VALOR GOLD

NORTH RED ROCK PROPERTY
GRAVITY SURVEY
GIS DATABASE

Residual Gravity Looking Southeast

James L. Wright  M.Sc.
June 22 / 2012
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Gravity Survey, Station Posting, Interpretation
Gravity Survey, Complete Bouguer Anomaly, @ 2.50 g/cc
Gravity Survey, Complete Bouguer Anomaly, Residual
Regional Gravity, Complete Bouguer Anomaly, @ 2.50 g/cc
INTRODUCTION

A gravity survey was completed over the North Red Rock property by Magee Geophysical Services LLC based in Reno, Nevada for Valor Gold Corp. The survey spanned June 10 to 12, 2012. Objectives were to delineate structures, lithologies and possibly alteration related to gold mineralization beneath thin pediment cover flanking the south side of a small outcrop well within the Reese River Valley.

Survey procedure, data processing and an interpretation along with target identification are developed in the report. In addition to the gravity survey, regional USGS gravity and airborne magnetic data, as well as topography and digital elevation data (DEM), are also included to provide a larger context for the property scale survey. Results are provided in both map and GIS digital formats. The digital products include raw data, intermediate processed products, and final products in the form of MAPINFO and ARCGIS files, as well as SURFER V10 SRF plot files and maps. The GIS files include image, contour and postings for the various data sets and derived products. All digital products are located on a DVD in a sleeve at the rear of the report. A README file on the DVD explains the file / folder organization. Printed maps are provided at a scales of 1:6000 and 1:24000 located in pockets in the rear of the report with a list of maps in the Table of Contents.

Figure 1 shows the property relative to topography, counties, highways and towns in north central Nevada.

FIGURE 1: Property Location
SURVEY PROCEDURE

A total of 140 gravity stations comprise the total data set. The stations were acquired on a 200 by 200 m square grid. Figure 2 shows the station posting along with the property outline over topography.

![Figure 2: Gravity Station Posting, Property Outline over Topography](image)

Relative gravity measurements were made with LaCoste & Romberg Model-G gravity meters. Topographic surveying was performed with Trimble Real-Time Kinematic (RTK) and Fast-Static GPS. The gravity survey is tied to the gravity base at the Battle Mountain Airport Network base (DoD Reference 2344-2).

All gravity stations were surveyed using the Real-Time Kinematic (RTK) GPS method or, where it was not possible to receive GPS base information via radio modem, the Fast-Static method was used. A GPS base station, designated FILIPINI, was used on the project. The coordinates and elevation of this base station location were determined by making simultaneous GPS occupations in the Fast Static mode with Continuously Operating Reference Stations (CORS). The topographic surveying was performed simultaneously with gravity data acquisition.

All gravity data processing was performed with the Xcelleration Gravity module of Oasis montaj (Version 7.0). The gravity data were processed to Complete Bouguer Gravity over a range of densities from 2.00 g/cc through 3.00 g/cc at steps of 0.05 g/cc using standard procedures and formulas.

Terrain Corrections were calculated to a distance of 167 km for each gravity station.
Various procedures were used for three radii around each station: 0-10m, 10-200m, and 2-167 km. These include the triangle method, combination of a prism and a sectional ring method, and sectional ring method for the three zones respectively.

Gravity repeat statistics for the survey follow.
Total number of stations: 140
Number of repeated stations: 8
% stations repeated: 5.7%
Total number of readings: 154
Number of repeat readings: 22
% readings repeated: 14.3%
Maximum repeat error: 0.0230 mGal
Mean repeat error: 0.0098 mGal
RMS error: 0.0122 mGal

The mean of the absolute value of all loop closure errors is 0.022 mGal. Such statistics indicate good data quality and the data fully support the interpretation set forth. Additional details concerning survey logistics are available in Appendix.

DATA PROCESSING

Data provided by MaGee Geophysical Services LLC included the gravity data corrected to the complete Bouguer anomaly (CBA) stage for a number of densities. Determination of the most suitable Bouguer density is required for removal of topographic effects in the data. Experience gained in northern Nevada indicates a density of 2.50 g/cc is representative of the diverse rock types in the vicinity of the survey. These include carbonate and clastic sediments, as well as volcanic and intrusive lithologies.

The data were gridded with a Kriging algorithm using a spacing of 50m, which equates to approximately 25% of the grid station spacing. The gridded CBA data were upward continued 300m with a USGS algorithm to produce a regional which was subtracted from the CBA to yield a residual (RES). A total horizontal gradient (RES_HG) was computed from the RES. All three grids were mask to the data limits and imaged / contoured for import into MAPINFO and ARCGIS. Color bars follow and are annotated with units and contour intervals. All data conform to the NAD 27 / UTM 11N coordinate system.
As noted previously, SURFER SRF plot files and prints at a scales of 1:6000 and 1:24000 are provided for all data types. Figure 3 shows an example plot. A listing of the plots is presented in the Table of Contents.

**FIGURE 3: Example Plot**

**INTERPRETATION**

Figure 4 shows the basic gravity survey product, complete Bouguer anomaly (CBA), over the 2006 National Agricultural Inventory Program (NAIP) air photo. Annotated on the figure is a small outcrop well within the Reese River Valley and a number of drill pads east of the hill. This outcrop has been the focus of previous exploration efforts as the drill pads demonstrate. Shallow basin fill cover extends southwest from the outcrop to enter the property’s northern side, as is evident in the relatively elevated gravity values. A bedrock ridge extends roughly north-south down the axis of the property with gradual deepening of the bedrock to the south. Bounding the ridge to the west is a major fault with down to the west movement. Basin fill thickens precipitously west of this fault, which is the primary east bounding structure to the Reese River basin. The ridge also undergoes an apparent left lateral offset near the center of the property.

Residual (RES) gravity and topography are presented in Figure 5 overlain by an interpretation. Structures are denoted with dashed black lines with annotation which defines the sense of movement in some cases.
FIGURE 4: CBA Gravity, Property Outline and Drilling over 2006 NAIP Air Photo

The bedrock ridge is faceted by numerous structures in numerous orientations with the primary orientations being northwest and north-south. Largest of the northwest structure is one which traverses the entire survey and offsets the bedrock ridge and basin bounding structure in apparent left lateral sense. Gravity values along the ridge crest are noticeably thinned at the intersection with this feature. This results from the structural offset as well as considerable structural deformation leading to increased erosion at the intersection which in turn leads to thicker basin fill. In addition to the apparent lateral offset, the bedrock is also down dropped to the south across the structure. Along the extreme southern limits of the property the gravity indicates a possible termination to the bedrock ridge.
FIGURE 5: RES Gravity, Property Outline, Interpretation over Topography

The gravity setting around the property is depicted in Figure 6 which combines the North Red Rock survey with the large Redrock survey to the south and places both over the regional USGS data. Note the coloration for the two property scale surveys are the same, but the USGS data differs. The figure confirms termination of the bedrock ridge to the south as well as approximately three kilometers north of the property, resulting in an oval shaped bedrock high. This high is connects outcropping Paleozoic rocks two kilometers to the southeast of the property across a smaller scale north-northeast oriented basin. The large scale north-south structure bounding the bedrock high on the west is observed to extend further south into the vicinity of the west end of the Redrock property. In fact the southern extension appears to produce a significant offset in the northern side of the Caetano Trough.
CONCLUSIONS AND RECOMMENDATIONS

The gravity survey maps a north-south elongated bedrock ridge which outcrops one kilometer north of the property. Regional USGS gravity suggests the extreme northern portion of the property is overlain by a minimal amount of basin fill, progressing to the south the depth of fill increases. However, a simple Bouguer slab model indicates the basin fill thickness over the south gravity high to be only about 75 meters. If this is the case, then the entire length of the bedrock ridge is within prospective depths. Furthermore, the ridge is bounded and cut by two major and numerous smaller structures. The major northwest structure crossing the ridge imparts an apparent left lateral offset on the order of 250m and appears to have produced considerable deformation of the rock units.
Figure 7 shows six (6) east-west proposed controlled source audio magneto-telluric lines in red for a total of 10.2 line-km. The lines are designed to detail the two major structures and investigate structural intersections. Furthermore, tops of the two gravity highs receive coverage as alteration could be responsible for the resistance to erosion evident at these two locations. Completion of the program should provide sufficient detail to permit spotting of numerous drill holes to test both structural and lithologic / alteration targets.
APPENDIX

GRAVITY SURVEY

over the

NORTH REDROCK PROSPECT
LANDER COUNTY, NEVADA

for

VALOR GOLD CORP.
JUNE 2012

SUBMITTED BY

Magee Geophysical Services LLC
465 Leventina Canyon Road Reno, Nevada 89523 USA
TEL 775-742-8037
FAX 775-345-1715
Email: chris_magee@gravityandmag.com
Website: www.gravityandmag.com
Gravity data were acquired at the North Redrock Prospect in Lander County, Nevada for Valor Gold Corp. The gravity survey was conducted from June 10 through June 12, 2012. A total of 140 new gravity stations were acquired on a 200 x 200 meter grid. Relative gravity measurements were made with LaCoste & Romberg Model-G gravity meters. Topographic surveying was performed with Trimble Real-Time Kinematic (RTK) and Fast-Static GPS. Field operations were based out of Battle Mountain, Nevada.

Gravity data were processed to Complete Bouguer Gravity and are included on a CD that will be delivered separately.

Survey Personnel
Data acquisition and surveying were performed by Chris Michalowski and Damien Kerwin. Christopher Magee supervised all operations and completed final data processing.

Gravity Meters
Two LaCoste & Romberg Model-G gravity meters, serial numbers G603 and G735 were used on the survey. Model-G gravity meters measure relative gravity changes with a resolution of 0.01 mGal. The manufacturer's calibration tables used to convert gravity meter counter units to milliGals are included with the delivered data.

Gravity Base
The gravity survey is tied to a previously established gravity base designated BIGCHIEF at the Big Chief Motel in Battle Mountain. The BIGCHIEF base was tied to the Battle Mountain Airport Network base (DoD 2344-2).

<table>
<thead>
<tr>
<th>Base</th>
<th>Absolute Gravity</th>
<th>Latitude</th>
<th>Longitude</th>
<th>Elevation</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIGCHIEF</td>
<td>979771.75</td>
<td>N40°38'44.097&quot;</td>
<td>E116°56'18.018&quot;</td>
<td>1373.99m</td>
</tr>
</tbody>
</table>

GPS Equipment
All gravity stations were surveyed using the Real-Time Kinematic (RTK) GPS method or, where it was not possible to receive GPS base information via radio modem, the Fast-Static method was used. The following GPS equipment was used on the project:

Trimble Model 5700 Dual-Frequency GPS Receivers with built in UHF radios
Trimble Model R8 Receivers
Trimble Model TSCe & TSC2 Data Collector/controllers
Trimble TrimMark III base radio
Trimble Zephyr GPS antenna
Trimble Geomatics Office (Version 1.63) and Trimble Business Center (Version 2.60) were used for GPS data processing. A single GPS base station, designated FILIPINI, was used on this project. The coordinates and elevation of this base station location were determined by making simultaneous GPS occupations in the Fast Static mode with Continuously Operating Reference Stations (CORS). GPS data for this station was submitted to the National Geodetic Survey (NGS) OPUS service which is an automated system that uses the three closest CORS stations to determine coordinates and elevations for unknown stations. The coordinates and elevations of station FILIPINI are listed below.

<table>
<thead>
<tr>
<th>Station</th>
<th>WGS-84 Latitude</th>
<th>WGS-84 Longitude</th>
<th>WGS-84 Ellipsoid Ht.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FILIPINI</td>
<td>N 40° 23’ 05.47286”</td>
<td>W 117° 02’ 18.50776”</td>
<td>1451.886m</td>
</tr>
<tr>
<td>NAD27 UTM Northing</td>
<td>4470272.887m</td>
<td>496813.562m</td>
<td>1471.70m</td>
</tr>
</tbody>
</table>

**Topographic Surveying of Gravity Stations**

All topographic surveying was performed simultaneously with gravity data acquisition. The gravity stations were surveyed in NAD27 UTM Zone 11 North coordinates in meters. The Datum Grid method (NADCON) was used to transform from the WGS-84 (NAD83) datum to the NAD27 datum and the GEOID03 geoid model was used to calculate NAVD88 elevations from ellipsoid heights. The elevations were then converted to North American Vertical Datum of 1929 (NAVD29) using the NGS program VERTCON. The coordinate system parameters used on this survey are summarized below.

**Datum**

Datum Name | NAD27
Ellipsoid   | Clarke 1866
Semi-Major Axis | 6378206.4 m
Eccentricity | 0.082271854
Transformation | NADCON (CONUS)

**Projection**

Type | Universal Transverse
Mercator Zone | UTM 11
North Origin Latitude | 00° 00' 00.000000" N
Central Meridian | 117° 00' 00.000000" W
Scale Factor | 0.9996 False Northing 0
False Easting | 500000 m
Geoid Model | GEOID03 (CONUS)

**Gravity Stations**

A total of 140 new gravity stations were acquired. Stations were reached by ATV or on foot.
Overview
Field data including station identifier, local time, gravity reading, measured slope, and operator remarks were recorded in the field in notebooks. The recorded data were then entered into a notebook computer in the form of GeoSoft RAW gravity files. Survey coordinates were transferred digitally. All gravity data processing was performed with the Xcelleration Gravity module of Oasis montaj (Version 7.0). Gravity data were processed to Complete Bouguer Gravity over a range of densities from 2.00 g/cc through 3.00 g/cc at steps of 0.05 g/cc using standard procedures and formulas.

Data Processing Parameters
The following parameters were used to reduce the gravity data:

<table>
<thead>
<tr>
<th>GMT Offset</th>
<th>Gravity Formula</th>
<th>Gravity Datum</th>
</tr>
</thead>
<tbody>
<tr>
<td>-7 hours</td>
<td>1967</td>
<td>ISGN-71</td>
</tr>
</tbody>
</table>

Terrain Corrections
Terrain Corrections were calculated to a distance of 167 km for each gravity station. The terrain correction for the distance of 0 to 10 meters around each station was calculated using a sloped triangle method with the average slopes measured in the field. The terrain correction for the distance of 10 meters to 2000 meters around each station was calculated using a combination of a prism method and a sectional ring method with digital terrain from 10-meter Digital Elevation Models (DEM). The terrain correction for the distance of 2 to 167 kilometers around each station was calculated using the sectional ring method and digital terrain from 90-meter DEMs.

Gravity Repeats and Loop Closures

Total number of stations: 140
Number of repeated stations: 8
% stations repeated: 5.7%
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Number of repeat readings: 22
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