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NIMPKISH IRON



Ministry of Energy & Mines
Energy & Minerals Division
Geological Survey Branch

ASSESSMENT REPORT
TITLE PAGE AND SUMMARY

TITLE OF REPORT [type of survey(s)] GEOLOGICAL + PROSPECTING TOTAL COST \$6550.00

AUTHOR(S) J.T. SHEARER, M.Sc., P. Geo SIGNATURE(S) [Signature]

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

STATEMENT OF WORK - CASH PAYMENT EVENT NUMBER(S)/DATE(S) _____
EVENT# 4819560

PROPERTY NAME NIMPKISH IRON

CLAIM NAME(S) (on which work was done) _____

COMMODITIES SOUGHT IRON / GOLD

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN 092L 034

MINING DIVISION NANIAMO NTS 92L/07W (92L.026)

LATITUDE 50 ° 15 ' 29 " LONGITUDE 126 ° 51 ' 36 " (at centre of work)

OWNER(S)
1) J.T. SHEARER 2) _____

MAILING ADDRESS
Unit 5 - 2330 TYNER ST.,
PORT COQUITLAM, B.C.
V3C 2Z1

OPERATOR(S) [who paid for the work]
1) SAME AS ABOVE 2) _____

MAILING ADDRESS
Same as Above.

PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude):
Triassic Karmutsen Volcanics (basalt) in contact with Quatsino Fan Limestone intruded by diorite of the Adams Pluton forming skarn zones rich in magnetite & skarn mostly red garnet and green epidote and amphibole.

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS _____

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			1550
Photo interpretation			
GEOPHYSICAL (line-kilometres)			
Ground			
Magnetic			
Electromagnetic			
Induced Polarization			
Radiometric			
Seismic			
Other			
Airborne			
GEOCHEMICAL (number of samples analysed for ...)			
Soil			
Silt			
Rock			
Other			
DRILLING (total metres; number of holes, size)			
Core			
Non-core			
RELATED TECHNICAL			
Sampling/assaying			1000
Petrographic			
Mineralographic			
Metallurgic			
PROSPECTING (scale, area)			4,000
PREPARATORY/PHYSICAL			
Line/grid (kilometres)			
Topographic/Photogrammetric (scale, area)			
Legal surveys (scale, area)			
Road, local access (kilometres)/trail			
Trench (metres)			
Underground dev. (metres)			
Other			
TOTAL COST			6,550 ⁰⁰

**GEOLOGICAL AND PROSPECTING ASSESSMENT REPORT
ON THE
NIMPKISH IRON PROJECT**

**TENURE # 689846 + 689864 + 837441
NIMPKISH RIVER AREA, WOSS B.C.**

NTS 92L/07W (92L.026)

Latitude 50°15'29"N, Longitude 126°51'36"W

UTM 09 5569514N + 652539E

for

Homegold Resources Ltd.

**Unit 5 – 2330 Tyner St.,
Port Coquitlam, B.C.**

V3C 2Z1

Phone: 604-970-6402

Fax: 604-944-6102

www.HomegoldResourcesLtd.com.

**BC Geological Survey
Assessment Report
32150**

By

J. T. Shearer, M.Sc., P.Geo.

**Unit 5 – 2330 Tyner St.,
Port Coquitlam, B.C.**

V3C 2Z1

Phone: 604-970-6402

Fax: 604-944-6102

jo@HomegoldResourcesLtd.com.

January 30, 2011

Fieldwork completed between March 15, 2010 and December 10, 2010

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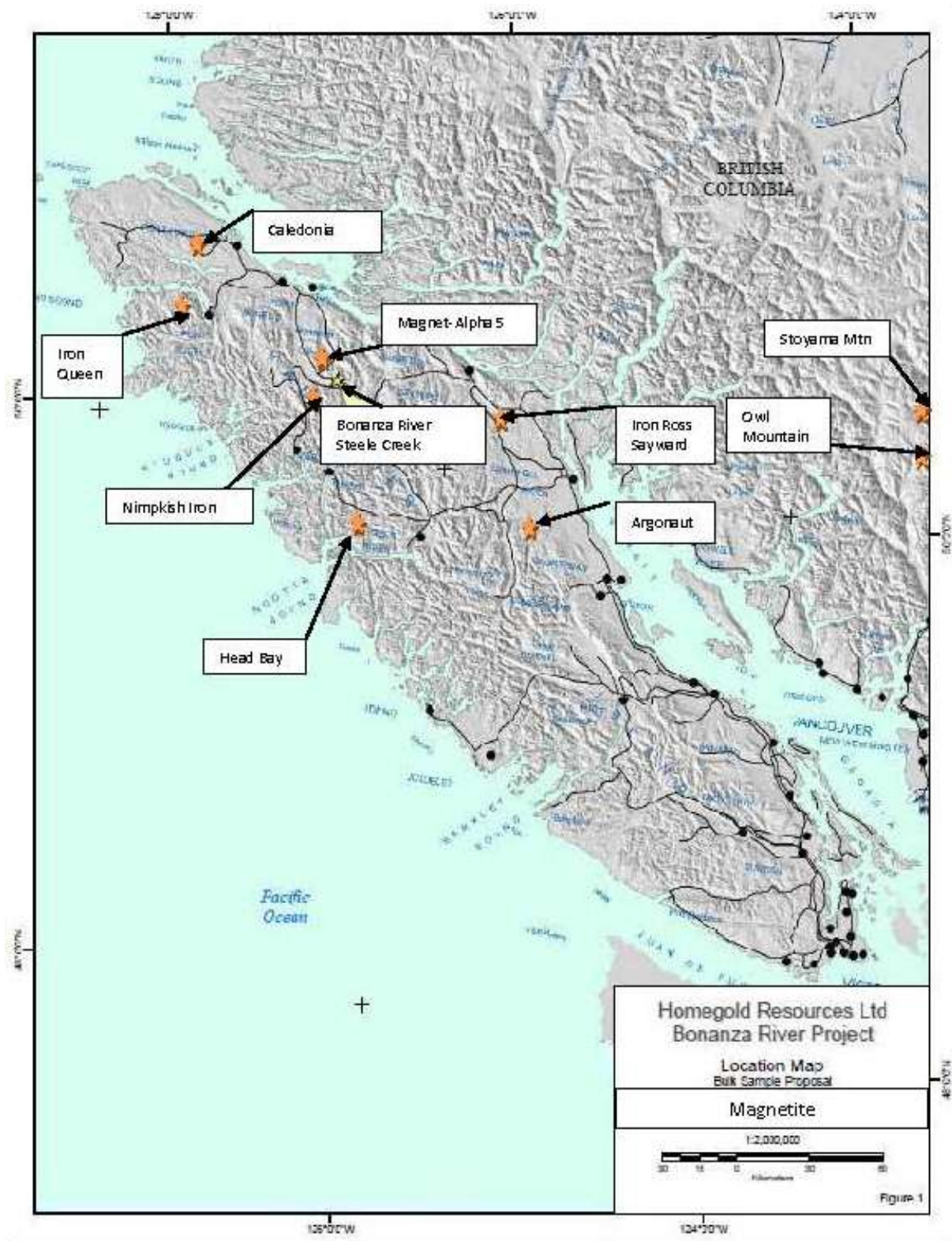


FIGURE 1 Location Map

3.0 SUMMARY

An exploration program was carried out from March 15 to December 10, 2010 on a claim group which includes the Nimpkish Iron Mine and former processing area (tailings and waste dumps) located in north central Vancouver Island. A 4 man crew conducted prospecting and geological mapping. The Nimpkish Iron Mine is underlain by Triassic Karmutsen and Quatsino Limestone in contact with the Nimpkish Batholith. The contact zones contain semi-massive magnetite over considerable widths.

The Nimpkish Iron property lies within a belt of iron-rich skarn deposits located on the east and south sides of Nimpkish Lake on northern Vancouver Island. The area is east of Zeballos, and south of Port McNeill. The property contains multiple occurrences of high grade iron mineralization with possible associated gold mineralization within garnet and magnetite skarn lenses.

Locally, the andesite has been altered to garnet-epidote skarn which hosts lenses of massive magnetite or pyrrhotite. The current logging road system provides access to the central portion of the claims.

A series of six (6) samples were collected from the tailings area, carefully panned to a heavy (magnetite concentrate) and the results tabulated. On average the tailings contain approximately 7% magnetite.

Respectfully submitted

J. T. Shearer, M.Sc., P.Geo. (BC & Ont.)
January 30, 2011



FIGURE 2 General Area Google Image

4.0 INTRODUCTION AND TERMS OF REFERENCE

This report and the completed work program in 2010 described within was prepared to summarize historic data, document the 2010 work by the company and recommend an exploration program for future work in 2011 to further evaluate the property.

J. T. Shearer, M.Sc., P.Ge., who was retained by Homegold to write this Technical Report, visited the property on March 16, July 21 and December 6, 2010, and make recommendations for an appropriate exploration program to be conducted in 2011.

4.1 Preamble

Homegold Resources Ltd. has acquired by staking, and purchase 123.8 hectares of mineral claims grouped into the Nimpkish Iron Project. Refer to Figure 2 for descriptions of the claim group.

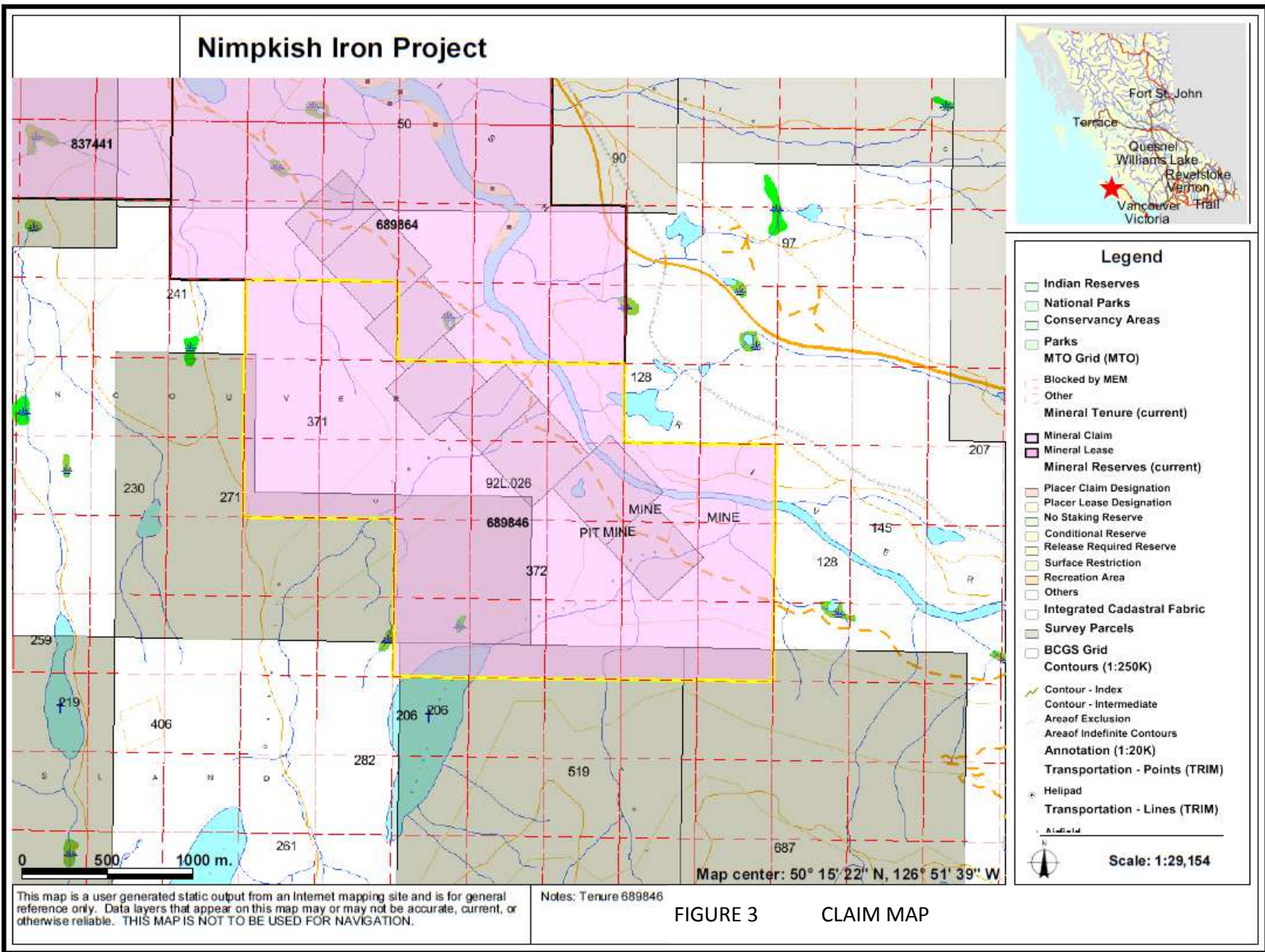
4.1.1 Background

The Nimpkish Iron Project is known from historical background and exploration of the last 100 years to contain high assays of iron.

4.2 This Study

4.2.1 Terms of Reference

Homegold Resources Ltd. retained J. T. Shearer, M.Sc., P.Ge. to review the project, draw conclusions, make recommendations and propose an appropriate exploration program to evaluate the property in 2011.



5.0 PROPERTY DESCRIPTION and LOCATION

The claims lie in northern Vancouver Island, 10 km north of the village of Woss. Access is by logging road which leaves the Island at the Zeballos turn-off (Steele Creek) then across the Nimpkish River southerly. Branch logging roads lead south to the centre of the claims along the Nimpkish River.

The area is about 125km northwest of Campbell River and 80km south-southwest of Port Hardy in NTS mapsheet 92L/07W (92L.026).

5.1 OWNERSHIP and CLAIM STATUS

The property (Figure 3) consists of the three claims totalling 1,239.38ha and are listed below:

Table 1
Nimpkish River Claims

Claim Name	Tenure No.	Area (ha)	Located Date	Current Expiry Date*	Registered Owner
Klac 1	689846	495.87	December 26, 2009	May 1, 2013	J. T. Shearer
Nimp 1	689864	495.69	December 26, 2009	May 1, 2013	J. T. Shearer
Klac 2	837441	247.82	November 3, 2010	November 3, 2011	J. T. Shearer

Total ha: 1,239.38

* by applying assessment work documented by this report.

Under the present status of mineral claims in British Columbia, the consideration of industrial minerals requires careful designation of the product end use. An industrial mineral is a rock or naturally occurring substance that can be mined and processed for its unique qualities and used for industrial purposes (as defined in the *Mineral Tenure Act*). It does not include "Quarry Resources". Quarry Resources includes earth, soil, marl, peat, sand and gravel, and rock, rip-rap and stone products that are used for construction purposes (as defined in the *Land Act*). Construction means the use of rock or other natural substances for roads, buildings, berms, breakwaters, runways, rip-rap and fills and includes crushed rock. Dimension stone means any rock or stone product that is cut or split on two or more sides, but does not include crushed rock.

Claims require \$4 of assessment work per ha (or cash-in-lieu) each of the first three years and \$8 per ha each year after.

6.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

6.1 Access

The claims lie in northern Vancouver Island, 10 km north of the village of Woss. Access is by logging road which leaves the Island north of the Zeballos turn-off then across the Nimpkish River bridge and southerly to the west side of Nimpkish River. Branch logging roads lead south to the centre of the claims.

The area is about 125km northwest of Campbell River and 80km south-southwest of Port Hardy in NTS mapsheet 92L/07W (92L.026).

6.2 Climate

The climate on the north island is relatively mild. The summers are warm and generally dry, while the winters are cool and wet. Snow will accumulate on the higher peaks, but generally the valley bottoms and lower hills are clear for year round work.

6.3 Physiography

The topography is rugged and steep, with elevations on the property ranging from 120 metres in the valley bottom to 1020 metres. The claims are generally covered with dense stands of spruce, fir, balsam and cedar. The underbrush is dense and thick. Several areas of the claim have recently been logged with second generation growth at various stages of development. Secondary logging roads in various degrees of deactivation provide access to most of the property.

6.4 Infrastructure and Local Resources

The logistics of working in this part of the province are excellent. Gravel road access will allow the movement of supplies and equipment by road. Heavy equipment is available locally in Port Hardy, Port McNeill or Campbell River, as are supplies, fuel and lodging. Limited fuel, supplies and lodging are also available locally in Woss.

7.0 PROPERTY HISTORY

The mineral showings, now covered by Nimpkish Iron Project are referred to in the MINFILE as No. 092L.034. Several periods of work are mentioned.

The claims lie within a belt of iron rich skarn deposits located on the east and south sides of Nimpkish Lake on northern Vancouver Island. The area is east of Zeballos, and south of Port McNeill. The property contains multiple occurrences of high-grade iron mineralization with associated gold/silver/zinc mineralization within garnet and magnetite skarn lenses.

1955: The Iron Crown (Lot 126) and Rhoda (Lot 919) Crown-granted mineral claims have been optioned by Nimpkish Iron Mines Ltd. A. H. Upton, president; J. m. Black, consulting geologist. The claims are on the Nimpkish River about 5 miles from the south end of Nimpkish Lake. In 1954 seven holes were diamond drilled, totalling 1,350 feet. In 1955 exploration of the iron deposit was continued by surface work and diamond drilling on both lots. Six inclined and sixty-two vertical holes were drilled, totalling 7,050 feet.

1959: The operation is reported is reported in 1959 as follows (ARMM 1959 page 133):

This company is jointly owned by Standard International Mines, a Canadian subsidiary of Standard Slag Co. of Youngstown, Ohio, and International Iron Mines, a Canadian company. The property comprises two Crown-granted and eight recorded claims on the southwest side of Nimpkish River north of Teisum Creek. Access to the property is by 6 miles of road south from the south end of Nimpkish Lake or by 26 miles of logging railway south from Beaver Cove on the east coast of Vancouver Island.

The magnetite occurs in an area about 600 feet square on the west side of the Nimpkish River, as three massive concentrations in tuffaceous and other volcanic rocks along an irregular north-south contact between limestone and basaltic laws. The limestone and volcanic rocks are intruded by granodiorite. The most southerly and northerly of the three orebodies are small; the central body is a larger U-shaped mass with granodiorite in the core. This is the principal source of ore. The bodies have been found to range from 150 to 200 feet in depth, with walls that dip inward at about 70 degrees to form steep troughs. According to the mine superintendent, magnetite has been found to occur in limestone only in limited amounts. Skarn wallrock is common and in places forms a breccia healed with magnetite. Limestone in contact with magnetite has been altered to marble. The magnetite is very noticeably porous, a fact which suggests that the deposit may have been formed at medium to low pressures. The magnetite is veined by stingers and irregular masses, suggestive of vug fillings, of pyrite, chalcopyrite and pyrrhotite.

The company estimates ore reserves in the order of 1,500,000 tons.

Mining is by conventional open-pit methods, maintaining an 18 foot bench. Drilling is done with two hydraulically controlled Gardner-Denver air-track drills. The explosive used in dry holes is a mixture of ammonium nitrate and diesel oil, whereas 40 per cent Forcite is used in wet holes. Two Northwest shovels of 1.5 and 2 cubic yard capacities are used to load the broken material onto five 15 ton Euclid rear-dump trucks.

The ore is trucked to a dry magnetic separation plant on the southwest side of Nimpkish River and is delivered to a 42 by 30 inch Kue-Ken primary crusher. The product, minus 5 inches in size, is stockpiled

by radial stacker over an 8 foot 6 inch diameter Rosco reclaiming tunnel. The stockpiled material is conveyed to a double-deck screen, the plus ½ inch products being crushed to minus 0.5 inch size in a gyratory crusher. The crusher discharge feeds directly to two Stearns W.D. (dry) magnetic separators. The non-magnetic portion is rejected to the waste stockpile and the magnetic portion is united with the initial undersized screen product. The concentrate is conveyed across the Nimpkish River to a dry storage shed over another 8-foot 6-inch Rosco reclaiming tunnel. The storage discharge is fed by conveyor to an 8 by 12 foot Marcy rod mill for grinding to minus 20 mesh. The rod mill discharge is fed to two 60 inch Stearns W.E.D. (wet) double-drum magnetic separators. The magnetite concentrate is then dewatered on a horizontal Dorr-Oliver-Long filter and conveyed to the stockpile or to railway cars. The concentrate is conveyed by the Canadian Forest Products railway to a newly constructed loading dock at Beaver Cove for shipment to Japan.

During 1959 the milling plant and dock-loading facilities were constructed and milling commenced in mid-November; 50,000 cubic yards of waste material was removed, 12,800 tons of ore was mined, and 8,123 tons of concentrate produced. The average number of men employed was forty-five.

1960: Mining and ore-treatment operations are described in the annual Report for 1959, page 134. Statistics for 1960: Ore mined, 480,000 tons; waste stripped, 163,265 solid cubic yards; concentrate shipped, 283,000 tons. The average number of men employed was fifty-five.

Magnetite was discovered in the area in 1897, and the deposits were reported on by E. Lindeman in 1910, who drew a magnetic map which fairly accurately indicates the orebodies now being mined on the Iron Crown claim (Lot 126).

The Iron Crown claim lies about 5 miles south of the southern end of Nimpkish Lake on the southwest bank of the Nimpkish River, and south of the junction of the river and Mukwilla Creek. On the opposite side of the Nimpkish River a creek flows from a small lake into the river.

The regional geology has been described by Gunning (1930-1933) and Hoadley (1953). In the vicinity of Nimpkish Iron Mines, basic volcanic rocks underlie crystalline limestone and the contact between them trends northwest through the Iron Crown claim. The volcanic rocks have been intruded by rocks ranging in composition from monzonite to gabbro. The magnetite deposits lie within an embayment of the intrusive rock with tongues extending across the river to the north and south of the workings.

The valley of the Nimpkish River is less than 500 feet above sea level, and is extensively covered with drift material, so that natural outcrops are very scarce, apart from those occurring along the river banks. Before the present operations began, magnetite was observed on the southwest river bank over a length of 180 feet, forming cliffs 25 to 30 feet high. Smaller outcrops of magnetite were mapped at distances of 100 feet and 600 feet southwest from the river bank.

Diamond drilling and subsequent excavation have proved the presence of four orebodies, which have been named the East, South, Road and River. The developments have proved that the South and Road orebodies are connected by a neck of magnetite, and this entity constitutes the major source of ore. The East orebody is small. The River orebody is an extension of the river-bank exposure. The three large orebodies (Fiver, Road and South) are shaped like elongated basins with their long axes lying roughly parallel to the surface trace of the limestone-volcanic rock contact. Ore depths are as great as 200 feet, and the walls dip inward at angles of the order of 70 degrees.

The headwall of the main pit exposes massive crystalline limestone with no definite indication of bedding. Fracturing is noticeable in limestone adjacent to magnetite, and there is also much fractured, polished and slickensided intrusive greenstone, some of which is basaltic.

The major part of the ore is enclosed within and intimately associated with greenstones, some of which are dykes and sills and some are rocks of the regional volcanic assemblage. Feldspar porphyry is abundant, with phenocrysts constituting from 5 to 20 per cent of the rock. In places there are a few amygdules, most of which contain calcite, but some are filled with epidote. A specimen taken from the river bank below the River orebody is composed of fine-grained hornblende with sericite, chlorite, and epidote distributed heterogeneously through the rock. A similar rock was taken from a drill hole below the River orebody, but these rocks are so close to the ore deposit and the intrusive contact that metamorphism and alteration have been extensive.

Exposures of granitic rock occur in the river both up and downstream from the ore zone, and also within the ore zone itself. Upstream from the mine the intrusive is quartz monzonite, a coarse-grained rock with large anhedral quartz grains, andesine, potash feldspar and green hornblende largely altered to biotite and chlorite.

Within the ore zone, diorite occurs as a plug between the South and Road orebodies, and there are small exposures in the River open pit. Downstream, steep walls of diorite are exposed where the intrusive extends across the river. The attitude of the diorite contact in the vicinity of the iron deposits is not known, but the intrusive plug in the ore zone must have steeply dipping contacts.

The ore is composed of magnetite with minor copper and iron sulphides, skarn minerals such as calcite, chlorite, epidote and garnet and included fragments of country rock. Skarn is mostly developed in the greenstone areas of the pits. Close to the limestone-magnetite contact, masses of coarsely crystalline pyroxene intergrown with magnetite were picked up from the broken ore, although this material was not seen in place. The small East orebody is mostly enclosed with limestone, and contacts are sharp and well defined. Crystalline garnet, in places up to one half inch across, is disseminated through the limestone close to the magnetite, and also in steeply dipping bands traceable for distances of 1 to 2 feet.

The magnetite is dense and fine grained and small amounts of pyrite, pyrrhotite, and chalcopyrite are found as irregular masses throughout the ore. All these sulphides have been found forming a lamellar pattern within magnetite, in occurrences close to the limestone contact. In one specimen, lamellar pyrrhotite and chalcopyrite were cut by a veinlet of pyrite, indicating that some of the pyrite is probably a part of later mineralization.

Magnetite in the River orebody forms an intrusive relationship with greenstone rocks, in places developing a brecciated greenstone cemented by iron ore. This in turn is cut by calcite veins and where calcite is abundant it cements angular fragments of both greenstone and magnetite. Parts of the River orebody contain magnetite fragments with rims of pyrite surrounded by coarsely crystalline calcite. Much of the late calcite is associated with euhedral cubes of pyrite. Brown sphalerite set in calcite was also observed by the writer.

A structural feature in the ore is the intersection of the magnetite by numerous slip planes, commonly well-polished and often with chlorite developed along them. The slip planes are randomly oriented and

movements were probably small, but they are indicative of some post-ore disturbances. Additional evidence of post-ore activity is indicated by the occurrence of dykes cutting through the magnetite. One rock exposure with somewhat debateable relationships is composed of fine-grained quartz, mica, and chlorite with scattered grains of pyrite, and may be termed an alaskite dyke. Another observation was of a dyke cutting cleanly through massive magnetite in the River orebody and exposing smooth, polished and slickensided walls. The rock is a feldspar porphyry with a basaltic matrix now extensively altered.

Exposures to date have revealed that this deposit is in a similar environment to other magnetite deposits along the west coast. It appears to be genetically related to the diorite intrusion, adjacent limestone and volcanic rocks and possibly to faulting.

1961: A crew of sixty-five mined 666,361 tons of ore from which 423,826 tons of concentrate was produced and shipped by Canadian Forest Products Limited railway to the loading-dock at Beaver Cove. In addition, 183,435 cubic yards of waste rock was removed from the ore zone. Sixteen diamond-drill holes totalling 2,595 feet were completed on an extension of the ore zone on the south side of the pit. In addition, several holes were diamond drilled to test a magnetic anomaly about 1,000 feet northwest of the pit.

The camp is on Anutz Lake, immediately south of Nimpkish Lake, and the pit is 5 miles farther south, on the southwest bank of the Nimpkish River. The crushers are immediately southeast of the pit, and the mill is across the river. The access road for the entire operation passes across the pit headwall.

The regional geology is described in Geological survey of Canada Memoir 272 and illustrated on Map 1029A. Near the pit the Nimpkish River more or less follows a contact zone between Quatsino limestone on the southwest and a large intrusion of quartz diorite and related rocks on the northeast. The rock of the contact zone is mostly fine grained and medium to dark green, and was assigned by Hoadley to the Karmutsen group. In the pit, however, it appears to intrude the limestone and is locally medium grained. It may be an intrusion associated with the Bonanza Group or a chilled marginal phase of the quartz diorite. It is called greenstone in this report.

The local geology is described in the Annual Report for 1960 and is illustrated by Figure 13 herewith. Relations are complex in detail, but in general diorite underlies the east part of the pit, limestone the west part, and greenstone occurs between these rocks on the north, near the river. Four magnetite orebodies lie athwart the limestone-diorite contact; from north to south they are called the River, Road, South and East orebodies. The Road and South orebodies are incompletely separated by a wedge of diorite. The east orebody is small, and mining from it has been incidental to pit preparation.

Skarn and sulphide minerals are abundant only in the River orebody, where the host rock is largely greenstone. In the other orebodies the magnetite is generally massive and contains only sparse pyrite and pyrrhotite. Some garnet, epidote, and pink microcline have formed in diorite adjacent to magnetite, but limestone is generally merely recrystallized. Considerable ankerite is developed in sheared limestone west of the South orebody, but it is not known whether it is related to magnetite deposition. In the River orebody the principal minerals associated with the magnetite are garnet, epidote, calcite, and pyrite, with less amphibole, pyrrhotite and chalcopyrite.

1962: In 1962 the Annual Report of the Ministry of Mines indicates that the camp on Anutz Lake immediately south of Nimpkish Lake and the pit is 5 miles farther south, on the southwest bank of

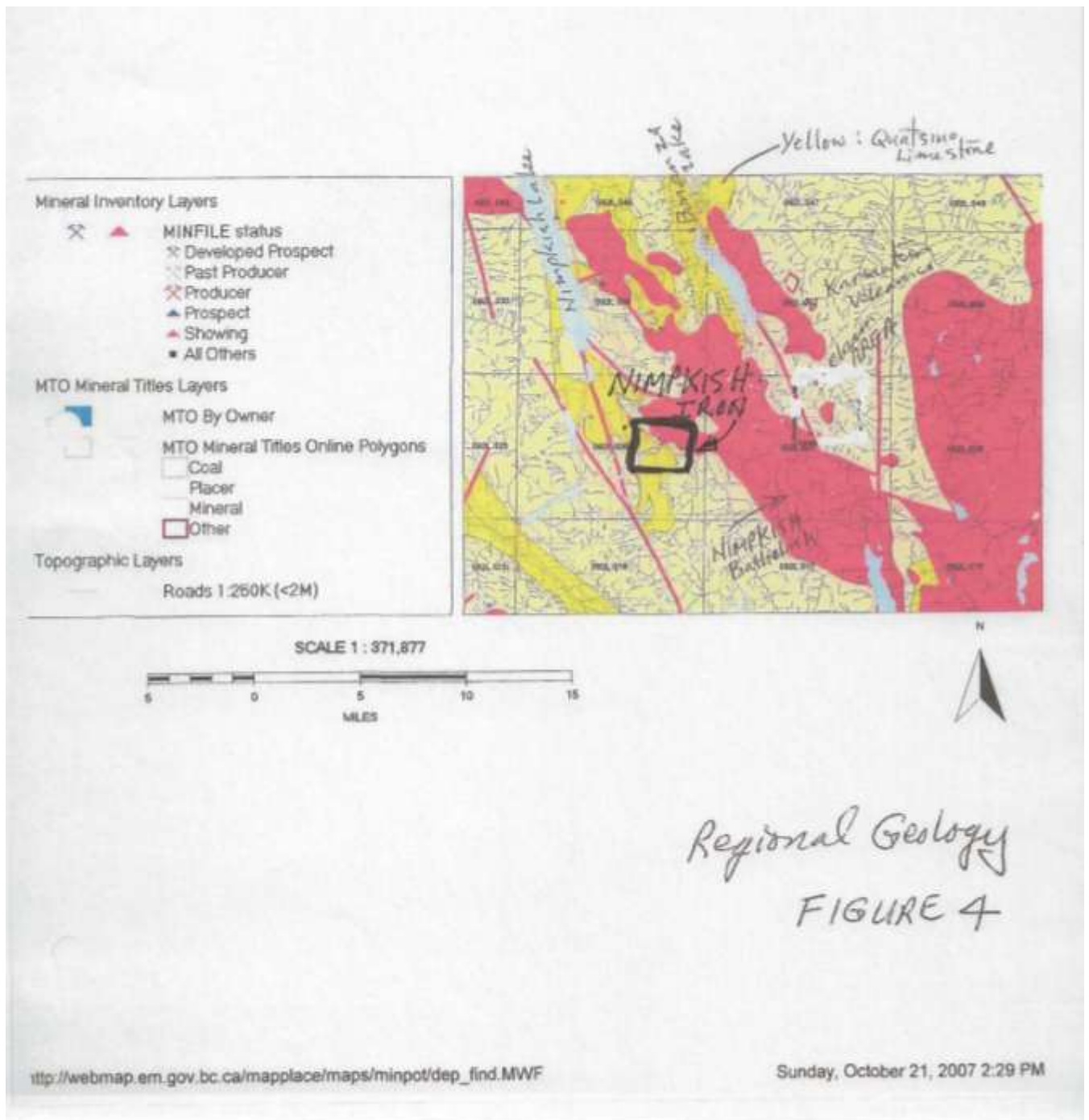
Nimpkish River. The crushers are immediately southeast of the pit and the mill is across the river and adjacent to the Canadian Forest Products Limited railway. Iron concentrate was shipped by this railway to the loading-dock at Beaver Cove.

Open pit quarrying continued on the Road, East, South and River pits, the bottom of the river pit being slightly below river level. Stripping and initial drilling were done in the area of the "A" magnetic anomaly, approximately 1,000 feet northwest of the main pit.

During 1962, 672,008 tons of ore was mined, to produce 362,271 tons of concentrate. In addition, 375,000 cubic yards of waste was removed. Twenty-one diamond drill holes totalling 2,998 feet were completed in outlining the "A" orebody and in investigating an extension of the ore zone crossing the main road. Fifty eight men were employed.

FIELD PROCEDURES

Tailings samples were collected along prospecting traverses and along access roads and tied to GPS waypoint locations.



8.0 GEOLOGICAL SETTING

8.1 Regional Geology

Muller (1977) shows an area northwest of Bonanza River and west of Bonanza Lake to be underlain by rocks of the Lower Jurassic Bonanza Group and Triassic Karmutsen Volcanics which typically consists of volcanic rocks of basaltic to rhyolitic composition with related sediments.

A Jurassic intrusive (the Nimpkish Batholith) is shown to the northeast of the claims.

The Claim group lies in the south-central portion of the Nimpkish map sheet (Map 1029A), which reportedly is underlain almost entirely by members of the Vancouver group volcanics and sediments. These are intruded by plutons of acid to intermediate character which form part of the Coast Intrusions.

The Vancouver group is a conformable series and was subdivided by Gunning (1932) and modified as shown in the following table of information after Hoadley (1953) and Carlisle (1927). The table is, of course, generalized to fit the geologic situation for all of Vancouver Island and full thicknesses of these units do not occur in the Nimpkish sheet.

A number of contact-metasomatic replacement deposits of magnetite, chalcopyrite and sphalerite, containing silver and gold, occur in the west half of the Nimpkish sheet on the flanks of Mt. Kinman and Mt. Hoy. These deposits occur in limestone, calcareous sedimentary rocks and, less commonly, in fragmental volcanic rocks close to the contact of the granodiorite. Gunning (1930) is of the opinion that the periphery of the granodiorite is a flat-lying sheet underlain at no great depth by rocks of the Vancouver Group.

8.2 Property Geology

The Nimpkish Iron Claims are largely underlain by a block of Karmutsen basalts and Quatsino limestone which lie in intrusive contact on the southwest with Jurassic Coast Intrusives. The contact is relatively easily distinguished on the magnetic maps. The pluton is granodiorite to quartz monzonite in composition but locally has dioritic phases. All the intrusives mapped on or immediately adjacent to the property are medium-grained, leucocratic and contain unassimilated basic inclusions near the contact areas. Commonly, potassium feldspar alteration occurs along shears and joint planes. Garnet-epidote skarn development is evident in the intrusives, as well as in the basalts. The attitude of the intrusive contact is not evident in outcrop and will need to be tested by drilling.

The Karmutsen volcanic flows are, in general, basaltic to andesitic in composition. Flow tops are only occasionally discernable and largely untraceable. Amygdaloidal sections are frequent but not distinguishable as distinct mappable flows. The amygdules are often filled with epidote, prehnite, pumpellyite and, more rarely, pyrite and chalcopyrite. In colour, the Karmutsen rocks are dark green to a mottled black and normally fine-grained. Chlorite and epidote alteration is widespread. The epidote content increases adjacent to the southwest intrusive contact.

In general, outcrop is only exposed in areas of moderate to strong relief, or along roads. A portion of the property immediately south of Nimpkish Lake is covered by glacial-fluvial gravels, boulder till and swamp, and has few outcrops.



FIGURE 5 Sample Locations

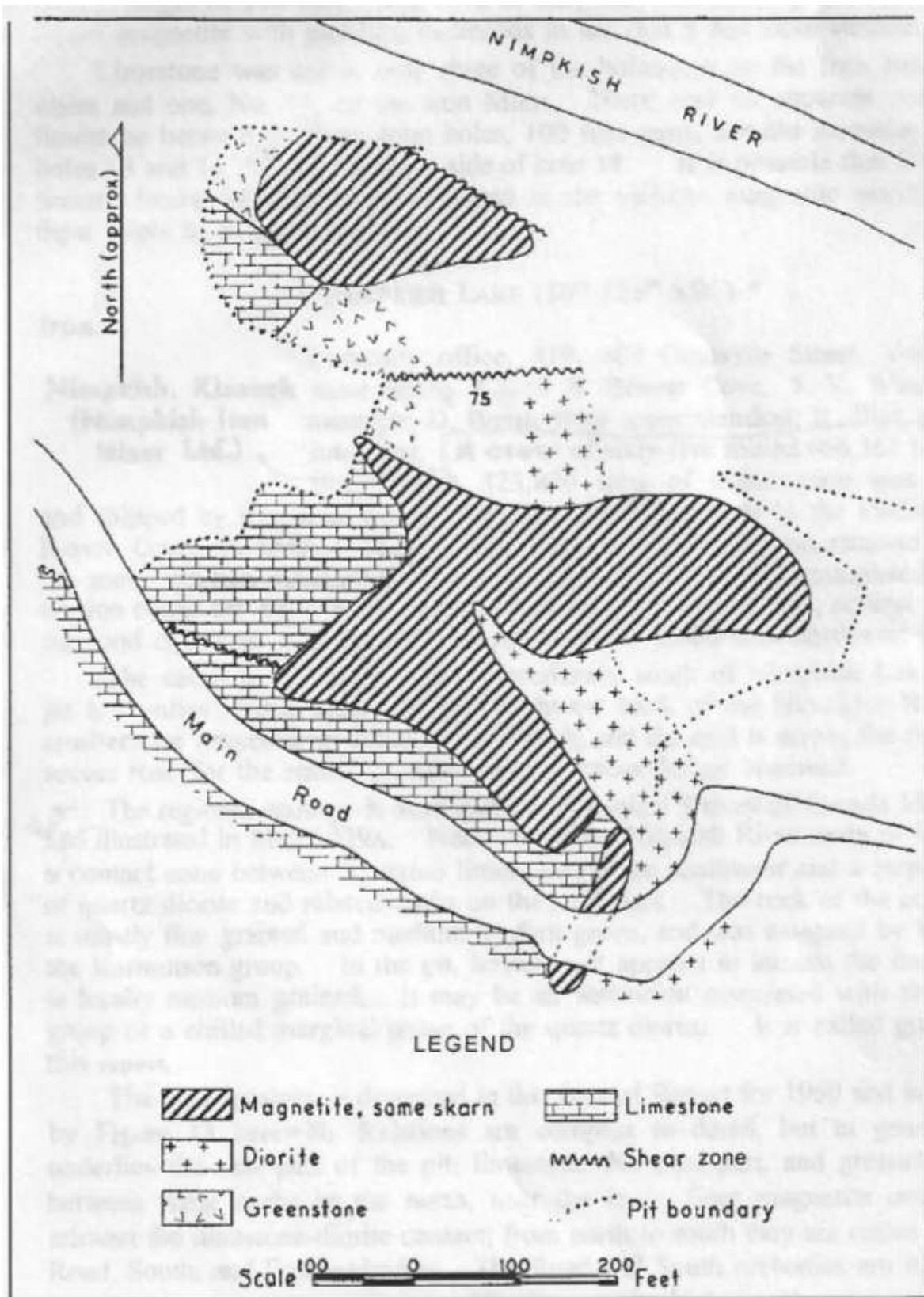


FIGURE 6 Map of Zones Pre-Mining

In the area of the Iron Crown occurrence, north striking carbonates and calcareous sediments of the Quatsino and Parson Bay formations overlie Karmutsen Formation tholeiitic basalts, all of the Upper Triassic Vancouver Group. Lower Jurassic Bonanza Group andesitic to rhyodacitic lava, tuff, breccia and minor sediments are coeval with, or genetically related to, granodiorite of the Nimpkish batholith of the Early-Middle Island Plutonic Suite. Strong regional north to northwest trending faults, often defining intrusive and lithological contacts, traverse the area.

The occurrence is at the contact between coarsely crystalline Quatsino Formation limestone and fine-grained massive amygdaloidal andesite exhibiting sericite, calcite and actinolite alteration with amygdules filled with epidote, calcite or actinolite. Pyrite and pyrrhotite are disseminated through the andesite. Laumontite and calcite veins are present.

Leucocratic quartz monzonite and diorite intrude the volcanics and limestone. Contacts with the volcanics are diffuse, and recrystallized andesite cannot readily be distinguished from intrusive rocks. Feldspar porphyry dykes, an aplite dyke and a felsite dyke are also recognized. The magnetite contact with the limestone is sharp. The andesite is diffuse and evidenced by skarn. The magnetite is relatively pure, but contains up to 50 per cent calcite lenses with chalcopyrite, pyrite and sphalerite. Calcite and sulphides are considered to be post-ore (Geological Survey of Canada Bulletin 172, page 73).

A 55 metre long, 8 to 9 metre wide magnetite exposure occurs along the Nimpkish River. Some 200 metres west of the river, several outcrops of magnetite occur along a ridge and are estimated to represent a lens at least 116 metres long and 18 metres wide. A third magnetite body, indicated by magnetometer surveys only, measures 146 by 18 metres and lies between the river and ridge deposits. These 3 occurrences are believed to represent the 3 fault-separated orebodies of Sangster (Geological Survey of Canada Bulletin 172, page 73). The faults are marked by breccia zones up to 1.5 metres wide, gouge, chlorite, hematite-coated slip surfaces and slickensided magnetite ore and country rock.

Ore samples taken in 1942 assayed 59.6 to 63.9 per cent iron, averaging 62.1 per cent iron (Cameron, 1942). Phosphorous and sulphur contents are reported to be very low. Between 1959 and 1963, 2,175,683 tonnes of ore were mined.

Indicated (probable) reserves at Iron Crown were 1,632,924 tonnes grading 3.5 grams per tonne gold, 46.2 per cent iron and 1.33 per cent sulphur (Minister of Mines Annual Report 1956). The deposit is mined out (refer to History section).

The Klaanch occurrence lies on strike with the Iron Crown occurrence (092L 034), 0.6 kilometres to the south. Massive magnetite contains irregular small quantities of pyrite and chalcopyrite and disseminations in volcanic rocks. The massive mineralization is up to 3 metres wide.

The Magnet occurrence lies on strike with the Iron Crown occurrence (092L 034), 1.2 kilometres to the south. Massive magnetite contains more pyrite than adjacent occurrences. The massive mineralization is 7 metres wide.

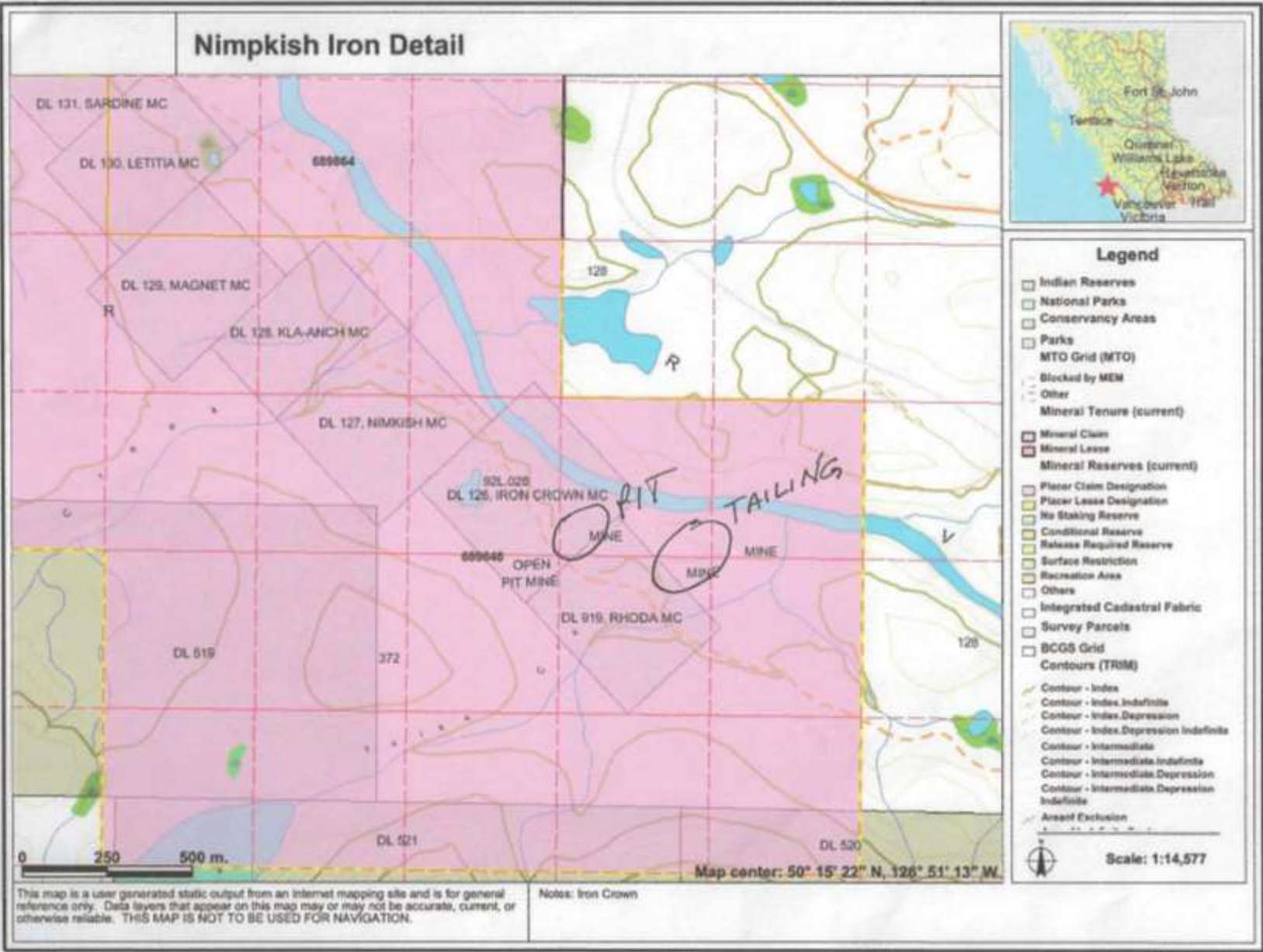


FIGURE 7 Nimpkish Iron Detail

The quartz monzonite intrusive which outcrops in the northeast and south parts of the property seems to generate the pyrometamorphic copper-iron deposits in the adjacent Karmutsen volcanics and Quatsino limestone. This is evidenced by the numerous copper-magnetite skarn showings along this contact. Calc-silicate and sulphide skarn mineralization is found within the intrusive and the adjacent volcanics.

8.2.1 Structure and Metamorphism

All the volcanic rocks on the property are weakly to strongly magnetic. Fractures and veinlets filled with the same minerals as the amygdules are ubiquitous. When in contact with the intrusive, the rock has been hornfelsed to fine grained hornblende, which in turn is variably altered to chlorite.

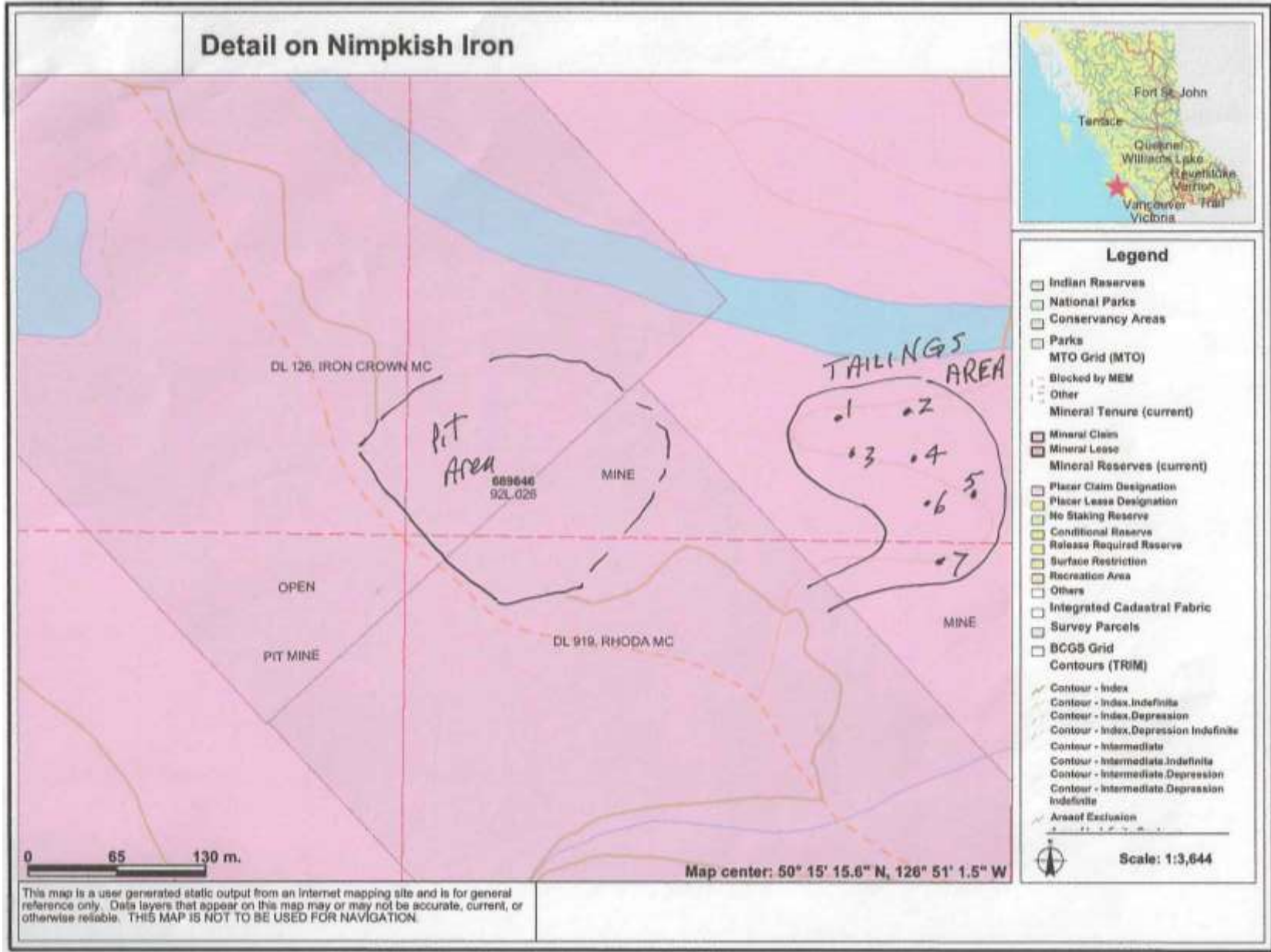
8.3 Regional Geophysics

The regional magnetic data shows the Nimpkish Iron claims are centred over a NW-SE oriented magnetic low trend that is part of the regional package of similarly oriented magnetic high and low trends. Most of the magnetic high trends that make up these regional linears contain localized magnetic anomalies often elliptical in shape and paralleling the regional trends. There are several disruptions along these trends including two prominent NE-SW trending magnetic lows that cross the northern and southeastern edges of the claim block. These cross striking trends are suggestive of NE-SW faulting however a detailed examination of the data shows a close correlation between the magnetic features and topography; with magnetic highs and lows being associated with topographic highs and lows respectively. This is most likely an artefact of the survey method. While the survey was intended to be flown at a constant terrain clearance of 305 metres, this condition is difficult to maintain in areas with extreme topography. Consequently, some of the magnetic variations are likely generated by changes in the distance between the sensor and the ground.

Over and above the topographic correlations there are several magnetic responses that appear to agree with the mapped geology. The granodiorites intrusion to the SW of the claims coincides with a large magnetic low. In addition, there are several small magnetic responses that do not appear to be directly related to either the topography or the geological mapping.

In summary the high altitude airborne magnetic data roughly correlates with the geological mapping published by the BC Department of Mines and Energy Resources. A regional NW strike is evident in both data sets and disruptions along these trends are indications of NE faulting. Although the magnetic high trends are generally associated with topographic highs, the correlation is not exact. This suggests that while some of the magnetic relief is attributed to terrain clearance effects from the airborne survey, there are also geological factors influencing the responses and the magnetic intensity appears to differentiate between the major lithologies in the area. It is suspected that ground or low altitude airborne magnetic surveying will reveal significantly more structural and lithological detail than is currently mapped.

FIGURE 8 Sample Locations



9.0 EXPLORATION

9.1 2010 Geology, Prospecting and Sampling

Samples were collected in the coarse tailings area south of the “road” pit with the following results:

Sample	Location	Amount Processed	Pan Con's	% Magnesium
M1	9 U 653721 5569119	4000	210	5.25
M2	9 U 653648 5569155	4000	176	4.39
M3	9 U 653691 5569079	4000	300	7.50
M4	9 U 653655 5569097	4000	285	7.12
M5	9 U 653636 5569003	4000	150	3.75
M6	9 U 653561 5568998	4000	200	5
M7	9 U 653470 5569095	Store for further testing		

Average 5.50166667

Panned 4 litres of screened (3/8 minus) down to very heavy concentrate. Still some pieces of Magnetite in the oversize so further testing is necessary to come up with a true figure.

10.0 INTERPRETATION AND CONCLUSIONS

The current re-evaluation of the property has identified the potential for magnetite mineralization within the previously mined pit and also in waste dumps and tailings. Current geochemical and geological theory predicts that gold mineralization in gold skarns is concentrated near the skarns outer limits (away from the higher temperature copper-iron zone).

Samples collected within the coarse tailings area gave magnetite content up to 7.5% magnetite. These results are a rough approximation.

Several other skarn zones were noted to occur on the property by the present work.

11.0 RECOMMENDATIONS

11.1

- 1) A thirty day program of excavator stripping and power washing is recommended for the area east of the massive Iron Crown Pit.
- 2) The new surface exposures should be sampled in detail, and drill sites prepared.
- 3) Reconnaissance geochemistry should be carried out for iron mineralization across the property, with detail in the vicinity of the known skarn mineralization.

11.2 Estimate Cost of Future Work

The following detailed exploration budget is for the continued exploration of the Nimpkish Property, as detailed in recommendations in this report:

Phase One

Mobilization	\$ 11,000.00
Excavator, 30 days @ \$1,000/day	\$30,000.00
Geologist, 40 days @ \$700/day	\$28,000.00
Assistants, 2 x 40 days @ \$400/day	\$32,000.00
Accommodation, 4 x 40 days x \$100/day	\$16,000.00
Vehicles – 4x4, 2 x 40 days x \$110/day	\$8,800.00
Supplies	\$4,000.00
Equipment Rental, pumps, field equipment, etc.	\$4,000.00
Assays, Rocks	\$8,000.00
Assays, Soils, 400 @ \$32/ea.	\$16,800.00
Geophysics, 45 km mag, 5 km IP, incl. report	\$40,000.00
Report, Word Processing and Reproduction	\$10,000.00
Office, Telephone	\$2,000.00
	<hr/>
	\$210,600.00
Contingency	\$15,000.00
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Subtotal	\$225,600.00
HST 12%	\$27,072.00
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TOTAL	\$ 252,672 .00

12.0 REFERENCES

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14.0 STATEMENT OF QUALIFICATIONS

I, J. T. (Jo) Shearer, M.Sc., P.Geo., of Unit 5 – 2330 Tyner St., Port Coquitlam, B.C. V3C 2Z1 do hereby certify that:

I am an independent consulting geologist and principal of Homegold Resources Ltd.

This Certificate applies to the Technical Report titled: GEOLOGICAL and PROSPECTING ASSESSMENT REPORT on the NIMPKISH IRON PROJECT, NANAIMO MINING DIVISION, Prepared for Homegold Resources Ltd., Port Coquitlam, B.C., Prepared by myself, J. T. SHEARER, M.Sc., P.Geo., Consulting Geologist, #5-2330 Tyner St., Port Coquitlam, B.C., V3C 2Z1 dated January 30, 2011.

My academic qualifications are as follows: Bachelor of Science, (B.Sc.) in Honours Geology from the University of British Columbia, 1973, Associate of the Royal School of Mines (ARSM) from the Imperial College of Science and Technology in London, England in 1977 in Mineral Exploration, and Master of Science (M.Sc.) in Geology from the University of London, UK, 1977

I am a Member in good standing of the Association of Professional Engineers and Geoscientists in the Province of British Columbia (APEGBC) Canada, Member No.19279 and a Fellow of the Geological Association of Canada, (Fellow No. F439)

I have been professionally active in the mining industry continuously for over 35 years since initial graduation from university and have worked on several skarn iron properties (Iron mike, Zeballos, Caledonia, etc.)

I inspected the Nimpkish Iron Property most recently between March 16 and December 6, 2010.

I am responsible for the preparation of all sections of the technical report entitled “Geological and Geochemical Assessment Report on the Nimpkish Iron Project” dated January 30, 2011.

Signed and dated in Vancouver B.C.

Date

J.T. (Jo) Shearer, M.Sc., P.Geo.

APPENDIX I

STATEMENT OF COSTS

January 30, 2011

APPENDIX I
STATEMENT of COSTS
Klac (Nimpkish Iron)

Prospecting and Geology

Wages	HST	Total without HST
J. T. Shearer, M.Sc., P.Geo., 2 days @ \$700/day March 16, July 21 + December 6, 2010	168.00	\$ 1,400.00
Guojun Zhao, Ph.D., 1 day @ \$300/day, March 16, 2010	36.00	300.00
R. Savelieff, B.Sc., 1 day @ \$400/day, Dec. 6, 2010	48.00	400.00
Sub-total	252.00	\$ 2,100.00
Expenses		
Truck 1, 3 days @ \$98.50/day	35.46	295.50
Truck 2, 2 days @ \$75/day	18.00	150.00
Fuel	20.00	325.00
Ferries		160.00
Hotel	46.20	385.00
Meals	34.80	290.00
Supplies	11.25	105.00
Ron Olynyk, Prospector, 2 days @ \$350/day October 15 + 16, 2010	84.00	700.00
Data Compilation	42.00	350.00
Computer Drafting	60.00	500.00
Report Preparation	168.00	1,400.00
Word Processing and Reproduction	36.00	300.00
Sub-total	555.71	\$ 4,960.50
Total	\$ 807.71	\$ 7,060.50
TOTAL Including HST		\$ 7,868.21

Event # 4819560
Work Filed \$6,550
PAC \$2,751.64
Total \$9,301.64
Filed December 19, 2010

APPENDIX II

SAMPLE DESCRIPTIONS

January 30, 2011

APPENDIX II

SAMPLE DESCRIPTIONS

Sample	Location	Amount Processed	Pan Con's	% Magnesium
M1	9 U 653721 5569119	4000	210	5.25
M2	9 U 653648 5569155	4000	176	4.39
M3	9 U 653691 5569079	4000	300	7.50
M4	9 U 653655 5569097	4000	285	7.12
M5	9 U 653636 5569003	4000	150	3.75
M6	9 U 653561 5568998	4000	200	5
M7	9 U 653470 5569095	Store for further testing		

Average 5.50166667

Panned 4 litres of screened (3/8 minus) down to very heavy concentrate. Still some pieces of Magnetite in the oversize so further testing is necessary to come up with a true figure.

All samples are from material that has been crushed to two inch minus. Most material is less than one inch in diameter. In all samples the majority of rock has been reduced to less than 3/8ths of an inch, say 60 to 70%. It should also be noted that some of the rocks may be of a more sedimentary/metamorphic origin.

M1—Fine to med grained volcanic, green to dark black. Minor dirty limestone with some garnet. 2% to 5% Magnetite left in oversize (+3/8ths)

M2 – green to black fine grained volcanic, mostly black and some are more medium grained. Minor limestone and possibly quartz. Some rounded river gravel in sample as well.

M3 – Mostly mafic fine to medium grained volcanic with very minor pyrrhotite. Some garnetiferous limestone as well as white limestone. 2% magnetite in oversize. Also a higher volume of oversize in proportion to other samples, say 60% oversize in this sample compared to 30 to 40% in all other samples.

M4 – 70% mafic fine grained volcanic and 30% felsic limestone and possibly Quartz in this sample. No magnetite in oversized (+3/8ths of an inch)

M5 –Mostly mafic (90%) and heavy black, minor green and browns volcanics. Some minor limestone and quartz. Up to 5% magnetite in oversize.

M6 – Fine grained dark volcanics. Possibly dark sedimentary metamorphic rocks. Some white limestone as well as dirty with garnets, and a small percentage of Epidote may be present.