BRITISH COLUMBIA

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

ASSESSMENT REPORT
TITLE PAGE AND SUMMARY

TITLE OF REPORT [type of survey(s)]	TOTAL COST
GEOLOGICAL ASSESSMENT REPORT	$ 5970

AUTHOR(S) V. T. SHEARER, M.Sc, P.Geo SIGNATURE(S)

NOTICE OF WORK PERMIT NUMBER(S)/DATE(S) YEAR OF WORK 2012

STATEMENT OF WORK - CASH PAYMENT EVENT NUMBER(S)/DATE(S)
EVENT # 5333732

PROPERTY NAME SMILEY NW

CLAIM NAME(S) (on which work was done)
SMILEY NW 592881
SMILEY East 845114

COMMODITIES SOUGHT LIMESTONE Smiley E 946841 + 986115

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN

MINING DIVISION NANAIMO NTS 92L/7W (92L.056)

LATITUDE 50 ° 24 ' 10 " LONGITUDE 126 ° 49 ' 50 " (at centre of work)

OWNER(S)

1) V. T. SHEARER 2)

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

OPERATOR(S) [who paid for the work]

1) As Above 2)

MAILING ADDRESS
As Above

PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude):
The claims are underlain by faulted sequence of white to black cherty dark grey to black graphitic Limestone intruded by dykes and sills of melanocratic diorite.

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS Assess Report 10,986 and 18,850

(OVER)

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	1:5,000	946841	$5,970
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			
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			
		TOTAL COST	$5,970

GEOLOGICAL ASSESSMENT REPORT

ON THE

SMILEY NW PROJECT

TENURE #592881 and #946841
NIMPKISH LAKE AREA, VANCOUVER ISLAND, B.C.
NANAIMO MINING DISTRICT
N.T.S. 92L/7W (92L.036+046)
LATITUDE 50°24'10", LONGITUDE 126°49'50"
Event # 5333732

for

Homegold Resources Ltd.
Unit 5-2330 Tyner Street,
Port Coquitlam, B.C.
V3C 2Z1
Phone: 604-944-6102

by

J. T. Shearer, M.Sc., P.Geo.
Unit 5-2330 Tyner Street,
Port Coquitlam, B.C.
V3C 2Z1
Phone:604-970-6402/Fax:604-944-6102
Website: www.HomegoldResourcesLtd.com
E-mail: jo@HomegoldResourcesLtd.com

July 5, 2012

Fieldwork completed between May 14 and June 3, 2012

TABLE OF CONTENTS

Page

LIST OF FIGURES and TABLES. ii

SUMMARY iii

INTRODUCTION 1

LOCATION and ACCESS 2

FIELD PROCEDURES 2

LIST of CLAIMS 4

HISTORY 6

REGIONAL GEOLOGY 9

LOCAL GEOLOGY and 2012 PROGRAM 14

PREVIOUS DIAMOND DRILLING 16

CONCLUSIONS and RECOMMENDATIONS 19

REFERENCES 21

APPENDICES

Appendix I Statement of Qualifications 23

Appendix II Statement of Costs 24

LIST OF ILLUSTRATIONS and TABLES

ILLUSTRATIONS

		Following Page
FIGURE 1	Location Map	iv
FIGURE 2a	Google Image, General Area	3
FIGURE 2b	Google Image, Detail Area	5
FIGURE 3a	Claim Map	7
FIGURE 4	Detail Claim Map	8
FIGURE 5	Regional Geology, 1:63,240	10
FIGURE 5a	Detail Regional Geology	11
FIGURE 6	2012 Traverse Area, 1:5,000	15
FIGURE 7	Geological Map, Detail Observations	17
FIGURE 8	Location of Proposed Logging for 2012-2013	20

TABLES

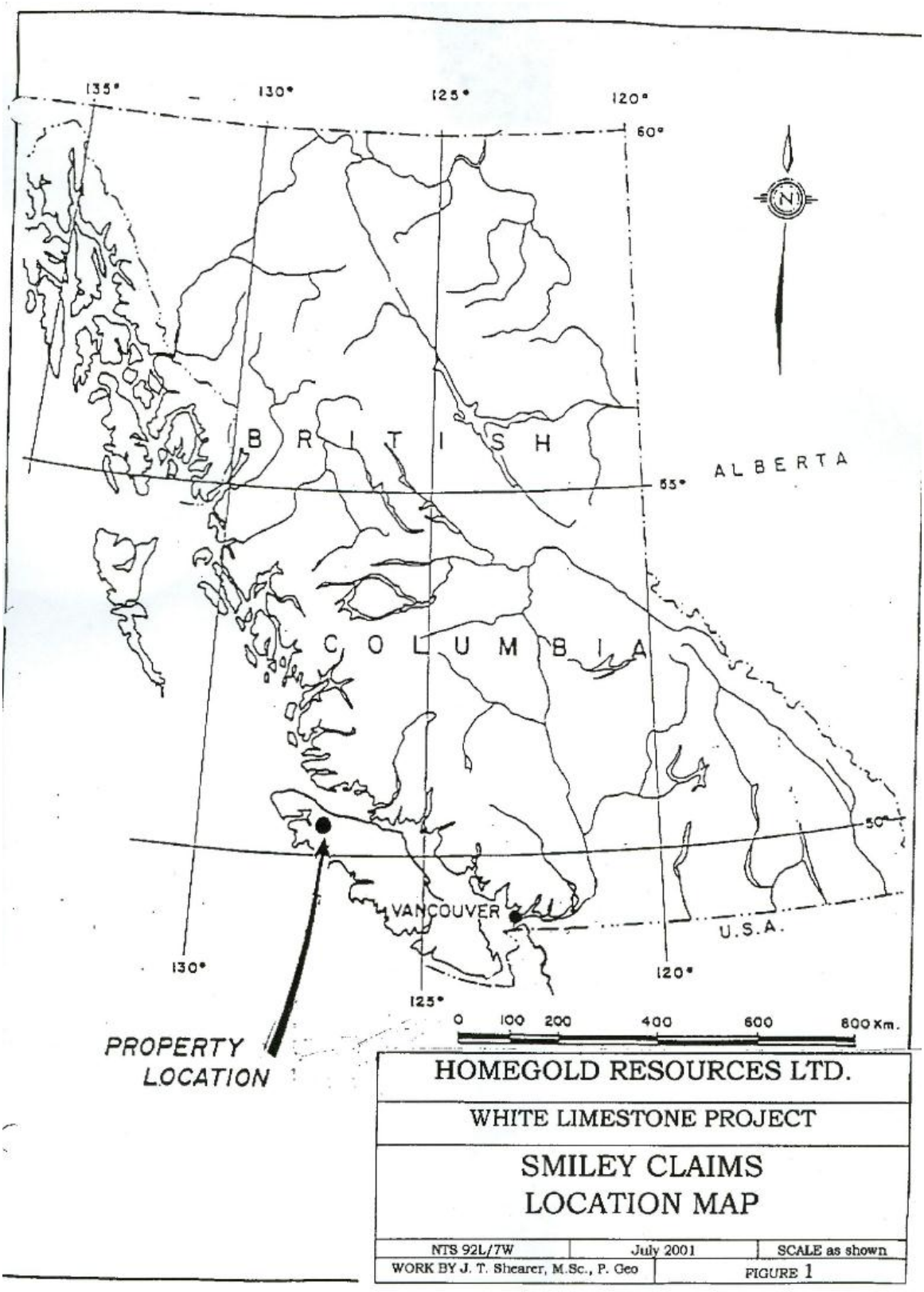
		Page
TABLE I	List of Claims	4

SUMMARY

1) The Smiley Northwest Project was located in 2009 to cover a potential of an extensive zone of bleached white limestone.
2) The claims are west of Beaver Cove, 24 km south of Port McNeil.
3) Previous work for high brightness filler $CaCO_3$ including limited diamond drilling that was done for Industrial Fillers (Pluess Stauffer, OMYA) in the late 1980's.
4) The claims are underlain by intrusive to the west and a belt of variably altered Quatsino Limestone to the east.
5) High brightness (up to 91.21%) and purity (up to 56% CaO)(99.68% $CaCO_3$) have been obtained from preliminary sampling to the south.
6) Work in 2012 shows that the area mapped along the Mainline logging road is a complex sequence of bleached white limestone to black graphite limestone intruded by a series of small dioritic dykes and sills.
7) Future work should include (a) detail geological mapping along zone 100m wide from intrusive contact, (b) reconnaissance magnetometer lines throughout the property to identify the presence of blind intrusive bodies or dykes and (c) further wide spaced short diamond drill holes along the intrusive contact to test for higher brightness zones.

Respectfully submitted,

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


135°
130°
125°
120°
60°
N
B R I T I S H
ALBERTA
55°
C O L U M B I A
50°
VANCOUVER
U.S.A.
130°
120°
125°
0 100 200 400 600 800 Km.
PROPERTY LOCATION
HOMEGOLD RESOURCES LTD.
WHITE LIMESTONE PROJECT
SMILEY CLAIMS
LOCATION MAP
NTS 92L/7W
July 2001
SCALE as shown
WORK BY J. T. Shearer, M.Sc., P. Geo
FIGURE 1

INTRODUCTION

The Smiley property was staked in October 2009 to cover the potential of fairly pure, white limestone, which had been known from rock exposures on old logging roads in the general area. Recent logging by WFP has exposed the area long the mapped limestone-intrusive contact.

The present program consisted of prospecting and mapping in mid-2012. Prospecting and mapping at a scale of 1:5,000 was also completed in 2010 along the overgrown access roads to the west.

Previously, the area was examined by Achermann and Duncan G. Ogden for Industrial Fillers and by David Coffin for Vanguard Consulting between June 15 and 19, 1988. A short diamond drilling program was conducted to the west of the property between August 2 and August 10, 1988. Some regional geological mapping was completed by Howard Brown for Pleuss Stauffer in 1984.

Initial discussions have taken place with WFP Logging on the possibility of using the private deep water dock facilities at Beaver Cove. In the past the Kelsy Bay-Beaver Cove Ferry used the ramp and the Nimpkish Iron operation also loaded barges at Beaver Cove.

LOCATION and ACCESS

The property is located on the east of Nimpkish lake and approximately 4 km southwest of the deep harbour at Beaver Cove, on Vancouver Island's Northeast coast. Port McNeil, the closest supply point to the property, lies approximately 10 air-km or 24 road-km to the northwest. Port McNeil is capable of providing accommodation, contract excavators and the other usual requirements for an exploration program.

Access to the property is gained by driving south from Port McNeil along B.C. Highway 19 (Island Highway) for a distance of 14 km, turning east onto the Beaver Cove access road. A series of branch logging roads provide access to most parts of the claim group.

The Smiley NW property occupies a portion of the transition between the lowlands of Vancouver Island's northeast coast and the rugged mountain ranges to the south. Elevations on the property range from 25 metres to 600 metres a.s.l. Much of the property is a north facing side hill with an average slope of 12°. The drainage has a trellis pattern but creeks can be expected to flow usually during run-off periods due to the limestone bedrock.

The claims are within TFL 37 owned by Western Forest Products (WFP), who operate numerous camps, the largest being Woss where the Forestry Engineering office is located. A unique feature of TFL 37 is the still operating logging railway, which transports logs to the sorting and shipping facility at Beaver Cove.

FIELD PROCEDURES

Traverses were established using a Garmin GPS Unit. The field data was downloaded into the Garmin Mapsource program for plotting.

Figure 2 Google Image General Area

LIST of CLAIMS

The property consists of four (4) claims totalling 739.59 ha in Table 1 and Figure 4.

TABLE I

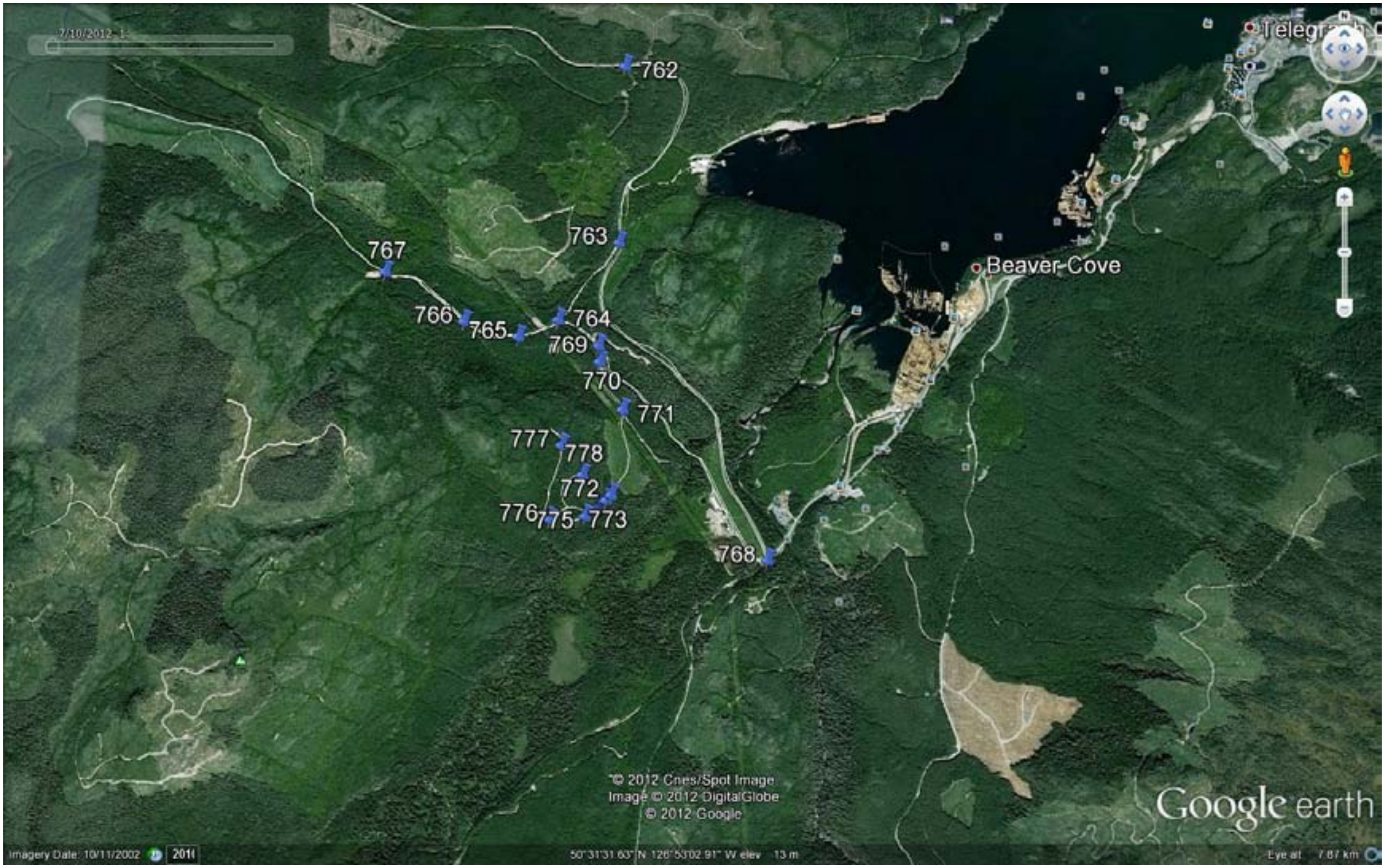
List of Claims

Claim Name	Tenure #	Size (ha)	Cells	Date Located	Current Anniversary Date*	Owner
Smiley Norwest	592881	82.17	4	October 14, 2008	July 30, 2015	J. T. Shearer
Smiley East	845114	41.10		January 31, 2011	July 30, 2015	J. T. Shearer
Smiley E	946841	513.58		February 7, 2012	July 30, 2015	J. T. Shearer
Smiley M	986115	102.74		May 13, 2012	July 30, 2015	J. T. Shearer
	Total ha	739.59				

* after common dating and application of assessment work documented in this report.

Mineral title in British Columbia is acquired by locating claims in the proscribed manner as outlined in the MINERAL ACT and regulations. Title is maintained by filing appropriate assessment work in the amount of $4 per ha for the first 3 years and $8 per ha thereafter.

Under the present status of mineral claims in British Columbia, the consideration of industrial minerals requires careful designation of the products 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.


762
763
767
766
765
764
769
770
771
777
778
772
776
775
773
768
Beaver Cove
© 2012 Cnes/Spot Image
Image © 2012 DigitalGlobe
© 2012 Google
Google earth

HISTORY

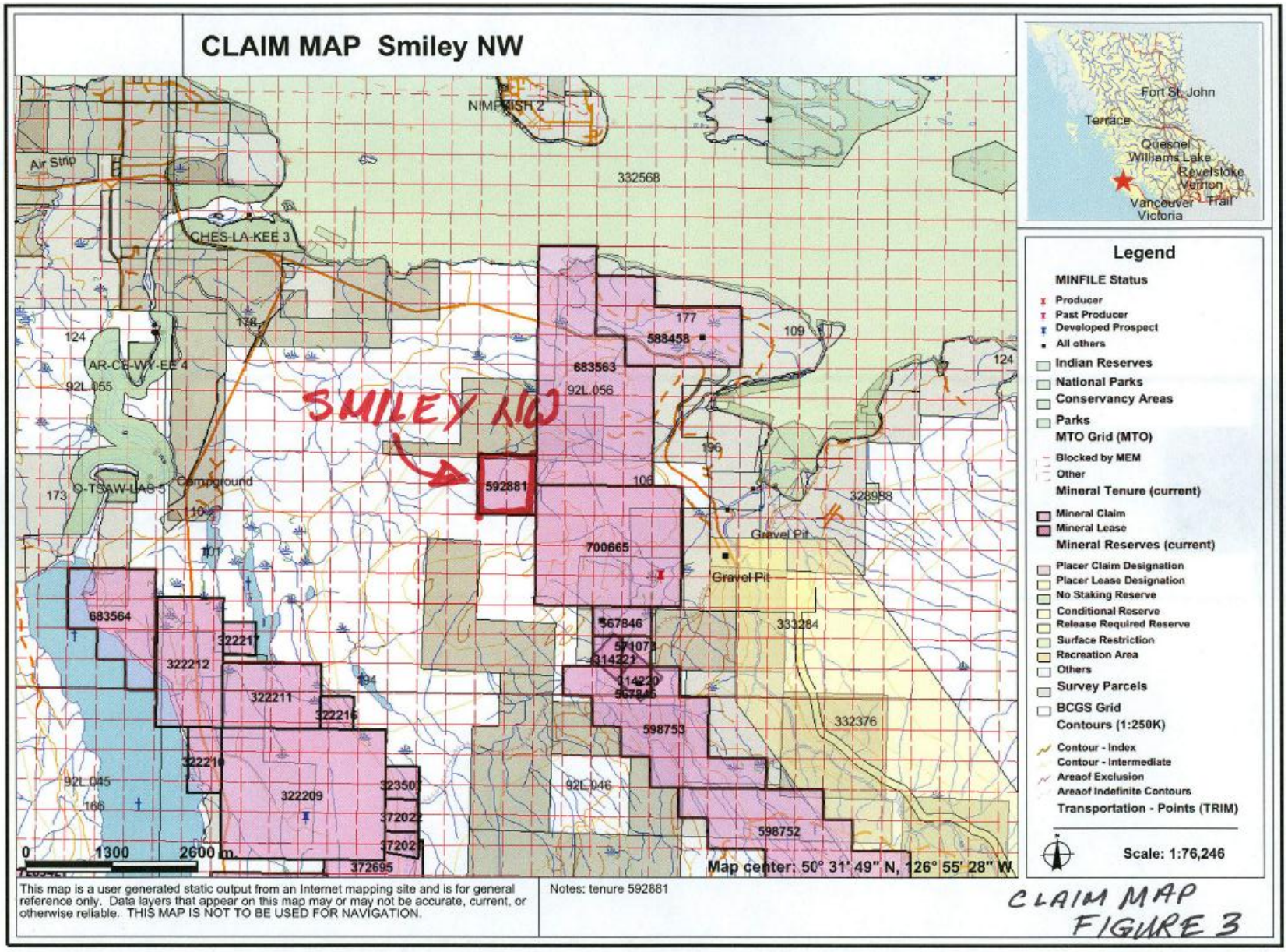
The area has long been known for its timber production. Several skarn copper-magnetite showings were found in 1929 southeast of the Smiley NW Claims along Kinman Creek and Smith Creek.

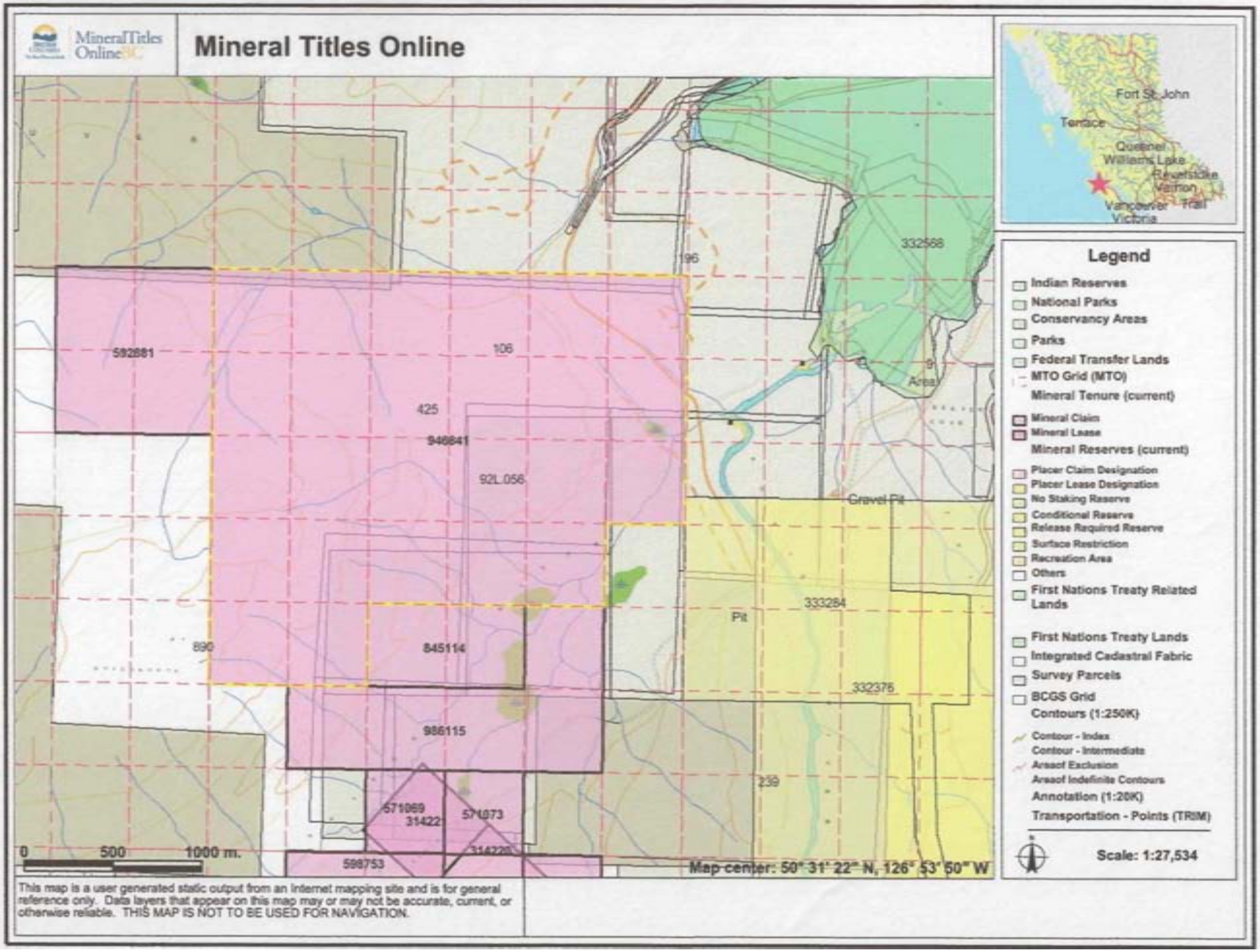
There are several assessment reports available on the area near the Smiley NW Group as follows:

Assessment Report Number	
094	Menzies, M., and Brynelsen, B. O., 1953: Trenching and Mapping for Noranda.
10986	Quin, and DeCarle, 1983: Input EM and Airborne Magnetometer 33.7 line km also plotted on a 1:10,000 orthophoto with total magnetics and horizontal coil EM anomalies for Mintek Resources
12348	Morton J. W., 1984: Geochemistry for Mintek Resources
18850	Soux, C. and Coffin, D., 1988: Diamond Drill Program Report for Industrial Fillers Ltd. (Pleuss Stauffer) two 150m short holes, widely spaces.

Geological mapping was carried out by Pleuss Stauffer geologist, Howard Brown in several places on the northern Vancouver Island. A reduced summary version of Brown's mapping is shown in Soux and Coffin (1988).

To the south of Nimpkish Lake a magnetite skarn produced several million tonnes in the late 1950's and early 1960's from the Klannick Iron Deposit. Mineralization in the general area was originally discovered around 1900.


CLAIM MAP Smiley NW
NIMPKISH 2
Air Strip
CHES-LA-KEE 3
AR-CE-WY-EE 4
O-TSAW-UAS 5
Campground
SMILEY NW
592881
683563
588458
700665
683564
322217
322212
322211
322216
322210
322209
323501
372022
372021
372695
567846
571073
314221
314220
598753
598752
328988
333284
332376
332568
92L.055
92L.056
92L.045
92L.046
Gravel Pit
Gravel Pit
0 1300 2600 m
Map center: 50° 31' 49" N, 126° 55' 28" W
Fort St. John
Terrace
Quesnel
Williams Lake
Revelstoke
Vernon
Vancouver
Victoria
Trail
Legend
MINFILE Status
Producer
Past Producer
Developed Prospect
All others
Indian Reserves
National Parks
Conservancy Areas
Parks
MTO Grid (MTO)
Blocked by MEM
Other
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
Transportation - Points (TRIM)
Scale: 1:76,246
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: tenure 592881
CLAIM MAP
FIGURE 3


MineralTitles OnlineBC
Mineral Titles Online
Fort St. John
Terrace
Quesnel
Williams Lake
Revelstoke
Vernon
Vancouver
Trail
Victoria
Legend
Indian Reserves
National Parks
Conservancy Areas
Parks
Federal Transfer Lands
MTO Grid (MTO)
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
First Nations Treaty Related Lands
First Nations Treaty Lands
Integrated Cadastral Fabric
Survey Parcels
BCGS Grid
Contours (1:250K)
Contour - Index
Contour - Intermediate
Areaof Exclusion
Areaof Indefinite Contours
Annotation (1:20K)
Transportation - Points (TRIM)
Scale: 1:27,534
332568
196
592881
106
425
946841
92L.056
Gravel Pit
333284
Pit
890
845114
332376
986115
239
571069
31422
571073
314220
598753
0
500
1000 m.
Map center: 50° 31' 22" N, 126° 53' 50" W
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.

REGIONAL GEOLOGY

The Nimpkish-Beaver Cove Area was most expertly mapped by H. Gunning in the field seasons 1929 to 1931 who established a more detailed stratigraphy and named the Karmutsen Formation and Bonanza Group.

These maps were published by Hoadley (1953) along with Memoir 272 (Geology and Mineral Deposits of the Zeballos-Nimpkish Area, Vancouver Island, B.C.). More recently Mueller and Roddick completed 1:250,000 mapping of the 29L sheet for the Geological Survey of Canada and published Paper 74-8 on the general Area (Muller, Northcote and Carlise, 1974).

The area is primarily composed of intermediate volcanic sequences of the Karmutsen Formation conformably overlain be Quatsino Formation Limestone. A major antiformal structure occurs from which exposes Triassic Parson Bay mixed sedimentary rock and Lower Jurassic Bonanza Group intermediate to felsic volcanic sequences. Rock units generally trend to the northwest, displaying a series of open folds with gentle dips east and west.

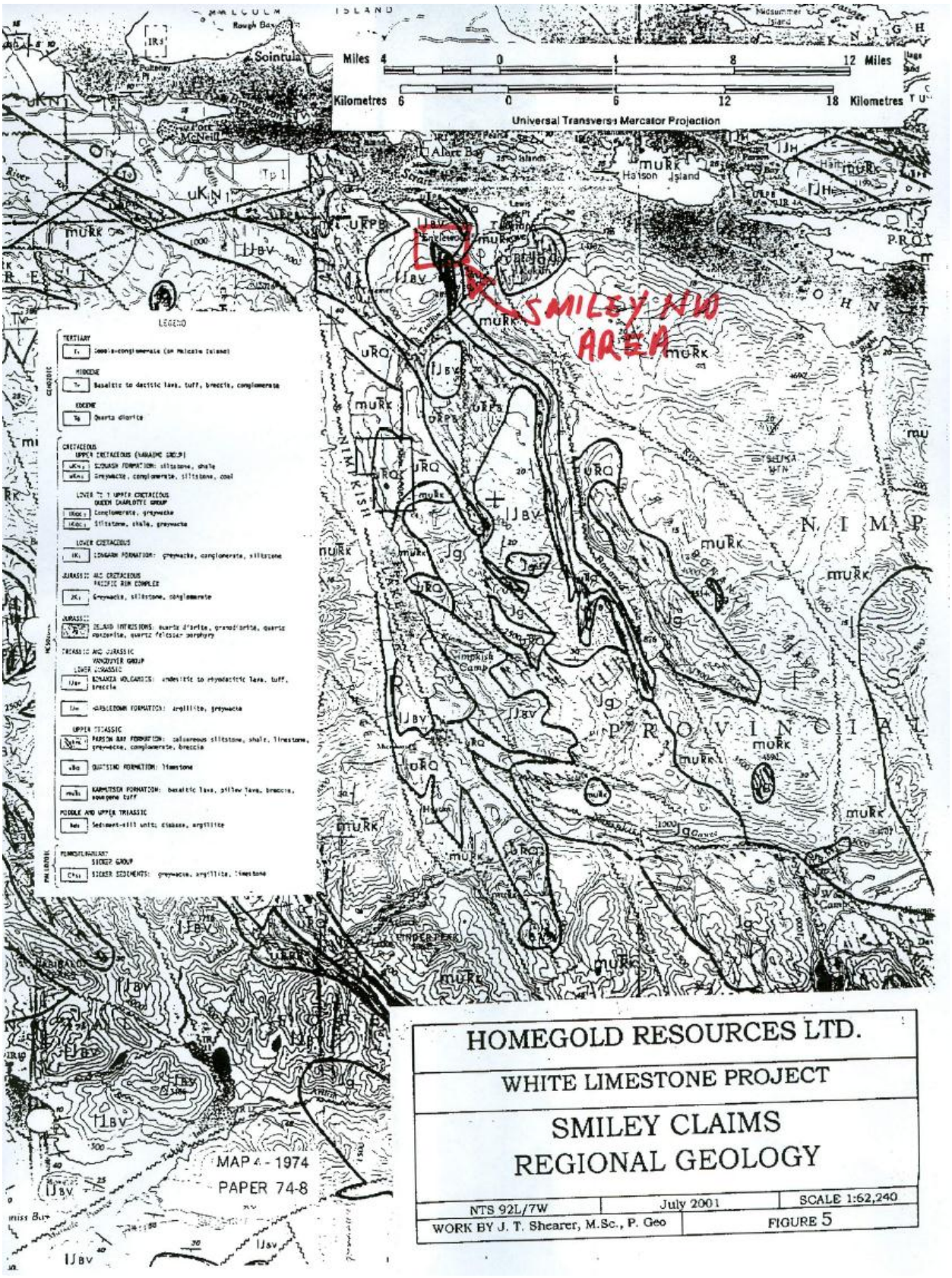
All of the above units have been intruded by members of the intermediate to felsic Island Intrusions of Upper Jurassic age. These intrusions have caused both skarn and other hydrothermal metal deposits at numerous locations on Vancouver Island.

Major faults tend to lie sub-parallel to the fold structures, although cross-faulting has been mapped.

Hoadley (1953) describes the Quatsino Formation (page 17) as follows:

> *"The Quatsino Formation consists almost entirely of limestone, with a few thin flows of andesite or basalt. The limestone is fine to coarsely crystalline, and ranges from white to black, with various intermediate colours. Towards the base, it tends to be exceedingly fine grained, and grey and brownish or buff colours are characteristic. Midway of the formation the colours are predominantly white or grey, but towards the top the limestone becomes dark grey to black, due to a varying quantity of carbonaceous matter, and the formation grades upward into argillites and impure limestones of the overlying Bonanza group. Even at the top, however, light grey or even white beds are interbedded with the darker varieties in the upper part of the formation but in the lower part, where white to brownish grey and buff colours predominate, it is poorly preserved. In the upper part, too, the beds are generally thin, thicknesses of ½ inch and less being common and formation 2 or 3 feet uncommon. The formation as a whole is dominantly a high-calcium limestone. The rock is too jointed in many places to serve as a building stone, but where the beds are least deformed and well removed from intrusions, as from Beaver Cover to Bonanza Lake, it could be extracted in blocks sufficiently large for ordinary structural purposes. Within a mile or two of bodies of the Coast intrusions, the limestone may be highly contorted and extremely jointed and fractured, cut by many acidic dykes, and partly altered to lime-silicate minerals, iron oxides, magnetite and hematite, and by sulphides of copper, iron, zinc, and lead."*

The lower part of the Quatsino limestone is well exposed on the east side of Nimpkish Lake, 2 miles from the outlet. At its base there is a small fault, trending 070º east, which throws the


Miles 4 0 4 8 12 Miles
Kilometres 6 0 6 12 18 Kilometres
Universal Transverse Mercator Projection
SMILEY NW AREA
LEGEND
MAP 4 - 1974
PAPER 74-8
HOMEGOLD RESOURCES LTD.
WHITE LIMESTONE PROJECT
SMILEY CLAIMS
REGIONAL GEOLOGY
NTS 92L/7W
July 2001
SCALE 1:62,240
WORK BY J. T. Shearer, M.Sc., P. Geo
FIGURE 5

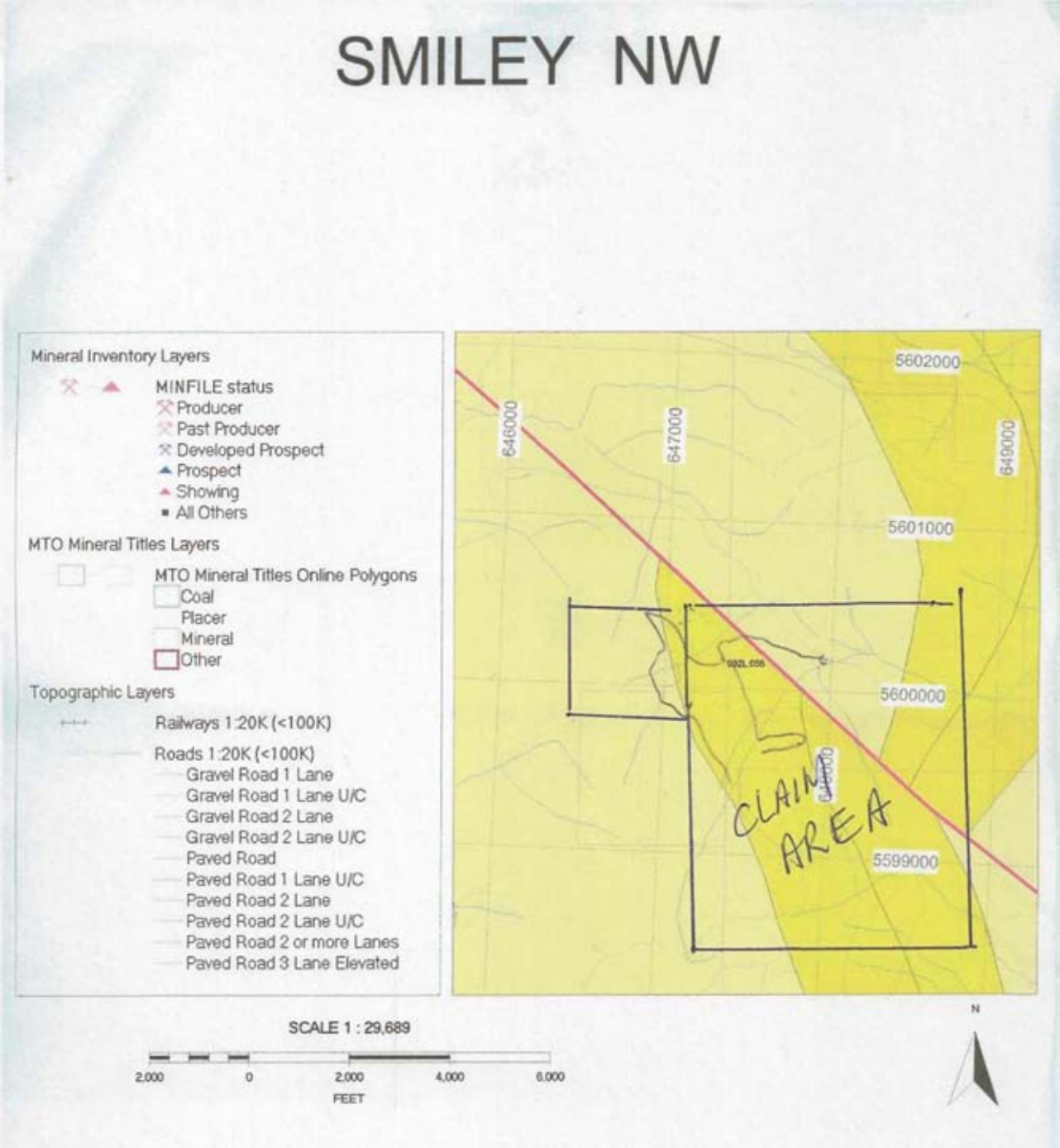


Figure 5a Detail Regional Geology

underlying volcanic rocks up against the limestone. The volcanic rocks, which include andesite, amygdaloidal basalt, and sheared agglomerate, are exposed for 500 yards or more to the south and are underlain by at least 50 feet of grey and white mottled limestone, which at its base becomes argillaceous and well bedded and rests conformably on a slightly sheared and altered amygdaloidal flow. A second smaller bed of limestone lies conformably in these volcanic rocks a few hundred yards farther south. At this locality, the lower part of the Quatsino Formation is composed of interbedded limestone and volcanic flows.

For about a mile on the east side of Nimpkish Lake opposite Halfway Islands, the rocks at and near the base of the Quatsino formation are exposed at low water (Hoadley, 1953). There, the top of the underlying volcanic group is rolling and irregular and remnants of the overlying Quatsino limestone have been preserved in one or two saucer-shaped low-lying areas. The relations between the limestone and underlying volcanic rocks are complex. In one place, 1km due south of Halfway Islands, an irregular, 3-foot bed of light grey, fine-grained, limestone, some distance below the base of the Quatsino Formation, is overlain and underlain by andesitic lavas, and is contorted and slightly faulted. Farther south are amygdaloidal basalts and a peculiar fragmental rock, the latter consisting of grey to greenish or brownish dense limestone nodules or rounded fragments, rarely more than 1 inch or 2 inches in diameter, in a matrix of green and reddish andesite and basaltic fragments from ¼ inch to 18 inches in diameter, some of them resembling bombs. This rock might be termed a breccia, but it has the appearance of having been formed by incorporation of volcanic ejectamenta in a calcareous mud, possibly with the addition of a few angular fragments of limestone (Hoadley, 1953).

Farther south, at the first good expose of its base, in this locality, the Quatsino Formation was found by Hoadley to be underlain by andesitic flows containing several irregular gobs, up to 5 feet across, of limestone, the whole intruded by irregular and curving andesite dykes. The Quatsino limestone overlies this material and dips gently westward but contains irregular to lenticular dyke-like masses of andesite.

At one place on the small peninsula northeast of Halfway Islands, the base of the limestone is again well exposed. There, the limestone is apparently lying on green to purplish andesite flows and fragmental rocks, but it is intruded by numerous dykes of similar appearance to the lavas. Also, the dykes contain many large and small fragments of limestone. The limestone itself is massive or poorly and irregularly bedded. Farther south, the underlying andesite and amygdaloidal basaltic volcanic rocks are exposed for almost 900 feet to the small point east of the north end of Halfway Islands. There, pure white, crystalline, massive limestone, banded in grey shades for 8 feet above the base, overlies green, rusty, pyritic andesite, the contact striking 030º and dipping 30º southeast (Hoadley, 1953).

Most of the intrusive rocks of Vancouver Island form part of the Coast intrusions, which were emplaced during Jurassic or Cretaceous time and which now occupy much of the Coast Mountain area of British Columbia. They are holocrystalline, igneous rocks that range in colour from pink and brown to grey and dark greenish grey, and in composition from basic to acidic, with rocks of the granite clan predominating. They form sills, dykes, stocks and batholithic bodies in the Vancouver group and are of great economic significance in that most of the mineral deposits of the region are believed to be genetically related to them.

On northern Vancouver Island, these intrusive rocks are largely confined to long, narrow, northwesterly trending belts separated by somewhat wider belts of Upper Triassic volcanic and sedimentary rocks. The areas of intrusive rocks are, in detail, irregular and discontinuous. Regionally, however, they form bands 2 to 5 miles in width that can be traced along the strike of the volcanic rocks for many miles (Hoadley, 1953).

Elsewhere in British Columbia, there are sources of white limestone, most notably at Benson Lake (about 20 km directly west of the Smiley Claims) operated by IMASCO and several producers on Texada Island.

Texada Island has produced high quality white limestone from small deposits over the course of its history. There are no extensive white limestone deposits on Texada island (Mathews and MacCammon, 1957); however, there are workable deposits situated on the island. The Blubber Bay quarries of Pacific Lime and their subsequent owners mined white limestone and stockpile it for specialty markets. The white limestone sells for a premium and so was able to be selectively mined. Beale Quarries Limited also produced white limestone from a body south of Quarry No. 5 in the vicinity of Lot 499.

White limestone was produced from Lot 500 south of Van Anda and south of the Lafarge quarry on Lot 499. The stone was pulverized and bagged for shipment on the property until Fred Beale opened a stucco plant in the old smelter building in Van Anda. From the 1940's until 1959 Lot 500 supplied the stucco plant with white limestone until Imperial Limestone Company Limited gained control of the operation. J. A. Jack & Sons Incorporated of Seattle, Washington own Imperial Limestone. The limestone is shipped to the Seattle processing plant and sold for agricultural limestone, stucco, chicken grit and other pulverized limestone products.

Imperial Limestone built a crushing and barge load-out installation at Butterfly Bay (Spratt Bay). In 1975 the stucco plant in Van Anda was shut down and the building destroyed. Imperial built a new pulverizing and bagging plant at Butterfly Bay as a result. The plant was eventually phased out when freight costs became too high to operate it. All stone processing is now carried out in Seattle.

The largest white limestone body is at Texada Quarrying Ltd. (formerly Ideal Cement) Paxton Lake Zone. The Paxton Lake deposit has been developed on 3 wide levels but has recently been inactive due to, temporarily, low priced white limestone sourced out of southeast Alaska. This deposit, despite it's very high brightnes, is now closed due to high cost of freight. The origin of the white limestone is controversial. The genesis of the white rock may be due to metasomatism, stratigraphic control, hydrothermal alteration or volcanic intrusives. The white colour is probably the result of the bleaching of black limestone by hydrothermal fluids percolating along a system of vertical joints.

LOCAL GEOLOGY and 2012 PROGRAM

The Smiley NW property is underlain by Quatsino Formation limestone in conformable contact with undifferentiated Karmutsen Formation basalt and andesite, all of which has been intruded by a northwesterly trending body of coarse grained biotite quartz monzonite and along the contact by dark diorite. Thin sills and dykes of fine grained diabase cut the limestone but were not seen to cut the monzonite.

Previous work on the property divided the limestone into Upper and Lower members. The Upper member is medium to dark grey in colour and occasionally contains silica. Interbeds of white weathering, off white to light grey limestone are also present. The Lower member is generally white to light grey and fine grained, except where recrystallized and has thin beds of dark grey and cherty material. Pyritic lens both conform to and cross bedding.

Bedding in the limestone generally trends northerly. A synclinal axis runs through the centre of Smiley 4 in the lower Limestone, passing east of Smiley 5 along the top of a small ridge of Upper Limestone. Dips flatten quickly away from the axis in either direction, indicating a fairly broad, shallow structure.

The pyritic lens are within areas, which have been replaced by vitreous to cloudy silica, with blebs and poorly formed crystals of pyrite filling random fracture planes. They are defined by remnant bedding planes and by fractures trending northeasterly, sub-parallel to the limestone/monzonite contact. The lens are most prominent in the southern part of the property. Pyritic lens increase with proximity to the volcanic/limestone contact and proximity to the monzonite body. They appear to be the result of hydrothermal fluids, which moved along the planes of weaknesses during intrusion of the monzonite body.

The intrusive-limestone contact is will exposed on the Island Highway on Smiley 1 mineral claim, Figure 7, at a point 28.3 km south of the Port McNeil-Highway junction. Minor rusty weathering skarn has developed along the contact within the intrusive. Small sill-like bodies of intrusive were also noted within the limestone a short distance from the contact. The contact on the highway is oriented 140º/65º NW.

The intrusive are well exposed in the northeast portion of the claims. Hoadley (1953) characterizes the pluton east and southeast of Nimpkish Lake as essentially granodiorite, although parts of it are quartz monzonite and in places it approaches granite in composition. In a few thin sections, especially those of the granites, interstitial micrographic intergrowths of quartz and alkali feldspar were observed (Hoadley, 1953). Alteration of the feldspars to sericite, zoisite and albite is common. Green hornblende is the dominant ferromagnesian constituent, but in places is exceeded by dark brown biotite, in ragged flakes. Some of the biotite is derived from the hornblende and both biotite and hornblende have been altered in part to chlorite (Hoadley, 1953).

Throughout this entire area, the intrusive rocks are Lithologically very similar and except for the more basic border phases all belong to the granite clan, with granodiorite, quartz monzonite and granite the most common types.

Figure 6 2012 Traverse Area Smiley NW Project

PREVIOUS DIAMOND DRILLING (to the Southwest of Property)

In 1988, two 150 metre BQ diamond core holes, PT-88-1 and 88-2, were completed by Pluess Stauffer to the southwest of the Smiley Northwest property. The holes were spotted at the road accessible sites located approximately 750 metres apart at about the same elevation. Diamond drill hole PT88-1 was spotted 700m @ Az. = 295º from the monzonite contact. PT-88-2 was spotted at 750m @ Az. = 345º laterally and 5m vertically lower from PT-88-1.

PT-88-1 was collared in then cut 134.5 metres of generally light grey to white limestone, with one 8.5m section of grey limestone centred at 41 metres. The section from 17m to 27.5m contains what appear to be three andesitic dykes, which have been silicified and pyritized; the dykes represent 75% of this section.

The section from 134.5m to 137.5m contains 1m of amygdaloidal andesite followed by 2m of white limestone. The section from 137.5m to 152.5m (bottom of hole) contained greenish grey andesite, which has been altered to chlorite and epidote in places.

PT-88-2 was collared in, then cut, 65 metres of generally light grey to grey limestone. From 65m to 88m the hole cut alternating lens of generally light grey to white limestone and intermediate volcanics; several of the contacts have been altered by hydrothermal fluids. From 88m to 152m (bottom of hole) the hole cut greenish grey andesite, which has been altered, to chlorite and epidote in places. The limestone/volcanic contact has been altered to silica and pyrite for a length of 5 metres.

Both holes indicated that the limestone/volcanic contact is flat or dipping very gently along the section Az. = 295º, which is consistent with a general strike WNW-ESE. The calculated dip based on this assumption is approximately –5º to the south or southeast. Until fill-in data is available, the assumption should be simply that the contact has a shallow dip in a southerly direction (Soux & Coffin, 1988).

The north-south trending synclinal axis mapped in limestone does not appear to be representative of the contact orientation. This is probably a result of either a) location of one or both of the holes over a local rise in the paleotopography, or b) discrepancy resulting from the movement of intervening faults.

The two diamond drillholes were completed by Homegold in 2001 to the wouthwest of the Smiley NW property. Hole NIMP-01-02 was collared approximately 200m northwest of the intrusive contact not far from Highway 19. On surface down to 2.95m is a very white mostly medium to finely crystalline limestone. Traces of pyrite were observed along minor high angle fractures. However, below 2.95m, a short section 2.95m to 4.92m of medium grey limestone was encountered. A very minor amount of intrusive dyke, which had been stretched and boudinaged with rounded fragments between 3.59m and 3.62m.

White limestone appears again between 4.92m and 9.55m. Below 9.55m to 24.23m is a light grey limestone, which is characterized by aligned vuggy sections, which appear to be related to whiter layers or laminae. Near the bottom of the hole (24.23-27.43m) is white limestone. In hole MIMP-01-02 the whiter sections are distinctly finer grained.

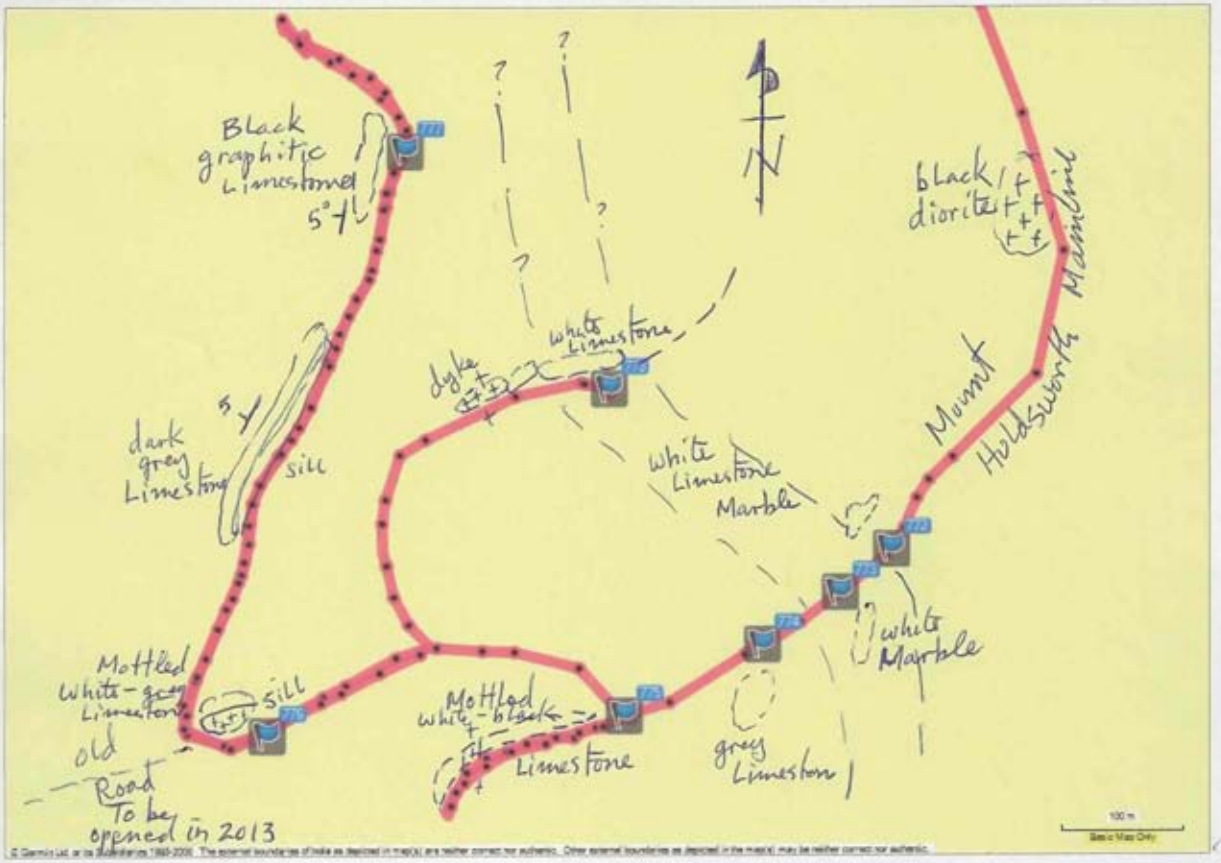


FIGURE 7

DETAIL GEOLOGY

++ DIORITE SILL/dykes

LIMESTONE

In hole NIMP-01-03, which is closer to the intrusive-carbonate contact (approximately 50m north of contact), the white limestone section is thicker (to 19.51m) and more continuous. The white section is also slightly coarse crystalline in Hole NIMP-01-03 than the distinctly finer grained white limestone farther removed from the intrusive contact.

Traces of dyke fragments are also noted in hole NIMP-01-03 at 3.20m as 3mm wide rounded greenish lenses, which suggests considerable plastic flow. A dark green andesitic dyke was encountered between 19.51m and 21.18m as a uniformly dark green, very fine grained intrusive with minor pyrite along fracture surfaced. The limestone below the dyke is noticeably darker grey than the upper limestone interval and also finer crystalline. Dark chloritic coated slickensides throughout the lower limestone unit gives an even darker overall impression. Minor sparry calcite lenses were noted at the end of Hole at 24.38m.

Work in 2012 on the Smiley NW Project showed that the access road, Figure 7, showed a complex series of bleached white marble to mottled varieties to graphite black limestone all intruded by dark diorite dykes and sills.

CONCLUSIONS and RECOMMENDATIONS

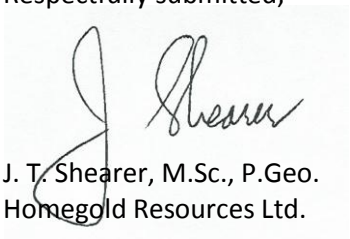
Work in 2012 was concentrated along newly opened logging road, Figure 7, showing a complex series of bleached white marble to mottled varieties to graphite black limestone all intruded by dark diorite dykes and sills.

Diamond drilling in 1988 and 2001 encountered the Karmutsen contact higher than would have been expected from an interpretation of surface mapping. This may be because of a local rise(s) in the paleotopography. The apparent dip, from drill intersections, of the contact at a shallow angle to the south is influenced by intervening faults, and requires further testing to ensure its reliability.

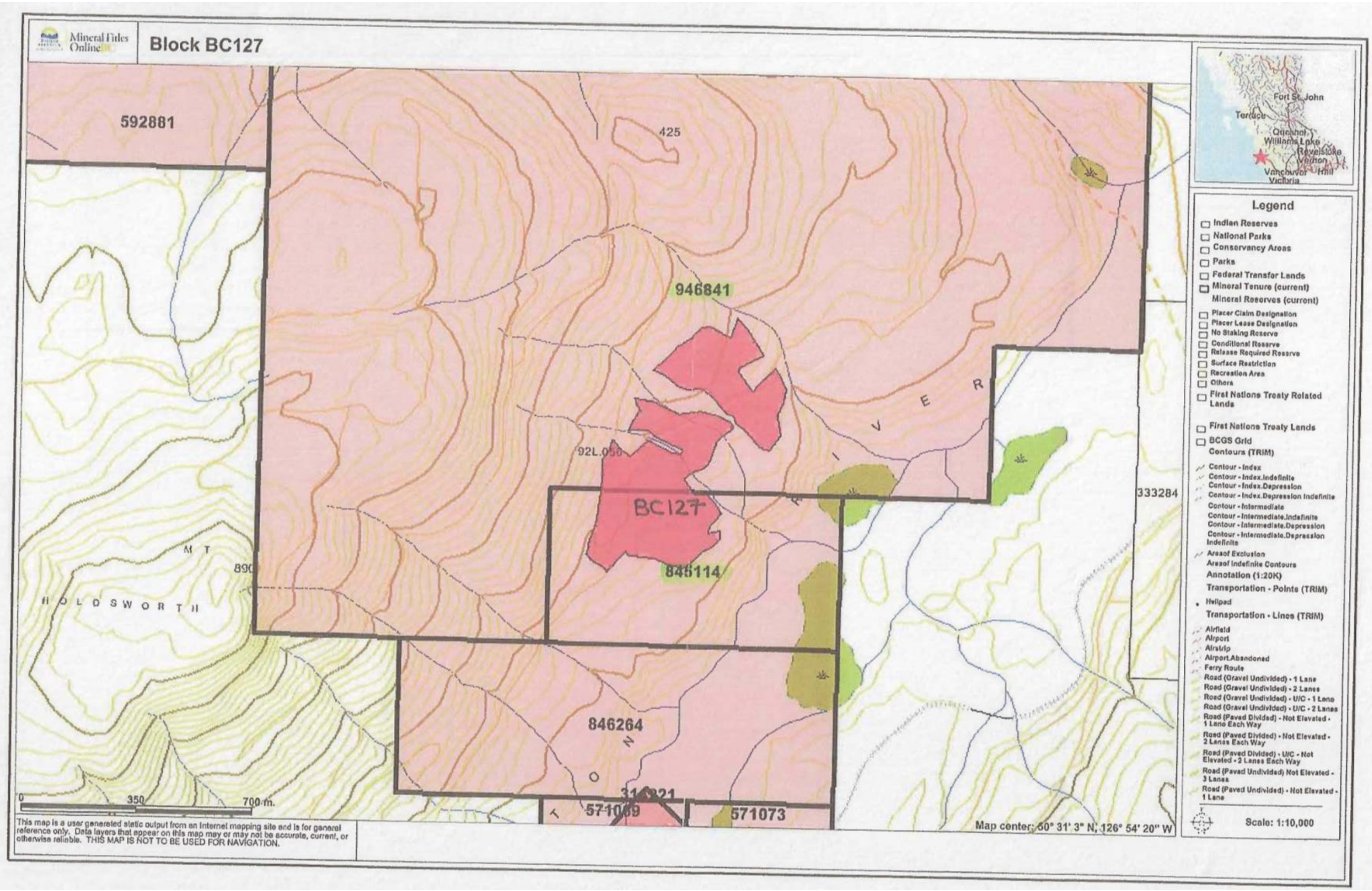
Analytical sampling of the property, especially proximal to the monzonite, should include analysis of the hydrothermal alteration for precious and other metal content. Similar alteration of these units elsewhere contains economic gold mineralization.

The general condition of the limestone/intrusive contact could be tested by the drilling of one hole on section with 88-01 and 88-2, from an existing road location approximately 850m north of 88-2. This hole would be collared near the Upper/Lower contact, thereby testing a complete section of the later. A series of holes should also be drilled around NIMP-01-03 in order to test continuity of section over shorter distances to the east. This information could then be used to enhance the present structural interpretation prior to in fill drilling.

Respectfully submitted,



J. T. Shearer, M.Sc., P.Geo.
Homegold Resources Ltd.


Mineral Titles Online BC
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92L.056
BC127
845114
846264
333284
571069
571073
MT HOLDSWORTH
890
RIVER
0 350 700 m.
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.
Map center: 50° 31' 3" N, 126° 54' 20" W
Fort St. John
Terrace
Quesnel
Williams Lake
Revelstoke
Vernon
Vancouver
Victoria
Legend
Indian Reserves
National Parks
Conservancy Areas
Parks
Federal Transfer Lands
Mineral Tenure (current)
Mineral Reserves (current)
Placer Claim Designation
Placer Lease Designation
No Staking Reserve
Conditional Reserve
Release Required Reserve
Surface Restriction
Recreation Area
Others
First Nations Treaty Related Lands
First Nations Treaty Lands
BCGS Grid
Contours (TRIM)
Contour - Index
Contour - Index.Indefinite
Contour - Index.Depression
Contour - Index.Depression Indefinite
Contour - Intermediate
Contour - Intermediate.Indefinite
Contour - Intermediate.Depression
Contour - Intermediate.Depression Indefinite
Areaof Exclusion
Areaof Indefinite Contours
Annotation (1:20K)
Transportation - Points (TRIM)
Helipad
Transportation - Lines (TRIM)
Airfield
Airport
Airstrip
Airport.Abandoned
Ferry Route
Road (Gravel Undivided) - 1 Lane
Road (Gravel Undivided) - 2 Lanes
Road (Gravel Undivided) - U/C - 1 Lane
Road (Gravel Undivided) - U/C - 2 Lanes
Road (Paved Divided) - Not Elevated - 1 Lane Each Way
Road (Paved Divided) - Not Elevated - 2 Lanes Each Way
Road (Paved Divided) - U/C - Not Elevated - 2 Lanes Each Way
Road (Paved Undivided) Not Elevated - 3 Lanes
Road (Paved Undivided) - Not Elevated - 1 Lane
Scale: 1:10,000

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APPENDIX I

STATEMENT of QUALIFICATIONS

July 5, 2012

Appendix I

STATEMENT OF QUALIFICATIONS

I, JOHAN T. SHEARER, of 3572 Hamilton Street, in the City of Port Coquitlam, in the Province of British Columbia, do hereby certify:

1. I am a graduate of the University of British Columbia (B.Sc., 1973) in Honours Geology, and the University of London, Imperial College (M.Sc., 1977).

2. I have over 35 years experience in exploration for base and precious metals and industrial mineral commodities in the Cordillera of Western North America with such companies as McIntyre Mines Ltd., J.C. Stephen Explorations Ltd., Carolin Mines Ltd. and TRM Engineering Ltd.

3. I am a fellow in good standing of the Geological Association of Canada (Fellow No. F439) and I am a member in good standing with the Association of Professional Engineers and Geoscientists of British Columbia (Member No. 19,279). I am also a fellow of the Geological Society (London) and Society of Economic Geologists (SEG).

4. I am an independent consulting geologist employed since December 1986 by Homegold Resources Ltd. at #5-2330 Tyner St., Port Coquitlam, B.C.

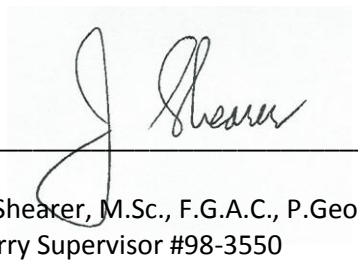
5. I am the author of a report entitled "Geological Report on the Smiley NW Claims, Nanaimo Mining Divisions" dated July 5, 2012.

6. I have visited the property on May 15, 2012 and June 1, 2012. I have carried out mapping and sample collection and am familiar with the regional geology and geology of nearby properties. I have become familiar with the previous work conducted on the Smiley claims by examining in detail the available reports and maps and have discussed previous work with persons knowledgeable of the area.

7. I have an Open Pit Supervisor Ticket (#98-3550) for daily supervision duties.

8. I own an interest in the Smiley Claims and own Homegold Resources Ltd.

Dated at Port Coquitlam, British Columbia, this 5th day of July, 2012.



J.T. Shearer, M.Sc., F.G.A.C., P.Geo.
Quarry Supervisor #98-3550
July 5, 2012

APPENDIX II

STATEMENT of COSTS

July 5, 2012

APPENDIX II

STATEMENT of COSTS
SMILEY NW PROJECT

Wages & Benefits		Total without GST
J. T. Shearer, 2 day @ $700/day May 15, June 1-2, 2012		1,400.00
Denis Delisle, 2 days @ $350/day May 15, June 1-2, 2012		700.00
	Wages Sub-Total	$ 2,100.00
Expenses		
Truck 1 Rental, fully equipped 4x4, 2 days @ $110/day		220.00
Truck 2 Rental, fully equipped 4x4, 2 days @ $110/day		220.00
Fuel, 1,200km		475.00
Food, 3 person days @ $50/day		150.00
Camp, 3 person days @ $100/day		300.00
Data Reduction and Interpretation		650.00
Computer Mapping and Drafting		200.00
Report Preparation		1,400.00
Word Processing and Reproduction		400.00
	Expenses Sub-Total	$ 4,015.00
	Total	$ 6,115.00

Event # 5333732
Filed June 3, 2012
Applied $5,970.00