

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

Assessment Report
Title Page and Summary

TYPE OF REPORT [type of survey(s)]: Geological and Airphoto Interpretation

TOTAL COST: \$2500

AUTHOR(S): J T Shearer

SIGNATURE(S): 

NOTICE OF WORK PERMIT NUMBER(S)/DATE(S):

YEAR OF WORK: 2012

STATEMENT OF WORK - CASH PAYMENTS EVENT NUMBER(S)/DATE(S): 5413385

PROPERTY NAME: Rusty Ross

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

Rusty Ross 578689

COMMODITIES SOUGHT:

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN:

MINING DIVISION: Kamloops & Lillooet

NTS/BCGS: 0921/062

LATITUDE: 50 ° 49 ' 0 " "

LONGITUDE: 121 ° 47 ' 0 " "

(at centre of work)

OWNER(S):

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

2)

MAILING ADDRESS:

Unit 5 - 2330 Tyner Street

Port Coquitlam, BC 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):

Highly altered Spences Bridge Group (Cretaceous) Volcanics - Kaolinite + Advanced Argillic containing silicified zones assaying 4.508 g/tonne gold

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS:

Assess. Rpt. 12948 (1984) + 27899

TYPE OF WORK IN THIS REPORT	EXTENT OF WORK (IN METRIC UNITS)	ON WHICH CLAIMS	PROJECT COSTS APPORTIONED (incl. support)
GEOLOGICAL (scale, area)			
Ground, mapping _____			
Photo interpretation _____		578089	2500
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: <i>H</i> 2500

**8GEOLOGICAL and AIRPHOTO INTERPRETATION
REPORT**

on the

**BC Geological Survey
Assessment Report
33696**

RUSTY ROSS PROPERTY

**KAMLOOPS and LILLOOET MINING DIVISIONS
SOUTHWESTERN BRITISH COLUMBIA
NTS 0921/062
Event # 5413385**

for

**Homegold Resources Ltd.
Unit 5 – 2330 Tyner Street
Port Coquitlam, BC
V3C 2Z1**

by

**J. T. Shearer, M.Sc., P.Geo. (BC & Ontario)
Unit 5 – 2330 Tyner Street
Port Coquitlam, BC
V3C 2Z1
Phone: 604-970-6402
Fax: 604-944-6102**

E-mail: jo@HomegoldResourcesLtd.com.

January 2, 2013

Fieldwork completed between May 2, 2012 and October 28, 2012

TABLE of CONTENTS

	<u>page</u>
LIST of ILLUSTRATIONS	ii
SUMMARY	iii
INTRODUCTION	1
LOCATION and ACCESS	4
CLAIM STATUS.....	6
HISTORY	7
REGIONAL GEOLOGY	14
PROPERTY GEOLOGY	17
MINERALIZATION	19
PREVIOUS WORK in 2010.....	21
AIRPHOTO INTERPRETATION	24
ADJACENT PROPERTIES.....	26
CONCLUSIONS and RECOMMENDATIONS	31
REFERENCES	33
APPENDICES	
APPENDIX I STATEMENT of QUALIFICATIONS.....	35
APPENDIX II STATEMENT of COSTS.....	36
APPENDIX III AIRPHOTOS	37

LIST of ILLUSTRATIONS

	<u>page</u>
FIGURE 1 LOCATION MAP	2
FIGURE 2 ACCESS MAP	3
FIGURE 3 CLAIM MAP	5
FIGURE 4 PORPHYRY TARGETS	9
FIGURE 5 GENERALIZED PROPERTY GEOLOGY.....	12
FIGURE 6 REGIONAL GEOLOGY.....	13
FIGURE 7 LOCAL GEOLOGY and COPPER KING ADIT SHOWING.....	18
FIGURE 8 LOCATION KEY of AIRPHOTOS.....	23
FIGURE 9 AIRPHOTO INTERPRETATION PHOTO 15BCC04039 # 165	25

LIST of TABLES

	<u>page</u>
Table 1 LIST of CLAIMS.....	6

SUMMARY

The Rusty Ross Property is an early stage exploration property. It consists of 4 contiguous mineral claims, which encompass 327,51 hectares area. The property was first staked in 1983 to cover an Au-Ag soil geochemical anomaly. At the time reconnaissance soil surveys outlined a series of coincidental Au-Ag-polymetallic anomalies overlaying a clay-silica bleached alteration zone. The ground subsequently lapsed and lay dormant until 2002 when the area was re-staked.

The property is geographically centered on Rusty Creek, located 20 air-kilometres east- southeast of the town of Lillooet, British Columbia. Lillooet is a resource orientated community with a long history in mining and logging. It offers modern infrastructure including power, excellent transportation system and related services.

One of the main rocks types found on the property which also comprises a major part of the regional geology, is the Spences Bridge Group calc-alkaline volcanic rocks of Lower Cretaceous age. The andesitic rocks underlying the property are reported to host younger (Eocene age) intermediate to felsic volcanics and intrusives. The 1984 reconnaissance geological and geochemical surveys delineated a clay-silica rich alteration halo associated with felsic (rhyolitic) rocks.

Centered to the south of Rusty Creek is the northeasterly trending clay-silica alteration halo noted above. The alteration zone hosts structurally controlled sheeted quartz veins associated with a northeasterly striking swarm of feldspar-phyric dykes and small felsic intrusions suggested to be of possible sub-volcanic origin. Multi-metal (Au-Ag-As-Sb-Hg-Mo-Zn-Pb-Cu) soianomalies are coincidental with the alteration halo.

A silica-rich zone or capping is central to the clay (kaolinitic/argillic) halo. Three (3) types of quartz vein systems were reported and identified as: banded quartz, quartz breccia with infilling of vugs lined with fine crystalline quartz and quartz healed rhyolite breccia. Some of the quartz float breccia samples collected during the 1984 surveys (G.G. Richards, P.Eng.) yielded highly elevated values in Au and Ag. Two rock samples yielded 861 ppm Ag (R350) and 15.45 ppm Au (D1222). The float material is believed to be derived from or immediately adjacent to the silica zone.

The previous 2011 program mainly inspected a western portion of the clay-silica alteration halo as well as continuing to examine silica-rich zones, located along Rusty Creek. The bleached alteration halo has all the characteristics of an epithermal system that's normally produced by hydrothermal weakly acidic meteoric waters and silica-rich fluids. This type of system may or may not carry precious and base metal values. It is reported that quartz samples collected from the silica-rich zone for petrographic analysis, are dominated by vuggy silica/quartz \pm adularia \pm kaolinite \pm possible alunite. Samples collected in 2010 assayed as high as 4.508 g/tonne gold in float along Rusty Creek.

In 2003-05, the property was optioned to WYN Developments Inc., a junior resource company based in Vancouver. The company undertook a 2-phased ground geophysical exploration program. A 3-D array induced polarization (IP) survey was conducted over the alteration zone. This configuration allows for the application of 3-D interpretation techniques, including 3-D inversion algorithms. The geophysical report (Pezzot, 2004-05) documents data which shows several pods of extremely high resistivity that can be interpreted as areas of silica flooding. Several pods of anomalously high chargeability have been identified as possibly representing disseminated sulphide mineralization. These subsurface signatures

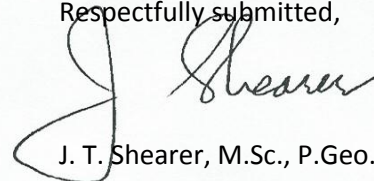
appear to correlate with the mineralization found on surface. In 2006, WYN Developments Inc. terminated their option agreement and 100% of the property ownership was returned to Shearer.

There are strong north-northeast linears associated with the Rusty Creek Showings. Also prominent northeast structures occur to the north and west of the central area. Rusty Creek follows a major northeast linear above the small ranch. Northerly linears are not as well developed as compared to the south around Blustry.

Evidence shows, based on past geological-geochemical reconnaissance surveys and the recent geophysical surveys, that the property warrants a detail follow-up exploration program orientated toward the search for epithermal Au-Ag bearing system(s). It is therefore recommended that an exploration campaign be established toward the search of Au-Ag-bearing quartz veins with the following exploration guidelines followed:

- Property geology would benefit by being mapped in detail with special attention given to structure and their affect on the clay-silica alteration halo and other subtle alteration features.
- Geochemical soil survey should be conducted with the old grid re-established and expanded in areas where geophysical surveys have outlined anomalous signatures.
- Particular emphasis should be paid to the clay mineral alteration- zonation and possible argillic zones. The use of PIMA (portable infrared mineral analyzer) also known as SWIR (short wave infrared spectroscopy analyzer) may aide in defining the various clay minerals (i.e. kaolin/dickite, alunite, illite and smectite). The method may help to vector in structural controlled blind vein systems.
- Although the property has been glaciated, consideration should be made to attempt to determine the paleosurface prior to conducting a drill program. Determining or estimating the position of the paleosurface is important datum plane in all depth zoning models.
- Results from this first phase of the recommended program should be synthesized along with the IP surveys and the data interpreted prior to commencing with the second phase of initial drilling.
- As part of the overall exploration project and good public relations, the Company should maintain ongoing dialogue and communications with local First Nations communities.

Respectfully submitted,



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

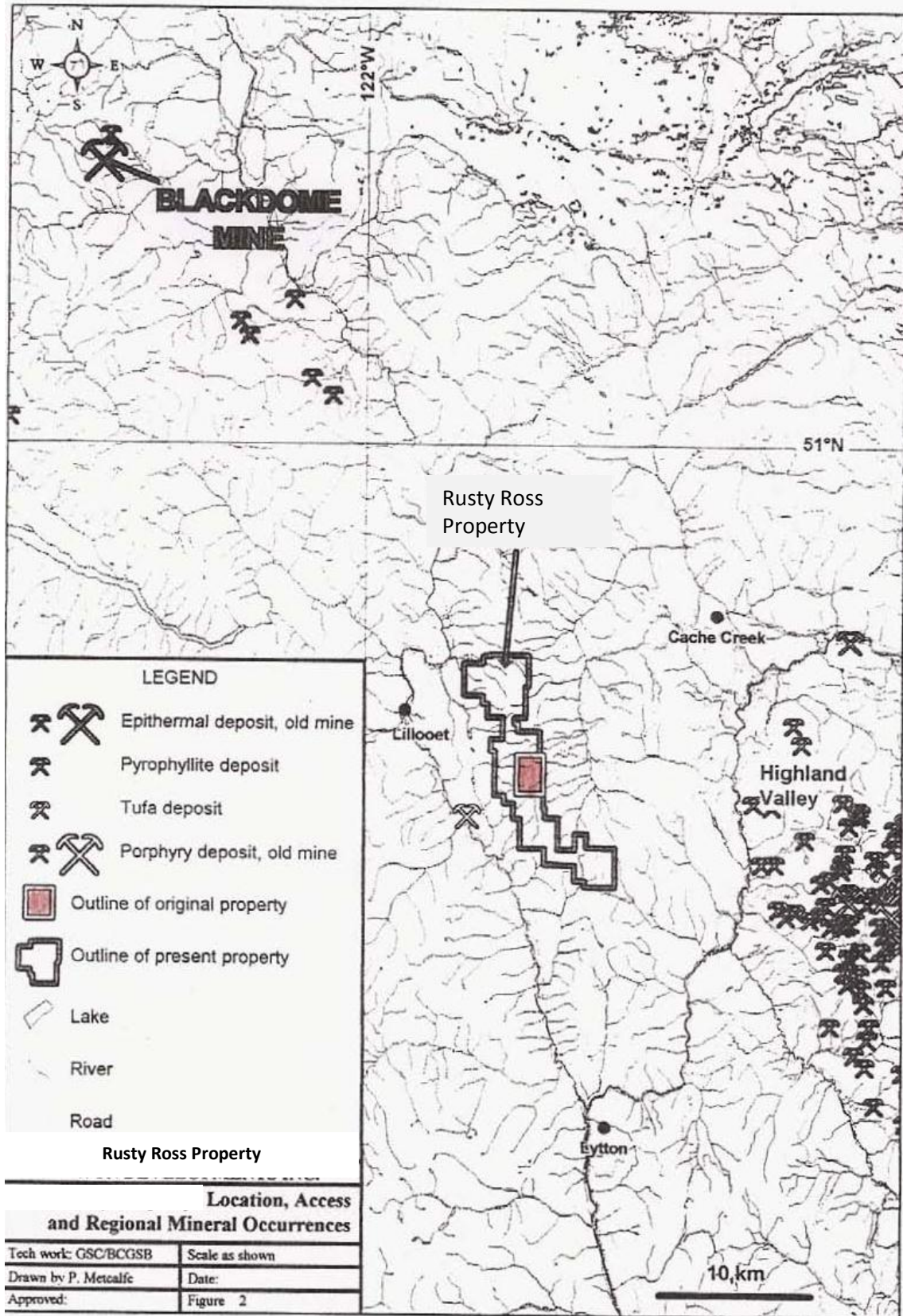
INTRODUCTION

This assessment report was prepared to document the 2012 work program. The purpose of this report is to: (1) propose an exploration model (epithermal environment) based on existing data and, (2) recommend a systematic exploration program orientated toward the search of auriferous-bearing quartz structures based on the exploration model.

Anomalous gold-silver and associated copper-lead-zinc sulphides in soil and rock were initially discovered on the property in 1984. These initial geochemical soil and reconnaissance geological surveys also delineated clay (kaolinitic-argillic)-sulphide-silica zones of alteration characteristic of an epithermal system. Subsequent to this discovery and from 1987, the ground lay dormant until it was re-staked by J.T. Shearer in 2003. Induced Polarization (I.P.) ground geophysical surveys were conducted in 2004-05, which produced encouraging results.

The property requires further detailed geological mapping and sampling to verify the bedrock geology, zones of alteration and structural control of mineralization outlined in the initial work of 1984 and 1987.





LOCATION and ACCESS

The property lies 18 km east of Lillooet, south-central British Columbia, in the Kamloops Mining Division and NTS 92L/L2. It is centred on latitude 50°29'31"N and longitude 122°19' 30"W.

There was no direct road access to the area of the IP survey grid. A tent camp was set up on the property and the crew and equipment were ferried in from the Lillooet airport using a Long Ranger provided by Valley Helicopters. Snowmobiles were used for transportation across the grid area.

The Rusty Ross Property comprises 4 contiguous mineral claims (tenures) encompassing 327.51 hectares. The claims were initially staked under the old system of locating and recording now referred to as legacy claims. In January 12, 2005 British Columbia Ministry of Energy and Mines implemented the Mineral Titles Online (MTO) tenure or cell claim acquisition - an internet-based administration system to register, maintain and manage tenure. The legacy claims were subsequently converted to cell claims listed in Table 1 below.

The alteration-mineralized zone and exploration targets are located along the southern and central portion of the property, on Blustry tenures: 503908, 503909 and 578089 to 588992 (Rusty Creek) (Figures 2 and 3). It is an early stage exploration property with no known mine showings other than for some minor, old, unrecorded pits and shallow trenches. *The old Copper King showing is located in the northern part of the property.*

The property is located in southwestern British Columbia, 18 air-km east of the town of Lillooet. Lillooet is approximately a 3.5-hour drive northwest of the city of Vancouver. It is situated within the Kamloops and Lillooet Mining Divisions on National Topographic System map sheet number: N.T.S. 92L/12. The central co-ordinates of the property are: Latitude 50°42'0"N; Longitude 121° 47'0"W (UTM co-ordinates: Easting 591881; Northing 5612179).

Under the new MTO system the value of exploration and development required to maintain a cell claim is \$4 per hectare during each of the first, second and third anniversary years and \$8 per hectare for each subsequent anniversary year. There is a government prescribed exploration and development filing fee of \$0.40 per hectare per year.

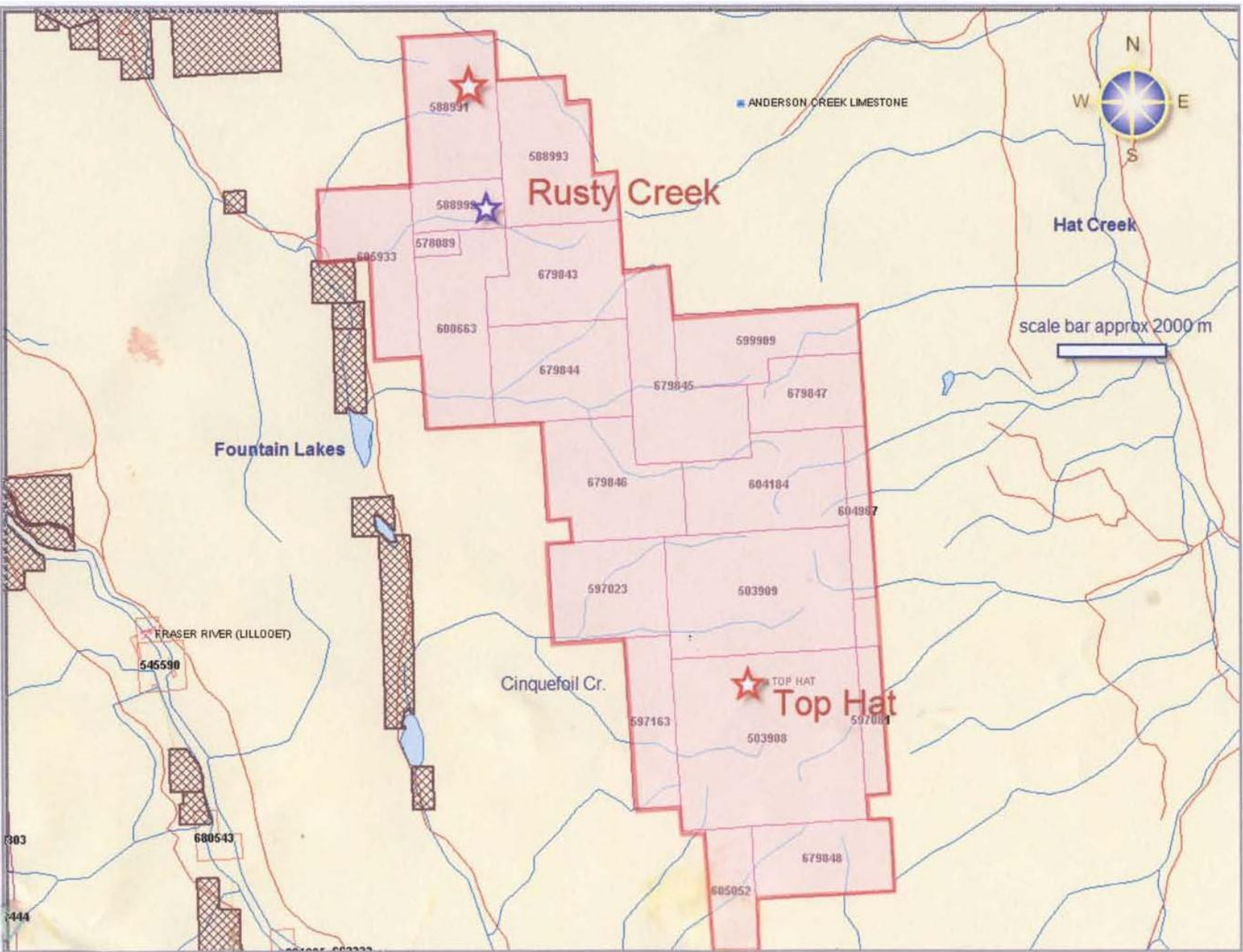


Figure 3 Claim Map

CLAIM STATUS

The Rusty Ross property consists of the for claims shown in Table 1 and Figures 2 and 3.

TABLE I
List of Claims

Name	Tenure #	Area (ha)	Current Expiry Date	Registered Owner
Rusty Ross Too	578089	40.94	October 30, 2014	J. T. Shearer
Rusty Ross 1	605933	81.87	October 30, 2014	J. T. Shearer
Rusty 3	588992	81.87	October 30, 2014	J. T. Shearer
RR 2	600663	122.83	October 30, 2014	J. T. Shearer

Total 327.51

* upon acceptance of assessment credits documented by this report.

Cash may be paid in lieu if no work is performed. Following revisions to the Mineral Tenures Act on July 1, 2012, claims bear the burden of \$5 per hectare for the initial two years, \$10 per hectare for year three and four, \$15 per hectare for year five and six and \$20 per hectare each year thereafter.

HISTORY

The Main showing has exposed a vein 2 feet wide containing 2 inches of chalcopyrite at the hangingwall side. The adit on Camp Creek is caved, but reports indicate it was driven about 100 feet on the general strike of the vein without exposing copper mineralization.

In 1956, the property was held by Highland Valley Mining Corporation Ltd. With C.W.S. Tremaine as consulting engineer. One mile of existing road was improved and two miles of road was built. The open cuts were extended and sampled, under the direction of A. Greenway of Lillooet. No report was filed. (MMAR 1956)

Barry Price, P.Geo. examined the property briefly in 1979 for Kerr Addison Mines. A separate (more recent) adit was noted at road level; this contained minor copper stain, but may now be overgrown.

Later, in 1983, claims were staked by Gordon Richards for Ryan Exploration Ltd. (A Canadian based subsidiary of US Borax, a Kennecott company, staked to cover an area of rusty Tertiary rhyolites that yielded anomalous results for gold, silver, and arsenic from soils silts and rock chips. A total of 221 samples were taken from the upland area, including 13 stream sediments, 47 rock chips and 161 soil samples. The survey outlined areas of clay alteration suggestive of epithermal systems and broad anomalies for Ag, Pb, As, Sb, and also small anomalies for Au. (Richards, 1984, AR # 12944)

Blustry or Top Hat Property

In 1983 a group of claims were staked by G. G. Richards for Ryan Exploration Ltd. (US Borax or Kennecott subsidiary) south of the Rusty Creek claims, to cover a "large colour anomaly" (gossan) near Blustry Mountain. The claims staked as the Top Hat 1-4 encompassed 1750 hectares. They covered reconnaissance soils, silts and rock chips samples which returned anomalous values in gold. In 1984 a geochemical and reconnaissance geology surveys were initiated by Ryan Exploration, a division of U.S. Borax, and designed to provide geochemical data over the area considered to be the best target (Richard, 1984a). A total of 1,076 samples were collected of which 3 were stream sediments, 85 were rock chips, and 988 were soils samples. Results indicated several areas of highly anomalous values in antimony, arsenic, copper, lead, mercury, molybdenum and zinc, coincident with anomalous gold and silver values.

In 1987 Richards optioned the claims to Kangel Resources Ltd. The company conducted a 2-phased exploration program consisting of airborne geophysics and limited soil geochemical survey. In June 1987 Aerodat Ltd. of Mississauga, Ontario was commissioned by Kangel Resources to conduct the geophysical survey. It consisted of a low-level helicopter-supported program which included a frequency VLF-electromagnetic system, a high sensitivity caesium vapour magnetometer. Results of this survey were used to control the grid placement soil program.

In July 1987 Mark Management Ltd. under the direction of Archean Engineering conducted a soil survey over a grid area of 900 m x 1000 m in size. A total of 349 soil samples were collected and analyzed by Chemex Labs Ltd. using an ICP geochemical analytical technique. In general, anomalous values for Au, Ag, As, Cu, Hg, Mo, Sb, Pb, and Zn outlined an open-ended zone 650 m long by 220 m wide (Gonzalez and Lechow 1987).

The claims subsequently lapsed and lay dormant until 2003 when J. T. Shearer restaked the area as the Blustry Mountain 1-4 claims. In July 2003 Shearer optioned the claims to Wyn Developments Inc. Additional ground was subsequently acquired contiguous to the Blustry claims. Presently, the property covers a total area of 10,734.81 hectares. In 2004-05 Wyn Developments commissioned SJ Geophysics to conduct ground induced polarization surveys over the polymetallic anomaly delineated by the previous surveys noted above. In 2006 the option agreement was terminated, the Blustry claim group returned to J.T. Shearer. The Property is presently optioned to Victory Ventures Inc.

There is the odd shallow old trench and small pit on the property but no record exists for these minor workings.

In more detail, some of the historical exploration programs at Blustry Mountain are described:

Three exploration programs conducted by various companies have targeted the clay-sulphide zone. This includes

1. the initial 1984 geochemical soil surveys conducted by Ryan Exploration Company Ltd. supervised by G.G. Richards, P.Eng. (qualified person);
2. a 1987 2-phased follow-up geochemical soil survey and airborne Magnetometer-VLF-EM geophysical survey carried out by Kangeld Resources Ltd., under R.A. Gonzalez, P.Eng. (qualified person) and W.R. Lechow (Geophysicist).
3. In 2004-05 Wyn Developments Inc. and Goldera Resources Inc. commissioned induced polarization (IP) geophysical surveys conducted by S.J. Geophysics Ltd. supervised by E.T. Pezzot, P.Geo. (qualified person).

1984 GEOCHEMICAL SURVEYS

Results of the 1984 soil surveys were encouraging. The largest and most intense anomalous patterns occur over the area underlain by quartz, quartz breccias and silicified rhyolite west of Baseline B, between stations 100N and 1000N. Several coincidental poly-metallic (Pb, Zn, Sb, As, Mo, and Ag) anomalies occur in this area and contain numerous rock chips and soils with elevated Au values in excess of .02 ppm (200 ppb). The highest gold value came from a quartz breccia float sample (D1222) carrying 15.45 ppm Au with 26.2 ppm Ag and associated low values in related metals (12 ppm Cu/43 ppm Pb/19 ppm Zn/23 ppm Sb/174 ppm As and 0.33 ppm Hg). This sample was collected near grid co-ordinates L1000N-250E. It is coincident with two intersecting structures and the small syenite plug. The gold-bearing float is considered near source and believed to be derived from the area of silica-rich zone

A grid was established to cover the intense colour anomaly associated with clay-sulphide alteration. It covers an approximate area 2.5 km north-south by 2 km east-west. A total of 1,076 samples were collected of which 3 were stream sediments, 85 rock chips and 988 were soils. Although there are no geostatistical data on background and threshold levels determined for gold, the author tentatively considers 30 ppb Au or less as background and 40 ppb Au as threshold with 50 ppb Au and greater as anomalous. Of the 988 soils collected there are essentially 3 Au populations: approximately 95% are 30 ppb or less; 12 populate 40 ppb – 50 ppb range and 41 range 50 ppb – 650 ppb Au. Of the 85 rock chip samples 23 have >50ppb Au of which 2 are 15.45 ppm (D1222) and 2.1 ppm (R350). Seven (7) samples (rock and soil) are >50 ppm Ag with one rock sample, R350 containing 861.6 ppm Ag.

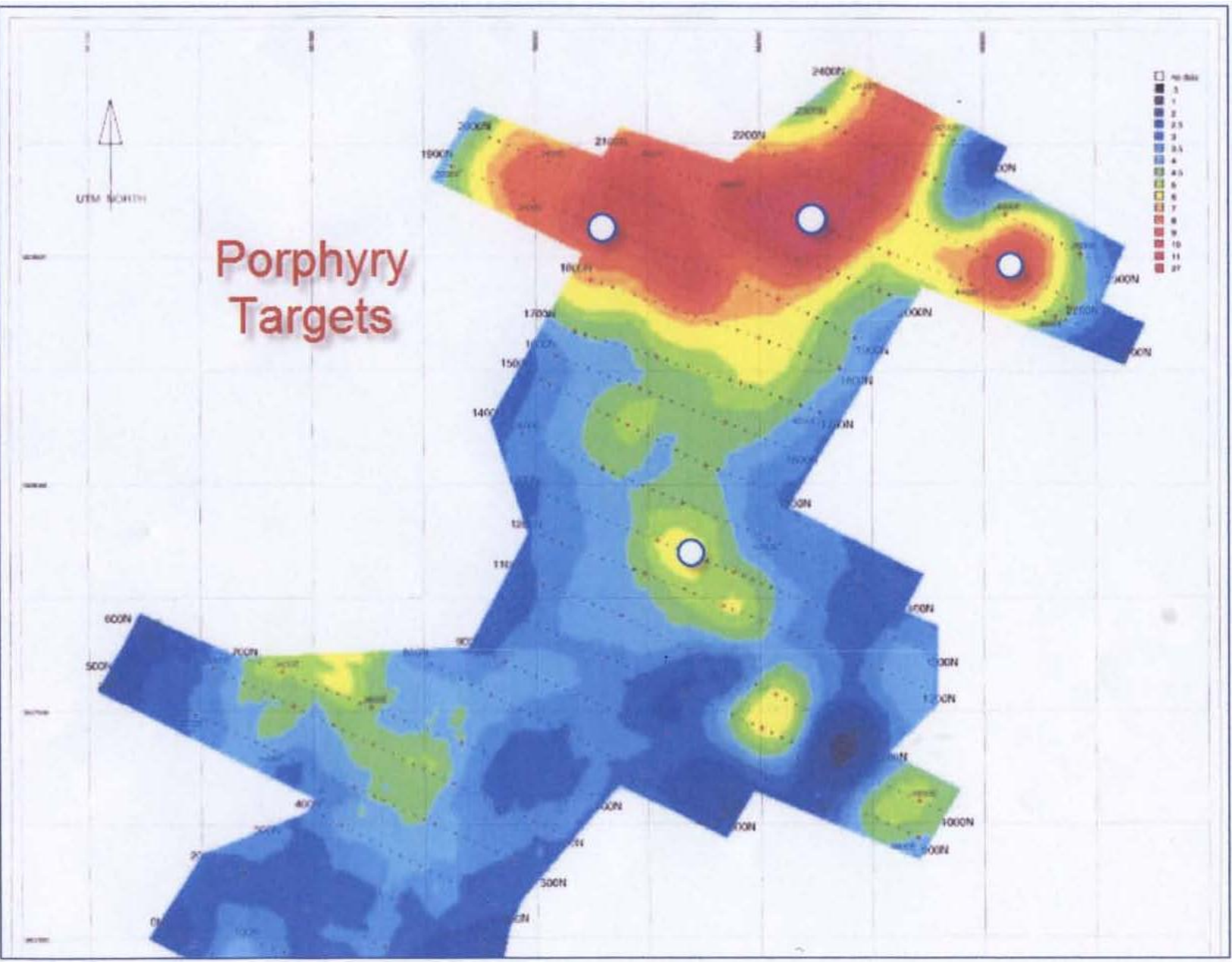


Figure 4 Porphyry Targets

Majority of the >50 ppm Au and Ag samples are located within the silica-rich zone. Four polymetallic geochemical anomalies were outlined within the clay-sulphide halo. The largest of the zones trends 1200 m northwest and is approximately 500 m wide; it reflects the underlying silica-rich core. Three are smaller satellite zones that flank the main zone to the east and southwest. The east zone appears to be open to the south-southeast. The 2 smaller satellite zones to the southwest may reflect potential quartz-gold vein(s) hosted in northeast trending structures and are probably structurally related to the main zone.

1987 GEOCHEMICAL SURVEYS

The object of the 1987 geochemical soil survey was to verify the results of the 1984 surveys noted above. Only a portion of the grid was tested targeting the silica-rich zone. A grid was established over an area covering 900 metres by 1000 metres. A total of 349 soil samples were collected. A polymetallic anomaly (Au, Ag, As, Mo, and Pb) was outlined trending 650 m north-south and approximately 200 m wide. This survey in part confirmed the results of the initial (1984) survey. Of the 349 soils 44 have elevated values in gold >50 ppb with the highest value of 470 ppb Au. These all occur within the silica-rich zone.

2004-05 GEOPHYSICAL SURVEYS

In 2004 Wyn Developments Inc. commissioned SJ Geophysics to conduct an induced polarization survey concentrating over the area of the Au-Ag associated polymetallic soil geochemical anomaly (Figure 5 and 7). The survey was conducted during April and May of 2004 and completed during the field season 2005. Object of the survey was to test to depth the geochemical anomaly and related mineralization found as well as subsurface structures, by using combined apparent (bulk) resistivity and IP chargeability techniques (Pezzot, 2004). Silica-rich alteration and disseminated metallic sulphides characteristically produce different IP/Resistivity signatures.

Quartz (silica) is highly resistive and produces a high resistivity (Ohm-m) response. Disseminated metallic sulphides in subsurface rocks can be measured by IP chargeability (conductivity) in milliseconds (ms) via transmitting current into the ground and measuring the time diminishing voltage at pre-positioned receiver electrodes. However, other rock materials are also conductive including graphitic rocks, clays and certain metamorphic rocks (e.g. serpentinite). It is important to combine the geophysical measurements with other data sets where possible such as geological and geochemical data. On Blustry Mountain property this is possible.

A grid was established to cover the northeast trending polymetallic soil anomaly, concentrating along the area of the silica-rich zone (silica flooding) and extending to the southwest. The grid straddles the northerly trending ridge along which intense silica-rich alteration occurs. It is also the area where Au-Ag mineralized quartz breccia float was located. The survey consisted of 32 lines (00N to 3200N), oriented NE-SW and nominally spaced at 100 metre intervals. The survey lines were variable length, ranging from 450 to 1200 metres and totaled approximately 19.4 km in length. Stations were flagged at 50 metre intervals along these lines.

The survey was configured as a 3-D array with the current and potential electrodes located on adjacent survey lines, spaced at 100 metre intervals. This configuration allows for the application of 3-D interpretation techniques, including 3-D inversion algorithms. The purpose of the three dimensional IP Technique and inversion process is to convert surface IP/Resistivity measurements into realistic

“Interpreted Depth Section”. However, the technique is relatively new to the exploration industry and is to some degree still in the experimental stage (Pezzot, 2004). In conventional IP surveys, current and receiver electrodes are located on adjacent lines. Whereas this technique, multiple current locations can be applied to a single receiver electrode array and data acquisition rates can be significantly improved over the conventional surveys.

The author reviewed in detail the IP/Resistivity surveys and the interpreted depth sections produced in the report by E.T. Pezzot (2004-05). There are several pods of extremely high resistivity that can be interpreted as areas of silica flooding. Several pods of anomalously high chargeability have been identified that could represent disseminated sulphide mineralization.

Using the IP grid as a reference, both the geochemical and geophysical data plotted overlap and produce coincidental anomalies in the area of silica-rich zone. These anomalies occur along the northwestern section of the grid between lines 2400N and 3100N. A total of 36 soils obtained from this area in 1984 and 1987 have elevated values with >100 ppb Au, highest being 900 ppb Au (sample 1218). Eighteen rock chips collected were > 100 ppb Au with one sample (R350) 2.1 ppm Au and 861.6 ppm Ag. A quartz breccia float sample (D1222) with economic values of 15.45 ppm Au and 26.2 ppm Ag was located about 250 metres northeast of Line 3100N in an area where 2 structures appear to intersect and where a small syenite plug was reported. The geophysical survey did not extend into this area.

Interpreted Resistivity and Chargeability cross section for Line 2600N defines at least 3 isolated pods of moderate to high resistivity extending to 50-70 metres below surface. At station 3600E resistivity reflects the silica-rich zone noted on surface. Further to the northwest and downslope of the ridge is another pod of high resistivity possibly reflecting a quartz vein system. At station 4000E the author believes the resistivity may be reflecting, based on the signature, a steeply dipping, structurally controlled silica-rich system. Separated by and flanking the structure, at about 50-100 metres below surface, are 2 anomalously high chargeability pods possibility reflecting zones of disseminated sulphide mineralization. At cross section Line 2700N there are 2 small pods of medium to high resistivity exposed to surface located between stations 3600E and 3800E, these again reflect the silica-rich zone found along the ridge surface. At station 4000E the structure noted above appears to dip steeply to the northwest with a small pod of low to medium resistivity detected at about 200 m below surface, down dip of the structure. The chargeability at this interpreted cross section is highly conductive and runs laterally across the structure for about 600 metres on either side of the structure. It extends from surface between stations 3600E and 3800E to about 150 metres below surface. This may reflect a possible laterally controlled, disseminated sulphide and or clay (kaolinite-illite) alteration zone, suggesting a stratabound control along a fractured-porous volcanic rock horizon. Cross section Line 2400N shows an intensely high zone of chargeability between stations 4000E and 4400E exposed from surface to a depth of about of 75-100 metres. A small pod of moderate resistivity is coincident with this chargeability. Soil samples collected over this area during the 1984 geochemical surveys had one sample with elevated Au value of 280 ppb. Interpreted resistivity for this cross section shows a pod of weak to moderate resistivity at station 4000E. It is located about 200-250m below surface and appears to reflect and correlate with the steeply dipping structure interpreted on lines 2600N and 2700N.

On cross section Line 1200N (station 4200E-4600E), located along the southeastern portion of the grid area, is a large, intensely high zone of resistivity exposed from surface to a depth of 100-150 m. However there is no chargeability response in this area and the geochemical surveys did not cover this

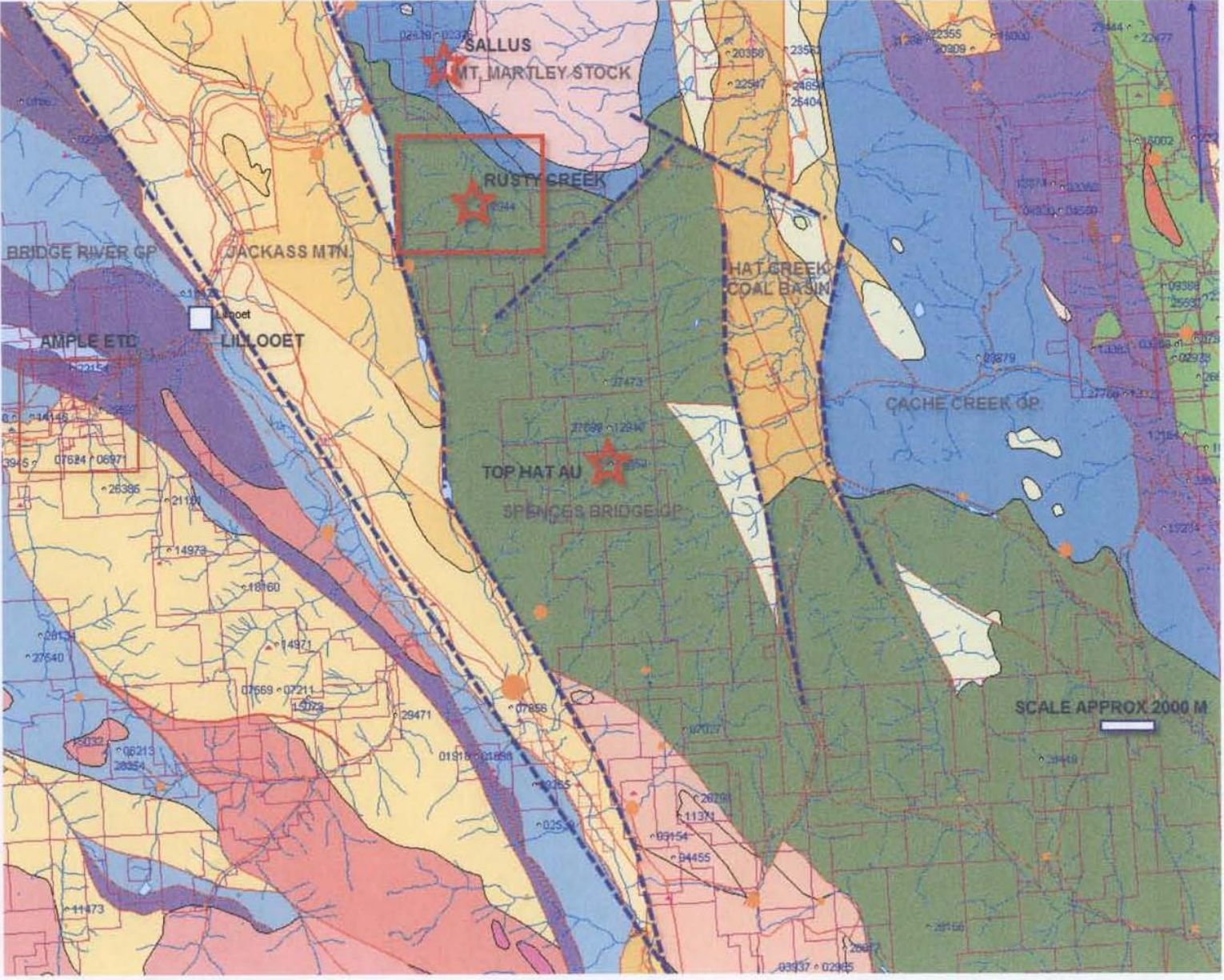


Figure 5 Regional Geology (see Figure 6)

grid area. The author interprets this high resistance as probable shallow dipping siliceous volcanic rocks of possible rhyolitic-dacitic composition.

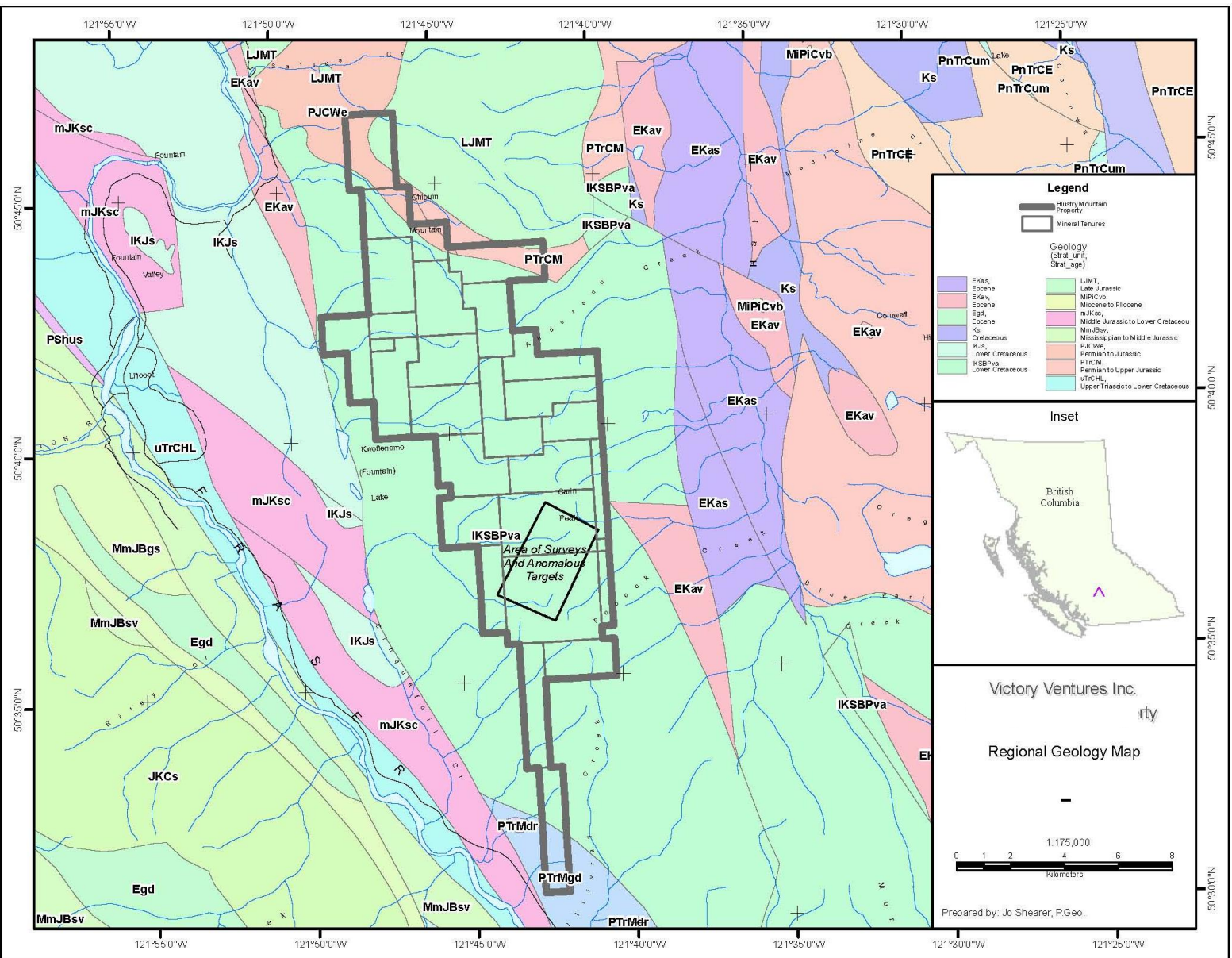


Figure 6 Regional Geology

REGIONAL GEOLOGY

A geological map of the Blustry and surrounding areas is based upon mapping carried out by Duffell and McTaggart (1952) and Trettin (1961); smaller studies by Mortimer (1987) and Read (1988a, 1988b, 1990) have augmented the broader regional mapping.

The Blustry property lies on the east side of the Fraser Fault, which experienced Eocene strike-slip movement of approximately 80km and which forms a geological boundary to the west. The basement to the area comprises rock of the Permo-Triassic Cache Creek Complex, which are bounded to the southwest by granodioritic intrusive rock associated with the Mount Martley and Tiffin Creek stocks.

The Blustry property itself is shown on Figure 3 to be underlain by calc-alkaline volcanic rocks of the Lower Cretaceous Spences Bridge Group. Outliers of Eocene volcanic rock assigned to the Kamloops Group occur to the east. This mapping is not entirely correct; Richards (1984a) in a report on previously held ground noted that mineralization was hosted by rocks which he assigned to the "Tertiary Kingsvale Group" in which epithermal deposits have been found extending southeastward from Botanie Mountain area, across the Fraser River to Merritt.

To the north and west, the volcanic rocks hosting the Blackdome low-sulphidation epithermal deposit are identified as Eocene to Oligocene, uncorrelated with either Kamloops or Ootsa Lake Groups. For now the latter, uncorrelated terminology will be used for the target units, pending mapping and more precise correlation.

No formal geological map exists on a property scale for the area now covered by the Blustry property. As noted above, regional mapping by the Geological Survey of Canada (Duffell and McTaggart 1952) is over 50 years old and subsequent mapping by the British Columbia Geological Survey Branch (Mortimer, 1987, Read 1988a, 1988b, 1990) did not cover the entire area. The following is a summary based on three assessment reports (Richards 1984a, b, Gonzalez and Lechow 1987) describing geochemical and geophysical surveys of areas now covered by the central part of the property.

Basaltic volcanic rocks of the Kamloops Group are found to the east of the property, near Hat Creek. In Hat Creek valley, a thick section of sedimentary rock is preserved in a graben that is floored by Eocene volcanic rocks (Richards, 1984a, b). The volcanic rock on the Blustry property have been variously assigned to the Kamloops Group (Monger and Journeay 1994), Late Cretaceous to Early Tertiary Kingsvale Group (Richards 1984a, b, Gonzalez and Leshow 1987) or "uncorrelated Tertiary". It is more convenient, in the absence of information, to regard the siliceous volcanic rock as uncorrelated volcanic rocks of the Early Tertiary (probably Eocene); a belt of Eocene rocks of composition similar to those reported at Blustry extends southerly from the Blackdome Mine.

Alteration

Zones of alteration are strongly controlled by structure. The northeasterly trending dyke swarm is associated with a clay-sulphide zone that is developed over an area 4,500 metres long and as wide as 1,500 metres. Within the clay-sulphide zone area areas of silicification (silica flooding) which host precious metal and minor base metal mineralization.

Geological Survey of Canada (G.S.C.) conducted the first comprehensive regional scale study of the area in 1952 (Duffell and McTaggart). Others (e.g. Hoy 1975 and Trettin 1961) have since mapped in more detail smaller sections of the area. An updated regional map was compiled by Monger and McMillan (Ashcroft map sheet 1989). More recently, Terrane Assemblage and Geology maps of the Southern Coast and Intermontane Belts were generated by Monger and Journeay (1994).

The Blustry property is bounded on the west side by the Fraser Fault system, which experienced Eocene dextral strike-slip movement of approximately 80-100 km. This fault can be traced trending northwesterly along Fountain-Cinquefoil valley. The property is underlain by the Lower Cretaceous Spences Bridge Group calc-alkaline (andesitic) volcanic rocks (Figure 4). Regionally, the Group forms northwest-southeast trending belt of volcanic rocks, which can be traced from south side of Fraser River canyon, about 15 km northwest of Blustry Mountain, for some 100 km southeast to the Coldwater Fault southwest of Merritt BC (Monger and McMillan). The rocks are mainly composed of andesites and dacites, but rhyolites and basalts are common, colours vary from red, green, mauve, purple, brown, white to black. Breccias and agglomerates of both explosive and flow types form a large part of the Group (Duffell and McTaggart).

On Blustry Mountain, a thin-section study of several samples collected by Duffell and McTaggart, showed mainly dacite and lesser rhyolite. To the northwest of the property is the Permo-Triassic Cache Creek Complex, an Early to Middle Jurassic thrust terrane that forms an unconformable basement to the overlying volcanic rocks. To the southwest the Group is bounded by granodioritic intrusive rocks of the Permo-Triassic Mount Lytton Complex. This complex is mapped as part of the Quesnel Terrane. To the north is the Late Jurassic Mount Martley and Tiffin Creek stocks of granodioritic composition, which intrude the Cache Creek assemblage.

Some uncertainty exists as to the assignment of younger siliceous volcanic rocks that are associated with the Spences Bridge Group (Metcalf 2003). To the east and southeast of the property, outliers of Eocene volcanic rocks have been assigned to the Kamloops Group. However, similar rocks hosting the mineralization on the property have been mapped as "Tertiary Kingsvale Group" (Richards 1984). As well, a large section of the Spences Bridge volcanic rocks southeast of the Thompson River (25 km southeast of the property) were initially assigned to the Kingsvale Group (Duffell and McTaggart). Subsequent compilation maps have eliminated the Kingsvale Group from the stratigraphic legend altogether (Monger and McMillan); these rocks are now assigned to the Spences Bridge Group.

The felsic and siliceous volcanic rocks (Kingsvale Group?) hosting the mineralization appear to be related to the Kamloops Group outliers. However, due to lack of geological information, they are tentatively referred to as "uncorrelated Tertiary (probably Eocene)" volcanic rocks (Metcalf, 2003). The author believes these rocks to be equivalent to siliceous volcanic rocks found further (50 km) to the southeast in the Nicomen River area, correlated as the Eocene Princeton Group. In this area the author previously investigated a property underlain by Eocene age rhyo-dacitic dome.

Although it was reported that the Spences Bridge Group was not considered prospective for epithermal deposits in the past, over the last six years increasing attention has been paid to the Spences Bridge 'volcanic belt' for hosting potential epithermal type mineralization. Especially to the southeast of the property, including the Nicomen River area where various mining companies have found auriferous-bearing quartz veins characteristic of epithermal mineralization. Exploration targets along the belt are for Eocene age related rocks, spatially related to structural features.

Volcanic rocks found to the north and west hosting the Blackdome low-sulphidation epithermal deposit, about 100 km northwest of the property, are identified as Eocene to Oligocene and not correlated with the Kamloops Group.

Regional structural geology of the area is not well documented. Brittle fault systems are reported on the property with two prominent strike directions, northwesterly parallel to regional structural fabric of the bedrock and crudely northeasterly. The author did observe a number of short linear surface expressions striking north-northwesterly probably reflecting subsurface structures.

PROPERTY GEOLOGY

The Rusty Creek area shows strong evidence of epithermal-like alteration features with some encouraging historical soil geochemical data, similar to the main target of interest at the Blustry (previously called Top Hat) gold-silver anomalous alteration zone, which shows the most promise, and is therefore, discussed in more detail in the following sections.

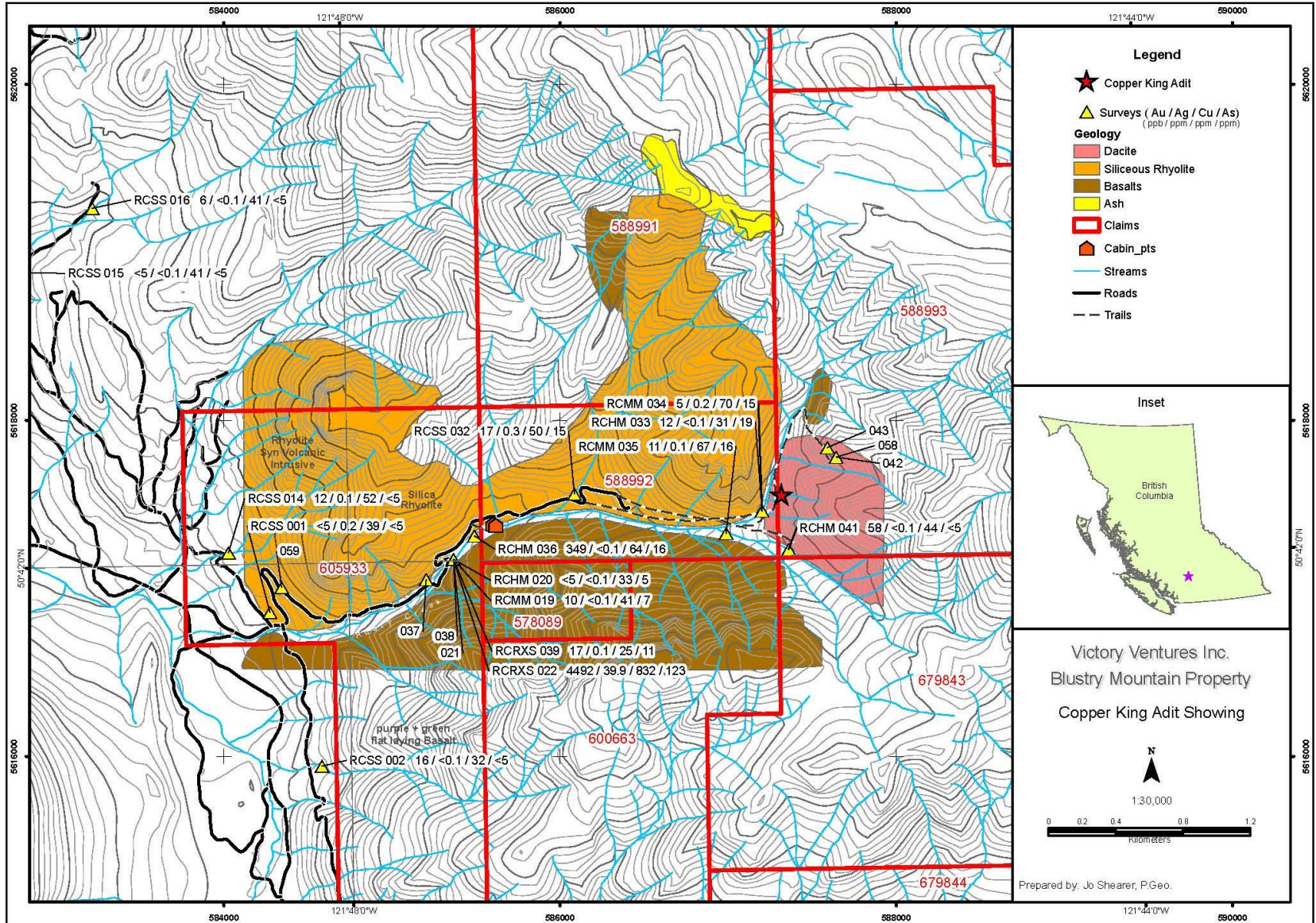
A generalized property geology map of the Rusty Ross area has been produced based on Richards 1984 reconnaissance surveys, which shows approximate location of some of the bedrock. It also shows some of the main structures defined in the area of the alteration zone.

To date the property has received very limited geological mapping and only in a reconnaissance scale initially documented in 1984 by Richards. Consequently, no formal geological map exists on a property scale. Subsequent authors, including this writer, have therefore incorporated the limited geological information available from the report (1984a). The author believes this information to be reliable and has verified some of Richards's work during the brief property examination.

The property is known to be underlain by a thick sequence of northwesterly trending andesitic volcanic rocks of the Spences Bridge Group (or unnamed Tertiary volcanics). In the vicinity of Blustry Mountain and headwaters of Cinquefoil Creek this Group is intruded by a northeasterly trending dyke swarm of creamy pink, weakly feldspar hornblende-phyric andesite, which appears to be spatially related to a northeast trending clay-sulphide alteration zone. Gabbroic rocks intrude the volcanic sequence southwest of Blustry Mountain and a small syenite plug, possibly a coarser-grained equivalent of the pink feldspar-phyric dykes was mapped at the headwaters of Cinquefoil Creek (Richards 1984a). A short traversed taking by the author during his visit (Sept. 26, 2004), noted an exposed section of porphyry syenitic-looking rock overlooking the north facing slope of the creek.

The clay-sulphide alteration zone on the property is reported to be related to mixed rhyolitic and dacitic rocks which either intrude or overlie the andesitic volcanics. The author believes these rocks to be related to a local, felsic intrusion(s) similar to intruded Eocene rhyo-dacitic rocks observed further to the southeast. However, in the absence of a proper scale property geology map, it is more convenient to consider these siliceous volcanic rocks as uncorrelated early Tertiary (Eocene). There is also a belt of Eocene rocks of similar composition to those reported at Blustry that extends southerly from the Blackdome Mine, hosting an epithermal Au-Ag deposit.

Figure 7 Local Geology and Copper King Showing



MINERALIZATION

Several types of mineralization were identified and described by Richards (1984a) and were also described by Gonzalez and Lechow (1987).

1. Quartz breccias with quartz crystal-lined vugs and intense silicification of included wallrock have been noted in float. Sulphide content is generally less than 1 or 2 percent but tetrahedrite, galena and other silver-coloured sulphides have been recognized with fine-grained pyrite.
2. A second type of silica flood occurs as dark grey quartz veins in parallel bands, commonly 2mm wide but in places attaining a width of several centimeters. These compose as much as 70%, but on average 100% of rock volume. This mineralization is developed in an area 50 to 100m wide and 200 to 300m long.
3. A third type of silicification occurs in rhyolite breccia with moderate clay alteration and less than 3 percent void space. The rhyolite breccia contains local zones with silicified fragments and with grey quartz partly filling the vugs. Silica flooding also occurs within the rhyolite and is accompanied by intense clay alteration.

There is an epithermal zone above Rusty Creek that is thought to be similar to Top Hat. At the Copper King showing in Rusty Creek, the mineralization appears to be copper-gold in quartz veins. This showing has not been explored for 30-40 years.

IP Survey Results

The exploration target is a gold and silver enriched epithermal system, possibly associated with volcanism. These deposits are recognized by the presence of silicification (quartz veins), sulphides and hydrothermal alteration minerals, resulting from extensive fluid flow through rock along structural features.

At Blustry Mountain, intense clay alteration and silica flooding are both reported in an area of anomalous geochemistry that is typical of this target. The IP survey completed by SJ Geophysics Ltd. have outlined at least 3 distinctive geological regimes the area.

There are two surface, high resistivity zones located in the NE corner of the survey grid, both approximately 50 metres thick. One extends from line 2400N to 1500N and appears as a cap along the crest of the mountain. The other is mapped from line 1500N to 900N and appears to cover a NE facing slope. The 3-D perspective plot and two cross-sections shown below highlight these units.

The southwestern portion of the survey grid (south of line 1000N) is characterized by small, scattered zones of variable chargeability and resistivity in the top 75 metres. Based on their size and amplitudes, several of these zones are considered anomalous and warrant further examination.

There are a number of areas outlined by this IP survey that exhibit characteristics consistent with the exploration target model of an epithermal alteration system. While some of these will undoubtedly warrant further examination based on their own merit, it is recommended that these results first be correlated with existing geochemical, geological and geophysical data to determine whether any of them should be given a higher priority based on collaborating evidence.

There are several large scale geological structures and trends evident in the IP data. These should be evaluated in conjunction with other mapping tools (geology, geochemistry, airborne magnetics) to help construct more accurate geological maps of the area.

STYLES OF ALTERATION AND STRUCTURAL CONTROL

The mineralization at Rusty Ross is associated with sheeted quartz veins and silicified rhyolite. Several types of mineralization were first identified and described by Richards (1984a). These were later summarized by Metcalfe (2003) as follows.

Quartz breccias with quartz crystal-lined vugs and intense silicification of included wall rock have been noted in float. A second type of silica flood occurs as dark grey quartz veins in parallel bands, commonly 2mm wide but in places attaining a width of several centimeters. These compose as much as 70%, but on average 10%, of rock volume. This mineralization is developed in an area 50 to 100m wide and 200 to 300m long.

A third type of silicification occurs in rhyolite breccia with moderate clay alteration and less than 3% void space. The rhyolite breccia contains local zones with silicified fragments and with grey quartz partly filling the vugs. Silica flooding also occurs within the rhyolite and is accompanied by intense clay alteration.

PREVIOUS WORK in 2010

The descriptions of previous work provided below have been copied from a number of Assessment Reports.

Copper King is an old copper-gold-silver vein showing situated on Rusty Creek, and was explored in the 1920's and latest in the 1950's. There is a limited amount of information available. In 1984, an epithermal gold-silver target was found by rock and soil sampling, at the top of the range north of Rusty Creek.

In 1984 a geochemical survey was initiated at Top Hat by Ryan Exploration, a division of US Borax and designed to provide geochemical data over the area considered to be the best target (Richards 1984a). A total of 1,076 samples were collected of which 3 were stream sediments, 85 were rock chips, and 988 were soil samples. Results indicated several areas of highly anomalous values in antimony, arsenic, copper, lead, mercury, molybdenum and zinc, coincident with anomalous gold and silver values.

In 1987 Aerodat Ltd. of Mississauga, Ontario was commissioned by Kangeld Resources to conduct an airborne geophysical survey over the property. This survey consisted of a low-level, helicopter supported programme which included a frequency VLF-electromagnetic system, a high sensitivity caesium vapour magnetometer. Results of this survey were used to control the grid placement for a 1987 soil sampling programme conducted by Mark Management Ltd. (Gonzalez and Lechow 1987).

In 1987 Mark Management Ltd. under the direction of Archean Engineering conducted a soil geochemical survey over a grid area of 900m x 1000m in size. A total of 349 soil samples were collected and analyzed by Chemex Labs Ltd. using an ICP geochemical analytical technique. In general, anomalous values for Au, Ag, As, Cu, Hg, Mo, Sb, Pb, and Zn outlined an open-ended zone 650m long by 220m wide (Gonzales and Lechow 1987).

In 2004, the property was explored by Wyn Developments Ltd. under option from J. Shearer. A comprehensive 3-D Induced Polarization survey was completed over the property.

Victory Ventures completed an exploration program mainly of prospecting, rock, soil and heavy mineral sampling under the supervision and operator J.T. Shearer (2010).

Work in 2010 consisted of prospecting the Rusty Creek area and silt/moss mat sampling of creek drainages.

Work concentrated initially in the Rusty Creek drainage where abundant outcrops (see Figure 7) of silica rich rhyolite were noted to the north of the lower part of the Creek. This very siliceous rhyolite may be part of a synvolcanic intrusive.

Most of the vugs observed were lined with terminal ends of silica crystals and some of the rock faces were lined with again terminal ends of silica crystals. Within the rock itself, were clusters of partially formed silica crystals. Some pyrite was also seen within the siliceous rhyolite.

Sample RC RxS 041 was taken from the talus slope below the cliffs on the north side of Rusty Creek. The jointing and fractures of this siliceous rhyolite suggest the rocks are vertical, while on the south of Rusty

Creek the volcanic flows appear almost horizontal. This suggests either a fault along Rusty Creek or a break or zone of weakness along the creek trace.

Prospecting in May collected a total of 40 samples, 10 soil samples, 8 rock samples, 12 heavy metal samples and 11 moss mat samples. Not all the samples were assayed.

In June, 2010, two subsequent visits were made to examine recently acquired claims in the Rusty Creek area. In June 3th-4th, the old Copper King was inspected with the assistance of prospector Milton Mankowske (Figure 7 and 8). Three short open-cuts were examined. A structurally controlled, steeply dipping, northwest trending, quartz-chalcopyrite lensoid fault-shear structure was observed, hosted in steeply dipping, easterly trending, thinly banded, creamy tuffaceous, rhyolitic lapilli flows. A portal leading to a cross-cut designed to test the quartz-chalcopyrite structure noted on surface was examined. At the time of the visit, Messrs. Bragg and Mankowske were prospecting the local streams and conducting reconnaissance mapping and sampling. Mr. Bragg informed the author that very little historical data was available on the Copper King workings.

In June 20th-21th, a visit was made to examine a highly pyritiferous, leached, siliceous rhyolite horizon, which occurs at the head tributaries of Rusty Creek, at height of land, accessible only by helicopter.

Mr. Bragg had identified 'synvolcanic' rhyolitic intrusive including 'explosive'-like rhyolite breccia and that the exposed rhyolite to dacitic volcanic rocks at this lower section are subvolcanic and occasionally show porphyritic texture. The rhyolitic-tuffaceous flows noted much higher in the section, at Copper King, are probably coeval.

During Mr. Bragg's prospecting and sampling, one of the samples he collected (numbered RCRXS 022) from sub-angular float material, located along side of an access road, which follows the Rusty Creek canyon (Figure 7), and analyzed at one of the Vancouver labs - contained highly anomalous: 4,492 ppb Au, 39.9 ppm Ag, 852 ppm Cu and 123 ppm As. The author had the opportunity to examine this float. Its dimensions are about 50 cm by 25 cm. It is highly siliceous with surface iron oxidation coating. On fresh break, it has subtle sub-rounded siliceous-cherty, very finely laminated clasts. In part, it resembles pyroclastic to diatrema-like breccia. It is associated with sub-rounded, fist size (3-5 cm) very fine-grained, dark grey, carbonaceous-siliceous sulfide material.

It does not resemble any of the rocks that the author has examined in the area. Further examination in the immediate area of the creek canyon and road offered no such rock outcrop or similar float material. Rusty Creek along this section of the canyon forms and east-west fault-contact between rhyolitic rocks to the north of the canyon and the basaltic flows to the south (Figure 7).

Further detail prospecting and sampling in this area especially along the fault structure and along exposed areas of the rhyolite may shed some clues or lead to the source.

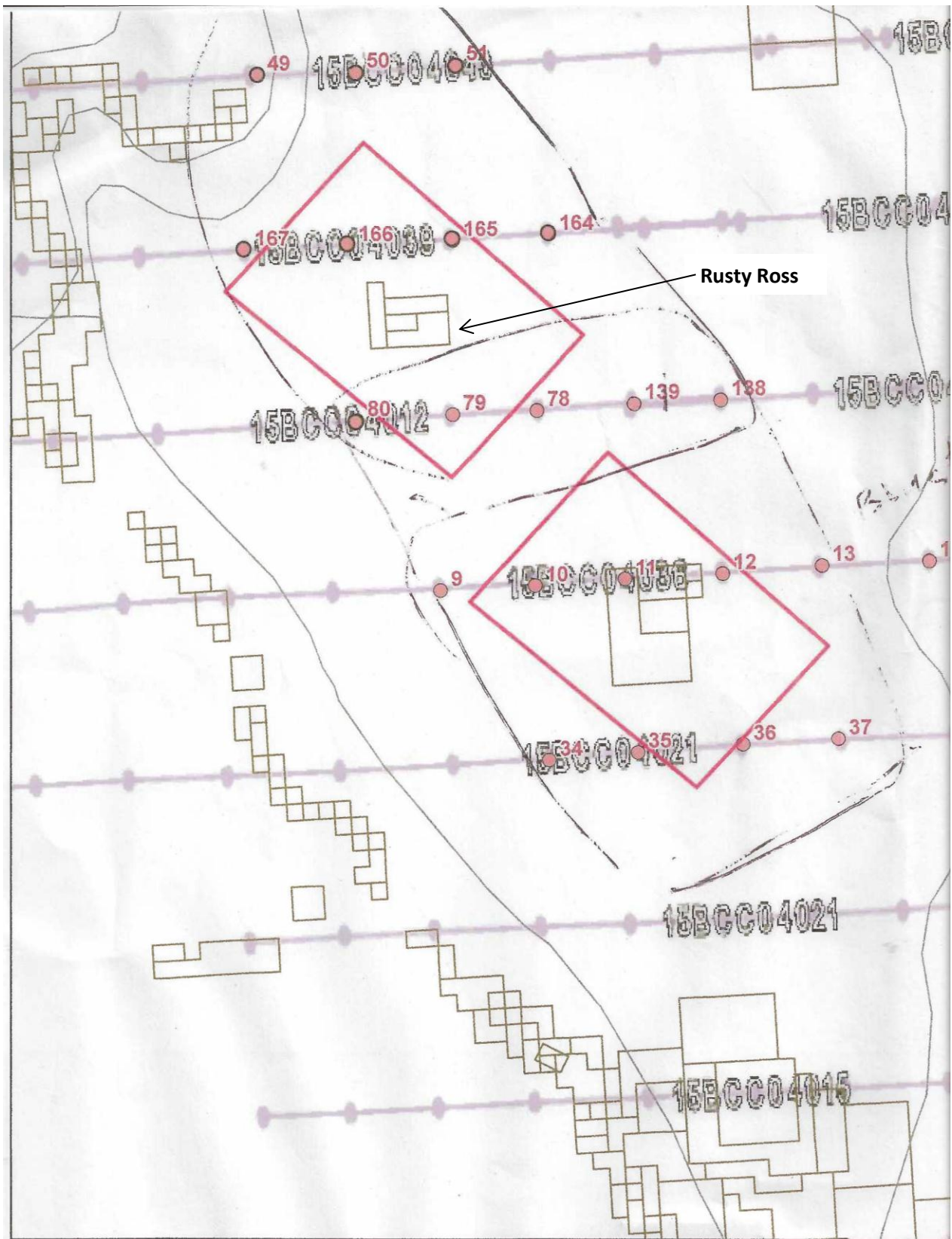


Figure 8 Location Key of Airphotos

AIR PHOTO INTERPRETATION

A total of 12 colour airphotos were received on digital DC format (consisting of 4 CD's). Each photo was greater than 1 GB of data. A selection of low digital scans of the printed product are contained in Appendix III. Each photo was plotted on standard airphoto size as to 9 inch / 9 inch and grouped to the flight lines.

The most important series are:

- (1) Flight line 15BCC04039 No. 167 to 164
- (2) Flight line 15BCC04012 No. 80 to 138

A transparent overlay was attached and the prominent geological features as mapped were noted. Each stereo pair was examined in detail using a Gordon stereoscope type F-71 serial #9466. Detailed attention was given to the mapped location of the known mineralized and alteration zones.

As illustrated on 9, there are strong north-northeast linears associated with the Rusty Creek Showings. Also prominent northeast structures occur to the north and west of the central area. Rusty Creek follows a major northeast linear above the small ranch. Northerly linears are not as well developed as compared to the south around Blustry.

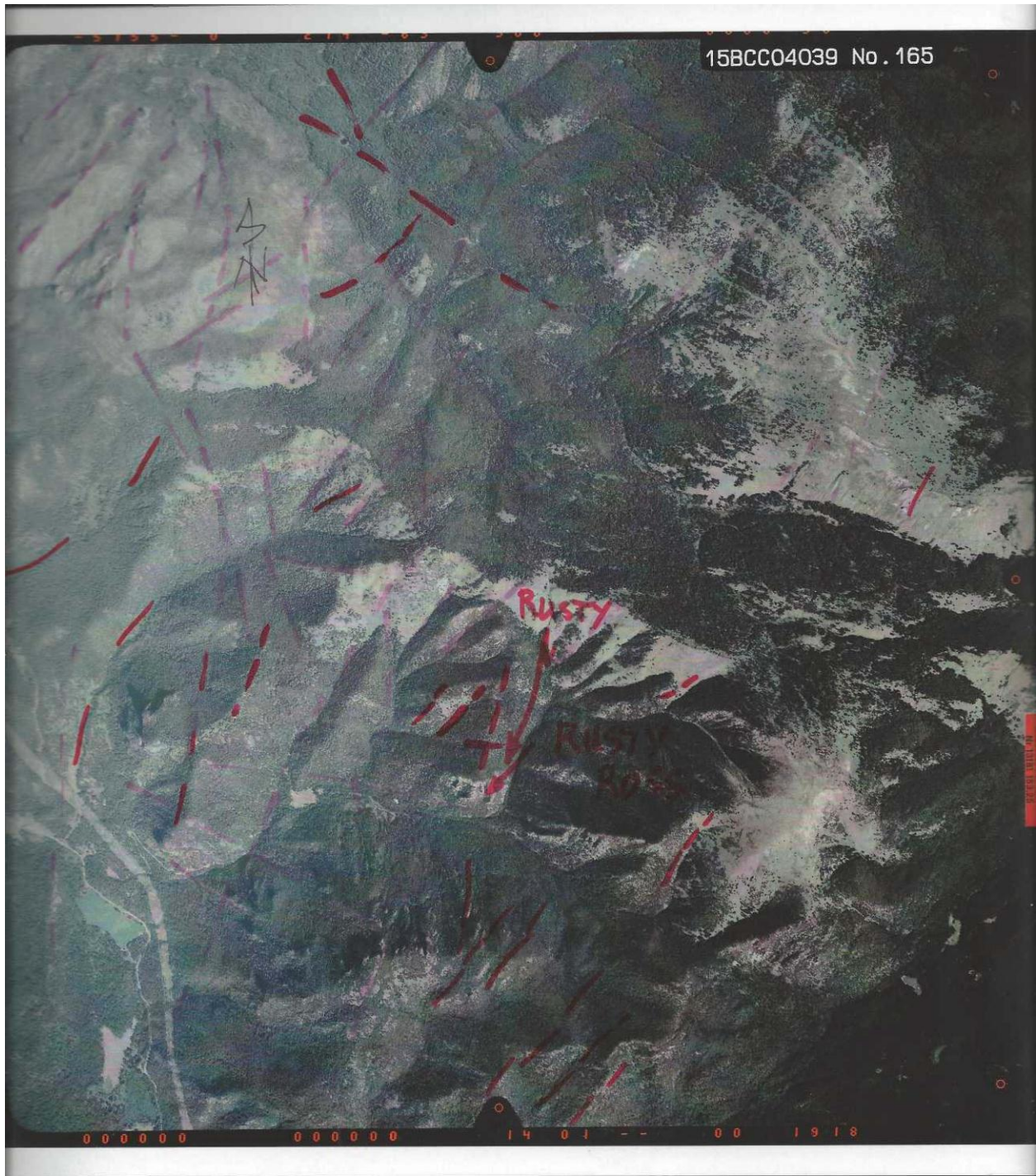


Figure 9 Airphoto Interpretation Photo 15BCC04039 # 165

ADJACENT PROPERTIES

The writer has no direct or indirect beneficial interest in the properties described under this heading, nor does the author or Victory Ventures have any relationship to the companies involved. Neither Eagle Peak nor Rich Rock, the subject companies have any ownership rights of these properties. The information is provided solely for the benefit of the reader and for comparison with the subject properties. Any production or resources described may not comply with the provisions of NI 43-101 and such estimates should not be relied upon.

Atocha Resources Inc. has claims immediately adjoining to the south of the Blustry project.

The McGillivray property is centered on McGillivray Creek and is located 34 kilometres east-southeast of Lillooet, British Columbia, Canada and is well served by roads and power. The claims are approximately midway between Lytton and Lillooet, on the east side of the Fraser River. This property covers an historical copper porphyry target. The property consists of 235 claim cells totaling 4,646 hectares, acquired by staking in 2005 and later to cover a large gossanous alteration zone to explore for its precious metal potential.

Atocha recently completed a second phase of fieldwork on its McGillivray copper-gold property. Follow-up soil sampling and geological mapping were conducted on the gold zone (see news in Stockwatch on Sept. 2, 2009). Sixteen (16) reconnaissance soils samples were collected over an area where a previous grab soil sample had returned 290 ppb Au. Of the 16 samples, 7 returned elevated gold values ranging between 45 to 289 ppb Au. Previous mapping in this area by the company's geologist defined a major contact (suture-like) boundary between two distinct volcanic terranes – the Spences Bridge calc-alkaline volcanics positioned to the east and Bridge River terrane alkaline volcanics to the west. The elevated gold values were obtained from soils which overlie the Spences Bridge volcanics immediately adjacent to the suture-boundary zone. The zone is believed to be a deep-seated break and may be a source to some of the enriched gold-in-soil values outlined in this area. An NI 43-101 is available to view at www.sedar.com (Source: <http://atocharesources.com/>)

Sallus Creek property

In 1935, the Gold Ridge group of eight claims was held by Mr. and Mrs. F. Dillon, W. Dillon and H.D. Cheng. The property was situated 5.5 miles east of Fraser River on the east branch of Sallus Creek. A considerable amount of trenching was done between 5460 and 5560 feet. Sparse mineralization of disseminated pyrite, chalcopyrite and molybdenite occur in narrow quartz bands in an intrusive body. The surrounding area is gossanous. The mineralization contained traces of gold and up to 1.4 oz./ton silver in narrow veins.

More recently the area was explored in the spring of 1969 by Canadian Johns-Manville Co. Ltd. Who staked about 120 claims along the western contact of the Mount Martley stock. An additional 60 claims in subsequent years were staked to cover the northern and southeastern portion of the contact zone. Reconnaissance mapping and geochemistry were completed over the entire claim area in 1969 and 1970. During 1970 and 1971, detailed mapping, geochemistry and induced polarization surveys were completed over a possible porphyry copper-molybdenum deposit setting in the southern portion of the claim area (see Sallus Creek (No. 1 Showing), 092INW016). In the fall and early winter of 1970, detailed mapping, sampling and diamond drilling were completed in black argillite near the contact of the stock, in the northern portion of the claims (this description). The argillite at the North showing was found to

be very anomalous in zinc and copper, and moderately anomalous in molybdenum, lead and silver. Diamond drilling proved to be unsuccessful in that penetration of the argillite was costly, and after three attempts, the programme was abandoned. In 1973, the field programme in the North showing area consisted of bedrock, soil and talus geochemistry. Percussion drilling was performed on some claims in 1974 and totalled 450 metres in twenty-five holes.

The Sallus Creek area is underlain by the western contact of the Early Jurassic Mount Martley stock which intrudes the middle Permian to Middle Jurassic (?) Western belt of the Cache Creek Complex. The stock is a medium to coarse grained, massive granodiorite with local secondary silicification and sericitization near the contacts. Cache Creek rocks comprise argillite and limestone. Pervasive quartz veins and aplite dikes are found within the stock near the contact. Intense thermal alteration of the sediments is evident near the contact of the stock. Limestone, in part, is totally recrystallized. Intense pyritization of the argillites is observed near the contacts, evidenced on surface by rust colouration and gossans.

At the Sallus Creek (North showing), samples from rusty and weathered argillite yielded from 0.2 to 2.0 per cent zinc and 0.02 to 0.25 per cent copper, with moderately high contents of lead, silver and molybdenum (Assessment Report 4796). Diamond drilling indicates intense surface weathering and oxidation to depths of 30 metres. Below this altered horizon, pyrite is abundant (2-5 per cent).

About 2500 metres south-southwest of the North showing, a plug of rusty, weathered and altered diorite and quartz diorite intrudes argillite. This plug has a very irregular contact, approximately 914 metres long by 609 metres wide, and is probably genetically related to the Mount Martley stock, 1600 metres to the east. Pyrite is abundantly disseminated and smeared along fracture faces throughout the diorite. Very fine traces of native copper have been recognized in the highly weathered diorite. Malachite stain is evident in the argillite.

At present the claims are held by Murray McLaren P.Geo.

Botanie Mtn Area

The belt of volcanic rocks that make up the Spences Bridge Group trending southeast of Blustry property has recently experienced a flurry of staking-cell (MTO) acquisition activity for epithermal type mineralization. One of the properties that has been catalyst to the staking, is located at the headwaters of Skoonka Creek, some 29 km southeast of the Blustry property, which is operated by (under an optioned agreement) *Strongbow Exploration Inc.*

In a press release (Jan. 15, 2007), the company announced that 29 drill holes were completed on the 'JJ prospect' since October 2005. Mineralization was traced over a 700 m strike length and to a depth of 250 m and defined by a broad zone of clay altered tuffaceous andesite, ranging from 5 m to 40 m thickness, that typically grades from 0.1 to 1.0 g/t Au. Higher gold grades (>5 g/t Au) are always associated with the development of banded quartz veins. The best intercept was from drill hole SC008 that returned 20.2 g/t Au over 12.8 m. Strongbow Exploration Inc. news release includes the following:....."Based on the exploration drilling, bedrock mapping, and prospecting work completed to date, the best gold mineralization on the Skoonka Creek property appears to be associated with the following characteristics:

- Well developed epithermal quartz veins

- Competent (i.e. less permeable) host rock
- Elevated pathfinder element (As, Hg, Mo, Sb) concentrations
- Elevated silver concentrations (although silver to gold ratios can be erratic)
- East-west trending structures at the intersection of secondary structures and/or within dilational zones
- Late (post mineralization) feldspar porphyry dikes”

In addition to the epithermal deposits there are also a number of copper showings at the south end of the range including Lytton Copper, in which a layered anorthositic complex contains disseminated copper.

The ground between the Blustry property and Skoonka Creek property is covered by a contiguous group of mineral claims owned by various companies. To date none of these claims have disclosed or reported any gold discoveries.

Other deposits in the area

There are a number of operating and undeveloped industrial mineral deposits in the area.

Limestone

Limestone is quarried for lime manufacturing in Marble Canyon, 5 kilometres southeast of Pavilion Lake, 23 kilometres west of the community of Cache Creek and approximately 15 km north of the Blustry project. The plant began operation in 1974. The quarry lies on the south end of a 10 to 15-kilometre wide exposure of limestone of the Permian Marble Canyon Formation (Carboniferous to Jurassic Cache Creek Complex) that continues north- northwest of Marble Canyon for 65 kilometres. The limestone is bounded to the east by underlying argillite, chert and basalt and to the west by similar sediments and volcanics, all of the Cache Creek Complex. To the south, the limestone is truncated by a Jurassic stock of granodiorite and quartz diorite along the south side of Marble Canyon. Near the quarry, the strata strikes 120 degrees and dips steeply southwest. In the vicinity of Marble Canyon, the deposit is composed of mostly light grey to white, fine-grained limestone containing some chert nodules and veinlets of dolomite. Exposures along the Hat Creek Valley to the east reveal light grey to black, fine to medium- grained limestone sporadically veined with quartz and calcite. Patches of chert and dolomite are frequent, especially near the eastern margin of the deposit. A 30-metre long chip sample taken across a bluff in the vicinity of the present quarry analysed 55.53 per cent CaO, 0.27 per cent MgO, 0.08 per cent insolubles, 0.16 per cent R2O3, 0.02 per cent Fe2O3, 0.009 per cent MnO, 0.071 per cent P2O5, nil sulphur and 43.81 per cent ignition loss (Minister of Mines Annual Report 1958, page 92, Sample 6).

Production from the quarry averages 54.1 per cent CaO (96.5 per cent CaCO3), less than 1 per cent MgO, 1 per cent SiO2 and 1 to 1.5 per cent R2O3 (J.M. Jordon, personal communication, 1989). Steel Brothers Canada Ltd. began quarrying limestone in Marble Canyon on Indian Reserve 3 in 1974 to supply an adjacent lime manufacturing plant. The operation was taken over by Continental Lime Ltd. in October 1988. Between 1975 and 1991, approximately 2.5 million tonnes of limestone were quarried. Production is about 200,000 tonnes limestone annually. Quicklime is produced and sold to the mining, pulp and paper industries throughout British Columbia and northwestern United States. In 2000, Graymont Western Canada Inc. acquired the property from Continental Lime Ltd. (Source Minfile)

Aggregate

Significant bentonite-bearing sections were first noted by Pacific Bentonite Ltd. in a hole drilled by B.C. Hydro and Power Authority (DDH 76-802). The deposit was auger-drilled in 1989 and 1990 by Pacific Bentonite to search for extensions of bentonitic horizons discovered during development of the Hat Creek coal deposit by B.C. Hydro. Inferred (possible) reserves are 30 million tonnes of bentonite (Open File 1992-1).

This bentonite prospect is located in the Hat Creek Valley, 20 kilometres west-southwest of the community of Cache Creek, and a few kilometres east of the Blustry claims and immediately adjacent to the Hat Creek Coal deposits. A zone of bentonitic clay and sandstone, up to 100 metres thick, overlain by coal and underlain by conglomerate, outcrops along the nose of a subsidiary southward plunging syncline and contains zones of clean bentonite, several metres in thickness. Near surface, the bentonite is brown and oxidized. The unoxidized bentonite below is blue in colour and displays more desirable swelling properties. Other samples of bentonite are reported to contain excess amounts of cristobalite (N. Skermer, personal communication, 1991). Lafarge has also purchased about 7000 tonnes of alumina-rich burnt shale from Pacific Bentonite Ltd for use in cement-making. The material was mined under a bulk sample permit at the Decor pit (formerly called Ben or Hat Creek). Late in 2004, Pacific Bentonite applied for a mine lease and a 35,000 to 50,000 tonne per year quarry permit, and expects that larger quantities can be supplied to Lafarge in the coming years. Once the quarry permit is in place, the company intends to further develop landscaping and decorative markets for the shale. In addition, the property hosts a large bentonite deposit which is being investigated for municipal engineering and tile manufacture applications. (Minfile)

Coal

The presence of an important coal deposit on Hat Creek has been known for many years since it was first reported by G.M. Dawson of the Geological Survey of Canada in 1877. In the period 1933 to 1942 a few hundred tonnes of coal were mined each year and sold locally. This activity ceased because of World War II and no further work was done until 1957 when the B.C. Electric Company Limited optioned the property through a subsidiary. The area of the exposed portion of the Hat Creek coal deposit was explored by eight reconnaissance diamond-drill holes and the investigation continued in 1959 when some trenching and six additional holes were completed west of Hat Creek near the old workings.

Acquisition of British Columbia Electric by the Province ended further exploration until mid-1974 when British Columbia Hydro and Power Authority, a Crown-owned company, began systematic drilling. Twenty-five diamond-drill holes and two rotary holes totalling 11,418 metres were completed in 1974. FSI, petrographic, plasticity, washability, grindability, fusibility tests and proximate and ultimate analyses were performed on the coal. In addition, chemical analyses of the ash were done. In 1975, 76 diamond-drill holes totalling 22,556 metres were drilled. In addition, ground level magnetometer and gravity studies were undertaken covering the entire length of the valley. In 1976, 89 diamond-drill holes were completed totalling 20,422 metres, all of which were logged by gamma ray-density instruments and where possible, by caliper-resistance devices. Fifteen auger holes were drilled totalling 265 metres, yielding 108 tonnes coal for sampling. In the spring and summer of 1977, some 6350 tonnes of coal from two test trenches were transported by rail to the Battle River Powerplant of Alberta Power Ltd. Burning and other tests carried out there demonstrated that typical Hat Creek coal can be handled, pulverized and burned in a 32 megawatt commercial-scale power plant unit (Final Report, Bulk Sample Program, August 1978).

Two main coal deposits are present in the Hat Creek area, the No. 1 reserve (the original deposit) south of Marble Canyon, and the larger No. 2 reserve about 7.5 kilometres to the south along Hat Creek. Three main coal seams containing sub-bituminous rank coal are present in approximately 425 metres of strata of the Eocene Hat Creek Formation (Kamloops Group). The age of the coal measures is believed to be early Tertiary.

CONCLUSIONS and RECOMMENDATIONS

Past surveys on the Blustry property have produced encouraging results. The property is underlain by alteration features that are interpreted to be characteristic of a potential auriferous-bearing epithermal system. Field evidence that suggest such a system includes:

- **Geology:** the property is underlain by volcanic island arc terrane andesitic rocks (Spences Bridge Group), which host an area of intensely silicified, quartz breccia and rhyolite breccia cut by feldspathic dyke swarm and a small syenite plug. Superimposed over these rocks, is a large clay-sulphide alteration zone with a silica-rich core.
- **Structurally:** there are at least 2 sets of tensional cross-cutting faults that may have produced dilation zones and conduits for ascending mineral-bearing hydrothermal solutions.
- **Soil geochemistry:** polymetallic (Au-Ag-Cu-Pb-Zn-Mo-As-Sb and Hg) coincidental anomalies occur over the silica-rich cap/core. Numerous soil and rock chip samples have elevated Au-Ag values.
- **Geophysics:** surface and subsurface IP/Resistivity signatures interpreted as silica-rich pods and potential zones of disseminated sulphides coincidentally occur over the polymetallic anomalies.
- **Petrology:** petrographic studies show intensely altered and bleached rocks that include vuggy silica textured/quartz alteration associated with +/- adularia +/- kaolinite and/or dickite and +/- possible alunite. Vuggy quartz and the related clay minerals are indicative of low-pH ascending meteoric fluids probably along structurally controlled channel ways. Kaolinite and dickite are also indicative of temperature conditions that range between 150-250 degrees celcius.

“This area shows a strong altered zone characterized by intense silica-kaolin alteration. The western portion of the zone, which is about 100 metres N-S by 40 metres E-W, suggests to have higher degree of alteration. Here, you can observe areas of vuggy porosity in silica matrix associated with kaolin cut by fine stringers of translucent quartz. The vugs are normally lined with fine glassy quartz crystals. Some late stage quartz veins were also noted associated with occasional fine metallic lustre mineral – possible specularite-hematite.

This section of the zone appears to have undergone a higher degree of silicification as evident by the quartz veining, suggesting several stages of silica flooding. The alteration zone appears in part to represent a silica-clay cap of an epithermal system. The multi precious-base metal soil geochemical anomalies over the zone also support such an environment.

The coincidental geochemical anomalies and the intense silica-clay alteration zone, may be pointing to a near surface precious metal-polymetallic epithermal deposit.

Prospecting in 2010 and 2011 in the Rusty Creek area resulted in discovery of a mineralized float sample assaying 4.508 g/tonne gold. Anomalous silt sampling, moss mat sampling and soils were also collected. Results from soils in 2011 on Fountain Creek were uniformly low. Further prospecting is recommended.

There are strong north-northeast linears associated with the Rusty Creek Showings. Also prominent northeast structures occur to the north and west of the central area. Rusty Creek follows a major northeast linear above the small ranch. Northerly linears are not as well developed as compared to the south around Blustry.

Recommendations

The Blustry property is of sufficient merit to warrant follow-up investigation. It is therefore recommended that an exploration program orientated toward exploring for auriferous-bearing epithermal deposits be carried out. The program should include detail geological mapping and sampling over the clay-sulphide zone. Mapping of the alteration zones using a field office-based PIMA will help to determine clay mineralogy and vector in on clay-quartz structures.

Additional soil geochemical surveys should be conducted in areas where IP/Resistivity signatures have been outlined, such as in the area of lines 1400N and 1200N where resistivity signature is high possibly indicating quartz-siliceous system. Additional IP/Resistivity surveys should be extended north of Line 3200N for at least 300 m in order to cover cross-cutting structures interpreted as well as the small syenite plug reported in this area. This is also the approximate area of the 15.45 ppm Au float sample (D1222) was located.

Cost Estimate for Future Work:

Budget:

Geological mapping and sampling	\$ 25,000.00
Soil Geochemistry	15,000.00
IP Geophysics	35,000.00
PIMA	2,000.00
	<hr/>
	\$ 77,000.00
Diamond Drilling (1500m @ \$80/m all inclusive)	\$ 120,000.00
Assays	8,000.00
Support, Camp, Supplies	20,000.00
Contingencies @ 12%	27,000.00
	<hr/>
Total	\$ 252,000.00

REFERENCES

- British Columbia Ministry of Energy, Mines and Petroleum Resources, 2007: Mineral Titles Online – www.mtonline.gov.bc.ca/
- British Columbia Survey Branch, 2007: The Map Place – www.em.gov.bc.ca/Mining/Geolsurv/MapPlace
- Cardinal, D. G., 2010:
Technical Report on the Blustry Mountain Property, for Victory Ventures Inc., October 15, 2010.
- Duffell, S. and McTaggart, K.C., 1952:
Ashcroft Map Area, British Columbia (92I/NW). Geological Survey of Canada Memoir 262.
- Gonzalez, R.A., 1987:
Geochemical Assessment Report on the Top Hat Property, Top Hat #1-#4 Mineral Claims; British Columbia Ministry of Energy, Mines and Petroleum Resources Assessment Report 16352.
- Hedenquist, J.W., 2006:
Observations on Epithermal Gold Prospects of the Shyri Property, South Half, Azuay Province, Southern Ecuador; Report for: Cornerstone Resources Inc., 28 p.
- Lechow, W.R., 1987:
Report On Combined Helicopter Borne Electromagnetic, Magnetic And VLF-EM Survey, Top Hat Property; British Columbia Ministry Of Energy, Mines and Petroleum Resources Assessment Report 16352.
- Metcalfe, P., 2003:
Wyn Developments Inc., Summary Geology Report , Rand Project, 29 pp and maps, Kamloops Mining Division (private report).
- Monger, J.W.H. and Journeay, J.M., 1994:
Guide to the Geology and Tectonic Evolution of the Southern Coast Mountains; Geological Survey of Canada Open File 2490.
- Monger, J.W.H. and McMillan, W.J., 1989:
Geology, Ashcroft, British Columbia; Geological Survey of Canada, Map 42-1989, sheet 1, scale 1:250 000.
- Panteleyev, A., 1996:
Epithermal Au-Ag: Low Sulphidation, in Selected British Columbia Mineral Deposit Profiles; British Columbia Geological Survey; British Columbia Ministry of Energy, Mines and Petroleum Resources.
- Pantelyev, A. and Schroeter, T.G., 1985:
British Columbia Epithermal Model; British Columbia Ministry of Energy and Petroleum Resources.

- Pezzot, E.T., 2004:
Assessment Report on a 3D Induced Polarization and Resistivity Survey, July 2004, 21pp and maps; British Columbia Ministry of Energy, Mines and Petroleum Resources Assessment Report 27,949 and Assessment Report 27,473.
- Price, Barry, 2009:
Geological and Geophysical Summary on the Rusty Creek and Top Hat (Blustry) Gold and Silver Property for Victory Ventures Inc., December 9, 2009
- Shearer, J.T., 2005:
Geological and Geochemical Report on the Blustry Mountain Claims, Rand Project; British Columbia Ministry of Energy, Mines And Petroleum, Assessment Report 27,899, January 15, 2005.
- 2010:
Geological and Geochemical Assessment Report on the Blustry Mountain Property for Victory Ventures Inc., November 9, 2010.
- 2012:
Prospecting and Geochemical Assessment Report on the Blustry Mountain Property for Victory Ventures Inc., January 14, 2012
- Richards, G.G., 1984a:
Geochemical Report on the Top Hat Property, Top Hat #1-#4 Mineral Claims for US Borax, Kamloops Mining Division; British Columbia Ministry Energy, Mines and Petroleum Resources Assessment Report 12948.
- Trettin, H.P., 1961:
Geology of the Fraser River Valley Between Lillooet and Big Bar Creek; British Columbia Geological Survey Branch Bulletin B44.
- Strongbow Explorations Inc., Jan. 15, 2007:
News Release; Exploration Update, Skoonka Creek Property, BC.

Appendix I

Statement of Qualifications

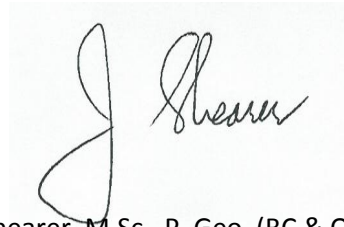
January 2, 2013

STATEMENT of QUALIFICATIONS

I, Johan T. Shearer of Unit 5 – 2330 Tyner Street, in the City of Port Coquitlam, in the Province of British Columbia, do hereby certify:

1. I graduated in Honours Geology (B.Sc., 1973) from the University of British Columbia and the University of London, Imperial College, (M.Sc. 1977).
2. I have practiced my profession as an Exploration Geologist continuously since graduation and have been employed by such mining companies as McIntyre Mines Ltd., J.C. Stephen Explorations Ltd., Carolin Mines Ltd. and TRM Engineering Ltd. I am presently employed by Homegold Resources Ltd.
3. I am a fellow of the Geological Association of Canada (Fellow No. F439). I am also a member of the Canadian Institute of Mining and Metallurgy, the Geological Society of London and the Mineralogical Association of Canada. I am a member in good standing of the Association of Professional Engineers and Geoscientists of British Columbia (P.Ge., Member Number 19,279).
4. I am an independent consulting geologist employed since December 1986 by Homegold Resources Ltd. At Unit #5 2330 Tyner Street, Port Coquitlam, British Columbia.
5. I am the author of the report entitled “Geological and Airphoto Interpretation Report on the Rusty Ross Property” dated January 2, 2013.
6. I have visited the property on October 1st and 2nd, 2012. I have carried out mapping and sample collection and am familiar with the regional geology and geology of nearby properties.

Dated at Port Coquitlam, British Columbia, this 2nd day of January, 2013.

A handwritten signature in black ink, appearing to read 'J. Shearer', is written over a light blue rectangular background.

J.T. Shearer, M.Sc., P. Geo. (BC & Ontario)

Appendix II

Statement of Costs

January 2, 2013

STATEMENT of COSTS

	Without HST
J. T. Shearer, M.Sc., P.Geo. (BC & Ontario), 2 days @ \$700/day	\$ 1,400.00
Wages Subtotal	<u>\$ 1,400.00</u>
Truck 1, fully equipped 4x4, 1 days @ \$120/day	120.00
Fuel	98.00
Hotel	125.00
Meals & Supplies	64.00
Airphoto Cost	
Airphoto Interpretation	1,400.00
Report Preparation, Data Compilation and Interpretation	700.00
Word Processing	250.00
Expenses Subtotal	<u>\$ 2,657.00</u>
Total	\$ 4,057.00

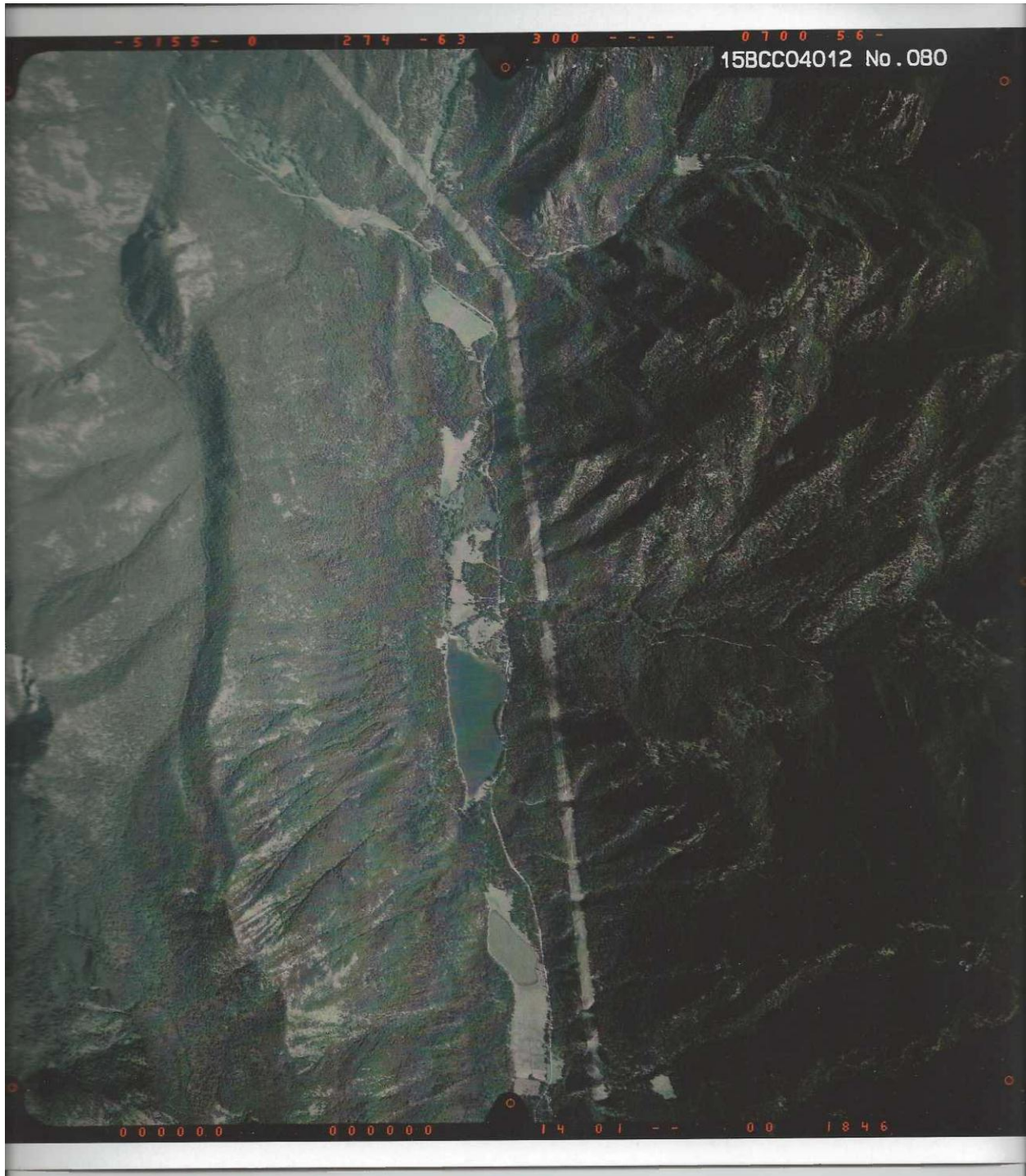
Event #	5413385
Filed	October 28, 2012
Amount	\$ 2,500.00
PAC Filed	\$ 775.26
Total Filed	\$ 3,275.26

Appendix III

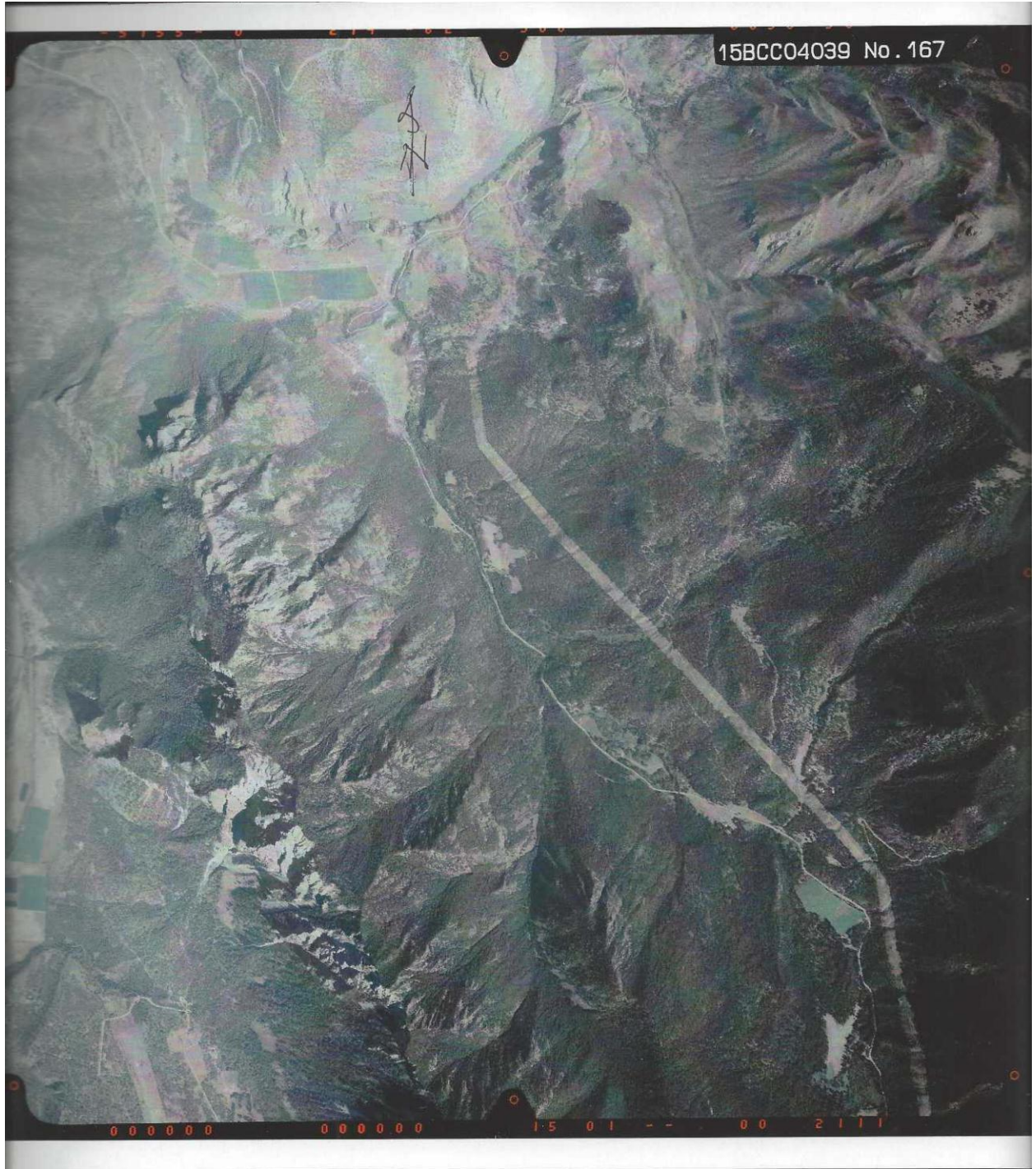
Airphotos

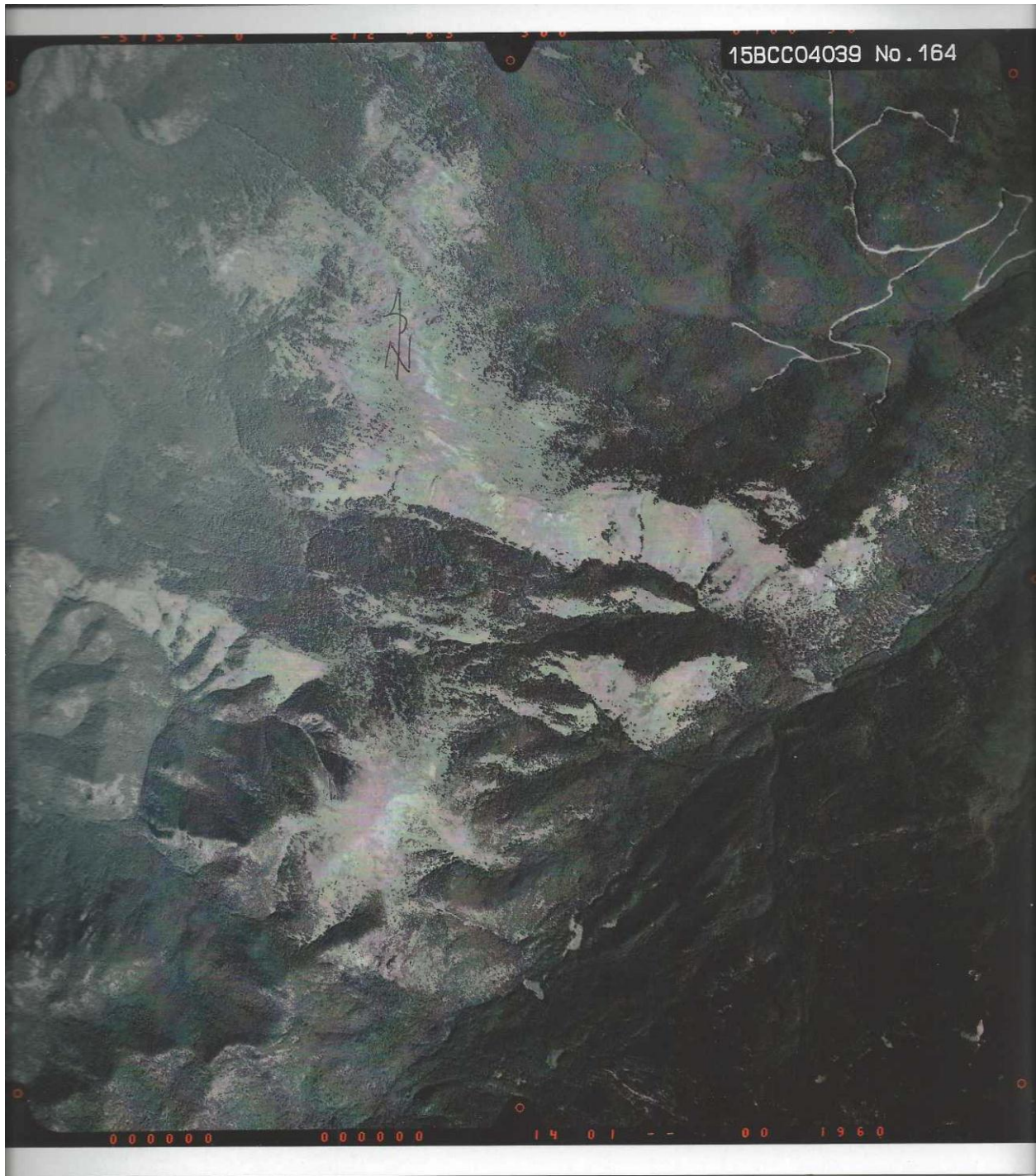
January 2, 2013











15BCC04043 No .051

