

VICTORY RESOURCES CORPORATION

(Owner & Operator)

GEOLOGICAL ASSESSMENT REPORT

(Event 4459028)
on a

STRUCTURAL ANALYSIS

Work done between January 12 2010, to January 15, 2010 on

Tenure 572419

of the 15 Tenure

Toni 572419 Claim Group

of the

**BC Geological Survey
Assessment Report
31635**

TONI PROPERTY

Nicola/Similkameen Mining Divisions

BCGS Map 092H.088/.089/.098/.099

Centre of Work

5,529,000N, 693,000E

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SUMMARY

The 15 claim Toni 572419 claim group of the TONI property covers an area of 5,639 hectares located 205 kilometres east-northeast of Vancouver, 24 kilometres southwest of Merritt, and 20 kilometres west of the past productive Brenda Mine in south-central British Columbia.

At the formerly productive Elk/Siwash mine located within three kilometres south of the Toni 572419 claim group, gold-bearing pyrrhotite and polymetallic gold-silver mineralization are hosted primarily by parallel to subparallel east-northeast trending pyritic quartz veins and stringers in altered pyritic granitic and, less frequently, volcanic rocks. Production from the Elk/Siwash property, located within a Middle Jurassic intrusive peripheral to the Nicola volcanic contact, is reported as 1,518,777 grams (48,830 ounces) of gold and 1,903,000 grams (61,183 ounces) of silver recovered between 1992 and 1995. In 2004, global (bulk-tonnage and underground mineable) measured and indicated resources were reported to total 668,300 tonnes grading 9.66 grams per tonne gold (207,600 ounces) plus an additional 1,317,200 tonnes grading 4.91 grams per tonne gold (207,800 ounces) in the inferred category.

The Toni 572419 Claim Group is underlain predominantly by the upper Triassic Nicola Group of basaltic volcanic rocks (*uTrNE*) with a succession of Upper Triassic mudstone, siltstone, shale, and fine clastic sedimentary rocks (*UTrNsf*) within the west-central portion of the Toni 572419 Claim Group. A late Triassic granodioritic intrusive (*LTrJgd*) infringes into the claim group in the north central and to a greater degree in a northerly strike along the eastern portion of the claim group.

The Middle Jurassic Osprey Lake batholith composed of granites and granodiorites (*MJgr*) occurs in a northeasterly trending contact with the Nicola Group within 500 metres south of the easternmost portion of the claim group and Tenure 572419, the subject of the structural analysis. The formerly productive ELK property (Minfile 092HNE096) occurs within the Osprey Lake batholith within three kilometres south of Tenure 572419.

The Structural analysis on Tenure 572419 of the Toni 572419 claim group indicates major dominant northerly, with subordinate (limited in length) northwesterly trending structures.

The northwesterly indicated structures indicates the trend of the Brew fault with associated minor gold values, quartz occurrences, pyritic zones, elevated antimony values, and highly anomalous arsenic values. These mineral values are indicative of the upper levels of a gold bearing epithermal system revealed on surface via the structure and possibly emanating from an economic or “bonanza” gold zone of an underlying intrusive such as at the ELK gold bearing mineral zones (see Minfile 092HNE096 in the Geology and the Mineralization section for specifics).

The areas A, B, & C on Figure 5 are indicated as areas of structural intersections where surficial indicators of potentially economic sub-surface or blind mineral zones would be expressed to a greater degree. Under certain geological conditions, the structural intersections would provide the plumbing system for the surface mineral indicators.

Descriptions of the mineral deposits that can occur in the geological environment of the 572419 claim group are indicated in the Minfile reports as contained herein.

INTRODUCTION

In January, 2010 a Structural Analysis was completed on Tenure 572419 of the 15 claim Toni 572419 claim group of Victory's TONI property. The purpose of the program was to delineate potential structures which may be integral in geological controls to potentially economic mineral zones that may occur on Tenure 572419 or other claims of the Toni property.

Information for this report was obtained from sources as cited under Selected References.

Figure 1. Location Map



PROPERTY DESCRIPTION AND LOCATION

The Toni 572419 Claim Group is comprised of 15 claims covering an area of 5,638.8 hectares located within BCGS Map 092H.088/.089/.098/.099 of the Nicola/Similkameen Mining Divisions, 205 direct kilometres from Vancouver, 24 direct kilometres from Merritt and 20 kilometres west of the past productive deposit of Brenda Mines. The centre of the work area is at 5,529,000N, 693,000E (NAD 83).

<u>Tenure Number</u>	<u>Type</u>	<u>Claim Name</u>	<u>Good Until</u>	<u>Area (ha)</u>
551399	Mineral	MEANY	20120710	499.3213
551400	Mineral	MINY	20110710	312.041
564565	Mineral	BREW 3	20120710	20.8141
564567	Mineral	BREW 5	20120710	457.8441
564568	Mineral	BREW 6	20120710	208.1299
564570	Mineral	BREW 8	20110710	374.476
564571	Mineral	BREW 9	20110710	41.6052
568678	Mineral	DELVIN	20120710	20.8018
572419	Mineral	BREW 1	20120710	728.6533
585980	Mineral	VT679	20120710	374.4429
589847	Mineral	TONI	20120710	520.0585
589849	Mineral	TONI 1	20120710	520.1029
589852	Mineral	TONI 3	20120710	520.307
589853	Mineral	TONI 4	20120710	520.0423
589854	Mineral	TONI 5	20120710	520.1873

Total Area: 5638.8276 ha

ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

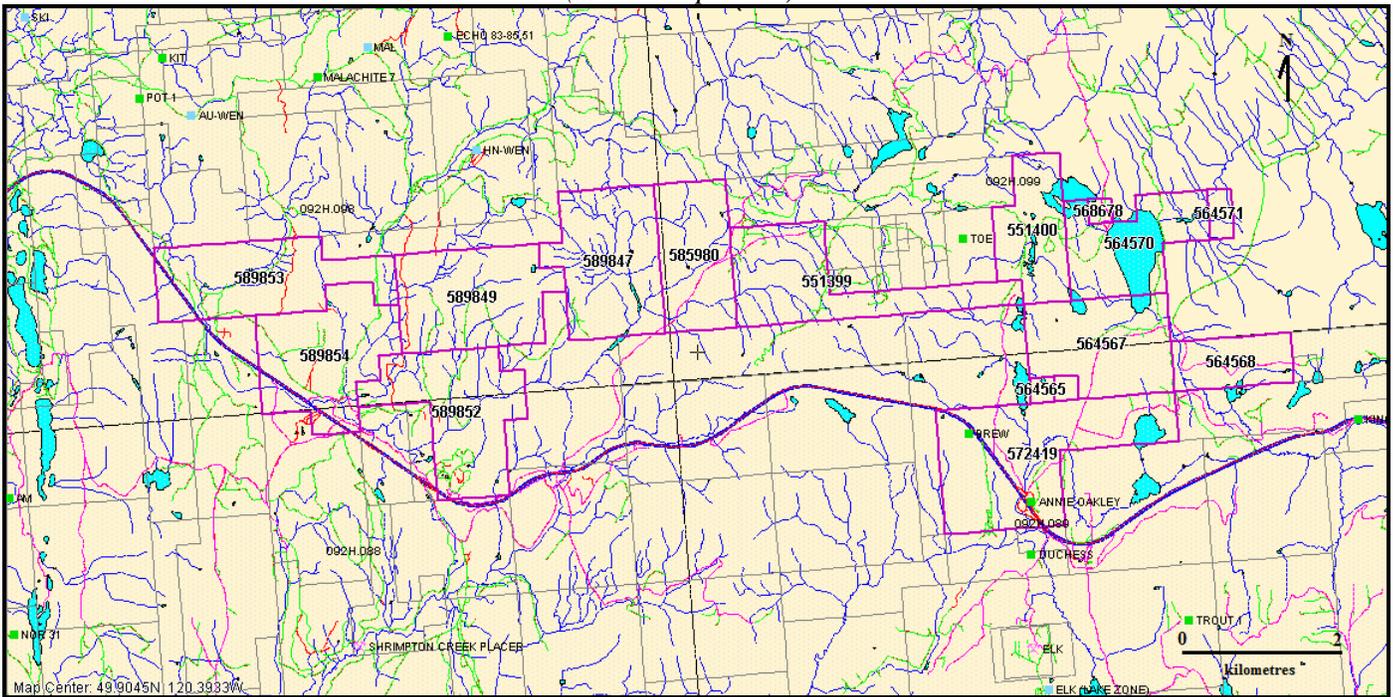
Access to the Toni 572419 Claim Group is southward from Merritt for 23 kilometres via Highway 97C, or the Princeton-Kamloops Highway, to the Coquihalla connector of the 97C Highway, thence for 7.5 kilometres to the easternmost claim, Tenure 589853, of the Toni 572419 Claim Group.

The region is situated within the dry belt of British Columbia with rainfall between 25 and 30 cm per year. Temperatures during the summer months could reach a high of 35° and average 25°C with the winter temperatures reaching a low of -10° and averaging 8°. On the Toni 572419 Claim Group snow cover on the ground could be from December to April and would not hamper a year-round exploration program.

Sufficient water for all phases of the exploration program could be available from the many lakes and creeks, which are located within the confines of the Toni 572419 Claim Group. Water may be scarce during the summer months and any water required for exploratory purposes, would be transported.

Merritt, and/or Kamloops, historic mining centres could be a source of experienced and reliable exploration and mining personnel and a supply for most mining related equipment. Kamloops is serviced daily by commercial airline and is a hub for road and rail transportation. Vancouver, a port city on the southwest corner of, and the largest city in, the Province of British Columbia is three hours distant by road and less than one hour by air from Kamloops.

Figure 2. Claim Map
(From MapPlace)



HISTORY: TONI 572419 CLAIM GROUP & AREA

A chronological history of exploration work on ground covered by the Toni 572419 Claim Group as summarized from assessment reports is as follows:

1988: AR 18,041Kerr Addison Mines completed a geological and geochemical survey over ground presently covered by Tenure 572419. Paulter (1988) reports that two intersecting fault zones are exposed along a 2.0 kilometre section of the Okanagan Connector Highway (Figure 3). The Brew Fault trends 140/steep SW, may be 40 cm wide, and can be traced for 600 metres along strike. Several 100-120 trending fracture zones cut across it. Gold values up to 600 ppb seem to be associated with narrow localized quartz occurrences or local zones within pyritic +/- marcasite and clay bearing fracture zones. Arsenic and antimony values are elevated along the fault zones but high order arsenic anomalies (>10000ppm) are largely restricted to the Brew Fault. This showing description is presumed to be the Brew Minfile (092HNE275) and the Annie Oakley Minfile (092HNE029) locations (Figure 4).

The history on some of the more significant mineral *MINFILE* reported showings, prospects, and past producers on the Toni 572419 Claim Group and peripheral to the Toni 572419 Claim Group are reported as follows. The distance from the Toni 572419 Claim Group is relative to Tenure 572419, which is the subject of the structural analysis.

MAL prospect (Cu skarn; Fe skarn; Au skarn)

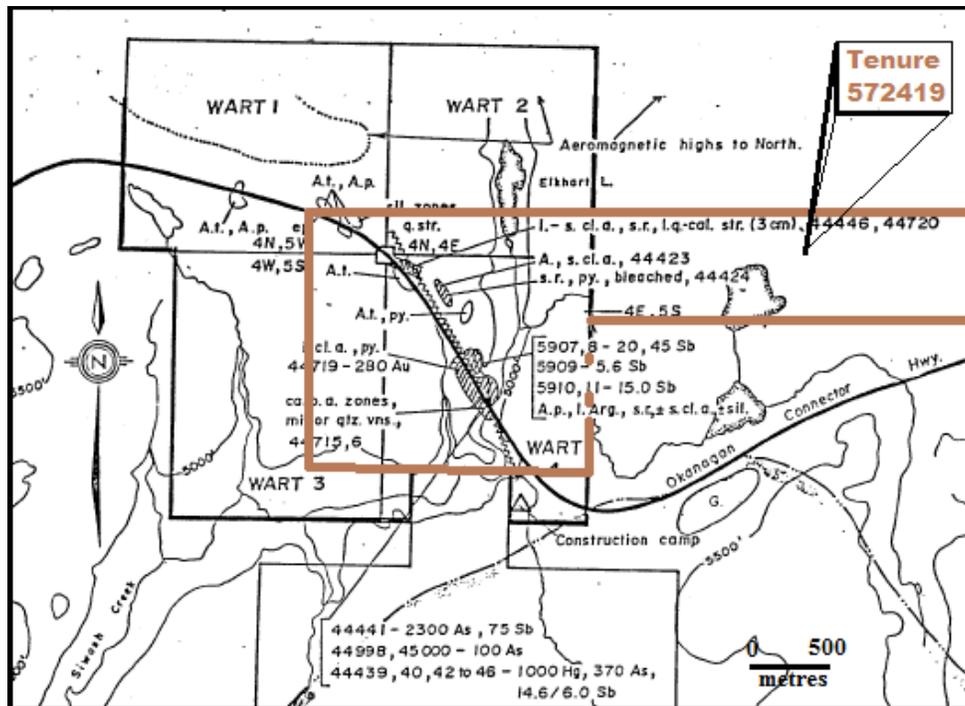
MINFILE 092HNE002

Thirteen kilometres northwest

Initial work consisted of diamond drilling and trenching in the early 1960s on the main showing (Malachite 1, 2 and Chalcocite 1, 2 claims), on which the occurrence is centred.

Figure 3. Results of 1988 Exploration on ground covered by Tenure 572419.

(From: AR 18,041)



BRENDA past producer (*Porphyry Cu +/- Mo +/- Au*)

MINFILE 092HNE047

Twenty kilometres east

The Brenda mine began production in early 1970 with measured geological (proven) reserves of 160,556,700 tonnes grading 0.183 per cent copper and 0.049 per cent molybdenum at a cutoff of 0.3 per cent copper equivalent [$eCu = \% Cu + (3.45 \times \% Mo)$]. The mine officially closed June 8, 1990.

HN-WEN prospect (*Volcanic redbed Cu*)

MINFILE 092HNE058

Ten kilometres northwest

Adits and trenches were initially cut around 1900; later work included diamond drilling and trenching in the 1960s and 1970s.

ELK past producer (*Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn*

+/-Au; Au-quartz veins)

MINFILE 092HNE096

Three kilometres south

From 1992 and 1995 (inclusive), 16,570 tonnes of ore were mined and milled and 1,518,777 grams (48,830 ounces) of gold and 1,903,000 grams (61,183 ounces) of silver recovered.

In 1996, Fairfield shipped all remaining stockpiles, estimated to contain 2700 tonnes and grading greater than 12 grams per tonne (Information Circular 1997-1, page 21). A total of 994 metres of ramp access and three development levels exist underground.

History: Property & Area (cont'd)**ELK past producer (cont'd)**

Reverse circulation drilling, underground diamond drilling, reclamation, road construction, water sampling and aerial photography were also undertaken during this period.

Surface and underground diamond drill programs were carried out in the Siwash Mine area from 1994 to 1996 to define the resource. Exploration surface drilling was also carried out during the 1995 and 1996 field seasons to test trench targets between the Siwash mine site and the South Showing area 2.5 kilometres to the south. Limited prospecting and environmental monitoring was undertaken from 1997 to 1999.

In 1995, Fairfield Minerals with the support from the Explore B.C. Program carried out an extensive program including geochemistry, 13,972 metres of surface and underground diamond drilling in 315 holes and reserve calculations.

SHRIMPTON CREEK PLACER past producer (Surficial placers)

MINFILE 092HNE180

Five kilometres west

The creek was worked by F. Keeling in 1939, between 6.4 and 8 kilometres above Missezula Lake.

GEOLOGY: REGIONAL

The Aspen Grove geological district is located within the regional Quesnel Trough, a 30 to 60, km wide belt of Lower Mesozoic volcanic and related strata enclosed between older rocks and much invaded by batholiths and lesser intrusions (Campbell and Tipper, 1970). The southern part is the well-known Nicola belt, continuing nearly 200 km to its termination at the U.S. border and containing the important copper deposits of the Highland Valley, Craigmont, Copper Mountain, Afton, Brenda, in addition to the historic Hedley gold camp.

The Nicola Group has been divided into western, central, and eastern belts on the basis of lithology and litho-geochemistry and by major fault systems. Variation from calc-alkaline to shoshonitic compositions from west to east has been interpreted to reflect eastward dipping subduction in the Nicola arc.

GEOLOGY: TONI 572419 CLAIM GROUP & AREA

The Toni 572419 Claim Group is situated within the eastern belt of the Nicola Group which is in a fault contact with the central belt of the Nicola Group. The fault is the northerly striking Kentucky-Alleyne fault zone and is within two kilometres west of the Toni 572419 Claim Group.

As indicated by the BC government supported MapPlace geological maps, the Toni 572419 Claim Group is underlain predominantly by the upper Triassic Nicola Group of basaltic volcanic rocks (*uTrNE*) with a succession of Upper Triassic mudstone, siltstone, shale, and fine clastic sedimentary rocks (*UTrNsF*) within the west-central portion of the Toni 572419 Claim Group. A late Triassic granodioritic intrusive (*LTrJgd*) infringes into the claim group in the north central and to a greater degree in a northerly strike along the eastern portion of the claim group.

The Middle Jurassic Osprey Lake batholith composed of granites and granodiorites (*MJgr*) occurs in a northeasterly trending contact with the Nicola Group within 500 metres south of the easternmost portion of the claim group and Tenure 572419, the subject of the structural analysis. The formerly productive ELK property (Minfile 092HNE096) occurs within the Osprey Lake batholith within three kilometres south of Tenure 572419.

GEOLOGY MAP LEGEND

Pleistocene to Recent

PIRal

Unnamed alluvial till

PIRvk

Unnamed alkalic volcanic rocks

Upper Triassic

Eastern Volcanic Facie

uTrNE

lower amphibolite/kyanite grade metamorphic rocks

uTtNsf

mudstone, siltstone, shale, fine clastic sedimentary rocks

uTrNMI

basaltic volcanic rocks

uTrJum

unnamed ultramafic rocks

Central Volcanic Facies

uTrNc

andesitic volcanic rocks

Late Triassic to Early Jurassic

LTrJgd

unnamed granodiorite intrusive rocks

LTrJdr

dioritic to gabbroic intrusive rocks

Middle Jurassic

MJgr

granites and granodiorites of the Osprey Lake batholith

GEOLOGY: TONI 572419 CLAIM GROUP & AREA

The geology on some of the more significant mineral *MINFILE* reported showings, prospects, and past producers on the Toni 572419 Claim Group and peripheral to the Toni 572419 Claim Group (*Figure 4*) are reported as follows. The distance from the Toni 572419 Claim Group is relative to Tenure 572419, which is the subject of the structural analysis.

MAL prospect (*Cu skarn; Fe skarn; Au skarn*)

MINFILE 092HNE002

Thirteen kilometres northwest

The Malachite occurrence is hosted in the Upper Triassic Nicola Group, which regionally consists of alkalic and calcalkalic volcanics and intrusions of island arc origin, and which is the principal component of the Quesnel Terrane in southern British Columbia (Geological Survey of Canada Maps 41-1989, 1713A). This belt has been of major economic interest because of its potential for porphyry copper-gold mineralization.

The occurrence lies in the northern assemblage of the Eastern belt or facies of the Nicola Group (after Preto, Bulletin 69). This assemblage mainly consists of well-bedded submarine volcanoclastic rocks and volcanic flows. The main Aspen Grove copper camp lies several kilometres to the west in the Central belt, separated by the north-striking Kentucky-Alleyne fault system (Bulletin 69).

The area of the Malachite occurrence is underlain by dark green, augite porphyritic andesitic to basaltic volcanics and fragmental rocks, with subordinate black argillite with local limy horizons, and feldspar porphyry (Assessment Reports 449, 1586). Some volcanic flow breccia contains pink trachytic fragments (Assessment Report 9590). Stratified rocks strike north-northwest and dip moderately to steeply west (Geological Survey of Canada Map 41-1989). Within 1 or 2 kilometres to the north of these rocks is the east-trending contact of the Early Jurassic Pennask batholith, a large intrusion of medium-grained granodiorite to quartz diorite.

The volcanics and sedimentary rocks have been altered, probably the result of hydrothermal activity related to the Pennask batholith. Epidote alteration is common; potassium feldspar alteration is more restricted. Skarn alteration is most characteristic of this occurrence, as it hosts the main mineralization. It is closely associated with limy rocks, and is marked by epidote and garnet. North-trending gossanous shear zones have been exposed in trenches near the skarn zones (Assessment Report 449).

ANNIE OAKLEY, WART showing (*Polymetallic veins Ag-Pb-Zn+/-Au*)

MINFILE 092HNE029

In Tenure 572419

This showing is hosted in variably silicified andesite of the Upper Triassic Nicola Group, 1.2 kilometres northwest of the Middle Jurassic Osprey Lake batholith.

The andesite is cut by a fault zone (Annie Oakley fault), striking 130 degrees and dipping 20 degrees south. This fault is possibly a splay off the Brew fault (see Brew, 092HNE275), 1.35 kilometres northwest. The zone is strongly clay altered and occasionally cut by quartz veins up to 6 centimetres wide. Trace to 1 per cent fine-grained pyrite is present within the fault.

Geology: Property & Area (cont'd)**BRENDA** past producer (*Porphyry Cu +/- Mo +/- Au*)

MINFILE 092HNE047

Twenty kilometres east

The Pennask Mountain area is mainly underlain by a roof pendant comprising westerly younging, Upper Triassic sedimentary and volcanoclastic rocks of the Nicola Group. These are intruded and enclosed to the north, east and south by plutonic rocks of the Early Jurassic Pennask batholith and Middle Jurassic Osprey Lake batholith. Both the Nicola rocks and the Pennask batholith are unconformably overlain by Tertiary sediments and volcanics of the Princeton Group.

The Brenda copper-molybdenum deposit is within the "Brenda stock", a composite quartz diorite/granodiorite body which forms part of the Pennask batholith. Several ages and compositions of pre and post-ore dikes cut the stock. The deposit is approximately 390 metres from the contact with Nicola Group rocks to the west.

Nicola Group tuffs, volcanic breccias and flows adjacent to the Brenda stock have been altered to "schistose hornfels". This hornfels, which is as wide as 450 metres, is characterized by the development of bands and aligned lenses of felted brown to black biotite. Schistosity generally strikes roughly parallel to the intrusive contact and dips west at 30 to 70 degrees. The schistose hornfels grades westerly into recognizable west-dipping volcanic rocks which in turn are overlain by greywacke, argillite and shales.

The Brenda stock is a composite, zoned quartz diorite to granodiorite body which can be divided into two units. Unit 1 is of quartz diorite composition and contains abundant mafic minerals (hornblende > biotite) and angular quartz grains, whereas unit 2 is porphyritic granodiorite and contains fewer mafic minerals (biotite > hornblende), well-defined biotite phenocrysts and subhedral quartz grains. The contact between units 1 and 2 is generally gradational, but locally sharp. At sharp contacts, unit 2 is chilled against unit 1.

Dikes of several ages and compositions cut the Brenda stock. At least four types, aplite-pegmatite, andesite, trachyte porphyry and basalt, have been identified in the Brenda orebody. Similar dikes, as well as felsite, dacite and quartz diorite have been mapped beyond the limits of economic mineralization. The aplite-pegmatite dikes are cut by all other dikes and by all mineralized fractures. The andesite dikes have been altered and mineralized during ore formation. Two types of quartz diorite dikes are found and both are cut by quartz-sulphide veins. Dacite porphyry and felsite dikes are also cut by quartz-sulphide veins.

A trachyte porphyry dike up to 4.5 metres wide and 300 metres in strike length is exposed in the Brenda pit. A weakly mineralized vein was observed in the dike which suggested an intermineral age for the dike. Further evidence has clearly shown that the dikes cut all stages of mineralization, except some of the latest quartz veins (Canadian Institute of Mining and Metallurgy Special Volume 15). Several post-mineral hornblende lamprophyre dikes also occur within the Brenda orebody and are probably genetically related to the trachyte porphyry dikes.

Irregular, branching basalt dikes, probably related to Tertiary volcanism, have been intruded along pre-existing fault zones. They cut all phases of mineralization and alteration.

Initial potassium-argon dating of two samples from the Brenda mine area resulted in different ages for hornblende (176 Ma) and biotite (148 Ma). Interpretation of these results suggests that the Brenda stock crystallized about 176 million years ago. Biotite samples from the pit area have been dated at about 146 Ma, which probably represents the age of mineralization (Canadian Institute of Mining and Metallurgy Special Volume 15).

Geology: Property & Area (cont'd)**BRENDA past producer (cont'd)**

Faults in the Brenda pit are expressed as fracture zones in which the rock is intensely altered to clay minerals, sericite, epidote and chlorite. These fracture zones range in width from a few centimetres to 9 metres. Most strike 070 degrees and dip steeply south. Northwest-striking faults exhibit left-lateral movement. The faults transect all mineralization, except some calcite veins. Sulphides, especially molybdenite, have been smeared along fault planes. Shear zones are wider and more numerous in the north half of the pit, where they control bench limits.

HN-WEN prospect (Volcanic redbed Cu)

MINFILE 092HNE058

Ten kilometres northwest

The HN-WEN occurrence is hosted in the Upper Triassic Nicola Group, which regionally consists of alkalic and calcalkalic volcanics and intrusions of island arc origin, and which is the principal component of the Quesnel Terrane in southern British Columbia (Geological Survey of Canada Maps 41-1989, 1713A). This belt has been of major economic interest because of its potential for porphyry copper-gold mineralization. The occurrence lies in the northern assemblage of the Eastern belt of the Nicola Group (after Preto, Bulletin 69).

This assemblage mainly consists of well-bedded submarine volcanoclastic rocks and volcanic flows. The main Aspen Grove copper camp lies several kilometres to the west in the Central belt, separated by the north-striking Kentucky-Alleyne fault system (Bulletin 69).

The area of the occurrence is underlain by augite porphyritic volcanic flows of andesitic to basaltic composition, fragmental rocks including tuff and breccia, and argillites (Assessment Reports 1586, 4230). The argillites are dark grey to black, well bedded, and locally limy. They are somewhat carbonaceous and pyritic.

Minor rock types present include feldspar porphyry and locally lenses of diorite. About 2.5 kilometres to the northeast is the contact with the Early Jurassic Pennask batholith, a large intrusion of medium-grained granodiorite to quartz diorite.

The contact between the volcanic rocks and the argillites passes through the centre of the mineralized area. The contact is parallel to bedding, striking 130 degrees and dipping 40 degrees southwest, with the volcanic rocks on the northeast side (Assessment Report 4230).

TOE prospect (Volcanic redbed Cu; Alkalic porphyry Cu-Au)

MINFILE 092HNE060

Three kilometres north

The Toe occurrence consists of minor copper mineralization located sporadically in the area between Paradise and Boot lakes, 21 kilometres northeast of the community of Missezula Lake. This area lies 18 kilometres east of the historical Aspen Grove copper camp, between Merritt and Princeton.

The Toe occurrence is hosted in the Upper Triassic Nicola Group, which regionally consists of alkalic and calcalkalic volcanics and intrusions of island arc origin, and which is the principal component of the Quesnel Terrane in southern British Columbia (Geological Survey of Canada Maps 41-1989, 1713A). This belt has been of major economic interest because of its potential for porphyry copper-gold mineralization.

Geology: Property & Area (cont'd)

TOE prospect (cont'd)

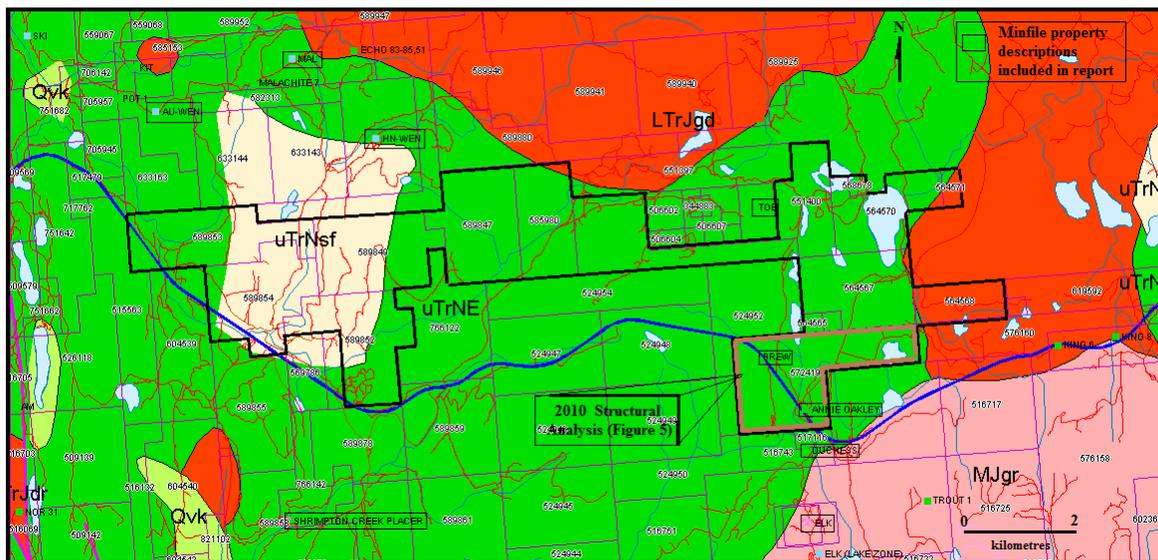
The occurrence lies in the Eastern belt or facies of the Nicola Group, which is characterized by submarine volcanoclastic rocks and volcanic flows (Bulletin 69; Geological Survey of Canada Map 41-1989). Exposure is limited in the Paradise and Boot lakes Breccias containing rounded volcanic, dioritic and granitic fragments in a granitic matrix crosscut Nicola rocks, Osprey Lake batholith and Otter intrusions rocks. The elongate breccia bodies vary in width from 5 to 30 metres and trend northeasterly.

These zones may be portions of major fault structures, but displacement, if any, is not readily apparent. Andesite dikes are the youngest units mapped, postdating all of the above. They are dark greyish green, fine grained and vary in thickness from 30 centimetres to 5 metres. They are commonly muscovite-altered and brown weathering. Strong orange and blue clay alteration is also evident in these rocks.

Mineralization appears to be spatially associated with these (Tertiary (?)) andesite dikes which are locally cut by quartz veins. The Nicola Group lithologies mapped on the Elk property consist of dark greyish green, massive basaltic andesite (some porphyritic containing pyroxene and/or amphibole phenocrysts and some containing 0.5-millimetre laminae of sand-sized black grains); pale grey-green siliceous laminated tuff; and brownish green to pale green agglomerates containing fragments from 5-50 centimetres in size. The Nicola rocks are occasionally silicified, carbonatized or epidote-altered. Iron oxide staining and finely disseminated pyrite are common. Nicola rocks on the west side of the property dip approximately 60 degrees west, forming the east limb of a syncline. The syncline trends roughly north-south and its axis passes about 5 kilometres west of the property. Structural deformation in the area appears to be minimal.

The Osprey Lake granitic rocks are pinkish grey, medium to coarse-grained, equigranular quartz monzonite to granodiorite in composition. Pink, sugary textured aplite dikes cut the quartz monzonite. Quartz diorite related to the batholith is far less common and occurs as stocks. Dikes of quartz monzonite and hornblende-biotite-quartz monzonite also occur. Alteration includes weak to strong propylitic, argillic, phyllic and silicic assemblages. The Otter intrusions comprise quartz feldspar porphyry, feldspar porphyry and quartz-biotite-feldspar dikes and stocks. The quartz feldspar porphyry is extensively clay altered.

Figure 4. Toni 572419 Claim Group, Index, Geology, & Minfile
(Base Map from MapPlace)



Geology: Property & Area (cont'd)**ELK past Producer** (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn

+/-Au; Au-quartz veins)

MINFILE 092HNE096

Three kilometres south

The Elk property is underlain by Upper Triassic volcanics and sediments of the Nicola Group and by Middle Jurassic granites and granodiorites of the Osprey Lake batholith. The contact between these units trends northeasterly across the property. Early Tertiary feldspar porphyry stocks and dikes of the Otter intrusions occur throughout the property. The western property area is underlain by steeply west-dipping andesitic to basaltic flows, agglomerates, tuffs and minor siltstone and limestone units of the Nicola Group. The eastern half of the property is underlain by granitic rocks of the Osprey Lake batholith.

DUCHESS showing (porphyry Cu +/-Mo+-Au)

MINFILE 092HNE137

One kilometre south

The Duchess occurrence is hosted in the Upper Triassic Nicola Group, which regionally consists of alkalic and calcalkalic volcanics and intrusions of island arc origin, and which is the principal component of the Quesnel Terrane in southern British Columbia (Geological Survey of Canada Maps 41-1989, 1713A). This belt has been of major economic interest because of its potential for porphyry copper-gold mineralization.

The area of the Duchess occurrence straddles the contact between the Eastern belt or facies of the Nicola Group, which is characterized by submarine volcanoclastic rocks and volcanic flows, and the Osprey Lake batholith to the east (Bulletin 69; Geological Survey of Canada Map 41-1989). The volcanics generally consist of augite porphyritic andesitic or basaltic flows and lapilli tuffs, and are accompanied by diorite and minor argillaceous sedimentary rocks (Assessment Reports 4525, 18041, 20994).

The Osprey Lake batholith is a large, composite, locally megacrystic granite to granodiorite intrusion of Middle Jurassic age (Geological Survey of Canada Paper 91-2, page 95).

The Duchess occurrence is on the northwestern margin of the batholith, which in this area consists of hornblende biotite granodiorite with a weak foliation parallel to its margin (Assessment Report 4525). The adjacent andesitic volcanics have been contact metamorphosed and hydrothermally epidotized, with minor secondary carbonate (Assessment Report 4525).

AU-WEN prospect (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn+/-Au)

MINFILE 092HNE144

Fifteen kilometres west-northwest

The AU occurrence is hosted in the Upper Triassic Nicola Group, which regionally consists of alkalic and calcalkalic volcanics and intrusions of island arc origin, and which is the principal component of the Quesnel Terrane in southern British Columbia (Geological Survey of Canada Maps 41-1989, 1713A). This belt has been of major economic interest because of its potential for porphyry copper-gold mineralization.

The occurrence lies in the northern assemblage of the Eastern belt of the Nicola Group (after Preto, Bulletin 69). This assemblage mainly consists of well-bedded submarine volcanoclastic rocks, ranging from tuffaceous volcanic siltstones characteristic of the lower part, to coarse volcanic conglomerate and laharic breccias in the upper part.

Geology: Property Area (cont'd)**AU-WEN prospect (cont'd)**

The assemblage is characterized by a paucity of intrusive rocks in comparison to the main Aspen Grove copper camp in the Central belt a few kilometres to the west, separated by the Kentucky-Alleyne fault system (Bulletin 69).

The AU occurrence is centred on the main gold showing, a small stripped, drilled and trenched area just off a gravel road south of Quilchena Creek (Assessment Reports 5766, 16008). This and most of the surrounding area is underlain by andesitic to dacitic tuff, cherty tuff, black argillite, and volcanic sandstone and siltstone. The rocks are strongly fractured in a variety of orientations. Bedding in the tuff has been measured to strike 060 degrees and dip 54 degrees northwest, but it varies.

About 1 kilometre to the north of the main showing is biotite hornblende granodiorite and quartz monzonite of the Early Jurassic Pennask batholith, and about 500 metres to the west are porphyritic andesitic and basaltic volcanic rocks (Bulletin 69; Assessment Report 16008). Small bodies of diorite and micromonzonite, possibly subvolcanic, are quite common in the area, on the surface and in drill core (Assessment Report 16008). Some of the volcanics have sustained carbonate and epidote alteration, and locally they have pervasive hematite (Assessment Report 16008).

SHRIMPTON CREEK PLACER past producer (Surficial placers)**MINFILE 092HNE180**

Twelve kilometres west-southwest

Shrimpton Creek flows southwest from its headwaters immediately south of The Wart for 10 kilometres. The creek continues south- southwest for 6 kilometres before entering Missezula Lake, 38.5 kilometres north of Princeton. Most of the creek flows through a broad, gently sloping valley, which steepens somewhat in the lower 4 kilometres.

BREW showing (Alkalic porphyry Cu-Au; Subvolcanic Cu-Ag-Au; As-Sb)**MINFILE 092HNE275**

In Tenure 572419

This occurrence is hosted in volcanics and minor sediments of the Upper Triassic Nicola Group, 2.6 kilometres northwest of the Middle Jurassic Osprey Lake batholith. The volcanics consist primarily of andesite and fine-grained diorite. The contact between the two units is gradational, suggesting the diorite may be a subvolcanic equivalent of the andesite. Minor tuffs, lapilli tuffs, agglomerates, and feldspar porphyritic andesite are also present. The sediments consist of mudstone, siltstone, shale, and rare carbonate, intercalated with the pyroclastic units. A major fault zone, the Brew fault, striking 140 degrees and dipping steeply southwest, is exposed along the Coquihalla Highway for 600 metres.

The zone is approximately 40 metres wide. It is somewhat gossanous and exhibits carbonate and clay alteration and sporadic silicification. Some quartz +/- calcite stringers and blebs are present but not common. Pyrite is ubiquitous along the entire fault. Sections of the zone are strongly mineralized with massive veins, narrow stringers and occasional disseminations of marcasite, pyrite and pyrrhotite. Samples of pyritic clay-altered sections have yielded up to 0.280 gram per tonne gold and 0.445 per cent arsenic (Assessment Report, 18041, page 8, samples 128665, 44719)

A sample from a zone of quartz stringers analysed 0.600 gram per tonne gold (sample 239716).

This fault is traversed by several significant fault/shear zones striking 100 to 120 degrees. One major crossfault, the Mugwump fault, is exposed west of the Brew fault, striking 100 degrees and dipping 60 degrees south.

MINERALIZATION: TONI 572419 CLAIM GROUP & AREA

The mineralization on some of the more significant mineral *MINFILE* reported showings, prospects, and past producers on the Toni 572419 Claim Group and peripheral to the Toni 572419 Claim Group (Figure 4) are reported as follows. The distance from the Toni 572419 Claim Group is relative to the claim, Tenure 572419, which was the subject of the structural analysis.

MAL prospect (*Cu skarn; Fe skarn; Au skarn*)

MINFILE 092HNE002

Thirteen kilometres northwest

Copper mineralization is concentrated in the skarn zones. Pyrite and subordinate magnetite and chalcopyrite are associated with quartz-calcite veins, or are disseminated in variable amounts (Assessment Report 1586). Chalcocite and malachite are also present at the main showing (Assessment Report 8453). Finely disseminated pyrite is common in most rocks, particularly the argillaceous rocks (Assessment Reports 1718, 9590). A zone of massive, medium-grained pyrite between 1 and 13 metres thick, in altered volcanic rocks, has been found below the surface by diamond drilling; the paragenesis is epidote, magnetite, pyrite (Assessment Report 9590).

Copper values appear to be erratic. In early diamond drilling, the best result reported is 1.62 per cent copper over 6 metres; this section contained at least 50 per cent magnetite (Assessment Report 449, page 6). More recent diamond drilling has resulted in generally low metal values, although one split core sample assayed 0.37 per cent copper and 6.8 grams per tonne silver (Assessment Report 9590). A grab sample from the main trenched and drilled area assayed 0.34 gram per tonne gold, 3.4 grams per tonne silver, and 0.2 per cent copper (Assessment Report 8453). The high magnetite and pyrite content of the rocks at this occurrence is reflected in significant magnetic and induced polarization anomalies, respectively, over the mineralized zones (Assessment Reports 1586, 8453).

ANNIE OAKLEY, WART showing (*Polymetallic veins Ag-Pb-Zn+/-Au*)

MINFILE 092HNE029

In Tenure 572419

A sample of chips from a 2-centimetre wide drusy quartz vein, associated with a narrow clay shear, assayed 2.43 grams per tonne gold, 38.1 grams per tonne silver, 0.27 per cent copper and 1.71 per cent arsenic (Assessment Report 21922, page 9, Table 2, sample WART-R2). Two other samples of quartz vein material, containing scattered grains and bands of galena and sphalerite, assayed 1.17 to 2.23 grams per tonne gold, 264.7 to 1046 grams per tonne silver, 0.15 to 0.53 per cent lead, 0.92 per cent zinc and 0.38 to 0.82 per cent arsenic (Assessment Report 21922, page 9, Table 2, samples WART-R1, WART-R3). A bulk sample yielded 1.2 grams per tonne gold and 0.7 gram per tonne silver (Assessment Report 20994, page 10, sample 16961).

BRENDA past producer (*Porphyry Cu +/- Mo +/- Au*)

MINFILE 092HNE047

Twenty kilometres east

The Brenda orebody is part of a belt of copper-molybdenum mineralization that extends north-northeast from the Nicola Group-Brenda stock contact. Mineralization of economic grade (0.3 per cent copper equivalent) is confined to a somewhat irregular zone approximately 720 metres long and 360 metres wide. Ore-grade mineralization extends more than 300 metres below the original surface. Lateral boundaries of ore-grade mineralization are gradational and appear to be nearly vertical.

Mineralization: Property & Area (cont'd)**BRENDA** past producer (cont'd)

Primary mineralization is confined almost entirely to veins, except in altered dike rocks and in local areas of intense hydrothermal alteration which may contain minor disseminations. The grade of the orebody is a function of fracture (vein) density and of the thickness and mineralogy of the filling material. The average total sulphide content within the orebody is 1 per cent or less. Chalcopyrite and molybdenite, the principal sulphides, generally are accompanied by minor, but variable, quantities of pyrite and magnetite. Bornite, specular hematite, sphalerite and galena are rare constituents of the ore. Johnson (1973), in a study of 17 samples from the deposit, reported minor pyrrhotite, mackinawite, carrollite, cubanite, ilmenite, rutile and native gold(?), as well as several secondary sulphides (Canadian Institute of Mining and Metallurgy Special Volume 15). Pyrite is most abundant in altered andesite dikes and in quartz-molybdenite veins. The ratio of pyrite to chalcopyrite in the orebody is about 1:10, with the chalcopyrite content diminishing beyond the ore boundaries.

Because mineralization is confined almost entirely to veins in relatively fresh homogeneous rock, the veins are divided into separate stages, based on crosscutting relations and their mineralogy and alteration effects on the hostrock. The vein density within the orebody is not uniform. Ranges are recorded from less than 9 per metre near the periphery of the orebody to 63 per metre and occasionally 90 per metre near the centre of the orebody. Some veins have very sharp contacts with wallrocks, but most contacts are irregular in detail where gangue and sulphide minerals replace the wallrock. A vein may show features characteristic of fracture-filling in one part and of replacement in another. Mineralized solutions were introduced into fractures and, during development of the resultant veins, minor replacement of the wallrock ensued.

The chronological stages of mineralization are as follows: (1) biotite-chalcopyrite (oldest); (2) quartz-potassium feldspar-sulphide; (3) quartz-molybdenite-pyrite; (4) epidote-sulphide-magnetite; and (5) biotite, calcite and quartz. Stages 1 through 4 are all genetically related to a single mineralizing episode, which was responsible for the orebody. Stage 5 represents a later, probably unrelated, event(s) (Canadian Institute of Mining and Metallurgy Special Volume 15). Stage 2 veins form the bulk of the mineralization in the deposit, and are the most important source of ore.

Hydrothermal alteration at the Brenda deposit generally is confined to narrow envelopes bordering veins. These alteration envelopes commonly grade outward into unaltered or weakly propylitic-altered rock. Where veins are closely spaced, alteration envelopes on adjacent veins may coalesce to produce local areas of pervasive alteration. For the most part, hydrothermal alteration at the Brenda deposit is exceptionally weak for a porphyry copper system.

Four types of alteration are recognized in the Brenda deposit, three of which are related to the mineralizing process. Two of these are potassic (potassium feldspar) and biotite, and the other is propylitic. Later argillic alteration has been superimposed on the system along post-mineral faults.

Potassium feldspar and biotite alteration generally are separated in space, but locally occur together. Both types of alteration accompanied sulphide deposition. Potassium feldspar replaces plagioclase adjacent to most stage 2 and, to a lesser extent, stage 3 veins. These irregular envelopes range in width from a centimetre or less up to a metre, with an average of about 2 centimetres. Potassium feldspar also occurs as a minor constituent of stage 1 veins.

Hydrothermal biotite replaces magmatic mafic minerals (hornblende, biotite) and, more rarely, plagioclase in hostrock adjacent to stage 2 and especially stage 3 veins. These envelopes of hydrothermal biotite range in width from less than 1 millimetre to several centimetres.

Mineralization: Property & Area (cont'd)**BRENDA** past producer (cont'd)

Weak to intense propylitic alteration, which is characterized by the development of chlorite and epidote, as well as less obvious microscopic sericite and carbonate, is sporadically distributed throughout the Brenda stock. Large areas within the orebody have not been propylitized and in these areas, veins with potassic alteration envelopes clearly cut across propylitized quartz diorite, indicating an early hydrothermal or even a pre-ore origin for the propylitization (Canadian Institute of Mining and Metallurgy Special Volume 15). A second period of propylitization accompanied the development of stage 4 veins and is reflected as envelopes of epidote and chlorite.

Locally intense argillic alteration is confined to post-mineral fault zones where the hostrock has been highly shattered. Kaolinite, sericite and epidote have almost completely replaced the hostrocks.

Surface weathering, which is expressed predominantly by the development of limonite, extends as a highly irregular blanket over the mineralized zone for depths ranging from a few metres to greater than 30 metres. In this weathered area, limonite stains all fractures. Fault zones have been especially susceptible to surface weathering, and the argillic alteration of these zones may be primarily the result of groundwater action. Secondary minerals developed during weathering, all highly subordinate in quantity to limonite, include malachite, azurite, hematite, ferrimolybdate, powellite and cupriferous manganese oxides. Cuprite, covellite, chalcopyrite, native copper, tenorite and ilsemanite are rare constituents.

Copper-molybdenum mineralization in the Brenda deposit was developed during several sequential stages, all of which constitute one mineralizing episode. Each stage occupies unique sets of fractures, which are filled with specific combinations of metallic and gangue minerals. Although the attitudes of veins in each stage are unique in detail, most stages include conjugate steeply dipping sets of northeast and northwest striking veins. If these veins occupy shear fractures, it is probable that they were formed by generally east-west compressive forces. Examination of the structure in the Nicola Group rocks to the west reveals that north-northwest and north trending fold axes also indicate an east-west compression. It is suggested that intermittent east-west compressional forces intensely fractured the rocks of the Brenda stock during several stages of time and tapped a hydrothermal source, either a later phase of the Brenda stock or a separate intrusive system.

As each stage of fractures developed, hydrothermal fluids introduced vein material which healed the fractures. Renewed build-up of compressional forces again fractured the rocks, which were again healed. Repetition of this sequence can explain all stages of mineralization within the Brenda deposit. East-west compression continued after ore deposition ceased and produced prominent east-northeast and northwest striking shear zones (Canadian Institute of Mining and Metallurgy Special Volume 15).

HN-WEN prospect (Volcanic redbed Cu)**MINFILE 092HNE058***Ten kilometres northwest*

The mineralization is restricted to the volcanics. It is exposed in 3 adits and at least 8 trenches, and is marked by alteration, mainly epidotization, silicification, carbonatization, moderate chloritization and local pyritization. Chalcopyrite is the only copper mineral: it is disseminated, or concentrated in quartz and calcite veins and veinlets between 0.3 and 30 centimetres thick, usually about 8 centimetres thick. Pyrite, pyrrhotite and rare specular hematite are also present in the veins. Locally oxidation has produced abundant malachite, azurite and limonite.

Mineralization: Property & Area (cont'd)**HN-WEN prospect (cont'd)**

The mineralized zone measures 760 by 90 metres and has a depth of about 75 metres. Diamond drilling indicates that it strikes 160 degrees and dips vertically or steeply east, so it is not parallel to the volcanic-sedimentary contact, indicating that the contact is not the controlling factor. Rather, the veins hosting the mineralization are structurally controlled by numerous faults and fractures which consistently strike 160 degrees and dip 85 degrees east (Assessment Report 4230). Incidentally, the Echo occurrence (092HNE059) lies on this trend, 2 kilometres to the north-northwest, and the mineralization may also extend south-southeast of the HN-WEN occurrence (Assessment Report 4230). Some significant copper and silver values have been obtained from the workings and diamond drill core. A 1.5-metre chip sample from Adit Number 1 was assayed at 4.39 per cent copper, 92.6 grams per tonne silver, and 0.7 gram per tonne gold (Assessment Report 4230). A grab sample from here was assayed at 4.84 per cent copper, 46.6 grams per tonne silver and 0.7 gram per tonne gold (Assessment Report 4230).

Both samples were from oxidized material and may not be representative of grade throughout the deposit (Assessment Report 4230). A drill core sample (hole HNS 72-1) assayed 1.12 per cent copper and 3.4 grams per tonne silver (Assessment Report 4230).

The average grade of the whole deposit has been estimated at 0.08 per cent copper, with a generally low gold and silver content (Assessment Report 4230).

TOE prospect (Volcanic redbed Cu; Alkalic porphyry Cu-Au)**MINFILE 092HNE060****Three kilometres north**

A major copper soil anomaly occurs within the Toe claim group, measuring 3500 by 900 metres; a mercury anomaly is associated (Assessment Reports 1049, 1586). The highest soil anomaly was 0.07 per cent copper (Assessment Report 1586)

ELK past producer (Intrusion-related Au pyrrhotite veins; Polymetallic veins Ag-Pb-Zn**+/-Au; Au-quartz veins)****MINFILE 092HNE096****Three kilometres south**

Gold-silver mineralization on the Elk property is hosted primarily by pyritic quartz veins and stringers in altered pyritic granitic and, less frequently, volcanic rocks. Crosscutting relationships indicate that the veins are Tertiary in age; they may be related to Tertiary Otter intrusive events.

To date, mineralization has been located in four areas on the Elk property: Siwash North, South Showing (092HNE261), North Showing (092HNE281) and Siwash Lake (092HNE041, 295).

The Siwash Lake zone is 800 metres south of the Siwash North deposit; the North Showing and South Showing areas are 2 and 3 kilometres south of Siwash North respectively.

In the Siwash North area, gold occurs in veins measuring 5-70 centimetres wide, hosted by a zone of strongly sericitic altered granite and, in the west, volcanic rocks. In general, the mineralized zone trends east-northeast with southerly dips from 20-80 degrees (from east to west), and appears to be related to minor shearing. Quartz veining occurs in a number of parallel to subparallel zones. Each zone consists of one or more veins within an elevation range of 5 to 10 metres that can be correlated as a group to adjacent drillholes. In the eastern parts of the area, up to six subparallel zones occur. Five of these zones are consistent enough to be labelled the A, B, C, D and E zones.

Mineralization: Property & Area (cont'd)**ELK past producer (cont'd)**

Mineralization in the west has been identified in one or locally two zones (the B and C zones). The main mineralized zone (B) is consistent, with only minor exceptions, across the entire drill grid.

The Siwash North structure has been tested to 335 metres downdip and along a strike length of 925 metres. The zone remains open to depth and along strike.

At surface, supergene alteration has leached out most of the sulphides with some pyrite and chalcopyrite remaining. Mineralization occurs primarily as native gold, occasionally as spectacular aggregates of coarse flakes in frothy quartz (strong pyrite boxwork) or in fractures in the vein. Electrum was noted in one area as very coarse-grained flakes associated with strong manganese staining. Gold is rarely seen in boxworks in sericitic (phyllic) alteration.

In drill core, mineralization has not been affected by supergene processes. Metallic minerals in drill core include pyrite, chalcopyrite, sphalerite, galena, tetrahedrite, maldonite ? pyrrhotite and native gold in order of decreasing abundance). Gold is strongly associated with pyrite and with a blue-grey mineral. Photomicrographs show the gold commonly in contact with this mineral, which may be a gold-bismuth alloy (maldonite?) or a copper-bismuth- antimony sulphosalt.

Gangue mineralogy consists primarily of quartz and altered wallrock fragments. Ankerite is commonly present, with lesser amounts of calcite. Minor barite is also present. Fluorite was noted in one vein as very small (less than 1 millimetre) zoned purple cubes scattered in the quartz.

Stronger alteration generally accompanies higher grade gold mineralization. Seven main types of alteration were recognized in the granitic rocks throughout the property: propylitic, argillic, sericitic, potassium feldspar stable phyllic, phyllic, advanced argillic and silicic. Locally, potassic alteration, skarnification and silicification are evident, but are relatively minor and do not appear to be related to mineralization.

Propylitic alteration is generally light green with biotite and hornblende altered to chlorite, and plagioclase is saussuritized. In volcanics, the colour is generally olive green, and the rock is soft. Argillic alteration is exemplified by bleached rock, with plagioclase white and clay-altered; potassium feldspar is slightly altered. Volcanics are bleached to light green or grey. Sericitic alteration is typically pale green with a micaceous sheen, with plagioclase altered to sericite; trace disseminated pyrite may be present. This type of alteration is often associated with quartz veins and appears to be the lowest grade alteration associated with gold mineralization. It is not recognized in volcanics.

Potassium feldspar stable phyllic alteration is light pink, green or yellowish with potassium feldspar fresh and pink and blocky. Plagioclase and mafic minerals are altered to fine-grained quartz-sericite-pyrite. It often occurs with veins and is associated with gold mineralization; it is not recognized in volcanics.

Phyllic alteration is generally grey, fine-grained quartz-sericite-pyrite alteration usually associated with veins and often gradational to quartz and often auriferous. Advanced argillic alteration is exemplified by most or all of feldspar being destroyed, quartz is "free-floating". The alteration is often sheared and white in colour and is often associated with quartz veins. Volcanics are white or blue coloured. Silicic alteration is quartz veining or replacement that is hard with moderate conchoidal fracture. There is a strong symmetrical zoning of alteration around the quartz veins: vein-advanced argillic-phyllic-potassium feldspar stable phyllic-argillic-propylitic.

Mineralization: Property Area (cont'd)**ELK past producer (cont'd)**

Measured geological reserves of the Siwash North deposit are 308,414 tonnes grading 22.17 grams per tonne gold and 24.68 grams per tonne silver using a cutoff grade of 10 grams per tonne gold. Reserves are based on results from 107 drillholes at 50-metre grid spacings along 804 metres of strike length to 304 metres down dip. All veining intercepts have been adjusted for true width and assays diluted to 2-metre mining widths (George Cross News Letter No. 223 (November), 1991).

The revised drill indicated reserve, based on more realistic open pit and underground mining widths of 0.39 to 0.79 metre with a 20.5 grams per tonne gold cutoff grade, is 122,458 tonnes averaging 54.5 grams per tonne gold (George Cross News Letter No. 65 (April 2), 1993).

Surface drilling was done on fences 10-50 metres apart, underground drilling on fences 10 metres apart. Reserve calculations by the company and consultant Roscoe Postle gave the following results (Explore B.C. Program 95/96 - A38):

Probable (undiluted) 16,991 tonnes at 28,200 tonnes at 50.2 g/t gold 26.6 g/t gold

Possible (undiluted) 50,260 tonnes at 66,400 tonnes at 42.0 g/t gold 31.4 g/t gold

The 1996 exploration program consisted of 6873 metres of drilling in 91 holes. The Siwash zone has been traced along a 914 metre strike length and down dip to 245 metres.

Reserves estimated by the company at January 1, 1996 were 121,350 tonnes grading 25.4 grams per tonne gold and 35.3 grams per tonne silver.

These include a diluted, probable open-pit resource of 11,340 tonnes grading 58.97 grams per tonne gold, an underground probable resource below the open pit of 20,225 tonnes grading 26.74 grams per tonne gold, and a further possible underground resource of 89,790 tonnes grading 23.66 grams per tonne gold (Information Circular 1997-1, page 21).

Surface diamond drilling totaling 1413.96 metres in 12 holes was completed on the Siwash Mining lease during 2000 testing the B, WD and Gold Creek West (GCW) zones.

A trenching program was carried out in 2001 in the Siwash East Area consisting of six trenches totaling 202 meters. Almaden Resources and Fairfield Minerals Ltd. merged into Almaden Minerals Ltd. in February, 2002.

In 2002, Almaden undertook a 26 hole surface diamond drill program for a total of 4995.67 metres testing the B, WD, GCW and Bullion Creek zones. During the 2003 field season a 6570 metre, 30 hole, diamond drill program was carried out by Almaden in the Siwash North area testing the WD zone. The WD vein system is located approximately 100 metres north of the Siwash B zone vein and has been tested over a strike length of 610m and down dip for 380m.

By the end of May 2004, a total of eight mineralized veins had been discovered on the property. Four vein systems had been drilled in the Siwash area: the B system with a strike length of 900 m has been tested down dip to 320 m; the WD zone with a strike length of 650 m has been tested to 370 m down dip; the GCW zone with a strike length of 300 m has been tested to 130 m down dip and the Bullion Creek (BC) zone which has been tested with two holes to a depth of 75 m.

A new 43-101 compliant resource was calculated using drill data for the Siwash B and WD veins, just two of eight known mesothermal vein structures on the property.

Mineralization: Property Area (cont'd)**ELK past producer (cont'd)**

Global (bulk-tonnage and underground mineable) measured and indicated resources were reported to total 668,300 tonnes grading 9.66 grams per tonne gold (207,600 ounces) plus an additional 1,317,200 tonnes grading 4.91 grams per tonne gold (207,800 ounces) in the inferred category (News Release, Almaden Minerals Limited, May 28, 2004).

Included in the global figures is a higher grade, underground-mineable resource totaling 164,000 tonnes grading 33.69 g/t gold in the measured and indicated category, plus another 195 200 tonnes grading 16.38 g/t gold in the inferred category.

In 2004 a diamond drill program consisting of 10,265 meters of NQ drilling in 44 holes was completed. As reported by Almaden in 2001, a possible extension to the B and WD vein systems was found roughly two kilometres along strike to the east, on the other side of an area of overburden cover and no outcrop, as part of a trenching program. Grab samples of the vein material taken at surface returned averaged analyses of 31.6 grams per tonne gold and 104.4 grams per tonne silver (News Release, Almaden Minerals Limited, March 4, 2005). This discovery added about two kilometres of prospective, unexplored strike length to the high-grade vein system.

DUCHESS showing (Porphyry Cu+/-Mo+-Au)**MINFILE 092HNE137****One kilometre south**

This alteration zone is mineralized with pyrrhotite and minor chalcopyrite, which are disseminated in the volcanics or localized in fractures. Locally pyrrhotite forms aggregates between 2 and 5 centimetres across. The chalcopyrite is erratic in its distribution and is generally weak. Pyrite was not recorded. Strongly altered fault zones, with gold and silver mineralization, occur immediately north of the Duchess occurrence in the Wart claim group (see Annie Oakley (092HNE029) and Brew (092HNE275)).

AU-WEN prospect (Intrusion-related Au pyrrhotite veins;**Polymetallic veins Ag-Pb-Zn+/-Au)****MINFILE 092HNE144****Fifteen kilometres west-northwest**

Pyrite, pyrrhotite, chalcopyrite and arsenopyrite are disseminated sporadically in the tuffaceous rocks and argillite, up to about 1 per cent, and also occur in fractures (Assessment Reports 11241, 16008). Native gold is associated with the sulphides in narrow quartz-filled fractures in these rocks (Assessment Report 16008). Minor malachite occurs in volcanics. The overall extent of the mineralization has not been determined, although diamond drilling has demonstrated that minor pyrite, pyrrhotite and chalcopyrite, disseminated or associated with quartz or calcite fracture veinlets, does persist below the surface (Assessment Reports 11241, 16008).

Gold values in the area are generally low, but high values have been obtained from trench sampling and drill core at the main showing. Significant gold assays in chip samples range from 6.8 grams per tonne over 5.1 metres to 10.8 grams per tonne over 4.9 metres (Assessment Report 16008). Grab and select samples assayed between 14.4 and 91 grams per tonne gold (Assessment Reports 5766, 16008). The best drill core intersection assayed 4.97 grams per tonne gold over 1.5 metres (Assessment Report 16008).

Copper is associated with the gold mineralization; one rock sample from the main trench yielded 0.29 per cent copper (Assessment Report 7293). Another sample yielded 26 grams per tonne silver and 0.14 per cent lead (Assessment Report 7293). Silver in diamond drill core is generally under 1 gram per tonne (Assessment Report 11241).

Mineralization: Property Area (cont'd)

SHRIMPTON CREEK PLACER past producer (Surficial placers)

MINFILE 092HNE180

Twelve kilometres west-southwest

Particles of flat, well-worn, flaky gold, 1.5 to 3 millimetres in diameter, were recovered from unsorted glacial material. Most of the gold was found near surface. Material lying on or near bedrock was found to be barren of gold.

BREW showing (Alkalic porphyry Cu-Au; Subvolcanic Cu-Ag-Au; As-Sb)

MINFILE 092HNE275

In Tenure 572419

The zone has been traced on surface for 400 metres and is 30 to 40 centimetres wide. It is comprised of strongly gossanous clay and fault gouge containing 1 to 2 per cent pyrite. Quartz and quartz-calcite stringers and quartz blebs occur sporadically throughout the zone. A sample of quartz vein material yielded 0.14 gram per tonne gold and 14.4 grams per tonne silver (Assessment Report, 18041, page 8, sample 239774).

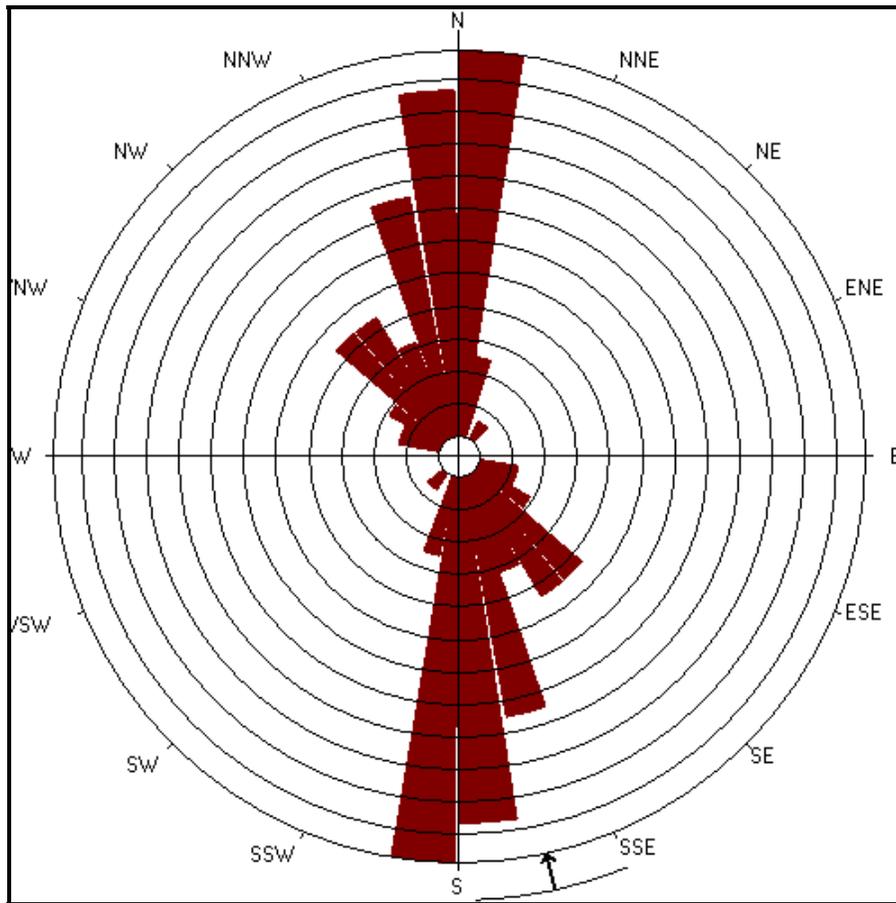
2010 STRUCTURAL ANALYSIS

Orthophoto maps obtained from MapPlace were utilized as the base map for the structural analysis on Tenure 572419. The analysis was accomplished using a stereographic projection viewing of the maps and marking the lineaments on an overlay. A total of 80 lineaments were marked (Figure 5), compiled into a 10 degree class interval, and plotted as a rose diagram as indicated on Figure 6.

Figure 5. Indicated Lineaments on Tenure 572419



Figure 6. **Rose Diagram** from lineaments of Figure 5.



Axial (non-polar) data
 No. of Data = 80
 Sector angle = 10°
 Scale: tick interval = 2% [1.6 data]
 Maximum = 23.8% [19 data]
 Mean Resultant dir'n = 168-348
 [Approx. 95% Confidence interval = ±10.1°]
 (valid only for unimodal data)

Mean Resultant dir'n = 167.6 - 347.6
 Circ. Median = 001.0 - 181.0
 Circ. Mean Dev. about median = 20.5°
 Circ. Variance = 0.08
 (Usage references: Mardia & Jupp,
 'Directional Statistics', 1999, Wiley;
 Fisher, 'Statistical Analysis of Circular Data',
 1993, Cambridge University Press)
 Note: The 95% confidence calculation uses
 Fisher's (1993) 'large-sample method'

INTERPRETATION

The Structural analysis on Tenure 572419 of the Toni 572419 claim group indicates major dominant northerly, with subordinate (limited in length) northwesterly trending structures.

The northwesterly indicated structures indicates the trend of the Brew fault with associated minor gold values, quartz occurrences, pyritic zones, elevated antimony values, and highly anomalous arsenic values. These mineral values are indicative of the upper levels of a gold bearing epithermal system revealed on surface via the structure and possibly emanating from an economic or “bonanza” gold zone of an underlying intrusive such as at the ELK gold bearing mineral zones (see Minfile 092HNE096 in the Geology and the Mineralization section for specifics).

The areas A, B, & C on Figure 5 are indicated as areas of structural intersections where surficial indicators of potentially economic sub-surface or blind mineral zones would be expressed to a greater degree. Under certain geological conditions, the structural intersections would provide the plumbing system for the surface mineral indicators.

Descriptions of the mineral deposits that can occur in the geological environment of the 572419 claim group are indicated in the Minfile reports as contained herein.

Respectfully submitted
Sookochoff Consultants Inc.



Laurence Sookochoff, PEng

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Sookochoff, L. – 2009: Diamond Drilling Assessment Report on the Wen Claim Group for Victory Resources Corporation. AR 30,728

STATEMENT OF COSTS

The structural analysis on Tenure 572419 was completed from January 12, 2010 to January 15, 2010 to the following costs.

Laurence Sookochoff, P.Eng.: three days @ \$750. /day -----	\$ 2,250.00
Maps -----	1,000.00
Report -----	<u>3,500.00</u>
	\$ 6,750.00
	=====

CERTIFICATE

I, Laurence Sookochoff, of the City of Vancouver, in the Province of British Columbia, do hereby certify:

That I am a Consulting Geologist and principal of Sookochoff Consultants Inc. with an address at 120 125A-1030 Denman Street, Vancouver, BC V6G 2M6.

I, Laurence Sookochoff, further certify that:

- 1) I am a graduate of the University of British Columbia (1966) and hold a B.Sc. degree in Geology.
- 2) I have been practicing my profession for the past forty-four years.
- 3) I am registered and in good standing with the Association of Professional Engineers and Geoscientists of British Columbia.
- 4) The information for this report is based on information as itemized in the Selected Reference section of this report and from work the author has performed on the Toni Property since 2006.
- 5) I have no interest in the Toni 572419 Claim Group as described herein.
- 6) I am a director of Victory Resources Corporation.



Laurence Sookochoff, P. Eng.