

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

**ASSESSMENT REPORT  
TITLE PAGE AND SUMMARY**

TITLE OF REPORT [type of survey(s)] <i>Geophysical + Geochemical</i>		TOTAL COST <i>\$ 6,900</i>
AUTHOR(S) <i>J. T. Shearer, M.Sc., P. Geo</i>		SIGNATURE(S) <i>[Signature]</i>
NOTICE OF WORK PERMIT NUMBER(S)/DATE(S)		YEAR OF WORK <i>2012</i>
STATEMENT OF WORK - CASH PAYMENT EVENT NUMBER(S)/DATE(S)		<i>EVENT # 5393831</i>
PROPERTY NAME <i>Caledonia</i>		
CLAIM NAME(S) (on which work was done)		
COMMODITIES SOUGHT <i>Ag/Cu</i>		
MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN		
MINING DIVISION <i>Nanaimo</i>		NTS <i>92L/12E (92L.062)</i>
LATITUDE <i>50 ° 38 ' 39 "</i>		LONGITUDE <i>127 ° 36 ' 17 "</i> (at centre of work)
OWNER(S)		
1) <i>J. T. Shearer</i>		2) <i>R. Zimmerman</i>
MAILING ADDRESS		
<i>Unit 5 - 2330 Tyner St.,</i>		
<i>PORT COQUITLAM, B.C. V3C 2Z1</i>		
OPERATOR(S) [who paid for the work]		
1) <i>As Above</i>		2) <i></i>
MAILING ADDRESS		
<i>As Above</i>		
PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude):		
<i>Triassic Quatsino Limestone + Karmutsen Formation basalt in</i>		
<i>contact with Jurassic pluton causing skarn garnet-epidote</i>		
<i>along contact.</i>		
REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS <i>Assessment Rpt</i>		

TYPE OF WORK IN THIS REPORT	EXTENT OF WORK (IN METRIC UNITS)	ON WHICH CLAIMS	PROJECT COSTS APPORTIONED (incl. support)
<b>GEOLOGICAL (scale, area)</b>			
Ground, mapping			
Photo interpretation			
<b>GEOPHYSICAL (line-kilometres)</b>			
Ground			
Magnetic			
Electromagnetic			
Induced Polarization			
Radiometric			
Seismic			
Other			
Airborne			
<b>GEOCHEMICAL</b>			
(number of samples analysed for ...)			
Soil			
Silt			
Rock			
Other			
<b>DRILLING</b>			
(total metres; number of holes, size)			
Core			
Non-core			
<b>RELATED TECHNICAL</b>			
Sampling/assaying			
Petrographic			
Mineralographic			
Metallurgic			
<b>PROSPECTING (scale, area)</b>			
<b>PREPARATORY/PHYSICAL</b>			
Line/grid (kilometres)			
Topographic/Photogrammetric (scale, area)			
Legal surveys (scale, area)			
Road, local access (kilometres)/trail			
Trench (metres)			
Underground dev. (metres)			
Other			
TOTAL COST			# 6,000

# **GEOCHEMICAL and GEOPHYSICAL**

## **ASSESSMENT REPORT**

**on the**

**BC Geological Survey  
Assessment Report  
33795**

## **CALEDONIA PROSPECT/QUATSE SILVER PROPERTY**

**Port Hardy – Coal Harbour Area**

**Nanaimo Mining Division**

**Latitude 50°38'39"N/Longitude 127°36'17"W**

**NTS 92L/12E (92L.062)**

**Permit: MX-8-75 Mine 0800429**

**Event #5393831**

**Prepared for**

**Quatse Silver Resources Inc.**

**#5-2330 Tyner St.**

**Port Coquitlam, B.C.**

**V3C 2Z1**

**Phone: 604-970-6402, Fax: 604-944-6102**

**Prepared by**

**J. T. SHEARER, M.Sc., P.Geo.**

**#5-2330 Tyner St.**

**Port Coquitlam, B.C.**

**V3C 2Z1**

**Phone: 604-970-6402, Fax: 604-944-6102**

**July 15, 2012**

**Fieldwork completed between May 17, 2012 and July 13, 2012**

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## QUATSE SILVER RESOURCES INC.

### CALEDONIA PROJECT

### LOCATION MAP

NTS 92L/12E

May 2011

Scale as shown

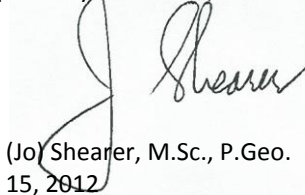
WORK BY J. T. Shearer, M.Sc.,  
P.Geo

FIGURE 1

## SUMMARY

- 1) The Caledonia occurrence area is underlain by Upper Triassic Karmutsen Formation volcanics and Quatsino Formation limestone (both formations of the Vancouver Group) and Lower Jurassic Bonanza Group volcanics, intruded by bodies of the Early-Middle Jurassic Island Plutonic Suite.
- 2) Locally, epidote-garnet-actinolite skarn containing tennanite [CuAs(Ag)S] occurs at a contact between Quatsino limestone, Karmutsen volcanics and granodiorite. Some of the mineralization extends into the granodiorite in sericitized fractures. The limestone strikes 315°, dipping 25° to the south..
- 3) East of the workings, garnet, epidote, magnetite and minor tennanite are present in a skarn zone in limestone at a granodiorite contact. A narrow wedge-shaped body of mineralization extends about 12 metres into the granodiorite.
- 4) North of Quatse Lake, bornite replaces siliceous and tuffaceous beds in the upper part of the Karmutsen Formation.
- 5) In 1929, 0.9 tonnes of ore was shipped from the property, grading 514.2 grams per tonne silver and 7.3% copper (Malcolm, 1969). A chip sample collected across 1.8 metres in 1926 assayed trace gold, 418.2 grams per tonne silver, 2.9% copper, 0.8% Lead and 10.0% zinc (Minister of Mines Annual Report, 1926).
- 6) Underground development outlined a possible resource of 68,000 tonnes grading 704.2 grams per tonne silver (20.54 oz./ton) 6.1% copper, 7.45% zinc, 0.6% lead and 0.34 g/tonne gold in a 3 to 5 metre wide zone over a strike length of 100 metres (George Cross News Letter #221, 1981; Statement of Material Facts July 5, 1972 – North Island Mines Ltd., D.C. Malcolm, April 24, 1972). Later work has expanded the surface mineralized zone for a strike length of 600 metres over a 300 metre width (George Cross News Letter #221, 1981).
- 7) Sampling in 2007 from trenching returned values of 581.7 g/tonne silver (16.97 oz./ton), 4.42% Copper, 0.13% Pb, 8.97% Zn from tennanite bearing skarn.
- 8) Metallurgical testing indicates that flotation gives high recovery rates for Silver and Copper. Discussions have been initiated with NVI regarding shipping a 10,000 tonne bulk sample to Myra Falls.
- 9) Fourteen percussion holes were drilled to an average depth of 15m with drill chip samples collected 1.5m. Some of these holes were used to blast and remove a 50 tonne bulk sample for future shipment to a flotation mill.
- 10) Work in 2012 consisted of ground magnetometer and soil sampling.
- 11) A Phase II exploration program consisting of geological mapping, continued percussion drilling, geophysics and bulk sampling at a cost of \$232,000 is recommended for 2013.

Respectfully submitted,



J. T. (Jo) Shearer, M.Sc., P.Geo.  
July 15, 2012



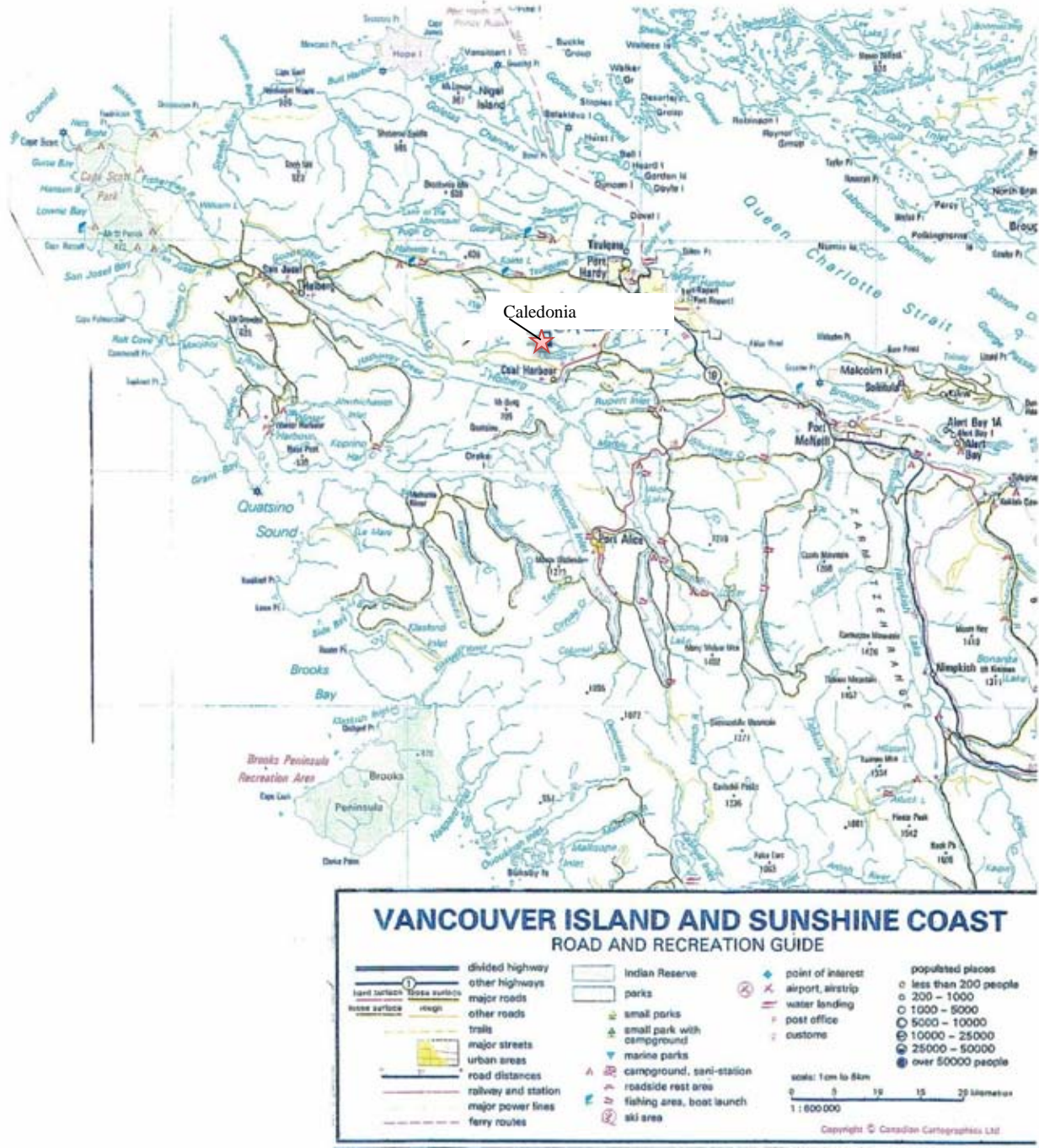


Figure 2 Access Map



## INTRODUCTION

The Caledonia Property is located 15km southwest of Port Hardy, a short distance northwest of Quatse Lake.

The deposit is an epidote-garnet-actinolite skarn containing mainly tennantite with minor bornite and chalcopyrite occurs at the contact between Quatsino limestone, Karmutsen volcanics and granodiorite. Some of the mineralization extends into the granodiorite in sericitized fractures. The limestone strikes 315°, dipping 25° to the south.

The property has been known for many years. A substantial amount of surface and underground exploration was completed prior to 1929. The property is held by 3 crowngrants (in good standing) and surrounding located claims. The taxes on these crowngrants have been paid for many years by R. Zimmerman, and who also owns the surrounding claims.

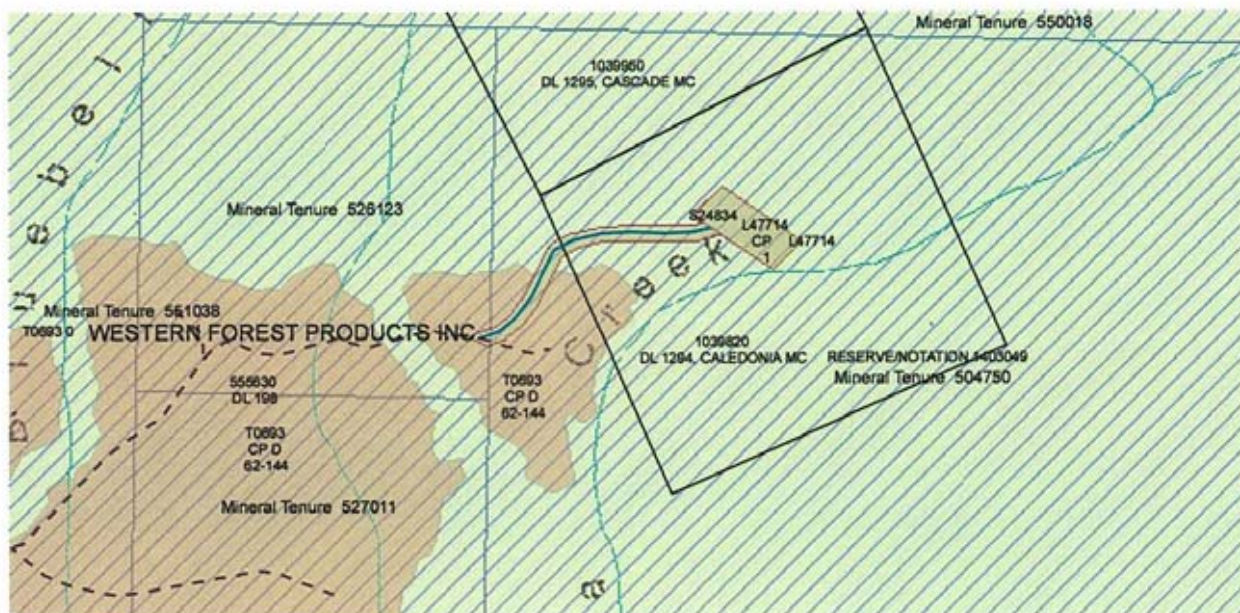
Access is by all-weather logging roads a distance of 8km from paved road between Port Hardy and Coal Harbour. A 200m bulldozer trail from the end of branch logging road CH1210 to the underground workings.

The property is with the shared Traditional Territory of the Quatsino First Nation and the Kwakiutl First Nation. Two Letters of Support have been received from the Quatsino First Nation (one for the trenching and opening the bulldozer trail completed and one for the bulk sample). A permit, MX-8-75 Mine 0800429, has been issued by the Ministry of Energy, Mines and Petroleum Resources.

Previous work (from BC Minfile is as follows: underground development outlined possible reserves of 68,000 tonnes grading 704.2 grams per tonne silver (20.54 oz./ton), 6.1% copper, 7.45% zinc, 0.6% lead and 0.34 g/tonne gold in a 3 to 5 metre wide zone over a strike length of 100 metres (George Cross News Letter #221, 1981; Statement of Material Facts July 5, 1972 – North Island Mines Ltd., D.C. Malcolm, April 24, 1972). Later work has expanded the surface mineralized zone for a strike length of 600 metres over a 300 metre width (George Cross News Letter #221, 1981).

Work in 2007 consisted of approximately \$60,000 spent to date for completing trenching, sampling, geological mapping, ABA assays, First Nations negotiations, Timber cruising, haul road layout, metallurgical flotation tests, stripping, drafting Environmental Baseline Study and permit application plus Reclamation Bond.

The current program was initiated in May 2012 with ground magnetometer and soil sampling.



### Figures 2a and 2b

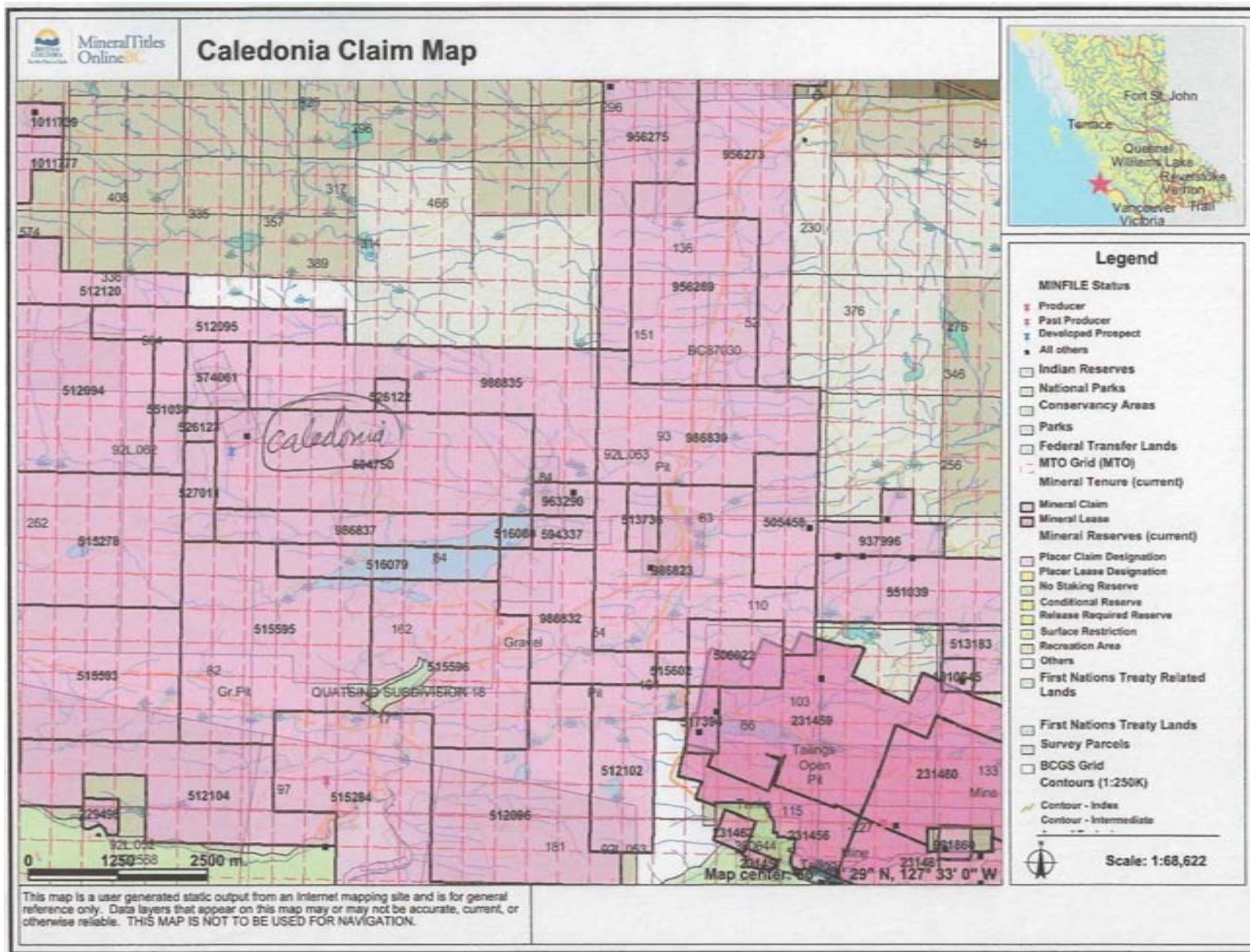
## LOCATION AND ACCESS

The Caledonia Project is located on northern Vancouver Island in the Nanaimo Mining Division at Latitude 50°38'39"N and 127°36'17"W Longitude. The map reference is NTS 92L/12W (92L.062).

Access to the claims is gained by travelling south for 14km from Port Hardy along the Port Hardy – Coal Harbour paved road. From Coal Harbour travel west along the Coal Harbour Mainline logging road to CH1210 branch road a distance of 8km to the mineralized zone.

The area is within the traditional territory of the Quatsino First Nation who have provided 3 letters of support for the project.





## CLAIMS STATUS

TABLE I  
List of Claims

Name	Tenure #	Area	Issue Date	Current Expiry Date	Registered Owner
Caledonia W	551038	81.96	February 3, 2008	June 15, 2013	R. Zimmerman
	504750	614.79	January 24, 2005	October 15, 2013	R. Zimmerman
Caledonia West One	527011	61.48	February 2, 2006	October 15, 2013	R. Zimmerman
Caledonia Extention One	526123	20.49	January 24, 2006	October 15, 2013	R. Zimmerman
Caledonia N.E.	526122	20.49	January 24, 2006	June 15, 2013	R. Zimmerman
Quatse East 1	513736	40.99	June 1, 2005	June 15, 2013	R. Zimmerman
	506022	123.02	February 6, 2005	June 15, 2013	R. Zimmerman
	505458	163.96	February 2, 2005	June 15, 2013	R. Zimmerman
Rupert Arm 2	515602	20.50	June 30, 2005	June 15, 2013	R. Zimmerman
Quatse Three	516080	20.50	July 5, 2005	June 15, 2013	R. Zimmerman
Pick 2	551039	245.98	February 3, 2007	June 15, 2013	R. Zimmerman
Rupert 4	517394	41.01	July 12, 2005	June 15, 2013	R. Zimmerman
Caledonia N.E.	574061	81.95	January 18, 2008	June 15, 2013	R. Zimmerman
Quatse East	594337	40.99	November 16, 2008	June 15, 2013	
Q Lake	963290	40.99	March 15, 2012	October 15, 2013	
Caledonia 10	986823	491.96	May 16, 2012	June 16, 2013	
Caledonia 12	986832	246.01	May 16, 2012	June 16, 2013	
Caledonia 13	986835	512.23	May 16, 2012	June 16, 2013	
Caledonia 14	986837	184.47	May 16, 2012	June 16, 2013	
Caledonia 15	986839	409.81	May 16, 2012	June 16, 2013	
3,463.58 ha					
Crown Grants					
Caledonia	Lot 1294	19.21	March 26, 1957	Yearly taxes	R. Zimmerman
Cascade	Lot 1995	19.96	March 26, 1957	Yearly taxes	R. Zimmerman
Bluebell	Lot 1996	20.89	March 26, 1957	Yearly taxes	R. Zimmerman
Total 3,523.64 ha					

Mineral rights are acquired in British Columbia via the Mineral Act and regulations. Assessment work is required each year in the amount of \$4 per year per hectare for the first three years and \$8 per hectare on each claim over 3 years.



Culvert Table Listing						
Road Name	Road Station	Drainage Structure Number	Stream Number (if applicable)	Stream Class (if applicable)	Either or CMP Sizing	Wood Sizing
CH1217	0+071	1	31	SS	600	
CH1217	0+253	2	28	NCD	400	
CH1217	0+308	3	16	NCD	400	

FIELD SURVEY MARKINGS				
Ribbon Description	Ribbon Color	Ribbon Printing	Paint Color	Blaze Marking
Road Location Centerline	Pink-Glo	ROAD LOCATION	Pink-Glo	Pink Top Cedar Stake
Road Reference Point			Pink-Glo	Single Blaze
Right of Way Boundary	Blue-Glo		Blue	
Falling Block Boundary	Orange-Glo	FALLING BLOCK	Orange	Double Blazed Line
Falling Block Corner	Orange-Glo	FALLING BLOCK	Orange	Squared Tree
Retention Boundary	Orange-Glo	RETENTION		
Reserve Zone	Orange-Glo	RESERVE ZONE	Orange	Double Blazed Line
Riparian Mgmt Zone	Red	RIPIARIAN MGMT ZONE		
No Work Zone	Yellow			
Fisheries Sensitive Zone	Yellow	FISZ		
Visual Mgmt Zone	Green-Glo			
Stream Identification	Yellow	STREAM ID		
Selective Tree Removal			Yellow	Single Blaze on Stump & Butt Cut
Tree Retention			Blue	
Legal Boundary	Blue/White Stripe			
Harvesting Spt. Boundary	Orange/Blk Stripe			
P-Lines	Yellow			
Deflection Lines	Yellow			
Deactivation/Reactivation	Green-Glo			
Station Markers	White			
Feathered Edge	Orange/Blk Stripe			
Cutline Plots	Yellow		White	White Squared Post

**SAFE START**  
These four states...

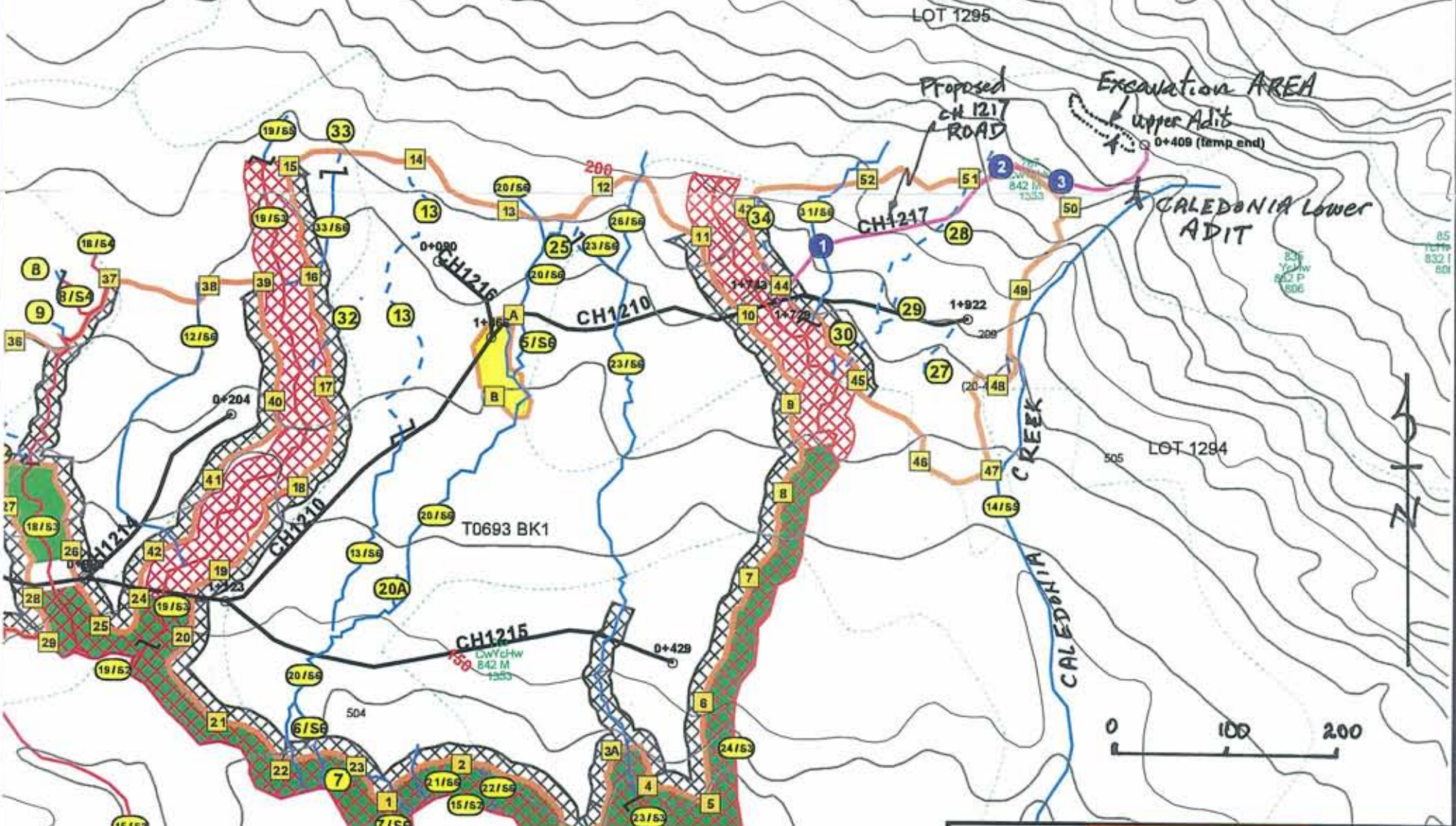
Rushing  
Frustration  
Fatigue  
Complacency  
— can cause or contribute to these critical errors...  
Eyes not on Task  
Mind not on Task  
— Line-of-Fire  
Balance/Traction/Grip  
...which increase the risk of injury.

**WFP** Western Forest Products Inc.  
North Vancouver Island Region  
Port McNeill Forest Operation

ROAD CONSTRUCTION MAP

62-144		Road Construction Information					
		Road Name	Road Category	From Station	To Station	Metres	Road HM
Road Name(s):	CH1217	CH1217	LT	0	409	409	
Road Permit:							
Emergency Location							
UTM Zone	9						
UTM. (east)	598342	Construction Total:		409			
UTM. (north)	5611393	Culverts	CH1217				Total
Latitude	50 38' 45"	400mm	2				2
Longitude	127 36' 32"	600mm	1				1
A Frame Dump	0						
Lower Dump	51.4 km						
Crew Travel	51.4 km						
1:5,000 Map	5-92L062						
1:20,000 Map	92L062						
Original Date:							
Printing Date:	18-Sep-2007	Species (%)	Est.	Crs	Road Construction		
Eng. Estimate: 700 m³/ha	Balsam	3	3	Area		Dist(m)	
Eng. Adjusted 839.9 m³/ha	Cedar	50	67	R/W In	0.7	272	
Approved for Felling	Cypress	30	10	R/W Out	0.5	137	
	Deciduous	1	0	R/W Total	1.2	409	
	Fir	0	0	Avg. Heli Distance (m)			
Resident Engineer	Hemlock	15	20	P.O.C = Road CH1217 (sta 0+000) is at coordinates 598342 E, 5611393 N.			
Date:	Spruce	1	0				
Comments	Total	100	100				
Engineered By:		Initials		Date			
1 Eng. Crew		JB		Sept. 07			
2 Eng. Crew (revisions)							
Harvest Breakdown By Timber Mark							
		Timber Mark	Area (Ha)	m³/ha	Vol. M³		
	RW - Cutblock		0.7	700	490		
	RW - out		0.5	700	350		
	Total Available		1.2	1400	840		

CALEDONIA PROJECT



- \*DUE DILIGENCE\***  
Means Following These Steps:
- STEP 1: Always read and understand your plans and maps.
  - STEP 2: Always match your plan and map to what you find on the ground and then check that you can do the work.
  - STEP 3: Stop and ask if you cannot follow the plan and map.
  - STEP 4: Know your responsibilities. Ask if you are unsure.

*ROAD CONSTRUCTION LEGEND			Scale: 1:5,000
BOUNDARIES	END HAUL METHODS	YARDING FEATURES	
Harvest Area Entry	Full Bench End Haul	Felling Corner	1
Harv. Spt. Change	Spill Site	Deflection Line/Label	C-15
Legal Entry	Partial End Haul	Landing	2
Adjacent Entry	Avoid Side Cutting	Backsaw Tree	3
Timber Type Line	OTHER	Pole Retrieval	4
	Steep Grade	Helicopter Drop Zone	5
	Blowdown	Helipad	6
	Regeneration or Slash	Heli Service Landing	7
ROADS	NATURAL FEATURES	RESOURCE FEATURES	
Built Road	Windthrow	Wildlife/Leave Tree	8
Road Location	Swamp / Wet Ground	Archaeological Feature	9
Future Development	Slide	Archaeological Site	10
Deact/Abandon Road	Rock Bluff	Quarry	11
Public Road	Gully	Barrow Pit	12
Backsaw Trail	Cave	Rear Den	13
Bridge	Sinkhole	Raptor Nest	14
Debuilt Bridge		Index Contours	15
Proposed Bridge		Intermed. Contours	16
Road Station		G&Y/Research Plot	17
Culverts			
STREAM CLASS	LAKE/WETLANDS	SENSITIVE & DESIGNATED AREAS	
Fish Streams (S1-S4)	Lakes	Terrain Concern Area	18
Non Fish Streams (S5-S6)	Wetlands	Riparian Reserve	19
Non Class. Drainage	Class W 1,2,3,4,5	Riparian Mgmt Zone	20
Stream Reach Break	Fish Sensitive Features	Wildlife Tree Patch	21
Stream ID		WTP/RRZ	22
		WTP/RMZ	23
		Retention	24
		Wp/Retention	25

\*Please Note: Not All Symbols May Appear on This Map.



## HISTORY

The Caledonia Property was discovered prior to 1923. At that time, stripping and open-cutting on the Caledonia and Cascade claims exposed a band of mineralization first seen in the creek bed nearby. The adit had advanced 50 feet but not far enough to intercept the mineralization. The body of mineralization in the creek was 30 feet wide and assayed – copper 3.2%, zinc 10% and silver 16 oz./ton. Open cut No. 2, 300 feet west from Caledonia Creek exposed 9 feet of mineralization assaying – copper 3.2%, Zinc (not assayed) and silver 19 oz./ton.

Further work in the next two years included new open cuts, demonstrating continuity of the mineralized band in excess of 300 feet in a N 60° W (mag) direction. All open cuts which reached bedrock showed strong mineralization. (Open cuts 1A and 2A, though 10 feet deep, did not reach bedrock.) As well, the crosscut adit was extended to intersect the mineralization.

No further work of any consequence was done on the property until 1968 when it was acquired by North Island Mines Ltd. In 1968 access roads were upgraded, cat trenching was done, additional claims were staked (total 170 claims), geochemical soil surveys were done and 15 diamond drill holes were completed totalling 2,300 feet (BCDM 1968). Following the diamond drilling, a tonnage estimate was made by D. C. Malcolm, P.Eng. using cut-off grades. This estimate was 75,000 tons averaging 6.09% copper, 7.45% zinc, 0.6% lead, 20.54 oz./ton silver and 0.01 oz./ton gold. The zone was reported to have good extension possibilities to the west (GCNL August 15, 1972). Trenches and workings are shown in the accompanying plan figures 5 and 7 (C. R. Saunders, 1968), and drill Holes are shown in Figure 2. D. C. Malcolm indicates that the massive mineralization is “younger”, replacing pre-existing skarn (personal communication 1982).

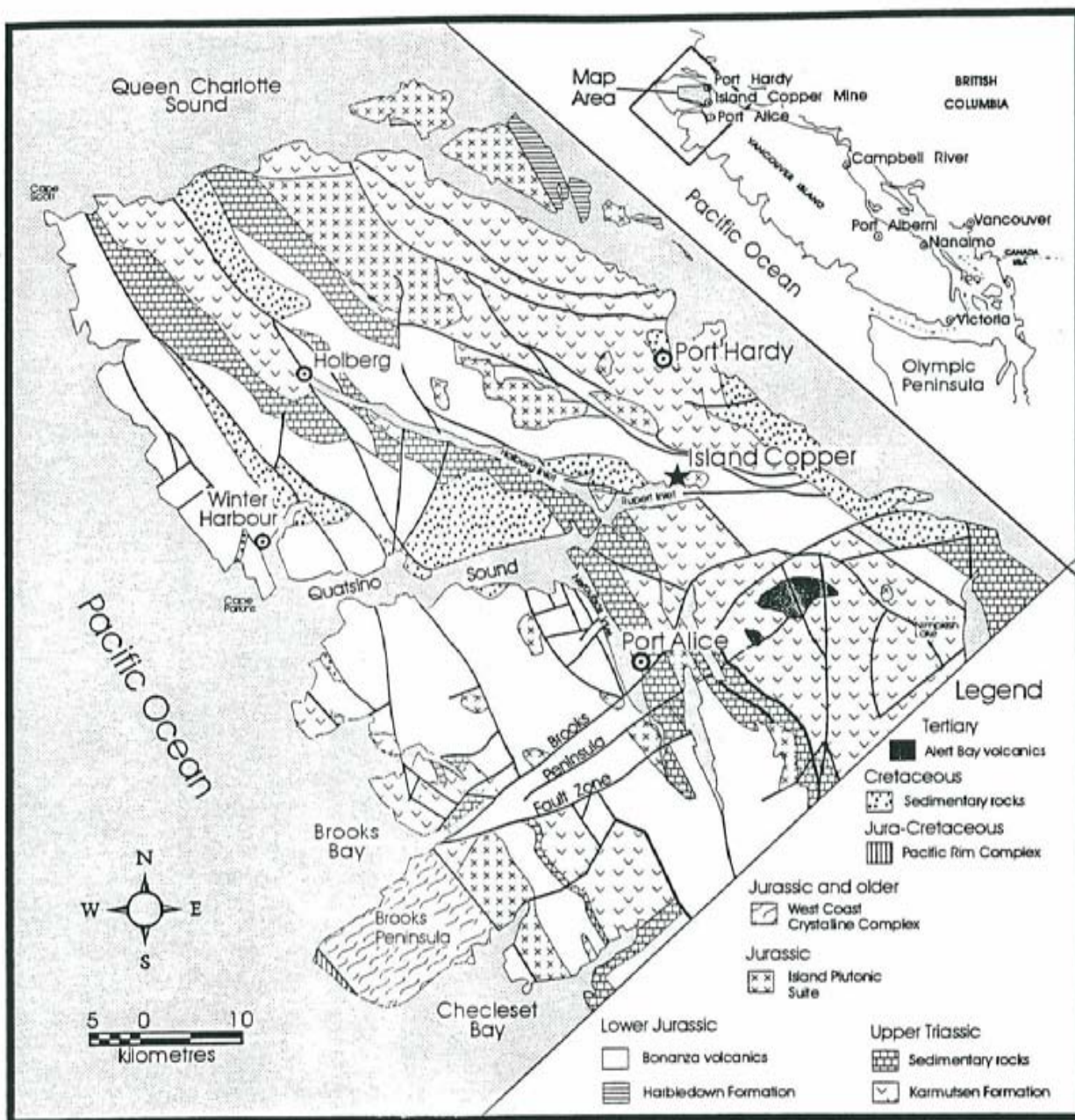
Additional zone 350 feet uphill from the above-mentioned zone trenched by C. M. and S. in 1929 was reported to exhibit a magnetite-copper “vein” 2 to 5 feet wide exposed for nearly 1,000 feet having an east-west strike and 80° south dip. This zone, occurring at the top of a band of grey crystalline limestone not more than 50 feet thick, is underlain and overlain by andesitic lava flows. A similar zone on the Scotia claim “includes a fair amount of chalcopyrite, sphalerite and galena” and may represent the same zone exposed in the Cascade trenches.

On the Bluebell claim, roads and trenches expose numerous copper-magnetite bands in the Karmutsen volcanics. Several percussion drill holes were completed on some of the zones but results are unknown.

Trenching done on an area within the present Pick 10 claim in 1972, northwest of the Bluebell revealed copper-magnetite mineralization within the Karmutsen volcanics adjacent to the same porphyritic intrusive seen at Caledonia. The trenching exposed copper mineralization over an area 1,200 feet by 400 feet (D. C. Malcolm in GCNL). Six surface grab samples from various zones assayed from 0.39% Cu to 2.0% Cu. Several percussion drill holes were completed but results have not been located.

Figure 5 Regional Geology – Northern Vancouver Island

## REGIONAL GEOLOGY NORTHERN VANCOUVER ISLAND



## REGIONAL GEOLOGY

Comprehensive geological mapping of Northern Vancouver Island was carried out during the late 1960's, the bulk of it by Dr. Jan Muller of the Geological Survey of Canada with major assistance by Dr. Kenneth Northcote of the B.C. Department of Mines and J. A. Jeletzky. The results of their mapping are summarized on G.S.C. Map 1552A. More recently, mapping was carried out on map sheets NTS 97L/12 and 92L/11W by Hammock, J. L. et al in the 1990's. The result of this work, which was produced by the Geological Survey Branch of the British Columbia government, is available in both digital and hard copy formats.

The basement upon which the rocks of northern Vancouver Island were laid down is probably of Middle to Upper Palaeozoic Age. At the time of deposition, the landmass, which now makes up Vancouver Island, was located in the equatorial regions of the Pacific Ocean. It consisted of felsic to basic volcanics deposited in a submarine environment. The very important copper-zinc-gold-silver ore bodies at Western Mines' Buttle Lake operations were developed within this sequence.

In Upper Triassic time (about 200 million years ago), these basement rocks were covered by a series of pillow lavas and flows largely of basaltic composition. Total thicknesses extruded probably exceed 2400 metres. These rocks are known as the Karmutsen Formation.

Following this period of basaltic volcanism, carbonate rocks (the Quatsino Limestone) accumulated to thicknesses of about 300 metres, although a much thinner section appears to be the rule north of Holberg Inlet. Of importance from an economic standpoint is the correlation between the Karmutsen – Quatsino section of Vancouver Island and the Nikolai Greenstone – Chitistone Limestone section of southeastern Alaska, both of which are part of the same Central Pacific terrane. The Nikolai, like the Karmutsen, is considerably enriched in copper as compared with the average basalt. The Chitistone Limestone was host to the very high-grade Kennecott Copper deposit, which was apparently derived by re-concentration of the much lower-grade copper disseminated through large volumes of Nikolai rock.

Above the Quatsino Formation there is generally found a clastic section of which appears to be of slightly different age and of varying composition in different parts of northern Vancouver Island. Depending on age, composition and location, it is known as the Parson Bay Formation or the Harbledown Formation. The Parson Bay is somewhat calcareous and of upper-most Triassic age while the Harbledown is more argillitic and of lower-most Jurassic age. Above the sedimentary section are the Jurassic Bonanza Volcanics, an assemblage of flows, tuffs and fragmentals largely of andesitic composition, but with minor basaltic and rhyodacitic sections.

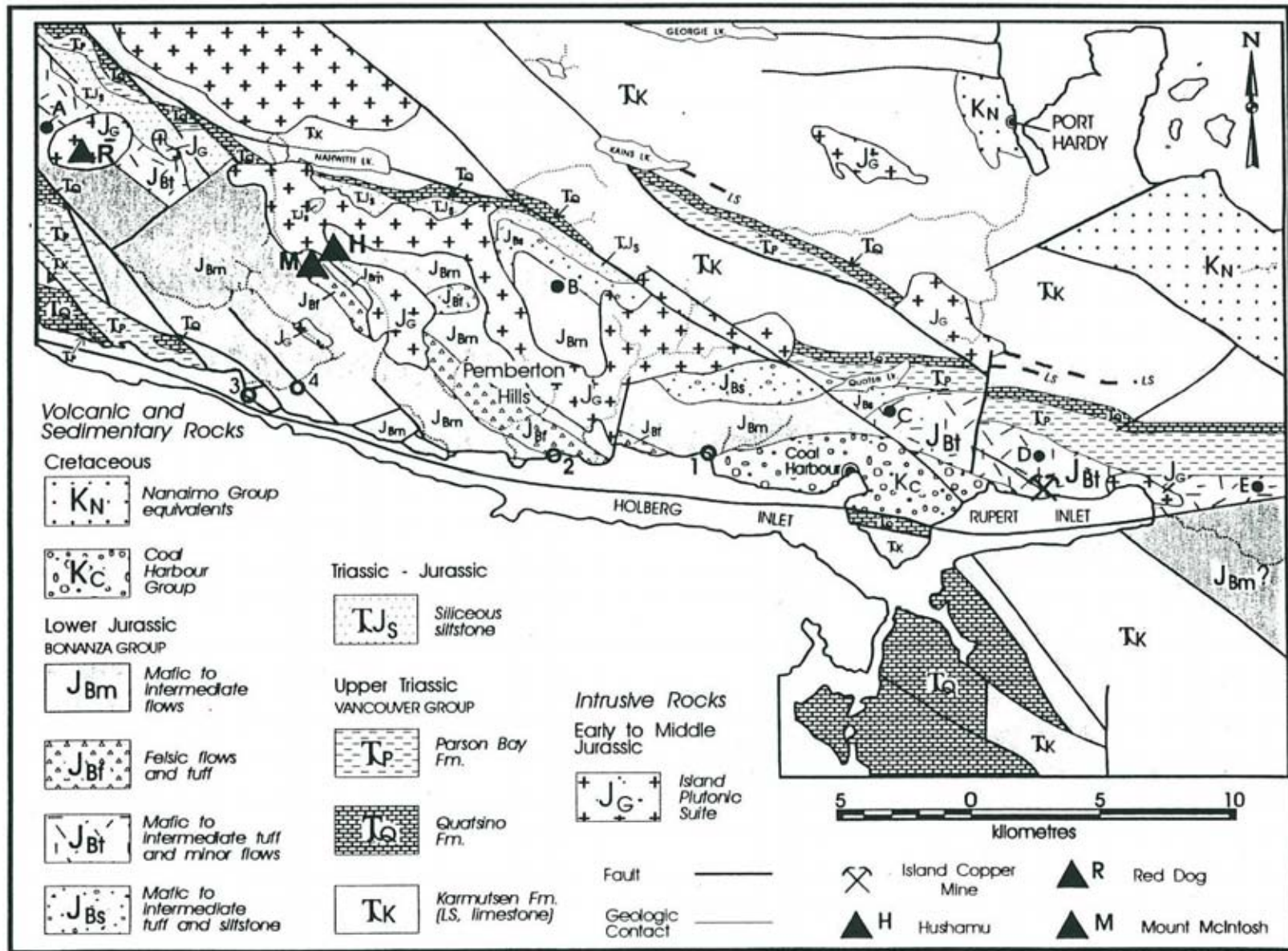
During and after eruption of the Bonanza Volcanics, granitic bodies were emplaced within the Karmutsen-Quatsino-Bonanza sequence. These bodies ranged in size from dykes and small plugs to masses of batholithic proportions. Some of these intrusives formed the underground reservoirs, which broke through to surface to deposit the Bonanza Volcanics.

Reaction between these very hot, high-level vent zones and circulating groundwater and seawater led to the development of numerous zones of highly altered rock, within or adjacent to which are copper-gold-molybdenum deposits. The alteration zones are generally characterized by the presence of large amounts of silica, clay minerals, pyrite, pyrophyllite and laumontite. Of the various alteration zones, perhaps 90% are located in the belt immediately north of Rupert and Holberg Inlets particularly in the vicinity of the PEM100 Quarry and Pemberton Hills, which are covered by the Apple Bay and Jody Claims.

At some time during the latter part of the Jurassic, following a long period of northward drift, the Vancouver Island – Queen Charlotte Islands – Southeast Alaska terrane, apparently somewhat fragmented, collided with and fused to the North American Continent. Following this accretion, and a



Figure 6 Regional Geology – Holberg Inlet





general elevation of the landscape probably caused related to the mechanics of collision, highland portions of the terrane were eroded into basinal areas, forming continental transgressive sandstones of Cretaceous age, which included numerous coal measures, those of the Nanaimo basin being most notable.

One of the small Lower Cretaceous basins of sandstone and conglomerate extends from the western edge of the Island Copper Mill area to the vicinity of Apple Bay, which lies to the west of the claims. Since the deposition of these various sandstones, there has been minor volcanic and intrusive activity on the island.

## LOCAL GEOLOGY and MINERALIZATION

The Caledonia Property was discovered prior to 1923. At that time, stripping and open-cutting on the Caledonia and Cascade claims exposed a band of mineralization first seen in the creek bed nearby. The adit had advanced 50 feet but not far enough to intercept the mineralization. The body of mineralization in the creek was 30 feet wide and assayed – copper 3.2%, zinc 10% and silver 16 oz./ton. Open cut No. 2, 300 feet west from Caledonia Creek exposed 9 feet of mineralization assaying – copper 3.2%, Zinc (not assayed) and silver 19 oz./ton.

Further work in the next two years included new open cuts, demonstrating continuity of the mineralized band in excess of 300 feet in a N 60° W (mag) direction. All open cuts which reached bedrock showed strong mineralization. (Open cuts 1A and 2A, though 10 feet deep, did not reach bedrock.) As well, the crosscut adit was extended to intersect the mineralization.

The new open cuts provided the following intersections at surface:

		Cu	Zn	Pb		Ag	Au
3A	10.0 ft.	2.5%	5%	1%	12 oz./t	411.42 g/tonne	Tr.
1	6.0 ft.	2.0%	10%	0.8%	12.2 oz./t	418.28 g/tonne	Tr.
1B	2.6 ft.	0.5%	3%	Tr.	6.5 oz./t	222.85 g/tonne	Tr.

In 1927 the crosscut was advanced a further 60 feet and 300 feet of drifting planned.

In 1929 the property was bonded to Consolidated Mining and Smelting Company, who completed at least 400 feet of drifting eastward and westward from the crosscut and another drift 50 feet westward.

A raise was driven to intersect the mineralized band in open cut 3A. The work in 1929 demonstrated that the mineralized band was shallowly dipping at the contact of granodiorite and limestone and the contact was irregular, but well mineralized, with widths of 5 to 25 feet of copper/lead/zinc “ore” “which looked very promising” (BCDM, 1929).

Mineralization in this zone consisted of an irregular replacement of sphalerite, chalcopyrite, magnetite, specularite, bornite, pyrite, and galena with quartz, epidote and garnet in limestone at or adjacent to the granodiorite contact. The granodiorite-volcanic contact is a fault, and the limestone overlying the volcanics (Karmutsen) dips shallowly (20° - 25°) southwestward toward the granodiorite. The skarn is developed at the base of the limestone unit, which appears to be overlain by further volcanic flows. The rocks are cut by dark green dykes (lamprophyre?) and several granodiorite dykes. Amethystine quartz is present in silicified limestone areas in the drift, and thin stringers of sphalerite have been traced into the granodiorite, which is strongly altered near the contact and turned pinkish by the addition of K-feldspar, as discrete veinlets and also as pervasive alteration of the intrusive.

North of Quatse Lake, near the logging access road which gives access to the Caledonia claims, several areas of disseminated copper and skarn copper mineralization are known.

The area is underlain by the typical Karmutsen-Quatsino-Parsons Bay and Bonanza sequence trending westerly to north westerly and dipping shallowly southward. The granodioritic Island Intrusion is in probable fault contact with the Karmutsen volcanics in the northern part of the area, and it is in the Karmutsen volcanics and Karmutsen-Quatsino contact near the intrusive contact that the best mineralization is present.

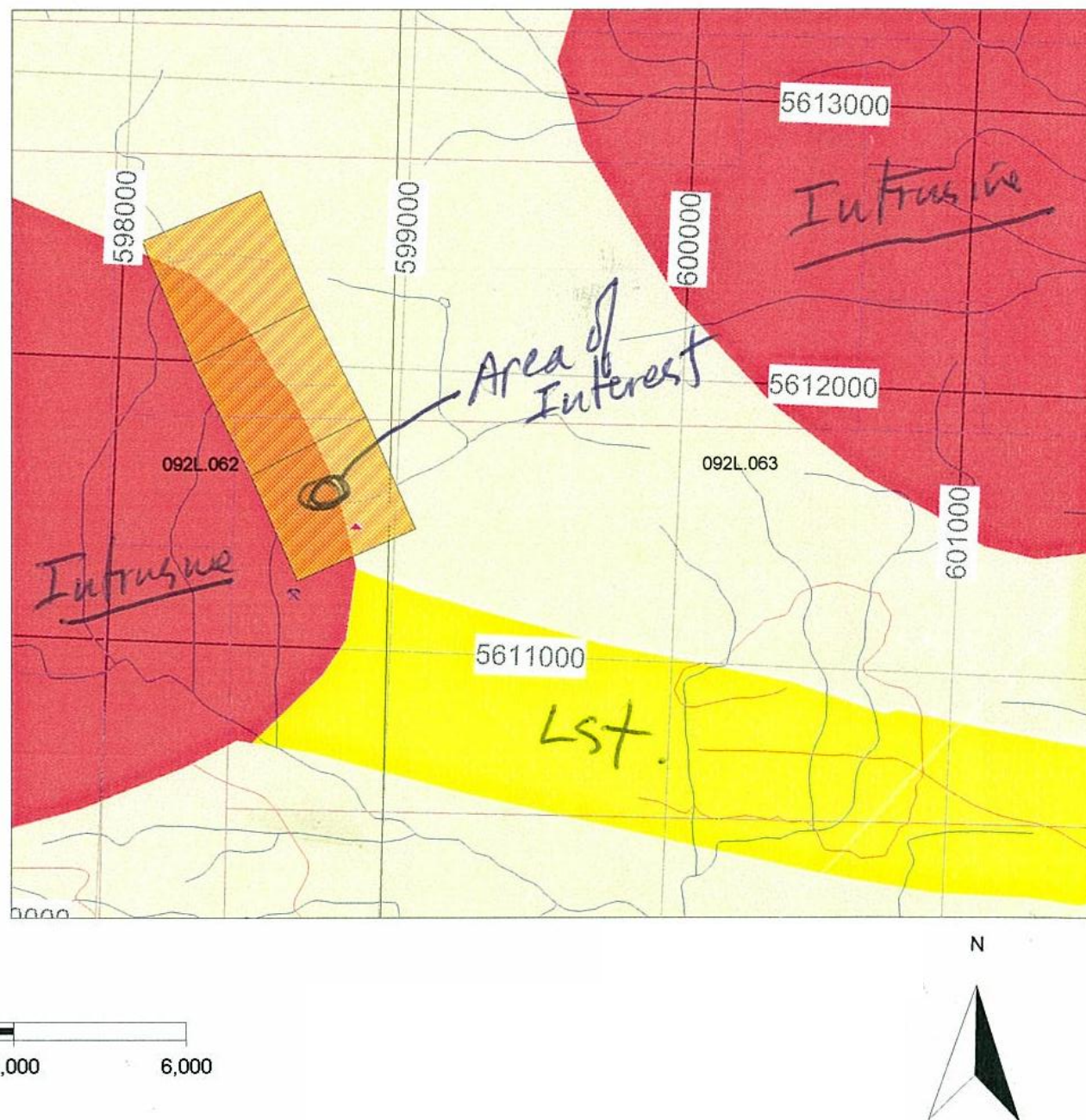
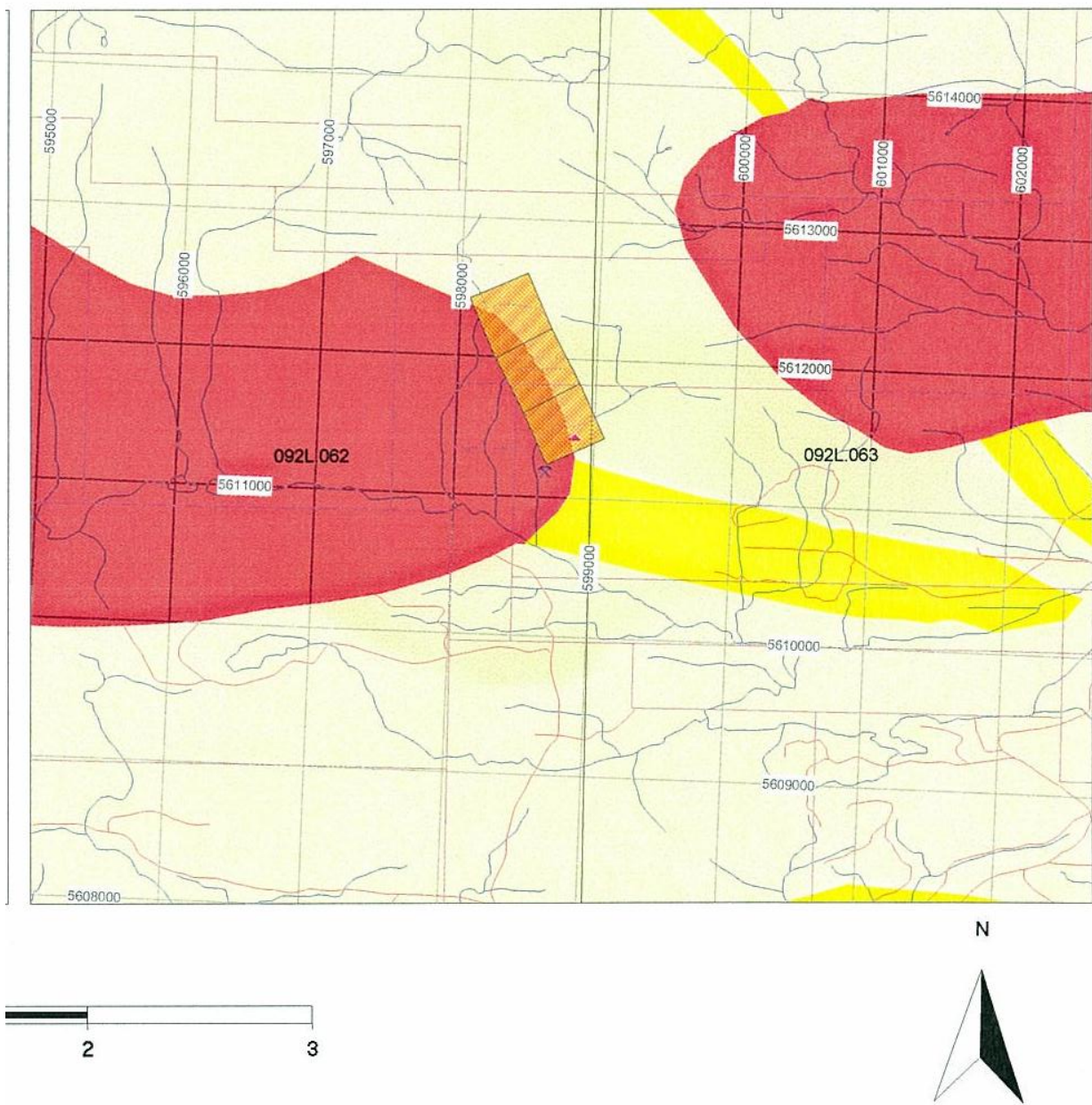


Figure 7 Local Claim Geology





Exploration work was initiated in this area by Thomas Kirk, North Island Mines in 1968. Copper mineralization was discovered on the banks of Kettle Pot Creek and on the series of rocky hills known as Hill 140, 160 and 155. In 1972 geological mapping, geochemical sampling and magnetometer surveys were completed under the supervision of R. K. Germundsen, Ph.D. with engineering consultation provided by D. C. Malcolm, P. Eng.

On the Hill 140 occurrence, a grid was cut and flagged and the area was gridded with 265 blast holes. Twenty-five of these pits, covering an area 400 feet by 400 feet were sampled with 40 lb. samples. Results ranged from 0.18% Cu to 0.80% Cu averaging 0.29% copper (GCNL, August 16, 1972). The mineralized zone coincides with a prominent 2,000 gamma airborne and ground magnetometer survey (Map 8b).

The rocks are reported to be strongly fractured basic volcanics – the fracturing may result from concentration of northeast and east northeast fault intersections in an area 2,600 feet long by 1,500 feet wide (R. K. Germundson, 1973). Fractures have abundant chlorite, calcite, epidote and K-feldspar with silica, pyrite and chalcopyrite.

In 1973, a drillhole (73-1) placed approximately halfway between Kettle Pot Creek and 140 Hill was drilled N 10° E and 45° approximately 600 feet. Chalcopyrite, fracturing and K-feldspar alteration increased with depth in the hole but assays are not known at this time.

The Kettle Pot zone centred on the creek, is associated with a magnetic anomaly and an airborne EM conductor (Map 8b). Magnetite and copper mineralization is present on both banks of the creek.

A north-east trending coincident mag anomaly with EM response is centred on Kettle Pot Creek 400 metres north of the above-mentioned zone, apparently within the intrusive and may represent an area of alteration and mineralization.

Copper is also present in two other zones tested by pits and drill holes. Zone 160 on geologic strike northwest of the 140 zone has significant bornite disseminations in fine banded silicic tuff between amygdaloidal andesite units (A. O. Birkeland).

Zone 165 has numerous pits with copper and is tested partially by DDH 165-1 and 165-2 (results unknown).

A zone known as the 155 zone, situated 775 metres southwest of Hill 140 has copper mineralization in a 5 ft. skarn band. DDH 155-1 drilled in 1972 extends northward at -45° encountered 10 feet of skarn in altered andesite. Additional skarn bands trending southwest occur in several exposures from 200 to 5000 metres northwest of DDH 155-1. It is not known whether these have been evaluated.

A soil geochemical survey conducted by G. Anselmo, Tricon Exploration Ltd. resulted in several anomalies with values exceeding 100 ppm and ranging up to 800 ppm. The largest of these are shown on Map 8c and coincide with areas of known mineralization.

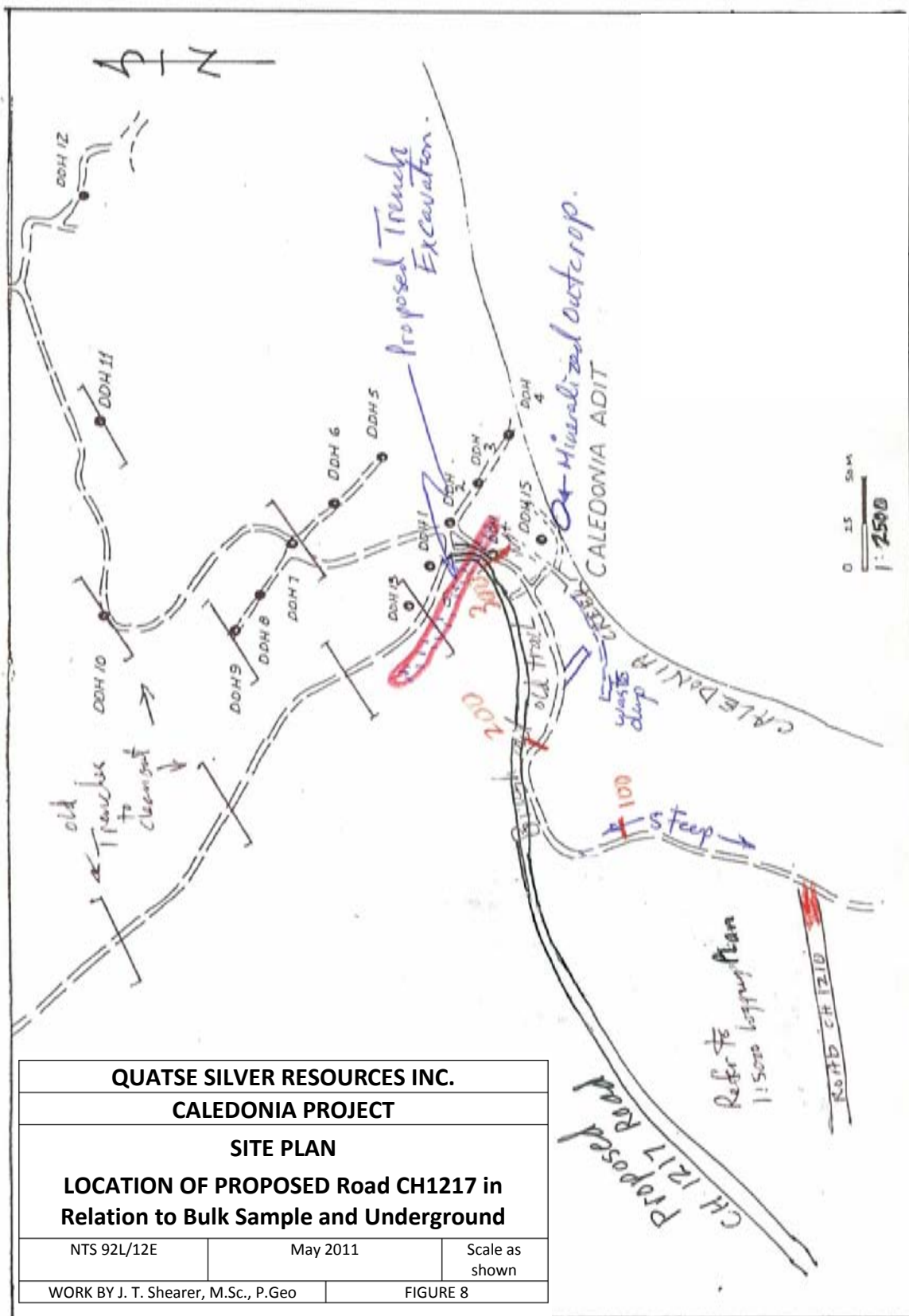
To test all targets on the property, D. C. Malcolm recommended a two phase program with 35 percussion holes in Stage I.

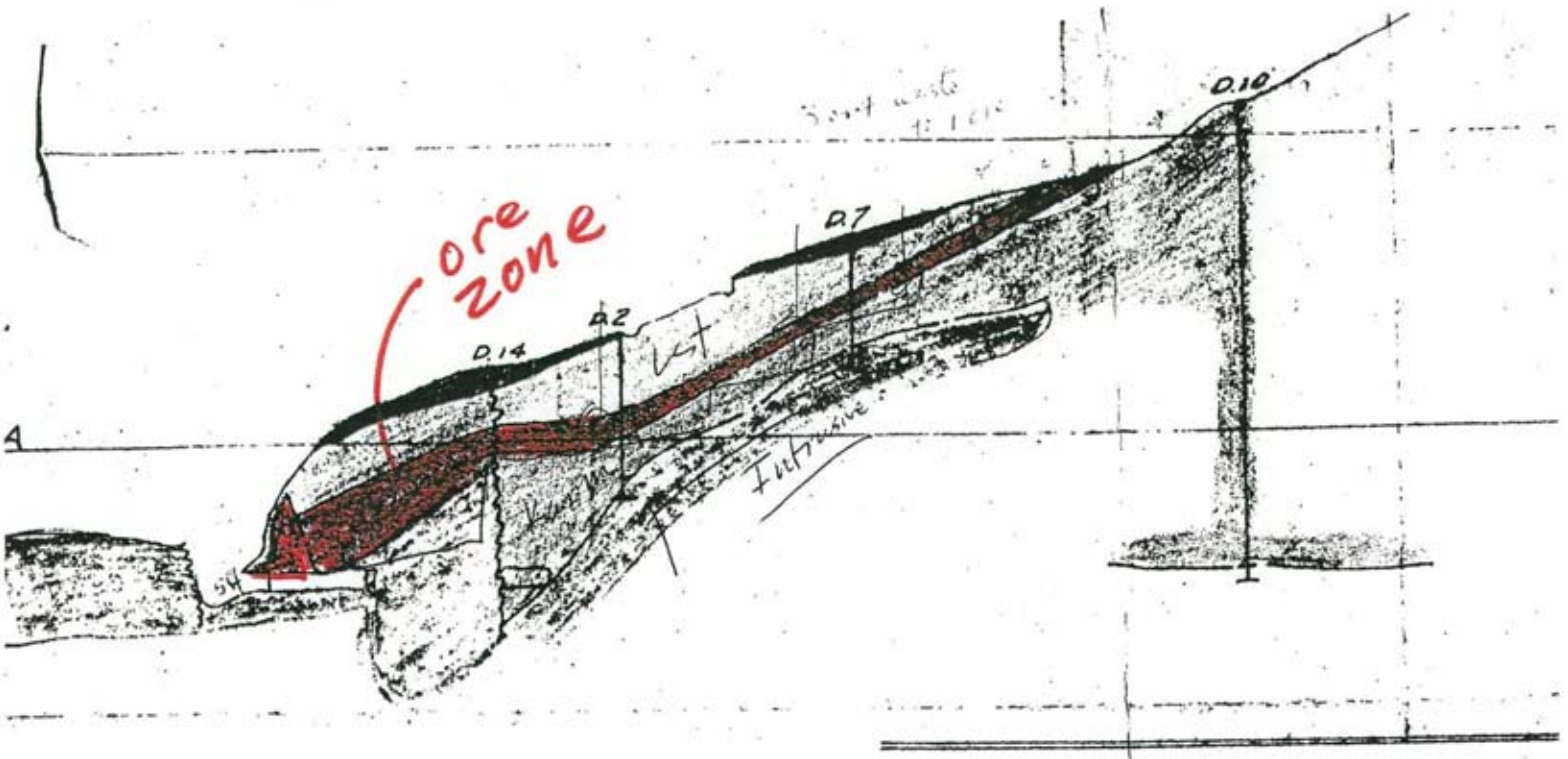
At least 11 diamond drill holes and 67 percussion drill holes have known locations marked on the accompanying maps. Diamond drill holes numbered to 25 suggest this number of holes, and additional percussion holes are suspected to have been drilled. However, as yet, no results have been located for any of the holes.

Summarizing known data from the Caledonia-Quatse Lake area, 20 drill holes in 1968 outlined 75,000 tons of high grade copper-zinc-silver mineralization at the Caledonia prospect and numerous additional skarn



and disseminated copper showings occur along the trend from Quatse River 7km northwestward. Sufficient room and encouragement exists within the belt for further exploration for porphyry and high-grade skarn deposits.





LEGEND

Bonanza	
Limestone	
Skarn	
Karmutsen	
Granodiorite	

Figure 9 Cross Section of 1980 Drilling

## TRENCHING and BULK SAMPLING 2010

The 250m access trail dating from the 1920's and 1980's was cleaned out to a driveable condition with ATV's and 4x4 trucks. The old trenches were cleaned out, extended and sampled.

Sampling in 2007 from the upper adit and raise returned values of 581.7 g/tonne silver (16.97 oz. /ton), 4.42% Copper, 0.13% Pb, 8.97% Zn from tennantite bearing skarn. The location of this sampling is plotted on Figure 13.

The area between trench 1 and 5 was stripped with the Excavator to more clearly show the contact between the silicified limestone and altered intrusive.

Trench 1 is 20m long by 1.5m wide with variable depth averaging 1.5m deep.

Trench 2 is 18m x 1.5m x 1.2m.

Trench 3 is 25m x 1.5m x 2m.

Trench 4 is 8m x 1.5m x 1.2m in overburden.

Trench 5 is 27m x 1.5m x 1.8m.

Trench 6 is 31m x 1.5m x 2.5m all in overburden.

An all-weather road was engineered to provide access from the end of Logging road CH1020.

Fourteen percussion holes were drilled to an average depth of 15m with drill chip samples collected 1.5m. Some of these holes were used to blast and remove a 50 tonne bulk sample for future shipment to a flotation mill (current program).

The bulk sample was excavated and loaded onto a longbox tridem truck with a capacity of 25 tonne loads. Two loads were transported to the Koprino shop. The location of the bulk sample and drillholes are shown on Figures 12 and 13.

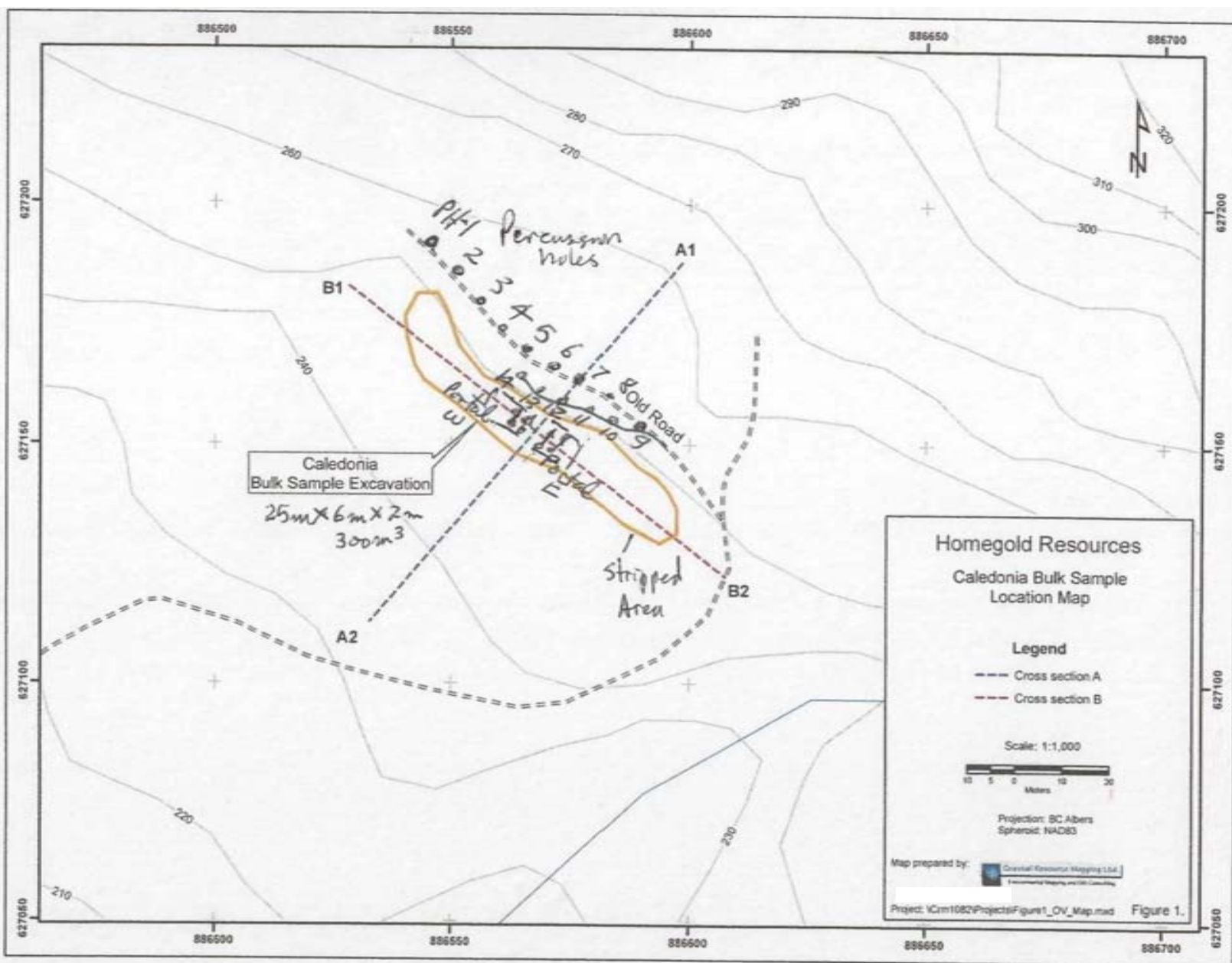
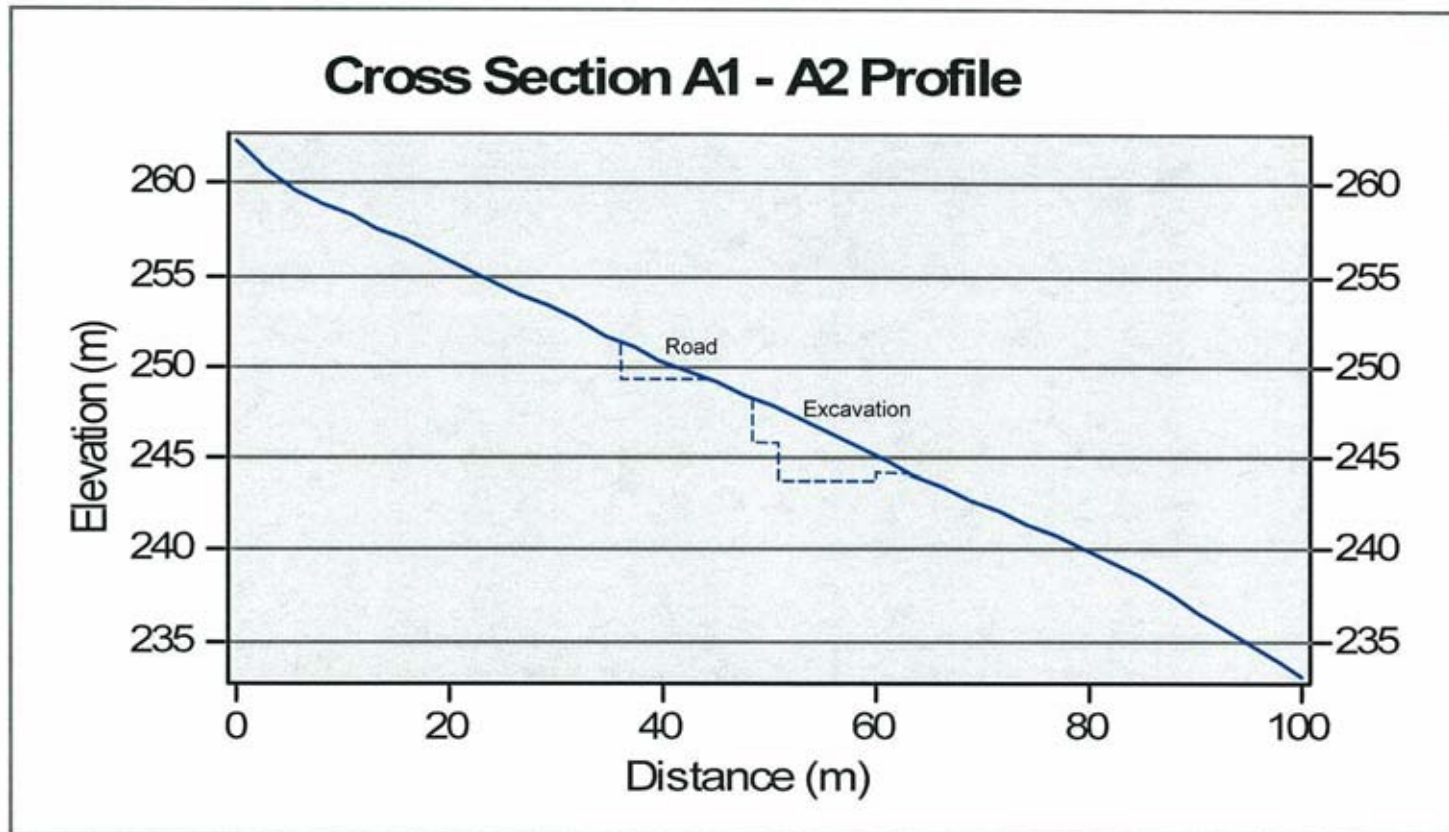


Figure 10 Detail Plan of Bulk Sample 2010



Figure 11 Cross Section of Bulk Sample 2010



Homegold Resources  
Northeast - Southwest Cross Section A1 - A2  
(Looking Southeast)

Figure 13

## PREVIOUS METALLURGY 2007

The initial results of 3 rougher flotation tests have a high recovery rate. As expected from tennantite, the silver follows both the copper and arsenic. The mineralization does not require a fine primary grind, since the tailings fractions indicate that it is not grind sensitive.

Tests on separating the sphalerite from the tetrahedrite by depressing sphalerite and experiment with cleaning tests is recommended. Since it would appear that we will be able to make a suitable concentrate with silver reporting with copper (and separate zinc – to be confirmed), it is appropriate to initiate discussions between NVI and Quatse Silver as to the possibility of shipping mineralized material from the Caledonia Project to Myra Falls.

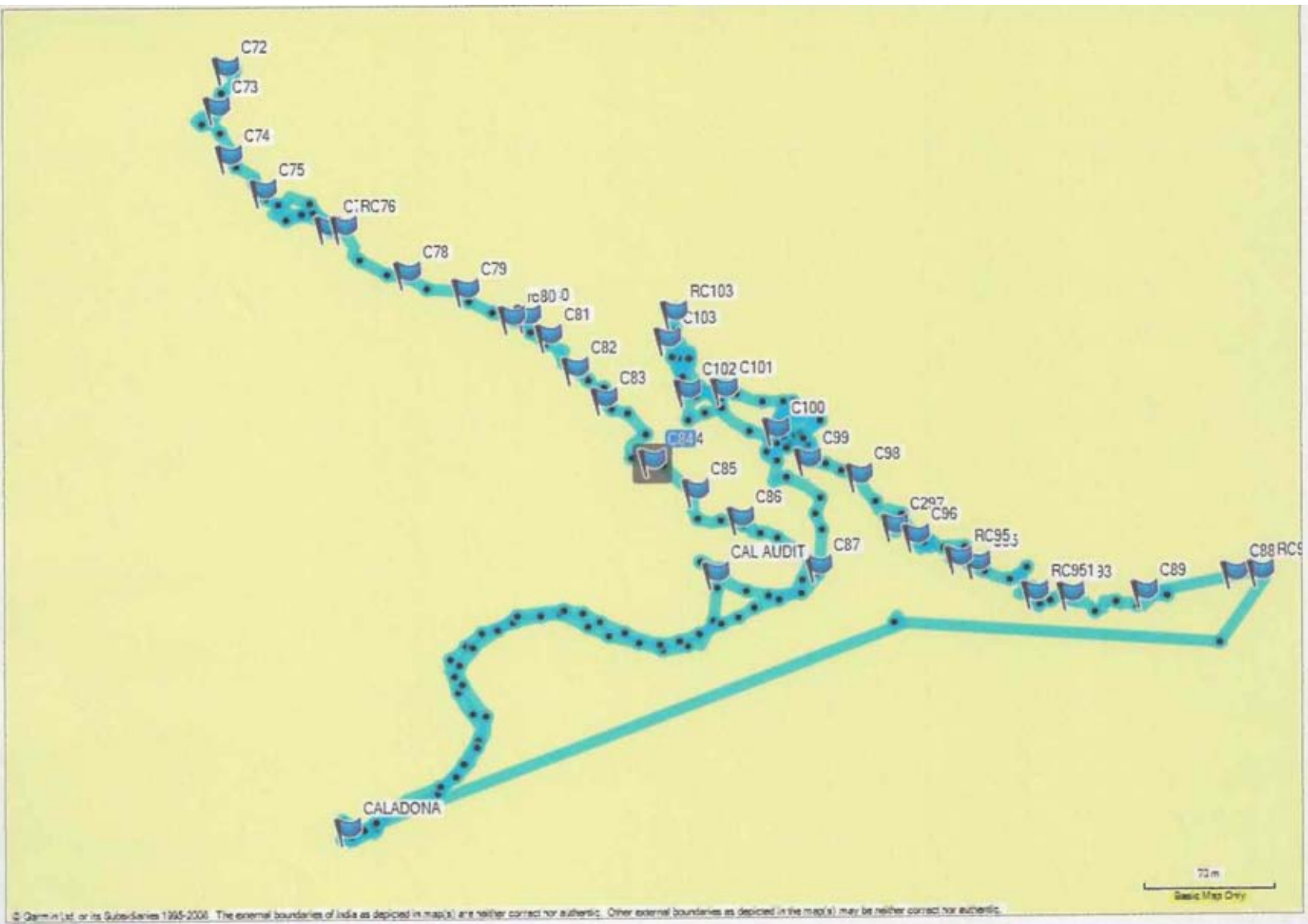
## EXPLORATION 2012

The magnetic survey was carried out, using a Sharpe MF-1 fluxgate magnetometer (Serial #703270). This instrument measures variations in the vertical component of the earth's magnetic field. Corrections for diurnal variations of the earth's field were made by tying-in to previously established base stations at intervals. Return readings were taken at the original base station to measure any change in diurnal variations.

Readings were taken facing north using the 30k X gamma reading selection. All metal objects were removed; magnets, metal field books, caulk boots, metal belt buckles, coins, pens etc. As a prospecting tool the Sharpe MF1 can give anomalous readings that can be followed up by prospecting of Geochemistry sampling survey. Both high and low readings are worth considering. Because of the highly mineralized area there were many high low readings that in some cases correspond to highly mineralized bodies. In other cases culverts or old buried metal cables gave high/low readings. There are some results that do not have obvious sources for the responses given by the magnetometer. In general the magnetic pattern is relatively flat (refer to figures 15 and 15a).

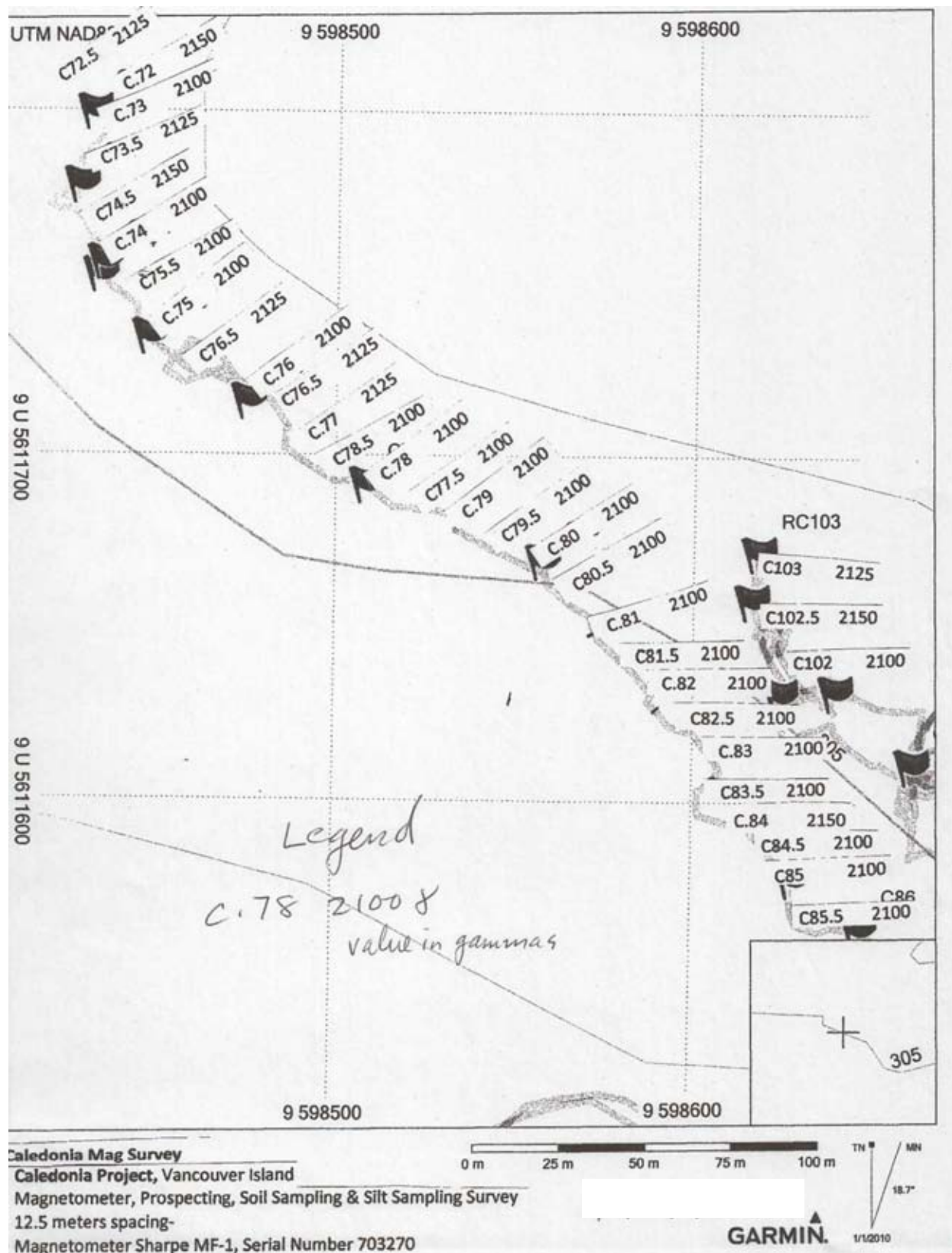
Rock chip samples were taken while prospecting the area. The rock samples were labeled in a heavy plastic bag, on the bag, wrapped with an identifying label on the bag and as well the site had a corresponding identifier. Notes were taken about the sample and a GPS reading was given for the site. Eight rock chip samples taken on the property and identified by the letters "RC". Assays are pending.

The geochemistry survey was done with a treeplanting shovel going from 10 cm to 50 cm deep. Generally the horizon was the "B" horizon though at times only "B" & "C" contact was the available soil. The soil had rock chips and debris removed and put into marked kraft bags. Results are plotted in Figures 16 and 16a.



**Figure 12** Garmin Sample Locations





**Figure 13 Magnetometer Results**



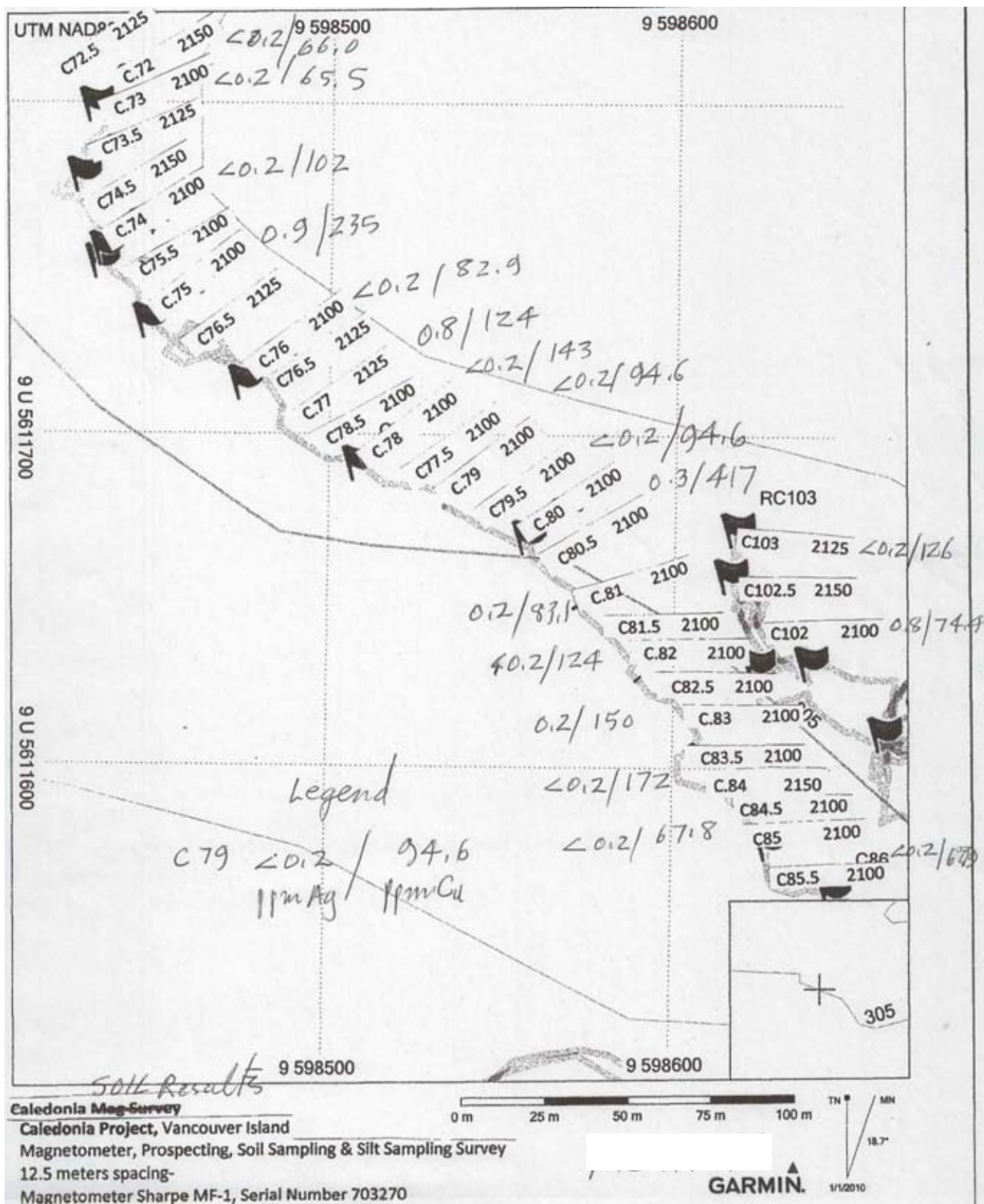


Figure 14 Soil Results 2012



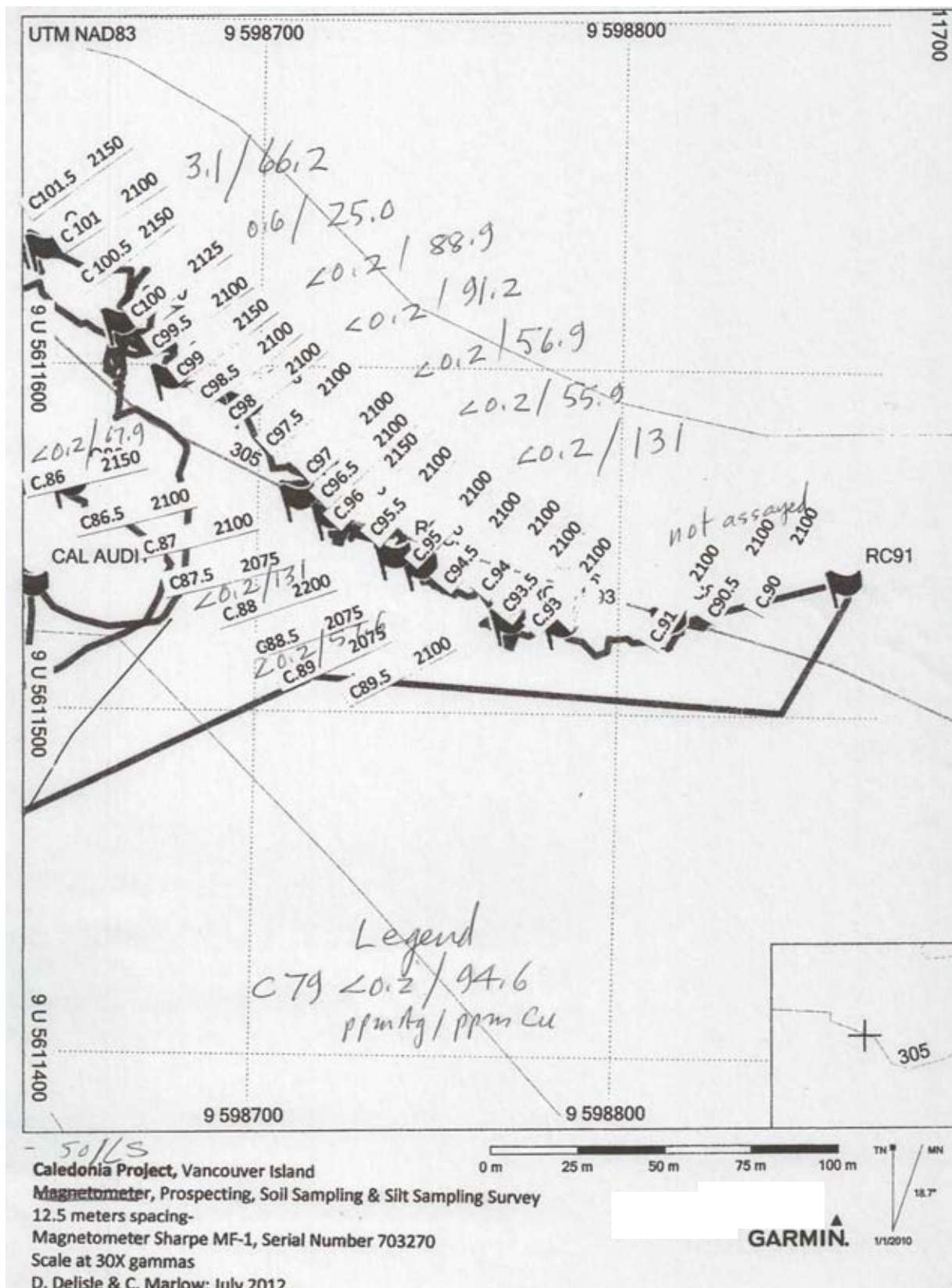


Figure 14a Soil Results 2012

## CONCLUSIONS AND RECOMMENDATIONS

Work to be completed in the near future is a percussion drill program to more closely define the resource available to the bulk sample open cut.

The deposit is an epidote-garnet-actinolite skarn containing mainly tennantite with minor bornite and chalcopyrite occurs at the contact between Quatsino limestone, Karmutsen volcanics and granodiorite. Some of the mineralization extends into the granodiorite in sericitized fractures. The limestone strikes 315 degrees, dipping 25 degrees to the south (dips are variable).

There is also considerable larger exploration potential along the intrusive-limestone contact.

General Plans for the property are twofold:

Phase (I) Bulk sampling at least 10,000 tonnes custom milling at Myra Falls and sale of concentrates to Myra Falls. Gross value of ore approximately \$400 per tonne = approximately \$4 million. Cost of transportation and custom milling approximately \$1.5 million. Possible profit could be up to approx. \$2.5 million. (Negotiations are ongoing with Myra Falls and Metallurgy tests.)

Phase (II) Longterm exploration of Property along intrusive-limestone contact. Possible budget - \$1 million.

## COST ESTIMATE

Phase I: mapping, soil sampling, IP/Resistivity, trenching, drilling.

1)	Soil sampling, 10 md @ \$175/md.	\$ 1,750.00
	250 samples (Au, As) @ \$12.00/sample	3,000.00
2)	Grid preparation, surveying & cutting, 8 line-km, 32 md @ \$175/md.	5,600.00
3)	IP/Resistivity, 8 line-km, @ \$1350/line-km	10,800.00
4)	Geological mapping, 12 md @ \$300/md	3,600.00
5)	Trenching (525m) 42 hr. @ \$85/hr.	3,570.00
	Mob/Demob	500.00
6)	Drilling 1000 m @ \$120/m	120,000.00
	Mob/Demob	6,000.00
7)	Site supervision, geology, sampling/drilling and trenching program	
	Geologist, 40 md @ \$300/md.	12,000.00
	Assistant, 40 md @ \$175/md.	7,000.00
	1000 assays @ \$1650/sample (Au,As,Sb)	16,500.00
8)	Support Costs	
	- room and board, 170 md @ \$50/md	8,500.00
	- vehicle, 1.5 months @ \$1,500/mo.	2,500.00
	- fuel	1,000.00
	- airfares, 5 x \$400	2,000.00
	- consumables & equipment rental	2,000.00
	- communications & freight	1,000.00
9)	Engineering, drafting, reporting	10,000.00
10)	Geology, 5 md @ \$300/md	1,500.00
	Prospecting, 5md @ \$175/md	875.00
	Assays, 100 (Au,As,Sb) @ \$16.50/sample	1,650.00
11)	Support Costs	
	- room and board, 30 md @ \$100/md	3,000.00
	- vehicle, 10 md @ \$100/d	1,000.00
	- consumables & equipment rental	600.00
	- communications & freight	400.00
12)	Engineering, drafting, reporting	<u>\$ 4,000.00</u>
	<b>TOTAL PHASE I</b>	<b>\$ 230,345.00</b>

Respectfully submitted

J. T. (Jo) Shearer, M.Sc., P.Geo  
July 15, 2012



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# **APPENDIX I**

## **STATEMENT OF QUALIFICATIONS**

**July 15, 2012**

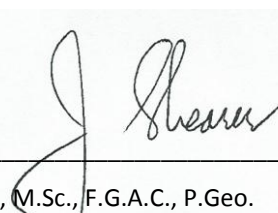
## APPENDIX I

### STATEMENT OF QUALIFICATIONS

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

1. I am a graduate of the University of British Columbia (B.Sc., 1973) in Honours Geology, and the University of London, Imperial College (M.Sc., 1977).
2. I have over 35 years of experience in exploration for base and precious metals and industrial mineral commodities in the Cordillera of Western North America with such companies as McIntyre Mines Ltd., J. C. Stephen Explorations Ltd., Carolin Mines Ltd. and TRM Engineering Ltd.
3. I am a fellow in good standing of the Geological Association of Canada (Fellow No. F439) and I am a member in good standing with the Association of Professional Engineers and Geoscientists of British Columbia (Member No. 19,279) and Ontario. I am also an elected Fellow of the Society of Economic Geologists (SEG) Fellow #734877.
4. I am an independent consulting geologist employed since December 1986 by Homegold Resources Ltd. Unit #5-2330 Tyner Street, Port Coquitlam, British Columbia.
5. I am the author of this report entitled "Assessment Report on the Caledonia/Quatse Silver Property" dated July 15, 2012.
6. I have visited the property on May 15, 2012. I carried out geological mapping and sample collection. I am familiar with the regional geology and geology of nearby properties. I have become familiar with the previous work conducted on the Caledonia property by examining in detail the available reports, plans and sections, and have discussed previous work with persons knowledgeable of the area.
7. I own an interest in the property described herein.

Dated at Port Coquitlam, British Columbia, the 15<sup>th</sup> day of July 2012.



J. T. Shearer, M.Sc., F.G.A.C., P.Geo.



## **APPENDIX II**

### **STATEMENT OF COSTS 2012 PROGRAM**

**July 15, 2012**

# CALEDONIA PROJECT

## STATEMENT of COSTS

February 15, 2010 to May 1, 2010

Magnetometer, Geology, Travel and Report

	Without HST
Wages	
J. T. Shearer, M.Sc., P.Geo., Geologist	
1 day @ \$700/day, May 15, 2012	\$ 700.00
Denis Delisle,	
3 days @ \$350/day, May 15, 16 & 17, 2012	1,050.00
Chuck Marlow,	
3 days @ \$350/day, May 15, 16 & 17, 2012	1,050.00
Wages Sub-total	<u>\$ 2,800.00</u>
Expenses	
Truck 1, Rental, fully equipped 4x4, 1 day @ \$120/day	120.00
Truck 2, Rental, fully equipped 4x4, 3 days @ \$120/day	360.00
Fuel, 1,100km	245.00
Hotel, 2 nights, 3 people	220.00
Food/Supplies, 5 person days @ \$50/day	250.00
Magnetometer Rental, 3 days @ \$50/day	150.00
Computer Mapping and Data Interpretation	250.00
Report Preparation	1,400.00
Word Processing and Reproduction	300.00
Expenses Sub-total	<u>\$ 3,295.00</u>
<b>Grand Total</b>	<b>\$ 6,095.00</b>

Filed July 13, 2012

Event # 5393831  
Amount \$6,000.00  
PAC   \$407.82  
Total   \$6,407.82

## **APPENDIX III**

### **ASSAY CERTIFICATES of 2012 WORK**

**July 15, 2012**

CLIENT NAME: HOMEGOLD RESOURCES LTD.  
UNIT# 5-2330 TYNER STREET  
PORT COQUITLAM, BC V3C2Z1  
(604) 696-1022

ATTENTION TO: JO SHEARER

PROJECT NO: CALEDONIA

AGAT WORK ORDER: 12V628696

SOLID ANALYSIS REVIEWED BY: Kevin Motomura, ICP Supervisor

DATE REPORTED: Sep 14, 2012

PAGES (INCLUDING COVER): 9

Should you require any information regarding this analysis please contact your client services representative at (905) 501-9998

\*NOTES

All samples are stored at no charge for 90 days. Please contact the lab if you require additional sample storage time.





# Certificate of Analysis

AGAT WORK ORDER: 12V628696

PROJECT NO: CALEDONIA

5623 McADAM ROAD  
MISSISSAUGA, ONTARIO  
CANADA L4Z 1N9  
TEL (905)501-9998  
FAX (905)501-0589  
<http://www.agatlabs.com>

CLIENT NAME: HOMEGOLD RESOURCES LTD.

ATTENTION TO: JO SHEARER

## Aqua Regia Digest - Metals Package, ICP-OES finish (201073)

DATE SAMPLED: Aug 08, 2012

DATE RECEIVED: Jul 30, 2012

DATE REPORTED: Sep 14, 2012

SAMPLE TYPE: Soil

Analyte:	Ag	Al	As	B	Ba	Be	Bi	Ca	Cd	Ce	Co	Cr	Cu	Fe
Unit:	ppm	%	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	%
RDL:	0.2	0.01	1	5	1	0.5	1	0.01	0.5	1	0.5	0.5	0.5	0.01
Sample Description														
C 72	<0.2	2.29	17	23	15	0.8	2	0.47	<0.5	4	7.2	46.5	66.0	4.13
C 73	<0.2	3.58	19	29	16	0.8	4	0.50	<0.5	5	6.4	59.3	65.5	4.65
C 74	<0.2	6.71	22	25	20	0.6	<1	0.54	<0.5	11	8.2	56.5	102	3.74
C 75	0.9	3.83	47	17	14	0.8	5	0.96	<0.5	4	36.8	86.8	235	12.4
C 76	<0.2	4.01	27	27	24	1.0	5	0.62	<0.5	<1	19.0	109	82.9	8.76
C 77	0.8	5.05	20	20	22	1.0	5	0.44	<0.5	3	22.8	88.8	124	5.66
C 78	<0.2	4.36	22	47	23	0.8	3	0.49	<0.5	5	15.6	88.3	143	5.33
C 79	<0.2	6.07	26	13	21	0.9	<1	0.40	<0.5	5	7.3	110	94.6	5.16
C 80	0.3	3.56	49	12	74	0.8	3	2.32	<0.5	13	26.2	54.0	417	3.53
C 81	0.2	3.33	22	27	37	1.2	7	0.67	<0.5	11	23.5	75.2	83.1	5.93
C 82	<0.2	4.49	36	20	50	1.2	2	0.72	<0.5	9	28.8	81.8	124	6.17
C 83	0.2	5.02	39	30	56	0.8	<1	1.03	<0.5	8	25.2	104	150	4.10
C 84	<0.2	4.26	27	35	47	0.8	4	0.52	<0.5	7	17.9	116	172	4.19
C 85	<0.2	6.46	32	12	27	1.2	3	0.55	0.6	20	15.6	108	67.6	6.49
C 86	<0.2	6.43	27	14	23	0.9	2	0.53	<0.5	15	12.3	91.1	67.9	4.71
C 88	<0.2	5.32	18	23	19	0.8	3	0.34	<0.5	5	7.8	104	55.9	5.99
C 89	<0.2	8.99	19	23	53	0.6	<1	0.10	<0.5	8	6.6	64.2	131	2.20
C 95	<0.2	3.97	17	41	157	0.6	5	0.34	<0.5	1	11.1	144	57.6	4.64
C 96	<0.2	2.68	16	21	27	0.7	<1	0.16	<0.5	<1	4.5	144	56.9	7.08
C 97	<0.2	6.72	20	20	26	0.7	<1	0.23	<0.5	4	7.4	115	91.2	4.64
C 98	<0.2	6.13	23	17	25	0.9	4	0.33	<0.5	3	7.6	98.8	88.9	4.44
C 99	<0.2	1.75	19	22	11	1.1	3	0.34	<0.5	<1	5.0	97.5	25.0	5.59
C 100	0.6	5.00	19	12	16	0.8	2	0.26	<0.5	1	6.0	111	61.2	5.40
C 101	3.1	3.97	23	12	14	1.3	7	0.30	<0.5	1	8.7	126	66.2	7.06
C 102	0.8	4.15	19	25	16	1.1	3	0.22	<0.5	<1	4.2	151	74.4	8.65
C 103	<0.2	5.42	<1	46	52	2.2	<1	0.27	2.3	4	4.5	114	126	5.57

Certified By:



# Certificate of Analysis

AGAT WORK ORDER: 12V628696

PROJECT NO: CALEDONIA

5623 McADAM ROAD  
MISSISSAUGA, ONTARIO  
CANADA L4Z 1N9  
TEL (905)501-9998  
FAX (905)501-0589  
<http://www.agatlabs.com>

CLIENT NAME: HOMEGOLD RESOURCES LTD.

ATTENTION TO: JO SHEARER

## Aqua Regia Digest - Metals Package, ICP-OES finish (201073)

DATE SAMPLED: Aug 08, 2012

DATE RECEIVED: Jul 30, 2012

DATE REPORTED: Sep 14, 2012

SAMPLE TYPE: Soil

Analyte:	Ga	Hg	In	K	La	Li	Mg	Mn	Mo	Na	Ni	P	Pb	Rb
Unit:	ppm	ppm	ppm	%	ppm	ppm	%	ppm	ppm	%	ppm	ppm	ppm	ppm
RDL:	5	1	1	0.01	1	1	0.01	1	0.5	0.01	0.5	10	0.5	10
Sample Description														
C 72	11	<1	<1	0.02	<1	3	0.28	284	1.0	0.02	11.0	310	19.3	<10
C 73	11	<1	<1	0.01	<1	3	0.26	316	0.8	0.02	12.7	345	20.0	<10
C 74	7	<1	<1	0.02	1	5	0.40	225	1.6	0.03	18.5	523	17.9	<10
C 75	19	<1	<1	0.01	<1	7	0.40	659	1.8	0.02	33.6	317	28.0	<10
C 76	24	<1	<1	0.01	<1	9	0.31	330	2.4	0.02	19.4	234	18.0	<10
C 77	16	<1	<1	0.01	<1	7	0.20	273	3.1	0.02	19.6	299	25.9	<10
C 78	14	<1	<1	0.02	2	6	0.29	320	2.0	0.02	18.6	350	17.2	<10
C 79	14	<1	<1	<0.01	<1	8	0.36	183	0.6	0.02	24.5	259	14.2	<10
C 80	11	<1	2	0.04	5	8	0.88	1150	1.8	0.02	33.4	496	144	<10
C 81	18	<1	<1	0.01	2	9	0.37	354	2.3	0.02	24.5	301	32.4	<10
C 82	15	1	<1	0.01	1	10	0.36	1160	2.8	0.02	29.8	377	39.6	<10
C 83	11	<1	<1	0.02	2	9	0.79	556	2.2	0.03	50.9	384	14.8	<10
C 84	13	<1	<1	0.01	2	7	0.47	301	3.0	0.02	31.9	408	39.6	<10
C 85	14	<1	<1	0.02	<1	10	0.53	277	1.6	0.02	44.0	178	20.1	<10
C 86	9	<1	<1	0.01	1	8	0.46	327	<0.5	0.02	36.1	288	25.3	<10
C 88	16	<1	<1	<0.01	<1	4	0.26	156	1.1	0.01	20.3	291	10.5	<10
C 89	12	<1	<1	<0.01	2	6	0.24	49	<0.5	<0.01	15.8	922	1.8	<10
C 95	24	1	<1	0.03	<1	20	1.51	134	1.5	0.02	39.6	236	8.3	<10
C 96	23	<1	<1	0.01	<1	6	0.26	101	2.0	0.01	12.4	269	11.7	<10
C 97	13	<1	<1	0.01	<1	10	0.49	113	<0.5	0.01	25.5	279	8.9	<10
C 98	12	<1	<1	0.01	<1	8	0.33	147	<0.5	0.02	23.1	364	6.8	<10
C 99	20	<1	<1	0.01	<1	2	0.20	127	1.2	0.02	9.8	205	11.6	<10
C 100	16	<1	<1	0.01	<1	7	0.21	147	0.6	0.01	14.5	341	9.8	<10
C 101	24	<1	<1	0.01	<1	7	0.32	172	2.1	0.02	16.4	349	15.0	<10
C 102	36	<1	<1	0.01	<1	5	0.23	109	1.4	0.01	9.7	308	13.2	<10
C 103	21	<1	2	0.01	2	6	0.25	211	0.6	0.01	14.5	252	8.4	<10

Certified By:



# Certificate of Analysis

AGAT WORK ORDER: 12V628696

PROJECT NO: CALEDONIA

5623 McADAM ROAD  
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<http://www.agatlabs.com>

CLIENT NAME: HOMEGOLD RESOURCES LTD.

ATTENTION TO: JO SHEARER

## Aqua Regia Digest - Metals Package, ICP-OES finish (201073)

DATE SAMPLED: Aug 08, 2012		DATE RECEIVED: Jul 30, 2012					DATE REPORTED: Sep 14, 2012					SAMPLE TYPE: Soil			
	Analyte:	S	Sb	Sc	Se	Sn	Sr	Ta	Te	Th	Ti	Tl	U	V	W
	Unit:	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm
Sample Description	RDL:	0.005	1	0.5	10	5	0.5	10	10	5	0.01	5	5	0.5	1
C 72		0.050	7	6.2	<10	<5	12.7	<10	<10	<5	0.39	10	<5	183	<1
C 73		0.052	9	8.0	<10	<5	13.3	<10	<10	<5	0.38	13	<5	180	<1
C 74		0.079	4	8.7	<10	<5	17.7	<10	<10	<5	0.27	15	<5	81.6	<1
C 75		0.065	9	9.6	<10	<5	11.5	<10	<10	<5	0.40	17	<5	196	<1
C 76		0.041	10	7.1	<10	<5	12.8	<10	<10	<5	0.54	14	<5	257	<1
C 77		0.062	11	7.3	<10	<5	12.3	<10	<10	<5	0.33	11	<5	154	<1
C 78		0.065	7	7.1	<10	<5	13.4	<10	<10	<5	0.33	13	<5	159	<1
C 79		0.062	9	11.3	<10	<5	14.4	<10	<10	<5	0.42	11	<5	175	<1
C 80		0.039	11	6.3	<10	<5	85.5	<10	<10	<5	0.19	18	<5	96.3	<1
C 81		0.045	11	6.2	<10	<5	25.0	<10	<10	<5	0.45	11	<5	182	<1
C 82		0.071	10	5.8	<10	<5	24.0	<10	<10	<5	0.35	18	<5	156	<1
C 83		0.054	10	8.6	<10	<5	44.6	<10	<10	<5	0.27	15	<5	128	<1
C 84		0.053	9	6.5	<10	<5	28.6	<10	<10	<5	0.31	13	<5	162	<1
C 85		0.084	11	15.8	<10	<5	17.4	<10	<10	<5	0.50	15	<5	203	<1
C 86		0.054	12	12.8	<10	<5	13.9	<10	<10	<5	0.34	15	<5	132	<1
C 88		0.062	7	12.1	<10	<5	10.0	<10	<10	<5	0.39	12	<5	167	<1
C 89		0.086	9	5.7	<10	<5	20.0	<10	<10	<5	0.08	7	<5	48.0	<1
C 95		0.061	8	4.3	<10	<5	92.4	<10	<10	<5	0.37	11	<5	197	<1
C 96		0.065	4	3.2	<10	<5	10.3	<10	<10	<5	0.45	13	<5	273	<1
C 97		0.077	7	9.7	<10	<5	10.4	<10	<10	<5	0.30	5	<5	134	<1
C 98		0.111	8	11.8	<10	<5	11.8	<10	<10	<5	0.38	10	<5	166	<1
C 99		0.039	7	4.5	<10	<5	10.7	<10	<10	<5	0.58	7	<5	302	<1
C 100		0.081	8	7.6	<10	<5	9.3	<10	<10	<5	0.38	10	<5	175	<1
C 101		0.081	10	8.1	<10	<5	7.9	<10	<10	<5	0.57	8	<5	286	<1
C 102		0.080	5	8.1	<10	<5	9.0	<10	<10	<5	0.54	8	<5	267	<1
C 103		0.104	5	3.8	<10	<5	13.6	13	<10	15	0.35	<5	13	158	1

Certified By:



**AGAT** Laboratories

## Certificate of Analysis

AGAT WORK ORDER: 12V628696

PROJECT NO: CALEDONIA

5623 McADAM ROAD  
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<http://www.agatlabs.com>

CLIENT NAME: HOMEGOLD RESOURCES LTD.

ATTENTION TO: JO SHEARER

### Aqua Regia Digest - Metals Package, ICP-OES finish (201073)

DATE SAMPLED: Aug 08, 2012

DATE RECEIVED: Jul 30, 2012

DATE REPORTED: Sep 14, 2012

SAMPLE TYPE: Soil

Sample Description	Analyte:	Y	Zn	Zr
	Unit:	ppm	ppm	ppm
	RDL:	1	0.5	5
C 72		4	27.8	8
C 73		5	34.7	9
C 74		6	33.8	7
C 75		6	86.6	7
C 76		4	48.5	6
C 77		5	62.6	<5
C 78		6	50.4	<5
C 79		5	57.2	12
C 80		8	407	<5
C 81		8	80.5	<5
C 82		6	137	<5
C 83		7	93.6	<5
C 84		6	91.6	<5
C 85		8	132	26
C 86		7	102	20
C 88		6	26.7	15
C 89		5	12.6	<5
C 95		2	25.5	<5
C 96		2	16.4	<5
C 97		4	25.6	11
C 98		6	33.7	13
C 99		2	20.4	8
C 100		4	29.7	7
C 101		5	39.6	8
C 102		3	20.2	6
C 103		4	49.3	11

Comments: RDL - Reported Detection Limit

Certified By:





# Certificate of Analysis

AGAT WORK ORDER: 12V628696

PROJECT NO: CALEDONIA

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CLIENT NAME: HOMEGOLD RESOURCES LTD.

ATTENTION TO: JO SHEARER

## Fire Assay - Trace Au, AAS finish (202051)

DATE SAMPLED: Aug 08, 2012

DATE RECEIVED: Jul 30, 2012

DATE REPORTED: Sep 14, 2012

SAMPLE TYPE: Soil

Sample Description	Analyte:	Sample Login Weight	Au
	Unit:	kg	ppm
	RDL:	0.01	0.002
C 72		0.23	<0.002
C 73		0.20	<0.002
C 74		0.31	<0.002
C 75		0.23	0.003
C 76		0.24	<0.002
C 77		0.25	0.006
C 78		0.25	<0.002
C 79		0.24	0.055
C 80		0.38	<0.002
C 81		0.17	<0.002
C 82		0.22	<0.002
C 83		0.24	<0.002
C 84		0.18	<0.002
C 85		0.27	<0.002
C 86		0.25	0.004
C 88		0.20	<0.002
C 89		0.19	<0.002
C 95		0.16	<0.002
C 96		0.21	<0.002
C 97		0.26	0.052
C 98		0.23	<0.002
C 99		0.28	<0.002
C 100		0.29	<0.002
C 101		0.20	<0.002
C 102		0.17	<0.002
C 103		0.17	<0.002

Comments: RDL - Reported Detection Limit

Certified By:

## Quality Assurance

CLIENT NAME: HOMEGOLD RESOURCES LTD.

AGAT WORK ORDER: 12V628696

PROJECT NO: CALEDONIA

ATTENTION TO: JO SHEARER

Solid Analysis										
RPT Date: Sep 14, 2012			REPLICATE			Method Blank	REFERENCE MATERIAL			
PARAMETER	Batch	Sample Id	Original	Rep #1	RPD		Result Value	Expect Value	Recovery	Acceptable Limits
										Lower Upper

Fire Assay - Trace Au, AAS finish (202051)

Au	1	3593819	0.003	< 0.002		< 0.002	0.261	0.263	99%	90% 110%
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Aqua Regia Digest - Metals Package, ICP-OES finish (201073)

Ag	1		8.10	8.36	3.2%	< 0.2	14.3	13.0	110%	80% 120%
Al	1		1.48	1.42	4.1%	< 0.01				80% 120%
As	1		< 1	< 1	0.0%	< 1				80% 120%
B	1		< 5	< 5	0.0%	< 5				80% 120%
Ba	1		4	3	28.6%	< 1				80% 120%
Be	1		2.4	2.5	4.1%	< 0.5	0.3	0.4	82%	80% 120%
Bi	1		< 1	< 1	0.0%	< 1				80% 120%
Ca	1		1.54	1.56	1.3%	< 0.01				80% 120%
Cd	1		0.7	0.8	13.3%	< 0.5				80% 120%
Ce	1		2	2	0.0%	< 1				80% 120%
Co	1		12.0	12.3	2.5%	< 0.5				80% 120%
Cr	1		49.0	49.0	0.0%	< 0.5				80% 120%
Cu	1		10300	10400	1.0%	< 0.5	6080	6000	101%	80% 120%
Fe	1		2.30	2.16	6.3%	< 0.01				80% 120%
Ga	1		8	10	22.2%	< 5				80% 120%
Hg	1		< 1	< 1	0.0%	< 1				80% 120%
In	1		< 1	< 1	0.0%	< 1				80% 120%
K	1		0.01	0.01	0.0%	< 0.01				80% 120%
La	1		2	2	0.0%	< 1				80% 120%
Li	1		3	3	0.0%	< 1				80% 120%
Mg	1		0.81	0.77	5.1%	< 0.01				80% 120%
Mn	1		420	425	1.2%	< 1				80% 120%
Mo	1		< 0.5	< 0.5	0.0%	< 0.5	323	360	89%	80% 120%
Na	1		0.01	0.01	0.0%	< 0.01				80% 120%
Ni	1		28.0	28.5	1.8%	< 0.5				80% 120%
P	1		566	569	0.5%	< 10	622	600	104%	80% 120%
Pb	1		3.1	3.2	3.2%	1.0				80% 120%
Rb	1		< 10	< 10	0.0%	< 10	13	13	101%	80% 120%
S	1		0.507	0.538	5.9%	< 0.005				80% 120%
Sb	1		< 1	< 1	0.0%	< 1				80% 120%
Sc	1		2.79	2.87	2.8%	< 0.5				80% 120%
Se	1		< 10	< 10	0.0%	< 10				80% 120%
Sn	1		< 5	< 5	0.0%	< 5				80% 120%
Sr	1		28.7	27.3	5.0%	< 0.5				80% 120%
Ta	1		< 10	< 10	0.0%	< 10				80% 120%
Te	1		18	20	10.5%	< 10				80% 120%
Th	1		< 5	< 5	0.0%	< 5				80% 120%
Ti	1		0.452	0.457	1.1%	< 0.01				80% 120%
Tl	1		16	18	11.8%	< 5				80% 120%
U	1		< 5	< 5	0.0%	< 5				80% 120%
V	1		77.0	79.9	3.7%	< 0.5				80% 120%

## Quality Assurance

CLIENT NAME: HOMEGOLD RESOURCES LTD.

AGAT WORK ORDER: 12V628696

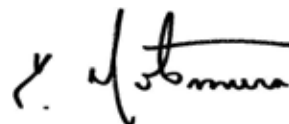
PROJECT NO: CALEDONIA

ATTENTION TO: JO SHEARER

### Solid Analysis (Continued)

RPT Date: Sep 14, 2012		REPLICATE				Method Blank	REFERENCE MATERIAL			
PARAMETER	Batch	Sample Id	Original	Rep #1	RPD		Result Value	Expect Value	Recovery	Acceptable Limits
										Lower Upper
W	1		< 1	< 1	0.0%	< 1				80% 120%
Y	1		7	7	0.0%	< 1	6	7	83%	80% 120%
Zn	1		53.3	54.5	2.2%	< 0.5				80% 120%
Zr	1		17	17	0.0%	< 5				80% 120%
Fire Assay - Trace Au, AAS finish (202051)										
Au	1	3593829	< 0.002	< 0.002	0.0%	< 0.002				90% 110%
Fire Assay - Trace Au, AAS finish (202051)										
Au	1	3593838	< 0.002	< 0.002	0.0%	< 0.002				90% 110%
Aqua Regia Digest - Metals Package, ICP-OES finish (201073)										
Ag	1					< 0.2	14.5	13.0	111%	80% 120%
Cu	1					< 0.5	5831	6000	97%	80% 120%
Mo	1					< 0.5	343	360	95%	80% 120%
Rb	1					< 10	14	13	104%	80% 120%
Y	1					< 1	6	7	83%	80% 120%

Certified By:



## Method Summary

CLIENT NAME: HOMEGOLD RESOURCES LTD.

AGAT WORK ORDER: 12V628696

PROJECT NO: CALEDONIA

ATTENTION TO: JO SHEARER

PARAMETER	AGAT S.O.P	LITERATURE REFERENCE	ANALYTICAL TECHNIQUE
Solid Analysis			
Ag	MIN-200-12020		ICP/OES
Al	MIN-200-12020		ICP/OES
As	MIN-200-12020		ICP/OES
B	MIN-200-12020		ICP/OES
Ba	MIN-200-12020		ICP/OES
Be	MIN-200-12020		ICP/OES
Bi	MIN-200-12020		ICP/OES
Ca	MIN-200-12020		ICP/OES
Cd	MIN-200-12020		ICP/OES
Ce	MIN-200-12020		ICP/OES
Co	MIN-200-12020		ICP/OES
Cr	MIN-200-12020		ICP/OES
Cu	MIN-200-12020		ICP/OES
Fe	MIN-200-12020		ICP/OES
Ga	MIN-200-12020		ICP/OES
Hg	MIN-200-12020		ICP/OES
In	MIN-200-12020		ICP/OES
K	MIN-200-12020		ICP/OES
La	MIN-200-12020		ICP/OES
Li	MIN-200-12020		ICP/OES
Mg	MIN-200-12020		ICP/OES
Mn	MIN-200-12020		ICP/OES
Mo	MIN-200-12020		ICP/OES
Na	MIN-200-12020		ICP/OES
Ni	MIN-200-12020		ICP/OES
P	MIN-200-12020		ICP/OES
Pb	MIN-200-12020		ICP/OES
Rb	MIN-200-12020		ICP/OES
S	MIN-200-12020		ICP/OES
Sb	MIN-200-12020		ICP/OES
Sc	MIN-200-12020		ICP/OES
Se	MIN-200-12020		ICP/OES
Sn	MIN-200-12020		ICP/OES
Sr	MIN-200-12020		ICP/OES
Ta	MIN-200-12020		ICP/OES
Te	MIN-200-12020		ICP/OES
Th	MIN-200-12020		ICP/OES
Ti	MIN-200-12020		ICP/OES
Tl	MIN-200-12020		ICP/OES
U	MIN-200-12020		ICP/OES
V	MIN-200-12020		ICP/OES
W	MIN-200-12020		ICP/OES
Y	MIN-200-12020		ICP/OES
Zn	MIN-200-12020		ICP/OES
Zr	MIN-200-12020		ICP/OES
Sample Login Weight	MIN-12009		BALANCE
Au	MIN-200-12019	BUGBEE, E: A Textbook of Fire Assaying	AAS



## **APPENDIX IV**

### **SAMPLE DESCRIPTIONS**

**July 15, 2012**

**Appendix IV  
Sample List**

Station	Color	Depth	Texture	UTM	Caledonia North Vancouver Island Geochemistry Survey July 20th 2012
All horizons "B" unless otherwise noted					
25 meter Station	Stations Color	Depth (cm)	Composition	UTM	Notes
C104	orange/brown	20	clay/sand		boundary between old growth Cedars and logged area.
C103	orange/brown	25	clay/sand	9 U 598616 5611658	
C102	Orange/brown	30	clay/sand		road ends
C101	orange/brown	35	clay/sand		VERY THICK VEGATIVE GROWTH
C100	BROWN	30	clay/sand	9 U 598661 5611611	
C99	BROWN	40	clay/sand		
C98	RED/BROWN	35	clay/sand		
C97	RED/BROWN	25	clay/sand		
C96	RED/BROWN	50	clay/sand	9 U 598720 5611555	Overgrown road/trail ends, start sampling in forest
C95	no sample				
C94	no sample				
C93	no sample				
C92					
C91					GPS dies
C90					
C89	BROWN	50	clay/sand	9 U 598814 5611526	START OF ANOTHER ROAD
C88	RED/BROWN	25	clay/sand		CEMENTED SOIL
C87					
C86	RED/BROWN	20	clay/sand	9 U 598648 5611563	EDGE OF MINE OPENING
C85	RED/BROWN	30	clay/sand		ABOVE SHAFT ENTRENCE
C84	BROWN	25	clay/sand		
C83	BROWN	25	clay/sand		
C82	RED/BROWN	15	clay/sand		
C81	BROWN	15	clay/sand		
C80	GREY BROWN	20	clay/sand		
C79	BROWN	15	clay/sand		
C78	BROWN	25	clay/sand		
C77	BROWN	25	clay/sand		
C76	BROWN	20	clay/sand		
C75	BROWN	20	clay/sand		
C74	BROWN	30	clay/sand		
C73	BROWN	25	clay/sand		
C72	BROWN	10	clay/sand	9 U 598432 5611799	ROAD/trail thins out

## **APPENDIX V**

### **Magnetometer Results**

**July 15, 2012**

12.5 meter stations

Station

Caledonia Mag Survey

UTM

COMMENTS/NOTES

Scale 30X gammas

Readings

C100 Base Station	2125	9 U 598661 5611611	start at road past mine shaft going west.
C 100.5	2150		
C 101	2100		
C101.5	2150		
C102	2100		
C102.5	2150		
C103	2125		
C99.5	2100		going east from C100 station.
C99	2150		
C98.5	2100		
C98	2100		
C.5	2100		
C97	2100		
C.5	2100		
C.96	2150		
C.5	2100		
C.95	2100		
C.5	2100		
C.94	2100		
C.5	2100		
C.93	2100		
C.5	2100		
C.92	2100		
C.5	2100		
C.91	2100		
C.5	2100		
C.90	2100		
C.5	2100		
C.89	2075	9 U 598814 5611526	cliffs
C.5	2075		
C.88	2200	9 U 598851 5611537	near creek
C.5	2075		
C.87	2100	9 U 598680 5611538	starting of trail going west
C.5	2100		
C.86	2150		ROAD/TRAIL STARTING WEST OF MINE NORTH SHAFT
C.5	2100		
C85	2100		



C.5	2100		
C.84	2150	9 U 598611 5611594	
C.5	2100		.
C.83	2100	9 U 598591 5611626	
C.5	2100		
C.82	2100	9 U 598579 5611642	
C.5	2100		
C.81	2100	9 U 598567 5611659	
C.5	2100		
C.80	2100		
C.5	2100		
C.79	2100	9 U 598533 5611683	
C.5	2100		
C.78	2100		
C.5	2100		
C.77	2125		
C.5	2125		
C.76	2100		
C.5	2100		
C.75	2100		
C.5	2150		
C.74	2100		
C.5	2125		
C.73	2100		
C.5	2125		
C.72	2150	9 U 598432 5611799	road/trail thins out.
B.STN.	2125		