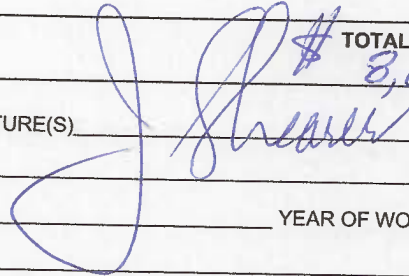


Ministry of Energy & Mines
Energy & Minerals Division
Geological Survey Branch

**ASSESSMENT REPORT
TITLE PAGE AND SUMMARY**

TITLE OF REPORT [type of survey(s)] <u>Geological</u>		TOTAL COST <u>\$ 8,000</u>
AUTHOR(S) <u>J. T. Shearer, MSc. P. Geo</u>	SIGNATURE(S) 	
NOTICE OF WORK PERMIT NUMBER(S)/DATE(S)	YEAR OF WORK <u>2012</u>	
STATEMENT OF WORK - CASH PAYMENT EVENT NUMBER(S)/DATE(S) <u>EVENT # 5392220</u>		
PROPERTY NAME <u>Head Bay</u>		
CLAIM NAME(S) (on which work was done)		
COMMODITIES SOUGHT <u>Gold/Iron</u>		
MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN		
MINING DIVISION <u>Alberni</u>	NTS <u>92E/15E + 16W</u>	
LATITUDE <u>125 ° 32 ' 52 "</u>	LONGITUDE <u>49 ° 47 ' 57 "</u> (at centre of work)	
OWNER(S)		
1) <u>J. T. Shearer</u>	2) _____	
MAILING ADDRESS <u>Units - 2330 TYNER ST</u> <u>Pt. Coquitlam BC V3C 2Z1</u>		
OPERATOR(S) [who paid for the work]		
1) <u>Homegold Resources Ltd.</u>	2) _____	
MAILING ADDRESS <u>Same as above</u>		
PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude): <u>Triassic Quatsino Formation Limestone in Contact with</u> <u>Jurassic intrusives forming garnet-magnetite skarn</u> <u>(past producer in 1960) also gold bearing quartz veins present</u>		
REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS <u>Assessment Rpt 16355 (1987)</u> <u># 13681 (1985) 13026 (1984)</u>		

TYPE OF WORK IN THIS REPORT	EXTENT OF WORK (IN METRIC UNITS)	ON WHICH CLAIMS	PROJECT COSTS APPORTIONED (incl. support)
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GEOLOGICAL (scale, area)

Ground, mapping _____

Photo interpretation _____

GEOPHYSICAL (line-kilometres)

Ground

Magnetic _____

Electromagnetic _____

Induced Polarization _____

Radiometric _____

Seismic _____

Other _____

Airborne _____

GEOCHEMICAL

(number of samples analysed for ...)

Soil _____

Silt _____

Rock _____

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

\$ 8,000⁰⁰

**ASSESSMENT REPORT
on the
HEAD BAY PROPERTY**

**TAHSIS AREA
VANCOUVER ISLAND, ALBERNI MINING DIVISION
BRITISH COLUMBIA**

**Longitude 125°32'52"W/Latitude 49°47'57"N
NTS 92E/15E, 92E 16W
Event #5392220**

Prepared for

**BC Geological Survey
Assessment Report
33789**

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

Prepared by

**J. T. Shearer
Consulting Geologist**

July 25, 2012

Work done between June 11 and July 8, 2012

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SUMMARY

The Head Bay property consists of 21 mineral claims consisting of a total area of 3,816.31 hectares and is centered at approximately 126° 32' 52" W longitude and 49° 47' 57" N latitude in the Alberni Mining Division approximately 132 road kilometres west-southwest of Campbell River on Vancouver Island. The road connects Campbell River with Gold River, the Head Bay Property and Tahsis which is approximately 20 kilometers northwest of the Property (Figure 1 and Figure 2).

Gold was discovered in the Zeballos Gold Camp, located approximately 25 kilometres northwest of the Head Bay Property prior to the 1930s. A total 13 mineral deposits produced a total of 287,811 troy ounces of gold and 124,700 troy ounces of silver from as early as 1930 to 1948 (Hoadley, 1953). Of the 13 small mines, the Privateer accounted for 154,381 troy ounces of gold and 60,878 troy ounces of silver. A total of 285,711 tons of ore was mined from Privateer's five main veins and 158,332 tons was milled. There are 33 published lode gold occurrences in the Zeballos Gold Camp which are associated with quartz veining. The ore zones also contained pyrite, arsenopyrite, calcite, and chalcopyrite with minor amounts of galena and sphalerite.

Elaine Showing

The Elaine Showing (also known as the Oh Boy and Zeballos Showing) is located on the west side of Head Bay approximately 650 m upstream along small creek that enters Head Bay south of the dry land log sorting yard. A quartz vein carrying gold, chalcopyrite and pyrite was discovered in the 1930s and a 36.6 m adit was collared 9 metres above the vein in 1934. According to the Minister of Mines, Annual Report, Index #3 records in 1939 production of 4.5 tonnes of ore yielded 240 grams of gold, 103 grams of silver and 3 kilograms of copper. The only recorded work carried out on the Elaine Showing since 1939 was a small geochemical soil sampling program conducted by Crystal Mountain Resources Ltd. in 1983. A total of 60 soil, silt and rock samples were collected along contours, road and streams. Six of the sixty samples were anomalous in gold (> 20 ppb gold) with one sample registering 130 ppb gold near the suspected location of the original adit on the Elaine Vein.

During the 2007 exploration program conducted by Silverlake Capital Corporation, two soil sampling grids were installed over the showing area and along the fault contact between the Eocene Catface granodiorite pluton located along the west side of Head Bay and Bonanza Volcanic units further to the west. A total of 215 soil samples and 31 rock chip samples were collected and analyzed for 30 elements (Figures 4 and 5). As a result of the 2007 exploration program, a new showing was discovered near the mouth of Elaine Creek where it empties into Head Bay. The Elaine Beach Vein was found to be 0.5 m wide and contained gold values in rock chip samples ranging from 34 to 123 ppb gold. Soil samples along westerly trending grid lines over the showing indicate anomalous gold in soils extend northward from the showing. Further west on the grid, an anomalous (gold) band of soil samples occurs over the suspected location of the original Elaine Vein adit between stations 4 +75 W and 6 +25 W from lines EL L 1+50 S to EL L1+00 N. The trend of the gold in soil anomaly is northerly beyond the last grid line (EL L1 +00N).

The second main Elaine grid (Figure 4) that trends northeasterly across a major logging road that is located at the west end of the above described westerly trending Elaine grid was established to sample soil across the northwesterly trending fault contact zone over a strike length of 1100 m between the intrusive granodiorites to diorites to the east towards Head Bay and the Bonanza Volcanic sequence to

the west. Soil samples and geological mapping was conducted along the logging road initially and then along the grid lines

A 50 to 75 m wide soil anomaly is located southeast of the logging road from grid lines RL 5 to RL 7B, a distance of approximately 400 m between the elevations of 120 to 140 m asl. The gold values range from 16 ppb to 81 ppb gold (Figure 4).

The anomaly does not extend northward to line RL 8 and may be the result of a cross fault that has displaced the potential underlying gold bearing structure responsible for the soil anomaly. Further to the north along grid line RL 12 between stations 1 + 50 NE and 2 + 50 NE the soil anomaly reappears along the same trend as the anomaly between grid lines RL 5 and RL 7B described above. Along grid line RL 12 the gold values range from 10 ppb gold to 53 ppb gold. At the time of the exploration program the grid was not extended further to the north beyond line RL 12.

Six rock samples from Bonanza volcanic unit were collected along line R1S (at the southwest end of the northeasterly trending Elaine grid) over a distance of 140 m between stations 00 + 25 W to 1 + 65 W. Four of the six samples were anomalous in gold with gold values of 37 ppb, 167 ppb, 60 ppb, and 79 ppb gold. Approximately 50 m further to the southeast, a rock sample collected on line R2S at station 00 + 25 SW yielded an analytical result of 10 ppb gold and a small quartz veined outcrop of Bonanza volcanics along the road at station R2S 0 + 00 contained 178 ppb gold (Figure 4). Soil samples were not collected during the program along line RL 1 to RL3.

VIG Road Zone Showing

Silverlake Capital Corporation conducted a limited rock chip sampling program on the VIG Road Zone No. 1 Vein showing. As the former trenches (#1, #2 and #3) excavated by Great Keppel Resources Ltd. in 1987 were filled in with overburden soil, Silverlake Capital Corporation personnel collected seven rock samples across the No#1 Vein of the Road Zone in March 2007 to confirm the tenor of the mineralization reported by previous operators such as Great Keppel Resources Ltd. The author also collected seven duplicate samples at the seven Silverlake sample sites. The analytical results confirmed the tenor of the gold grades recorded by Great Keppel Resources Ltd. with gold grades from the total of 14 Silverlake rock chip samples ranging from 1.37 to 28.56 g/tonne gold. These grades are also reflective of those obtained from a drilling program on the No.1 Vein by Centaur Resources Ltd. in 1988 where four of the nine holes intersected the No. 1 Vein. In drill holes V88-1, 3, 4 and 5 over widths ranging from 0.25 m to 0.36 m and gold grades ranging from 1.4 to 58.2 g/tonne gold.

Approximately 450 m southeast of the VIG Road Zone showing towards the north end of the northeasterly trending Elaine Grid, mineralized intrusive float rock was observed near a double switch back in a logging road that goes to the Head Bay log sort (Figure 9). Silverlake Capital Corporation personnel collected 16 soil samples from "B" horizon soils at 25 m intervals along the road to determine the potential source of the mineralized float rock (ELW-V1 to ELW-V16). At the location where the logging road comes back to trend northeast, soil samples ELW-V12 (48 ppb gold), ELW-V14 (231 ppb gold) and ELW-V16 (61 ppb gold) are strongly anomalous. Sample ELW-V14 is located at the peak of the second switch back curve and contains the highest gold value. It is also closest to the mineralized float rock location. The position of these anomalous soil samples may represent an extension of the VIG Road Zone No. 1 Vein further to the southeast of its present exposed limit. Due the above described gold values found at the VIG Road Zone No. 1 vein showing, further exploration work is warranted

between the VIG Road Zone showing and the anomalous soil sample locations to determine whether or not there is a structural and mineralogical connection between the two areas.

The Head Bay property encompasses two historical magnetite occurrences known as the Glengarry and Rob Roy which occur on 3 reverted crown grants (Glengarry, Stormont and Texas). These showings were originally staked in 1902 by Stockham, Grand and Dawley. Little work was done on the claims which were then optioned to Canadian Collieries (Dunsmuir) Ltd. in 1916. In 1959 Canadian Collieries optioned the property to Hualpai Enterprises Ltd. of Japan. Hualpai drilled 115 short drill holes totaling 2125 m (6972 ft.) to explore various showings. According to Canadian Collieries information supplied to the Minister of Mines in 1956 (page 133), the drilling outlined an inferred resource of 327,000 tonnes of magnetite grading an average of 42.7 % iron. The mineralization was encountered in 11 distinct locations (pods) with the following inferred resources indicated as follows:

<u>Location</u>	<u>Tons</u>	<u>Grade (Per Cent Iron)</u>
A	8,500	52.5%
B	9,000	50.0%
C	23,500	35.6%
D	58,000	37.5%
E	5,750	40.3%
F	174,000	40.7%
G	15,400	50.9%
H	33,000	55.4%
I	24,800	45.2%
J	6,000	50.7%
K	2,000	50.8%

The 11 iron mineralized locations are shown on Figure 10.

This resource calculation was carried out prior to the existence of NI43-101 standards and is therefore, not in compliance with the current NI43-101 standards and definitions and should not be relied upon to represent the mineral resources that occur on the Rob Roy showing. The author has not attempted to recalculate the inferred resource at this time as the calculation methodology, the sampling methodology, sample preparation and analytical procedures used at the time are not known and as such are not in compliance with NI43-101 standards.

Mohawk Showing

The Mohawk showing was discovered in 1939 and is located approximately 2 kilometres southwest of the VIG showing (Figure 3). The Mohawk vein is approximately 35 cm wide and strikes 035° and dips steeply (50° – 80°) southeasterly and consists of a quartz-carbonate filled fissure vein with fine grained pyrite and minor galena hosted in shear zones within fragmental Bonanza Group volcanic rocks. Two adits were installed in 1939 to explore the Mohawk Vein

A small prospecting program was conducted by Mr. Neil DeBock in 1985 and 8 samples of vein material for gold analysis. Gold values ranged from 17 to 1080 ppb with higher results coming from the upper adit (Figure 12). A total of 12 rock samples were collected along the access logging road where four similar style and type of mineralization were discovered. Analytical results for the veins exposed in the logging road ranged from 1 to 620 ppb gold.

During March of 2007, the Mohawk showing was examined by Silverlake Capital Corporation. The upper and lower (cross-cut) adit portals were located and entered. Silverlake personnel collected two rock chip samples across the Mohawk vein and shear zone structure in the upper adit and one sample from the end of the lower adit approximately 6 m east of the vein shear structure. Silverlake also collected a sample of mineralized vein float downslope from the upper adit portal in line with the projection of the vein shear zone. The analytical results were of similar tenor as those collected by DeBock in 1985 with the gold grades in the rock chip samples ranging from 209 ppb to 1045 ppb gold.

Vivian Showing

The Vivian mineral showing (Figure 3) is also located on the Head Bay Property approximately 2.4 kilometres north of the Mohawk showing and 3.6 kilometres east of the VIG Road Zone showing. The workings are within 100 metres of a lower borrow quarry along the Tsowwin River. The showing was discovered in 1939 and a 15 m long adit was driven along a shear zone containing quartz and calcite. The adit was abandoned in 1940 and has since collapsed.

Aberford Resources Ltd. conducted an extensive exploration program around the Vivian Showing in 1983. A rock chip sample from the adit dump averaged 3.537 troy oz./ton gold and 10.53 troy oz./ton silver (average of 2 samples collected) (J.E. Robinson, November 1983, Assessment Report 12,058). Several other shear and vein systems were also encountered in the logging road cuts and borrow quarries near the Vivian showing which led to further exploration in the area.

Silverlake Capital Corporation conducted a limited geochemical rock sampling program along the logging road approximately 100 m east of the Vivian adits in two borrow pits where sulphide bearing quartz veins were exposed. A total of 5 rock chip samples were collected from mineralized quartz vein and float in the borrow pit nearest the Vivian adit area and a total of 3 rock chip samples were collected from the second borrow pit further to the east of the Vivian adit (Figures 16 and 17). The analytical results for the 5 samples collected from the borrow pit nearest the Vivian adit area ranged from 6 to 692 ppb gold and the analytical results from the 3 samples collected from the borrow pit located furthest away from the Vivian adit ranged from 272 to 872 ppb gold.

Exploration potential at the Head Bay Property is considered good as indicated by the numerous gold-bearing quartz-calcite veins and shear zones associated with Early to Mid-Jurassic granodiorites and Eocene Catface diorite to hornblende monzonite intrusions into Upper Triassic Vancouver Group volcanics and sediments comprised of Karmutsen Formation basalts and the Quatsino and Parsons Bay formation carbonates and clastics. Contact metamorphism of the intrusive suites with the Quatsino limestone unit at the Glengarry and Rob Roy showings has produced of garnetite skarn pods which are associated with the deposition of magnetite mineralization. As a result of the 2007 exploration program conducted by Silverlake Capital Corporation it is recommended that further and more detailed exploration be carried out on the Elaine, VIG Road Zone, Glengarry – Rob Roy, Mohawk and Vivian Showings.

In general it is recommended that:

Elaine Showing

The west trending soil sampling grid be extended to the north approximately 200 m with four lines spaced 50 m apart with 25 m sampling station intervals to test the potential for the Elaine Beach Vein

and the Elaine (Oh Boy) Vein to extend to the north. On the northeasterly trending grid located to the west, soil sampling should be completed on lines RL1 to RL3 inclusive. Lines RL8 to RL11 should be extended at least 200 m to the southeast and northwest to locate the potential off-set position of the soil anomalies located from lines RL5 to RL7B and then on RL12. The northeasterly trending grid should be extended further to the northeast from line RL12 for 5 more lines from grid line RL12 for a distance 250 m to line RL17 to determine the extent of the soil anomaly that was found along line RL12. Soil samples should be collected at 25 m intervals and outcrops should be mapped and sampled. This grid should be viewed as potentially connecting the Elaine grid with a grid proposed below for the VIG Road Zone Showing.

At the Elaine showing area, it is recommended that an Induced Polarization (IP) Survey be conducted along the westerly trending grid (current grid lines and new grid lines as recommended above) from grid lines EL L1+00 S to EL L3+00 N. The survey is recommended for the purpose of identifying the shear zone structures that host the Elaine Beach Vein and the original Elaine (Oh Boy) vein system.

The induced Polarization Survey should be conducted on the northeasterly trending grid. It is recommended that the survey be conducted on lines RL4 to RL7 (as above recommended new grid lines RL13 to RL7). The purpose of this survey is to more clearly identify the geological structure associated with the soil anomaly that extends from RL4 to RL7B and picks up again at RL 12. The survey may identify the reason for the abrupt dislocation of the soil anomaly between lines RL7B and RL12.

VIG Road Zone Showing

It is recommended that a soil sampling and geological mapping grid be established across the VIG Road Zone No.1 Vein for a distance of at least 200 m past the exposed north end of the vein and at least 600 m southeast of the Road Zone to the sample locations established in during this 2007 program (the ELW-V1 to ELW-V-16). The purpose of this program is to potentially locate the northern and southern extension of the VIG Road Zone No. 1 vein system. The grid lines should trend southwest to northeast across the vein and be at least 450 long with a sample spacing of 25 m along the grid lines. Geology should be mapped and outcrops sampled.

The Induced Polarization Survey is should be conducted on the new grid lines over the VIG Road Zone No. 1 vein during the next stage of exploration as described in Section 15.1. The survey would identify the geophysical signature of the Road Zone No. 1 vein. This information would assist in locating the northward and southward extension of the vein and the down-dip extension. It is recommended that the survey be conducted over the exposed 38 m strike length first with five intermediate grid lines spaced 10 m apart (3 or 4 lines 150 m long) with reading stations at 10 m intervals.

Diamond drilling should be conducted at several locations along strike at the VIG Road Zone No. 1 Vein. As the vein appears to pinch and swell and change attitude along strike to some degree, the Centaur Resources Ltd. 1988 drill locations were not able to test the structure adequately and the drill holes may not have been long enough at depth to penetrate parallel veins that may be located east of the Road Zone No.1 Vein. It is recommended that drill stations be established at 10 m intervals along the southwest side of the vein starting from 2007 sample site VIG-210407-1 and terminating at 2007 sample site VIG-210407-7. The drill pad locations should be set back approximately 20 to 30 m to the southwest of the vein and drilled towards the northeast. Two drill holes should be drilled from each set up at dip angles of -45 and -75 degrees to test the down dip extensions of the vein system.

Glengarry – Rob Roy Magnetite Showings

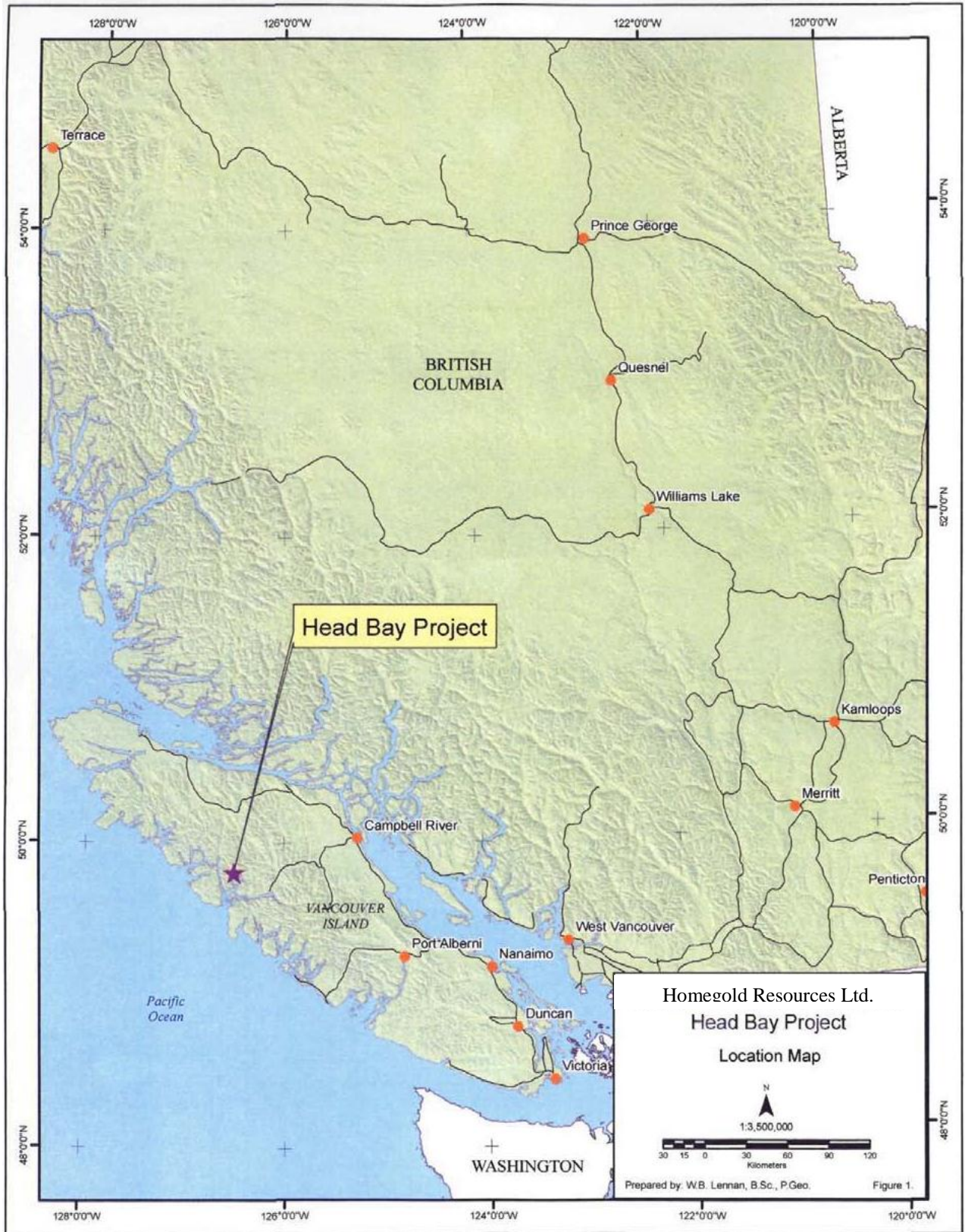
At the Glengarry – Rob Roy Magnetite Showing it is recommended that a grid be established over the 11 magnetite bearing pods identified during extensive development from 1951 to 1960 when material was mined from the Glengarry deposit. The grid is required to establish control for geological mapping, sampling and geophysical surveys. It is recommended that the grid run north-northeasterly across the granodiorite intrusive – Quatsino limestone contact and across the 11 magnetite rich pods. Grid lines should be spaced at 50 m intervals with stations at 25 m intervals. Detailed geological mapping should be carried out along the grid lines at a scale of at least 1:500. The access roads to the magnetite pods require rehabilitation in order to readily access all areas of the mineralized zones. It is recommended that data from former operators be acquired from the GSB library in Victoria if available.

Mohawk Showing

It is recommended that a small soil sampling grid be established across (perpendicular) the 030° strike trend of the Mohawk vein system running northwest-southeast. The grid should extend approximately 200 m northeastward and southwestward from the upper and lower adits. The grid lines should be 200 m long and 50 m apart with a sample interval of 25 m to facilitate soil sampling, geological mapping and rock chip sampling.

Vivian Showing

It is recommended that a soil grid be established in the Vivian showing area to potentially detect the extension of the Vivian vein system to the north and/or to assist in determining whether or not the vein system has been offset to the east as may be indicated by the veins sampled in the two road cuts located approximately 100 m east-north east of the Vivian adit dump pile. The grid, consisting of 13 lines spaced 50 m apart should run in an east-west direction progressing northward from the Vivian showing to an area immediately north of the second switch back in the logging road north of the showing, (identified as Middle Quarry from Aberford Resources Ltd. data on Figure 14-) a distance of approximately 650 m. Soil samples should be collected at 25 m intervals along the lines.



INTRODUCTION

This report has been prepared for Homegold Resources Ltd. to review the results of historical data and prospect newly exposed road cuts in new logging roads built in 2011. A total of \$100,000 was spent during 2007 and about \$85,000 spent on the 2008 drilling exploration program conducted by Silverlake Capital Corporation.

Gold was discovered in the Zeballos Gold Camp, located approximately 25 kilometres northwest of the Head Bay Property prior to the 1930s. A total 13 mineral deposits produced a total of 287,811 troy ounces of gold and 124,700 troy ounces of silver from as early as 1930 to 1948 (Hoadley, 1953). Of the 13 small mines, the Privateer accounted for 154,381 troy ounces of gold and 60,878 troy ounces of silver. A total of 285,711 tons of ore was mined from Privateer's five main veins and 158,332 tons was milled. There are 33 published lode gold occurrences in the Zeballos Gold Camp which are associated with quartz veining. The ore zones also contained pyrite, arsenopyrite, calcite, and chalcopyrite with minor amounts of galena and sphalerite.

Five showings have been consolidated under mineral claims belonging to a single owner. With the exception of the Glengarry – Rob Roy magnetite deposits, the remaining four showing indicate similar mineralogical and genetic signatures for gold mineralization as found at the Zeballos Mining Camp to the northwest.

The Elaine Showing (also known as the Oh Boy and Zeballos Showing) is located on the west side of Head Bay approximately 650 m upstream along small creek that enters Head Bay south of the dry land log sorting yard. A quartz vein carrying gold, chalcopyrite and pyrite was discovered in the 1930s and a 36.6 m adit was collared 9 metres above the vein in 1934. According to the Minister of Mines, Annual Report, Index #3 records in 1939 production of 4.5 tonnes of ore yielded 240 grams of gold, 103 grams of silver and 3 kilograms of copper.

During February and March of 2007, Silverlake Capital Corporation established two main grids over the suspected location of the 1934 adit and over the projected northwesterly trending strike length the structure believed to host the Elaine vein system. Silverlake Capital Corporation collected and analyzed total of 215 soil samples and 31 rock chips samples were collected and analyzed for 30 elements (Figures 4 and 5). The analytical results are presented in Section 10 of this report.

The VIG (Road Zone) showing consists of a mineral showing located along a former logging road approximately two kilometers northwest of the Elaine showing and occurs as shallow dipping, northwest striking system of discontinuous pyrite-quartz-chlorite-chalcopyrite lenses within a weakly sheared magnetite-rich mafic diorite with gabbroic to pyroxenitic phases. Aberford Resources Ltd., Great Keppel Resources and Centaur Resources Ltd. explored the VIG Road Zone showing in 1982, 1987 and 1988 respectively. In 1988 Centaur Resources Ltd. drilled 9 BQ drill holes to test the VIG Road Zone No. 1 Vein at depth.

During February, March and April 2007 Silverlake Capital Corporation collected and analyzed a total of 7 rock chips samples each across the width of the vein at approximately 5 m intervals along the strike of the VIG Road Zone No. 1 Vein from the northwest to the southeast. Approximately 450 m southeast of the VIG Road Zone showing, 16 soil samples were collected along a logging road that extends towards and eventually joins the Elaine grid area. This area was sampled as sulphide mineralized float rock was observed east and down-slope of the road. The soil samples were collected at approximately 25 m

intervals. This area was also found to be of interest as it was in the vicinity of a previously unexplored area along a projected northwest trending structure (fault zone with associated veining system) that may extend from the Elaine showing area northwestward towards and possibly connecting with the VIG Road Zone vein.

Silverlake Capital Corporation carried out limited prospecting in the Glengarry and Rob Roy magnetite deposits (discovered in 1902 and a producer in 1959) during the February to April 2007 exploration program. The historical and geological information regarding the Glengarry and Rob Roy magnetite deposits are described in Section 6 of this report.

The Mohawk showing was discovered in 1939 and is located approximately 2 kilometres southwest of the VIG showing (Figure 3). The Mohawk vein is approximately 35 cm wide and consists of a steeply dipping (50° – 70° SE) northeasterly (30°) striking quartz-carbonate filled fissure vein with fine grained pyrite and minor galena hosted in shear zones within fragmental Bonanza Group volcanic rocks. Two adits (lower and upper) were driven on the vein in 1939 and 1940 with the upper adit being driven along the strike of the vein for approximately 15 m and the lower adit was driven for 39.5 m as a cross-cut then drifted along the vein for 15 m (Figure 11).

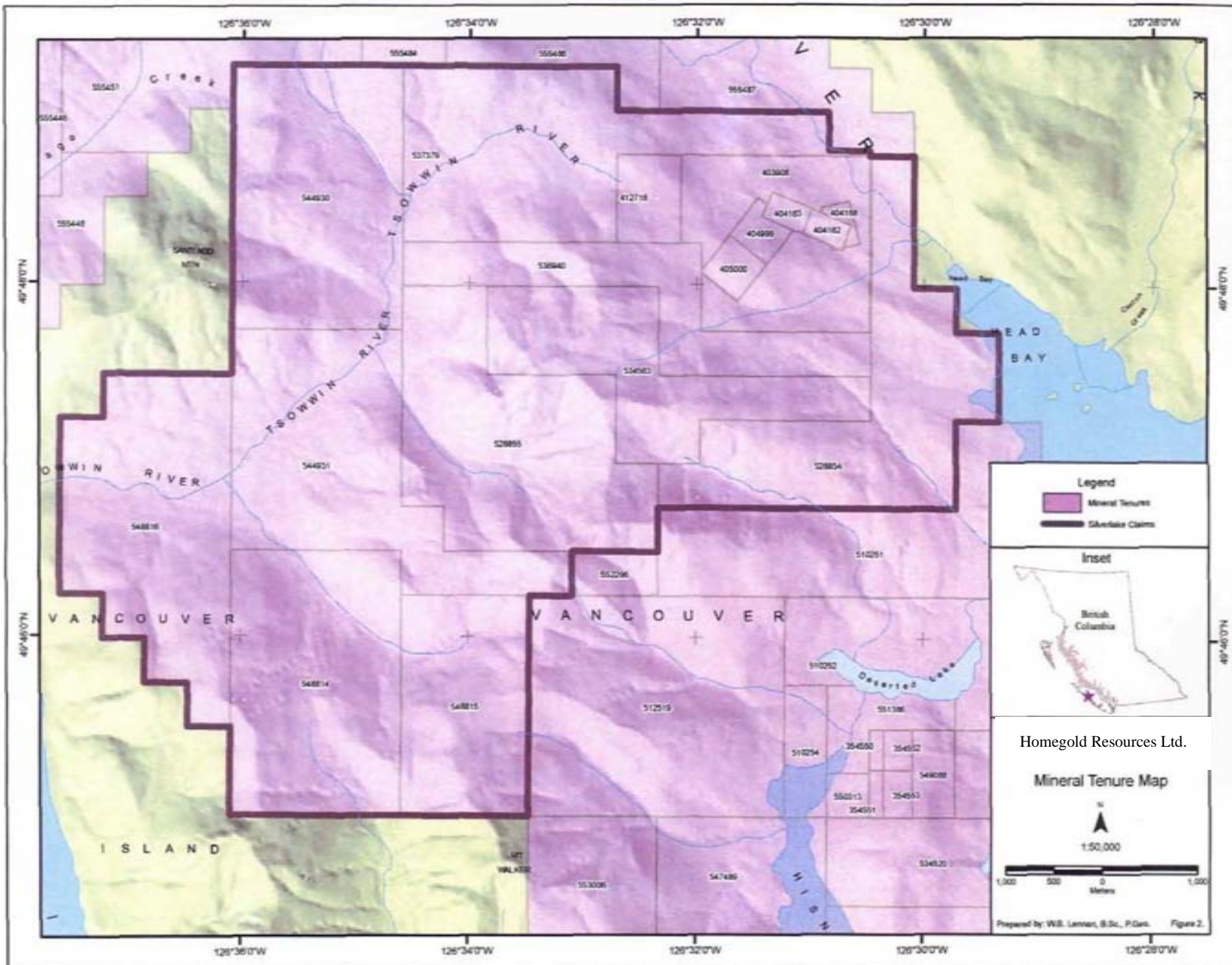
A small prospecting program was conducted by Mr. Neil DeBock in 1985 and 8 samples of vein material for gold analysis. Gold values ranged from 17 to 1080 ppb with higher results coming from the upper adit (Figures 12 and 13). A total of 12 rock samples were collected along the access logging road where four similar style and type of mineralization were discovered. Analytical results for the veins exposed in the logging road ranged from 1 to 620 ppb gold.

During the months of March and April, 2007, Silverlake Capital Corporation conducted a limited geochemical rock sampling program of the vein system in the upper and lower adits. A total of 4 rock chip samples were collected from the Mohawk vein.

The Vivian mineral showing (Figure 3) is also located on the Head Bay Property approximately 2.4 kilometres north of the Mohawk showing and 3.6 kilometres east of the VIG Road Zone showing. The workings are within 100 metres of a lower borrow quarry along the Tsowwin River. The showing was discovered in 1939 and a 15 m long adit was driven along a shear zone containing quartz and calcite. The adit was abandoned in 1940 and has since collapsed. Limited reconnaissance geological mapping and geochemical soil and rock chip sampling has been carried out in the vicinity of the showings during the 1980s up to and including 1988. Sampling of the dump material from the collapsed Vivian showing adit by Aberford Resources Ltd, in 1983 averaged 3.537 troy oz./ton gold and 10.53 troy oz./ton silver (average of 2 samples collected) (J.E. Robinson, November 1983, Assessment Report 12,058). Several other shear and vein systems were also encountered in the logging road cuts and borrow quarries near the Vivian showing which led to further exploration in the area. Although it is expected that the analytical procedures used during the work conducted in the 1980s were carried out at the standards of the day.

During the month of April, 2007, Silverlake Capital Corporation conducted a limited geochemical rock sampling program along the logging road approximately 100 m east of the Vivian adits in two borrow pits where sulphide bearing quartz veins were exposed. A total of 5 rock chip samples were collected from mineralized quartz vein and float in the borrow pit nearest the Vivian adit area and a total of 3 rock chip samples were collected from the second borrow pit further to the east of the Vivian adit.

Exploration potential at the Head Bay Property is considered good as indicated by the numerous gold-bearing quartz-calcite veins and shear zones associated with Early to Mid-Jurassic granodiorites and Eocene Catface diorite to hornblende monzonite intrusions into Upper Triassic Vancouver Group volcanics and sediments comprised of Karmutsen Formation basalts and the Quatsino and Parsons Bay formation carbonates and clastics. Contact metamorphism of the intrusive suites with the Quatsino limestone unit at the Glengarry and Rob Roy showings has produced of garnetite skarn pods which are associated with the deposition of magnetite mineralization.



PROPERTY DESCRIPTION AND LOCATION

The Head Bay property consists of 17 mineral tenures consisting of an area of 3,817.31 hectares and is centered at approximately 126° 32' 52" W longitude and 49° 47' 57" N latitude in the Alberni Mining Division approximately 105 road kilometres west-southwest of Campbell River on Vancouver Island. The road connects Campbell River with Gold River, the Head Bay Property and Tahsis which is approximately 20 kilometers northwest of the Property.

The property consists of a total of 21 mineral claims (Figure 2) which are described as follows:

Head Bay Claim List

TABLE 1
List of Claims

Claim Name	Tenure #	Date Located	Current Anniversary Date	Size ha.	Owner
Rob Roy 3	405000	Sept. 11, 2003	July 17, 2014	25.00	J. T. Shearer
Lot 411 Stormont	404162	July 21, 2003	July 17, 2014	25.00	J. T. Shearer
Lot 410 Glengarry	404163	July 21, 2003	July 17, 2014	25.00	J. T. Shearer
Lot 412 Texas	404168	July 21, 2003	July 17, 2014	25.00	J. T. Shearer
Rob Roy 2	404999	Sept. 11, 2003	July 17, 2014	25.00	J. T. Shearer
Rob Roy	403908	July 27, 2003	Jan. 17, 2012	400.00	J. T. Shearer
Head Bay West	544930	Nov. 5, 2006	Aug. 17, 2013	62.55	J. T. Shearer
Head Bay Southwest	544931	Nov. 5, 2006	Aug. 17, 2013	62.58	J. T. Shearer
Head Bay 10	928415	Nov. 7, 2011	Nov. 7, 2013	521.53	J. T. Shearer
Head Bay 11	928421	Nov. 7, 2011	Nov. 7, 2013	521.29	J. T. Shearer
HB 1	940396	Jan. 9, 2012	Jan. 10, 2013	521.69	J. T. Shearer
HB 2	940405	Jan 9, 2012	Jan. 10, 2013	521.81	J. T. Shearer
Rob Roy 5	537379	July 18, 2006	Jan. 17, 2013	62.55	J. T. Shearer
GlennGarry Frac	536940	July 11, 2006	Jan. 17, 2013	41.71	J. T. Shearer
Head Bay 2	534563	May 29, 2006	Jan. 17, 2013	41.72	J. T. Shearer
Rob Roy 5	941273	Jan. 18, 2012	Jan. 20, 2013	417.09	J. T. Shearer
Rob Roy 6	941280	Jan. 18, 2012	Jan. 20, 2013	521.25	J. T. Shearer
Rob Roy 7	941285	Jan. 18, 2012	Jan. 20, 2013	41.69	J. T. Shearer
Rob Roy 8	941286	Jan. 18, 2012	Jan 20, 2013	104.23	J. T. Shearer
Head Bay 2	528855	Feb. 24, 2006	Jan. 18, 2013	62.58	J. T. Shearer
Rob Roy 15	941430	Jan. 19, 2012	Jan. 20, 2013	458.93	J. T. Shearer
Head Bay 1	528854	Feb. 24, 2006	Jan. 10, 2013	125.14	J. T. Shearer
WOA 1	942912	Jan. 27, 2012	Jan. 30, 2013	271.19	J. T. Shearer
WOA 2	942929	Jan. 27, 2012	Jan. 30, 2013	250.23	J. T. Shearer
HB West	995913	June 10, 2012	June 30, 2013	41.73	J. T. Shearer
Total				5,176.49	

The twenty-one mineral tenures listed above are currently owned by Mr. Johan T. Shearer who holds a valid Free Miners Certificate (FMC # 124452) which is renewable in 1 year increments. The total area enclosed by the above listed twenty-one mineral tenures is 4,784.79 hectares. The owner carries a 100

% interest in the mineral claims and retains access to the surface of the claims under the Mineral Tenures Act. The Government of the Province of British Columbia owns the surface rights to the area encompassed by the nine mineral claims. The owner has met the obligations to retain the property by applying the cost of exploration work to the claims for assessment purposes.

The mineral claim boundaries within the property were located by selecting the claim areas on maps provided on-line by utilizing The British Columbia Ministry of Energy, Mines and Petroleum Resources Mineral Titles Online system (Figure 2). The corners of the claimed areas are assigned Universal Transverse Mercator (UTM) coordinates and the claim owner is able to locate the claim boundaries on the ground using a Global Positioning System (GPS) receiver. The Mineral Titles Online system virtually eliminates claim overlaps and disputes.

The five currently known mineralized zones are identified and located as follows:

- Elaine 49° 47' 29" N. Lat., 126° 30' 5" W. Long.
- VIG 49° 48' 08" N. Lat., 126° 31' 26" W. Long
- Glengarry and Rob Roy 49° 48' 27" N. Lat., 126° 31' 0" W. Long
- Mohawk 49° 47' 25" N. Lat., 126° 34' 20" W. Long
- Vivian 49° 48' 36" N. Lat., 126° 34' 26" W. Long

The property falls within the overlap of the traditional territories of the Nuu-chah-nulth Tribal Council First Nations as described in First Nation Statement of Intent (SOI) to negotiate treaties which have been submitted to and accepted by the B.C. Treaty Commission. The final boundaries have not been agreed to by the First Nations, the Province of British Columbia or the Government of Canada at this time.

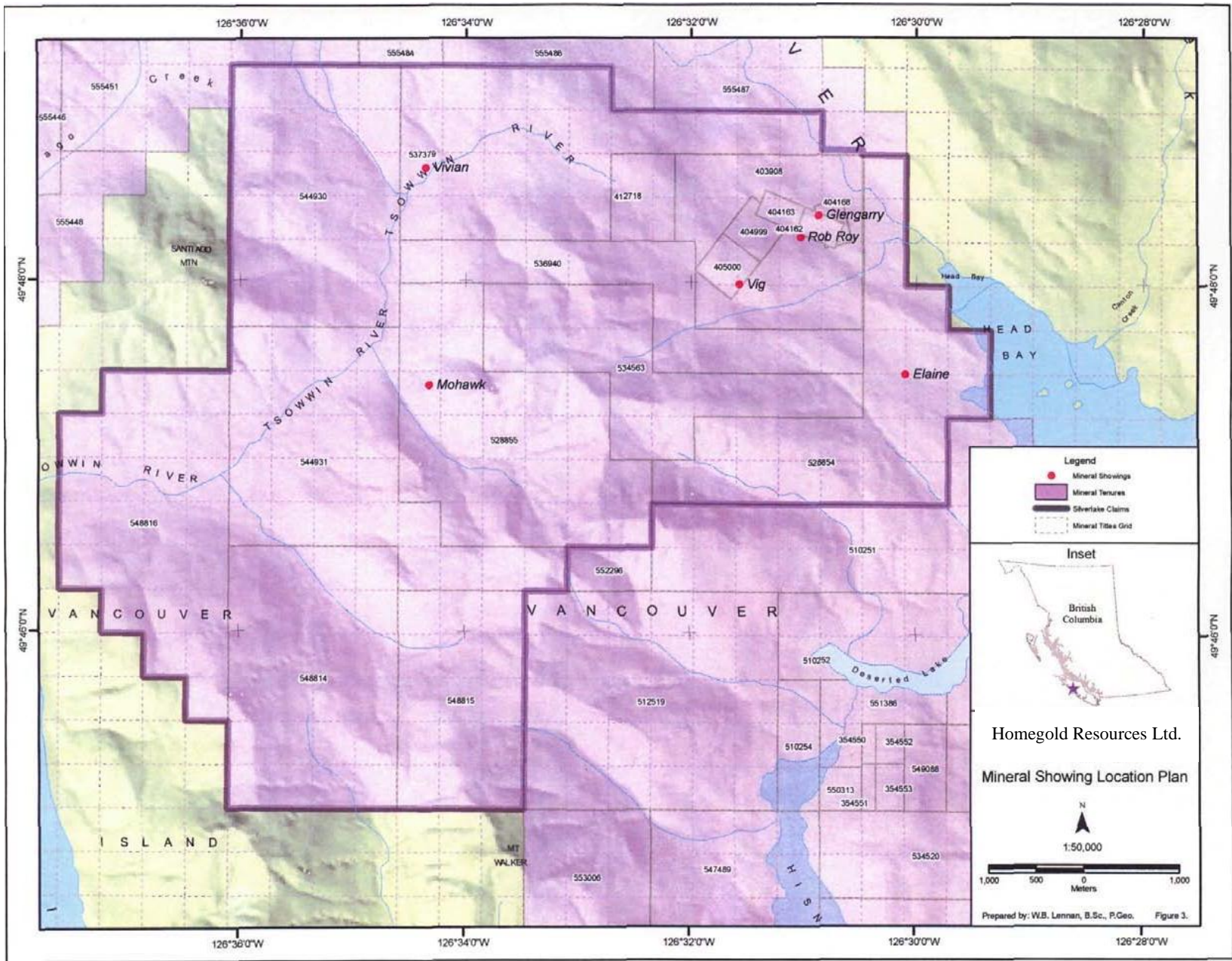
Environmental baseline studies under the current Environmental Assessment Act have not been undertaken at this early stage of exploration throughout the property, therefore, potential environmental liabilities are not known at this time. Environmental baseline studies will be required in the future as more intrusive exploration and development takes place on the property.

More intrusive exploration programs where excavation of material, construction of drill pads, trenches and structures may require water quality monitoring as water quality parameters must meet the recommended standards for freshwater and marine aquatic life according to the British Columbia and Canadian Working and Approved Water Quality Guidelines (Criteria – 2000 and updated in 2006).

Drainage water from mine workings, stockpiles and service roads should be directed to detention ponds to protect adjacent streams from sediment and contaminants. The containment facilities should be capable of collecting and storing large sources of contaminated drainage waters over the range of hydrologic and climatic conditions expected at this property.

Areas where fuel storage, truck washes and servicing garages may be required to be sampled and monitored for grease, oil and fuel. These facilities should be located a minimum of 30 m from any watercourse and spill containment structures and spill kits should be available at the site. Future reclamation strategies should commence with the start of operations and allow for sequential restoration of areas no longer needed for mining purposes. The reclamation strategies should be designed early on to enhance and restore the natural habitat attributes found at the site prior to the commencement of operations.

Historically, the area has been subjected to clear-cut logging and is currently forested primarily with young second growth timber. During the February to April 2007 exploration program, several of the original logging roads located on the property were overgrown and/or were inaccessible due to deep snow. Evidence of the most significant exploration conducted during the 1980s on the property showings such as drillpads, trenches and cut lines were virtually non-existent as observed by the author due regrowth of underbrush plants and dense second growth forest cover. The construction of logging road appears to have impacted several of the original development adits by causing them to cave in.



ACCESSIBILITY

The Head Bay Property is located approximately 125 kilometers west-southwest of Campbell River and is accessible by 89 kilometres of paved highway (Highway 2) from Campbell River to Gold River, then by a gravel logging road (Head Bay Forest Road) for approximately 36 kilometres to the property. The logging road continues northward for a distance of approximately 18 kilometres to the village of Tahsis. The property, consisting of the five previously noted mineral showings is located immediately west of the former Head Bay logging camp which is at the north end of Tlupana Inlet. Numerous logging roads cross the northern part of the property as they branch off the Sucwoa Main Line. Logging roads constructed by BC Forest Products that branch off the Tlupana Main Line provide access to the southern and eastern parts of the property. A high voltage power line crosses the northern portion of the property. The Head Bay Property covers the eastern flank of an unnamed mountain of the Vancouver Island Range between the Sucwoa River and Desperate Lake to the south.

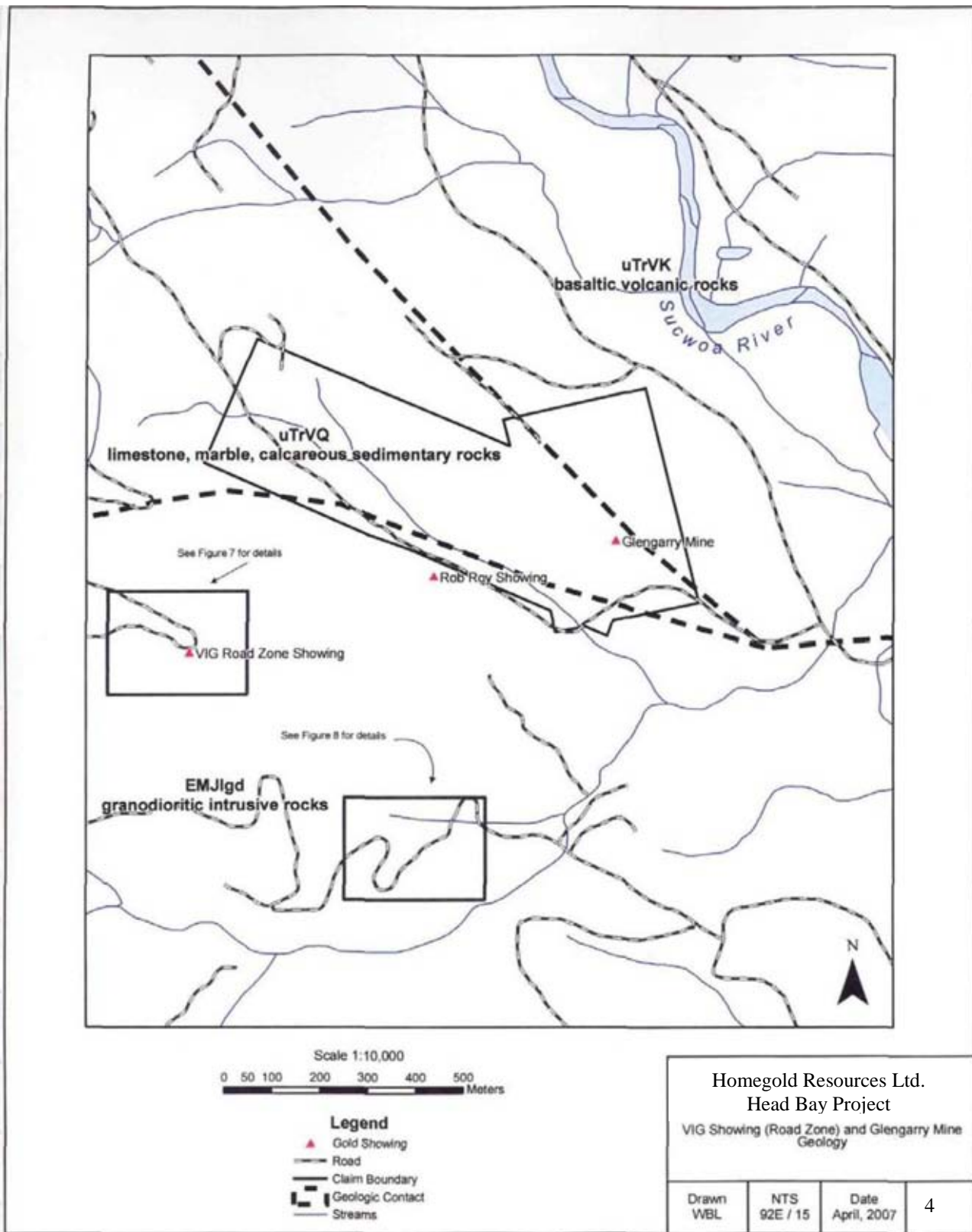
The topography is rugged, with deeply incised creeks and steep rock bluff. On the eastern portion of the property adjacent to Head Bay log sort, the valleys are less incised and soil cover obscures outcrop in places. Elevations range from sea level at the Head Bay log sort to over 900 metres above sea level along the western boundary of the property.

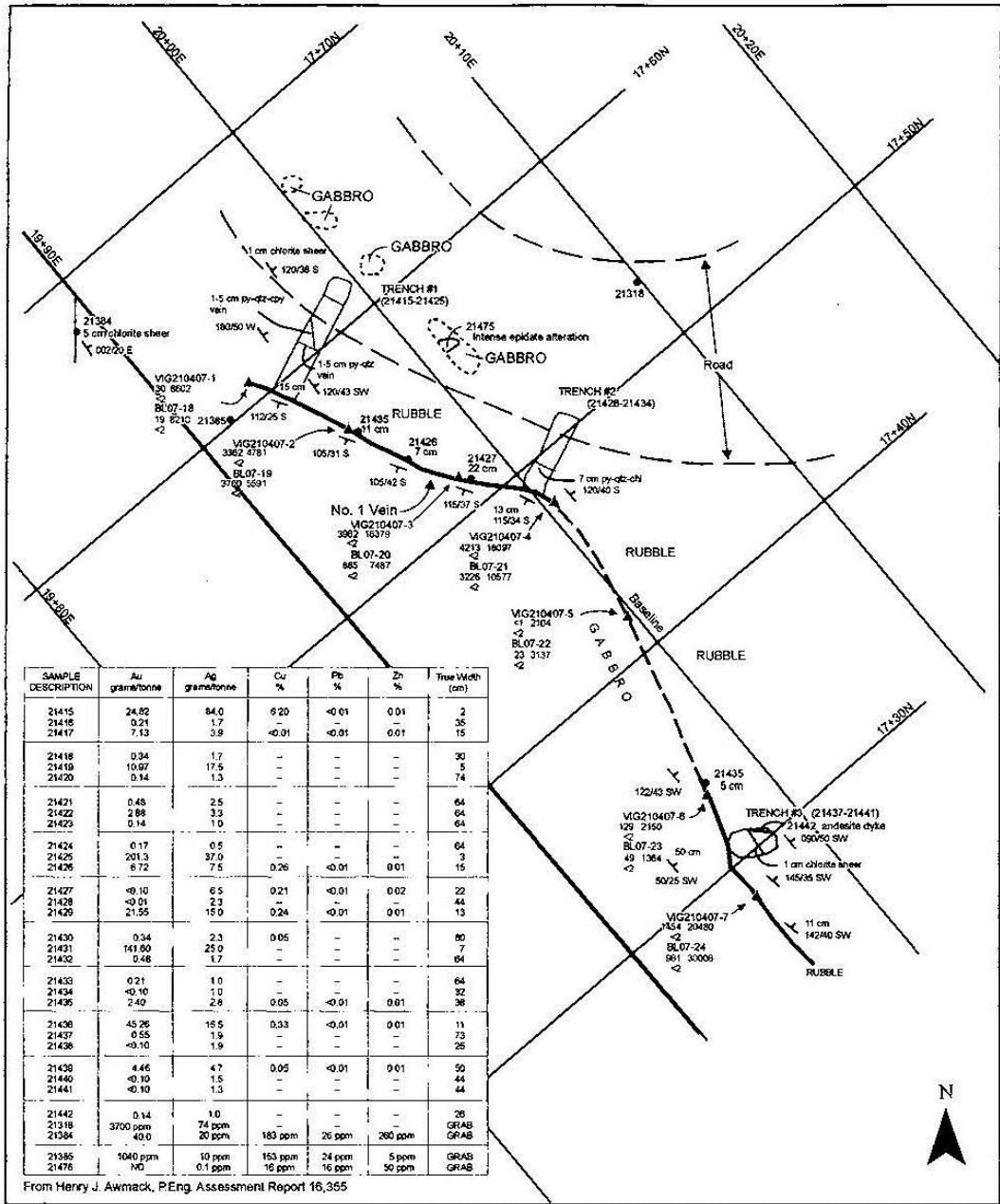
Mature forest covers the southern and western portion of the property with the exception of the logged areas. Hemlock, red cedar and fir are the most common species of merchantable timber while moderate to dense undergrowth consists of salal, devil's club, huckleberry and salmonberry. Areas logged in the 1960's and 1970's are choked with the above noted shrubs and more recent logging has clogged some drainages (valleys) with slash making movement on foot very difficult. The climate of the area is west coast marine rainforest and receives around 500 cm of precipitation per year with overall cool temperatures year round. Heavy snowfall occurs at higher elevations and during the 2007 exploration program conducted by Silverlake Capital Corporation in February and March, snow depths of up to 1.5 metres in depth were encountered at an elevation of only 100 metres above sea level which prevented safe access to some of the showing areas.

The main access road (Head Bay Forest Road) to the property from Gold River is currently well maintained up to the property and northward to the village of Tahsis.

The climate of the area is west coast rainforest with temperatures ranging from -10° C in the winter to +30° C in the summer. Although snowfall depths can be significant in this area, the temperate weather will allow mining operations to be carried out year round. Power requirements are readily available as the main Hydro power line from Gold River to Tahsis passes over the northeast portion of the claim block near the VIG (Road Zone showing) and Glengarry – Rob Roy magnetite showings. Adequate water supplies are available from nearby large creeks and rivers such as the Sucwoa and Tsowwin Rivers.

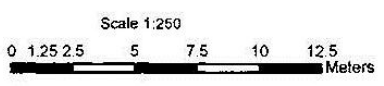
Food, fuel and accommodations are available at the town of Tahsis to the north or at Gold River approximately 40 km to the east. Both communities have deep water port facilities.





SAMPLE DESCRIPTION	Au grammatite	Ag grammatite	Cu %	Pb %	Zn %	True Width (cm)
21415	24.82	84.0	0.20	<0.01	0.01	2
21416	0.21	1.7	-	-	-	35
21417	7.13	3.9	<0.01	<0.01	0.01	15
21418	0.34	1.7	-	-	-	30
21419	10.97	17.5	-	-	-	5
21420	0.14	1.3	-	-	-	74
21421	0.48	2.5	-	-	-	64
21422	2.88	3.3	-	-	-	64
21423	0.14	1.0	-	-	-	64
21424	0.17	0.5	-	-	-	64
21425	201.3	37.0	-	-	-	3
21426	8.72	7.5	0.26	<0.01	0.01	15
21427	<0.10	0.5	0.21	<0.01	0.02	22
21428	<0.01	2.3	-	-	-	44
21429	21.55	19.0	0.24	<0.01	0.01	13
21430	0.34	2.3	0.05	-	-	80
21431	141.90	25.0	-	-	-	7
21432	0.48	1.7	-	-	-	64
21433	0.21	1.0	-	-	-	64
21434	<0.10	1.0	-	-	-	32
21435	2.40	2.9	0.05	<0.01	0.01	36
21436	45.26	16.5	0.33	<0.01	0.01	11
21437	0.55	1.9	-	-	-	73
21438	<0.10	1.9	-	-	-	25
21439	4.46	4.7	0.05	<0.01	0.01	50
21440	<0.10	1.5	-	-	-	44
21441	<0.10	1.3	-	-	-	44
21442	0.14	1.0	-	-	-	28
21318	3700 ppm	74 ppm	-	-	-	GRAB
21384	40.0	20 ppm	183 ppm	26 ppm	260 ppm	GRAB
21385	1040 ppm	10 ppm	153 ppm	24 ppm	5 ppm	GRAB
21476	ND	0.1 ppm	16 ppm	16 ppm	50 ppm	GRAB

From Henry J. Awmack, P.Eng. Assessment Report 16,355



LEGEND

- ▲ VIG210407-1 to 7 2007 SilverLake Capital Corporation Rock Samples
- BL07 - 16 to 24 2007 W.G. Lennan Duplicate Samples
- ppm Cu 961
- ppb Au 3008
- ppm Pb 2

Homegold Resources Ltd.
Head Bay Project

VIG Road Zone Showing
Geology and Geochemistry Plan

Drawn WBL	NTS 92E / 15	Date April, 2007	5
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EXPLORATION HISTORY

The Zeballos Gold camp (Hoadley, 1953) was recognized as an important source of economic gold mineralization localized within quartz-carbonate vein systems in shear zones and fault structures. All 33 published lode gold deposits in the camp have gold mineralization associated with pyrite, arsenopyrite, calcite and chalcopyrite and minor quantities of galena and sphalerite mineralization. The similarities of structural and mineralogical signatures found at four of the five mineral showings on the Head Bay property with the Zeballos Gold camp deposits indicate there is potential to locate economic deposits of gold and silver. The occurrence of magnetite mineralization on the property associated with contact metamorphic alteration of the Quatsino limestone unit adjacent to the Jurassic aged northwest trending Island Intrusive granodioritic stocks also indicates that there is potential to locate additional deposits along the contact aureole.

The author has reviewed and sourced information on five showing located on the Head Bay property from several assessment reports for various exploration companies which were authored by a variety of geologists. Provincial Government publications such as Ministry of Mines Annual Reports and Geological Publications relevant to the Head Bay Property area were also reviewed and are documented in Section 17 (References) section of this report. Exploration work conducted in the past by various companies or individuals is summarized as follows:

Canadian Collieries (Dunsmuir) Ltd. and Hualpai Enterprises – 1902 - 1960

The Head Bay property encompasses two historical magnetite occurrences known as the Glengarry and Rob Roy which occur on 3 reverted crown grants (Glengarry, Stormont and Texas). These showings were originally staked in 1902 by Stockham, Grand and Dawley. Little work was done on the claims which were then optioned to Canadian Collieries (Dunsmuir) Ltd. in 1916. In 1959 Canadian Collieries optioned the property to Hualpai Enterprises Ltd. of Japan. Hualpai drilled 115 short drill holes totaling 2125 m (6972 ft.) to explore various showings. According to Canadian Collieries information supplied to the Minister of Mines in 1956 (page 133), the drilling outlined an inferred resource of 360,000 tons (327,000 tonnes) of magnetite grading an average of 42.7 % iron. The mineralization was encountered in 11 distinct locations (pods) with the following inferred resources indicated as follows:

<u>Location</u>	<u>Tons</u>	<u>Grade (Per Cent Iron)</u>
A	8,500	52.5%
B	9,000	50.0%
C	23,500	35.6%
D	58,000	37.5%
E	5,750	40.3%
F	174,000	40.7%
G	15,400	50.9%
H	33,000	55.4%
I	24,800	45.2%
J	6,000	50.7%
K	2,000	50.8%

The 11 iron mineralized locations are shown on Figure 10.

Hualpai commenced production in 1959 with the mining of 125,000 tons of ore and waste from which 62,500 tons were milled. A total of 25,000 tons of magnetite concentrate was produced and shipped from Head Bay by boat. Production ceased in 1960 as Hualpai Enterprises Ltd. went into receivership.

This resource calculation was carried out prior to the existence of NI43-101 standards and is therefore, not in compliance with the current NI43-101 standards and the resource definitions of used in the Ministry of Mines Annual Report in 1956 are also not in compliance with the current 43-101 standards. The above tabulated inferred resources for the 11 mineralized zones should not be relied upon to represent the actual mineral resources that occur on the Glengarry showing. The author has not attempted to recalculate the inferred resource at this time as the calculation methodology, geological modeling (if any), the sampling methodology, sample preparation and analytical procedures used at the time are not known and the drilling data is not available.

At these two occurrences, northwest striking Quatsino limestone dips 45° to the southwest. Intruding the limestone to the south and east is a large granodiorite body and associated diorite dykes. The limestone strata have been recrystallized or altered to a garnetite skarn. Magnetite mineralization is contained within the garnet skarn with minor chalcopyrite and pyrite. At the Glengarry magnetite occurrence, mineralization outcrops over an area of 570 by 400 m that contains 11 or more pods of magnetite ranging in thickness from 2 to 12 m and are parallel to bedding along the margin of the granodiorite contact. A sample of the magnetite assayed 66.8% iron (Minister of Mines Annual Report - 1916, page K293).

At the nearby Rob Roy magnetite showing, Brewer (1916) reported that the grade is similar to the Glengarry although no assays were done and that resource estimates amounted to approximately 45,360 tonnes of magnetite grading 56.8 % iron (Minister of Mines Annual Report 1916, page K294). Information regarding the estimation of the mineral resource was not available to the author.

Crystal Mountain Resources Ltd. - 1982

A small exploration program was conducted by Crystal Mountain Resources Ltd. in 1982 in the vicinity of the Elaine (Oh Boy) Vein, however, as a result of intensive logging and logging road building over the showing and adit area, the adit was not located. A small number of soil, rock and silt samples (60 in total) were collected along the drainages, roads and contours in the vicinity of the suspected location of the old adit. Six of the 60 samples had gold results exceeding 20 parts per billion (ppb) with the highest gold value of 130 ppb being recorded. No follow up work was carried out. The historical exploration work and analytical work was performed before the implementation of 43-101 standards and are, therefore, not in compliance with 43-101 protocols. Although it is expected that the analytical procedures used during the work conducted in the 1980s were carried out at the standards of the day, they are not in compliance with current 43-101 standards. The laboratory analyses were performed by Vangeochem Lab Ltd. formerly of North Vancouver, BC.

Aberford Resources Ltd – 1983

Aberford Resources Ltd. (Aberford) conducted a geological mapping and geochemical sampling program that focussed on the quartz –sulphide veins that were hosted in shear and fault zones. The Vivian showing and associated veins are exposed in a road cut approximately 100 m northward along the logging road from the “lower borrow pit quarry” (Figures 14). The extensive mapping and soil and rock chip sampling conducted by Aberford suggested that the logging road cut veins, if they are not part of a

separate system, may be the same vein as the Vivian only that it has been offset by a cross-fault. Samples collected by Aberford Resources Ltd, from the 2 to 3 cm wide veins in the 5 to 10 cm wide shear near the lower quarry averaged 2.241 troy ounces per ton. Aberford samples collected from the Vivian adit rock dump averaged 3.537 troy ounces per ton. Aberford also collected samples from the Vivian vein system for 100 m along strike where it was exposed in the Tsowwin River bank. The samples averaged 0.148 troy ounces per ton (Figure 15). The Aberford 1983 assessment report 12058 does not indicate how many samples were averaged nor how they accounted for the varying widths of the vein at the sample site in the averaging calculation.

Aberford Resources Ltd. also conducted exploration work on what became later known as the VIG Road Zone showing. Aberford reported that the vein was exposed for 23 m along strike and varied from 20 to 60 cm wide. Pyrite was found to comprise at least 50% of the vein material and discrete pods of massive pyrite were also present. Aberford collected 15 rock chip samples from the Road Zone vein and reported that the samples averaged 1.598 troy ounces per ton gold. The highest gold grades (7.374 troy ounces per ton) reported by Aberford came from the massive pyrite pods containing rounded quartz fragments. Aberford also reported that the Tertiary Catface diorite intrusive that contacts the quartz-pyrite vein was gold bearing with one 30 cm wide rock chip sample assaying 0.018 troy ounces per ton gold. Arsenic concentrations were also found to range from 100 ppm to greater than 1000 ppm when associated with the gold mineralization. In addition to collecting and analyzing rock chip samples from quartz-pyrite veins and associated shear zones described above, Aberford also collected and analyzed silt samples and heavy mineral samples which were panned down from a larger volume of sediment to yield a heavy mineral bearing pan concentrate. All analytical work for the rock chip, panned rock concentrate, heavy mineral samples and silt samples was performed by Bondar-Clegg and Company Ltd. formerly located in North Vancouver, BC. Homestake Mineral Development Company optioned the property from Aberford Resources Ltd. in 1983-1984 but only conducted a limited property reconnaissance visit to the property and then dropped the option.

The historical exploration work and analytical work was performed before the implementation of 43-101 standards and are, therefore, not in compliance with 43-101 protocols. Although it is expected that the analytical procedures used during the work conducted in the 1980s were carried out at the standards of the day by Bondar-Clegg & Company Ltd., they are not in compliance with current 43-101 standards.

Great Keppel Resources Ltd. - 1987

Great Keppel Resources Ltd. established a 1300 m square grid over the VIG Road Zone No. 1 Vein area with lines spaced 50 m apart. Soil samples were collected at 25 m spacings and analyzed for gold, silver, copper, lead, zinc and arsenic. Two soil anomalies were identified on the grid at 17+50N 25+25 E (3080 ppb Au) and contour line sample CL150-36 (2845 ppb). The source of the anomaly was not determined. The geochemical survey near the Road Zone No. 1 vein not anomalous in gold but showed a strong association with copper, silver and arsenic with soil sample 21+00N 21+0E assaying 1282 ppm Cu, 5052 ppm Pb, 1992 ppm Zn, 2.1 ppm Ag and 91 ppm As.

Great Keppel Resources Ltd conducted a proton magnetometer survey over parts of the geochemical grid in order to outline the geological units, extend the Road Zone No.1 Vein and to potentially identify similar zones within the Head Bay Pluton. The magnetometer survey delineated the contact between the Head Bay pluton and the Quatsino Limestone and identified the magnetite bearing skarn bodies. The survey found that the magnetic response had variations of up to 5000 gammas over 25 m and in some locations the magnetic gradient was too high for accurate measurement with the proton magnetometer

technology of the day. A magnetic response contour map was not produced by Great Keppel Resources Ltd.

Historical trenching (three trenches) conducted 1987 by Great Keppel Resources Ltd. exposed the VIG Road Zone No. 1 vein showing over a 38 m strike length and yielded gold content of up to 201.3 g/tonne over a few centimeters in a sulphide lens over a few centimeters (Awmack, 1987 – AR 16355). Trench #1 averaged 1.41 g/tonne gold across a true width of 2.87 m which included a hanging wall section grading 3.44 g/tonne gold over 0.5 m. Trench #2 averaged 12.98 g/tonne gold across a 1 m width and Trench #3 averaged 4.46 g/tonne gold across a width of 0.5 m (Figure 8). The footwall of the Road Zone No. 1 Vein system has not been delineated to date and as the No. 1 Vein and parallel vein and sulphide lenses are recessive over a width of approximately 16 m to the west-northwest, the total width of the Road Zone system may be significantly wider than the current exposed portion suggests. The recessive “valley” trends towards the northwest as confirmed by a rock outcrop exposed approximately 10 m north of the limit of the No. 1 Vein exposure. A Great Keppel Resources Ltd. sample from this outcrop assayed 3700 ppb gold in a semi-massive pyrite mineralized matrix.

Centaur Resources Ltd. - 1988

In 1988 Great Keppel Resources Ltd. (Centaur) changed names and became Centaur Resources Ltd. Centaur Resources Ltd. continued prospecting on the Road Zone and completed 437.1 m of BQ diamond drilling in nine drill-holes from one set up to test the VIG Road Zone No. 1 Vein system below the previous year’s trenches (Figure 7). Centaur also collected 130 reconnaissance “B” horizon soil samples along contours. Six silt samples were also collected from major drainages in the immediate area around the Road Zone.

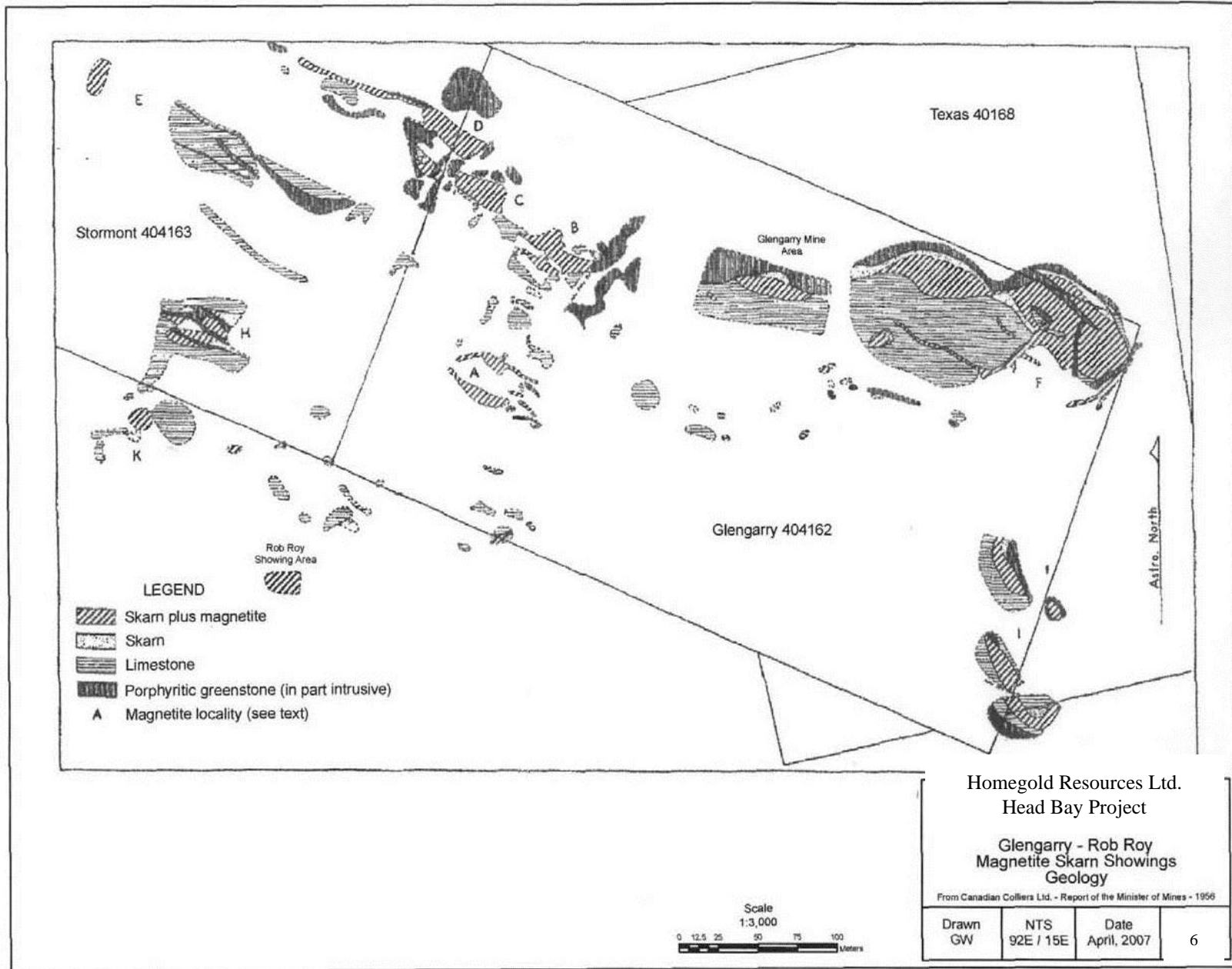
The drilling intersected significant gold mineral in 3 of the 9 drill holes. In drill hole V88-01, a 0.25 m section of the Road Zone No. 1 vein assayed 22.94 g/tonne gold. In drill hole V88-04 a 0.25 m section of the Road Zone No. 1 vein assayed 58.2 g/tonne gold and in drill hole V88-05 a 0.36 m of the Road Zone No. 1 vein assayed 17.6 g/tonne gold.

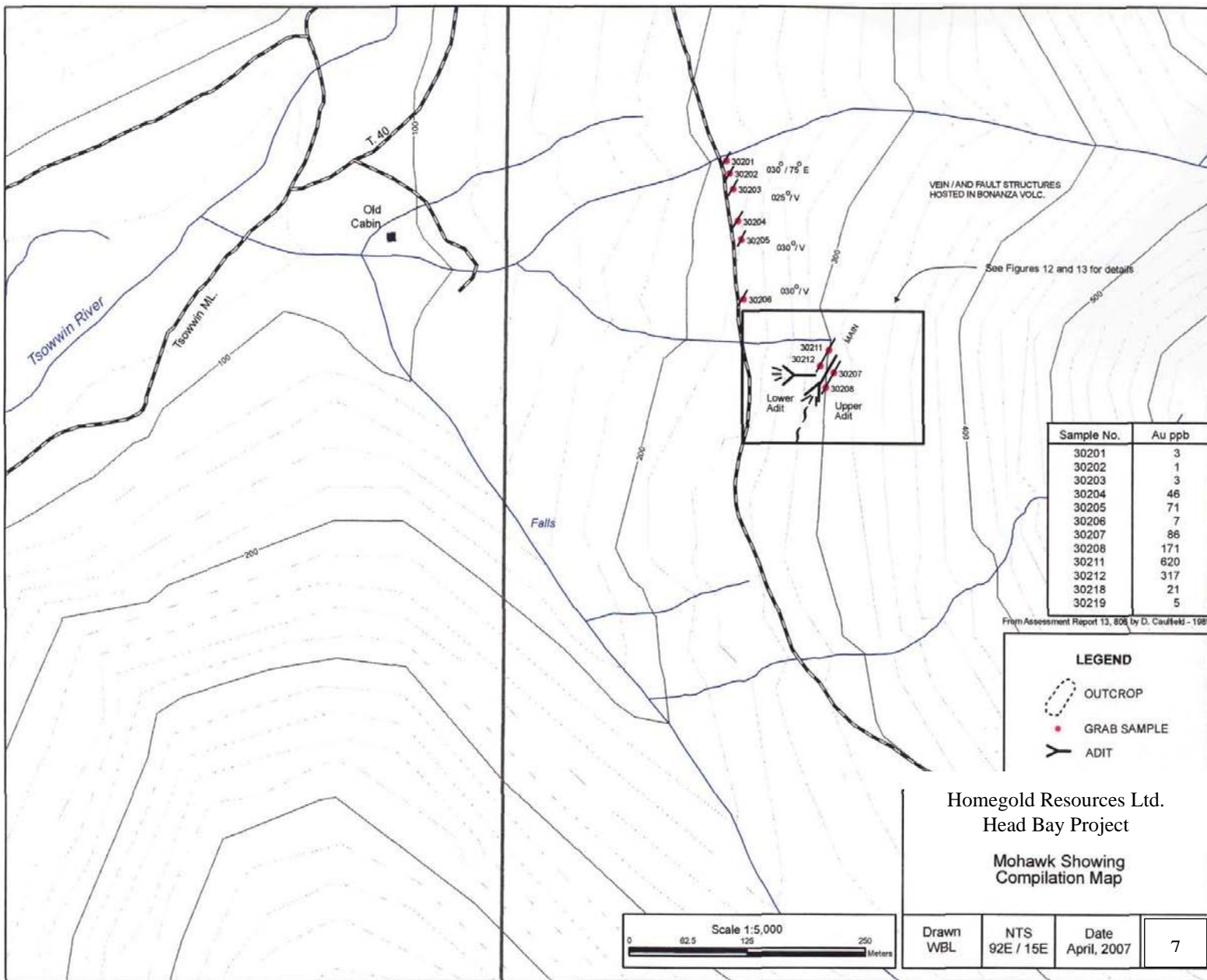
The drill hole locations are shown on Figure 7 and the bearing, dips and lengths of the drill holes from the one set-up are as follows:

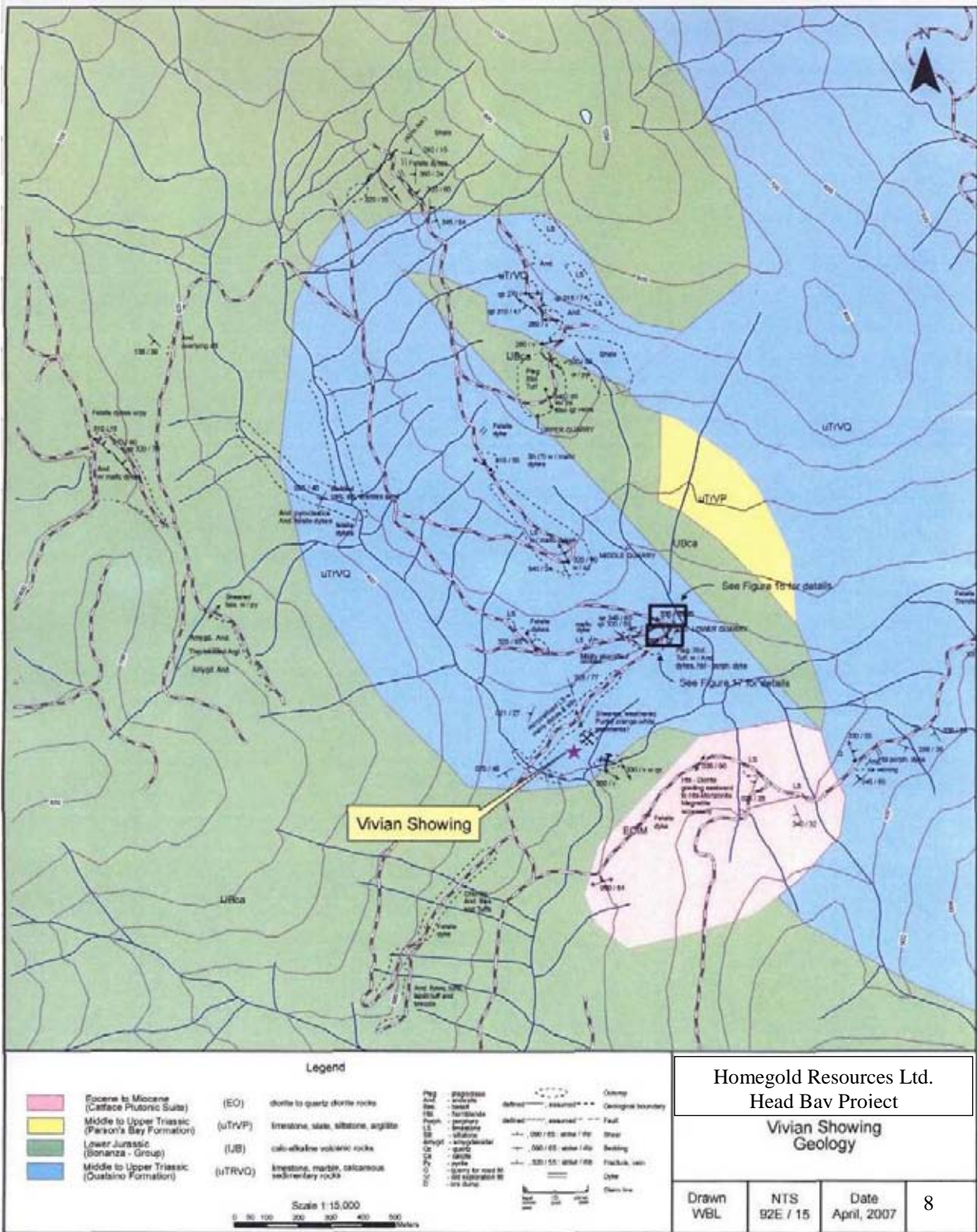
<u>Drill Hole Number</u>	<u>Bearing (Azimuth)</u>	<u>Dip</u>	<u>Length (m)</u>	<u>Ground Elevation</u>
V-88-01	030°	-50°	91.1	451.3 m
V88-02	030°	-70°	37.79	451.3 m
V88-03	----	-90°	30.48	451.3 m
V88-04	090°	-45°	30.48	451.3 m
V88-05	130°	-45°	45.72	451.3 m
V88-06	170°	-45°	45.72	451.3 m
V88-07	210°	-45°	31.69	451.3 m
V88-08	270°	-45°	31.69	451.3 m
V88-09	330°	-45°	92.35	451.3 m

Four of the nine holes intersected quartz-sulphide mineralization and none of the holes encountered more than one quartz-sulphide vein. Awmack (1987) described the Road Zone No. 1 Vein system as it was encountered in the drill core as a “narrow shear or series of shears, sporadically mineralized with

highly auriferous quartz-pyrite-chalcopyrite-chlorite veins flanked by less than one meter of weak shearing and clay alteration with minor disseminated pyrite and unaltered diorite.







REGIONAL GEOLOGY

The Tahsis Head Bay area is primarily underlain by rocks of the Vancouver and Bonanza Group. The regional geology of this area is illustrated on Figure 18. The Vancouver Group consists of thick sequence of Upper Triassic age basaltic volcanic rocks of the Karmutsen Formation which is overlain by Upper Triassic age Quatsino and Parson's Bay Formation carbonates and pelitic sediment units composed of volcanic derived clasts respectively. The Bonanza Group overlies the Quatsino limestones and Parson's Bay formation units and consists of sequences of basaltic to dacitic volcanic flows and pyroclastic units with minor intercalated sedimentary units.

The Vancouver and Bonanza Groups have been intruded by at least two stages of plutonic rocks of different ages. The Island Intrusions are generally granitic in composition and form stocks and batholiths of Early Jurassic age. The Island Intrusions are primarily in contact with the Karmutsen Formation volcanics and Bonanza Group volcanics.

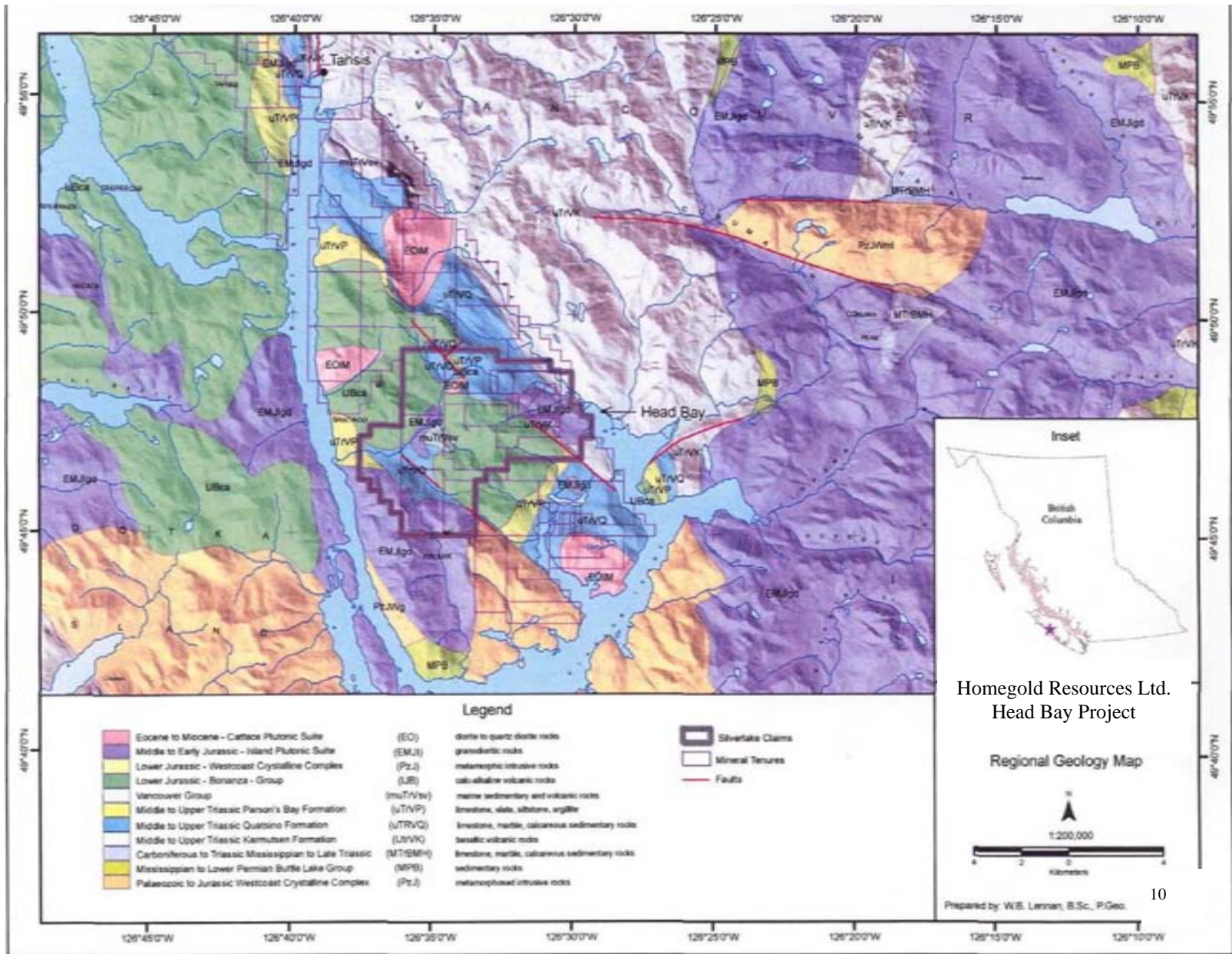
Small Early Tertiary age quartz diorite to granodiorite stocks of the Catface Intrusions are also common in the area and on the Head Bay property. South of the Head Bay property, migmatitic Lower Jurassic age units possibly cogenetic with the Island Intrusion and Bonanza volcanic are found in outcrops.

Regional mapping in the Tahsis area has been conducted at least three times by the Geological Survey of Canada and the BC Ministry of Mines. J.W. Hoadley's 1953 report in GSC Memoir 272 provides a relatively detailed description of the geology of the Head Bay property and a history of some of the exploration prospects in the area. Muller et al (1974 Paper 74-8) also provides a detailed description of the mapping they carried out in the area and the remainder of northern Vancouver Island. This paper refined and updated Hoadley's lithological nomenclature. In a second study of the Vancouver and Bonanza Group rocks by Muller et al (Paper 80-16) the Parson's Bay formation was excluded from Bonanza Group (it was considered to be a lower sedimentary division of the Bonanza Group) and placed as the youngest formation within the Vancouver Group. This nomenclature change sets apart the Triassic carbonate-clastic sequence of the Vancouver Group from the Jurassic basalt-andesite-dacite-rhyolite-sediment assemblage of the Bonanza Group (Muller, 1981).

Vancouver Group

Karmutsen Formation

The Karmutsen Formation consists of a thick succession of tholeiitic basalts estimated to be between 450 and 6000 m thick (Muller et al, 1981). The lower portion of the formation consists of an approximately 2450 to 2750 m thick sequence of pillow basalts overlain by approximately 600 to 900 m of pillow breccias and aquagene tuffs which are overlain by an upper section of basaltic flows. For the most part the Karmutsen Formation is disconformable with the overlying Quatsino Formation, however, some thin limestone and argillite units of the Quatsino Formation are intercalated within the upper units of the Karmutsen Formation suggesting localized conformity. As the oceanic-type Karmutsen basalts overlie the Paleozoic Sicker Group sediments, Muller (1977) suggests that the Karmutsen volcanic are derived from a rifting basin at the continental margin.



Quatsino Formation

The Quatsino Formation is approximately 700 m thick and consists of thick bedded to massive light brown to light grey limestone that has a grey to white weathered surface where exposed as outcrop. The limestone is fine grained to microcrystalline and often contains stylolites. The Formation has a gradational contact with the overlying Parson's Bay Formation and becomes darker brown as intercalations of calcareous pelite occur more frequently. The Quatsino limestone formation likely represents a carbonate reef that formed along shallow shelf of the Karmutsen volcanic rocks.

Parson's Bay Formation

The Parson's Bay Formation consists of a sequence of fine to coarse grained sediments that appears to represent a transition zone from the shallow more turbulent shelf area to a deeper quiescent anaerobic environment (Muller, 1981). Muller et al (1974) described a 400 m thick section of the Parson's Bay units within the Alert May area north of Tahsis. Muller (1981) considered the formation to be much thicker in the Tahsis area where brown weathering black siltstone and shale along with minor tuffaceous units occur. These rocks were considered to be from 150 to 300 m thick in the property area (Hoadley, 1953)

Bonanza Group

The Bonanza Group was formed in an island arc environment (Muller, 1981) and exhibits considerable lithological variation consisting of interbedded lava, breccia and tuff with compositions ranging from basaltic, andesitic, dacitic to rhyolitic. In outcrop, the Bonanza volcanics are commonly observed to be green and/or maroon amygdaloidal, massive to agglomeratic flow lavas that contain salmon coloured plagioclase phenocrysts. Crystal tuff units are also found containing plagioclase and pyroxene crystals or crystal fragments.

Westcoast Complex

Units of the Lower Jurassic age Westcoast Complex are believed to have been derived by metamorphism and migmatization of pre-Jurassic aged volcanic and sedimentary strata. The Westcoast Complex is made up of a migmatite unit and an amphibolite unit. The migmatite unit includes quartz diorite and tonolite and other varieties of migmatite which occurs south to southeast of the Head Bay Property. The amphibolite unit includes strata of metavolcanics and metasedimentary rocks of low amphibolite metamorphic grade. The amphibolite unit has limited exposure in outcrop south of the property

Island Intrusions

Island Intrusions are early Jurassic in age and are composed of granitic stocks and batholiths that underlie the majority of the Tahsis area and the Head Bay Property. The Muchalat batholith lying approximately 12 km east of the property is the largest intrusive body in the area of Head Bay covering an area of approximately 750 km². Three other northwest trending and much narrower batholiths also occur in the property area with the Nootka and Ehatisah batholiths lying approximately 12 to 24 km southwest of the Head Bay property and the Sydney batholith which lies approximately 25 km to the southeast.

The Island Intrusions range in composition from granodiorite to granite where potassium feldspar makes up greater than one third of the total feldspar and quartz makes up greater than 20 % of the light coloured crystals. Granite composition ranges from aplitic to medium grained with dull grey to smoky quartz and white and more rarely pink feldspar. Biotite is commonly chloritized and occurs as small flakes and hornblende occurs as indistinct patches. Granodiorite lacks the smoky quartz and dioritic rocks generally occur in contact zones and contain mafic inclusions. The diorites are finer grained and hornblende content is less than biotite content. Muller, (1981, pp.25) has postulated that the Island Intrusions may be cogenetic with the Westcoast Complex and/or the Bonanza Group volcanic rocks.

Catface Intrusions

The Catface Intrusions are Middle Eocene to Early Oligocene in age and are comprised of small dioritic stocks found in many parts of Vancouver Island. The outcrops expose a generally massive light coloured appearance. The stocks are fine to medium grained equigranular with regular closely spaced jointing. The Catface Intrusions are similar in appearance to the Island Intrusions and are relatively unaltered with approximately 10 % biotite as small flakes. Hornblende patches < 2 mm across occur within granular quartz-feldspar crystal aggregates with crystals 2 – 4 mm across. Plagioclase crystals 2 – 5 mm across account for approximately 50 % of the rock mass and have interstitial fine grained quartz and potassium feldspar. Although the plagioclase and quartz are clear, potassium feldspars are altered to cloudy perthite. Apatite is a common accessory mineral (Muller, 1981).

Dykes and Sills

The Head Bay property and surrounding area are transected by numerous dykes and sills and generally are broken down into three types. The oldest dykes appear to be mafic dykes that acted as feeders for the Bonanza volcanic flows. The most common type of dykes on the Head Bay property appear to be related to the Catface Intrusions and range from mafic composition to feldspar porphyries to felsites. The felsite dykes may be late stage differentiates of the Catface Intrusions. The youngest dykes are comprised of dark green mafic dykes that cross-cut all other lithologies and dyke systems (Chabot, 1982).

Structural Geology

The northern part of Vancouver Island is underlain by broad, northwest trending anti and synclinoria with a periodicity of approximately 10 to 15 km. In the immediate area of the Head Bay property the underlying structure is part of a southwest dipping monocline limb of one of the anti or synclinoria. The property is dominated by block faulting with steep to vertical and transcurrent offsets of unknown displacement. The faults are identified by narrow, linear shatter zones which are exhibited topographically as valleys, inlets, lakes and V-shaped notches in mountain ranges. North trending early Mesozoic age fault systems are the most prominent in the area and are expressed by Tahsis Inlet and the Hecate Channel to the Zeballos area.

Although less prominent, but more important economically are late Jurassic to early Eocene aged northwest trending faults. These faults cut both the Jurassic and Tertiary aged rocks and follow the Pacific coastline. Uplift generally occurs on the southwest side of these fault blocks. On the Head Bay property these faults occur along the eastern margin of the mineral tenures and occupy the Sucwoa River Valley and in the vicinity of the Elaine, Vivian and Mohawk showings. These northwest trending fault structures host the majority of the gold mineralization on the Head bay property.

A third set of Tertiary aged northeast trending faults occur near the Head Bay property, however they are primarily located in coastal areas. The main expression of this faulting is one that extends from Tahsis Inlet northeasterly along Santiago Creek and cuts across the southern flank of Tahsis Mountain where it eventually crosses the Sucwoa River Valley south of Perry Lake. The southern contacts of two Catface Intrusive stocks abut against this fault as shown on Figure 18. The fault is located immediately northwest of the northern Head Bay property boundary. There appears to be a small section of faulting along the northern property boundary towards the east that shows examples of both the northwest and northeast trending fault system north of the Vivian showing and south of Mohawk showing. In the Zeballos Gold Camp, the northeast and east trending faults host the highest grade mineralization.

LOCAL GEOLOGY

The simplified geology of the area is shown on figures relative to each of the five main showing areas on the Head Property. Generally the Head Bay property is underlain by lithologic units of the middle to upper Triassic age Vancouver Group, the lower to middle Jurassic age Bonanza Group as well as dioritic intrusions of Tertiary age Catface Intrusions. The Karmutsen Formation (Vancouver Group) underlies only the northeastern corner of the property off the north end of Head Bay. The Karmutsen basaltic to andesitic flow rock are in conformable contact with the overlying Quatsino Formation limestones to the west on the eastern extremities of tenures 404162, 404168 and 537379 (Figures 2 and 18).

Limestone and shale of the Quatsino Formation trends northwesterly through the northeastern half of the property and is the most visible rock type on the property as it forms the most abundant outcrops. Its characteristic grey to white colour, stylonitic and massive nature make it readily identifiable in the field. Near the top of the Quatsino Formation sand content occurs in varying amounts and the colour ranges to brownish as clay content increase. Where carbonate infilling has occurred in formerly porous material, a distinctive mottled appearance of white and brown markings is imparted to the limestone. The Quatsino limestone is cross-cut by mafic dykes across the property. These dykes likely fed the overlying Bonanza volcanics as occasionally, interbedded flows can be observed. The limestone maintains its bedding angles where intruded by the dykes, however, the orientation of the bedding is disrupted in some areas where it appears that blocks of limestone have been rafted away from main body by being surrounded by more intensive dyking.

The Parson's Bay Formation is gradational with the underlying Quatsino Formation and forms thin bedded dark brown to black argillite units. On the ridge north of the Vivian Showing Parson's Bay strata have been observed underlying Bonanza volcanics which cap the ridge. It also forms thin interbeds within the upper portion of the Quatsino limestone which it overlies. On the west side of the property near the Vivian Showing along the north branch of the Tsoowin River, thin bedded calcareous siltstone to calcarenite occurs near the contact with overlying Bonanza Group rocks.

Bonanza Group rocks observed on the property have been divided into two facies: distal, finer grained tuffs with interbedded flow, and proximal, coarse grained lapilli to lapilli-block tuffs. The distal facies is dominant on the western portion of the mineral tenures and massive, dark green andesitic crystal tuff and lithic crystal tuff units are most common. Feldspar laths and tuffaceous fragments can be seen in a fine grained chloritic groundmass. In the upper and lower quarries north of the Vivian showing a very distinctive lithic crystal tuff containing fragments of light blue, rhombohedral or hexagonal crystals have been observed.

Bonanza flow lavas are lighter green than the andesitic tuff units and often have a vesicular texture with or without calcite amygdules. The calcite may have remobilized from the underlying Quatsino Formation.

The proximal facies of the Bonanza Group is located on the south central and south boundary area of property. Outcrops have been observed on a ridge top located approximately 1500 m due west of the VIG Road Zone showing and westward towards the Mohawk Showing. The proximal facies rocks are comprised of angular to sub-angular lapilli sized fragments (2 – 3 cm diameter) of tuffaceous rock in a fine ash matrix.

Three Tertiary age Catface intrusions have been located on the property. They are of similar composition ranging from quartz diorite to diorite to monzonite and may contain up to 20% magnetite.

One small Catface stock is located immediately south of the Vivian showing and where two northern branches of the Tsowwin River join (Figure 18). This stock grades from hornblende diorite near its western margin to hornblende monzonite towards the east. The stock contains small limestone and volcanic rock pendants and is cut by mafic dykes.

A second northeasterly trending and elongate Catface stock is located near the southwest margins of the property near the Mohawk showing (Figure 18). This stock consists of medium grained granodiorite body.

The third and largest Tertiary age Catface stock is located along the eastern margin of the property boundary and trends northwesterly from Head Bay and the Elaine Showing for a distance of approximately 3.2 km to the Glengarry, Rob Roy and VIG Road Zone showings. The stock averages 1.6 km wide. South of the Elaine showing it contacts the Bonanza Group in dyke form with diorite dykes having intruded and assimilated blocks and fragments of volcanic rocks. At the northwestern end of the stock, it contacts the Quatsino Formation limestones and has formed an approximately 50 m wide thermal metamorphic halo along the northern contact with the limestone (Figure 6). The limestones have been altered to recrystallized calcite (marble) and skarn. This stock appears to be responsible for the formation of the magnetite rich skarn pods associated with the Glengarry and Rob Roy showings.

The elevated gold content in the intrusive rocks at the VIG Road Zone showing appear to be related to felsic dykes and sills that trend 030° to 050°. Antimony and arsenic geochemical values are also elevated in the felsic dykes. The dykes weather to an orange brown colour and contain fine grained quartz and feldspar an up to 5% pyrite and minor arsenopyrite. The dykes appear to have been emplaced along zones of structural weakness as evidenced by shearing and chloritic fault gouge which is also commonly associated with the gold bearing quartz –carbonate veins located at the VIG Road Zone, Mohawk, Vivian and Elaine showing. Previous exploration work conducted by Pan Ocean in 1981 yielded gold assays averaging 500 ppb in the dyke material with 2500 ppb gold being the highest results.

MINERALIZATION

Elaine Showing

The Elaine Showing consists of a gold-chalcopryrite-pyrite bearing quartz vein in a fissure zone within amygdaloidal basalts belonging to the Lower Jurassic Bonanza Group. Little is known about the Elaine Showing (formerly known as the Oh Boy vein) as the adit that was driven on the vein in 1934 had collapsed and evidence of the dump has disappeared as a result of much surface disturbance due to intensive logging and road building in the area. Ministry of Mines Annual Report, Index #3 records 1939 production of 4.5 tonnes yielding 240 grams of gold, 103 grams of silver and 3 kilograms of copper.

A 0.5 m wide vein (Elaine Beach Vein) was discovered by Silverlake Capital Corporation in an eroded bank of Elaine Creek near the mouth of the creek at Head Bay (Figure 5). The vein system consists of banded quartz sulphide that trends 050° and dips 80° to the northwest. The vein is hosted in an Island granodioritic pluton. It is believed that the nature of this vein is similar to the Elaine (Oh Boy) Vein with the exception that the Elaine Vein is presumed to be located further upstream on Elaine Creek near the contact between the Bonanza Volcanics and the Island granodiorite pluton. A northwest trending fault zone defines this contact zone to the northwest near the logging road immediately west of the showing. The late stage gold bearing hydrothermal veins in the Elaine Showing area may be related to faulting during the late stage emplacement of the Island pluton. Silverlake Capital Corporation collected and analyzed three rock chip samples across the 0.5 m width of the new vein. The analytical results indicate that the three samples are anomalous in gold (>20 ppb) and two of the three samples are anomalous in copper. The results are described in more detail in Section 10 of this report.

VIG (Road Zone) Showing

The VIG showing was discovered in a road cut in 1983 by Aberford Resources Ltd. (Aberford) and was subsequently identified as the Road Zone. The Road Zone vein is a shallow dipping west-northwesterly striking gold bearing pyrite-quartz-chlorite- chalcopryrite vein system with parallel lenses hosted in a weakly sheared, coarse magnetite-rich mafic dioritic phase of the Island Intrusive suite. Aberford identified the intrusive rocks as belonging to the Tertiary age Catface dioritic suite. The Road Zone vein ranges from 20 cm to 60 cm wide and has been exposed along strike for approximately 23 m. Pyrite comprises at least 50 % of the vein material. In wider sections of the vein, quartz and pyrite are in equal proportions but have a banded appearance. Aberford collected 15 rock chip samples from the Road Zone vein and the analytical results ranged from trace gold to 8.228 troy oz. per ton gold. Discrete pods of massive pyrite are also present in the vein. Aberford collected two samples from the pyrite pods averaged 7.374 troy oz. per ton gold. Arsenic values appear to be elevated in and adjacent to the gold bearing vein system ranging from 100 to greater than 1000 ppm.

In 1987 Great Keppel Resources Ltd. extended the exposed strike length to 38 m and excavated three trenches across the Road Zone (No.1 vein) and parallel sulphide mineralized lenses. Trench 1 averaged 1.41 grams per tonne gold across a true width of 2.87 m. Further north, Trench 2 averaged 12.98 grams per tonne gold across a true width of 1.0 m and still further north, Trench 3 average 4.46 grams per tonne gold across a true width of 1.46 m.

In 1988 Centaur Resources Ltd. (previously Great Keppel Resources Ltd.) drilled nine diamond drill holes from one drill pad to test the Road Zone at depth below the 1987 trenches (Figure 7). One of the drill holes intersected 0.25 m of quartz-sulphide veining that yielded a grade of 58.2 grams gold per tonne.

Four of the nine holes intersected a zone of shears that were mineralized with auriferous quartz-pyrite, chalcopyrite and chlorite flanked by approximately 1 m of weak shearing and clay alteration with disseminated pyrite and chalcopyrite within unaltered diorite.

The above noted gold assays are from historical work on the claims and although it is expected that the analytical procedures used during the work conducted in 1983 by Aberford Resources Ltd., in 1987 by Great Keppel Resources Ltd and in 1988 by Centaur Resources Ltd. were carried out at the standards of the day, the work and laboratory analyses were carried out prior to the existence of NI43-101 standards and are therefore, not in compliance with the current NI43-101 standards and should not be relied upon as to quality of the results.

In 2007, Silverlake Capital Corporation collected 7 rock chip samples across the Road Zone No. 1 to confirm the tenor of the gold values attained by the previous operators. Silverlake Capital Corporation also collected 16 soil samples approximately 450 m southeast of the Road Zone along a logging road trending southeasterly towards the Elaine Showing Grid along the suspected projection of the northwesterly trending structure that appears to host the Elaine mineralized vein systems and the VIG Road Zone vein system. Centaur Resources Ltd. sampled mineralized float in this area that yielded an analytical result of 17 grams gold per tonne. The Silverlake Capital Corporation results are described in Section 10 of this report.

Glengarry, Stormont, Rob Roy Magnetite Showings

The magnetite deposits associated with the Glengarry Mine and the Stormont and Rob Roy showings are located approximately 1.8 km from tidewater on Head Bay. The deposits are hosted within a garnet skarn located north of the VIG Road Zone vein system. Quatsino Limestone strikes northwest and dips approximately 45° to the southwest (Young and Uglow, 1926). Intruding the limestone to the east and south is a large granodiorite body of the Island Intrusive suite as well as pre-skarn diorite dykes that crosscut the limestone unit. The limestone has been “skarnified” along its contact with the granodiorite pluton. Magnetite mineralization is contained within the garnet skarn and the magnetite is often, but not always free of garnet. Sulphides are rare within the deposits, with a small amount of pyrite being found in some of the eastern pods. Closer to the VIG Road Zone showing, sphalerite and galena mineralization was observed by Centaur Resources Ltd. in 1988 in several skarns formed at the contact between sheared andesitic dykes and Quatsino Limestone. One Centaur Resources Ltd. sample yielded an analytical result of 18.6% zinc and 55.5 grams of silver per tonne across 0.20 m. A second Centaur sample from a chalcopyrite rich skarn yielded 8.67 grams per tonne gold and 6.13% copper. Centaur also found that some localized gold anomalies were found in magnetite skarn without any sulphide mineralization. Centaur Resources did not conduct any follow-up work on these anomalies to determine their extent.

The magnetite mineralization occurs as pods in the skarn zones and they outcrop in at least 11 major pods over an area of 567 m by 403 m (Pods A to K - Figure 10). Pod F forms the Glengarry Mine and Pod J forms the Rob Roy showing. An assay of the magnetite gave the following values: Iron - 56.8%, Sulphur - 0.1%, phosphorous – trace, and Silica - 1.6% (MMAR, 1916, pp K293). Although the deposits were known from 1902, mining did not commence until 1959 and stopped in 1960. The magnetite inferred resources at the Glengarry deposit were estimated to be 327,000 tonnes at a grade of 42.7 % Fe in 1959. Hualpai Enterprises Ltd. mined a total of 125,715 tons from 1959 to 1960. The Rob Roy deposit was estimated to contain an inferred resource of 45,360 tonnes grading 56.8% Fe (MMAR, 1916, pp K294).

The above noted inferred resources and assays are from historical work on the claims some of which were analyzed by the Ministry of Mines in 1916) and although it is expected that the analytical procedures and resource estimation protocols used during the work conducted in early 1900s were carried out at the standards of the day (records, if any, have not been located or reviewed by the author), the resource calculations, resource definitions and laboratory analyses were carried out many years prior to the existence of NI43-101 standards are, therefore, not in compliance with the current NI43-101 standards and should not be relied upon as to grade and resource classification and the quality of the results.

Silverlake Capital Corporation conducted limited geological mapping and soil sampling of the magnetite showings described above as the area was covered with up to 1.2 m of snow during the spring exploration program. Further investigation of the magnetite mineralization is being planned for later in 2007 once the snow cover has melted.

Mohawk Showing

The Mohawk showing was discovered in 1939 and is located approximately 2 kilometres southwest of the VIG showing (Figure 3). The Mohawk vein is approximately 35 cm wide and strikes 035° and dips steeply ($50^{\circ} - 80^{\circ}$) southeasterly and consists of a quartz-carbonate filled fissure vein with fine grained pyrite and minor galena hosted in shear zones within fragmental Bonanza Group volcanic rocks. Slickensiding and shearing are evident and the vein, or possibly sheeted veins, exhibit combed and banded textures. The vein system is located near the contact with intrusive rocks which are observed in outcrops along the nearby Tsowwin River. An alteration halo consisting of disseminated sulphides and sericite surrounds the larger veins. Two adits (lower and upper) were driven on the vein in 1939 and 1940 with the upper adit being driven along the strike of the vein for approximately 15 m and the lower adit was driven for 39.5 m as a cross-cut then drifted along the vein for 15 m (Figures 11, 12 and 13).

A small prospecting program was conducted by Mr. Neil DeBock in 1985 and 8 samples of vein material for gold analysis. Gold values ranged from 17 to 1080 ppb with higher results coming from the upper adit (Figure 12). A total of 12 rock samples were collected along the access logging road where four similar style and type of mineralization were discovered. Analytical results for the veins exposed in the logging road ranged from 1 to 620 ppb gold.

From March to April, 2007, Silverlake Capital Corporation conducted a limited geochemical rock sampling program of the vein system in the upper and lower adits. A total of 4 rock chip samples were collected from the Mohawk vein and the author collected 3 duplicate samples at 3 of the Silverlake Capital Corporation's sample sites. The sampling procedures and analytical techniques conducted and used during the 2007 exploration program on the Mohawk showing are in compliance with 43-101 standards including quality control procedures. The Silverlake Capital Corporation results are described in Section 10 of this report.

Vivian Showing

The Vivian mineral showing (Figure 3) is also located on the Head Bay Property approximately 2.4 kilometres north of the Mohawk showing and 3.6 kilometres east of the VIG Road Zone showing. The Vivian vein consists of a 5 to 10 cm wide quartz-calcite vein within a shear zone that strikes 320° and dips approximately 80° to the northeast. The vein is hosted in weakly altered volcanics described as a

plagioclase crystal tuff within carbonates of the Upper Triassic Vancouver Group (Quatsino Limestone Formation) (Figure 14). Several other veins occur in the road cuts located north of the showing and may be off-sets of the Vivian vein or are additional veins in the area. In 1983 Aberford Resources Ltd. analyzed vein material (20 – 30 cm wide) from the 1939 15 m long adit. The vein sample yielded 16.89 grams per tonne gold and 14.39 grams per tonne silver. Vein material from the dump pile at the mouth of the adit yielded an analytical result of 133.67 grams per tonne gold and 454.13 grams per tonne silver (November 1983 Assessment Report 12058). Approximately 60 m to the south east vein material from a flooded shaft (along the south bank of the Twossin River) assayed 68.8 grams gold per tonne (GSC Memoir 272, pp 54). The vein was exposed over a distance of 53 m by open cuts at 8 m intervals, however, the analytical results of any samples collected are not available. Aberford sampled the Vivian system for approximately 100 m along strike in the outcrop along the Twossin River (Figure 15). The shear zone along the river is approximately 20 cm wide and contains sheeted quartz which averaged 0.148 troy ounces per tonne gold and 0.215 troy ounces per ton silver. The 1983 Aberford Resources Ltd. exploration work located a 250 by 500 m exposure of hornblende diorite to hornblende-monzonite Eocene Catface pluton southeast of the Vivian adit. Late stage hydrothermal gold bearing fluids from this intrusion may have mineralized the northwest trending shear zones.

In April, 2007, Silverlake Capital Corporation conducted a limited geochemical rock sampling program along the logging road approximately 100 m east of the Vivian adits (near the first switch back in the logging road) in two borrow pits where sulphide bearing quartz veins were exposed. A total of 5 rock chip samples were collected from mineralized quartz vein and float in the borrow pit nearest the Vivian adit area and a total of 3 rock chip samples were collected from the second borrow pit further to the east of the Vivian adit.

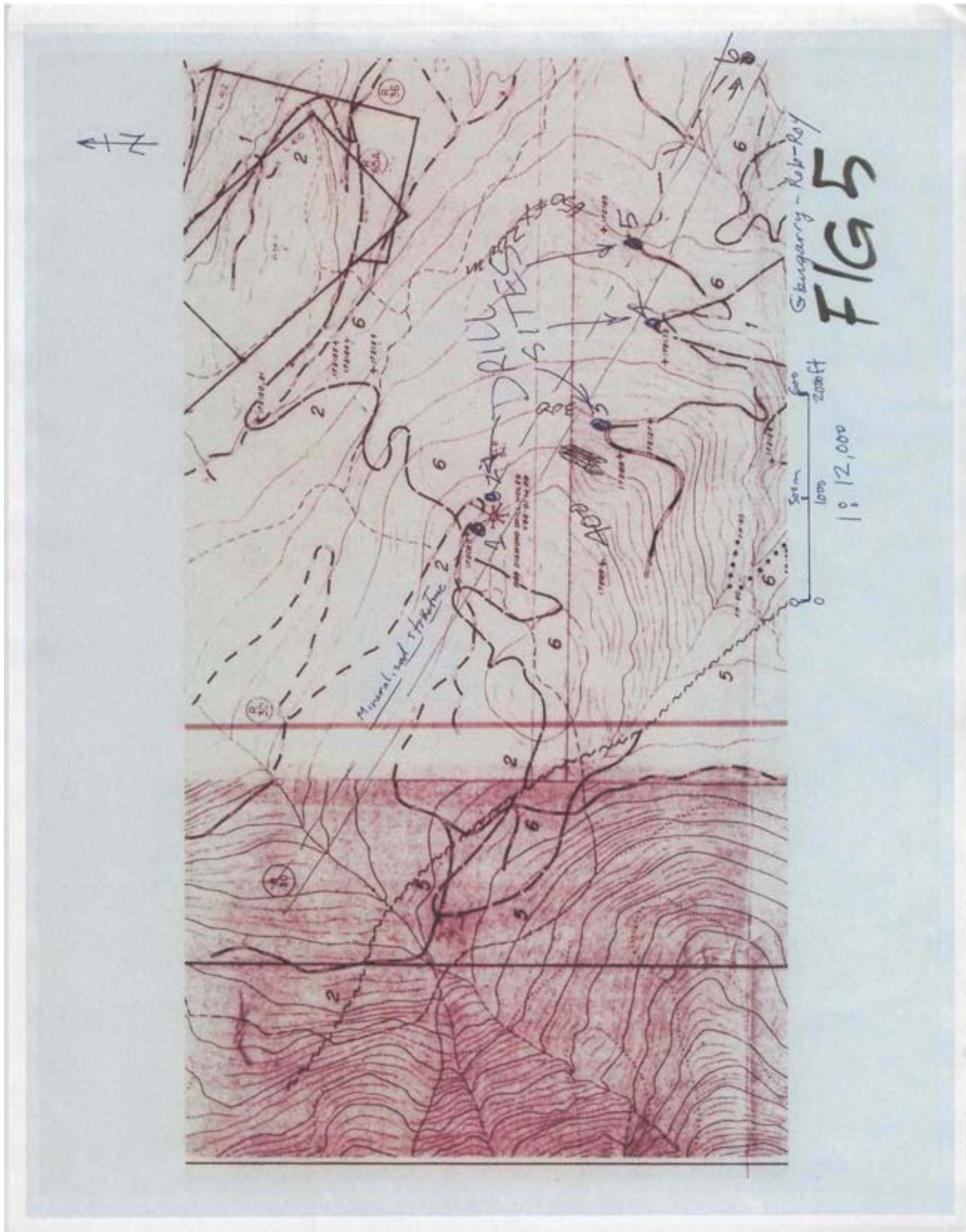
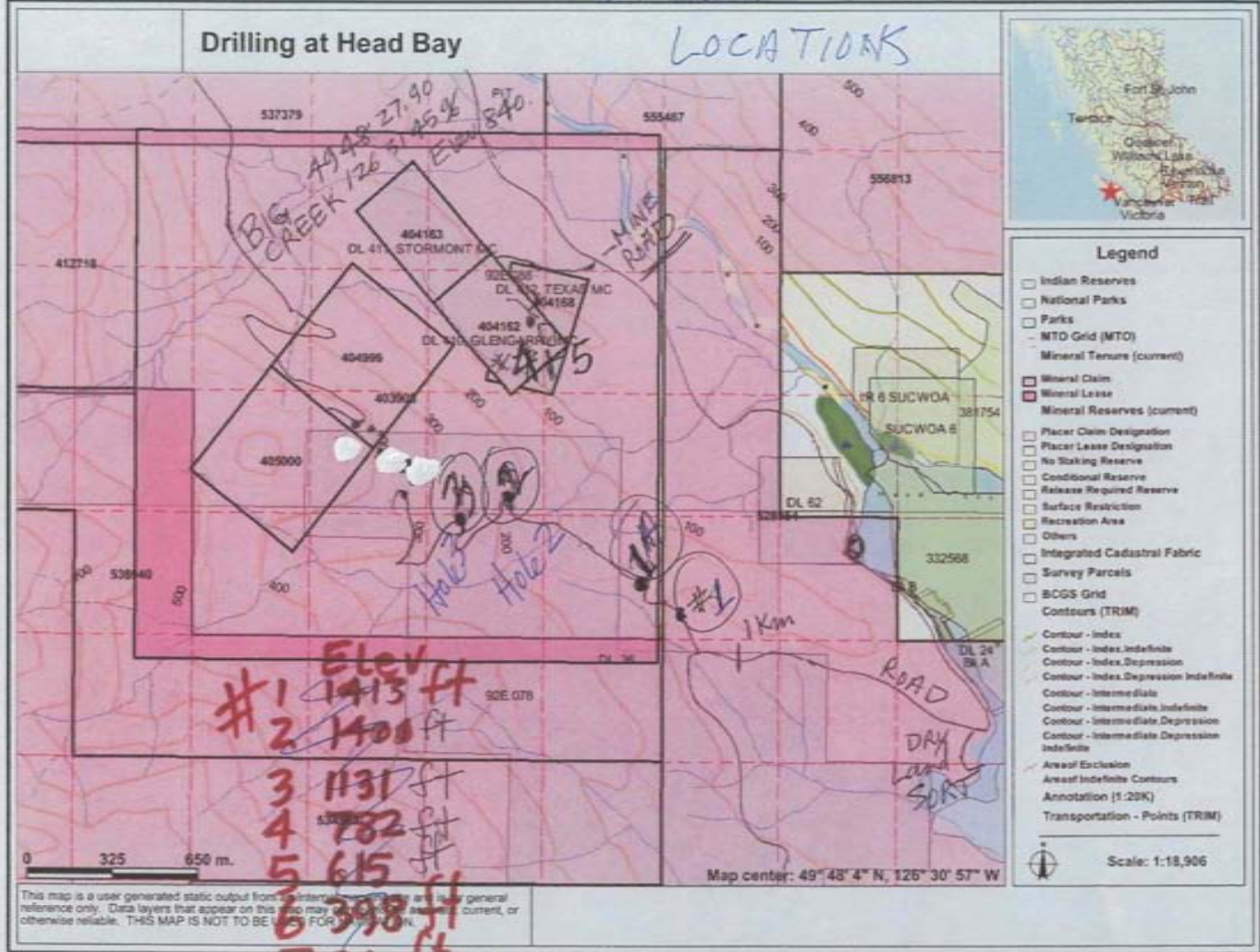


Figure 10 Location of Drillsites - General

DRILL HOLE LOCATIONS



Elev

#1 1413 ft

#2 1400 ft

#3 1131 ft

#4 782 ft

#5 615 ft

#6 398 ft

#7 300 ft.

FIGURE 11 Location of Drill Holes - Detail

PREVIOUS EXPLORATION

Gold was discovered in the Zeballos Gold Camp, located approximately 25 kilometres northwest of the Head Bay Property prior to the 1930's. a total of 13 mineral deposits produced a total of 287,811 troy ounces of gold and 124,700 troy ounces of silver from as early as 1930 to 1948.

The results of 5 drillholes (totalling 310.5m) which tested the area between the VIG Road Zone and anomalous soil locations gave very low, sub-economic gold values in the core. 159 core samples were split and assayed at International Plasma Labs together with standards, blanks and regular repeats.

No geochemically anomalous intercepts were cut by drilling in all of the zones tested. Based upon the above results, no further work was carried out since March 2008 on the Head Bay Gold Property.

The core from the diamond drill program conducted with a Hydrocore 2000 Unitized drill rig producing BQ core in March 2008 was re-logged between July 1, 2010 and October 3, 2010.

The drill core was originally stored in Head Bay and then subsequently moved to the upper landing at the old camp site. The core is presently stacked behind the main shop under a tarp. Relogs of the core are contained in Appendix III and shown as cross-sections in Figures 19-23.

TABLE 2
Drill Hole Data (re-logged in 2010)

Hole #	Lat. & Long.		Length (m)	Dip	Az	Elev. (ft.)	Remarks
Hole 1	494747.67N	1263025.82	6.10	-45°	360°	390	Melanodiorite
Hole 1A	494748.33	1263031.15	75.8m	56°	360°	398	Diorite-
Hole 2	494750.60	1263031.33	76.2m	60°	360°	615	Diorite-gabbro
Hole 3	494751.48	1263036.05	76.2m	60°	360°	782	Diorite and breccia
Hole 4	494823.95	1263051.87	38.1m	60°	060	303	Limestone-magnetite
Hole 5	494823.95	1263051.87	38.1m	60°	340°	303	Limestone-skarn

Hole 1 and 1A along the extrapolated trend of the Vig (Road) showing intersected melanodiorite which is slightly sericitized. Minor faulting was observed. Clay alteration noted below 60m.

Holes 2 and 3 encountered diorite-gabbro with varying degrees.

Holes 4 and 5 were located northeast of the main Glengarry magnetite zone and encountered up to 4.7m of massive to semi-massive magnetite.

EXPLORATION 2012

Prospecting and mapping on 2012 consisted of checking the available access to the previously discovered showings and detailed prospecting and geological mapping along and adjacent to new road construction above the Elaine showing location.

Results of the mapping are shown on Figure 14. The intrusive rocks are similar to the host rocks of the Road Showing to the northwest. Further follow-up is recommended once logging is completed.

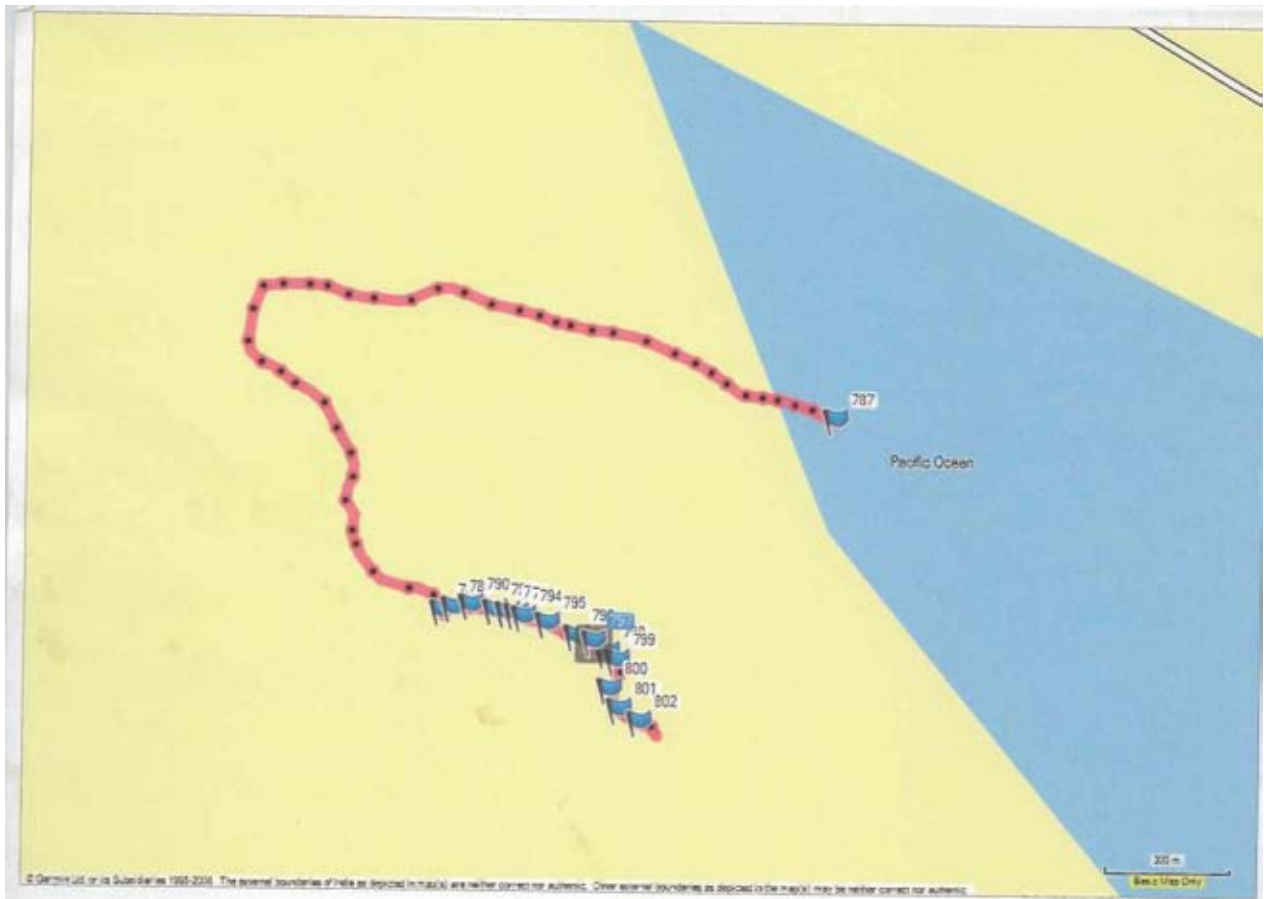


Figure 12 Location of New Road Traverse

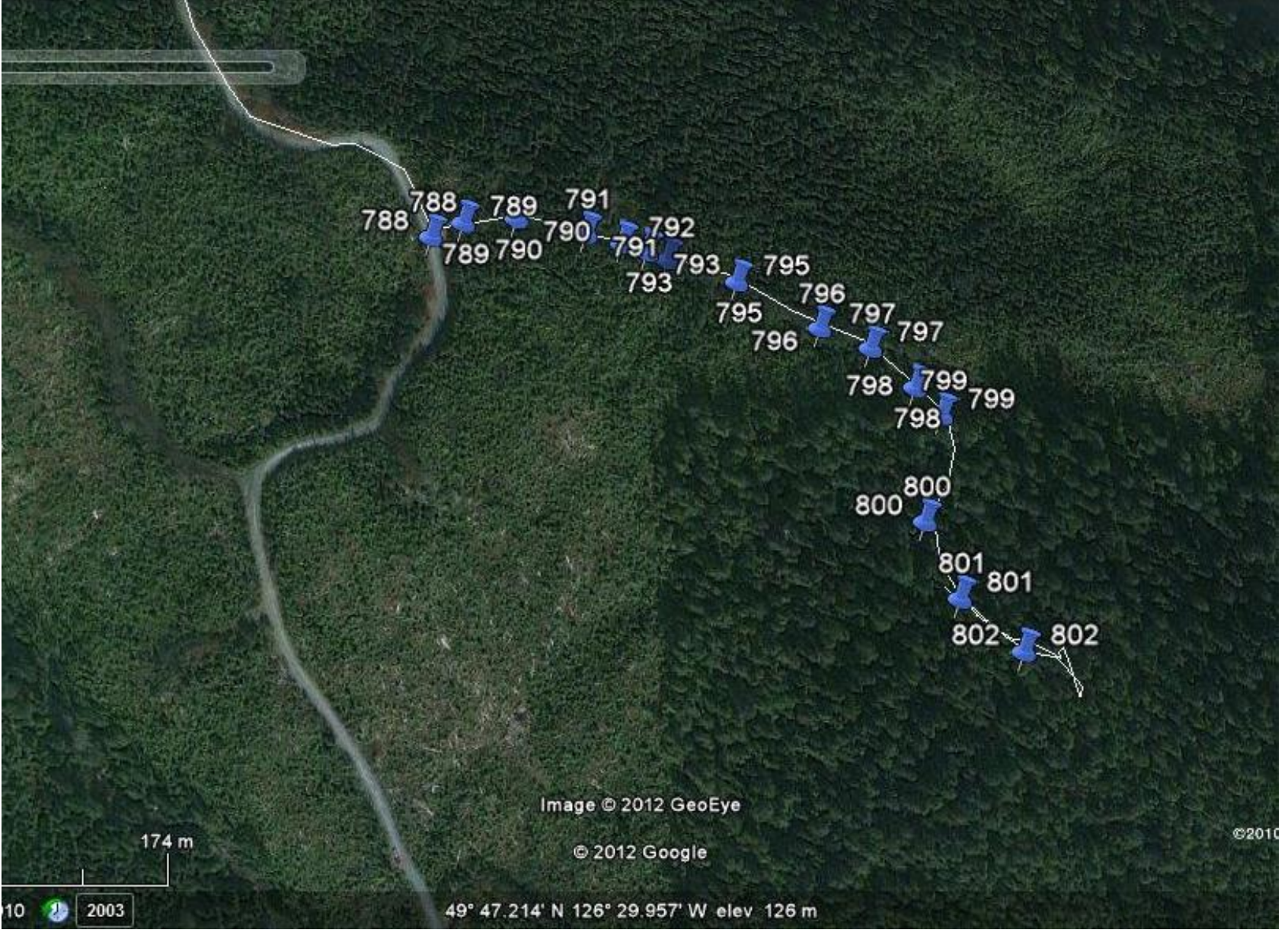


Figure 13 Google Image of New Road

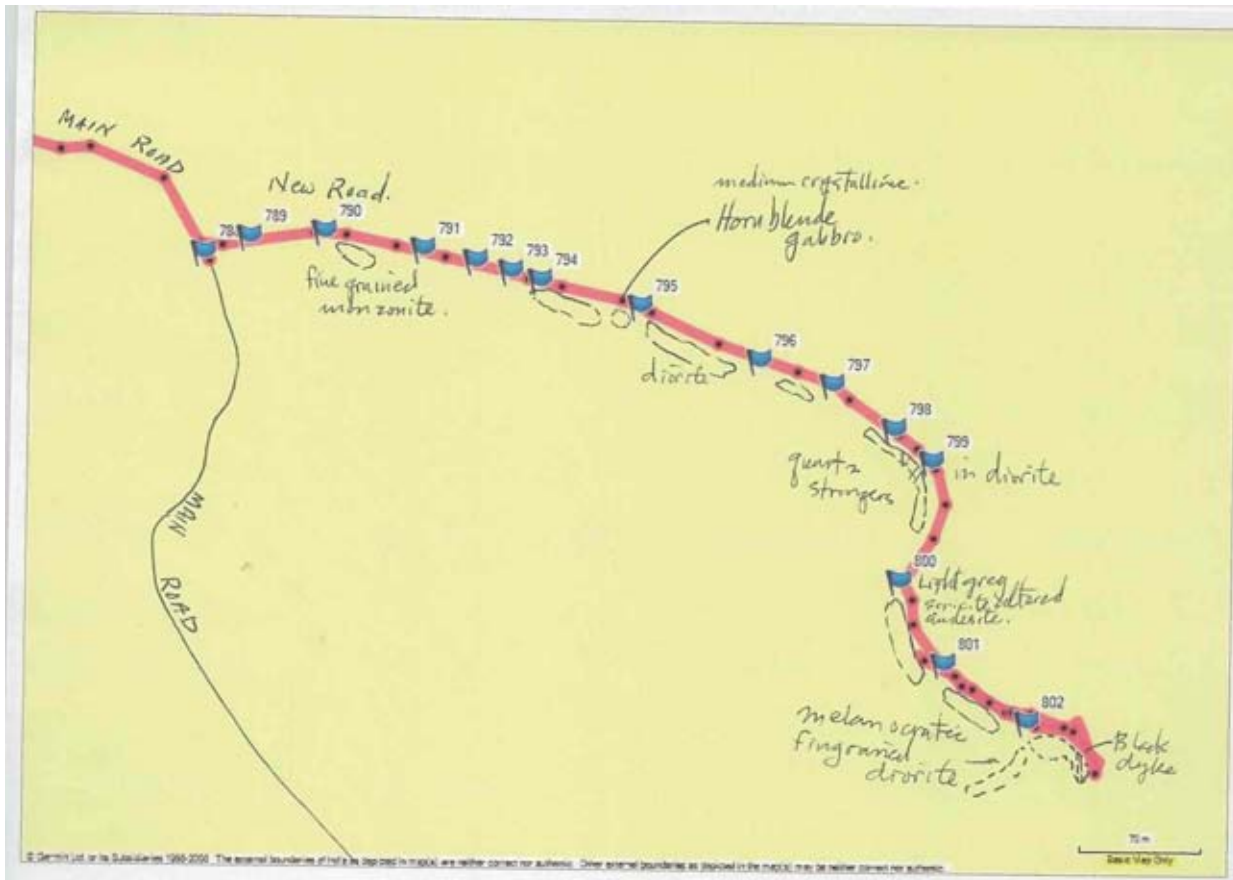


Figure 14 Geology of New Road

CONCLUSIONS and RECOMMENDATIONS

Two primary styles of mineral deposits are found on the Head Bay Property. The gold mineralization at the Elaine Showing, VIG Road Zone, Showing, Mohawk Showing and Vivian Showing are classified as a series of hydrothermal quartz veins containing gold-pyrite-carbonate+/- chalcopyrite, sphalerite and galena hosted in northwest to northeast trending fault and shear zones. The fault and shear zones appear to be associated with the emplacement of Eocene age Catface granodioritic to dioritic plutons as they either form a faulted contact between early Jurassic Bonanza volcanic units and/or Quatsino Limestone. Late stage hydrothermal activity along the fault and shears has introduced gold mineralization in quartz veins along with sulphide mineralization. Chlorite and carbonate alteration of the fault zones occurs along the hanging walls and footwalls of the quartz veins.

The second style of mineralization occurs along contact between the Eocene aged Catface granodiorite pluton that extends northwestward from Head Bay and the Elaine Showing area with the Quatsino limestone unit located on the Glengarry, Stormont, Texas and Rob Roy mineral tenures. A zone of contact metamorphism between the pluton and the Quatsino limestone has altered sections of the limestone unit to a garnet skarn. Magnetite mineralization was introduced into the limestone during skarn formation; however, the magnetite is relatively free of the garnet minerals. The magnetite mineralization occurs in pods of varying sizes

The 2007 exploration program conducted by Silverlake Capital Corporation between February and April 2007 confirmed the findings of previous explorers with respect to the gold grades they encountered on the Elaine Showing, VIG Road Zone Showing, Mohawk Showing and Vivian Showing. The vein systems encountered on each of the above noted showings ranged from approximately 5 cm wide up to 0.6 m wide (VIG Road Zone and Elaine Beach Showings) and they strike northwesterly to northeasterly and dip steeply with the exception of the VIG Road Zone Vein No. 1 which appears to be the only shallow dipping vein located to date (20 – 22° SW).

Parallel veins systems appear to occur at the Elaine or as formerly known “the Oh Boy Vein” with the discovery of the Elaine Beach Vein system by Silverlake Capital Corporation in 2007. The tenor of the original Elaine Vein grade of approximately 24 g/tonne is similar to that found at the Elaine Beach Vein (Figures 4 and 5). From the results of the 2007 exploration program conducted by Silverlake Capital Corporation, it is concluded that gold in soil and rock geochemical anomalies associated with the Elaine Beach Vein and in the area of the suspected location of the original Elaine (Oh Boy) Vein adit are reflective of underlying sources of gold and further detailed exploration is warranted as described in Section 16 of this report. The soil and rock gold geochemical anomalies that trend north-northeasterly across the northeast trending Elaine Grid are likely associated with the fault contact system between the Catface granodiorite pluton to the east and Bonanza Volcanics to the west appear to extend northeasterly beyond line RL12 towards the VIG Road Zone Showing. The gap in the band of the gold geochemical between line RL7B and RL12 may be the result of cross-faulting that has displaced the mineralized zone to the east or west. Grid lines RL8 to RL11 should be extended and sampled to the northwest and southeast for a distance of at least 200 m in each direction in order to re-establish the gold in soil anomaly.

At the VIG Road Zone No. 1 Vein showing, the recessive nature of the mineralized structure up appears to extend up to a width of 16 m which may indicate a broader shear or fault zone that may host additional parallel gold bearing veins. Although the diamond drilling performed in 1988 by Centaur Resources Ltd. indicated that the Road Zone No.1 vein was a singular vein exhibiting a wide variation in

width and grade along strike, the angle of the drill holes may not have allowed for successful penetration of parallel veins if their dips were steeper or changed in attitude towards the northeast. It is concluded that further exploration of the VIG Road Zone across the full 16 m width of the recessive zone is warranted in order to locate additional gold bearing parallel vein systems. The apparent strength of the Road Zone No.1 Vein indicates a significant potential for the No. 1 vein to extend to the northwest and southeast from the 38 m strike length that is currently exposed. The recommended approach to further exploration of the VIG Road Zone showing is described in Section 16 of this report.

The Mohawk Vein strikes north 30 degrees east and dips 50 to 70 degrees to the southeast and consists of mainly quartz and carbonate with pyrite and trace galena. The Mohawk vein is made up primarily of a sheeted vein system that is from 2 to 50 cm wide. The four rock chip samples collected by Silverlake Capital Corporation and three duplicate samples collected by the author confirmed the general grades of gold mineralization as obtained in 1985 by Mr. Neil DeBock. The Mohawk Vein appears to be a single system in and around the adits, but sampling along a logging road west of the adits located four other veins exhibiting a similar style and type of mineralization. The exploration program conducted in 1985 by Mr. Neil DeBock was very limited in scope. The 1985 assessment report (#13,806) prepared for Mr. Neil DeBock hypothesized that the lower adit may not have been driven far enough to the east to test the down dip extension of the Mohawk vein and may have, in fact, cross-cut a small foot wall vein. Further exploration was not carried out to test this hypothesis by Mr. DeBock and underground work was beyond the scope of work for the 2007 exploration program for Silverlake Resources Ltd. Further exploration of the Mohawk Vein system is warranted and a recommended program is described in Section 16 of this report.

At the Vivian vein the historical adit had collapsed and the nearby historical shaft could not be identified as it was also collapsed. The showing at the adit location is hosted in altered Quatsino limestones that have been intruded by a dioritic Eocene Catface pluton immediately south of the showing. Numerous dykes and sills are also located in and around the showing area.

The work conducted by Silverlake along road cuts along the north side of a logging road that is located north of the adit and running easterly confirmed the presence of additional narrow veins trending parallel to the Vivian Vein and to veins found by Aberford Resources Ltd. in 1983 near the switch back corner. These veins are hosted in fine grained Bonanza Volcanics. Although currently not known, these veins may be separate veins running parallel to the Vivian Vein or they may represent an extension of the Vivian vein off set by east-west trending cross faults with displacement to the east. Further exploration between the Vivian adit and the first switch back in the logging road located north of the adit is warranted to determine the relationship between the Vivian Vein and the road cut veins in order to develop exploration strategies and the recommended exploration program is described in Section 16 of this report.

At the Glengarry and Rob Roy magnetite showings Silverlake Capital Corporation conducted a very limited prospecting program in 2007 as the original working areas and access roads have been obscured by second growth vegetation that has filled in exposed areas since production from the Glengarry Mine ceased in 1960. The magnetite at the Glengarry – Rob Roy showing warrants further evaluation as there is limited magnetite production in British Columbia available to supply concrete producers, sand blasting media suppliers, heavy media supplies for coal washing plants and high density filter media suppliers. As previously described, 125,715 tons of magnetite bearing skarn was mined out from a total inferred resource of 327,000 tonnes of 42.7% iron (Circa 1951) located at the Glengarry Mine by Haulpai Enterprises Ltd. of Japan in 1959. The Glengarry and Rob Roy showings represent a potentially

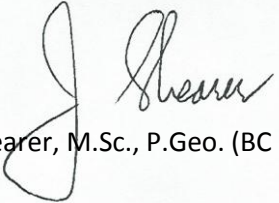
important source of iron in BC and further exploration work is warranted. Research should also be carried out to:

- locate original data from the extensive drill program (115 holes) conducted in 1951;
- locate, if possible, original reserve calculations data, and;
- locate any geophysical survey data that may have been carried out over the magnetite skarn pods.

The initiation of an early stage exploration is recommended. If the historical inferred resource calculations become available, they should be reviewed in the context of meeting current 43-101 standards as they apply to resource definitions and the resource classification system.

In 2012, local prospecting and geology was completed along new roads as well as checking the accessibility of the old showings. The intrusive rocks are similar to the host rocks of the Road Showing to the northwest. Further follow-up is recommended once logging is completed.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. T. Shearer', is written over a light blue rectangular background.

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

PROPOSED EXPLORATION BUDGET

It is recommended that exploration be continued on the Head Bay Property and the program for the next stage of exploration is as follows:

Based on the above noted recommendations, the proposed budget to carry out the next phase on exploration on the Head Bay Property is as follows:

Geophysical Surveying (IP)	\$30,000
Road Rehabilitation	\$2,000
Diamond Drilling (1290 m i @ \$108/m all inclusive)	\$139,500
Senior Field Geologist – mapping, core logging, supervision 60 days @ \$500/day	\$30,000
Junior to intermediate geologist – mapping, core logging etc. 60 days@ \$350/day	\$21,000
Field assistant/pro prospector – soil sampling, grid establishment 60 days @ \$200/day	\$12,000
Room – 60 days @ \$65/day x 3 persons	\$11,700
Food – 60 days @ \$30/day/per person	\$9,300
Supplies – propane, gas and diesel fuel	\$5,000
Analytical	\$29,500
400 drill core samples @ \$30 ea. (Cu, Ag, Pb, Zn)	
200 prospecting samples @ \$25 ea.	
700 soil samples @ \$20 ea.	
Report Preparation and Drafting	<u>\$10,000</u>
Total	\$300,000

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Resources Bulletin No. 27

APPENDIX I

Statement of Qualifications


July 25, 2012

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 and Superior Province in Manitoba and Northern Ontario 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) and a member of the CIMM and an elected fellow of the Society of Economic Geologists (SEG Fellow #723766).
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 the present report entitled "Geological Assessment Report on the Head Bay Property for Homegold Resources Ltd." dated July 25, 2012.
6. I have visited the property on June 17, 18 + 19 and July 2, 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 Head Bay Project by examining in detail the available reports and maps and have discussed previous work with persons knowledgeable of the area.

Dated at Port Coquitlam, British Columbia, this 25th day of July, 2012.



J. T. Shearer, M.Sc., F.G.A.C., P.Geo.
Quarry Supervisor #98-3550
July 25, 2012

APPENDIX II

Statement of Costs

July 25, 2012

Appendix II
Statement of Costs
Head Bay Project

	without HST
Wages	
J.T. Shearer, M.Sc., P.Geo., June 17, 18,19, July 2, 2010 3.5 days @ \$700/day,	\$2,450.00
R. Savelieff, B.Sc., Geologist, June 17, 18,19, 2010 3 days @ \$500/day,	\$1,500.00
Sub-total on Wages	\$ 3,950.00
Expenses	
Truck Rental, 3 days @ \$110/day,	330.00
Hotel in Tahsis – 3 men, \$84 x 3	756.00
Meals & Supplies, 9 x \$45	405.00
Ferries	180.00
S. L. Shearer, Core Catcher, 3 days @ \$300/day, June 18,29, July 2, 2010	900.00
Report Preparation	1,400.00
Word Processing and Reproduction	350.00
Sub-total	\$ 4,321.00
Grand Total	\$ 8,271.00

Filed on July 8, 2012
Event # 4823312
Amount \$8,000
PAC \$3,300.36
Total \$11,300.36