

**PROSPECTING
ASSESSMENT REPORT
APU MINERAL CLAIMS
VERNON MINING DIVISON
November 7, 1996**

24773

PROSPECTING
ASSESSMENT REPORT

on the

APU CLAIM GROUP
VERNON MINING DIVISION
BOULEAU LAKE AREA. B.C.

by

MICHAEL SCHESKE, B.A.Sc.
and
PAUL D. GRAY, B.Sc.

SOUTHERN GOLD RESOURCES LTD.

CLAIMS: APU 1-32, 2-post mineral claims (32 units)
LOCATION: The APU claims are located directly south of Bouleau
Lake, 30 km due west of Vernon B.C
Lat. 50°16'; Long. 120°40';
N.T.S. Map 82 L/5
OWNER: Doublestar Resources Limited
OPERATOR: Doublestar Resources Limited
DATE COMMENCED: June 13, 1996
DATE COMPLETED: September 13, 1996

Vancouver B.C.

November 7, 1996
(Amended May 15, 1997)

TABLE OF CONTENTS

	<u>PAGE</u>
Summary	1
Introduction	1
Location and Access	2
Claim Status	5
Prospecting Program	5
Regional Geology	9
Property Geology	9
Conclusions	10
Figure 1	3
Figure 2	4
Figure 3	7
Figure 4	8
Appendix A Assay Results	11
Appendix B Statement of Qualifications	12
Appendix C Statement of Expenditures	13

SUMMARY

The APU claim group, comprised of 32 units, is located in the Bouleau Lake area, 32 km due west of Vernon B.C. These claims were staked as prospective targets for hosting epithermal gold deposits. Detailed prospecting and sampling programs were conducted over the property. The altered volcanics of the property (andesite and minor tuff) represent a higher stratigraphic level of the same sequence of rocks as the Goldstar claim and producing Brett claims to the south. It was therefore assumed that the northwest-striking, gold bearing shear zones of the southern Brett property may be continuous through the APU property. If so, then the volcanics, especially the porous tuffaceous horizons, are prospective for similarly-hosted epithermal gold deposits. Prospecting programs designed to find altered tuff and any major silica veins were initiated. However, significant glacial overburden obscured the rocks over most of the property, hindering prospecting.

INTRODUCTION

This assessment report was written to fulfill government assessment work requirements necessary for continued rights to the staked mineral properties. The report will discuss the geological setting and prospecting results gained from work done from June-September, 1996.

The APU claim group (32 units) was staked by the authors, Michael Scheske and Paul D. Gray, on two separate occasions, June 1996 (APU 1-20) and September 1996 (APU 21-32), while employed by Southern Gold Resources Ltd. (Southern Gold resources Ltd. has since transferred 100% of its right and title to the APU claim to

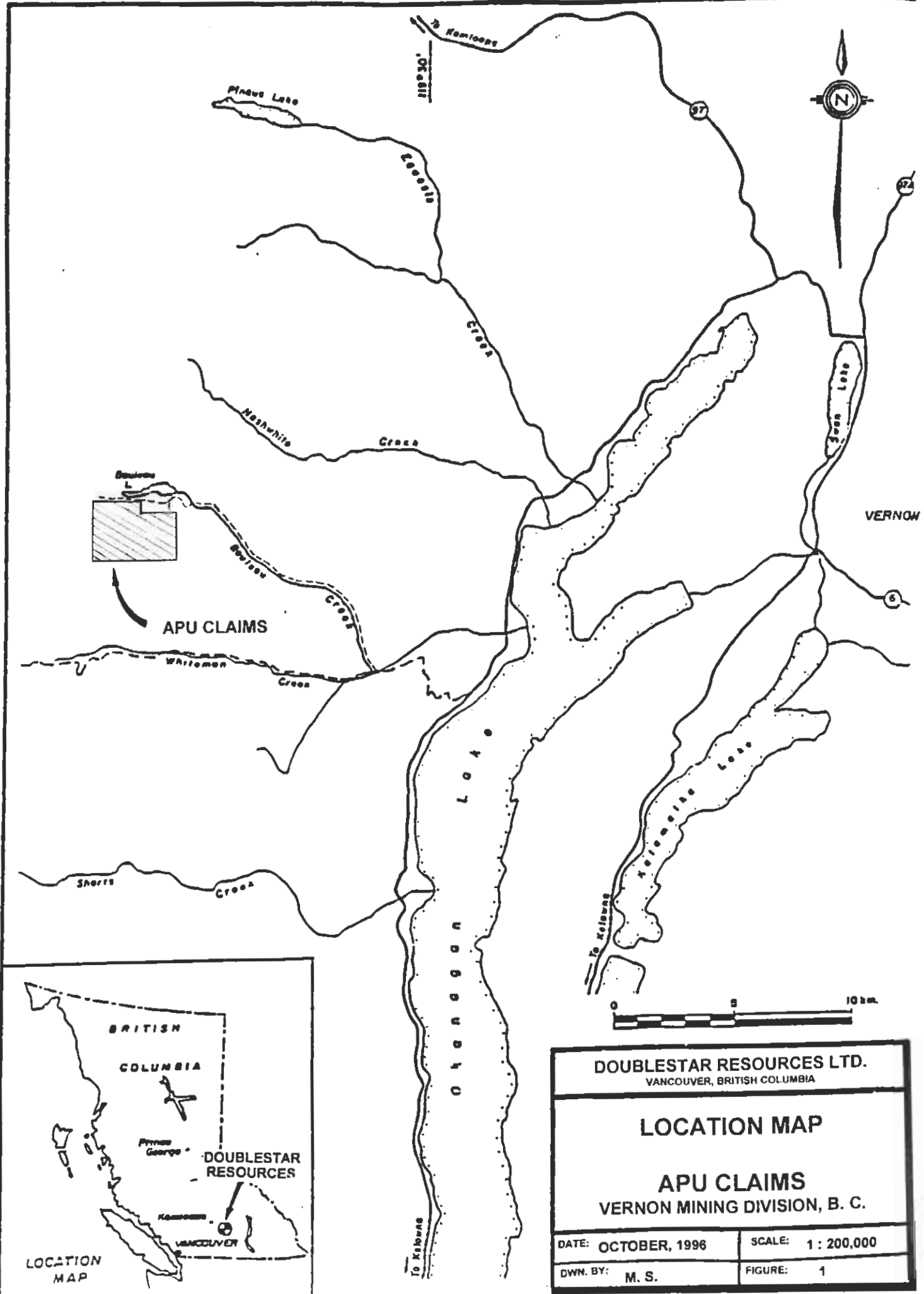
Doublestar Resources Ltd., Vancouver, B.C.). Staking covered areas north of the Goldstar and Brett claims, where Liquid Gold had at one time encountered mineralization assaying up to 1 oz/ton gold. Staking was conducted to claim this area as a potential epithermal gold locality.

Porphyritic flow rock on the property containing pyrite and small quartz veins, assaying moderately elevated arsenic values (Appendix A, M-11, M-12, and M-14), but at widely separated locations. Samples of silicified tuffaceous float (indicating hydrothermal activity) were uncovered in an eastern property stream and assayed by 31 element ICP plus gold fire assay (Appendix A, M-13 and M-15). The source of this float was prospected for extensively, but never located. While evidence of epithermal activity on the APU property exists, unfortunately the property is exceedingly difficult to prospect, and most areas inferred as prospective are covered by thick deposits of glacial material.

LOCATION AND ACCESS

The APU claim group is located directly south of Bouleau Lake, 32 km due west of Vernon B.C. (Lat. 50°16'; Long. 120°40'; N.T.S. Map 82 L/5). The property covers the northern slope of a steeply sloping east-west running ridge. Several severe cliff faces (35 meters +) are prominent on the northern ridge slope, but are difficult to ascend. The remainder of the property is generally covered in deep glacial overburden.

Access to the APU claims is achieved via the well maintained Bouleau Lake logging road, which branches northwest from the Whiteman Creek logging road. Bouleau Lake is located at km 24 and from there a series of north-south secondary logging roads allow access to the actual property, see Figures 1 and 2.

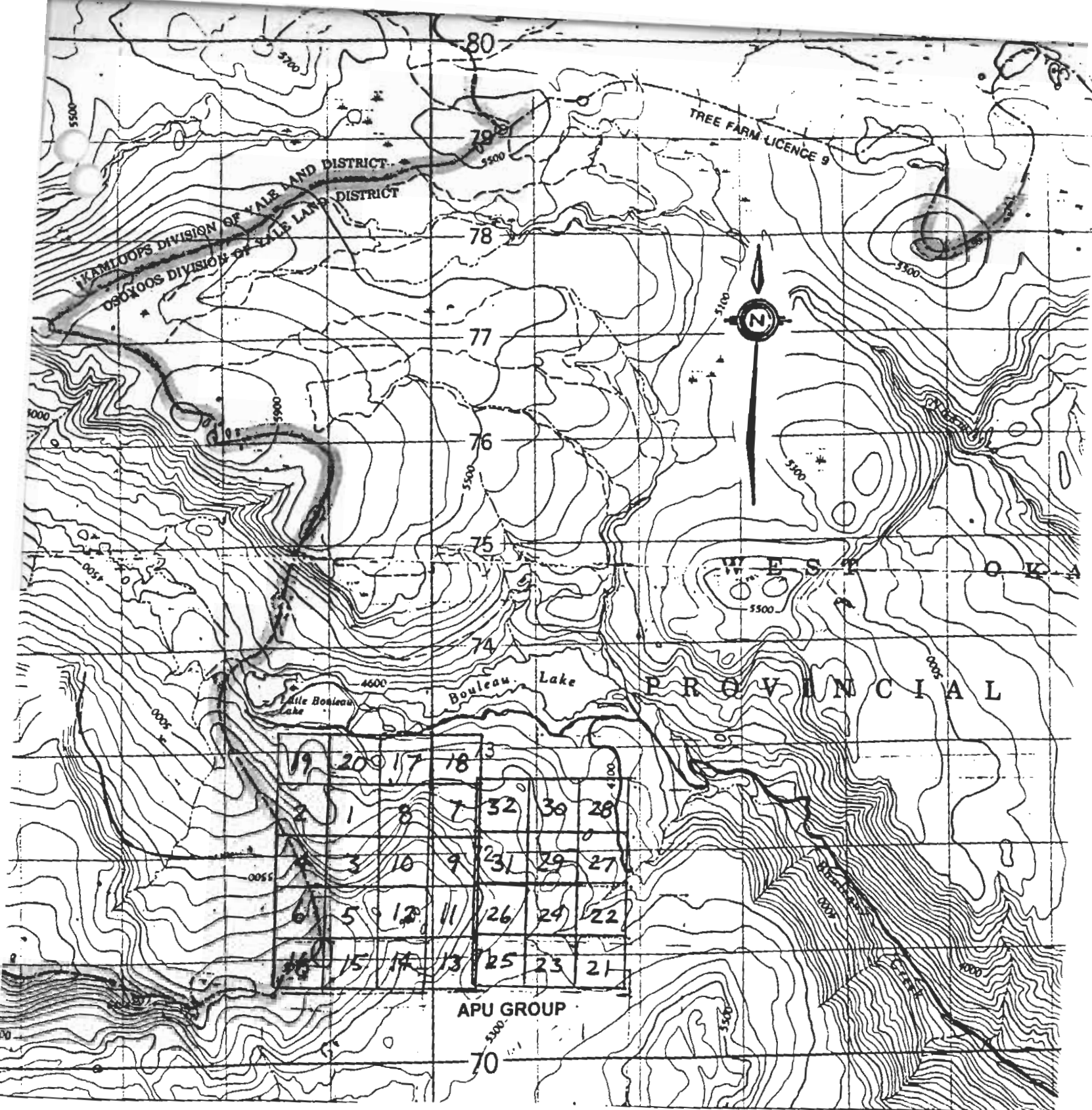


DOUBLESTAR RESOURCES LTD.
VANCOUVER, BRITISH COLUMBIA

LOCATION MAP

APU CLAIMS
VERNON MINING DIVISION, B. C.

DATE: OCTOBER, 1996	SCALE: 1 : 200,000
DWN. BY: M. S.	FIGURE: 1



DOUBLESTAR RESOURCES LTD.
VANCOUVER, BRITISH COLUMBIA

CLAIMS & ACCESS

APU GROUP
VERNON MINING DIVISION, B. C.

DATE: OCTOBER, 1996	SCALE: 1 : 50,000
DWN. BY: M. S.	FIGURE: 2

CLAIM STATUS

The APU Claim Group consists of 32, 2-post mineral claims; APU 1-32. These claims were staked by the authors on two occasions; June 13-June 19, 1996 (APU 1-20) and September 10-September 13, 1996 (APU 21-32). These 32 units located in the Nicola and Vernon Mining Divisions are denoted by Tenure Numbers 346986-347004 (APU 1-20) and 350623-350634 (APU 21-32).

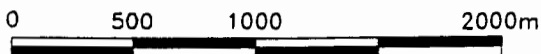
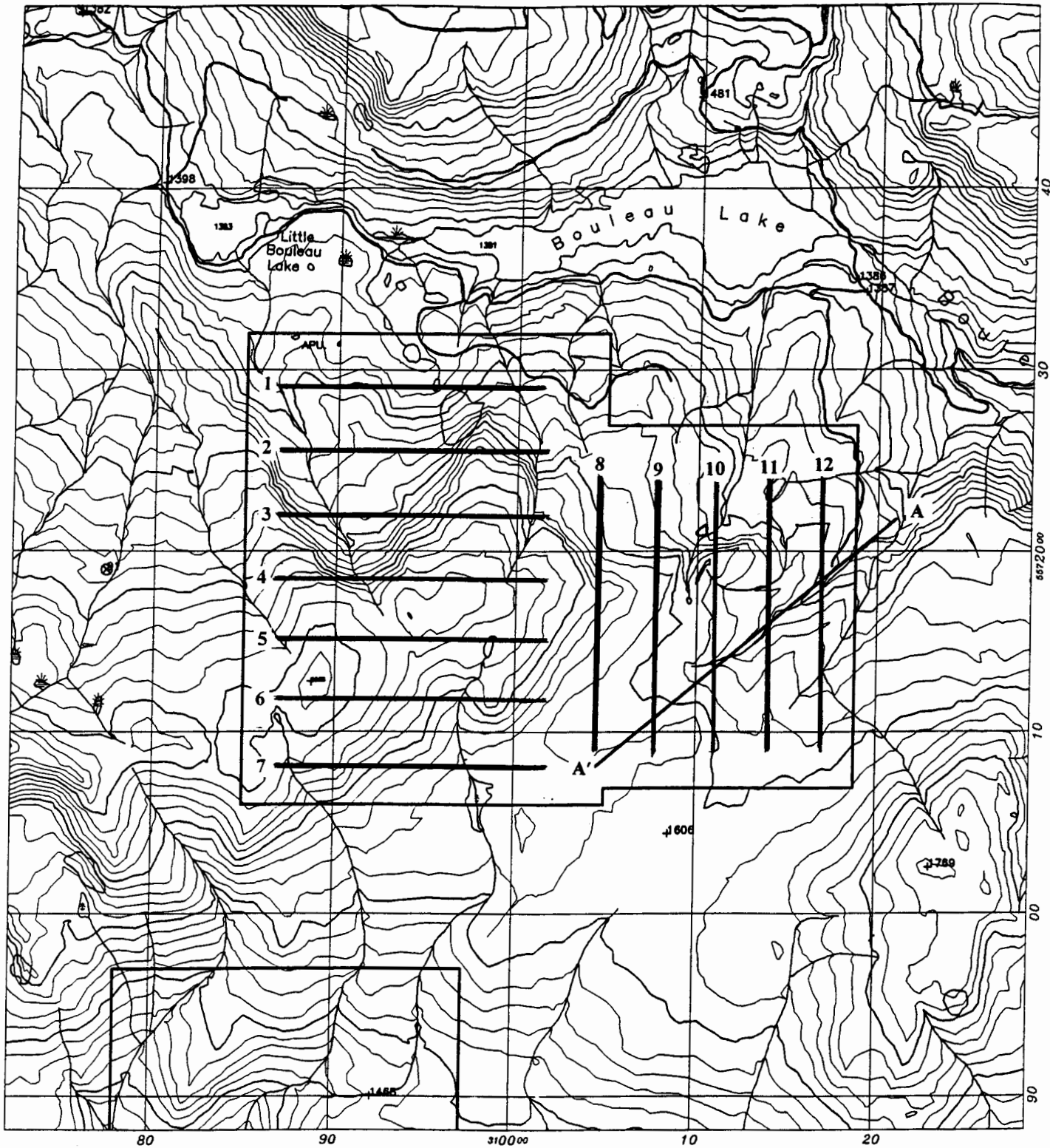
PROSPECTING PROGRAM

Under the supervision of Murray Morrison, B.Sc. Geol., the authors conducted a prospecting program on the APU property consisting of 12 transects of 1500 meters intermittently over the course of a few months. Specifically, these programs took place on June 24-26, 28-29 (APU 1-20), and September 14-15 (APU 21-32); for a total of 7 days or 14 man days work. These traverses (Figure 3) were conducted across the property with the intention of intersecting tuffaceous horizons, that may have alteration indicating hydrothermal activity. Several samples of altered tuff and quartz vein float were collected and subsequently analyzed (see Appendix A).

All sample locations were determined by use of a Trimble ScoutMaster Global Positioning System (GPS). Positions are considered accurate to within 25 meters. Sample locations were stored in the GPS unit in the field, and later recalled and plotted onto a 1:31,680 scale map (Figure 4).

The few streams which flow through the property were traversed extensively. Two well altered and highly silicified pieces of tuffaceous float (samples M-13 and M-15 in Appendix A) were collected near point A (Figure 4). These samples were assayed by 31 element ICP plus gold fire assay, and transect A-A' (Figure 3) was conducted to determine their source, however thick overburden inhibited detailed prospecting.

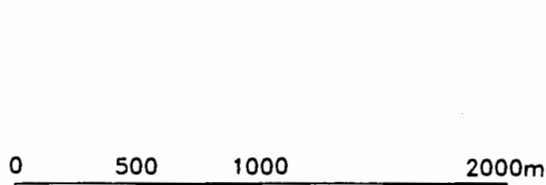
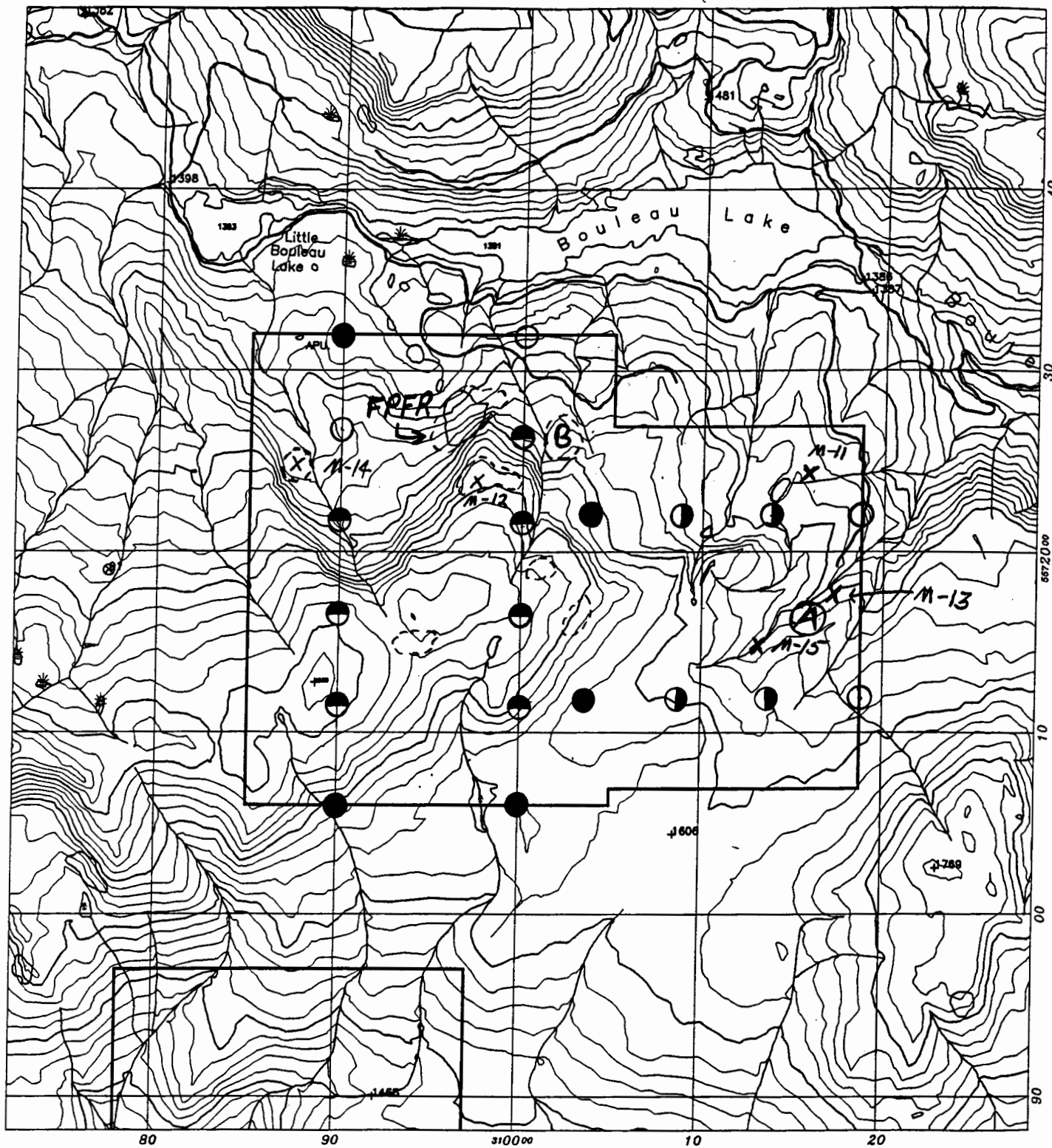
The lack of bedrock exposure due to thick glacial overburden hindered the prospecting program greatly. The limited exposed rock typically cropped out in isolated cliffs and consisted of gray andesite. Angular tuffaceous float (chiefly unaltered) was located throughout the property indicating tuff horizons do exist (Point B, Figure 4), but no large scale outcrops were found. The two main rock types of the property are the massive andesitic flow rocks (gray to green, fine grained, porphyritic, and variably altered) and the minor tuff units (white, polymictic, and variably altered).



SCALE: 1:31,680



COMPANY: SOUTHERN GOLD RESOURCES LTD.	
DRAWING TITLE: APU. CLAIM PROSPECTING TRAVERSES	
LOCATION: WEST OKANAGAN, B.C.	
DATE: May 1997	SCALE: 1:31,680
DRAWN: TerraCAD 97109	GEOLOGIST:
DATA:	FIGURE: 3



SCALE: 1:31,680

LEGEND

- Outcrop Exposures
- Initial Claim Posts
- Final Claim Posts
- X GPS Position of Assayed Samples



COMPANY: SOUTHERN GOLD RESOURCES LTD.	
DRAWING TITLE: SAMPLE LOCATIONS APU. CLAIM AND CLAIM POST POSITIONS	
LOCATION: WEST OKANAGAN, B.C.	
DATE: May 1997	SCALE: 1:31,680
DRAWN: TerraCAD 97109	GEOLOGIST:
DATA:	FIGURE: 4

REGIONAL GEOLOGY

The Okanagan region is divided in two by the Okanagan valley and coincidental fault; separating the highly metamorphosed rocks of the Okanagan Metamorphic Complex to the east, from the Carboniferous to Triassic metasediments and metavolcanics (greenschist grade metamorphism) of the west. Jurassic granite intrusions of the Okanagan Batholith occur on both sides of the fault, as do the unconformably overlain thick sequences of Tertiary volcanic flow rocks and pyroclastics. These Tertiary (Eocene) trachyandesites, basalts, and interbedded tuffs are flat-lying to shallowly dipping and are unmetamorphosed.

PROPERTY GEOLOGY

The APU property is underlain by Jurassic granite, unconformably overlain by thick sequences of flat lying Eocene volcanics (trachyandesites to basalts, with minor interbedded tuff). High cliffs (35 meters +) reveal the feldspar porphyry flow rock (FPFR, Figure 4), however tuff exposures are more difficult to locate possibly due to the increased effects of erosion and weathering on the soft tuff. Thick deposits of glacial overburden make locating such tuffaceous units even more difficult.

The sub-horizontal Eocene rocks are variably altered over the property, usually showing only slight alteration. To the south of APU are several well documented northwest-trending shear zones associated with gold mineralization (Brett Property). Should these shear zones be continuous through to the APU claims, similar mineralization is possible in the APU rocks, especially in the porous tuffaceous horizons.

However, in valleys where these tuff horizons are likely to exist, thick accumulations of glacial drift obscure exposure.

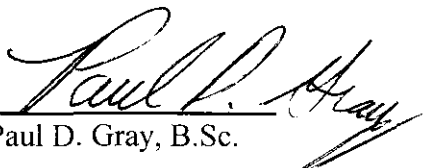
Some well altered and highly silicified tuffaceous float was discovered in a creek on the eastern edge of the property (Point A, Figure 4). Follow-up prospecting failed to locate the float's source, however the degree of silicification indicated the presence of hydrothermal solutions, and hence a heat source, in the area.

CONCLUSIONS

The work performed in the 1996 prospecting program on the APU claim group justifies a more focused robust program of prospecting next season. This season's work has defined the existence of significantly altered and silicified tuffaceous float, and identified areas of the property where little or no outcrops exist. Prospecting within the APU claims has improved geological knowledge of the property.

Intensified sampling with analysis for 31 elements by the ICP method plus gold, and a trenching program are warranted proximal to the area where the anomalous float was discovered. The similar geology and proximity of the APU claims to the Brett property are justification for further exploration expenditures on this property.

November 7, 1996
(Amended May 15, 1997)
Vancouver B.C.


Paul D. Gray, B.Sc.

ECO-TECH LABORATORIES LTD.
10041 East Trans Canada Highway
KAMLOOPS, B.C.
V2C 6T4

ICP CERTIFICATE OF ANALYSIS AK 96-1169

SOUTHERN GOLD RESOURCES LTD
#1540-750 WEST PENDER
VANCOUVER, BC
V6C 2T8

Phone: 604-573-5700
Fax : 604-573-4557

ATTENTION: ALAN SAVAGE

No. of samples received: 15
Sample type: Rock
PROJECT #: None Given
SHIPMENT #: None Given
Samples submitted by: Murray Morrison

Values in ppm unless otherwise reported

Et #.	Tag #	Au(ppb)	Ag	Al %	As	Ba	Bi	Ca %	Cd	Co	Cr	Cu	Fe %	La	Mg %	Mn	Mo	Na %	Ni	P	Pb	Sb	Sn	Sr	Tl %	U	V	W	Y	Zn
1	M-01	5	<0.2	2.19	<5	330	<5	0.81	<1	16	46	10	6.29	<10	0.71	670	3	0.05	6	2280	14	<5	<20	156	0.10	<10	105	<10	9	61
2	M-02	5	<0.2	2.04	5	190	5	0.65	<1	7	43	6	5.40	<10	0.58	115	4	0.07	4	1250	12	<5	<20	255	0.05	<10	78	<10	2	28
3	M-03	5	<0.2	1.41	20	165	<5	0.29	<1	5	36	11	4.51	<10	0.42	38	5	0.04	1	3760	14	<5	<20	531	<0.01	<10	49	<10	2	29
4	M-04	5	<0.2	0.69	10	405	<5	0.15	<1	3	95	6	2.30	<10	0.13	20	7	0.02	3	1840	14	<5	<20	226	<0.01	<10	20	<10	<1	12
5	M-05	10	<0.2	0.93	<5	895	5	1.27	1	23	121	13	6.39	<10	0.31	893	8	0.01	23	830	22	<5	<20	72	<0.01	<10	69	<10	6	56
6	M-06	10	<0.2	1.72	<5	865	<5	6.94	2	19	151	36	4.68	20	1.73	851	4	0.06	32	1440	62	<5	<20	166	0.02	<10	102	<10	3	58
7	M-07	5	<0.2	0.73	300	85	<5	0.30	<1	26	151	13	9.23	<10	0.16	242	130	0.08	22	1090	2	<5	<20	135	0.04	<10	302	<10	<1	47
8	M-08	5	<0.2	1.64	70	205	<5	1.01	<1	46	176	18	4.18	30	0.33	409	15	0.09	31	2850	6	<5	<20	91	0.12	<10	114	<10	11	35
9	M-09	5	<0.2	1.70	10	260	<5	1.12	<1	16	196	22	3.41	30	0.57	649	4	0.08	28	2890	10	<5	<20	114	0.13	<10	125	<10	15	50
10	M-10	10	<0.2	2.07	<5	150	10	2.46	<1	21	59	7	6.46	20	0.45	1437	4	0.23	5	3150	6	<5	<20	276	0.07	<10	155	<10	15	98
11	★ M-11	5	<0.2	0.84	30	110	<5	0.57	<1	8	100	7	4.13	30	0.12	132	11	0.06	7	2050	10	<5	<20	83	0.08	<10	66	<10	6	29
12	★ M-12	5	<0.2	1.48	<5	350	<5	0.45	<1	4	43	4	3.64	70	0.47	673	5	0.04	3	1640	18	<5	<20	53	0.05	<10	48	<10	2	51
13	★ M-13	5	0.8	0.26	40	55	<5	0.05	<1	1	168	3	0.98	60	0.03	126	4	0.01	3	180	14	<5	<20	10	0.01	<10	12	<10	9	20
14	★ M-14	5	<0.2	1.21	10	110	<5	0.58	<1	5	31	2	2.94	80	0.45	168	4	0.06	2	1700	14	<5	<20	79	0.09	<10	42	<10	5	40
15	★ M-15	5	0.6	0.36	15	95	<5	0.09	<1	2	142	3	1.33	70	0.07	198	10	0.02	2	340	12	<5	<20	12	0.04	<10	15	<10	7	17

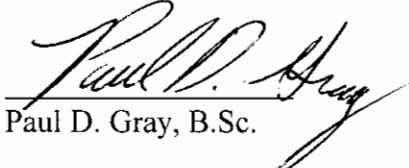
APPENDIX B

STATEMENT OF QUALIFICATIONS

I, Paul D. Gray, of the city of Vancouver, in the Province of British Columbia, do hereby state that:

1. I graduated from Dalhousie University in 1996 with a B.Sc. Degree in Earth Science.
2. I am employed by Southern Gold Resources Ltd., at #1540-750 West Pender, Vancouver B.C. V6C 1T8.
3. I have worked as an exploration geologist since June of 1996.
4. Work conducted in this report was performed by Michael Scheske and myself under the supervision of Murray Morrison, B.Sc.

November 7, 1996
(Amended May 15, 1997)
Vancouver, B.C.


Paul D. Gray, B.Sc.

APPENDIX C

STATEMENT OF EXPENDITURES - APU GROUP

FIELD WORK

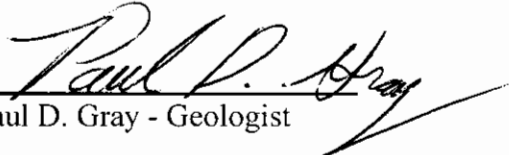
M. Morrison, geologist	3 days @ \$200.00/day	\$ 600
M. Scheske, geological engineer	7 days @ \$100.00/day	700
P. Gray, geologist	7 days @ \$100.00/day	700
Trucks, 4 x 4 (including gasoline and insurance)	3 days @ \$80.00/day + 7 days @ \$80.00/day	800
Meals and Lodging	3 days @ \$70.00/day + 7 days @ \$140.00/day	1190
Rock Assaying (including shipping costs)	5 samples @ \$20.00/sample	100
Flagging, belt chain thread, and miscellaneous field equipment		<u>100</u>
	Sub-total:	\$ 4190

REPORT PREPARATION COSTS

P. Gray, geologist	3 days @ \$100.00/day	\$ 300
Secretarial, Report Binding, Map Prints, Xerox		<u>120</u>
	Sub-total:	\$ 420
	Grand-total:	\$ 4610

I hereby certify that the preceding statement is a true statement of monies expended in connection with the Prospecting Program carried out June 13 - September 12, 1996.

November 7, 1996
(Amended May 15, 1997)
Vancouver, B. C.


Paul D. Gray - Geologist