figure 5
Granby River Gold Project
Diamond Drill Holes
Main Zone
Lucky John Corridor
Scale 1:500
0
10
20
40
Metres
393200
393300
5450000
5449900
75-09 (-50)
75-08 (-50)
Surface sample
3 m @ 8.5 g/t
Surface sample
1.5 m @ 5.3 g/t
75-03 (-50)
75-07 (-50)
1.3 m Massive Sulphide Zone
Trench
75-10 (-50)
7.6 m @ 3.2 g/t
8.8 m @ 6.9 g/t
75-02 (-90)
75-04 (-50)
Gravel Road
10.4 m @ 9.6 g/t
75-01 (-50)
7.0 m @ 5.6 g/t
Surface sample
1.3 m @ 0.3 g/t
2.7 @ 2.7 g/t
22.9 m @ 2.5 g/t
84-1 (-50)
Main Zone
100 +00 E
100 +50 E
101 +00 E
101 +50 E
75-07 (-50)
75-08 (-50)
N

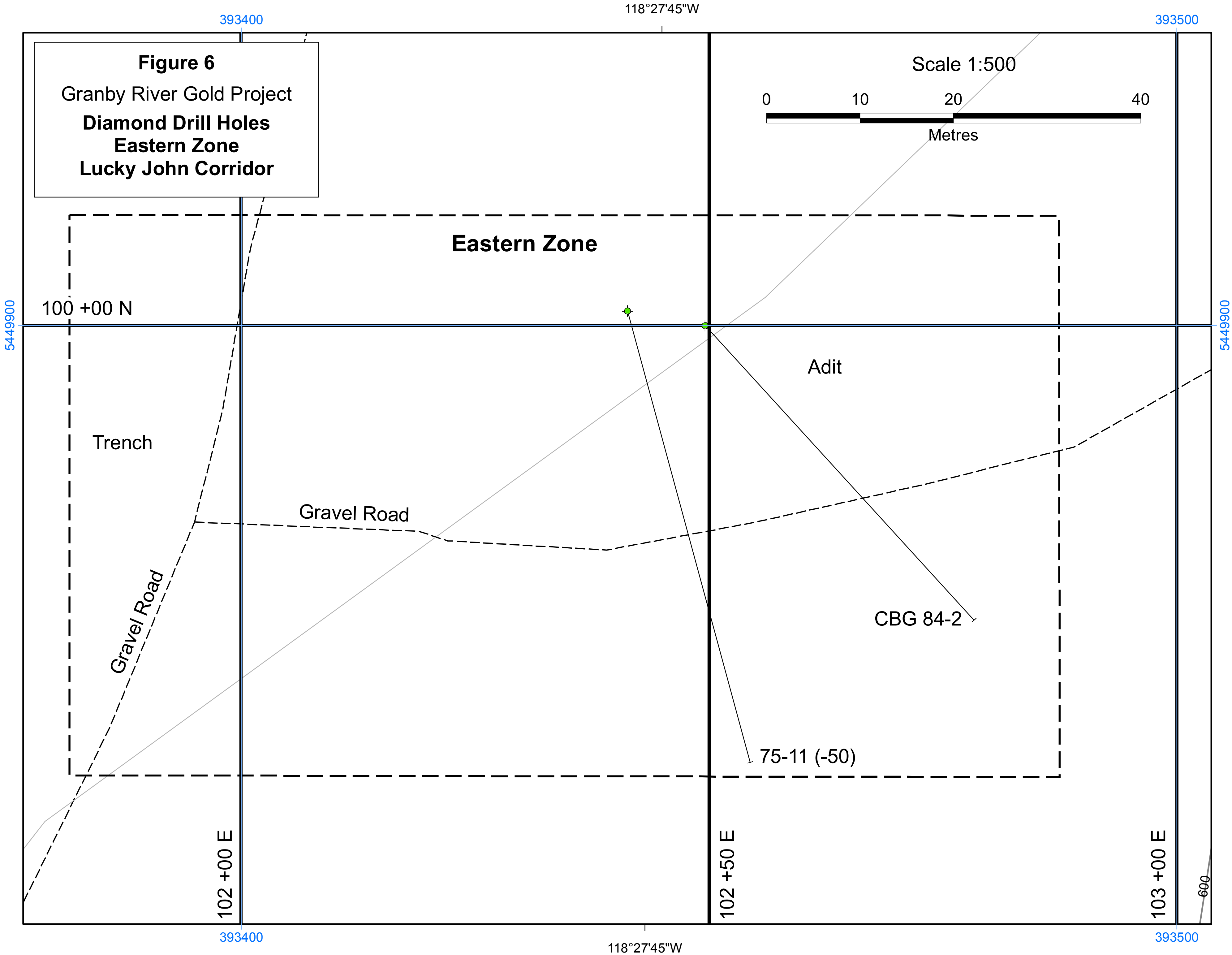


Figure 6
Granby River Gold Project
Diamond Drill Holes
Eastern Zone
Lucky John Corridor
Scale 1:500
0
10
20
40
Metres
118°27'45"W
393400
393500
5449900
Eastern Zone
100 +00 N
Adit
Trench
Gravel Road
Gravel Road
CBG 84-2
75-11 (-50)
102 +00 E
102 +50 E
103 +00 E
600

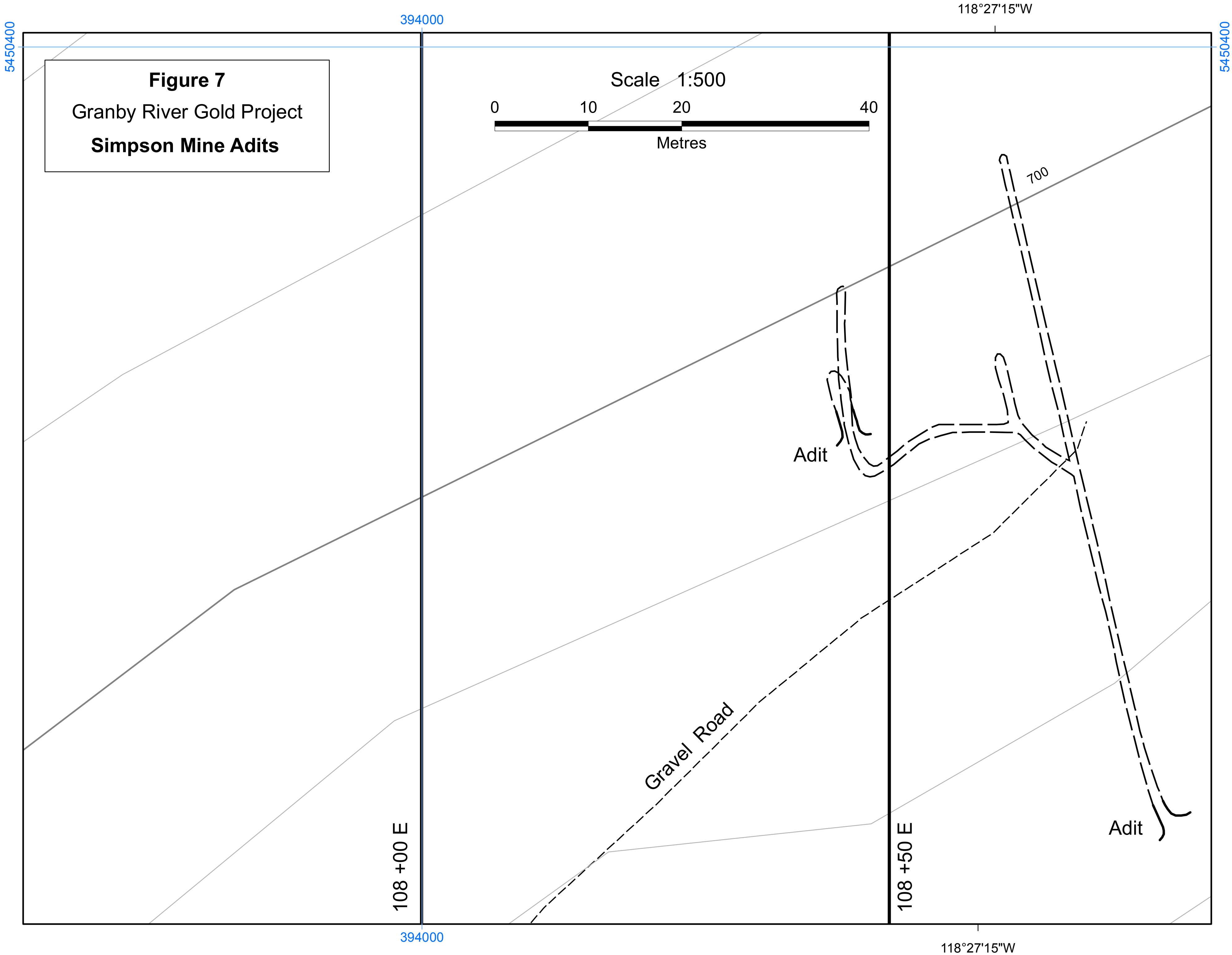
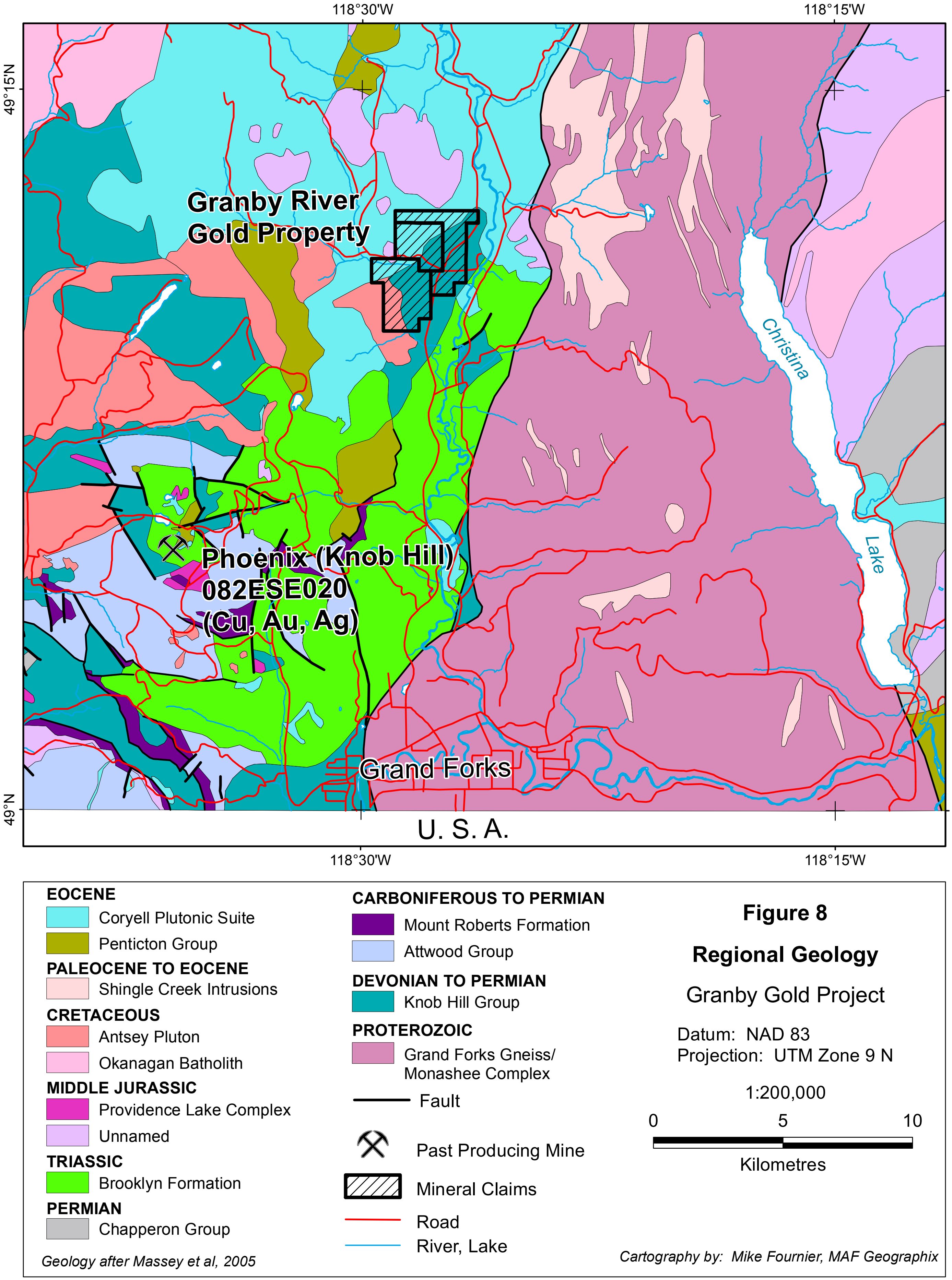


Figure 7
Granby River Gold Project
Simpson Mine Adits
Scale 1:500
0
10
20
40
Metres
394000
118°27'15"W
5450400
5450400
700
Adit
Adit
Gravel Road
108 +00 E
108 +50 E
394000
118°27'15"W

Item 7: Geological Setting and Mineralization

The regional bedrock geology around the Granby Gold property (Figure 8) was most recently mapped by Hoy and Jackaman (2005) and compiled by Massey *et al.* (2005). The south and west sides of the property (including most of the STRIM claim and the southernmost parts of the HEK claims) are dominated by rocks of the Permian Knob Hill Group (Figure 8). These rocks include massive, fine-grained greenstone, lava, breccia and minor limestone (Hoy and Jackaman, 2005). The HEK claims are dominated by Coryell plutonic rocks (Figure 8). These include medium to coarse-grained syenite, hornblende-biotite syenite, quartz monzonite and monzodiorite (Hoy and Jackaman, 2005). Middle Jurassic Nelson Plutonic rocks also occur in the area. They are described as undifferentiated hornblende granites and granodiorites that are medium to coarse-grained, typically equigranular, and massive to locally foliated. The Nelson plutonics may also include Jurassic to Cretaceous, massive, medium to coarse grained, equigranular to porphyritic, biotite granodiorites and granites (Hoy and Jackaman, 2005). Massey *et al.* (2005) include these rocks as part of the Cretaceous Antsey Pluton (Figure 8).

A major structural break, the north-trending Granby River Fault, correlates in part with the Granby River and is within one kilometer east of the eastern border of the property. The Fault, which extends northward from Washington, also forms the eastern edge of the Republic Graben, a large structural feature believed to be a major control of the Boundary Gold District of Northern Washington State and adjacent British Columbia (Figure 9). The Boundary District hosted a resource of more than 5 million ounces of gold. Important producing and/or developing mines include the Republic District (0.9 m oz.), Phoenix (1 m oz.), Rossland (2.8 m oz.), the Kinross Buckhorn (Crown Jewel) Deposit (1 m oz.) and Overlook-Key-Lamefoot deposits (1 M oz.). The Kinross Buckhorn (Crown Jewel) gold deposit is located just south of the US border in northern Washington State. The deposit occurs within a large skarn system formed at the contact of a Cretaceous diorite-granodiorite pluton with Triassic limestones and andesites in a geological setting similar to that of the Granby Gold Property.


118°30'W
118°15'W
49°15'N
49°N
Granby River
Gold Property
Christina
Lake
Phoenix (Knob Hill)
082ESE020
(Cu, Au, Ag)
Grand Forks
U. S. A.
EOCENE
Coryell Plutonic Suite
Penticton Group
PALEOCENE TO EOCENE
Shingle Creek Intrusions
CRETACEOUS
Antsey Pluton
Okanagan Batholith
MIDDLE JURASSIC
Providence Lake Complex
Unnamed
TRIASSIC
Brooklyn Formation
PERMIAN
Chapperon Group
Geology after Massey et al, 2005
CARBONIFEROUS TO PERMIAN
Mount Roberts Formation
Attwood Group
DEVONIAN TO PERMIAN
Knob Hill Group
PROTEROZOIC
Grand Forks Gneiss/
Monashee Complex
Fault
Past Producing Mine
Mineral Claims
Road
River, Lake
Figure 8
Regional Geology
Granby Gold Project
Datum: NAD 83
Projection: UTM Zone 9 N
1:200,000
0
5
10
Kilometres
Cartography by: Mike Fournier, MAF Geographix

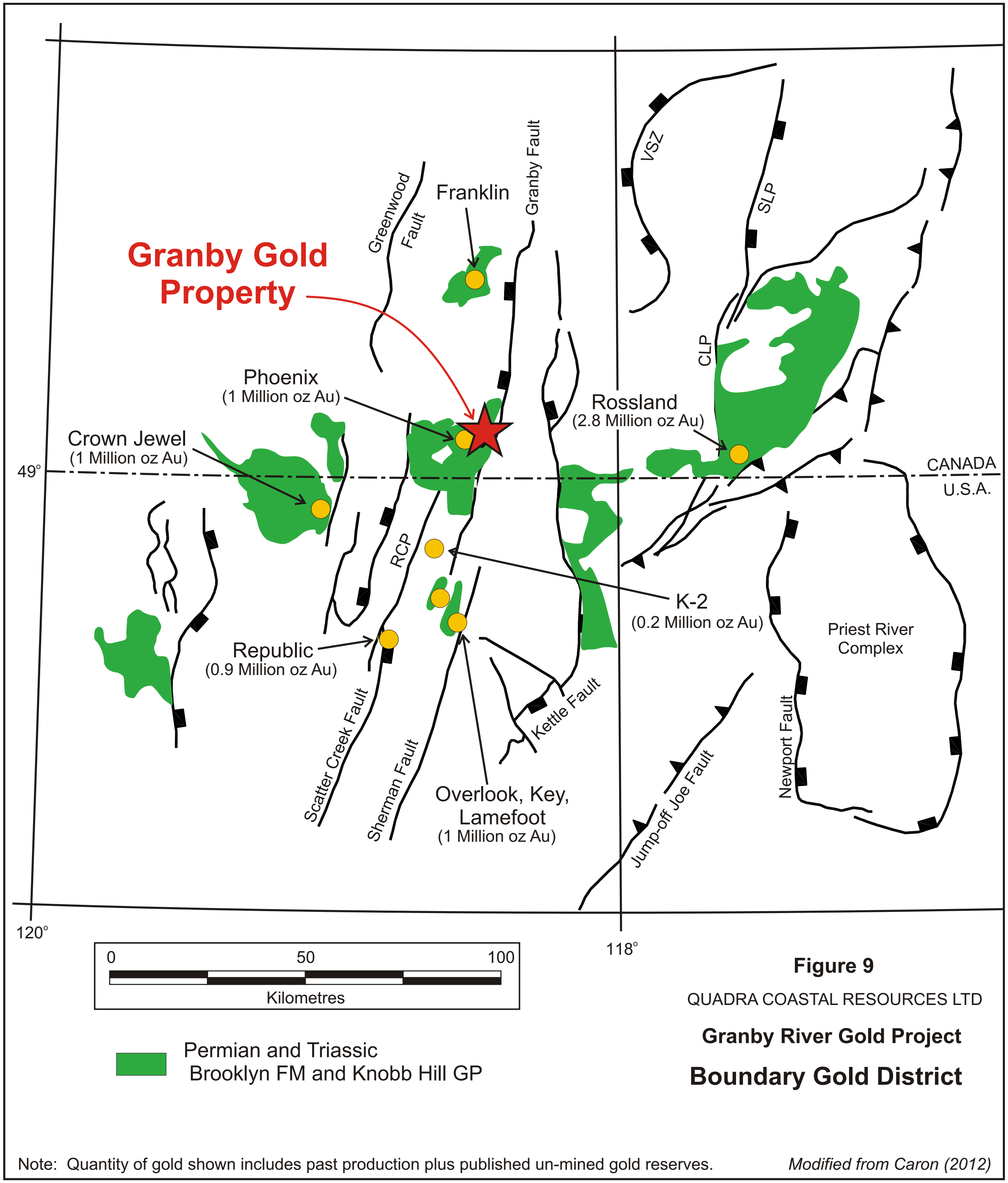


Figure 9
QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
Boundary Gold District

Note: Quantity of gold shown includes past production plus published un-mined gold reserves.

Modified from Caron (2012)

A detailed (1:1200 scale) geology map of the property was first produced by Kruchkowski and Ostensoe (see Figure 3 in Meyer, 1976). The map covers an area similar to that investigated in this study. Six units were identified: 1) metasediments, quartzite, argillite (hornfels); 2) lamprophyre; 3) trachyte and andesite; 4) pulaskite (a nepheline-bearing alkali feldspar syenite) porphyry; 5) diorite and biotite diorite; 5b) granite; and, 6) augite syenite and leucosyenite. The following description of the local geology is summarized from Ostensoe (in Meyer, 1976). The geology is dominated by a co-magmatic assemblage of alkali rocks that intrude and are bordered by granite and siliceous volcanic and sedimentary rocks. The latter are weakly pyritic and, just east of Glover Creek, they contain zones of abundant to massive iron sulphides as well as chalcopyrite and gold. Augite syenite, leucosyenite and feldspar porphyry occur on the lower slopes and in the northwestern part of the area. The intervening rock is mainly diorite. Granite dominates the northeast part of the mapped area. Pulaskite porphyry dykes occur in abundance in all intrusive rock types. Siliceous volcanic rocks and hornfelsed siliceous sedimentary rocks, including quartzite and argillite, occur in a small area west of Glover Creek and along the south and southeast edges of the area. In most areas the bedded rocks are intimately mixed with intrusive rocks indicating that assimilation has occurred. An overall east-west structural trend was suggested by the distribution of sedimentary rock units and their internal structure. Sulphide mineral concentrations were attributed to contact metamorphism of favourable metal rich beds by the intrusive events (Meyer, 1976).

More recently, a detailed (1:2500 scale) geology map of the Granby Gold property was provided by Noranda (Gill, 1988). Eleven units were mapped on the property. Unit 1 consists of rocks of the Paleozoic-Triassic volcano-sedimentary Knob Hill assemblage including: fine-grained, siliceous meta-andesite and andesite conglomerate (unit 1a); hornfelsed siltstones (unit 1b), quartzites (unit 1c), and quartz-feldspar-biotite gneisses (unit 1d). Units 2 and 3 were mapped as various phases of the Jurassic Nelson intrusive suite. Unit 2 is a diorite with pyroxene and feldspar phenocrysts. Unit 3 includes quartz diorite (unit 3a), granodiorite (unit 3b) and granite (unit 3c). Unit 4 (monzonite) and Unit 5 (syenite) were mapped as Tertiary Coryell intrusives that intrude both the Knob Hill and Nelson groups. Mineralized sulphide zones were mapped as Unit 6. Units 7 to 11 consist of a series of Tertiary dykes that represent the last intrusive phase in the area (Fyles, 1987). These dykes intrude all rock types and include latite (unit 7), trachyte (unit 8), andesite (unit 9), feldspar porphyry (unit 10) and diorite (unit 11) dykes. Dykes of units 7 and 8 are most common and northeast-southwest and northwest-southeast orientations are suggested (Gill, 1988).

Mineralization on the Lucky John part of the Granby Gold property is mainly stratibound/stratiform in nature and consists of massive sulphides and magnetite associated with skarn alteration. Gill (1988) suggested mineralization is focused along the contact zone between the Coryell syenite intrusive and the Knob Hill volcano-sedimentary package. The main focus of recent interest consists of three areas referred to as the Main, Eastern and Glover Creek zones. All three zones consist of semi-massive to massive pyrite and pyrrhotite and occur in epidote and biotite altered greenstones and hornfelsed sediments. The three zones define a mineralized corridor more than 500 metres in length, trending east-southeast and dipping moderately to the north. The three zones appear to be offset from one another in an en echelon fashion; drilling and trenching have partially traced the zones, but all three remain open along strike and to depth.

The predominant alteration is skarned andesites and hornfelsed sediments of the Knob Hill Group in association with semi-massive to massive zones of pyrite/pyrrhotite containing gold (Sookochoff, 2001). Siliceous, green, white andesite skarn is associated with massive sulphides and the skarns may also exhibit biotite, calc-silicate and garnet alteration. According to Sookochoff (2001), an unpublished 1988 Noranda drilling program intersected mineralization in association with both massive sulfides and skarns. A 1.2 metre section of massive sulfide contained 27.2 g/t gold (0.794 oz/ton) (in DDH-HK-88-1) whereas a 10.3 metre section of andesite skarn contained 3.1 g/t (0.09 oz/ton) gold (in DDH-HK-88-5).

A second area of interest is the Simpson Mine (HEK) Zone located 900 metres northeast of the Lucky John area. MINFILE (08ESE179) describes the deposit as “a quartz filled shear zone which hosts pyrrhotite, pyrite and chalcopyrite across a width of approximately 30 metres”. As stated above, the Simpson Mine shipped 330 tonnes of ore which produced 24.34 g/t gold and 8.57 g/t silver. Several adits and crosscuts totaling an estimated 213 metres in length have tested the area, however there is no record of diamond drilling on the HEK occurrence.

Item 8: Deposit Types

A skarn is a silicate-rich metamorphic rock. Skarns are major sources of copper, gold, tungsten lead, iron, zinc and molybdenum. Skarn deposits form when carbonate rich rock is invaded by magma (igneous intrusion) or hydrothermal fluids - the process causes a variety of chemical changes that result in the deposition of valuable metallic ore.

Gold and copper skarns are a major and important skarn type. Generally the two metals are important in the same deposits at varying ratios. Copper-gold skarns are common along subduction zones in both oceanic and continental margins. Copper skarns are commonly associated with mineralized porphyry copper plutons. Such deposits can exceed 1 billion tonnes of combined porphyry and skarn ore, with more than 5 million tonnes of recoverable copper from the skarn mineralization. Skarns are commonly smaller than many other deposit types such as porphyries.

Skarn mineralogy includes a wide variety of calcite and calcium bearing silicate and associated minerals but usually is dominated by garnet and pyroxene. Skarns can be subdivided into two broad subcategories: exoskarns and endoskarns. Exoskarns form in the sedimentary rocks surrounding the intrusive heat source. Endoskarns are developed within the igneous intrusion. Both types may host economic minerals. Calcic exoskarns, however, are the host to the majority of the world’s economic skarn deposits. The Antamina deposit in Peru is an important example and is briefly described below:

Important examples include the Fortitude and McCoy Creek Mines in the Battle Mountain Trend in Nevada with resources respectively of 10.3 mt @ 6.9 g/t Au, 24.7 g/t Ag and 0.1% Cu and 8.7 mt @ 1.9 g/t Au and 0.1% Cu (Ettlinger and Ray, 1989). The Phoenix Mine located 15 km. southwest of the Granby Gold Property was important in the development of the Grand Forks region producing a total of 27.0 mt of ore grading 1.1 g/t Au, 7.1 g/t Ag and 0.9% Cu (Ettlinger and Ray,1989). The Phoenix Mine supported a smelter at the nearby town of Greenwood.

Item 9: Exploration

LITHOGEOCHEMICAL SAMPLING

As part of the property examination and geochemical orientation survey, Mr. John Grabavac (B.Sc., B. Eng.) collected 15 lithogeochemical samples from trenches and waste dumps in the Simpson Mine, and Lucky John areas, as well as from a third poorly documented area between the two referred to here as the Intermediate Zone. Gold concentrations in the lithogeochemical samples are shown in Figure 10. Sample numbers are shown on Figure 11. The lithogeochemical data are summarized in Table 3.

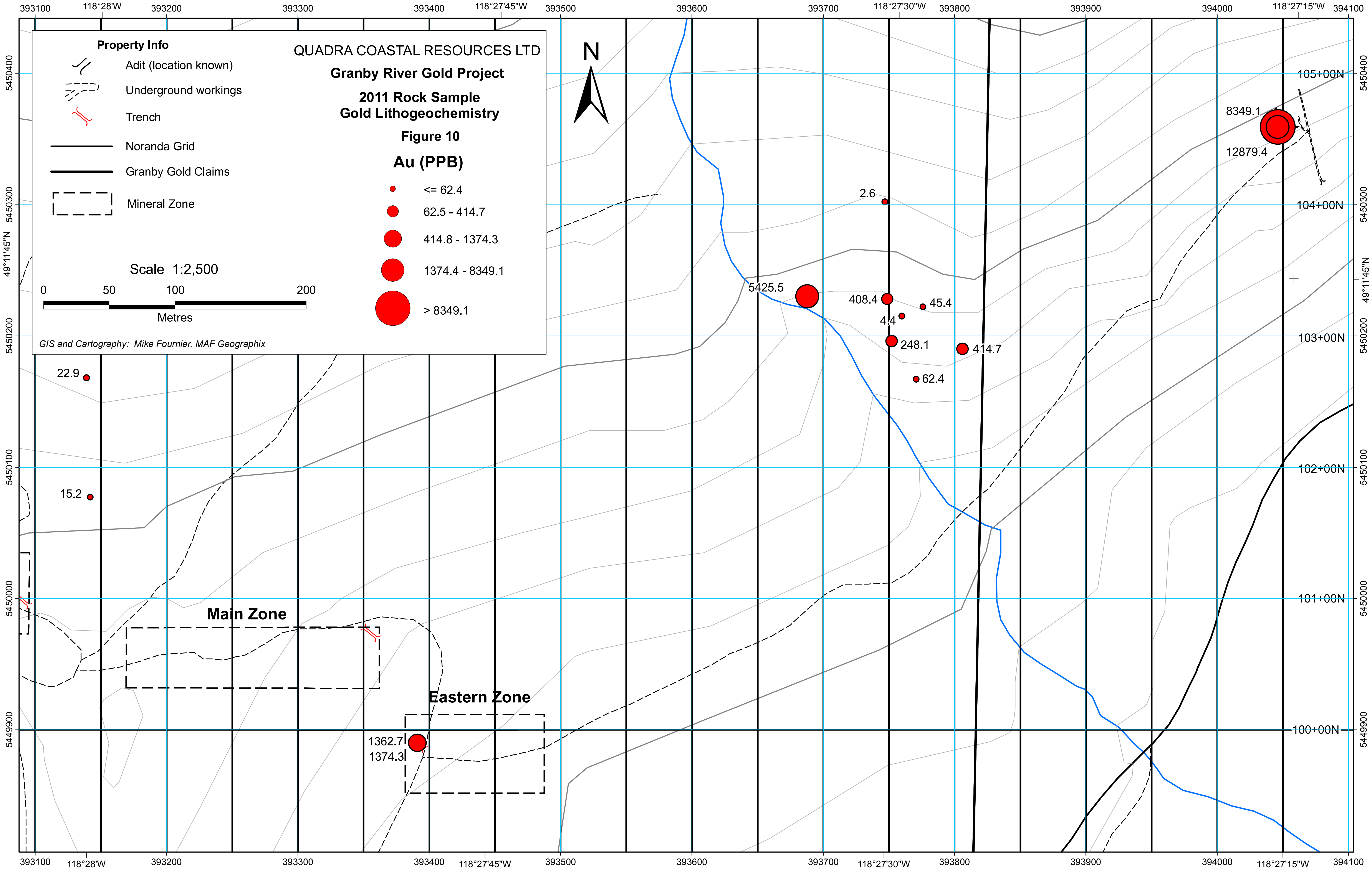
Table 3. Lithogeochemical analytical results for rock samples collected in 2011 on the Granby Gold property

Analyte	Mo	Cu	Pb	Zn	Ag	As	Au	Sb
Unit	**PPM**	**PPM**	**PPM**	**PPM**	**PPB**	**PPM**	**PPB**	**PPM**
R001	2.5	92	174.8	19.1	44349	67.1	5426	0.64
R002	5.2	685	5.4	6.7	2449	10.3	408	0.29
R003	9.3	467	3.7	19.8	1005	17.9	248	0.30
R005	3.6	44	3.5	3.8	547	2.1	62	0.14
R006	6.4	108	7.1	14.8	788	15.5	45	1.22
R007	1.9	22	2.2	67.3	60	1.6	4	0.10
R008	2.3	26	17.3	68.1	111	9.9	3	0.24
R009	16.0	1055	3.6	14.0	2088	3.5	415	0.23
ADIT03-A	23.1	608	24.4	61.8	2212	30.1	12879	0.94
ADIT03-B	8.9	679	6.7	95.1	1710	22.5	8349	0.51
T03-A	5.7	1588	51.8	48.2	13949	93.1	1363	2.29
T03-B	47.4	2858	85.1	262.0	15039	5490.5	1374	69.33
P02	2.3	48	9.7	52.9	422	16.4	15	0.45
AREA01	36.5	83	5.0	73.5	366	8.9	23	0.50

2011 GEOCHEMICAL ORIENTATION SURVEY

In 2011 a geochemical orientation survey was conducted on the Granby Gold property by Quaternary Geosciences Inc. to determine the surficial sediment types in the areas of previously identified soil geochemical anomalies (Figure 3) and to evaluate the utility of different soil horizons for geochemical exploration on the property. No evidence was found in the field for the 1987 soil grid established by Noranda (Gill, 1988). Consequently, the soil grid (shown on Figure 3) was geo-referenced from the Noranda maps using point sites such as drill holes and adits located in the field with a GPS. The accuracy of the geo-referencing was confirmed at a few locations where old unmarked flagging tape was found on the ground at the suspected location of old soil sample sites. However, for accuracy in this report, only GPS coordinates are reported (rather than old soil grid coordinates). The geo-referenced location of the old soil grid is included on figures in this report for convenience only.

The primary target areas for detailed study were identified mainly from existing soil geochemical data collected by Noranda on the old soil grid (Gill, 1988). The main areas with coincident multi-element anomalies were found to be in the Eastern zone and in two areas on the northeast side of the old grid (Figure 3). These three areas were selected for detailed study. The Eastern Zone (Lucky John area) eastern zone showed a coincident gold, silver, copper and arsenic anomaly (± lead and zinc). The Simpson Mine and Intermediate Areas were mainly arsenic, copper and zinc anomalies with scattered high values of gold, silver and lead (Figure 3). The



Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Rock Sample Gold Lithogeochemistry
Figure 10
Au (PPB)
<= 62.4
62.5 - 414.7
414.8 - 1374.3
1374.4 - 8349.1
> 8349.1
Scale 1:2,500
0 50 100 200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
N
Main Zone
Eastern Zone
8349.1
12879.4
2.6
5425.5
408.4
45.4
4.4
248.1
414.7
62.4
22.9
15.2
1362.7
1374.3
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
393100
393200
393300
393400
393500
393600
393700
393800
393900
394000
394100
118°28'W
118°27'45"W
118°27'30"W
118°27'15"W
5450400
5450300
5450200
5450100
5450000
5449900
49°11'45"N

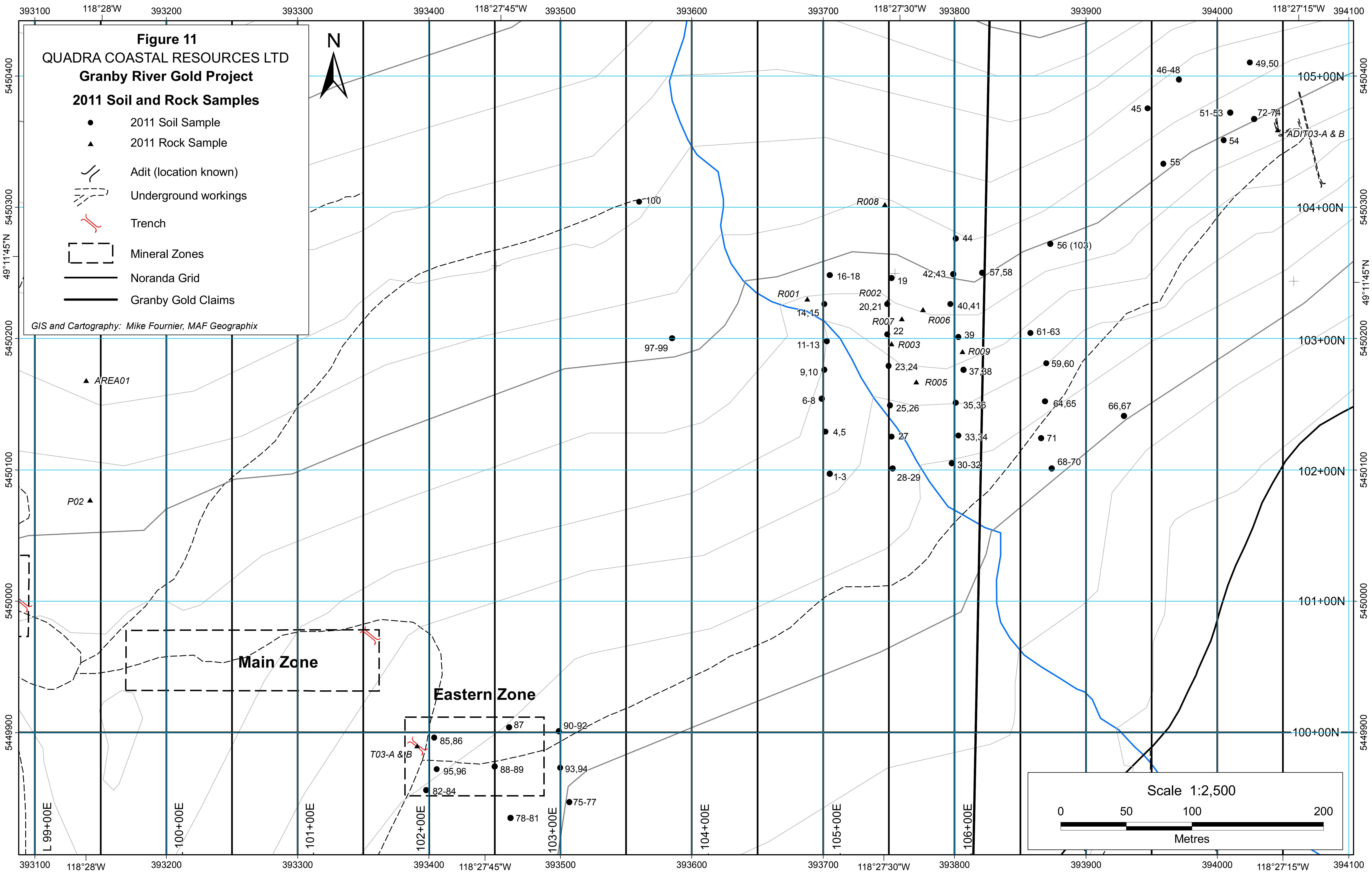


Figure 11
QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil and Rock Samples
2011 Soil Sample
2011 Rock Sample
Adit (location known)
Underground workings
Trench
Mineral Zones
Noranda Grid
Granby Gold Claims
GIS and Cartography: Mike Fournier, MAF Geographix
N
Scale 1:2,500
0
50
100
200
Metres
Main Zone
Eastern Zone
393100
118°28'W
393200
393300
393400
118°27'45"W
393500
393600
393700
118°27'30"W
393800
393900
394000
118°27'15"W
394100
5450400
5450300
49°11'45"N
5450200
5450100
5450000
5449900
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
L 99+00E
100+00E
101+00E
102+00E
103+00E
104+00E
105+00E
106+00E
100
97-99
AREA01
P02
T03-A & B
85,86
87
90-92
95,96
88-89
93,94
82-84
75-77
78-81
R001
R002
R003
R005
R006
R007
R008
R009
16-18
19
14,15
20,21
22
11-13
9,10
23,24
6-8
25,26
4,5
27
1-3
28-29
44
42,43
57,58
40,41
39
37,38
35,36
33,34
30-32
56 (103)
61-63
59,60
64,65
66,67
71
68-70
46-48
49,50
45
51-53
72-74
ADIT03-A & B
54
55

main area of interest in the Simpson Mine Area was a coincident gold, silver, copper and arsenic anomaly centered on 393800E and 5450175N.

FIELD METHODS

Sites with little or no surface disturbance from previous exploration activities were selected wherever possible. Heavy surface disturbance in the Glover Creek zone and especially in the Main zone precluded sampling in those areas. Instead, sampling was focused in the two areas on the northeast side of the old soil grid where largely undisturbed soils were present and significant copper, zinc and arsenic anomalies had been identified. Several samples were also taken in the area of the East zone although undisturbed sites were difficult to locate there. Wherever possible, multiple soil horizons were sampled including humic soil horizons (Ah), iron-rich soils (Bf horizon) and C-horizon (parent material) soils that show relatively little pedogenic alteration. Other sampled horizons include elluviated A horizons (Ae) and weakly oxidized B horizons (Bm). Samples taken from transitional soil horizons such as Ah to B horizons were designated accordingly (e.g. Ah/B). A and B horizons were not present at some colluvial soil sites on steep slopes. A "B/C" designation was used in soils that showed little or no B horizon development. These soils were generally thin (<25 cm deep) and in most cases a deeper C horizon was not present. In some cases, the soils were so thin and poorly developed that only one meaningful sample could be taken (usually from a B, C or B/C horizon).

Spatial analysis of the geochemical data, including mapping of coincident multi-element, multi-site geochemical anomalies, was conducted. The results of the geochemical analyses were compared with surficial geology data to evaluate which methods were most suitable for the different sediment types present.

Field work was conducted October 23-27, 2011. The field team consisted of Vic Levson (Ph.D., P.Geo.), Mike Fournier (B.Sc.) and John Grabavac (B.Sc., B.Eng.). Work in the field included soil profile sampling and determination of the dominant surficial sediment types on the property. The genesis of the surface sediment was determined by excavating and describing the sedimentologic characteristics of the sediment at each soil sample site. The soil was excavated to bedrock in most locations. Detailed descriptions of soil horizons and the underlying parent material were made. The most likely origin of the original "B-Horizon" soil samples was determined from the sediment characteristics. Notes were compiled for each sedimentary unit present including information on sedimentary structures, soil texture (grain size and sorting), density, oxidation, soil color, clast content, lithology, clast shape and angularity, signs of glacial abrasion on clasts (striae, facets, etc.), soil horizon thicknesses and type, buried soils (if present), and depth of bedrock. In addition, site characteristics such as slope angle, aspect, drainage, and vegetation were also recorded. Samples were taken at all sites and all soil horizons present were sampled.

Most anomalous soil sites were found to be within colluvial sediments or weathered bedrock. Basal till was not common in the area and as a result only a few basal till samples were collected on the property.

All samples were collected in poly sample bags with sample number labels on and attached to the bags. All sample sites were identified in the field with labeled flagging tape and location coordinates were determined with a GPS and recorded. Samples were stored in rice bags and transported by truck to Victoria and delivered directly to ACME Analytical Laboratories in Vancouver for analysis. Samples were submitted for Ultra-trace ICP-MS analysis. A 30 gram aliquot was used for better reproducibility of gold results. Standard QC and QA protocols were used including the insertion of field duplicates with the submitted samples. All soil sample locations are provided in Figure 11.

RESULTS AND INTERPRETATION

The results of the field investigations in the three areas investigated are presented in Tables 4 to 6 and in Figures 12 to 23. Gold concentrations in the Ah, B and C horizons are provided in Figures 12 to 14, respectively.

Intermediate Area

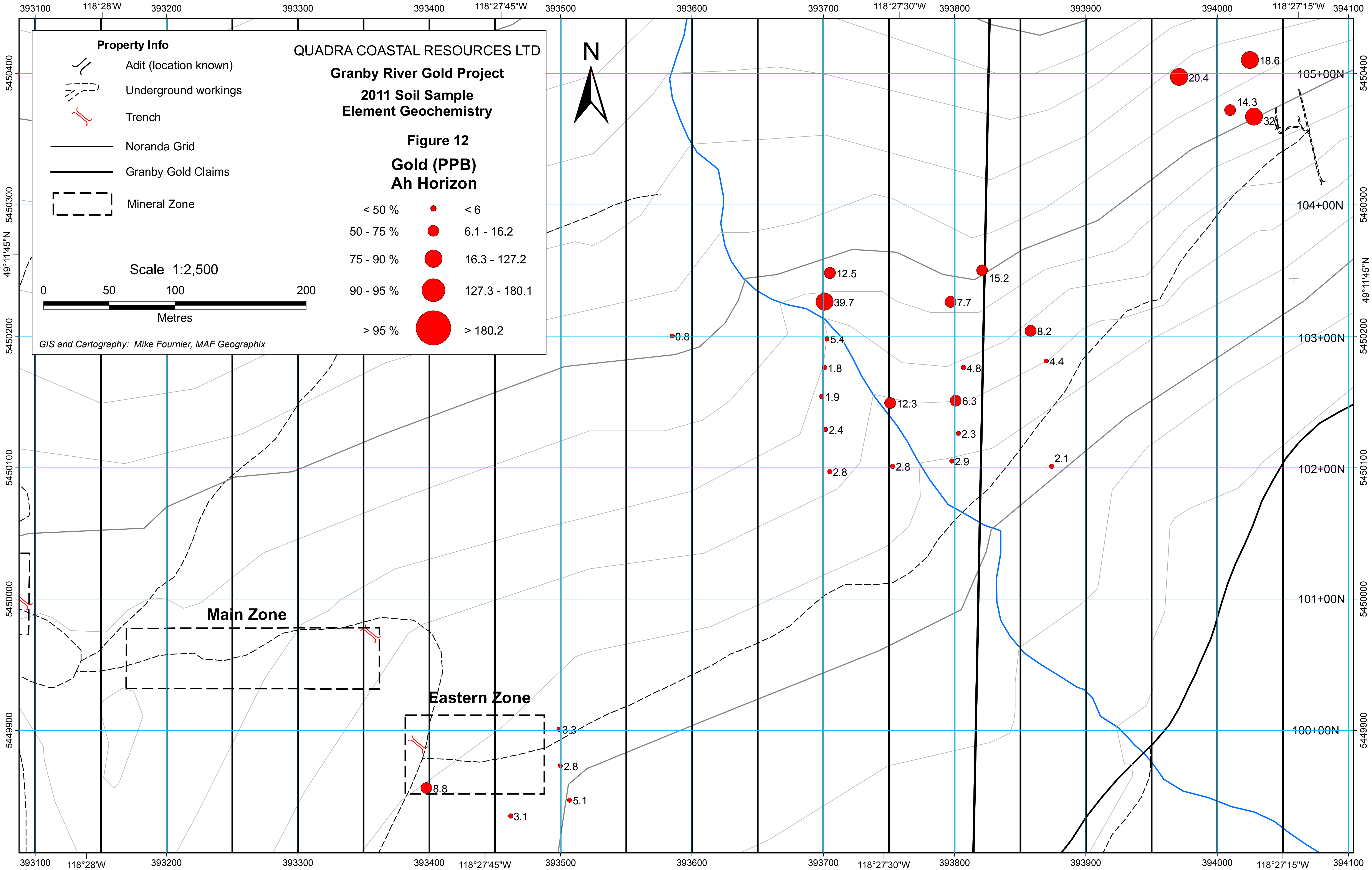
The main area of investigation for the orientation survey was located in the northeast part of the old soil grid, centered approximately on 393800E and 5450175N. Two to three adjacent sites on one sample line in this area showed a coincident gold, silver, copper and arsenic anomaly in the old Noranda soil survey (Figure 5). Up to 240 ppb gold, 1.0 ppm silver, 370 ppm copper and 38 ppm arsenic were found in soils in the area. In addition, the area showed almost no surface disturbance so it was selected for detailed study. A grid consisting of about 25 sites was sampled over and around the old multi-element anomaly. Results are shown on Figures 12 to 23. Metal concentrations in soils in the area were up to 523.1 ppb gold, 2396 ppb silver, 498 ppm copper and 1325 ppm arsenic, with the highest values generally but not always coming from the C-horizon. One sample taken from a site about 200 m northeast of the old soil anomaly (sample 56, Figure 11) yielded the highest gold and arsenic values in the 2011 survey as well as >95th percentile silver (2396 ppm). A field duplicate of this sample yielded similarly high values (474 ppb gold, 2271 ppb silver, 214 copper and 1339 ppm arsenic). The sample was taken in locally derived colluvial sediments and represents a new area of gold potential on the property. The nearest adjacent sample contained >90th percentile gold (138.8 ppb) and copper (168 ppm) as well as >75th percentile silver (935 ppb) in the C horizon (sample 58, Figure 11). Closer to the area of the old soil anomaly, B and/or C horizon soil samples from several adjoining sites were found to contain >75th percentile concentrations of gold, silver, copper and arsenic. At least a few samples in the same area contained >90th percentile concentrations of these metals. One C horizon sample (number 21, Figure11) contained >95th percentile gold (269.6 ppb) and the highest copper in the 2011 survey (498 ppm). Nearby samples contain >95th percentile copper (295 and 345 ppm in samples 23 and 24) and >95th percentile silver (3902 and 3270 ppb in samples 15 and 18).

Simpson Mine Area

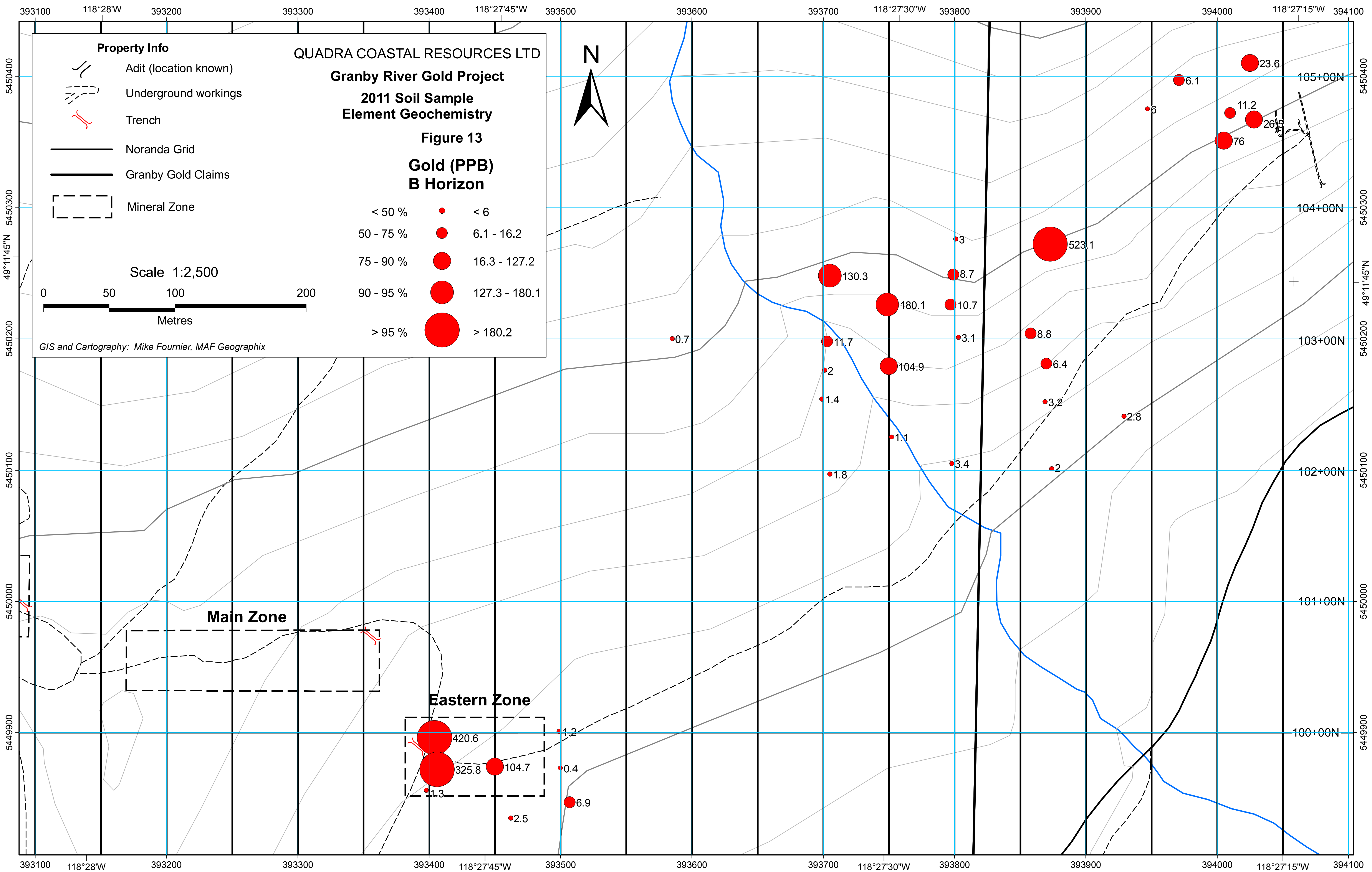
In the northeastern-most corner of the old soil grid, an area with up to 80 ppb gold, 1.8 ppm silver, 118 ppm copper, 440 ppm zinc and 194 ppm arsenic was identified from the old Noranda soil survey. Multiple soil horizons were also sampled in this area in 2011. Three to four sites with >75th percentile gold, silver, copper and/or arsenic were found in this area; the highest values generally occurred in the deepest soil horizon sampled (usually the C-horizon). The maximum metal values in the area were similar to the previous survey (76 ppb gold, 824 ppb silver, 123 ppm copper, 218 zinc and 71 ppm arsenic). All of the soils in this area were developed in locally derived colluvial materials with abundant angular clasts. Slopes in the area are exceptionally steep (35 degrees or more). Samples 72 to 74 (Figure 11) were taken from the Ah, Bf and C soil horizons at a site directly upslope from two old adits. Concentrations of copper, silver and arsenic generally are higher in the deeper soil horizons but, interestingly, gold concentrations decrease with depth from 32 ppb in the Ah horizon, to 26.5 in the B and 13.3 in the C horizon.

Eastern Zone (Lucky John Area)

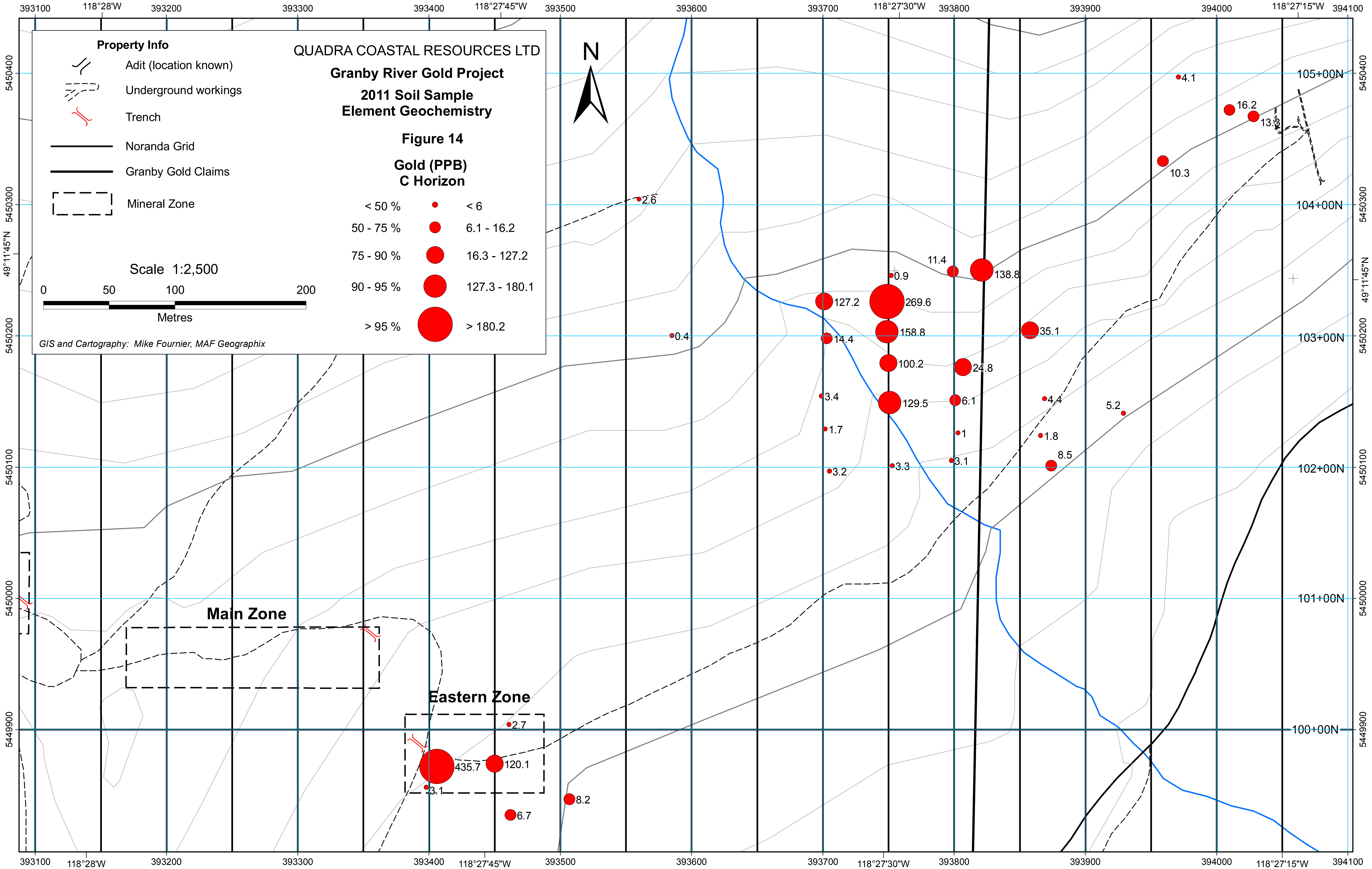
Gold values up to 435.6 ppb occur in the Eastern zone with the highest values mainly from C-horizon samples (Figures 12 to 14). The sample with 435.6 ppb gold (sample 95, Figure 11) also contained 3666 ppb silver, 292 ppm copper and 191 ppm arsenic (all >95th percentile concentrations). The sample was taken from an oxidized gravel at a depth of 150 cm in a trench exposure about 2 m above bedrock. An overlying sample (number 96) from a depth of 50 cm in an unoxidized grey gravel, yielded 325.8 ppb gold, 1900 ppb silver, 248 ppm copper and 184 ppm arsenic. Other high gold values in the area include a Bf horizon sample with 420.6 ppb gold, 4150 ppb silver, 221 ppm copper and 68 ppm arsenic from an oxidized angular gravel (sample 86, Figure 11). The site was in an old clearing and the soil was likely disturbed. Gold concentrations in the B and C horizons at a third site in the area were 104.7 ppb and 120.1 ppb, respectively (samples 88 and 89, Figure 11). Silver and copper concentrations were also elevated (>75th percentile) in the C horizon at the site which occurs directly down-slope of a bedrock scarp. The soil profile was possibly also disturbed at this site. Other sites in the area were covered by glaciofluvial sands and gravels and samples from all soil horizons in these sediments generally yielded low gold, silver, copper and arsenic concentrations, although slightly higher gold values were encountered in the C horizon (Figure 14).



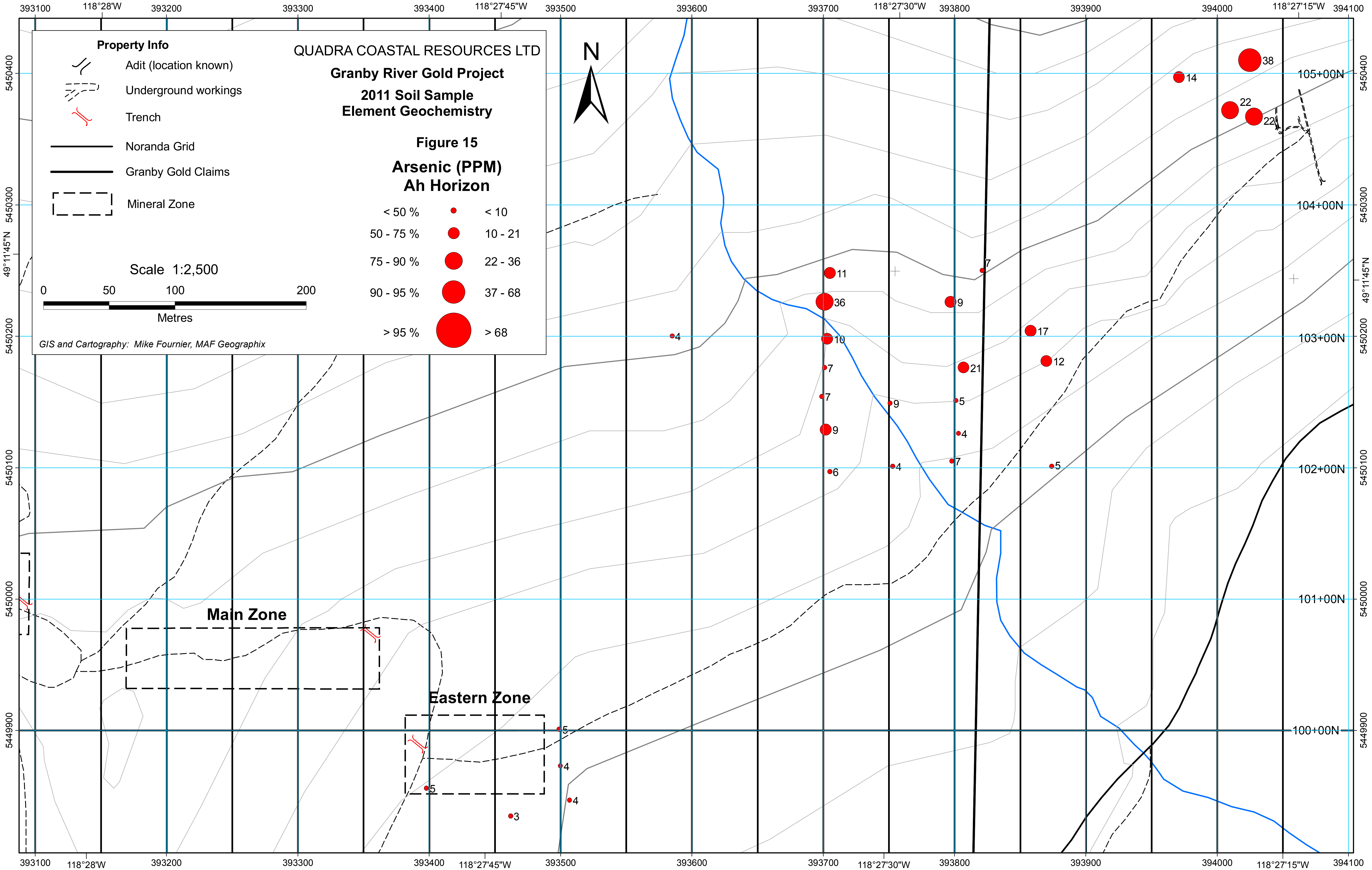
QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 12
Gold (PPB)
Ah Horizon
Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
Scale 1:2,500
0
50
100
200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
< 50 %
< 6
50 - 75 %
6.1 - 16.2
75 - 90 %
16.3 - 127.2
90 - 95 %
127.3 - 180.1
> 95 %
> 180.2
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
393100
393200
393300
393400
393500
393600
393700
393800
393900
394000
394100
118°28'W
118°27'45"W
118°27'30"W
118°27'15"W
5450400
5450300
5450200
5450100
5450000
5449900
49°11'45"N
18.6
20.4
14.3
32
12.5
15.2
39.7
7.7
0.8
5.4
8.2
1.8
4.8
4.4
1.9
12.3
6.3
2.4
2.3
2.1
2.8
2.9
2.8
3.3
2.8
8.8
5.1
3.1

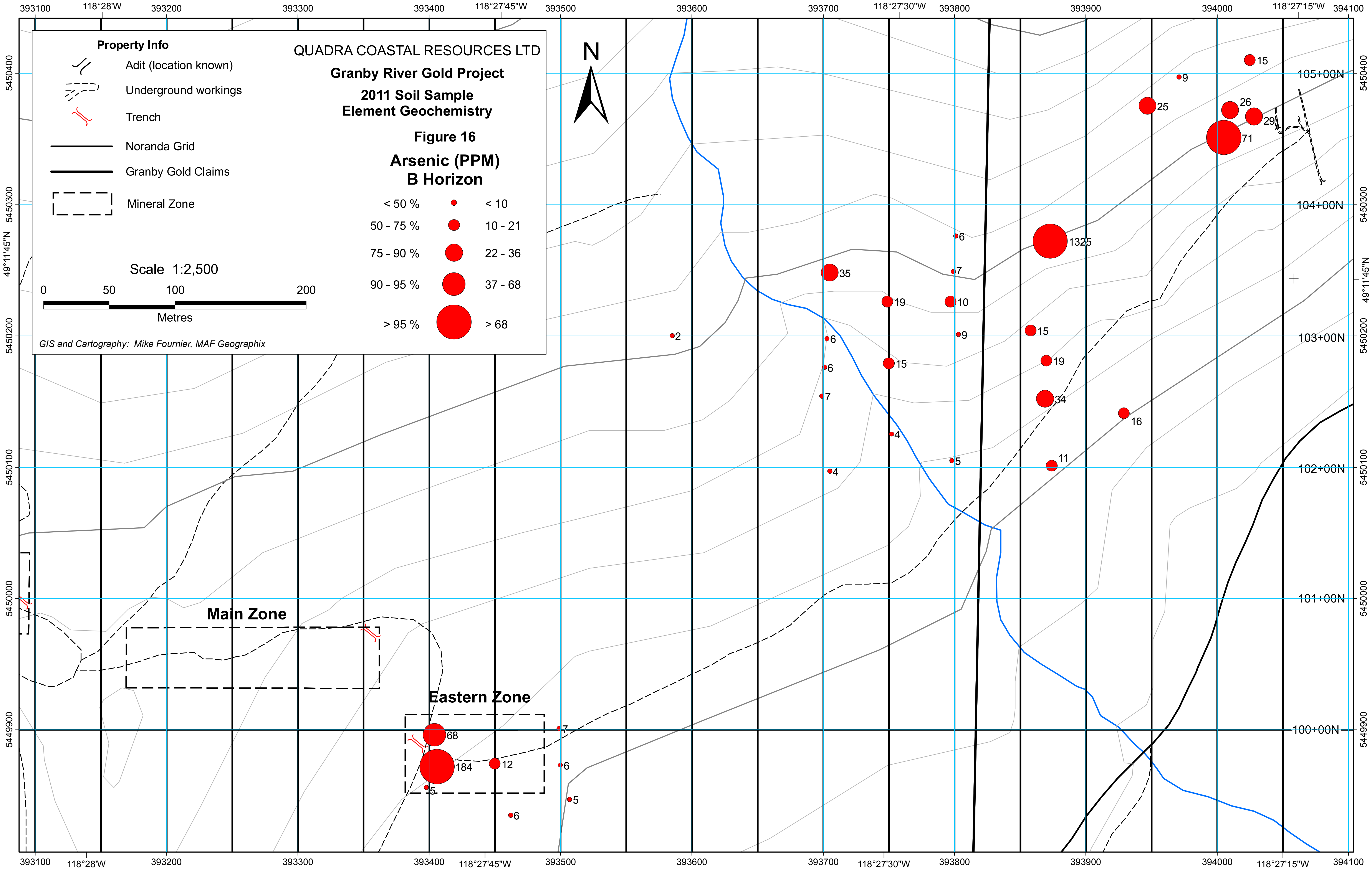


QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 13
Gold (PPB)
B Horizon
< 50 % < 6
50 - 75 % 6.1 - 16.2
75 - 90 % 16.3 - 127.2
90 - 95 % 127.3 - 180.1
> 95 % > 180.2
Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
Scale 1:2,500
0 50 100 200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N



Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 14
Gold (PPB)
C Horizon
< 50 % < 6
50 - 75 % 6.1 - 16.2
75 - 90 % 16.3 - 127.2
90 - 95 % 127.3 - 180.1
> 95 % > 180.2
Scale 1:2,500
0 50 100 200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
118°28'W
118°27'45"W
118°27'30"W
118°27'15"W
49°11'45"N
393100
393200
393300
393400
393500
393600
393700
393800
393900
394000
394100
5450400
5450300
5450200
5450100
5450000
5449900
4.1
16.2
13.3
10.3
2.6
11.4
138.8
0.9
127.2
269.6
0.4
14.4
158.8
35.1
100.2
24.8
3.4
129.5
6.1
4.4
5.2
1.7
1
1.8
8.5
3.2
3.3
3.1
2.7
435.7
120.1
3.1
8.2
6.7


QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 15
Arsenic (PPM)
Ah Horizon
Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
< 50 % < 10
50 - 75 % 10 - 21
75 - 90 % 22 - 36
90 - 95 % 37 - 68
> 95 % > 68
Scale 1:2,500
0 50 100 200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
393100
393200
393300
393400
393500
393600
393700
393800
393900
394000
394100
118°28'W
118°27'45"W
118°27'30"W
118°27'15"W
5450400
5450300
5450200
5450100
5450000
5449900
49°11'45"N



QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 16
Arsenic (PPM)
B Horizon
Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
< 50 %
< 10
50 - 75 %
10 - 21
75 - 90 %
22 - 36
90 - 95 %
37 - 68
> 95 %
> 68
Scale 1:2,500
0
50
100
200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
N
Main Zone
Eastern Zone
393100
393200
393300
393400
393500
393600
393700
393800
393900
394000
394100
118°28'W
118°27'45"W
118°27'30"W
118°27'15"W
5450400
5450300
5450200
5450100
5450000
5449900
49°11'45"N
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
1325
71
68
184
35
34
29
26
25
19
19
16
15
15
15
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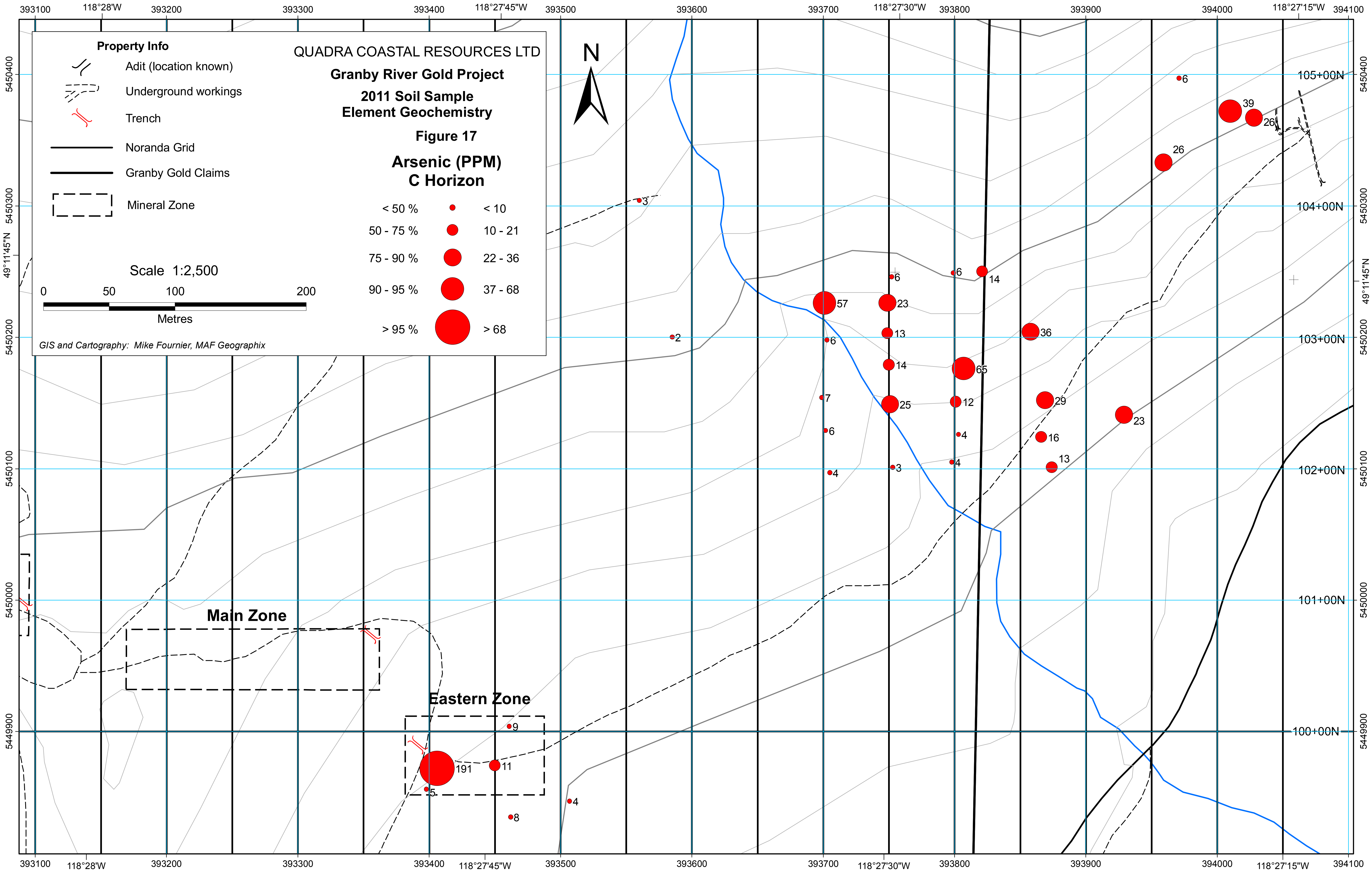
9
9
7
7
7
6
6
6
6
6
5
5
5
4
4
2


Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
Scale 1:2,500
0 50 100 200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 17
Arsenic (PPM)
C Horizon
< 50 % < 10
50 - 75 % 10 - 21
75 - 90 % 22 - 36
90 - 95 % 37 - 68
> 95 % > 68
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
393100 118°28'W 393200 393300 393400 118°27'45"W 393500 393600 393700 118°27'30"W 393800 393900 394000 118°27'15"W 394100
5450400
5450300
49°11'45"N
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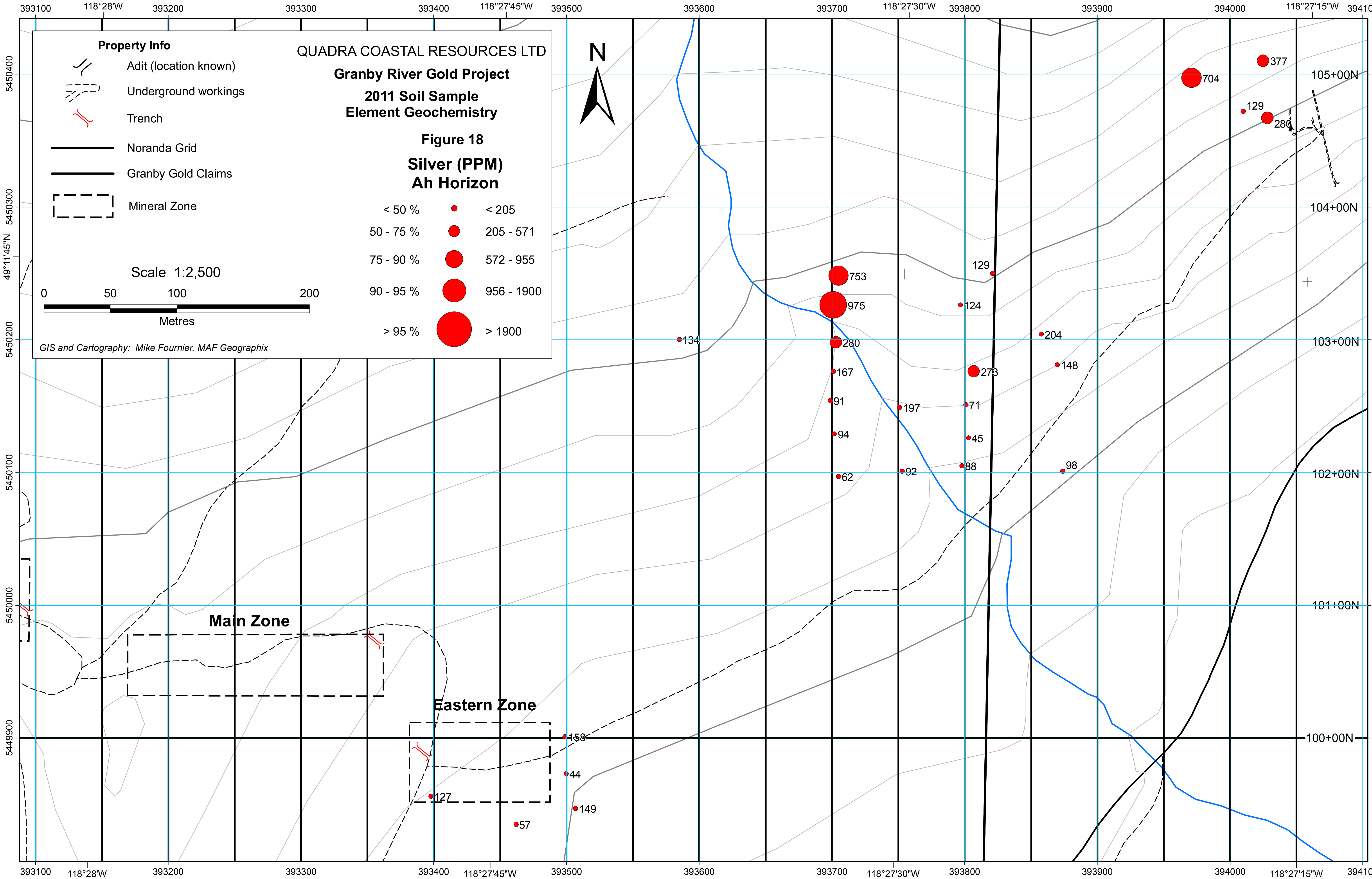

QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 18
Silver (PPM)
Ah Horizon
Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
Scale 1:2,500
0
50
100
200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
< 50 %
< 205
50 - 75 %
205 - 571
75 - 90 %
572 - 955
90 - 95 %
956 - 1900
> 95 %
> 1900
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
393100
393200
393300
393400
393500
393600
393700
393800
393900
394000
394100
118°28'W
118°27'45"W
118°27'30"W
118°27'15"W
5450400
5450300
5450200
5450100
5450000
5449900
49°11'45"N
377
704
129
280
753
975
129
124
134
280
204
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273
148
91
197
71
94
45
88
98
62
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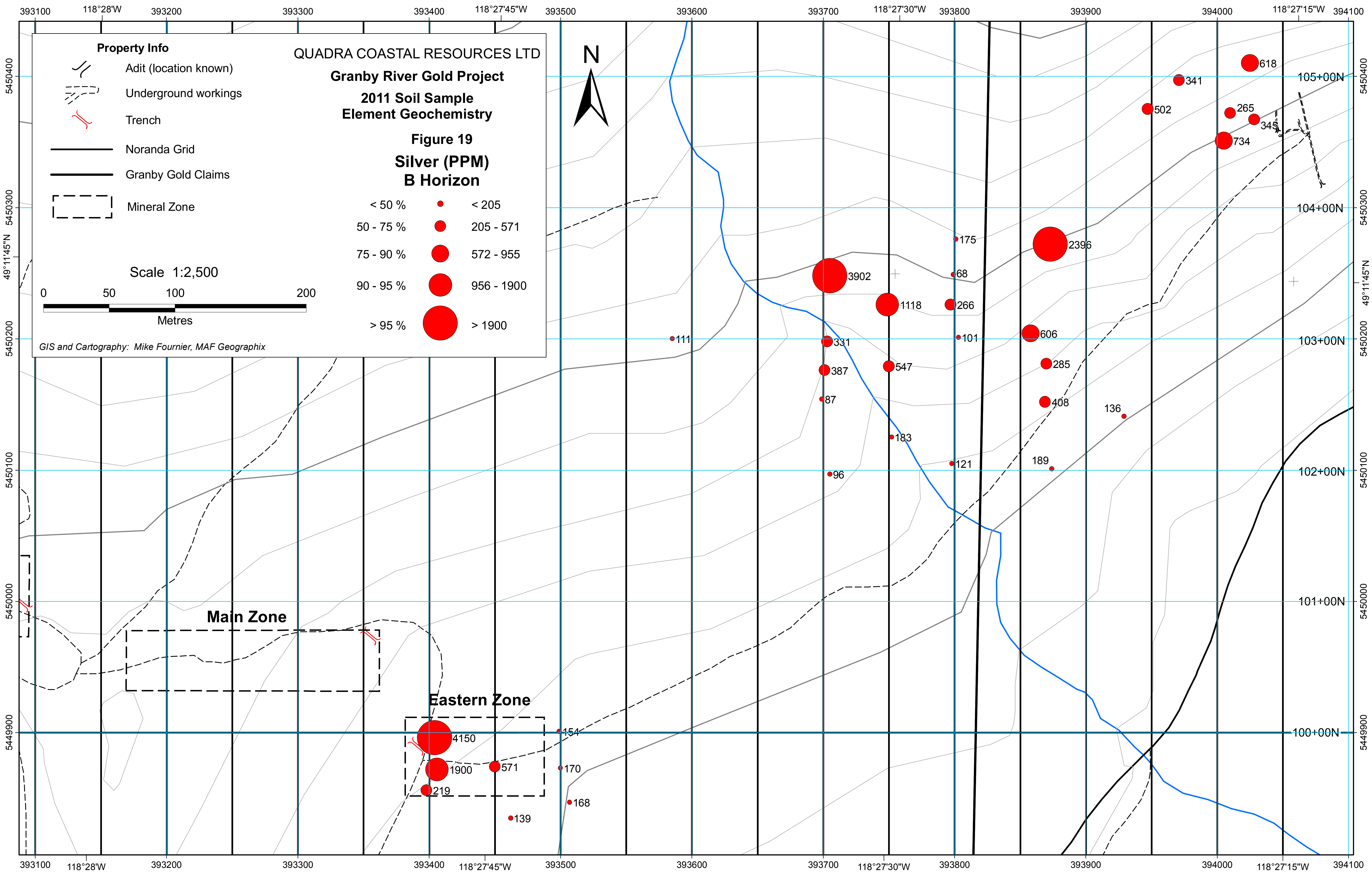
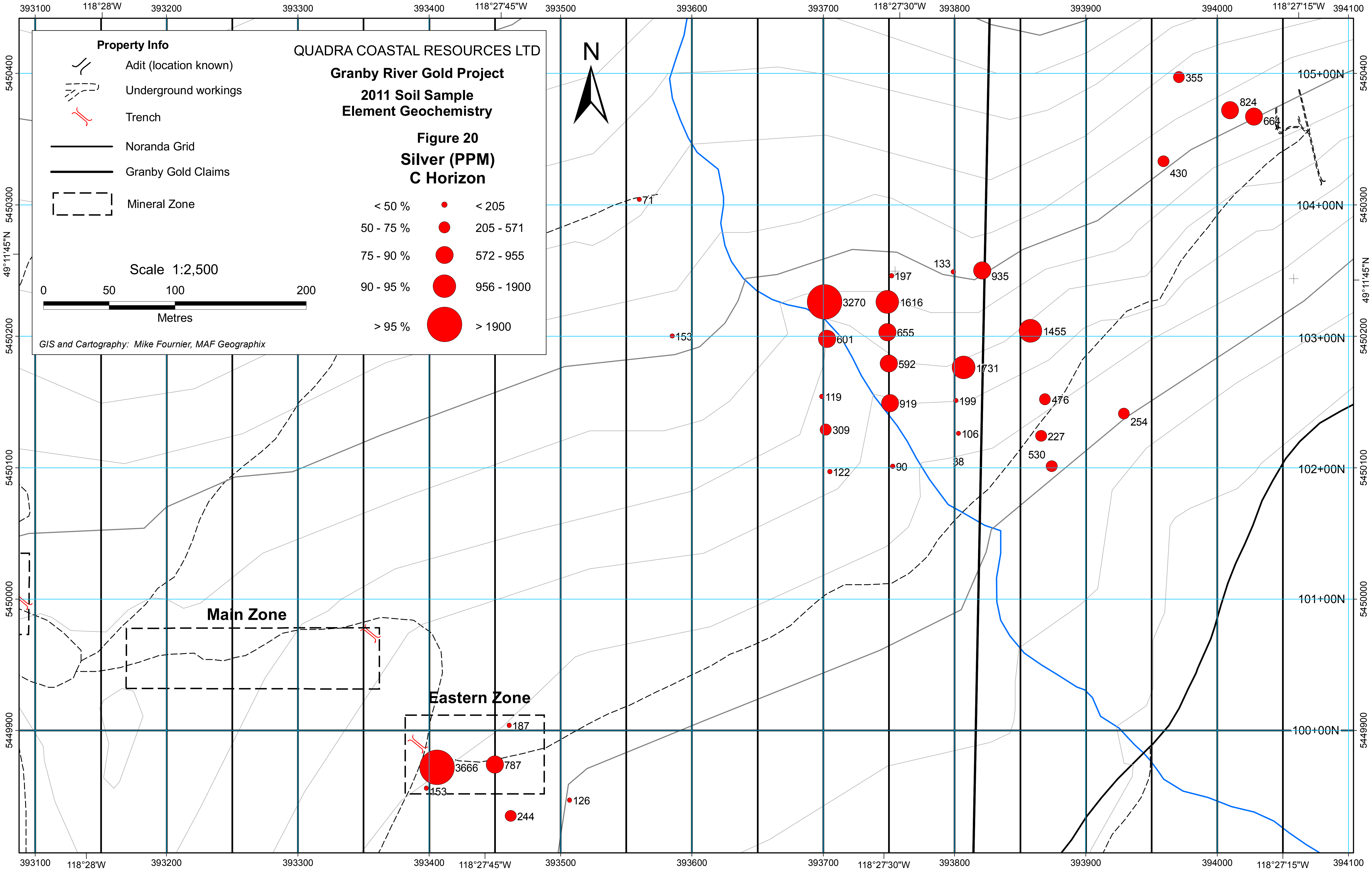
149
57


QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 19
Silver (PPM)
B Horizon
Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
< 50 % < 205
50 - 75 % 205 - 571
75 - 90 % 572 - 955
90 - 95 % 956 - 1900
> 95 % > 1900
Scale 1:2,500
0 50 100 200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
393100 118°28'W 393200 393300 393400 118°27'45"W 393500 393600 393700 118°27'30"W 393800 393900 394000 118°27'15"W 394100
5450400 5450300 49°11'45"N 5450200 5450100 5450000 5449900
618 341 502 265 345 734 175 2396 3902 68 1118 266 111 331 101 606 547 387 285 87 408 136 183 121 189 96 4150 154 1900 571 170 219 168 139


QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 20
Silver (PPM)
C Horizon
Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
< 50 % < 205
50 - 75 % 205 - 571
75 - 90 % 572 - 955
90 - 95 % 956 - 1900
> 95 % > 1900
Scale 1:2,500
0 50 100 200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
393100
393200
393300
393400
393500
393600
393700
393800
393900
394000
394100
118°28'W
118°27'45"W
118°27'30"W
118°27'15"W
5450400
5450300
5450200
5450100
5450000
5449900
49°11'45"N
355
824
664
430
71
133
197
935
3270
1616
153
601
655
1455
592
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153
126
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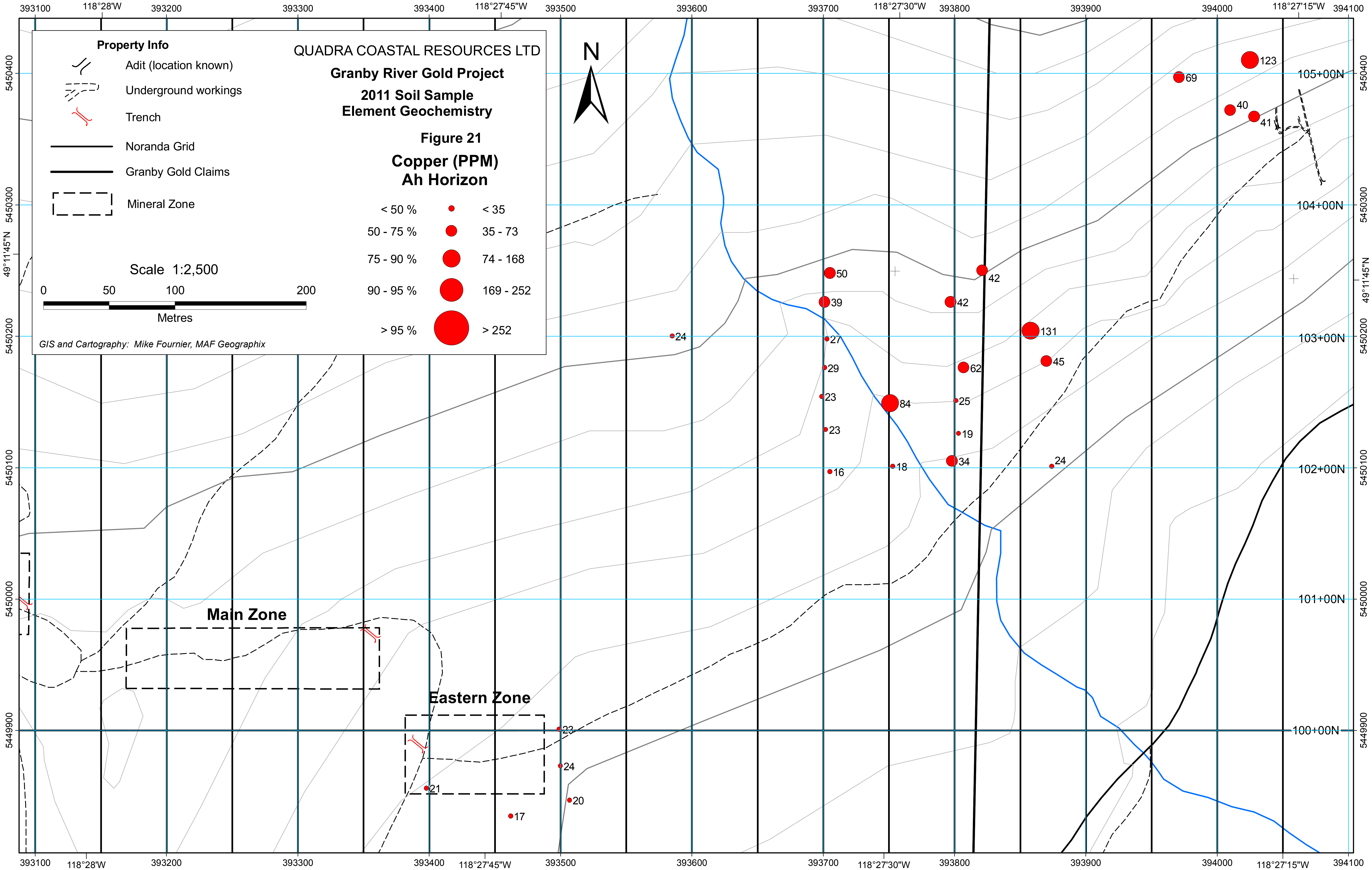
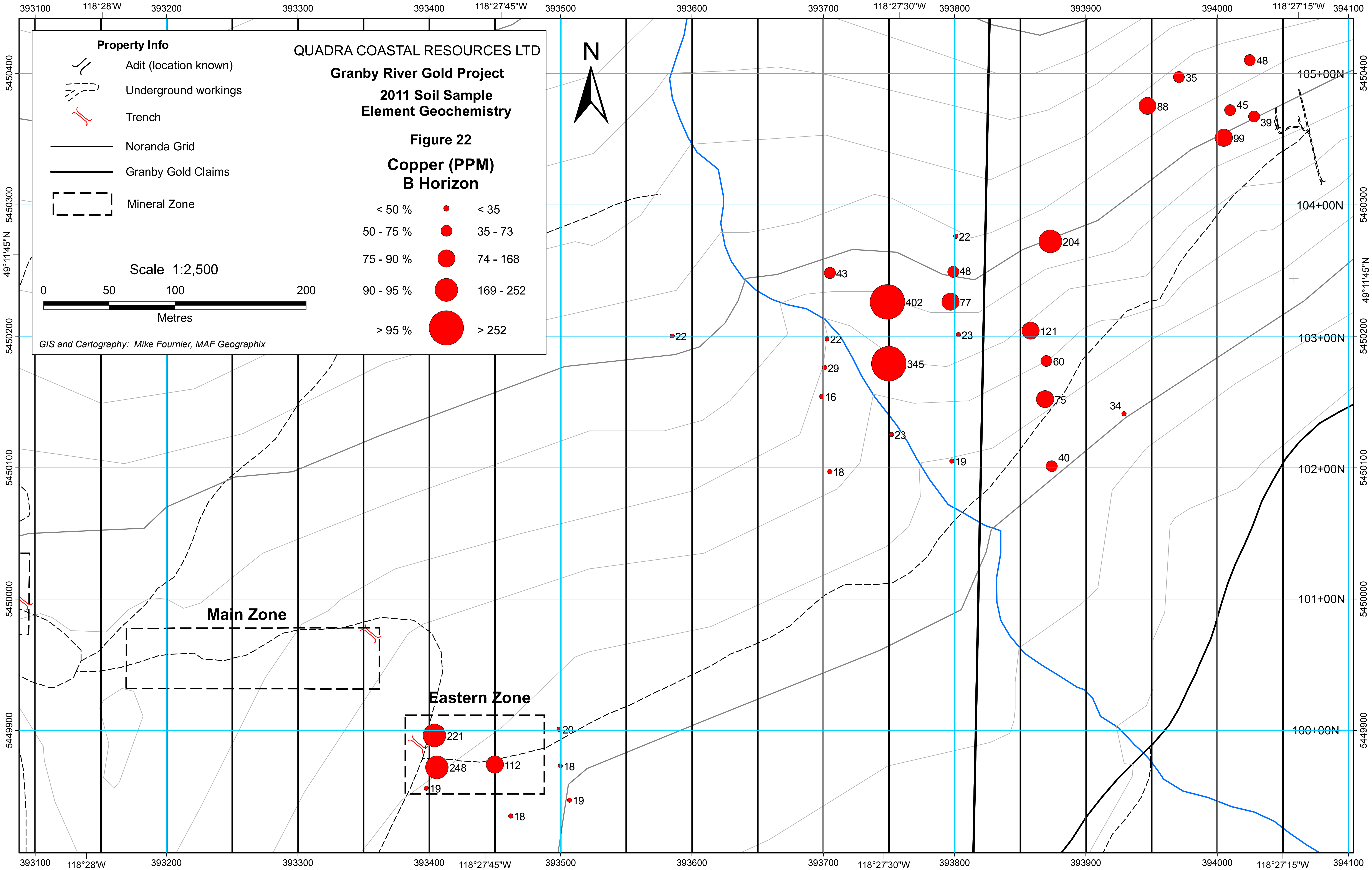


Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
Scale 1:2,500
0 50 100 200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 21
Copper (PPM)
Ah Horizon
< 50 % < 35
50 - 75 % 35 - 73
75 - 90 % 74 - 168
90 - 95 % 169 - 252
> 95 % > 252
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N



QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 22
Copper (PPM)
B Horizon
< 50 % < 35
50 - 75 % 35 - 73
75 - 90 % 74 - 168
90 - 95 % 169 - 252
> 95 % > 252
Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
Scale 1:2,500
0 50 100 200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
118°28'W
118°27'45"W
118°27'30"W
118°27'15"W
49°11'45"N
393100
393200
393300
393400
393500
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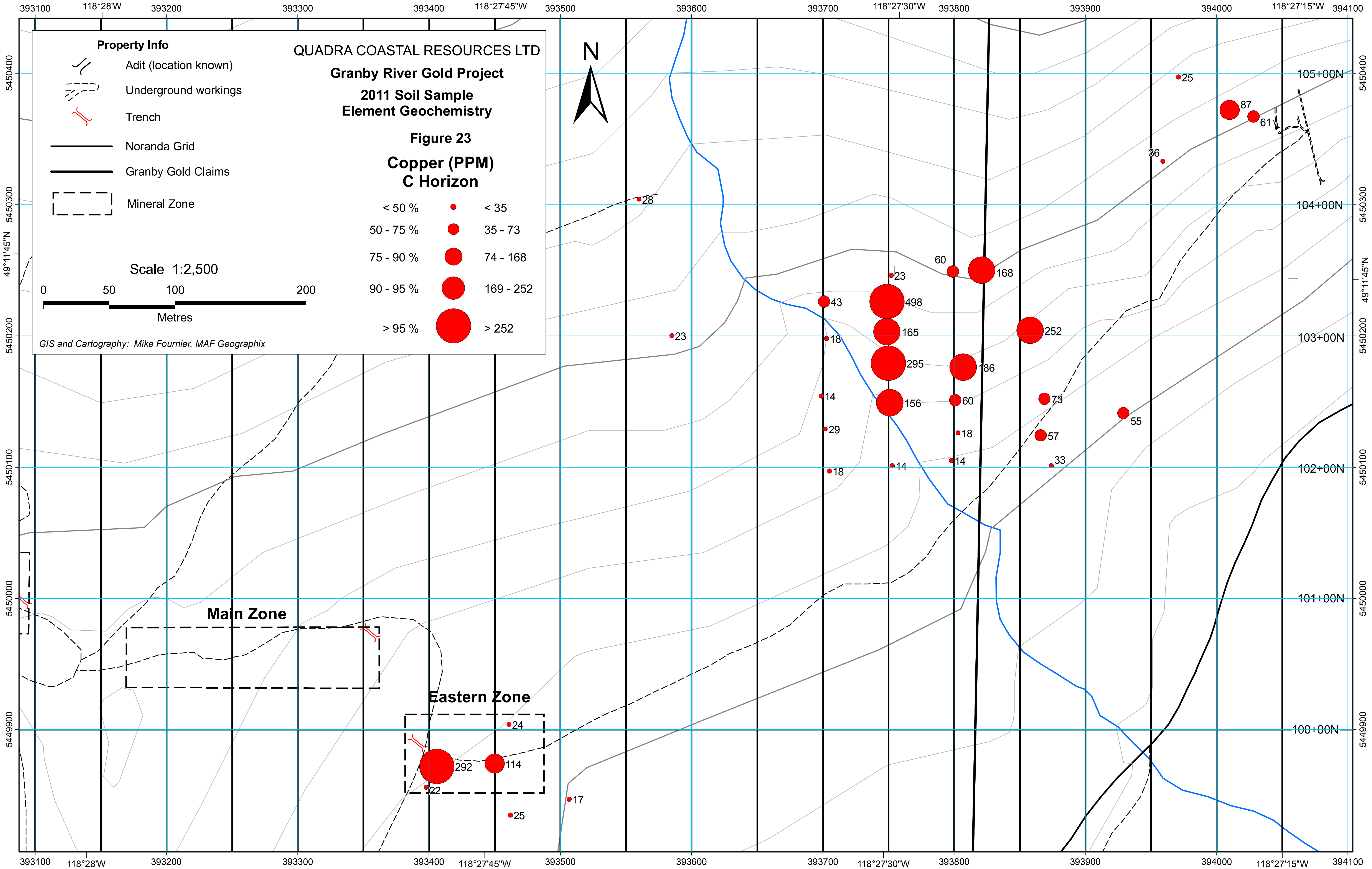
5450100
5450000
5449900



QUADRA COASTAL RESOURCES LTD
Granby River Gold Project
2011 Soil Sample
Element Geochemistry
Figure 23
Copper (PPM)
C Horizon
< 50 % < 35
50 - 75 % 35 - 73
75 - 90 % 74 - 168
90 - 95 % 169 - 252
> 95 % > 252
Property Info
Adit (location known)
Underground workings
Trench
Noranda Grid
Granby Gold Claims
Mineral Zone
Scale 1:2,500
0 50 100 200
Metres
GIS and Cartography: Mike Fournier, MAF Geographix
N
Main Zone
Eastern Zone
105+00N
104+00N
103+00N
102+00N
101+00N
100+00N
393100
393200
393300
393400
393500
393600
393700
393800
393900
394000
394100
5450400
5450300
5450200
5450100
5450000
5449900
118°28'W
118°27'45"W
118°27'30"W
118°27'15"W
49°11'45"N

Comparison of soil horizons

Metal concentrations were compared in all of the different soil horizons present to evaluate which horizon(s) would be most suitable for a future soil sampling program in the area. Average concentrations of the A, B and C horizons are provided in Table 4. In almost every case, average metal concentrations are lowest in the A horizon and highest in the C horizon. Notable exceptions are lead and manganese which show the reverse trend and arsenic which is highest in the B horizon. Gold concentrations are approximately 6 times higher in the C horizon than the A. Silver, arsenic and copper are about 2.5 times higher in the C than in the A horizon. Comparing the B and C horizons, average gold and silver concentrations are similar, copper is about 1.5 times higher in the C and arsenic is is almost 2.5 times higher in the B. Comparing the A and B horizons, average gold and arsenic concentrations are almost six times higher in the B horizon, silver is 2.6 times higher and copper is 1.7 times higher in the B than in the A horizon. These data suggest that C horizon sampling in the area would be most effective whereas A horizon sampling would be the least effective. B horizon sampling would be similar or slightly less effective than C horizon sampling for most elements, with arsenic being the main exception.

Table 4. Average metal concentrations in A, B and C horizon soil samples

SOIL HORIZON	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	U	Au	Sb
Average A **(Ah & Ae)**	1.51	39.00	24.43	117.32	240.31	11.38	7.27	1284.03	1.74	10.78	1.28	9.37	0.37
Average B **(Bf & Bm)**	2.37	65.26	20.22	119.89	626.89	18.18	9.83	880.54	3.25	61.13	2.61	54.50	0.40
Average C **(B/C & C)**	3.37	97.42	18.77	126.05	660.43	24.40	11.90	774.45	3.53	25.44	2.38	54.96	0.45

A more detailed analysis of individual soil horizon results is provided in Table 5. Subcategories of soil horizons are listed separately (e.g. Ah, Ae). For all the elements shown except gold, silver and manganese, the lowest average concentrations (shown in italics on Table 5) occur in the Ae horizon as expected. Ae horizons are relatively uncommon on the property and, at the few (6) sites where they are recognized, they are poorly developed. The lowest average concentrations of gold and silver occur in the Ah horizon. The highest average concentrations (shown in bold on Table 5) of lead and manganese occur in the Ah layer and the highest iron concentrations occur in the Bf horizon as expected. The highest average gold, silver, arsenic and antimony concentrations also occur in the Bf layer. Unfortunately, Bf horizons are also relatively rare on the property, recognized at only 11 sites. In addition, average concentrations of gold, silver, arsenic and antimony are two to more than ten times lower in Bm horizons than in Bf horizons. Bm horizons are more common than Bf horizons and in most cases they are difficult to differentiate from Bf horizons. For these reasons, B horizon samples are considered to be a relatively ineffective sample media in this area. In contrast, C horizon samples including B/C horizons where the soil was too thin or poorly developed to differentiate a distinct B horizon, contained the highest or second highest average metal concentrations. The B/C and C horizons also have relatively similar concentrations (for all metals) compared to the Ah/Ae and Bf/Bm horizons, suggesting that a “C” horizon sampling program would provide more consistent results.

Table 5. Average metal concentrations in specific soil horizons

Horizon	N=	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	U	Au	Sb
Ah	26	1.61	41.15	**27.49**	127.80	*225.19*	12.39	7.72	**1350.31**	1.84	11.20	1.30	*8.87*	0.41
Ae	6	*1.05*	*29.68*	*11.17*	*71.90*	305.83	*6.98*	*5.33*	996.83	*1.29*	*8.97*	*1.15*	11.53	*0.20*
Bf	11	3.32	105.44	19.92	110.31	**883.82**	22.04	11.57	725.00	**4.16**	**138.35**	2.73	**108.22**	**0.61**
Bm	16	1.82	40.62	20.77	129.86	483.44	16.06	8.81	996.69	2.65	11.62	2.55	20.87	0.27
B/C	18	**3.73**	**121.13**	17.40	**144.72**	590.44	**29.41**	**14.08**	848.17	3.65	19.46	2.14	59.32	0.36
C	23	2.97	75.40	19.67	108.82	690.65	19.84	9.97	*714.96*	3.41	29.19	**2.57**	49.24	0.51

Note: highest and lowest values for each element are shown in bold and italics, respectively

Comparison of surficial sediments

A comparison of metal concentrations in different sediment types is provided in Table 6. Glacial sediments were found to be relatively rare in the area investigated due to the steep slopes which are dominated by colluvium. Till occurs mainly where the slopes are relatively gentle along the upper slopes in the northern part of the property. Metal concentrations in till are low compared to colluvial sediments as expected. Average gold, silver, copper and arsenic concentrations in tills are 2 ppb, 98.5 ppm, 19.3 ppm and 4.29 ppm. Till was observed at only six sites none of which were in areas of known mineralization. Mean concentrations in glaciofluvial sediments are slightly higher (3.63 ppb Au, 20.2 Cu, 131 ppm Ag and 5.13 ppm As) as most of these samples were taken in the area of the Eastern zone where glaciofluvial sediments are common along the valley bottom. Glaciofluvial sediments were encountered at only seven sites. The most dominant surficial material on the property by far is colluvium including both angular gravelly talus deposits and poorly sorted slope deposits. The latter are mainly clast-supported diamicts with a silty to sandy matrix and a high percentage of local angular clasts. Glacially transported clasts are usually absent but if present they are rare. A maximum of about 10% erratics was observed at one site. These observations indicate that slope processes have been active and almost all glacial sediments have been removed from the steep slopes. The colluvial sediments therefore provide a relatively ideal sample media with a strong local signature.

Table 6. Minimum, mean and maximum metal concentrations in different surficial sediment types

	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	Au	Sb
Glacial (N=14)												
minimum	0.56	13.92	9.65	49.5	45	6.5	4.5	358	1.86	2.2	0.4	0.08
mean	0.89	19.30	15.75	70.14	98.50	10.48	6.53	635.93	2.54	4.29	2.03	0.18
maximum	1.38	27.76	27.13	99.1	153	20.8	9	1056	3.34	7.1	3.4	0.45
Colluvial (N=63)												
minimum	0.45	18.29	7.95	33.8	68	3	3.6	196	0.93	3.9	0.9	0.12
mean	2.54	86.63	23.24	141.03	595.38	23.11	11.79	1110.60	2.91	39.05	42.77	0.45
maximum	20.41	498.29	51.43	490.9	3902	143.8	41.4	2931	8.88	1325	523.1	3.99
Glaciofluvial (N=19)												
minimum	0.69	13.52	6.04	36.2	38	4.9	2.9	295	0.91	2.6	0.4	0.11
mean	1.53	20.24	15.27	93.15	131.11	10.17	5.60	804.63	2.32	5.13	3.63	0.18
maximum	2.78	34.06	34.52	138.4	244	15.4	8.9	1263	3.84	8.8	8.8	0.5

Note: Highly disturbed samples from two sites within and directly above the trench in Eastern Zone are not included

Soil profile samples were taken at numerous sites in areas dominated by colluvium. The most significant observation from these data is that metal concentrations increase with depth at almost every site. Gold, in particular, shows higher concentrations with depth with the highest concentrations occurring in the C horizon or in the deepest horizon sampled where no C horizon was present. At a few sites where this trend was not observed, gold concentrations in all the sampled horizons were low (generally less than 5 ppb). Sites with gold values above 10 ppb decreased with depth at only two sites, one of which showed inverted (buried) soil horizons (see samples 46 to 48). An inversion of the colluvium likely occurred at this steep (35°) site with gold rich material from upslope covering more locally derived colluvium at depth.

These results suggest that C-horizon sampling in this area would yield higher and more representative gold concentrations than found in previous B-horizon soil sampling programs on the property. In addition, the high variability seen in metal concentrations with depth at any one site, as well as the high variability in soil profile development from site to site, indicates that B-horizon samples do not provide a consistent sampling media. It is recommended that any further soils work on the property, especially on colluvial slopes, employ C-horizon sampling preferably targeting colluvium just above the sediment/bedrock interface. A recommended simple approach for targeting colluvium is to record the proportion of local angular clasts compared to subangular-subrounded glacial erratic at any one site.

Item 10: Drilling

No drilling has been undertaken by Granby Gold and the subject property. Previoius drilling has been presented under Item 6 above (History).

Item 11: Sample Preparation, Analyses and Security

Analytical Methods

All sediment samples were prepared by drying at 60°C, and sieving to minus 80 mesh. Samples were assayed by ACME Analytical laboratories in Vancouver using Group 1F06 which involves a 1:1:1 Aqua Regia digestion of a 30 g sample followed by Ultratrace ICP-MS analysis for 53 elements. Rock samples were crushed, split and pulverized to minus 200 mesh and then digested in Aqua Regia and analysed by Ultratrace ICP-MS. The detection limits for each of the elements analyzed by ICP-MS are provided in Table 7.

Quality Control and Assurance

Quality control and assurance procedures included the use of field and analytical duplicates and independent standards. For soil samples, one field duplicate was inserted into each group of 20 samples. In addition, sample preparation blanks, analytical duplicates, reagent blanks, and aliquots of in-house reference material were inserted by Acme Laboratories as part of their quality assurance procedures. The Certificates of Analyses provided in the appendices to this report include the results of the quality control and assurance program. The results show that differences between duplicate samples are within acceptable ranges (< 5%) for most elements; the typical exceptions are elements such as gold and silver. As is usually the case, analytical duplicate pairs generally show better precision than field duplicate pairs but the field duplicate results are within acceptable limits. For example, the average relative percent standard deviations for the field duplicate pairs for copper, lead, zinc, silver, arsenic and gold are 2.8, 4.2, 2.9, 5, 4.3, and 37.1 percent, respectively. Gold, as usual shows poor precision due to the nugget effect. None of the individual field or analytical duplicate pairs exhibit poor reproducibility for a majority of elements. Likewise, differences between duplicate analyses range from zero to less than five percent for the majority of elements within each pair. Analysis of the reference standards shows that the results are accurate, with most elements showing a low relative standard deviation (e.g. 6.6% for Cu, 5% for Pb, 2.2% for Zn, 1.2% for Ag, 2% for As and 8.4% for Au).

Table 7. Units of Measure and Detection Limits for Ultratrace ICP-MS (Acme Group 1F06)

Analyte	D.L.	Unit	Analyte	D.L.	Unit	Analyte	D.L.	Unit
Au	0.2	ppb	**Mn**	1	ppm	**Zn**	0.1	ppm
Ag	2	ppb	**Mo**	0.01	ppm	**Be**	0.1	ppm
Al	0.01	%	**Na**	0.001	%	**Ce**	0.1	ppm
As	0.1	ppm	**Ni**	0.1	ppm	**Cs**	0.02	ppm
B	20	ppm	**P**	0.001	%	**Ge**	0.1	ppm
Ba	0.5	ppm	**Pb**	0.01	ppm	**Hf**	0.02	ppm
Bi	0.02	ppm	**S**	0.02	%	**In**	0.02	ppm
Ca	0.01	%	**Sb**	0.02	ppm	**Li**	0.1	ppm
Cd	0.01	ppm	**Sc**	0.1	ppm	**Nb**	0.02	ppm
Co	0.1	ppm	**Se**	0.1	ppm	**Rb**	0.1	ppm
Cr	0.5	ppm	**Sr**	0.5	ppm	**Re**	1	ppb
Cu	0.01	ppm	**Te**	0.02	ppm	**Sn**	0.1	ppm
Fe	0.01	%	**Th**	0.1	ppm	**Ta**	0.05	ppm
Ga	0.1	ppm	**Ti**	0.001	%	**Y**	0.01	ppm
Hg	5	ppb	**Tl**	0.02	ppm	**Zr**	0.1	ppm
K	0.01	%	**U**	0.05	ppm	**Pt**	2	ppb
La	0.5	ppm	**V**	2	ppm	**Pd**	10	ppb
Mg	0.01	%	**W**	0.05	ppm			

Item 12: Data Verification

No data verification on the previous drill programs or trenches was possible since the drill core storage facilities has long since been destroyed. No trench sampling was possible because the area has been reclaimed. The Noranda soil geochemical anomalies have been confirmed in the present work.

Item 13: Mineral Processing and Metallurgical Testing

There has been no mineral processing or metallurgical work on samples from the subject property.

Item 14: Mineral Resource Estimates

There has been no mineral resource estimates on the subject property.

Item 15: Mineral Reserve Estimates

Not applicable.

Item 16: Mining Methods
Not applicable

Item 17: Recovery Methods
Not applicable.

Item 18: Project Infrastructure
Not applicable.

Item 19: Market Studies and Contracts
Not applicable.

Item 20: Environmental Studies, Permitting and Social or Community Impact
Not applicable.

Item 21: Capital and Operating Costs
Not applicable.

Item 22: Economic Analysis
Not applicable.

Item 23: Adjacent Properties
The Boundary District has been a major producer of gold an copper in south-central British Columbia and north-central Washington state. The area hosts deposts with past production and resources of more than 5 million ounces of gold. Important producing and/or developing mines include the Republic District (0.9 m oz.), Phoenix (1 m oz.), Rossland (2.8 m oz.), the Kinross Buckhorn (Crown Jewel) Deposit (1 m oz.) and Overlook-Key-Lamefoot deposits (1 M oz.). The Kinross Buckhorn (Crown Jewel) gold deposit is located just south of the US border in northern Washington State.

Item 24: Other Relevant Data and Information

Not applicable.

Item 25: Interpretation and Conclusions

A - Soil Geochemical Orientation Survey

The Granby Gold property is dominated by colluvial soils on relatively steep slopes. Glacial sediments are uncommon in the area except on the north part of the property where the slopes are relatively gentle. Glaciofluvial sediments occur in the bottom of the Pass Creek valley.

Soil profile samples from numerous sites clearly show an increase of metal concentrations (especially gold) with depth and there is a high inter-site variability in soil profile development. It is therefore concluded that deeper profile sampling in this area would yield higher and more representative gold concentrations than found in previous B-horizon soil sampling programs. It is also recommended that any further soils work on the property, especially on steep colluvial slopes, employ C-horizon sampling. Such programs should target colluvium just above the sediment/bedrock interface.

It is recommended that follow-up exploration consist of one or more of the following elements:

1) A detailed C-horizon geochemical sampling program on the property.
2) Detailed geophysical surveys on the property including a magnetic survey.
3) Following, or in conjunction with the above work, drilling is recommended at the sites that yield the most prospective results.

B - General Exploration

The results from this initial orientation geochemical survey, lithogeochemical survey and data compilation are highly encouraging. The geological environment and host rocks at the Granby Gold property are similar to other mining properties in the Boundary Gold Distirict which has a record of more than 5 million ounces of gold production and reserves. The three zones (Glover, Main and Eastern) in the Lucky John Area are part of a mineralized corridor that has ore-grade drill intersections and has not been tested along strike or to depth. The Simpson Mine Area is a second highly attractive target area which has not received any modern exploration or drilling. A third area (Intermediate Area) between the other two displays highly anomalous soil geochemistry and grab samples with 5.4 g/t Au and 22.3 g/t Ag and also has had no modern exploration work. The property clearly warrants a major integrated program including: geological mapping, soil geochemical sampling, magnetometer surveying, induced polarization surveying and diamond drilling (Table 8).

Item 26: Recommendations

A two-phase program is recommended, with phase 2 contingent upon substantial success in phase 1.

Table 8. Two-Phase Exploration Program Cost Estimate.

Item	Work Program	Estimated Cost	Totals
Phase 1			
Geological Mapping and Supervision		$ 80,000.00	
Magnetic Survey (50 m lines, 10 m stations)	50 km.	$ 10,000.00	
Induced Polarization Survey	20 km.	$ 20,000.00	
Soil geochemical Survey	1000 stations	$ 50,000.00	
Diamond Drilling	1200 metres	$ 500,000.00	
Administration, fees, licenses		$ 20,000.00	
Contingency		$ 70,000.00	
Subtotal		***$ 750,000.00***	***$ 750,000.00***
Phase 2			
Geological Mapping and Supervision		$ 80,000.00	
Magnetic Survey (50 m lines, 10 m stations)	50 km.	$ 10,000.00	
Induced Polarization Survey	20 km.	$ 20,000.00	
Soil geochemical Survey	1000 stations	$ 50,000.00	
Diamond Drilling	2500 metres	$ 940,000.00	
Administration, fees, licenses		$ 50,000.00	
Contingency		$ 100,000.00	
Subtotal		**$ 1,250,000.00**	**$ 1,250,000.00**
Grand Total			**$ 2,000,000.00**

Item 27: References

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Item 28: Certificate and Consent of Authors: V. Levson, R. H. McMillan

I, Victor M. Levson (Ph.D., P.Geo.), do hereby certify that:

1. I am registered as a Professional Geoscientist with the Association of Professional Engineers and Geoscientists of B.C. (License # 19669) since 1992;
2. I am a graduate of the University of Calgary (B.Sc., 1978) and University of Alberta (M.Sc., 1986; Ph.D., 1995).
3. I am currently a consulting geologist and President of Quaternary Geosciences Inc.
4. I have worked as a geologist for 25 years in the private and public sectors;
5. I am an Adjunct Professor at the University of Victoria in Earth and Ocean Sciences.
6. I am the author of the foregoing geochemistry report on the Granby Gold Property which is based on:
7. my supervision, observations and participation in the 2011 geochemical orientation project;
8. compilation of previous data, survey design and implementation, and analysis and interpretation of geochemical results;
9. my personal knowledge of the property area and a review of available government maps and reports.
10. I have read the definition of “qualified person” set out in National Instrument 43-101 (“NI 43-101”) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirement to be a ”qualified person” for the purposes of NI 43-101.
11. I am responsible in part for the preparation of the technical report entitled “Economic Evaluation and Geochemical Orientation Survey of the Granby Gold Property”, dated September 15, 2012. I spent four days on the Granby Gold Property in October 2011.
12. I have not had prior involvement with the property that is the subject of the Technical Report.
13. As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.
14. I am independent of the issuer applying all of the tests in Section 1.4 of National Instrument 43-101. I have no interest or involvement with Quadra Coastal Resources Ltd. or any affiliated company.
15. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
16. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated at Victoria, British Columbia this 15th day of September, 2012

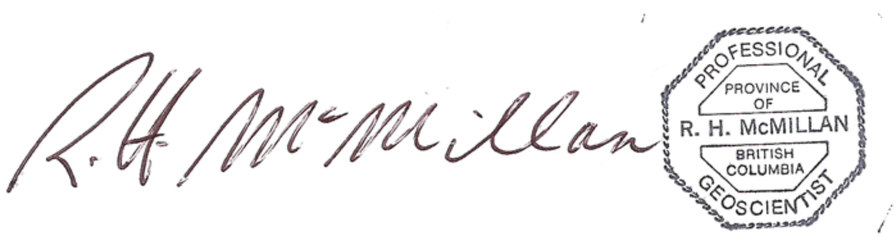
Vic Levson, Ph.D., P.Geo.
Quaternary Geosciences Inc. (QGI)
Victoria, British Columbia

I, Ronald Hugh McMillan, Ph.D., P.Geo., P.Eng., do hereby certify that:

1. I am a Consulting Geologist, with residence and business address at 6606 Mark Lane, Victoria, British Columbia, V9E 2A1, Canada.
2. I graduated with a B.Sc. degree (Honours) in Geology from the University of British Columbia in 1962. In addition, I obtained M.Sc. and Ph.D. degrees specializing in Economic Geology from the University of Western Ontario in 1969 and 1973 respectively.
3. I have been registered with the Association of Professional Engineers and Geoscientists of British Columbia since 1992 (registration #19475). I am also registered with the Association of Professional Engineers of Ontario, and have been since 1981 (registration #30949879). I am a Fellow of the Society of Economic Geologists, a Fellow of the Geological Association of Canada and a member of the Prospectors and Developers Association of Canada and the Association for Mineral Exploration BC (AME).
4. I have practiced my profession continuously as a geologist, for over 45 years throughout Canada, North America and on several other continents. Work has included both detailed and regional property evaluations and estimation of mineral resources. I have directly supervised and conducted programs of geological mapping, geochemical and geophysical surveys and diamond drilling.
5. I have authored several technical reports on precious and base metal deposits and have familiarity with the geological setting, ore controls and economic viability of such deposits.
6. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirement to be a "qualified person" for the purposes of NI 43-101.
7. I am responsible in part for the preparation of the technical report entitled "Economic Evaluation and Geochemical Orientation Survey of the Granby Gold Property", dated September 15, 2012. I spent part of one day on the Granby Gold Property in October 2011.
8. I have not had prior involvement with the property that is the subject of the Technical Report.
9. As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.
10. I am independent of the issuer applying all of the tests in Section 1.4 of National Instrument 43-101. I have no interest or involvement with Quadra Coastal Resources Ltd. or any affiliated company.
11. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
12. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 15th day of September, 2012.

Signed "R.H. McMillan"



R.H. McMillan, Ph.D. P.Geo. P.Eng.