ROCK GEOCHEMISTRY REPORT

KRL PROPERTY

FT STEELE MINING DIVISION

TEEPEE CREEK AREA

SOUTHEAST BC

WORK PERFORMED SUMMER 2010

OWNER: DARLENE LAVOIE, SARAH KENNEDY

OPERATOR: KOOTENAY GOLD INC

VANCOUVER, BRITISH COLUMBIA

REPORT WRITTEN BY SEAN KENNEDY, PROSPECTOR

AUGUST 2010

BRITISH COLUMBIA
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Ministry of Energy, Mines & Petroleum Resources
Mining & Minerals Division
BC Geological Survey

Assessment Report
Title Page and Summary

TYPE OF REPORT [type of survey(s)]: ROCK GEOCHEMISTRY REPORT **TOTAL COST:** $4474.05

AUTHOR(S): SEAN KENNEDY **SIGNATURE(S):**

NOTICE OF WORK PERMIT NUMBER(S)/DATE(S): **YEAR OF WORK:** 2010

STATEMENT OF WORK - CASH PAYMENTS EVENT NUMBER(S)/DATE(S): 4688052

PROPERTY NAME: KRL

CLAIM NAME(S) (on which the work was done): 519022, 519048

COMMODITIES SOUGHT: Ag, Pb, Zn

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN:

MINING DIVISION: Ft Steele **NTS/BCGS:**

LATITUDE: ° ' " **LONGITUDE:** ° ' " **(at centre of work)**

OWNER(S):
1) Darlene Lavoie 2)
Sara Kennedy

MAILING ADDRESS:
2290 DeWolfe Ave
Kimberley, BC V1A 1P5

OPERATOR(S) [who paid for the work]:
1) Kootenay Gold Inc 2)

MAILING ADDRESS:
Kootenay Gold Inc. Suite 920 - 1055 W. Hastings St.
Vancouver, British Columbia Canada V6E 2E9

PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude):
Ag, Pb, Zn bearing quartz goethite, manganese, hematite wad veins in Creston Fm sediments. Roughly eastwest trending lode developed along the St. Eugene trend.

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS:

Next Page

TYPE OF WORK IN THIS REPORT	EXTENT OF WORK (IN METRIC UNITS)	ON WHICH CLAIMS	PROJECT COSTS APPORTIONED (incl. support)
GEOLOGICAL (scale, area)			
Ground, mapping			
Photo interpretation			
GEOPHYSICAL (line-kilometres)			
Ground			
Magnetic			
Electromagnetic			
Induced Polarization			
Radiometric			
Seismic			
Other			
Airborne			
GEOCHEMICAL (number of samples analysed for...)			
Soil			
Silt			
Rock	11		$275.99
Other	Labour costs (road clearing, hand trenching, chip	sampling)	$2,550.00
DRILLING (total metres; number of holes, size)			
Core			
Non-core			
RELATED TECHNICAL			
Sampling/assaying			
Petrographic			
Mineralographic			
Metallurgic			
PROSPECTING (scale, area)			
PREPARATORY / PHYSICAL			
Line/grid (kilometres)			
Topographic/Photogrammetric (scale, area)			
Legal surveys (scale, area)			
Road, local access (kilometres)/trail			
Trench (metres)			
Underground dev. (metres)			
Other	Report		$350.00
		TOTAL COST:	$3175.99

Table of Contents

INTRODUCTION

During the summer of 2010 a program of hand trenching and rock geochemistry was completed on the KRL mineral claims in southeast BC. The purpose of the program was to expose lead, zinc, and silver bearing goethite, manganese, and hematite wad rich quartz veins hosted in Creston Fm quartztites and siltstones and chip across these veins to determine surface grades and possible vein widths. The veins are likely a continuation of the historic St. Eugene system to the north and are direct analogues for Coeur d`Alene type veins. One day was spent upgrading access to the veins by clearing windfall and fixing areas of the access roads which had dilapidated.

LOCATION AND ACCESS

The property is located approximately 31 kilometres south of Cranbrook, BC. It is accessed via the Teepee Creek FSR which can be accessed by driving south from Cranbrook past Moyie and turning left at the Sundown Creek FSR, driving to the summit and proceeding east down Teepee Creek. Various logging and pipeline roads provide access to the claims.

PROPERTY

The property is owned by Darlene Lavoie and Sara Kennedy of Kimberley, BC and is comprised of tenure numbers 515408, 519022, 519048, 519679, 704424, and 704425.

PHYSIOGRAPHY

The area is largely comprised of lodgepole pine stands with some spruce in wetter areas. Brush is generally agreeable with some alder and minimal dwarf huckleberry. Slopes are mostly forested from valley to mountain top and generally have gentle inclines. The majority of the property has been clear-cut and is in various stages of regeneration.

GEOLOGY

The area is underlain by Proterozoic Belt-Purcell Supergroup sediments; mainly rusty weathering argillites of the Upper Aldridge Fm and clean quartzite, siltstone and argillite of the Creston Fm. Sediments have been intruded by gabbro-diorite Moyie sills and dykes which are locally associated with mineralized base and precious metal veins. Structure in the area is mostly east west trending as evidenced by veins and cleavage, bedding tends to undulate but is mostly shallowly dipping.

HISTORY

The area is host to a number of important lead, zinc, and silver producing veins at the St. Eugene, Society Girl, and Aurora mines. While these veins are lode structures that are developed in east west chutes it has long been known that the system is controlled by a northwest-southeast trending corridor. The KRL claims cover two important showings that are along the southeast extension of the St. Eugene corridor; the Silver Pipe and the Jake and the Snake veins. The Silver Pipe vein was discovered by prospectors D. Pighin, E. Pinchbeck in the 1960s. The vein is characterized as a goethite, hematite,

and manganese wad bearing quartz system hosted in Creston Fm striking close to east west. Numerous cat trenches were dug across the vein with the widest exposure in excess of 12 metres. A winky drill program was attempted at the widest interval of the vein however the vein was never intersected due to unfavourable weather (D. Pighin, personal communication). Southeast of the Silver Pipe the Jake and the Snake Vein was discovered in logging in the late 1980s (C. Kennedy). The vein is similar in character to the Silver Pipe vein and likely represents a parallel lode developed along the southern extension of the St. Eugene system. A limited diamond drill program was completed on the property intersecting 18 metres of close to 1.5% combined lead and zinc with 23 grams per tonnes silver. Recently the area has been re-prospected and sampled. This work has indicated two veins at the Jake and the Snake (one vein possibly offset). Detailed geological mapping was completed in this area.

ROCK GEOCHEMISTRY

During the summer of 2010 three days were spent at the KRL in the Jake and the Snake vein area. One day was spent upgrading access by removing windfall and fixing access to the veins. Two days were spent hand trenching the veins in areas where bedrock was known to be outcropping or thought to be near surface. Numerous attempts were made to expose the veins however outcrop was encountered in only three trenches. Eleven samples were collected in total, all but one represent chip samples of the vein systems. Samples were analyzed by Acme Labs in Vancouver. Sample analysis, locations and descriptions are included in the appendix. A geochemistry map with silver plotted in ppm is located in the sleeve.

Trench one is located at UTM 594235 5452935. This trench exposed a 100 cm wide zone of quartz rubble with massive cerussite. A grab of the cerussite analyzed 62.9% Pb with 458 ppm Ag. A 100 cm chip across the vein rubble contained 22% Pb with 73.9 ppm Ag.

Trench two was located up slope from trench one at UTM 594208 5452948. Here an oxide rich quartz vein was exposed for over five metres by hand trenching. The vein averages a width between 100 and 130 cm. Chip samples were collected across the strike every 60 cm with an average chip sample width of 100 cm. A number of the chips contained values greater than 1% Pb with elevated Ag, Au, Zn, As, Sb, and Mo. No primary sulphides or lead carbonate or phosphate were encountered in this trench indicating that surface grades are drastically lower than could be expected at depth. Other trenches were attempted along strike but deep overburden and talus scree inhibited success.

Trench three was located at UTM 593917 5453354, upslope and to the north of the last trenches. Bedrock was only found in one hand tranch at this location. One chip was taken across a 60 cm width across strike of the vein system another sample was taken along strike for 125 cm. No primary sulphides or lead carbonates and phosphates were noted in this trench. Two samples were taken from this trench and contained elevated values for Pb, Zn, Ag, Au, and Sb.

CONCLUSIONS AND RECOMMENDATIONS

During the summer of 2010 three days were spent on the KRL property. One day was spent upgrading access to a number of mineralized quartz veins. Two days were spent hand trenching along the veins to provide opportunities for chip sampling. Only three trenches encountered outcrop, all the others were stopped in overburden. Eleven samples were taken, one of which was a grab, and all the samples contained elevated values in base and precious metals.

At this point trenching is highly recommended along the veins. Diamond drilling should then be utilized to test the vein systems. Particular attention should be paid to structural controls in order to determine the geometry of potential ore shoots.

STATEMENT OF COSTS

Work was completed between June 6 and June 10, 2010

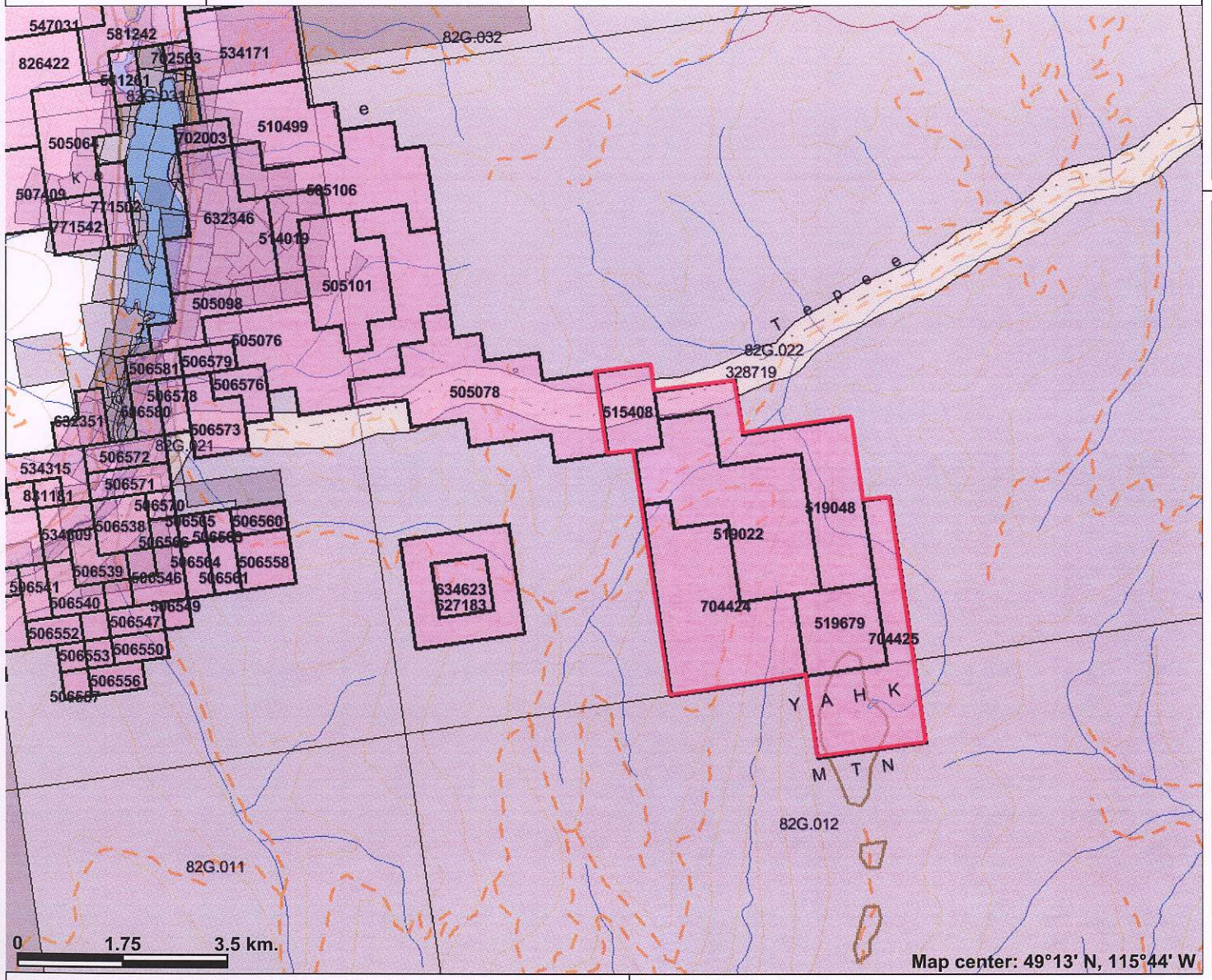
3 Man days @ $350/day (S. Kennedy)	$1,050.00
3 Man days @ $350/day (M. Kennedy)	$1,050.00
3 Truck days @ $150	$450.00
11 Rock Samples @ $25.09	$275.99
Report 1 days @ $350/day (S. Kennedy)	$350.00
Total	$3,175.99
Plus 30% PAC	

STATEMENT OF QUALIFICATIONS

I, Sean Kennedy, certify that:

1. I am an independent prospector residing at 272 Kimbrook Crescent, Kimberley, BC.
2. I have been actively prospecting in the East Kootenay district of BC for the past 15 years
3. I have been employed as a professional prospector by junior mineral exploration companies.
4. I own and maintain mineral claims in BC.

KRL Claim Block



Legend

- Indian Reserves
- National Parks
- Conservancy Areas
- Parks

Mineral Tenure (current)

- Mineral Claim
- Mineral Lease

Mineral Reserves (current)

- Placer Claim Designation
- Placer Lease Designation
- No Staking Reserve
- Conditional Reserve
- Release Required Reserve
- Surface Restriction
- Recreation Area
- Others
- Survey Parcels
- BCGS Grid

Contours (1:250K)

- Contour - Index
- Contour - Intermediate
- Areaof Exclusion
- Areaof Indefinite Contours

Annotation (1:250K)

Transportation - Points (1:250K)

- Airfield
- Anchorage - Seaplane
- Ferry Route
- Heliport
- Seaplane Base
- Air Field
- Airport
- Air Feature - Condition Unknown

Scale: 1:100,000

This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

Notes: Regional location in top right

KRL PROPERTY: ROCK SAMPLING

Datum: Zone 11, NAD83
Date: Aug 31, 2010

KOOTENAY GOLD INC.

Legend

- Rock Sample
  Label: Sample ID: Ag (ppm)
- Populated Place
- Paved Road
- Unpaved Road
- Limited Use Road
- Railroad
- Kootenay Gold Claim

Moyie

1:20,000

SK10-171C: 6.2
SK10-170C: 9
SK10-162G: >100.0
SK10-169C: 13.8
SK10-163C: 4.2
SK10-161C: 73.9
SK10-168C: 8.5
SK10-164C: 8.2
SK10-167C: 8
SK10-165C: 9.8
SK10-166C: 4

0 2.5 5
kilometers

5,462,500 mN
5,460,000 mN
5,457,500 mN
5,455,000 mN
5,452,500 mN
5,450,000 mN
5,447,500 mN
5,445,000 mN
5,442,500 mN

585,000 mE
587,500 mE
590,000 mE
592,500 mE
595,000 mE
597,500 mE

APPENDIX

Sample #	UTM E	UMT N	Description
SK10-161C	594234	5452935	1 metre chip of rubbly qtz w/Pb carbonate, chlorite, Mn
SK10-162G	594236	5452931	Grab of Pb carbonate
SK10-163C	594207	5452951	100 cm chip across 300/90 vein, hem, Mn wad, qtz veins, mostly all oxides
SK10-164C	594205	5452948	101 cm chip across 300/90 vein, hem, Mn wad, qtz veins, mostly all oxides
SK10-165C	594206	5452948	102 cm chip across 300/90 vein, hem, Mn wad, qtz veins, mostly all oxides
SK10-166C	594203	5452943	103 cm chip across 300/90 vein, hem, Mn wad, qtz veins, mostly all oxides
SK10-167C	594203	5452946	104 cm chip across 300/90 vein, hem, Mn wad, qtz veins, mostly all oxides
SK10-168C	594204	5452944	105 cm chip across 300/90 vein, hem, Mn wad, qtz veins, mostly all oxides
SK10-169C	594204	5452950	106 cm chip across 300/90 vein, hem, Mn wad, qtz veins, mostly all oxides
SK10-170C	593918	5453354	Limonite rich qtz veins, chip across 70 cm
SK10-171C	593918	5453354	Same material, chip along vein for 120 cm

Acme Analytical Laboratories (Vancouver) Ltd.
1020 Cordova St. East Vancouver BC V6A 4A3 Canada
Phone (604) 253-3158 Fax (604) 253-1716
www.acmelab.com

Client: **Kootenay Gold Inc.**
Suite 920 - 1055 W. Hastings St.
Vancouver BC V6E 2E9 Canada

Project: KRL
Report Date: July 06, 2010

CERTIFICATE OF ANALYSIS VAN10002682.1

	Method	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	7AR	G6Gr
	Analyte	P	La	Cr	Mg	Ba	Ti	B	Al	Na	K	W	Hg	Sc	Tl	S	Ga	Se	Te	Pb	Ag
	Unit	%	ppm	ppm	%	ppm	%	ppm	%	%	%	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	%	gm/mt
	MDL	0.001	1	1	0.01	1	0.001	1	0.01	0.001	0.01	0.1	0.01	0.1	0.1	0.05	1	0.5	0.2	0.01	50
SK10-161	Rock	0.006	2	10	0.01	7	0.002	<1	0.14	0.002	<0.01	<0.1	1.52	0.4	0.1	<0.05	<1	<0.5	<0.2	>10	
SK10-162	Rock	0.003	2	2	<0.01	6	0.001	<1	0.05	<0.001	<0.01	<0.1	5.19	0.2	0.3	<0.05	<1	<0.5	<0.2	>10	458
SK10-163	Rock	0.143	2	8	0.01	7	0.002	<1	0.22	0.002	<0.01	<0.1	1.33	0.4	0.1	<0.05	<1	<0.5	<0.2	1.87	
SK10-164	Rock	0.080	3	9	0.03	8	0.002	<1	0.23	0.002	<0.01	<0.1	1.93	0.5	<0.1	<0.05	<1	<0.5	<0.2	1.36	
SK10-165	Rock	0.188	5	10	0.02	10	0.002	<1	0.20	0.002	0.01	<0.1	7.34	0.5	<0.1	<0.05	<1	<0.5	<0.2	2.52	
SK10-166	Rock	0.131	4	6	0.03	9	0.002	<1	0.37	0.001	0.02	<0.1	2.73	0.6	<0.1	<0.05	1	<0.5	<0.2	1.84	
SK10-167	Rock	0.081	7	7	0.03	9	0.003	<1	0.40	0.002	0.03	<0.1	3.22	0.7	<0.1	<0.05	1	<0.5	<0.2		
SK10-168	Rock	0.070	6	9	0.06	15	0.003	<1	0.56	0.002	0.05	<0.1	3.84	0.7	<0.1	<0.05	2	<0.5	<0.2		
SK10-169	Rock	0.261	9	10	0.05	17	0.003	<1	0.65	0.001	0.06	<0.1	11.86	0.9	<0.1	<0.05	2	<0.5	<0.2	2.83	
SK10-170	Rock	0.097	16	11	0.03	17	0.006	<1	0.52	0.002	0.05	<0.1	12.82	1.4	<0.1	<0.05	2	<0.5	0.2		
SK10-171	Rock	0.107	15	10	0.03	11	0.004	<1	0.44	0.001	0.03	<0.1	8.47	1.0	<0.1	<0.05	1	<0.5	<0.2		

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	Method	WGHT	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30	1DX30
	Analyte	Wgt	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	U	Au	Th	Sr	Cd	Sb	Bi	V	Ca
	Unit	kg	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppb	ppm	ppm	ppm	ppm	ppm	ppm	%
	MDL	0.01	0.1	0.1	0.1	1	0.1	0.1	0.1	1	0.01	0.5	0.1	0.5	0.1	1	0.1	0.1	0.1	2	0.01
SK10-161	Rock	3.08	2.9	220.8	>10000	483	73.9	2.5	1.3	583	3.75	1.2	0.8	296.8	0.4	<1	1.4	615.2	0.6	2	<0.01
SK10-162	Rock	1.22	1.9	57.3	>10000	14	>100	0.6	1.1	238	0.47	0.5	0.4	177.1	0.5	<1	3.8	>2000	0.6	<2	<0.01
SK10-163	Rock	1.30	20.8	325.6	>10000	1103	4.2	2.9	2.8	1130	18.07	74.2	16.9	14.7	0.5	1	2.7	62.7	0.5	49	<0.01
SK10-164	Rock	1.89	23.2	424.1	>10000	1090	8.2	3.8	3.8	1273	21.30	230.1	14.7	37.9	0.7	1	3.7	68.1	0.6	82	<0.01
SK10-165	Rock	1.73	14.3	360.6	>10000	1423	9.8	4.2	6.5	1214	18.02	444.2	24.5	249.3	0.7	2	3.6	222.3	3.1	58	<0.01
SK10-166	Rock	1.85	18.6	342.2	>10000	867	4.0	3.6	3.5	714	18.32	144.8	10.8	17.7	0.8	1	2.4	71.2	0.5	27	<0.01
SK10-167	Rock	2.63	7.4	319.4	8901	584	8.0	3.4	2.3	661	19.07	74.4	7.9	56.0	2.9	1	1.7	66.1	1.0	11	<0.01
SK10-168	Rock	2.27	9.7	202.7	8158	853	8.5	4.0	2.2	912	16.36	62.3	6.6	21.3	1.5	2	1.4	55.2	0.7	7	<0.01
SK10-169	Rock	2.58	15.9	279.9	>10000	1524	13.8	4.1	4.0	2907	15.67	63.1	20.1	131.4	1.9	5	2.7	134.4	2.2	18	0.01
SK10-170	Rock	1.40	3.7	120.4	6110	3988	9.0	4.3	8.9	1068	21.00	16.3	1.7	35.8	1.7	1	4.1	121.5	1.6	8	<0.01
SK10-171	Rock	1.93	3.3	172.7	6243	4352	6.2	5.5	5.8	667	22.13	22.1	1.9	26.4	1.0	<1	4.4	82.6	1.9	6	<0.01

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		Method	7AR.1
		Analyte	Pb
		Unit	%
		MDL	0.01
SK10-161	Rock		22.18
SK10-162	Rock		62.90
SK10-163	Rock		
SK10-164	Rock		
SK10-165	Rock		
SK10-166	Rock		
SK10-167	Rock		
SK10-168	Rock		
SK10-169	Rock		
SK10-170	Rock		
SK10-171	Rock		