

2011 Technical Exploration Report For The Gus Property
Nelson M.D., B.C.

Title Page

BC Geological Survey
Assessment Report
32681

Property Name Gus

Mining Division Nelson

Location Latitude 49 02 54, Longitude 117 14 33

NTS Map Sheet 82 F/3, BCGS 82F004

Claim Owner M. A. Kaufman, FMC 113753

Operator M. A. Kaufman

Author of report M. A. Kaufman

Report Year 2011

Claims worked on 504800, 504804

General Work Categories Geological, Geochemical

Work Reported Sampling of mine dumps/workings , soils
geochemical Survey, production of new digital
geologic maps

Pertinent related Assessment Reports: 27915, 27526, 27249, 26981, 26674,
26408, 25704, 25090, 24748, 24199, 23711, 23438, 11452 and 10842.

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Gus Claim Group, Nelson Mining Division
British Columbia

Introduction/History

The Gus Claim Group, which occupies 6.35 sq. km. in the Kootenay Arc region, is situated approximately 7.5 km NE of the Canada - U.S.A. Nelway border crossing. The west margin of the claims is along the west shore of Rosebud Lake. On Jan. 25, 2005 the old claim group comprised of mineral claims Gus 1 - 16 was converted to Mineral Claim Tenure # 504800. At this time a new claim, Gus 1 (Tenure # 504804) contiguous with 504800 on its west margin, was acquired. Situated within Tenure #504800 are three old mines (Lone Silver, Davne and Lucky Strike), which have produced small amounts of very high grade silver-gold ore.

Access is by the Rosebud Lake Road, and then by a rough logging road starting just north of Rosebud Lake and going SE to the Lone Silver Mine, and then ENE to the Davne Mine. Beyond the Davne Mine area the road is overgrown, so that the Lucky Strike Mine can now only be reached by walking. One must have a key to access the logging road beyond a locked gate at the north end of Rosebud Lake. Otherwise, access is by walking only, or by the rough BC Hydro power line road south of Rosebud Lake.

I have been actively exploring this area since the late 1980s, when as a contractor I induced Lacana (later Corona) to acquire the ground. Lacana (Corona) carried out extensive soils and rock geochemical surveys. This work discovered four anomalous areas which I have designated as the Lucky Strike Gold Anomaly, the East Gold Anomaly, the Saddle Area, and the West Geochemical Anomaly. In 1992 Orvana Minerals Corp. optioned the claims from Corona, and drilled one hole to test one locality on the East Gold Anomaly. This hole cut widely scattered anomalous gold intercepts found in altered silty limestone of the Nelway formation. Orvana relinquished its option as the hole did not come up with economic mineralization. After Corona merged with Homestake, Homestake dropped the claims sight unseen. In 1994 I acquired some of the ground by staking, and subsequently expanded the holdings over several years. My work since 1994 has involved following up and extending the previous exploration by

geological, geochemical and geophysical work, testing through deep overburden by Pionjar core drilling and excavator digging, and core drilling. Since the 2005 core drilling, no work has been recorded on the Gus Claims, though some important sampling work was done. Work carried out during 2011 consisted of preparation of new digital geological maps of the property, and a soils geochemical sampling survey conducted on the north part of the claim area where no previous work had been done. Some important 2006-2010 sampling results from the Lone Silver and Lucky Strike mines are incorporated in this revised report, and at the end of this report is a section describing the 2011 soils geochemical survey. The new digital geological maps are found in the report appendix.

Summary Geology

Three potentially important structural trends are evident. First there is the ENE striking Black Bluff thrust(?) fault and related imbricate fault/fracture zones. Then there are northerly trending, steep “transverse” faults thought to cut the thrust. And then there are vertically dipping WNW trending fracture zones seen cutting upper plate formations of the thrust in what is called the East Gold Anomaly area, and at the Davne and Lucky Strike mines.

Considering physiography, there are gentle upland areas on the north and south parts of the claim area separated by a broad ENE trending shallow valley, which appears to follow the trend of the thrust faults which have been mapped in this area. A narrow NNE trending swampy depression cutting the southern upland, which occupies a portion of the East Gold Anomaly, is thought to be influenced by “transverse” faulting. The upland areas are characterized by limited outcrop covered by relatively shallow overburden, while the valley and depression areas are covered by deep glacial overburden (say 10 metres or more). In the central part of the claim block, within the southern upland, there is an extensive deep overburden covered topographic saddle designated as “Saddle Area”, situated between two ENE trending ridges. GSC Map 1145A suggests that the Styx Creek transverse fault projects through this saddle. The claim area is underlain by Lower Cambrian Laib Formation phyllites, Middle Cambrian Nelway Formation silty limestones, and Middle Ordovician Active Formation

argillites, limestones and phyllites. Approximately .8 km SE from the Saddle area, the GSC has mapped a small Tertiary "Coryell" monzonite plug. Very small exposures of what may be monzonitic dikes/sills are found on the hill west of the swamp area, and similar dikes and sills(?) are found in drill cores. As well, very minor float of similar monzonitic? rock is seen at one location just east of the Lone Silver workings. The property is situated just northwest of the axis and nose of the major, SW plunging Sheep Creek anticline, but the anticline is disturbed in the claim area by the very complex faulting. Moreover, the sedimentary section is overturned, probably related to thrust faulting. A package consisting of older Laib sediments underlain by younger Nelway sediments overlies still younger Active Formation sediments. The contact between the Nelway limey sediments and the underlying Active Formation argillite-phyllite marks the trace of the thrust, but the thrust zone appears to be imbricate and complex. There is some controversy about the true nature of the Black Bluff fault, as it appears to be steeply dipping in places. I favour the idea that it is a thrust, mainly because of the overturned sedimentary section in the fault area. Possibly, there has been post-fault structural deformation.

Mineral Deposits and Geochemical Anomalies

Minor production of very high grade gold-silver ores has been taken from shallow workings of three old mines situated on the property, the Lone Silver, Davne and Lucky Strike. The mines as well as geochemically anomalous zones are found along a 1.8 km ENE trend which appears to roughly follow the strike of the Black Bluff thrust fault.

Lone Silver Mine

The most productive of the mines was the Lone Silver, which has been credited in smelter records from 1909-1916 and 1936-1941 with 174 tonnes of 15.3 grams/T Au and 3,977 grams/T Ag. Additionally, Assessment Report 10842 reports 44 tons in 1963 grading 1 opt Au and 173 opt Ag. As well, this 1982 report provides a description of some of the workings which were opened at that time. Since my association with the property none of the workings have been accessible. There are two modes of mineralization at Lone Silver, both, as described in Rept.10842, associated with chaotic zones of faulting and shearing following the Black Bluff Fault trend. Upper

plate Nelway limestones have been altered to a peculiar dolomite breccia, which hosted what I call upper plate ore. These were shoots of very high grade Ag -Au ore contained in what appeared to be tetrahedrite-galena-sphalerite ore found within the breccia. The second described ore type was found in faults and shears within lower plate Active Formation argillites. This reportedly was a pyrite-sphalerite-galena-chalcopryrite ore with some associated quartz, which was also valuable for gold-silver.

Most interesting to me is that the dolomitic breccia here bears some resemblance to the productive breccias found in the Carlin, Nevada District, and the fact that these breccias appear to be quite extensive. My sampling suggests that there is at least weakly anomalous silver, lead and/or zinc throughout this unit sometimes accompanied by highly anomalous tungsten, even in rock containing no visible mineralization. The dolomitic breccia is seen mainly at adit portals for a distance of over 100 metres throughout the workings area, and at the east end of the workings there is an outcrop of this rock type. The breccia, both in dumps and outcrop, appears leached and oxidized, possibly diminishing silver values. In addition, I have found in dump material another possible mode of mineralization in apparently barren graphitic rock, which is weakly to strongly anomalous in silver, and/or lead and/or zinc. Some of this rock exhibits a sheen probably indicative of invisible, abundant fine sulfides. I am not certain exactly what this graphitic material represents. It could be in discrete beds, or, more likely, highly sheared carbon-rich zones.

Previous testing of the Lone Silver Mine dumps since I have been involved with the property has consisted of grab sampling of obvious mineralized rock from the dump surfaces by Orvana-Corona and a few others that have visited the property, to a point where it is now difficult to find such samples.. During 2010 I took two indiscriminate composite samples mainly of fine-grained muck from the two largest easternmost dumps by mattock hand digging a number of pits from each dump. The two composite samples, which show little indication of obvious mineralization, assayed respectively; from the westernmost of these dumps, 21 ppm silver, and from the easternmost +50 ppm (1.5 opt) silver. As these samples were taken from the toe areas of the dumps, it is assumed that they represent rock from the farthest extent of the southeasterly trending, flat adit from which the dumps are derived. A workings map provided in Assessment

Report #10842 shows an east-west oriented cross cut at the end of the adit, where a shear zone was mapped. This very likely is where the mineralized muck must originate from, and could represent imbricate faulting related to the Black Bluff Fault. This muck probably contains very fine, unrecognizable disseminated galena, sphalerite and tetrahedrite. Though the dumps are not extensive, it is possible that they could contain material worth exploiting if other ore sources are found.

It is probable that both the breccia unit and the underlying shear zone type mineralization in the Active Formation could be far more extensive than what can be seen, as the trend of the Black Bluff Fault is hidden under overburden both to the NE and SW of the mine area, and it is thought to dip south under a steep hillside. Moreover, the workings were mostly horizontal adits driven into surface showings. It is doubtful that much attention was paid to structural geology, but folding of the dolomitic beds is suggested in the few government reports describing the workings.

Davne and Lucky Strike Mines

Both the Davne (production of 3.6 tonnes of 94.3 grams/T Au and 1,474 grams/T Ag) and Lucky Strike Mines (production of 55 tonnes averaging 44.2 grams/T Au and 1,166 grams/T Ag) are on WNW striking, steep dipping narrow fissure vein zones cutting "upper plate" formations, respectively Nelway silty lime and Laib phyllite. There appears to be some possible metals dispersion away from the Lucky Strike mined shoot as indicated by a weak bulbous shaped gold soils anomaly in the area. Within this anomalous area there is abundant float of bull quartz and calcite thought to be an alteration feature. Moreover, a sample of mineralized Laib Formation phyllite wall rock taken from the south wall of the workings in 2007 assayed 30 ppm Au and +100 ppm Ag. Though the two mines are .5 km apart, they appear to be controlled by the same general structural zone. Between the two mines is the NE trending swampy depression described above.

East Gold Anomaly

The East Gold Anomaly is situated just north of the above cited swampy depression. It is doubtful that this gold anomaly would ever have been recognized had Corona not carried out a soils survey. On cursory examination there is little evidence of mineralization, but gold assays as high as 11 grams/T have come from grab samples of ordinary appearing limey siltstone. The anomalous gold is accompanied by lead, and sometimes by zinc, silver, copper and weak tungsten. The anomalies are found in an area of outcrop and shallow soil cover extending over a distance of 300 metres in a northeasterly direction. They appear to occur in small, irregular zones with no obvious direction. The stronger zones, which are found at the south end of the area, are bounded by alluvial cover to the west. Outcrops within the East Gold Anomaly show steep E dipping NNE striking bedding intersected by steep dipping WNW fracturing. The predominant rock type is thinly bedded silty limestone often showing subtle remobilized carbonate and fine micaeous minerals. In places, where WNW fracture zones are filled with carbonate minerals with occasional minor quartz, minor tetrahedrite, galena and pyrite is seen, mainly in the carbonate. When one closely examines these areas, there is also subtle evidence of fine limonitic boxworks following the formational bedding.

The northwesterly oriented Orvana - 60 degree angle drill hole, which traversed the outcropping area just south of the anomalous area, cut erratic anomalous gold in four widely spaced zones from 143 feet to 451 feet down the hole depth. The best assay was 2.1 grams/T over one metre, but the anomalous zones are up to six metres thick. It should be stated that Orvana assayed only the most obvious mineralization, and much of the core was never assayed. The alteration seen throughout the hole was interesting. Disseminated pyrite appears to be ubiquitous. Also there is widespread remobilized carbonate, and most interesting, is the presence of dike/sill swarms of altered monzonite(?) in the lower part of the hole, generally pyritized, and often coincident with gold anomalous zones. Examination of outcrop over the drill hole shows no evidence of mineralization, not even obvious Fe/Ox. Two excavator pits dug through the overburden west of the outcrop area encountered respectively some silicified float which carried above background gold, and a jasperoidal vein which contained weakly anomalous lead. A third pit uncovered phyllite with no mineralization.

Saddle Area Geochemical Anomaly

Though this area, which is covered by deep glacial overburden, has not been systematically sampled, It is crossed by two old Lacana soils lines, and has been explored by several excavator pits, one shallow “Pionjar” soils hole, and one diamond drill hole which failed to reach bedrock. Sample analyses from surface, pit bottoms and drill holes indicate frequent elevated to anomalous gold values, as well as silver and other elements. This area will be described in more detail under the section describing targets.

West Geochemical Anomaly

The West Geochemical Anomaly consists of an ENE trending zone at least 450 metres long, located about 200 metres SW of the Lone Silver Mine workings. The soils here are anomalous in Pb, Ag and Zn with some sporadic Au. It is situated on a steep hillside flattening to the north as it reaches the broad valley, which dominates the north-central part of the claim area. Soils on the steeper slopes are probably shallow, but, as the slope becomes gentle to the north we are likely dealing with deep glacial overburden. Accordingly, it is possible that the north margin of the anomaly might be more apparent than real. One very small outcrop is seen at the east end of the anomalous area, and some float and outcrop are found at its west extremity. The outcrops and float are in all cases dolomitized or marbleized Nelway limestone. The source of the anomaly is not certain. Possibly it could be mineralized fractures related to the Black Bluff Fault, or it could be dolomitic breccia similar to the altered rock found at the Lone Silver Mine, or some combination of both.

Nearby Mineralized Areas Compared to Gus

A report presented by Suzanne Paradis of the GSC at the 2006 Vancouver Exploration Roundup, cited several mines in the Kootenay Arc area as Irish Type Pb-Zn-Ag strata-bound sulfide bodies. These include the Reeves MacDonald and the Jersey Mines, which are respectively located 7.2 km WSW and 6.4 km NNE from the Lone Silver mine. Though the Jersey Pb-Zn deposit might be classified as Irish type strata-bound mineralization, the

immediate area contains other occurrences, including the Emerald skarn tungsten mine, historically, the second largest tungsten producer in Canada. Underlying the Jersey-Emerald Mines is a quartz stockwork molybdenum occurrence associated with a subjacent granitic intrusion, which has recently been explored by Sultan Minerals Corp. Sultan has also found an apparently stratabound low grade gold occurrence on the property as well as sedex Zn, Ag, Cu, Ba mineralization in Active Formation black argillite. In comparison to nearby areas, the mineralogy at the Gus property differs in that the mineralized zones here contain almost ubiquitous tetrahedrite, and the gold/silver tenor is much higher. Also, there is in places elevated to highly anomalous tungsten associated with the mineralized zones. On the Gus property some similarities can be seen to Carlin type deposits, chiefly decalcification and possible fault-controlled dike/sill swarms in proximity to mineralized zones, as well, as one occurrence of jasperoid cited above. The remobilized carbonate is most pronounced in the geochemically anomalous dolomitized limestone breccia at the Lone Silver mine, which has the potential to form significant strata-bound mineralization. Also, the presence in the farthest east Lone Silver dumps of graphitic(?) rock probably containing invisible fine metal sulfides, is of interest, as it is consistently anomalous in silver, lead and zinc the highest assay at 239 ppm Ag.

Gus Property Exploration, General Concepts

As the Black Bluff thrust appears to be imbricate, it is possible that surface showings on or above it might indicate more significant mineralization associated with subjacent fault/fracture zones. Moreover, as much of the main thrust trend is covered by deep overburden, there is potential for undiscovered mineralization along the main thrust for fault-controlled and strata-bound mineralization, or combinations of both. Particularly interesting are areas of intersection between the thrust and transverse faults. Significant high grade vein-type mineralization might be found at depth along WNW fracture zones such as at the Lucky Strike Mine. More extensive replacement-type mineralization might occur where these WNW fracture zones intersect postulated NE trending "transverse" faults, or underlying thrust-related fault zones.

When the early Lacana-Corona soils geochemical surveys were carried out, the nature and thickness of the extensive overburden cover on this property was not known. Subsequent soils drilling and excavator digging indicates that the cover over much of the claim area consists of a one metre thick surface forestfire ash layer underlain by deep glacial clay, sand and/or gravel. Accordingly, while the East Gold, West Geochem and Lucky Strike soils anomalies are valid, as they occur in upland areas where soil cover is relatively shallow, a large part of the Lacana-Corona soils work is difficult to interpret because they were sampling the surface ash layer over thick glacial overburden.

Gus Property, Specific Target Areas

Saddle - Lone Silver Mine - West Geochemical Anomaly Area

This target, which is approximately one kilometre long and generally follows the Black Bluff Thrust trend, is best discussed as three separate target areas.

Saddle Area

The "Saddle Area", which is located approximately in the center of the claim area and 400 metres east from the Lone Silver Mine workings, is a north-south trending, 500 metre wide saddle between two ridges located respectively east and west of it. The whole saddle area, which is covered by deep glacial overburden, is near and at the top of a moderate to steep north facing slope. This area looks interesting geologically because it should be underlain by two intersecting major structures, the NE striking south dipping Black Bluff thrust fault, and the northerly striking, steep dipping Styx Creek transverse fault. A Corona soils geochem. survey line run roughly through the saddle detected elevated to anomalous gold values, the highest reading being 480 ppb. Subsequent testing by Pionjar soil coring found anomalous gold (102 ppb) at two metres depth in the one hole drilled in the Saddle area. And excavator digging found sporadic elevated to weakly anomalous gold in some of the rock fragments dug up. As well, sporadic elevated arsenic and lead were seen. Neither the Pionjar hole nor the excavator pits, which reached 5 metres depth, encountered bedrock.

In 2004 a horizontal loop max min EM (HLEM) survey was conducted to test the Saddle Area. This work, carried out by ex Teck-Cominco geophysicist Lou O'Connor, detected an extensive zone of conductivity over the target area. The anomaly is T shaped with a roughly N-S component following the postulated trend of the Styx Creek fault, and an ENE trending component marked by a very strong, northerly dipping conductor up to 50 metres wide found along the north margin of the overall anomaly. The ENE component, which appears to follow the strike of the Black Bluff Fault and the stratigraphy, is open to the NE and SW. Possibly, its northerly dip might be explained by the anomaly being related to recumbent folding of a sedimentary unit, or a folded portion of the fault zone. In 2005 a core drill was brought in to test this conductive zone with a - 45 degree hole. Unfortunately, the hole (G-2) was lost at 37 metres (approx. 25 metres vertical depth below surface) still in overburden. A second attempt was not made because the portable Mandrill type rig used was inadequate. Though it was discouraging not to reach bedrock, the hole did return small amounts of the clay overburden containing small rock fragments. The rock fragments were generally pyritized and silicified gray/black argillite, which strongly resembles the altered Active Formation argillite comprising the footwall ore at the Lone Silver Mine. Samples of these fragments, which were assayed, generally showed elevated to weakly anomalous gold. The last few metres returned from the bottom of the hole, which was comprised mainly of clay with some small siliceous fragments were also assayed. Interestingly, both assays contained anomalous tungsten (up to +100 ppm) and anomalous silver. So what we have in this broad target area is a yet untested, extensive conductive zone at depth, which I believe is probably caused by moderately to steeply dipping zones which likely contain some combination of carbonaceous material and sulfides controlled both by stratigraphy and structure. Possibly, mineralized graphitic rock similar to what I found at the easternmost Lone Silver adit (which is located 380 metres west of the anomaly) might be causing the strong T portion of the conductor. Although the overburden has not been systematically tested, I believe that the past work indicates a probable multi-element till geochemical anomaly overlying the conductive zone extending from near surface to the deepest level reached, approximately 25 metres vertical depth. This apparent coincident conductor and till geochemical anomaly provides a compelling target to be drill tested.

Lone Silver Workings

With present knowledge there are no obvious targets apparent in the old workings. One can speculate about possibilities to the south along the down dip trend of the thrust, but this would be a difficult target to drill from surface. The only lead we have for this area at present is the probability of a conductor detected under overburden at the western extremity of the EM survey, just downslope (north) of the easternmost workings. This is located about 400 metres west from, and may be part of the “Saddle” conductor.

West Geochem Anomaly

As mentioned above, this extensive anomaly could extend northward under deepening overburden from its apparent north margin. It could be indicative of similar style mineralization to that found at the Lone Silver mine a few hundred metres to the east. Except for the soils surveys, no meaningful exploration has been undertaken here.

East Gold Anomaly

Neither the surface expression of the anomaly nor the Orvana drill hole indicate any obvious ore situations, but they do show enough “smoke” to possibly point to something nearby. The Orvana drill hole was sufficiently favourable to warrant follow up. A parallel offset hole crossing the swamp area south of the Orvana hole might be considered, as this would cross an area where a conductor has been detected by EM surveying, coincident with postulated transverse faulting. Also, the deeper anomalous gold intercepts in the Orvana hole actually lie under overburden cover of the broad valley occupying the north-central part of the claim area, indicating possible potential under this extensive overburden covered area.

Davne – Lucky Strike Area

One hole has been drilled to test under some old prospect trenches which expose a narrow, steep dipping WNW mineralized quartz zone, an ESE extension of the Davne Mine. This hole, which had to be drilled parallel to stratigraphy, found only weakly anomalous gold directly under the

structure, and weakly anomalous copper in a narrow monzonite sill or dike.

A single angle drill hole to cross the Lucky Strike mineralized structure at depth might be considered, as there has never been any drilling in this area, and there is some evidence of mineralization spreading out from the narrow zone that was mined.

North-Central Valley Area

This extensive overburden covered area remains largely untested by any viable exploration methods. I consider the Corona soils survey results covering this area to be questionable because of the depth and nature of the overburden. A limited EM and magnetic survey undertaken in the early 1980s, described in Assessment Report 11452, detected a definite ENE striking conductor under the northern part of the valley. Unfortunately, with the reported information, one can only get a general location of the anomaly. During 2002, I drilled four Pionjar core holes along a north-south line to deep test soils at a location thought to be close to the EM anomaly. These holes encountered elevated amounts of zinc with some lead in sand/gravel, but nothing in the order of a strong anomaly. As I don't have enough coverage in this environment, it is not possible to interpret what, if any, meaning these values might indicate.

So, we know that we have intersected some anomalous gold values in the Orvana hole under this valley, and we might have a meaningful conductor at another location to the north. Also, we know that Sultan Minerals has found sedex type mineralization just northeast of this valley, and that at its west extremity, west of Rosebud Lake there are some definite zinc soils anomalies near bedrock. And the same Active Formation stratigraphy as at the Sultan Sedex occurrence and the anomalous areas west of Rosebud Lake should underlie the valley. I am not an expert on unconventional geochemical exploration, but it might be worthwhile to try to apply some deep detectable technique like MMI or leaf biogeochemistry to this area. Also, more follow up EM might be justified.

Another Possibility

The Coryell alkalic intrusions on the property should be tested for possible rare earth elements. The only available, in-place sample is from one of the core holes drilled in 2005, which is in storage.

Discussion of 2011 Work

During 2011, a reconnaissance soils geochemical survey was conducted on the northern upland part of the property, where Active Formation argillite and limey argillite is thought to be covered by relatively shallow overburden. The survey, which was conducted to roughly cross the stratigraphic strike, followed a north-south, one kilometre long line with samples spaced roughly 100 metres apart. No outcrop was encountered along the survey route, but, in places, rock float was seen, which is probably close to bedrock.

From previous extensive soils surveys conducted on the property, I would consider threshold anomalous values for zinc to be in the range of 250 ppm, and silver to be about .5 ppm. However, previous sampling can best be described as a mixed bag, some of it over the previously described ash layer underlain by deep glacial overburden, and some of it over upland areas underlain by Nelway and Laib Formation sedimentary rocks. Almost none of the old survey work was conducted where the Active Formation underlies shallow overburden.

As shown on the accompanying map, several soils samples contained elevated to anomalous silver and zinc values. Two samples, # 26 and 35, contained weakly detectable gold (10 ppb), and one sample, # 29, contained weakly anomalous molybdenum (16 ppm). The most notable sample was the northernmost # 26, which assayed 10 ppb Au, .6 ppm Ag and 3482 ppm Zn. This zinc value is the second highest found on all of + 1000 soils samples previously taken on the property, the only higher one being on the West Geochem. Anomaly. Moderately anomalous zinc and silver were also found in samples # 28, 29 and 31. The strongest silver value detected was

2.0 ppm in sample 30, and slightly anomalous silver was detected in sample 32. One rock float sample, # 34, contained weakly detectable (20 ppb) gold, and no other anomalous values. Outside of these cited samples, no other anomalous values were noted.

The sampled area is underlain by Active Formation sediments sandwiched between the Black Bluff Fault to the south and the Argillite Thrust Fault to the north. I would expect that this area is cut by numerous subsidiary fault/fracture zones related to the Argillite Fault, which should underlie the area at depth. I would speculate that the anomalous values might be related to these postulated structural zones, and/or to possible high background metal content in sections of the Active Formation.

Further, closer spaced soils sampling is recommended to follow up anomalous samples, and additional sampling lines might be considered to the east and west of the 2011 sampled line.

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Dec. 9, 2011

Statement of Qualifications M. A. Kaufman

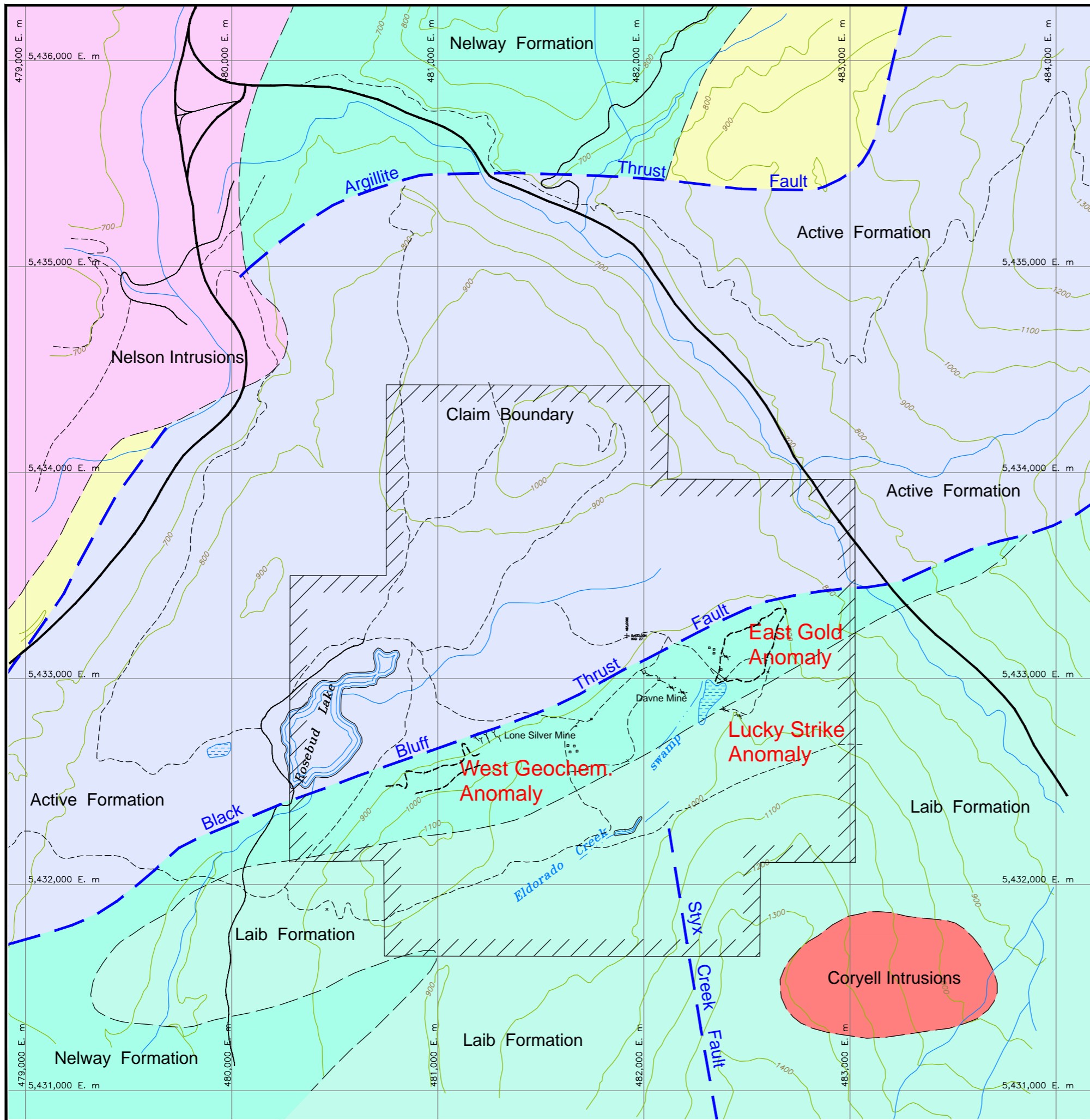
I, M. A. Kaufman hereby state that I have worked as a mining geologist and mining engineer for 55 years.

I received an A, B, degree in geology from Dartmouth College in 1955, and an M. S. degree in geology and mining engineering from the University of Minnesota in 1957.

I am currently registered as a Professional Engineer/Geologist in the province of British Columbia.

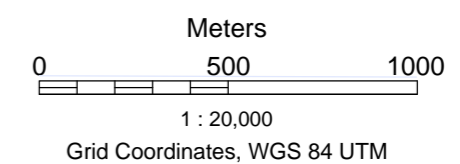
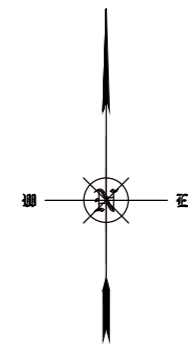
From the period 1955 - 1965 I worked for the major companies Kennecott Copper Corp., Giant Yellowknife Gold Mines (Falconbridge), Kerr-McGee, and Hunting Survey Corp., Ltd. I then worked independently as a consultant and contractor, mainly for major companies. From 1969 through 1988, I was a principal of the consulting and contracting firm of Knox, Kaufman, Inc. From 1989 to present I have worked as an independent consultant and prospector.

M. A. Kaufman



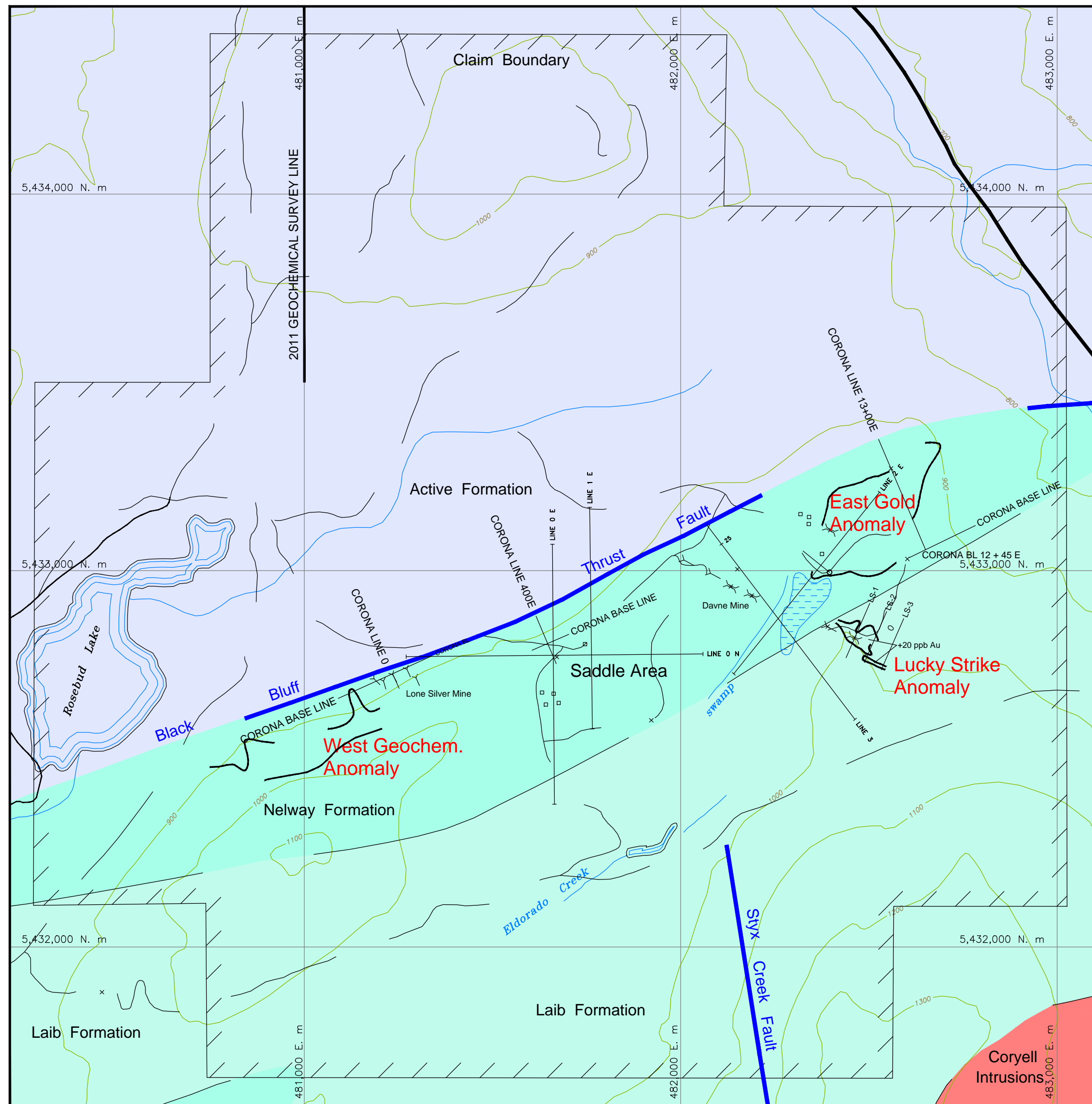
EXPLANATION

- Tertiary: Coryell alkaline intrusions
- Cretaceous: Nelson granitic intrusions
- Lower and middle Ordovician: Active Formation, argillite and limestone
- Middle Cambrian: Nelway Formation, limestone and calcareous argillite
- Lower Cambrian: Laib Formation, phyllite and argillite
- Lower Cambrian: Reno and Quartzite Range Formations, predominantly quartzite and argillite
- Contact
- Thrust fault

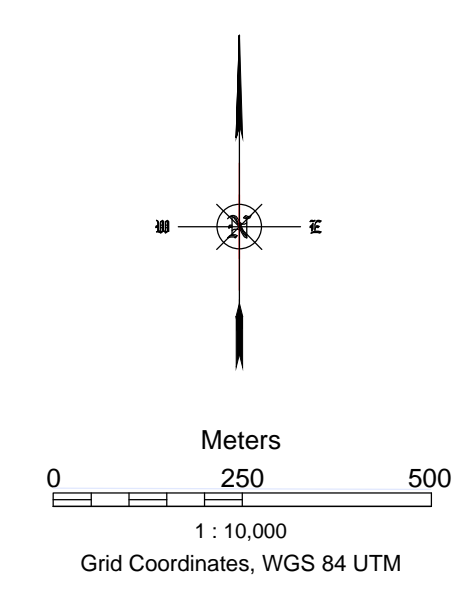


M. A. Kaufman
GUS PROPERTY
 Nelson Mining Division, British Columbia
2010 REPORT
AREA GEOLOGY AND ANOMALOUS ZONES

May 18, 2011



- EXPLANATION**
- Tertiary: Coryell alkaline intrusions
 - Cretaceous: Nelson granitic intrusions
 - Lower and middle Ordovician: Active Formation, argillite and limestone
 - Middle Cambrian: Nelway Formation, limestone and calcareous argillite
 - Lower Cambrian: Laib Formation, phyllite and argillite
 - Lower Cambrian: Reno and Quartzite Range Formations, predominantly quartzite and argillite
 - Contact
 - Thrust fault
 - Excavator prospect pits



M. A. Kaufman
GUS PROPERTY
 Nelson Mining Division, British Columbia
2011 REPORT
GEOLOGY ANOMALOUS ZONES AND 2011 GEOCHEMICAL LINE
 Oct. 17, 2011

5,434,600 N. m

MK-11 26 ✕
3482 ppm Zn, 0.6 ppm Ag

MK-11 27 ✕
194 ppm Zn, 0.4 ppm Ag

MK-11 28 ✕
512 ppm Zn, 0.8 ppm Ag

MK-1129 ✕
310 ppm Zn, 0.6 ppm Ag

MK-11 30 ✕
215 ppm Zn, 2.0 ppm Ag

MK-11 31 ✕
302 ppm Zn, 0.8 ppm Ag

MK-11 32 ✕
118 ppm Zn, 0.6 ppm Ag

MK-11 35 ✕
118 ppm Zn, 0.4 ppm Ag

MK-11 34 ■ ✕
88 ppm Zn, 0.2 ppm Ag

MK-11 33 ✕
156 ppm Zn, 0.4 ppm Ag

MK-11 36 ✕
144 ppm Zn, 0.4 ppm Ag

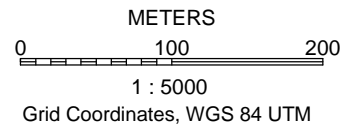
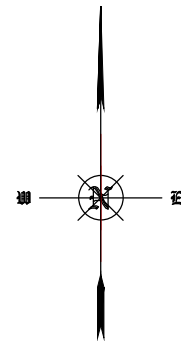
481,000 E. m

5,433,500 N. m

Explanation

MK-11 33 ✕ Soil sample

MK-11 34 ■ Rock sample



M. A. Kaufman

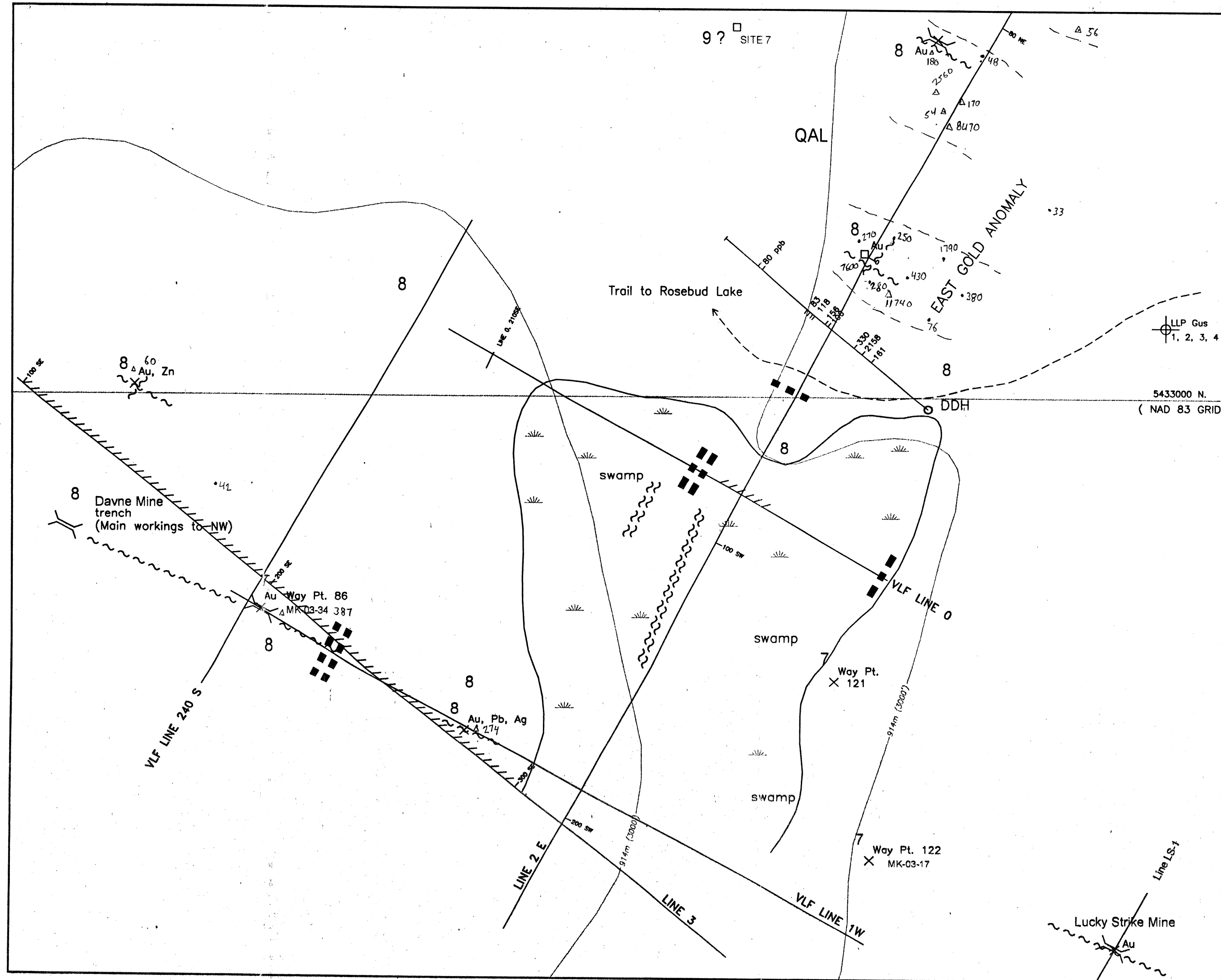
GUS PROPERTY

Nelson Mining Division, British Columbia

2011 REPORT

**2011 GEOCHEMICAL SURVEY LINE
PPM Zn AND PPM Ag**

Oct. 17, 2011



LEGEND

- Au X OUTCROP GOLD SHOWING
- Au □ Pit. numbered sites are 2003 excavator pits.
- Trench or open cut
- ORVANA drill hole showing intercepts in ppb projected vertically to surface.
- ⊕ Claim corner
- VLF EM conductor axis. Survey lines shown are 1996 grid for EM survey.
- ▨ HLEM conductive zone.
- ~ Possible mineralized fault / fracture zone.
- Way Pt. X121 GPS Way Point location
- 9 ACTIVE FM. Argillite & phyllite
- 8 NELWAY FM. Limestone & siltstone.
- 7 LAIB FM. Phyllite & schist, some limey.
- QAL Alluvium

• 200 (SOIL AU)
Ppb

△ 200 (ROCK AU)
Ppb

0 10 20 30 40
Meters

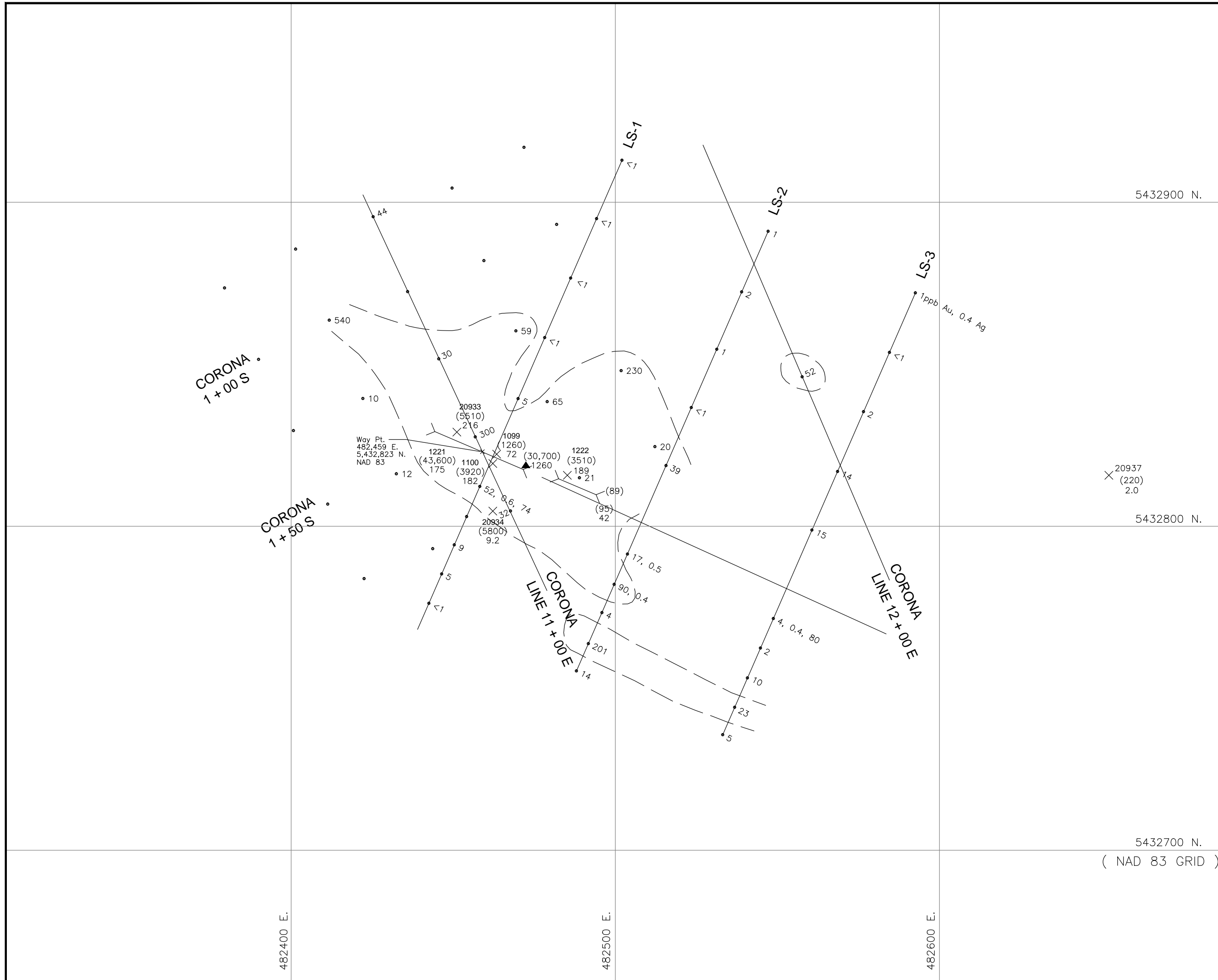
GUS CLAIM GROUP
NELSON MINING DISTRICT, BRITISH COLUMBIA

2004 PROGRESS MAP
SHOWING GPS LOCATIONS

FOR DETAILED GEOLOGICAL / GEOCHEM INFORMATION REFER TO 1996 COMPILATION MAPS WITH LEASE REPORT 2474B.

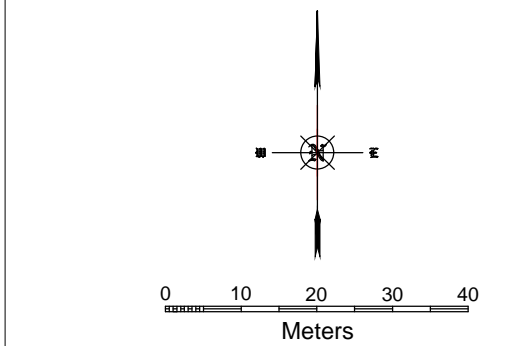
DRAWING RECORD		
DATE	DESCRIPTION	BY
10/02	Compilation	M.A. Kaufman
10/03	Revised	M.A. Kaufman
10/04	Revised	M.A. Kaufman

DRAWING NO. GUS 2304 PROGRESS.dwg PLATE



LEGEND

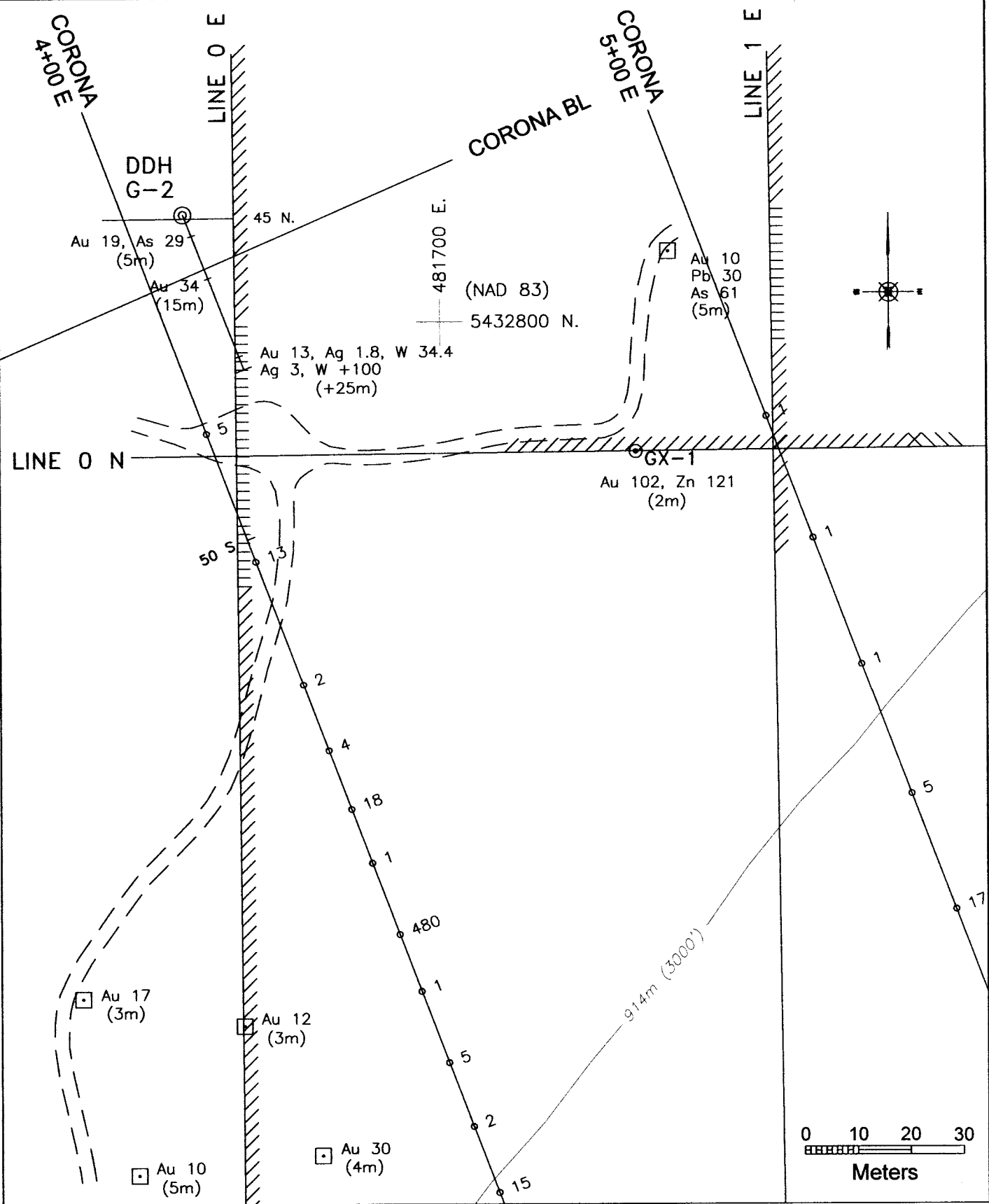
- 1222
(3510)
189
X Rock float sample
Gold value in parentheses over Silver value.
- ▲ Anomalous bedrock sample
This sample is on the south edge of the Lucky Strike Vein and adjacent phyllite wall rock.
- Soil samples +20 ppb Au, + 0.4 Ag
Silver not shown on old Corona samples.
Assay order; Au ppb, Ag ppm, Pb ppm
(For rock assays gold is in Parenthesis)
- () Gold soil anomaly >20 ppb
- Y Trench or open cut
- Way Pt.
X121 GPS Way Point location





GUS CLAIM GROUP
NELSON MINING DIVISION, BRITISH COLUMBIA
LUCKY STRIKE MINE AREA
SHOWING 2003 GEOCHEM. SURVEY
AND 1988 CORONA CORP. GEOCHEM SURVEY
FOR DETAILED GEOLOGICAL / GEOCHEM INFORMATION REFER
TO 1996 COMPILATION MAPS WITH LEASE REPORT 24748.

DRAWING RECORD		
DATE	DESCRIPTION	BY
10/03	Compilation	M.A. Kaufman
5/20/11	Compilation	M.A. Kaufman

DRAWING NO. Lucky Strike-10m_5-20-11.dwg PLATE





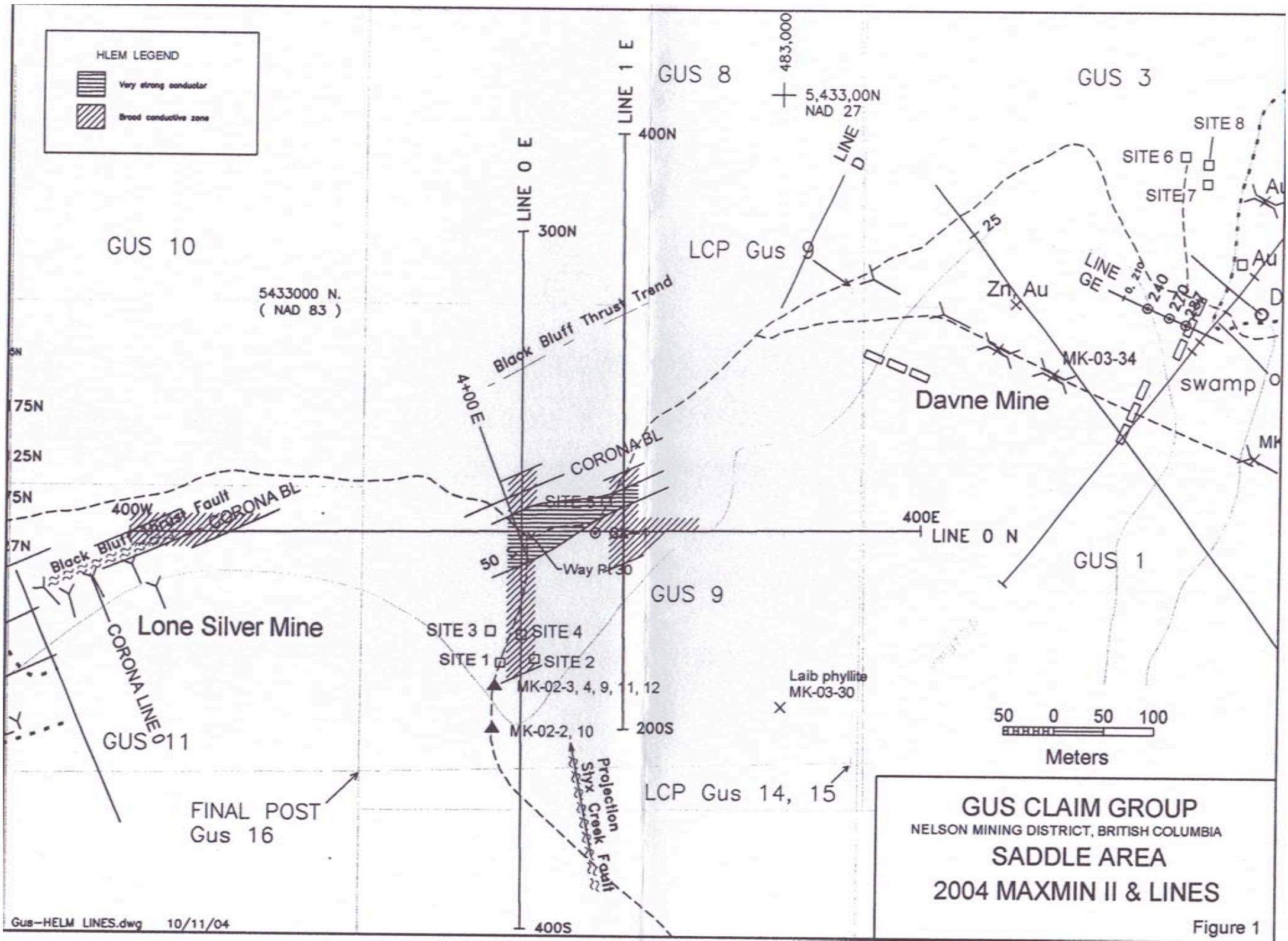
 Strong conductive zone
 Conductive zone

Au values are ppb
 All other values are ppm
 (5m) vertical depth in meters

GUS CLAIM GROUP
 NELSON MINING DISTRICT, BRITISH COLUMBIA
DDH G-2 PLAN
 M.A. Kaufman 7/05

HLEM LEGEND

-  Very strong conductor
-  Broad conductive zone



Gus Project 2011 Assays

Soils

Sample No.	GPS Location NAD 83	Au ppb	Ag ppm	Zn ppm	Mo ppm	description
MK-11-26	0480846E, 5434542N	10	0.6	3482		3 .5 metres brown clay
27	0480837E, 5434398N	5	0.4	194		2 squirrel hole, gray organic, ? Depth
28	0480841E, 5434277N	5	0.8	512		7 road bank brown clay
29	0480839E, 5434131N	<5	0.6	310		16 "
30	0480845E, 5434047N	5	2	216		5 squirrel hole, gray organic ? Depth
31	0480869E, 5433923N	<5	0.8	302		8 "
32	0480845E, 5433853N	5	0.6	118		4 road bank brown clay
33	0480867E, 5433717N	<5	0.4	156		3 "
35	0480906E, 5433736N	10	0.4	118		4 "
36	0480840E, 5433525N	5	0.4	144		3 road bank gray clay

Rock

MK 11-34	0480906E, 5433736N	20	0.2	84		2 argillite/quartzite float w/Fe/Ox and qtz veining
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Gus 2011 Expenses

MAK time

29-Apr	Preparation of new maps	\$700.00
12-Jul	reconn. Line preparation	\$700.00
01-Aug	geology/soil sampling	\$700.00
2	Sampling and sample prep and shipping	\$700.00
Nov. 25-Dec. 9	Data comp and assess rept	\$1,400.00

Sub T \$4,200.00

Contractors

23-May	Drafting copies	\$344.00 \$26.91
02-Aug	greyhound	\$24.72
09-Sep	Assays	\$327.53

Sub T \$723.16

Field and Travel

	hotel	meals
12-Jul	\$90.25	\$29.36
31-Jul		\$19.67
01-Aug	\$88.48	\$8.28
03-Jan		\$8.37

Sub T \$244.41

Vehicle

Destination	Mileage
04-May Spokane-draftsman	21
24-May "	23
31-May Spokane-Gus -Spokane	230
13-Jul Nelson-Gus-Spokane	168
01-Aug Spokane-Gus-Salmo	142
02-Aug Salmo-Gus-Nelson- Spokane	215

Sub T 864.68

convert to Km 2836.87664

.55/k \$1,560.28

Grand Total \$6,727.85

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Toll Free + 1 877 573 5755
www.stewartgroupglobal.com



StewartGroup
Geochemical & Assay

CERTIFICATE OF ANALYSIS AK 2011-1106

M.A. Kaufman
PO Box 14336
Spokane Valley, WA
99214

6-Sep-11

No. of samples received: 10
Sample Type: Soil
Project: Gus
Submitted by: M.A. Kaufman

ET #.	Tag #	Au (ppb)
1	MK-11-26	10
2	MK-11-27	5
3	MK-11-28	5
4	MK-11-29	<5
5	MK-11-30	5
6	MK-11-31	<5
7	MK-11-32	5
8	MK-11-33	<5
9	MK-11-35	10
10	MK-11-36	5

QC DATA:

Repeat:

3	MK-11-28	5
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Standard:

OXE86	620
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FA Geochem/AA Finish

NM/cr/el
XLS/11


ECO TECH LABORATORY LTD.
Norman Monteith
B.C. Certified Assayer

6-Sep-11

Stewart Group
ECO TECH LABORATORY LTD.
10041 Dallas Drive
KAMLOOPS, B.C.
V2C 6T4
www.stewartgroupglobal.com

ICP CERTIFICATE OF ANALYSIS AK 2011-1106

M.A. Kaufman
PO Box 14336
Spokane Valley, WA
99214

Phone: 250-573-5700
Fax : 250-573-4557

No. of samples received: 10
Sample Type: Soil
Project: Gus
Submitted by: M.A. Kaufman

Values in ppm unless otherwise reported

Et #.	Tag #	Ag	Al%	As	Ba	Be	Bi	Ca%	Cd	Co	Cr	Cu	Fe%	Hg	K%	La	Li	Mg%	Mn	Mo	Na%	Ni	P	Pb	S%	Sb	Sc	Se	Sn	Sr	Ti%	U	V	W	Y	Zn
1	MK-11-26	0.6	1.56	5	160	<1	<5	0.42	9	11	18	16	1.84	<5	0.10	10	10	0.34	305	3	0.03	274	1320	18	0.01	<5	1	<10	<5	26	0.06	<5	38	<5	5	3482
2	MK-11-27	0.4	1.59	<5	200	<1	<5	0.45	1	10	20	16	1.81	<5	0.13	10	18	0.42	315	2	0.03	26	800	18	0.02	<5	2	<10	<5	22	0.07	<5	40	<5	5	194
3	MK-11-28	0.8	1.52	10	200	<1	<5	0.18	4	10	18	32	1.73	<5	0.15	10	14	0.55	230	7	0.02	42	660	15	<0.01	<5	2	<10	<5	16	0.07	<5	68	<5	6	512
4	MK-11-29	0.6	1.28	15	330	<1	<5	0.15	3	10	16	42	1.89	<5	0.14	10	10	0.33	175	16	0.02	65	780	15	<0.01	<5	2	<10	<5	12	0.06	<5	54	<5	8	310
5	MK-11-30	2.0	2.01	10	330	<1	<5	0.22	4	10	16	34	1.67	<5	0.11	10	12	0.25	365	5	0.03	29	2350	27	0.01	<5	2	<10	<5	18	0.08	<5	42	<5	7	216
6	MK-11-31	0.8	1.97	15	254	<1	<5	0.22	2	13	24	32	2.05	<5	0.15	14	12	0.30	235	8	0.03	42	1420	24	<0.01	<5	2	<10	<5	16	0.08	<5	46	<5	8	302
7	MK-11-32	0.6	1.37	15	166	<1	<5	0.33	<1	13	30	40	2.31	<5	0.31	16	16	0.50	410	4	0.03	35	700	27	<0.01	<5	3	<10	<5	18	0.05	<5	50	<5	10	118
8	MK-11-33	0.4	2.36	10	302	<1	<5	0.39	1	15	34	22	2.45	<5	0.38	12	24	0.54	575	3	0.03	35	1460	27	0.02	<5	3	<10	<5	20	0.10	<5	46	<5	5	156
9	MK-11-35	0.4	2.23	25	238	1	<5	0.47	<1	24	58	50	3.64	<5	0.60	24	24	0.89	500	4	0.04	54	860	27	<0.01	<5	5	<10	<5	24	0.10	<5	64	<5	11	118
10	MK-11-36	0.4	2.08	10	266	<1	<5	0.44	<1	13	28	22	2.12	<5	0.23	12	16	0.44	405	3	0.03	32	1580	24	0.02	<5	2	<10	<5	20	0.08	<5	42	<5	5	144

QC DATA:

Repeat:

1	MK-11-26	0.4	1.57	<5	166	<1	<5	0.43	9	11	18	18	1.84	<5	0.10	10	10	0.34	305	2	0.03	279	1340	18	0.01	<5	1	<10	<5	26	0.06	<5	38	<5	5	3530
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Standard:

TILL3		1.6	1.06	85	40	<1	<5	0.52	<1	14	62	18	1.90	<5	0.08	12	16	0.56	310	2	0.03	30	440	21	0.01	<5	3	<10	<5	16	0.06	<5	38	<5	5	38
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ICP: Aqua Regia Digest / ICP- AES Finish.

NM/cr/el
dl/1_1106S
XLS/11



ECO TECH LABORATORY LTD.
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10041 Dallas Drive
Kamloops, BC
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Fax + 250 573 4557
Toll Free + 1 877 573 5755
www.stewartgroupglobal.com



StewartGroup
Geochemical & Assay

CERTIFICATE OF ANALYSIS AK 2011-1119

M.A. Kaufman
PO Box 14336
Spokane Valley, WA
99214

31-Aug-11

No. of samples received: 1
Sample Type: Rock
Project: Gus
Submitted by: M.A. Kaufman

ET #.	Tag #	Au (ppb)
1	MK-11-34	20

QC DATA:

Repeat:

1	MK-11-34	15
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Standard:

OXE86	615
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FA Geochem/AA Finish

NM/mb/el
XLS/11


ECO TECH LABORATORY LTD.
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31-Aug-11

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10041 Dallas Drive
KAMLOOPS, B.C.
V2C 6T4
www.stewartgroupglobal.com

ICP CERTIFICATE OF ANALYSIS AK 2011-1119

M.A. Kaufman
PO Box 14336
Spokane Valley, WA
99214

Phone: 250-573-5700
Fax : 250-573-4557

No. of samples received: 1
Sample Type: Rock
Project: Gus
Submitted by: M.A. Kaufman

Values in ppm unless otherwise reported

Et #.	Tag #	Ag	Al%	As	Ba	Be	Bi	Ca%	Cd	Co	Cr	Cu	Fe%	Hg	K%	La	Li	Mg%	Mn	Mo	Na%	Ni	P	Pb	S%	Sb	Sc	Se	Sn	Sr	Ti%	U	V	W	Y	Zn
1	MK-11-34	0.2	1.88	10	66	1	<5	0.53	<1	12	174	34	3.21	<5	0.63	22	12	0.57	460	2	0.17	27	420	24	0.36	<5	4	<10	<5	34	0.09	<5	32	<5	9	88

QC DATA:

Repeat:

1	MK-11-34	<0.2	1.91	10	68	1	<5	0.54	<1	12	176	32	3.23	<5	0.64	22	12	0.58	465	2	0.17	27	420	21	0.36	<5	4	<10	<5	34	0.09	<5	32	<5	9	84
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Standard:

Pb129a		11.8	0.86	5	70	<1	<5	0.44	55	6	14	1396	1.58	<5	0.12	4	2	0.67	370	2	0.03	5	420	6054	0.81	15	<1	<10	<5	30	0.06	<5	20	<5	3	9906
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ICP: Aqua Regia Digest / ICP- AES Finish.

NM/mb/el
dl/1_8177S
XLS/11



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